

PRESS RELEASE



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Gross Domestic Product Estimates* for North Korea in 2019

* North Korea's economic indicators related to the national accounts (such as growth rate, industrial structure, economic size, and per capita GNI) are estimated based on South Korea's prices and value-added ratios, and thus should not be directly compared with those of other countries.

I . Overview

North Korea's real GDP increased by 0.4% in 2019.*

* Turned narrowly positive for the first time in three years, since 2016 (3.9%)

— The growth rates of agriculture, forestry & fishing and construction turned positive, while the negative growth rate of mining & manufacturing narrowed.

North Korea's Real GDP Growth Rates¹⁾

(percentage change over previous year)

'90	'95	'00	'05	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19
-4.3	-4.4	0.4	3.8	-0.5	0.8	1.3	1.1	1.0	-1.1	3.9	-3.5	-4.1	0.4
(9.9)	(9.6)	(9.1)	(4.3)	(6.8)	(3.7)	(2.4)	(3.2)	(3.2)	(2.8)	(2.9)	(3.2)	(2.9)	(2.0)

Note: 1) Figures in parentheses represent South Korea's GDP growth rates.

(Real Gross Domestic Product)

Production in the agriculture, forestry & fishing sector expanded by 1.4% in 2019 (-1.8% in 2018), due mainly to increases in agriculture and fishing products.

Mining production decreased by 0.7% in 2019 (-17.8% in 2018), owing to a decrease in metal and nonmetal production despite an increase in coal mining.

- Manufacturing production contracted by 1.1% (-9.1% in 2018), mainly due to a decrease in heavy & chemical industry production.
 - Light industry production registered a 1.0% increase (-2.6% in 2018) as food, beverages and tobacco products increased.
 - Production in the heavy & chemical industry fell by 2.3% (-12.4% in 2018), as production in sub-sectors such as non-metallic mineral products, primary metal products, and assembled metal products & machinery decreased.
- Electricity, gas & water production contracted by 4.2% (5.7% in 2018). The production of electricity decreased due to a fall in hydroelectric power generation, while thermal power generation increased.
- Construction shifted upwards by 2.9% (-4.4% in 2018), mainly due to the development of tourism districts and construction of power plants.
- The services sector increased by 0.9% (0.9% in 2018) as the accommodation & food services sector expanded.

Real GDP Growth Rates by Type of Economic Activity

(percentage change over previous year)

	North Korea		South Korea	
	2018	2019	2018	2019 ^p
Agriculture, forestry & fishing	-1.8	1.4	0.2	2.3
Mining & manufacturing	-12.3	-0.9	3.3	1.2
Mining	-17.8	-0.7	-7.4	-8.5
Manufacturing	-9.1	-1.1	3.3	1.3
(Light industry)	(-2.6)	(1.0)	(0.9)	(-1.3)
(Heavy & chemical industry)	(-12.4)	(-2.3)	(3.8)	(1.8)
Electricity, gas & water supply	5.7	-4.2	-1.7	4.3
Construction	-4.4	2.9	-2.8	-2.5
Services	0.9	0.9	3.8	2.9
(Government)	(0.8)	(0.5)	(3.3)	(3.7)
(Other services ¹⁾)	(1.2)	(1.8)	(3.9)	(2.8)
GDP	-4.1	0.4	2.9	2.0

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

II. Industrial Structure

- A look at North Korea's industrial structure in 2019 showed a decrease in the share of GDP (in nominal GDP terms) accounted for by agriculture, forestry & fishing, but increases in the shares of the mining & manufacturing, construction, and services sectors.
- The share of total GDP contributed by agriculture, forestry & fishing fell by 2.0%p to 21.2%.
 - The share of mining & manufacturing expanded by 0.3%p to record 29.6%, with mining (11.0%) increasing by 0.4%p and manufacturing (18.7%) decreasing by 0.1%p.
 - The share of electricity, gas & water supply decreased by 0.1%p to 5.4%.
 - The share of construction shifted upward by 0.8%p to 9.7%.
 - The share of services rose by 1.0%p to stand at 34.1%.

North Korea's Industrial Structure¹⁾

(%)

	North Korea		South Korea	
	2018	2019	2018	2019 ^P
Agriculture, forestry & fishing	23.3	21.2	1.9	1.8
Mining & manufacturing	29.4	29.6	29.2	27.8
Mining	10.6	11.0	0.1	0.1
Manufacturing	18.8	18.7	29.1	27.7
(Light industry)	(6.8)	(7.0)	(4.8)	(4.9)
(Heavy & chemical industry)	(12.0)	(11.7)	(24.3)	(22.8)
Electricity, gas & water supply	5.4	5.4	2.0	2.1
Construction	8.9	9.7	5.9	6.0
Services	33.0	34.1	60.9	62.4
(Government)	(24.6)	(25.2)	(10.6)	(11.1)
(Other services ²⁾)	(8.5)	(8.8)	(50.3)	(51.2)
GDP ³⁾	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 accommodation & food services, (ii) transportation & communications, and (iii) finance, insurance & real estate.

3) South Korea's GDP figure is based on Gross Value-Added (GVA) at basic prices.

III. Gross National Income & External Trade

- North Korea's gross national income (nominal GNI) was valued at 35.6 trillion KRW for 2019, 1/54 (1.8%) of that of the South Korean economy.
- GNI per capita stood at 1.408 million KRW, approximately 1/27 (3.8%) of that of South Korea.

National Income and Per Capita GNI of North and South Korea

	North Korea (A)		South Korea (B)		B/A	
	2018	2019	2018	2019 ^P	2018	2019
Nominal GNI (KRW trillion)	35.9 (-2.0)	35.6 (-0.9)	1,905.8 (3.4)	1,935.7 (1.6)	53.1	54.4
Per capita GNI (KRW 10 thousands)	142.8 (-2.5)	140.8 (-1.4)	3,693.0 (2.9)	3,743.5 (1.4)	25.9	26.6
Population (thousands)	25,132	25,250	51,607	51,709	2.1	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 goods transported between North and South Korea) amounted to 3.24 billion dollars in 2019, an increase of 14.1% from the 2.84 billion dollars during 2018.
 - Exports totaled 0.28 billion dollars, an increase of 14.4% compared to the year before.
 - o Exports of clocks & watches and parts (57.9%), along with footwear, hats and wigs (43.0%) increased.
 - Imports totaled 2.97 billion dollars, an increase of 14.1% from the year before.
 - o Imports of fiber (23.6%), plastic and rubber (21.3%), and vegetable products (29.2%) increased.

External Trade of North and South Korea^{1), 2)}

(USD 100 million)

	North Korea (A)		South Korea (B)		B/A	
	2018	2019	2018	2019	2018	2019
Trade Amount	28.4 (-48.8)	32.4 (14.1)	11,400.6 (8.4)	10,455.8 (-8.3)	400.9	322.2
Exports	2.4 (-86.3)	2.8 (14.4)	6,048.6 (5.4)	5,422.3 (-10.4)	2,492.1	1,952.0
Imports	26.0 (-31.2)	29.7 (14.1)	5,352.0 (11.9)	5,033.4 (-6.0)	205.8	169.6

Notes: 1) Excludes goods transported between North and South Korea.

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

Source: Korea Trade-Investment Promotion Agency (KOTRA), Korea Customs Office (KCO).

Goods transported between North and South Korea* recorded 6.9 million dollars in 2019.

* Includes general exports and imports, economic cooperation, and non-commercial transportation.

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

Volume of Goods Transported between North and South Korea

(USD million)

	'12	'13	'14	'15	'16	'17	'18(A)	'19(B)	(B-A)
South-to-North	897.2	520.6	1,136.4	1,262.1	147.0	0.9	20.7	6.7	-14.1
North-to-South	1,074.0	615.2	1,206.2	1,452.4	185.5	0.0	10.5	0.2	-10.3
Total	1,971.1	1,135.8	2,342.6	2,714.5	332.6	0.9	31.3	6.9	-24.4

Source: Ministry of Unification.

< Appendix I >

North Korea's GDP by Type of Economic Activity

(KRW billion, %)

	Real		Rate of change	Nominal		Share (2019)
	2018	2019		2018	2019	
Agriculture, forestry & fishing	7,340.0	7,441.2	1.4	8,302.9	7,491.9	21.2
Mining & manufacturing	9,504.0	9,414.0	-0.9	10,472.0	10,454.5	29.6
Mining	3,316.3	3,292.7	-0.7	3,782.4	3,869.9	11.0
Manufacturing	6,183.5	6,116.7	-1.1	6,689.6	6,584.5	18.7
Electricity, gas & water supply	1,934.9	1,853.5	-4.2	1,934.6	1,888.9	5.4
Construction	2,834.7	2,915.6	2.9	3,173.8	3,421.7	9.7
Services	11,204.9	11,301.4	0.9	11,787.2	12,021.6	34.1
Government	8,117.6	8,160.0	0.5	8,771.7	8,905.1	25.2
Other services	3,087.8	3,144.9	1.8	3,015.5	3,116.5	8.8
(Wholesale & retail trade and Accommodation & food services)	160.7	186.7	16.2	163.1	193.5	0.5
(Transportation & communication)	848.0	864.9	2.0	776.1	813.8	2.3
(Finance, insurance & real estate)	2,077.9	2,091.8	0.7	2,076.3	2,109.2	6.0
GDP	32,803.0	32,918.9	0.4	35,670.5	35,278.6	100.0

Result of 2015 Benchmark Revision of North Korea's GDP

1. Necessity of a benchmark revision of North Korea's GDP

- Considering that the purpose of compiling North Korea's GDP statistics is to evaluate North Korean economy from South Korea's perspective, the benchmark year is updated from 2010 to 2015 in order to maintain consistency with South Korea's GDP statistics.
 - Since the growth rate and the volume of North Korea's GDP are estimated using the value-added ratios and the prices of South Korea's GDP statistics, a benchmark revision is necessary for consistent comparison.

2. Result of 2015 benchmark revision

- (Real GDP)** The real GDP volume of North Korea is changed with the update of the benchmark year because it is estimated using the production of the current year and the price data of the benchmark year.
 - However, since the estimation method is the same, there is no change in the growth rate by industry and that of GDP during the 1990-2018 period as a result of the benchmark year update.
- (Nominal GDP and GNI)** The volume and the growth rate of nominal GDP and GNI as well as per capita GNI, which are estimated using the production and price data for the current year, remain unchanged.

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 Korea's prices and value-added ratios.