

PRESS RELEASE



BANK OF KOREA

Embargoed until release at 12:00 P.M., July 27, 2022

2022-7-27

Lee Sang Hyup: 82-2-759-5239 sarn1201@bok.or.kr

Gross Domestic Product Estimates* for North Korea in 2021

* 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 0.1% in 2021.
- Production in the mining & manufacturing and services sectors decreased, while production in the agriculture, forestry & fishing, electricity, gas & water and construction sectors increased.

North Korea's Real GDP Growth Rates¹⁾

(percentage change over previous year)

'11	'12	'13	'14	'15	'16	'17	'18	'19	'20	'21
0.8	1.3	1.1	1.0	-1.1	3.9	-3.5	-4.1	0.4	-4.5	-0.1
(3.7)	(2.4)	(3.2)	(3.2)	(2.8)	(2.9)	(3.2)	(2.9)	(2.2)	(-0.7)	(4.1)

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

(Real Gross Domestic Product)

- Production in the agriculture, forestry & fishing sector increased by 6.2% in 2021 (-7.6% in 2020), due mainly to an increase in agriculture.
- Mining production contracted by 11.7% in 2021 (-9.6% in 2020), owing to decreases in coal mining.

- Manufacturing production decreased by 3.3% (-3.8% in 2020), due to decreases in both light industry and heavy & chemical industry production.
 - Light industry production registered a 2.6% decrease (-7.5% in 2020) as food, beverages & tobacco products decreased.
 - Production in the heavy & chemical industry fell by 3.7% (-1.6% in 2020), as production of chemical products decreased.
- Electricity, gas & water production increased by 6.0% (1.6% in 2020), due mainly to an increase in hydroelectric power generation.
- Construction shifted upwards by 1.8% (1.3% in 2020), driven mainly by growth in residential building construction.
- The services sector decreased by 0.4% (-4.0% in 2020), as production in sub-sectors such as 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	
	2020	2021	2020	2021 ^P
Agriculture, forestry & fishing	-7.6	6.2	-5.8	3.8
Mining & manufacturing	-5.9	-6.5	-1.1	6.9
Mining	-9.6	-11.7	-3.2	1.4
Manufacturing	-3.8	-3.3	-1.1	6.9
(Light industry)	(-7.5)	(-2.6)	(-2.3)	(2.5)
(Heavy & chemical industry)	(-1.6)	(-3.7)	(-0.8)	(7.8)
Electricity, gas & water supply	1.6	6.0	4.1	4.0
Construction	1.3	1.8	-1.3	-2.6
Services	-4.0	-0.4	-0.8	3.8
(Government)	(0.8)	(0.1)	(2.8)	(3.5)
(Other services ¹⁾)	(-18.0)	(-2.0)	(-1.6)	(3.8)
GDP	-4.5	-0.1	-0.7	4.1

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 2021 showed decreases in the share of GDP (in nominal GDP terms) accounted for by the electricity, gas & water supply and services sectors, but increases in the shares of agriculture, forestry & fishing, mining & manufacturing and construction.
- The share of total GDP contributed by agriculture, forestry & fishing expanded by 1.4%p to 23.8%.
 - The share of mining & manufacturing rose by 0.2%p to record 28.3%, with mining (10.0%) decreasing by 0.7%p and manufacturing (18.3%) increasing by 0.9%p.
 - The share of electricity, gas & water supply decreased by 0.9%p to 4.8%.
 - The share of construction shifted upward by 0.2%p to 10.2%.
 - The share of services fell by 0.9%p to stand at 32.9%.

North Korea's Industrial Structure¹⁾

	(%)			
	North Korea		South Korea	
	2020	2021	2020	2021 ^P
Agriculture, forestry & fishing	22.4	23.8	1.9	2.0
Mining & manufacturing	28.1	28.3	27.2	28.0
Mining	10.8	10.0	0.1	0.1
Manufacturing	17.3	18.3	27.1	27.9
(Light industry)	(6.9)	(6.2)	(4.8)	(4.4)
(Heavy & chemical industry)	(10.5)	(12.1)	(22.3)	(23.5)
Electricity, gas & water supply	5.6	4.8	2.4	1.9
Construction	10.0	10.2	6.0	5.6
Services	33.8	32.9	62.4	62.5
(Government)	(26.5)	(26.0)	(11.5)	(11.4)
(Other services ²⁾)	(7.3)	(6.9)	(50.9)	(51.1)
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 36.3 trillion for 2021, 1/58 (1.7%) of that of the South Korean economy.
- GNI per capita stood at KRW 1.423 million, approximately 1/28 (3.5%) of that of South Korea.

National Income and Per Capita GNI of North and South Korea

	North Korea (A)		South Korea (B)		B/A	
	2020	2021	2020	2021 ^P	2020	2021
Nominal GNI (KRW trillion)	35.0 (-1.7)	36.3 (3.7)	1,957.7 (0.9)	2,094.7 (7.0)	56.0	57.8
Per capita GNI (KRW 10 thousands)	137.9 (-2.1)	142.3 (3.2)	3,776.6 (0.6)	4,048.2 (7.2)	27.4	28.4
Population (thousands)	25,368	25,484	51,836	51,745	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 0.71 billion in 2021, a decrease of 17.3% from the USD 0.86 billion during 2020.
 - Exports totaled USD 0.08 billion, a decrease of 8.2% compared to the year before.
 - o Exports of optical & precision instruments (-57.3%), along with machinery (-36.6%) decreased.
 - Imports totaled USD 0.63 billion, a decrease of 18.4% from the year before.
 - o Imports of animal & vegetable oil and fat (-86.5%) and manufactured food (-65.0%) decreased.

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

(USD 100 million)

	North Korea (A)		South Korea (B)		B/A	
	2020	2021	2020	2021	2020	2021
Trade amount	8.6 (-73.4)	7.1 (-17.3)	9,801.3 (-6.3)	12,594.9 (28.5)	1,135.8	1,765.6
Exports	0.9 (-67.9)	0.8 (-8.2)	5,125.0 (-5.5)	6,444.0 (25.7)	5,739.1	7,862.1
Imports	7.7 (-73.9)	6.3 (-18.4)	4,676.3 (-7.1)	6,150.9 (31.5)	604.4	974.2

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 Service (KCS).

Goods transported between North and South Korea* recorded USD 1.1 million in 2021.

* 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)

	'14	'15	'16	'17	'18	'19	'20(A)	'21(B)	(B-A)
South-to-North	1,136.4	1,262.1	147.0	0.9	20.7	6.7	3.9	1.1	-2.8
North-to-South	1,206.2	1,452.4	185.5	0.0	10.5	0.2	0.0	0.0	0.0
Total	2,342.6	2,714.5	332.6	0.9	31.3	6.9	3.9	1.1	-2.8

< Appendix >

North Korea's GDP by Type of Economic Activity

(KRW billion, %)

	Real		Rate of change	Nominal		Share (2021)
	2020	2021		2020	2021	
Agriculture, forestry & fishing	6,876.4	7,302.3	6.2	7,752.7	8,525.4	23.8
Mining & manufacturing	8,857.2	8,280.9	-6.5	9,752.2	10,165.5	28.3
Mining	2,978.1	2,629.2	-11.7	3,739.2	3,604.1	10.0
Manufacturing	5,885.7	5,693.6	-3.3	6,013.0	6,561.4	18.3
Electricity, gas & water supply	1,882.6	1,995.2	6.0	1,953.1	1,716.8	4.8
Construction	2,954.1	3,007.7	1.8	3,473.8	3,665.5	10.2
Services	10,843.9	10,802.5	-0.4	11,728.6	11,817.7	32.9
Government	8,227.6	8,232.3	0.1	9,200.0	9,338.0	26.0
Other services	2,579.3	2,528.3	-2.0	2,528.6	2,479.7	6.9
(Wholesale & retail trade and Accommodation & food services)	98.7	74.1	-24.9	103.1	77.2	0.2
(Transportation & communication)	359.3	327.7	-8.8	342.9	315.3	0.9
(Finance, insurance & real estate)	2,098.1	2,104.0	0.3	2,082.6	2,087.2	5.8
GDP	31,426.9	31,409.5	-0.1	34,660.3	35,890.8	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 Korea's prices and value-added ratios.