

Gross Domestic Product of North Korea in 2002

North Korea's real annual GDP growth stood at 1.2% in 2002, lower than the increase of 3.7% in 2001, but marking a continuation of positive growth for four years in a row. Growth was mainly attributable to increased production in agriculture, forestry & fisheries and construction.

North Korea has put in place 'Economic Management Improvement Measures'* to turn around the economy from the crisis in 2002. The measures seemed not to bring about expanding production throughout the economy as a whole, because of the chronic lack of resources and reduced support from international economic cooperation since the North's nuclear development program reemerged as an issue. However, the measures are considered to have contributed to vitalization of production in light industry and commercial transactions, by raising morale among workers.

* Through the Economic Management Improvement Measures, North Korea introduced some features of a market economy, including business autonomy and incentives, and actualized prices and exchange rates.

North Korea's GDP Growth Rates

| Unit: % real change | | | | | | | | | | | | |
|---------------------|-------|-------|-------|-------|-------|-------|-------|--------|--------|-------|-------|-------|
| '90 | '91 | '92 | '93 | '94 | '95 | '96 | '97 | '98 | '99 | '00 | '01 | '02 |
| -3.7 | -3.5 | -6.0 | -4.2 | -2.1 | -4.1 | -3.6 | -6.3 | -1.1 | 6.2 | 1.3 | 3.7 | 1.2 |
| (9.0) | (9.2) | (5.4) | (5.5) | (8.3) | (8.9) | (6.8) | (5.0) | (-6.7) | (10.9) | (9.3) | (3.1) | (6.3) |

Note: Figures in parentheses represent South Korea's GDP growth rates.

Looking at North Korea's GDP growth by industry, growth in agriculture, forestry & fisheries marked a 4.2% increase. Cultivation, which represents a large share of North Korea's economy, increased 4.3%, owing to favorable weather conditions, foreign supplies of fertilizer and farmers' increasing will to produce induced by the raising of the Government's purchase price for rice. Production in fisheries rose largely due to increased inland fish-farming.

Production in mining decreased 3.8%, compared with a 4.8% increase in 2001, because of difficulties in energy supply and worn-out equipment.

Production in manufacturing in 2002 decreased 2.0%, as against a 3.5% increase in 2001. In the light industries, there was a 2.7% production increase, owing to the efforts to produce a greater amount of consumer goods. In the heavy industries, however, difficulties in the supply of energy and raw materials led to decreased production.

Electricity, gas & water production decreased 3.8%, compared with a 3.6% increase in 2001, primarily due to decreased steam power generation caused by declined coal production and worn-out electrical production facilities.

Construction increased 10.4%, compared with a 7.0% increase in 2001, led by the expansion of housing construction.

Production in services fell 0.2%, similarly to a 0.3% decrease in 2001, due to the 1.5% reduction in government services. Other services increased, however, owing to the revitalization of commercial transactions following the implementation of 'Economic Management Improvement Measures'.

North Korea's GDP Growth Rates by Industry

| | Unit: % real change | | | | |
|--------------------------------------|---------------------|------------|------------|-------------|------------|
| | North Korea | | | South Korea | |
| | '00 | '01 | '02 | '01 | '02 |
| Agriculture, Forestry & fisheries | -1.9 | 6.8 | 4.2 | 1.9 | -4.1 |
| Mining & Manufacturing | 2.2 | 3.9 | -2.5 | 2.1 | 6.3 |
| Mining | 5.8 | 4.8 | -3.8 | 0.6 | 3.9 |
| Manufacturing | 0.9 | 3.5 | -2.0 | 2.1 | 6.3 |
| (Light industry) | 6.2 | 2.3 | 2.7 | -2.4 | 1.9 |
| (Heavy industry) | -1.5 | 4.1 | -4.2 | 3.0 | 7.2 |
| Electricity, Gas & water | 3.0 | 3.6 | -3.8 | 5.1 | 13.2 |
| Construction | 13.6 | 7.0 | 10.4 | 5.6 | 3.2 |
| Services | 1.2 | -0.3 | -0.2 | 3.9 | 7.0 |
| (government) | 0.5 | -0.4 | -1.5 | 2.2 | 5.4 |
| (others) | 2.5 | -0.1 | 2.4 | 4.8 | 7.7 |
| GDP growth rate | 1.3 | 3.7 | 1.2 | 3.1 | 6.3 |

Looking at North Korea's industrial structure in 2002, there was a rise in the share in GDP of construction, which led the growth in North Korea's economy, but the shares of mining & manufacturing, electricity, gas & water and services all decreased.

The shares of agriculture, forestry & fisheries, of mining, and of government services in the North Korean economy were all higher than those of their counterparts in the South Korean economy. Meanwhile, the shares of manufacturing and other services were lower than those in South Korea.

North Korea's Industrial Structure

Unit: nominal basis, %

| | North Korea | | | South Korea | |
|--------------------------------------|-------------|-------|-------|-------------|-------|
| | '00 | '01 | '02 | '01 | '02 |
| Agriculture, Forestry & fisheries | 30.4 | 30.4 | 30.2 | 4.3 | 4.0 |
| Mining & Manufacturing | 25.4 | 26.0 | 25.8 | 30.8 | 29.6 |
| Mining | 7.7 | 8.0 | 7.8 | 0.3 | 0.3 |
| Manufacturing | 17.7 | 18.1 | 18.0 | 30.5 | 29.2 |
| (Light industry) | 6.5 | 6.7 | 7.0 | 7.1 | 6.9 |
| (Heavy industry) | 11.2 | 11.4 | 11.0 | 23.4 | 22.3 |
| Electricity, Gas & water | 4.8 | 4.8 | 4.4 | 2.8 | 2.9 |
| Construction | 6.9 | 7.0 | 8.0 | 8.3 | 8.5 |
| Services | 32.5 | 31.8 | 31.6 | 53.7 | 55.1 |
| (government) | 22.6 | 22.2 | 22.0 | 10.3 | 10.5 |
| (others) | 9.8 | 9.7 | 9.6 | 43.4 | 44.6 |
| ----- | ----- | ----- | ----- | ----- | ----- |
| GDP | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

North Korea's economic scale (nominal GNI) during 2002 registered 21,331 billion South Korean won, one twenty-eighth that of South Korea, while its per capita GNI stood at 954 thousand South Korean won, approximately one thirteenth that of South Korea.

Economic Scale and Per Capita GNI in South and North Korea

| | North Korea (A) | | South Korea (B) | | B/A(times) | |
|-------------------------------|-----------------|----------|-----------------|-----------|------------|------|
| | '01 | '02 | '01 | '02 | '01 | '02 |
| Nominal GNI (₩billion) | 20,287.0 | 21,330.7 | 550,014.4 | 596,881.2 | 27.1 | 28.0 |
| Per capita GNI (₩thousand) | 912 | 954 | 11,618 | 12,529 | 12.7 | 13.1 |

North Korea's trade volume (goods-based) during 2002 amounted to 2,260 million dollars, a one hundred and thirty-ninth that of South Korea.

Whereas North Korea's exports increased 13.1%, its imports decreased 5.9% due to the decline in foreign transfers resulting from the deterioration of the country's international relationships. The overall volume of trade saw a 0.4 % decrease.

Trade Volume in South and North Korea

| | North Korea (A) | | South Korea (B) | | B/A(times) | |
|----------------------------------|-----------------|------|-----------------|---------|------------|-------|
| | '01 | '02 | '01 | '02 | '01 | '02 |
| Trade Volume (\$ 100 million) | 22.7 | 22.6 | 2,915.4 | 3,146.0 | 128.4 | 139.2 |
| Exports | 6.5 | 7.3 | 1,504.4 | 1,624.7 | 231.4 | 222.6 |
| Imports | 16.2 | 15.3 | 1,411.0 | 1,521.3 | 87.1 | 99.4 |

Meanwhile, the volume of bilateral trade between South and North Korea in 2002 stood at 641.7 million dollars, representing a 59.3% increase, as compared with a 5.2% decrease in 2001.

South-to-North trade increased 63.2%. Transactional trade increased and non-transactional trade also increased owing to increased food loans and the South's support for rail and road construction equipment to North Korea, which more than offset the decrease in KEDO's heavy oil support. North-to-South trade increased by 54.2%, due to increased trade of subcontracted goods and commercial transactions of agriculture, forestry & fisheries products.

Volume of Bilateral Trade between South and North Korea

| | '99 | '00 | '01(A) | '02(B) | (B-A) | Unit: \$ million, % Rate of increase(B/A) |
|----------------|-------|-------|--------|--------|-------|---|
| South-to-North | 211.8 | 272.8 | 226.8 | 370.2 | 143.4 | 63.2 |
| North-to-South | 121.6 | 152.4 | 176.2 | 271.6 | 95.4 | 54.2 |
| Total | 333.4 | 425.2 | 403.0 | 641.7 | 238.8 | 59.3 |

Major Economic Indicators in South and North Korea in 2002

| | Unit | North Korea (A) | South Korea (B) | B/A(times) |
|--------------------------------------|----------------------|---------------------------------|--------------------|------------|
| 1. Population | Thousand persons | 22,369 | 47,640 | 2.1 |
| 2. GDP growth rate | % | 1.2 | 6.3 | - |
| 3. Nominal GNI | ₩billion | 21,330.7 | 596,881.2 | 28.0 |
| 4. Per Capita GNI | ₩thousand (US \$) | 954 (762) | 12,529 (10,013) | 13.1 |
| 5. External economy | | | | |
| Trade total | US\$100mil. | 22.6 | 3,146.0 | 139.2 |
| (Exports) | " | 7.3 | 1,624.7 | 222.6 |
| (Imports) | " | 15.3 | 1,521.3 | 99.4 |
| Exchange rate | ₩/US\$ | 2.21(Jan-June) 153(July-Dec) | 1,251.24 | - - |
| Foreign debt | US\$100mil. | N.A. | 1,310.0 | N.A. |
| (foreign debt/ nominal GNI) | % | N.A. | 27.5 | - |
| 6. Budget volume | US\$100mil. | N.A | 876.2 | N.A. |
| 7. Energy industry | | | | |
| Coal production | 10,000 tons | 2,190 | 332 | 0.2 |
| Capacity of power generation | 10,000kW | 777 | 5,380 | 6.9 |
| Volume of actual power generation | 100 million kWh | 190.4 | 3,065 | 16.1 |
| Crude oil imports | 10,000 tons | 59.7 | 10,791 | 180.8 |

| | Unit | North Korea (A) | South Korea (B) | B/A(times) |
|---|---------------|--------------------|--------------------|------------|
| 8. Agricultural & fishery goods production | | | | |
| Grains | 10,000 tons | 413.0 | 559.6 | 1.4 |
| (Rice) | " | 173.0 | 492.7 | 2.8 |
| Fishery products | " | 80.5 | 247.8 | 3.1 |
| 9. Mining goods production | | | | |
| Iron ore | 10,000 tons | 407.8 | 15.7 | 0.04 |
| Nonferrous metals | " | 8.7 | 132.3 | 15.2 |
| 10. Manufacturing goods production | | | | |
| Automobiles | 10000vehicles | 0.48 | 314.7 | 655.6 |
| Steel | 10,000 tons | 103.8 | 4,539.0 | 43.7 |
| Cement | " | 532.0 | 5,551.4 | 10.4 |
| Fertilizer | " | 50.3 | 330.1 | 6.6 |
| Synthetic fiber | " | 2.6 | 230.2 | 88.5 |
| 11. Infrastructure | | | | |
| Length of railroads | Km | 5,235 | 3,129 | 0.6 |
| Length of roads | Km | 24,449 | 96,037 | 3.9 |
| Capacity of harbor loading and unloading | 10,000 tons | 3,550 | 48,651 | 13.7 |
| Shipping tonnage | 10,000 tons | 81.0 | 763.8 | 9.4 |