

Gross Domestic Product of North Korea in 2006

North Korea's real annual GDP decreased 1.1% in 2006, turning negative after seven consecutive years of positive growth. This was mainly attributable to decreased production in the agriculture, forestry & fisheries, and construction sectors.

North Korea's general economy faced difficult circumstances in 2006 due to the deterioration of its international relationships resulting from the nuclear weapons issue and to its lack of resources.

North Korean GDP Growth

Unit: %, real change												
'90	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04	'05	'06
-3.7	-4.1	-3.6	-6.3	-1.1	6.2	1.3	3.7	1.2	1.8	2.2	3.8	-1.1
(9.2)	(9.2)	(7.0)	(4.7)	(-6.9)	(9.5)	(8.5)	(3.8)	(7.0)	(3.1)	(4.7)	(4.0)	(5.0)

Note: Figures in parentheses represent South Korea's GDP growth rates, revised since revision to base year 2000 and implementation of the 93 SNA (2004.3).

Looking at North Korea's GDP growth by industry, the agriculture, forestry & fisheries industry marked a 2.6% decrease, after a 5.0% increase in 2005, owing to unfavorable weather conditions.

Production in mining increased 1.9% in 2006, down from its 3.5% increase in 2005, as the decline in metallic mineral production outweighed the increases in coal and nonmetallic mineral products.

North Korean manufacturing production increased 0.4% in 2006, down from its 4.9% increase in 2005. In the light industries, there was a 0.6% production drop, primarily due to the decrease in food products and beverages. In the heavy industries, production increased 1.1%, down from its 5.4% increase in 2005, owing to the declines in machinery and nonferrous metal products.

Electricity, gas & water production increased 2.7%, down from its 4.4% increase in 2005, owing to a shrinkage in hydroelectric power generation despite increase in steam power generation.

Construction industry production declined 11.5%, as against a 6.1% increase in 2005, due to the reduced civil engineering, specifically road and railroad construction, and despite an expansion in non-housing construction.

Production in services climbed 1.1%, following a 1.3% increase in 2005. Hotel and restaurant industry production fell with the decline in foreign tourists, but production of the transport and the post & telecommunications industries increased.

North Korean GDP Growth by Industry

Unit: %, real change

	North Korea			South Korea	
	'04	'05	'06	'05	'06
Agriculture, forestry & fisheries	4.1	5.0	-2.6	0.7	-2.6
Mining & manufacturing	1.0	4.4	0.9	7.0	8.3
Mining	2.5	3.5	1.9	-1.7	2.7
Manufacturing	0.4	4.9	0.4	7.1	8.4
(Light industry)	(-0.2)	(3.9)	(-0.6)	(1.8)	(1.1)
(Heavy industry)	(0.7)	(5.4)	(1.1)	(8.1)	(9.7)
Electricity, gas & water	4.5	4.4	2.7	7.8	3.5
Construction	0.4	6.1	-11.5	-0.1	-0.1
Services	1.4	1.3	1.1	3.4	4.2
(Government)	(0.0)	(0.6)	(0.8)	(2.3)	(2.9)
(Others)	(4.6)	(2.9)	(1.8)	(3.6)	(4.4)
GDP growth	2.2	3.8	-1.1	4.2	5.0

Looking at North Korea's industrial structure in 2006, there was rise in the share in GDP of services, mining & manufacturing, and electricity, gas & water production. However, the shares of the agriculture, forestry & fisheries and construction industries decreased.

North Korean Industrial Structure

Unit: nominal terms, %

	North Korea			South Korea	
	'04	'05	'06	'05	'06
Agriculture, forestry & fisheries	26.7	25.0	23.3	3.4	3.2
Mining & manufacturing	27.2	28.9	29.6	28.7	28.2
Mining	8.7	9.9	10.2	0.4	0.4
Manufacturing	18.5	19.0	19.5	28.4	27.8
(Light industry)	(6.7)	(6.7)	(6.7)	(5.1)	(4.9)
(Heavy industry)	(11.8)	(12.4)	(12.8)	(23.2)	(22.9)
Electricity, gas & water	4.4	4.3	4.5	2.3	2.3
Construction	9.3	9.6	9.0	9.2	9.1
Services	32.3	32.2	33.6	56.3	57.2
(Government)	(22.6)	(22.6)	(23.7)	(10.1)	(10.4)
(Others)	(9.7)	(9.6)	(9.8)	(46.2)	(46.7)
GDP	100.0	100.0	100.0	100.0	100.0

The 2005 North Korean economy (nominal GNI) was valued at 25.6 billion dollars, one thirty-fifth (2.9%) that of South Korea, while its per capita GNI stood at 1,108 dollars, approximately one seventeenth (6.0%) that of South Korea.

Economic Scale and Per Capita GNI in South and North Korea

	North Korea (A)		South Korea (B)		B/A	
	'05	'06	'05	'06	'05	'06
Nominal GNI (\$ 100 million)	242	256	7,901	8,873	32.6	34.7
Per capita GNI (\$)	1,056	1,108	16,413	18,372	15.5	16.6

North Korea's trade volume (goods-based) during 2006 amounted to 3,000 million dollars, 1/212 the size of South Korea's.

North Korea's exports decreased by 5.2%, but its imports increased by 2.3%. Accordingly, its overall trade volume fell 0.2%.

Trade in South and North Korea

	North Korea (A)		South Korea (B)		B/A	
	'05	'06	'05	'06	'05	'06
Trade Amount (\$ 100 million)	30.0	30.0	5,456.6	6,348.5	181.8	211.9
Exports	10.0	9.5	2,844.2	3,254.6	284.9	343.8
Imports	20.0	20.5	2,612.4	3,093.8	130.4	151.0

Note : Bilateral trade between North and South Korea is excluded.

Meanwhile, bilateral trade between South and North Korea stood at 1,349.7 million dollars in 2006, a 27.8% year-on-year increase after the increase of 51.5% in 2005.

South-to-North trade grew 16.0% year-on-year, due to the increase in non-transactional trade, such as South Korea's provision of rice and fertilizer, as well as to expansion of the Gaeseong Industrial Complex. North-to-South trade climbed 52.7%, owing to increased trading of basic metal and mining products, as well as to the expansion of inter-Korean economic cooperation project.

Volume of Bilateral Trade between South and North Korea

	'01	'02	'03	'04	'05(A)	'06(B)	Units: \$ million, %	
							(B-A)	Rate of Increase (B/A)
South-to-North	226.8	370.2	435.0	439.0	715.5	830.2	114.7	16.0
North-to-South	176.2	271.6	289.3	258.0	340.3	519.5	179.2	52.7
Total	403.0	641.7	724.2	697.0	1,055.8	1,349.7	293.9	27.8

Major Economic Indicators in South and North Korea in 2006

	Unit	North Korea (A)	South Korea (B)	B/A
1. Population	Thousand persons	23,079	48,297	2.1
2. GDP growth rate	%	-1.1	5.0	-
3. Nominal GNI	₩billion	24,429.2	847,861.3	34.7
4. Per Capita GNI	₩10 thousand (US \$)	105.8 (1,108)	1,755.5 (18,372)	16.6
5. External transactions				
Trade total	US\$100 mil.	30.0	6,348.5	211.9
(Exports)	"	9.5	3,254.6	343.8
(Imports)	"	20.5	3,093.8	151.0
Exchange rate	₩(N.K.,S.K.) /US\$	141	955.51	-
6. Energy industry				
Coal production	10,000 tons	2,468	280	0.11
Capacity of power generation	10,000 kW	782	6,551	8.4
Volume of actual power generation	100 million kWh	225	3,812	16.9
Crude oil imports	10,000 bbl	384	88,843	231.4

	Unit	North Korea (A)	South Korea (B)	B/A (times)
7. Agricultural & fisheries products				
Grains	10,000 tons	448.3	530.0	1.2
(Rice)	"	189.4	468.0	2.5
Fishery products	"	92.3	303.2	3.3
8. Mining goods production				
Iron ore	10,000 tons	504.1	22.7	0.05
Nonferrous metals	"	8.6	187.7	21.8
9. Manufacturing goods production				
Automobiles	10,000 vehicles	0.44	384.0	872.8
Steel	10,000 tons	118.1	4,843.3	41.0
Cement	"	615.5	4,920.9	8.0
Fertilizer	"	45.4	318.3	7.0
Synthetic fiber	"	2.9	145.7	50.2
10. Infrastructure				
Length of railroads	Km	5,235	3,392	0.6
Length of roads	Km	25,544	102,061	4.0
Capacity of harbors, loading and unloading	10,000 tons	3,700	69,213	18.7
Shipping tonnage	10,000 tons	90.4	1,180.2	13.1

Brief Explanation of Estimation Method

- The Bank of Korea (BOK) has been estimating the "Gross Domestic Product of North Korea" annually since 1991, using the basic data on production quantities supplied by the relevant institutions.
- This estimation project had been promoted for the purpose of evaluating the North Korean economy from South Korea's perspective and utilizing the estimated data in making policies.
- Therefore, the estimation follows the System of National Accounts (SNA), which is also applied to GDP estimation for South Korea.
- * Recently, nations in transition to market economies have been adopting the SNA for estimating their GDPs, as is the practice as well in almost all market economies including South Korea.
- GDP at current prices is estimated with the use of the South Korean prices, value-added ratios and exchange rate.