

PRESS RELEASE



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Gross Domestic Product Estimates* for North Korea in 2017

* Direct comparisons of North Korean economic indicators related to the national accounts (such as growth rate, industrial structure, economic size, and per capita GNI) with those of other countries 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 3.5% in 2017.*

* Lowest growth rate since 1997 (-6.5%)

— The growth rates of mining & manufacturing and electricity, gas & water supply, which were positive in 2016, turned negative.

North Korean GDP Growth

(percentage change over previous year)

'90	'95	'00	'05	'10	'11	'12	'13	'14	'15	'16	'17
-4.3	-4.4	0.4	3.8	-0.5	0.8	1.3	1.1	1.0	-1.1	3.9	-3.5
(9.8)	(9.6)	(8.9)	(3.9)	(6.5)	(3.7)	(2.3)	(2.9)	(3.3)	(2.8)	(2.9)	(3.1)

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

(GDP Growth by Industry)

Production in the agriculture, forestry & fishing sector fell by 1.3% in 2017 (+2.5% in 2016) due mainly to a drop in agriculture and fishing.

Mining production decreased by 11.0% in 2017 (+8.4% in 2016), owing to a sharp decline of coal mining.

- Manufacturing production contracted by 6.9% (+4.8% in 2016) mainly due to a decrease in heavy & chemical industry production.
 - Light industry production registered a 0.1% increase (+1.1% in 2016) as a food products increased.
 - Production in the heavy & chemical industry fell by 10.4% (+6.7% in 2016), as production in sub-sectors such as chemical products and basic metal products decreased.
- Electricity, gas & water production contracted by 2.9% (+22.3% in 2016). The production of electricity declined due to a reduction in hydroelectric power generation even though thermal power generation increased.
- Construction moved down 4.4% (+1.2% in 2016), mainly on the decrease of residential building construction.
- The services sector increased by 0.5% (+0.6% in 2016), as government (management administration etc.) were expanded.

North Korean GDP Growth, by Industry

(percentage change over previous year)

	North Korea			South Korea	
	2015	2016	2017	2016	2017
Agriculture, forestry & fishing	-0.8	2.5	-1.3	-2.8	0.3
Mining & manufacturing	-3.1	6.2	-8.5	2.4	4.3
Mining	-2.6	8.4	-11.0	1.8	-4.1
Manufacturing	-3.4	4.8	-6.9	2.4	4.4
(Light industry)	(-0.8)	(1.1)	(0.1)	(1.8)	(1.9)
(Heavy & chemical industry)	(-4.6)	(6.7)	(-10.4)	(2.5)	(4.9)
Electricity, gas & water supply	-12.7	22.3	-2.9	2.7	3.1
Construction	4.8	1.2	-4.4	10.1	7.1
Services	0.8	0.6	0.5	2.5	2.1
(Government)	(0.8)	(0.6)	(0.8)	(2.3)	(2.5)
(Other services ¹⁾)	(0.6)	(0.5)	(-0.3)	(2.5)	(2.0)
GDP	-1.1	3.9	-3.5	2.9	3.1

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 2017 showed decreases in the shares of GDP (in nominal GDP terms) accounted for by the mining & manufacturing, construction and electricity, gas & water supply sectors, but increases in the shares of the agriculture, forestry & fishing and services sectors.
- The share of total GDP contributed by agriculture, forestry & fishing rose by 1.1%p to 22.8%.
 - The share of mining & manufacturing contracted by 1.4%p to record 31.8%, with mining (11.7%) and manufacturing (20.1%) decreasing by 0.9%p and 0.5%p, respectively.
 - The share of electricity, gas & water supply decreased by 0.2%p to 5.0%.
 - The share of construction moved down 0.2%p to 8.6%.
 - The share of services rose by 0.6%p to stand at 31.7%.

North Korean Industrial Structure¹⁾

(%)

	North Korea			South Korea	
	2015	2016	2017	2016	2017
Agriculture, forestry & fishing	21.6	21.7	22.8	2.1	2.2
Mining & manufacturing	32.7	33.2	31.8	29.7	30.6
Mining	12.2	12.6	11.7	0.2	0.2
Manufacturing	20.4	20.6	20.1	29.5	30.4
(Light industry)	(7.0)	(6.9)	(6.8)	(5.5)	(5.1)
(Heavy & chemical industry)	(13.4)	(13.7)	(13.3)	(24.0)	(25.3)
Electricity, gas & water supply	4.5	5.2	5.0	3.3	3.0
Construction	9.0	8.8	8.6	5.7	5.9
Services	32.2	31.1	31.7	59.2	58.3
(Government)	(23.3)	(22.4)	(23.2)	(10.8)	(10.9)
(Other services ²⁾)	(8.9)	(8.7)	(8.4)	(48.4)	(47.3)
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 36.6 trillion KRW for 2017, 2.1% of that of the South Korean economy.
- GNI per capita stood at 1.464 million KRW, approximately 4.4% of that of South Korea.

Nominal and Per Capita GNI in North and South Korea

	North Korea (A)		South Korea (B)		B/A	
	2016	2017	2016	2017	2016	2017
Nominal GNI (KRW trillion)	36.4 (5.4)	36.6 (0.7)	1,646.2 (5.0)	1,730.5 (5.1)	45.3	47.2
Per capita GNI (KRW 10 thousands)	146.1	146.4	3,212.4	3,363.6	22.0	23.0
Population (thousands)	24,897	25,014	51,246	51,446	2.1	2.1

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 5.55 billion dollars in 2017, a decrease of 15.0% from the 6.53 billion dollars during 2016.
 - Exports totaled 1.77 billion dollars, a decrease of 37.2% compared to the year before.
 - o Exports of products of mineral origin (-55.7%), textiles (-22.2%), and products of animal origin (-16.1%) decreased.
 - Imports totaled 3.78 billion dollars, an increase of 1.8% over the year before.
 - o Imports of products of mineral origin (-9.0%) decreased, but chemical products (+10.6%) and textiles (+5.4%) increased.

External Trade of North and South Korea¹⁾

(USD 100 millions)

	North Korea (A)		South Korea (B)		B/A	
	2016	2017	2016	2017	2016	2017
Trade Amount	65.3 (4.5)	55.5 (-15.0)	9,016.2 (-6.4)	10,521.7 (16.7)	138.1	189.6
Exports	28.2 (4.6)	17.7 (-37.2)	4,954.3 (-5.9)	5,736.9 (15.8)	175.7	324.1
Imports	37.1 (4.4)	37.8 (1.8)	4,061.9 (-6.9)	4,784.8 (17.8)	109.5	126.6

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 North and South Korea decreased by 99.7% year on year to record 0.9 million dollars in 2017.

— Since the shutdown of the Kaesong Industrial Complex in 2016, there has been almost no trade between North and South Korea.

* Humanitarian aid from the private sector is included in the export amount.

Volume of Bilateral Trade between North and South Korea

(USD million, %)

	'10	'11	'12	'13	'14	'15	'16(A)	'17(B)	(B-A)	Rate of change (B/A)
South-to-North	868.3	800.2	897.2	520.6	1,136.4	1,262.1	147.0	0.9	-146.1	-99.4
North-to-South	1,043.9	913.7	1,074.0	615.2	1,206.2	1,452.4	185.5	0.0	-185.5	-100.0
Total	1,912.2	1,713.9	1,971.1	1,135.8	2,342.6	2,714.5	332.6	0.9	-331.7	-99.7

Source: Ministry of Unification

<Reference>

North Korean GDP, by Economic Activity

(KRW billion, %)

	Real		Rate of change	Nominal		Share (2017)
	2016	2017		2016	2017	
Agriculture, forestry & fishing	7,144.1	7,049.4	-1.3	7,832.6	8,304.5	22.8
Mining & manufacturing	11,428.7	10,462.0	-8.5	11,980.1	11,573.2	31.8
Mining	4,790.4	4,265.5	-11.0	4,547.4	4,271.4	11.7
Manufacturing	6,657.9	6,196.6	-6.9	7,432.7	7,301.8	20.1
Electricity, gas & water supply	1,192.5	1,157.3	-2.9	1,874.5	1,836.5	5.0
Construction	2,608.7	2,494.0	-4.4	3,194.7	3,146.8	8.6
Services	9,561.6	9,608.8	0.5	11,221.4	11,520.7	31.7
Government	6,904.4	6,958.4	0.8	8,098.4	8,446.8	23.2
Other services	2,657.1	2,650.3	-0.3	3,122.9	3,074.0	8.4
(Wholesale & retail trade and restaurants & accommodation)	127.5	125.8	-1.3	134.7	136.0	0.4
(Transportation & communication)	762.8	730.9	-4.2	915.4	838.2	2.3
(Finance, insurance & real estate)	1,767.9	1,795.3	1.5	2,072.8	2,099.8	5.8
GDP	31,996.6	30,882.3	-3.5	36,103.3	36,381.8	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.