

PRESS RELEASE



BANK OF KOREA

Embargoed until release at 12:00 P.M., July 30, 2021

2021-7-30

Lee Hyeon-Yeong: 82-2-759-4320 hylee04@bok.or.kr

Gross Domestic Product Estimates* for North Korea in 2020

* 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 decreased by 4.5% in 2020.
 - The growth rates of agriculture, forestry & fishing, mining & manufacturing and services decreased as overall economic activity contracted.

North Korea's Real GDP Growth Rates¹⁾

(percentage change over previous year)										
'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20
-0.5	0.8	1.3	1.1	1.0	-1.1	3.9	-3.5	-4.1	0.4	-4.5
(6.8)	(3.7)	(2.4)	(3.2)	(3.2)	(2.8)	(2.9)	(3.2)	(2.9)	(2.2)	(-0.9)

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

(Real Gross Domestic Product)

- Production in the agriculture, forestry & fishing sector decreased by 7.6% in 2020 (1.4% in 2019), due mainly to a decrease in agriculture and fishing products.
- Mining production contracted by 9.6% in 2020 (-0.7% in 2019), owing to a decrease in metal & nonmetal production.

- Manufacturing production decreased by 3.8% (-1.1% in 2019), due to decreases in both light industry and heavy & chemical industry production.
 - Light industry production registered a 7.5% decrease (1.0% in 2019) as food, beverages and tobacco products decreased.
 - Production in the heavy & chemical industry fell by 1.6% (-2.3% in 2019), as production of chemical products decreased.
- Electricity, gas & water production increased by 1.6% (-4.2% in 2019). The production of electricity expanded due to an increase in hydroelectric power generation, while thermal power generation fell.
- Construction shifted upwards by 1.3% (2.9% in 2019), driven mainly by growth in residential building construction.
- The services sector decreased by 4.0% (0.9% in 2019), as production in sub-sectors such as transportation, wholesale & retail trade and accommodation & food services decreased.

Real GDP Growth Rates by Type of Economic Activity

(percentage change over previous year)

	North Korea		South Korea	
	2019	2020	2019	2020 ^P
Agriculture, forestry & fishing	1.4	-7.6	3.9	-4.0
Mining & manufacturing	-0.9	-5.9	1.1	-0.9
Mining	-0.7	-9.6	-6.2	-0.2
Manufacturing	-1.1	-3.8	1.1	-0.9
(Light industry)	(1.0)	(-7.5)	(-2.8)	(-1.0)
(Heavy & chemical industry)	(-2.3)	(-1.6)	(1.9)	(-0.8)
Electricity, gas & water supply	-4.2	1.6	4.3	4.2
Construction	2.9	1.3	-2.6	-1.4
Services	0.9	-4.0	3.4	-1.0
(Government)	(0.5)	(0.8)	(3.1)	(3.2)
(Other services ¹⁾)	(1.8)	(-18.0)	(3.4)	(-1.9)
GDP	0.4	-4.5	2.2	-0.9

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 2020 showed decreases in the share of GDP (in nominal GDP terms) accounted for by the mining & manufacturing and services sectors, but increases in the shares of agriculture, forestry & fishing, electricity, gas & water supply and construction.
- The share of total GDP contributed by agriculture, forestry & fishing expanded by 1.1%p to 22.4%.
 - The share of mining & manufacturing fell by 1.5%p to record 28.1%, with mining (10.8%) decreasing by 0.2%p and manufacturing (17.3%) decreasing by 1.3%p.
 - The share of electricity, gas & water supply increased by 0.3%p to 5.6%.
 - The share of construction shifted upward by 0.3%p to 10.0%.
 - The share of services fell by 0.2%p to stand at 33.8%.

North Korea's Industrial Structure¹⁾

	(%)			
	North Korea		South Korea	
	2019	2020	2019	2020 ^P
Agriculture, forestry & fishing	21.2	22.4	1.8	2.0
Mining & manufacturing	29.6	28.1	27.7	27.2
Mining	11.0	10.8	0.1	0.1
Manufacturing	18.7	17.3	27.5	27.1
(Light industry)	(7.0)	(6.9)	(4.8)	(4.9)
(Heavy & chemical industry)	(11.7)	(10.5)	(22.7)	(22.2)
Electricity, gas & water supply	5.4	5.6	2.1	2.4
Construction	9.7	10.0	5.9	5.9
Services	34.1	33.8	62.5	62.4
(Government)	(25.2)	(26.5)	(11.1)	(11.6)
(Other services ²⁾)	(8.8)	(7.3)	(51.4)	(50.8)
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 KRW 35.0 trillion for 2020, 1/56 (1.8%) of that of the South Korean economy.
- GNI per capita stood at KRW 1.379 million, approximately 1/27 (3.7%) of that of South Korea.

National Income and Per Capita GNI of North and South Korea

	North Korea (A)		South Korea (B)		B/A	
	2019	2020	2019	2020 ^P	2019	2020
Nominal GNI (KRW trillion)	35.6 (-0.9)	35.0 (-1.7)	1,941.1 (1.9)	1,948.0 (0.4)	54.6	55.7
Per capita GNI (KRW 10 thousands)	140.8 (-1.4)	137.9 (-2.1)	3,753.9 (1.6)	3,762.1 (0.2)	26.7	27.3
Population (thousands)	25,250	25,368	51,709	51,781	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 goods transported between North and South Korea) amounted to USD 0.86 billion in 2020, a decrease of 73.4% from the USD 3.25 billion during 2019.
 - Exports totaled USD 0.09 billion, a decrease of 67.9% compared to the year before.
 - o Exports of clocks & watches and parts (-86.3%), along with wigs (-92.7%) decreased.
 - Imports totaled USD 0.77 billion, a decrease of 73.9% from the year before.
 - o Imports of fiber (-90.9%) and plastic & rubber (-82.1%) decreased.

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

(USD 100 million)

	North Korea (A)		South Korea (B)		B/A	
	2019	2020	2019	2020	2019	2020
Trade amount	32.5 (14.1)	8.6 (-73.4)	10,455.8 (-8.3)	9,801.3 (-6.3)	322.1	1,135.8
Exports	2.8 (14.5)	0.9 (-67.9)	5,422.3 (-10.4)	5,125.0 (-5.5)	1,950.7	5,739.1
Imports	29.7 (14.1)	7.7 (-73.9)	5,033.4 (-6.0)	4,676.3 (-7.1)	169.6	604.4

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 USD 3.9 million in 2020.

* 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)

	'13	'14	'15	'16	'17	'18	'19(A)	'20(B)	(B-A)
South-to-North	520.6	1,136.4	1,262.1	147.0	0.9	20.7	6.7	3.9	-2.8
North-to-South	615.2	1,206.2	1,452.4	185.5	0.0	10.5	0.2	0.0	-0.2
Total	1,135.8	2,342.6	2,714.5	332.6	0.9	31.3	6.9	3.9	-3.0

< Appendix >

North Korea's GDP by Type of Economic Activity

(KRW billion, %)

	Real		Rate of change	Nominal		Share (2020)
	2019	2020		2019	2020	
Agriculture, forestry & fishing	7,441.2	6,876.4	-7.6	7,491.9	7,752.7	22.4
Mining & manufacturing	9,414.0	8,857.2	-5.9	10,454.5	9,752.2	28.1
Mining	3,292.7	2,978.1	-9.6	3,869.9	3,739.2	10.8
Manufacturing	6,116.7	5,885.7	-3.8	6,584.5	6,013.0	17.3
Electricity, gas & water supply	1,853.5	1,882.6	1.6	1,888.9	1,953.1	5.6
Construction	2,915.6	2,954.1	1.3	3,421.7	3,473.8	10.0
Services	11,301.4	10,843.9	-4.0	12,021.6	11,728.6	33.8
Government	8,160.0	8,227.6	0.8	8,905.1	9,200.0	26.5
Other services	3,144.9	2,579.3	-18.0	3,116.5	2,528.6	7.3
(Wholesale & retail trade and Accommodation & food services)	186.7	98.7	-47.2	193.5	103.1	0.3
(Transportation & communication)	864.9	359.3	-58.5	813.8	342.9	1.0
(Finance, insurance & real estate)	2,091.8	2,098.1	0.3	2,109.2	2,082.6	6.0
GDP	32,918.9	31,426.9	-4.5	35,278.6	34,660.3	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 Korea's prices and value-added ratios.