

# PRESS RELEASE



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## **Gross Domestic Product Estimates\* for North Korea in 2015**

\* Direct comparisons with other countries of North Korean economic indicators related to the National Accounts (such as its growth rate, industrial structure, economic size, and per capita GNI) are not advisable, as they are estimated based on South Korean prices and value added ratios.

### **I . Economic Growth Rate**

North Korean real annual GDP decreased by 1.1% in 2015. \*

\* The lowest growth rate since 2007 (-1.2%)

— The growth of construction accelerated, but the growth rates of agriculture, forestry & fishing, mining & manufacturing and electricity, gas & water supply decreased.

#### **North Korean GDP Growth**

(percentage change over previous year)

'90	'95	'00	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15
-4.3	-4.4	0.4	3.8	-1.0	-1.2	3.1	-0.9	-0.5	0.8	1.3	1.1	1.0	-1.1
(9.8)	(9.6)	(8.9)	(3.9)	(5.2)	(5.5)	(2.8)	(0.7)	(6.5)	(3.7)	(2.3)	(2.9)	(3.3)	(2.6)

Note: Figures in parentheses represent South Korea's GDP growth rates, based on 2010 year prices.

### **(GDP Growth by Industry)**

Production in the agriculture, forestry & fishing sector fell by 0.8% in 2015 (+1.2% in 2014), despite a great increase in production of livestock and fisheries, as farm produce output declined centering around corn and rice.

Mining production decreased 2.6% in 2015 (+1.6% in 2014), owing to the contraction of metallic minerals production.

- Manufacturing production contracted by 3.4% (+0.8% in 2014), with decreases in both light industry and heavy & chemical industry production.
  - Light industry production registered a 0.8% decrease (+1.5% in 2014) as production of textiles, clothing products and shoes decreased.
  - Production in the heavy & chemical industry fell by 4.6% (+0.5% in 2014), as production in sub-sectors such as basic metal products, fabricated metal & machineries and transport equipment decreased.
- Electricity, gas & water production contracted by 12.7% (-2.8% in 2014) with a sharp drop in production of electricity centering around hydroelectric power generation due to drought.
- Construction moved up 4.8% (+1.4% in 2014), boosted by the growth in both building construction and civil engineering.
- The services sector increased by 0.8% (+1.3% in 2014), centering around government services, wholesale & retail trade and communications.

#### **North Korean GDP Growth, by Industry**

(percentage change over previous year)

	North Korea			South Korea	
	2013	2014	2015	2014	2015 <sup>P</sup>
Agriculture, forestry & fishing	1.9	1.2	-0.8	3.6	-1.5
Mining & manufacturing	1.5	1.1	-3.1	3.5	1.2
Mining	2.1	1.6	-2.6	-0.1	-0.7
Manufacturing	1.1	0.8	-3.4	3.5	1.3
(Light industry)	(1.4)	(1.5)	(-0.8)	(3.0)	(-1.0)
(Heavy & chemical industry)	(1.0)	(0.5)	(-4.6)	(3.7)	(1.8)
Electricity, gas & water supply	2.3	-2.8	-12.7	2.6	6.2
Construction	-1.0	1.4	4.8	0.8	3.0
Services	0.3	1.3	0.8	3.3	2.8
(Government)	(0.3)	(1.6)	(0.8)	(2.6)	(2.7)
(Other services <sup>1)</sup> )	(0.4)	(0.5)	(0.6)	(3.0)	(2.7)
GDP	1.1	1.0	-1.1	3.3	2.6

Note: 1) Includes sub-sectors such as (i) wholesale & retail trade and restaurants & accommodation, (ii) transportation & communications and (iii) finance, insurance & real estate.

## II. Industrial Structure

- A look at North Korea's industrial structure in 2015 showed increases in the share of GDP (in nominal GDP terms) accounted for by the construction and service sectors, and decreases in the shares of mining & manufacturing.
  - The share of total GDP contributed by agriculture, forestry & fishing fell by 0.2%p to 21.6%.
  - The share of mining & manufacturing declined by 1.7%p to record 32.7%, with mining and manufacturing each declining by 0.9%p.
  - The share of electricity, gas & water supply grew by 0.2%p to 4.5%.
  - The share of construction moved up 0.8%p to 9.0%.
  - The share of services expanded by 0.9%p to stand at 32.2%.

### North Korean Industrial Structure<sup>1)</sup>

(percentage change over previous year)

	North Korea			South Korea	
	2013	2014	2015	2014	2015 <sup>P</sup>
Agriculture, forestry & fishing	22.4	21.8	21.6	2.3	2.3
Mining & manufacturing	35.7	34.4	32.7	30.3	29.7
Mining	13.6	13.1	12.2	0.2	0.2
Manufacturing	22.1	21.3	20.4	30.2	29.5
(Light industry)	(6.8)	(6.9)	(7.0)	(5.4)	(5.3)
(Heavy & chemical industry)	(15.4)	(14.4)	(13.4)	(24.7)	(24.2)
Electricity, gas & water supply	4.1	4.3	4.5	2.8	3.2
Construction	7.8	8.2	9.0	5.0	5.1
Services	30.0	31.3	32.2	59.6	59.7
(Government)	(21.7)	(22.7)	(23.3)	(10.8)	(11.0)
(Other services <sup>2)</sup> )	(8.4)	(8.6)	(8.9)	(48.8)	(48.7)
GDP	100.0	100.0	100.0	100.0	100.0

Notes: 1) Proportion of each industry's production in total nominal GDP

2) Includes sub-sectors such as (i) wholesale & retail trade and restaurants & accommodation, (ii) transportation & communications and (iii) finance, insurance & real estate.

### III. Gross National Income & External Trade

- North Korean gross national income (nominal GNI) was valued at 34.5 trillion KRW for 2015, 2.2% of that of the South Korean economy.
- GNI per capita stood at 1.393 million KRW, approximately 4.5% of that of South Korea.

#### **Economic Scales and Per Capita GNI in South and North Korea**

	North Korea (A)		South Korea (B)		B/A	
	2014	2015	2014	2015 <sup>P</sup>	2014	2015
Nominal GNI (KRW trillion)	34.2 (1.2)	34.5 (0.8)	1,490.8 (3.6)	1,565.8 (5.0)	43.5	45.4
Per capita GNI (KRW 10 thousands)	138.8	139.3	2,956.5	3,093.5	21.3	22.2
Population (thousands)	24,662	24,779	50,424	50,617	2.0	2.0

Notes: Figures in parentheses are the year-on-year rates of growth.

#### **(External Trade)**

- The volume of North Korea's external trade (sum of exports and imports of goods, excluding trade between North and South Korea) amounted to 6.25 billion dollars in 2015, a decrease of 17.9% from the 7.61 billion dollars during 2014.
  - Exports totaled 2.70 billion dollars, a decrease of 14.8% over the year before.
    - o Exports of textiles (5.3%) expanded, while exports of products of mineral origin (-14.7%) declined.
  - Imports totaled 3.56 billion dollars, a decrease of 20.0% over the year before.
    - o Imports of mineral origin (-34.2%) and textiles (-15.9%) decreased.

### External Trade of South and North Korea<sup>1)</sup>

(USD 100 millions)

	North Korea (A)		South Korea (B)		B/A	
	2014	2015	2014	2015 <sup>P</sup>	2014	2015
Trade Amount	76.1 (3.6)	62.5 (-17.9)	10,981.8 (2.1)	9,632.6 (-12.3)	144.3	154.1
Exports	31.6 (-1.7)	27.0 (-14.8)	5,726.6 (2.3)	5,267.6 (-8.0)	181.2	195.1
Imports	44.5 (7.8)	35.6 (-20.0)	5,255.1 (1.9)	4,365.0 (-16.9)	118.1	122.6

Notes: 1) Excludes bilateral trade between North and South Korea.

2) Figures in parentheses represent rates of growth over the previous year.

Bilateral trade between South and North Korea increased by 15.7% year-on-year to record 2.71 billion dollars in 2015.

- South-to-North trade grew by 10.8% over 2015, as the trading of items such as electric & electronic goods (99.8%) and chemical industry goods (19.7%) expanded.
- North-to-South trade expanded by 20.4%, primarily centering around the trading of electric & electronic goods (29.5%) and daily supplies (36.0%).

#### Volume of Bilateral Trade between South and North Korea

							(USD million, %)	
	'10	'11	'12	'13	'14(A)	15(B)	(B-A)	Rate of change (B/A)
South-to-North	868.3	800.2	897.2	520.6	1,136.8	1,259.0	122.2	10.8
North-to-South	1,043.9	913.7	1,074.0	615.2	1,206.3	1,452.3	246.0	20.4
Total	1,912.2	1,713.9	1,971.1	1,135.9	2,343.1	2,711.3	368.3	15.7

Source: Ministry of Unification

<Reference>

**North Korean GDP, by Economic Activity**

(KRW billion, %)

	Real		Rate of Change	Nominal		Share (2015)
	2014	2015		2014	2015	
Agriculture, forestry & fishing	7,024.9	6,967.9	-0.8	7,416.1	7,388.9	21.6
Mining & manufacturing	11,107.0	10,765.6	-3.1	11,695.8	11,153.6	32.7
Mining	4,537.0	4,418.0	-2.6	4,455.3	4,178.1	12.2
Manufacturing	6,573.3	6,353.1	-3.4	7,240.5	6,975.5	20.4
Electricity, gas & water supply	1,117.8	975.4	-12.7	1,443.3	1,543.0	4.5
Construction	2,457.6	2,576.5	4.8	2,772.7	3,063.9	9.0
Services	9,432.8	9,505.2	0.8	10,621.5	10,987.4	32.2
Government	6,803.6	6,860.6	0.8	7,715.2	7,942.3	23.3
Other services	2,629.2	2,644.4	0.6	2,906.4	3,045.1	8.9
(Wholesale & retail trade and restaurants & accommodation)	131.5	132.6	0.8	132.6	135.5	0.4
(Transportation & communications)	759.0	764.4	0.7	803.3	891.2	2.6
(Finance, insurance & real estate)	1,740.4	1,749.1	0.5	1,970.4	2,018.4	5.9
GDP	31,160.9	30,804.9	-1.1	33,949.4	34,136.7	100.0

## **How North Korea's GDP is Estimated**

The Bank of Korea has been estimating the “Gross Domestic Product of North Korea” annually since 1991, using the basic data on production quantities supplied by relevant institutions.

This estimation project has been undertaken for the purpose of evaluating the North Korean economy from South Korea's perspective and utilizing the results in policy-making.

The estimation therefore follows the System of National Accounts (SNA)\*, which is also applied in GDP estimation for South Korea.

\* Nations in transition to a market economy also compile their GDP statistics based on the SNA, as is the practice in most market economies including South Korea.

GDP at current prices is estimated with the use of South Korean prices and value-added ratios.