

Gross Domestic Product of North Korea in 2007

North Korea's real annual GDP decreased 2.3% in 2007, a larger scale decline than in the previous year. This was mainly attributable to decreased agricultural production due to bad weather conditions.

It was assumed that the North Korean economy as a whole have faced persistently difficult circumstances in 2007 due to its lack of food resources brought about by a rapid decrease in agricultural production.

North Korean GDP Growth

Unit: %, change in real GDP													
'90	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07
-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	-2.3
(9.2)	(9.2)	(7.0)	(4.7)	(-6.9)	(9.5)	(8.5)	(3.8)	(7.0)	(3.1)	(4.7)	(4.2)	(5.1)	(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 hit by bad weather conditions marked a 9.4% decrease having registered 2.6% decrease in 2006.

Production in mining increased 0.4% in 2007, down from its 1.9% increase in 2006, as a decline in coal and nonmetallic minerals offset an increase in metallic minerals.

North Korean manufacturing production increased 0.8% in 2007, higher than its 0.4% increase in 2006. In light industries, there was a 1.7% production drop, primarily due to the decrease in food products and beverages. In heavy industries, production increased 2.3%, a larger rise than that of 1.1% in 2006, led by the expansion of basic metal and machinery products.

Electricity, gas & water production increased 4.8%, larger than its 2.7% rise in 2006, owing to greater hydroelectric power and steam power generation.

Construction industry production declined 1.5%, following on from a 11.5% decrease in 2006, due to reduced non-housing construction and civil engineering such as ports.

Production in services climbed 1.7%, following a 1.1% increase in 2006. Hotel and restaurant industry production expanded with the larger number of foreign tourists and the production of the transport and the post & telecommunications industries increased as well.

North Korean GDP Growth by Industry

	Unit: %, change in real GDP				
	North Korea			South Korea	
	'05	'06	'07	'06	'07
Agriculture, forestry & fisheries	5.0	-2.6	-9.4	-1.5	1.1
Mining & manufacturing	4.4	0.9	0.7	8.4	6.4
Mining	3.5	1.9	0.4	1.7	1.6
Manufacturing	4.9	0.4	0.8	8.5	6.5
(Light industry)	(3.9)	(-0.6)	(-1.7)	(1.5)	(0.1)
(Heavy industry)	(5.4)	(1.1)	(2.3)	(9.8)	(7.6)
Electricity, gas & water	4.4	2.7	4.8	3.4	4.0
Construction	6.1	-11.5	-1.5	0.3	1.8
Services	1.3	1.1	1.7	4.2	4.8
(Government)	(0.6)	(0.8)	(1.8)	(3.3)	(2.5)
(Other services)	(2.9)	(1.8)	(1.5)	(4.4)	(6.1)
GDP growth	3.8	-1.1	-2.3	5.1	5.0

Looking at North Korea's industrial structure in 2007, there was a rise in the GDP shares of mining & manufacturing, electricity, gas & water production and services. However, the shares of agriculture, forestry & fisheries and construction decreased.

North Korean Industrial Structure

Unit: nominal terms, %

	North Korea			South Korea	
	'05	'06	'07	'06	'07
Agriculture, forestry & fisheries	25.0	23.3	21.2	3.3	3.0
Mining & manufacturing	28.9	29.6	31.3	28.3	28.3
Mining	9.9	10.2	11.4	0.3	0.4
Manufacturing	19.0	19.5	20.0	28.0	27.9
(Light industry)	(6.7)	(6.7)	(6.5)	(5.0)	(4.7)
(Heavy industry)	(12.4)	(12.8)	(13.5)	(23.0)	(23.2)
Electricity, gas & water	4.3	4.5	4.6	2.3	2.3
Construction	9.6	9.0	8.8	9.0	8.9
Services	32.2	33.6	34.1	57.1	57.6
(Government)	(22.6)	(23.7)	(24.0)	(10.4)	(10.3)
(Other services)	(9.6)	(9.8)	(10.1)	(46.7)	(47.3)
GDP	100.0	100.0	100.0	100.0	100.0

The North Korean economy (nominal GNI) in 2007 was valued at 24,827 billion won, one thirty-sixth (2.8%) that of South Korea, while its per capita GNI stood at 1 million and seventy thousand won, approximately one seventeenth (5.7%) that of South Korea.

Economic Scale and Per Capita GNI in South and North Korea

	North Korea (A)		South Korea (B)		B/A	
	'06	'07	'06	'07	'06	'07
Nominal GNI (₩ billion)	24,429.2	24,826.8	849,161.2	902,541.3	34.8	36.4
Per capita GNI (₩ 10 thousands)	105.8	107.0	1,758.2	1,862.6	16.6	17.4

North Korea's trade volume (goods-based) during 2007 amounted to 2,941 million dollars, 1/248 that of South Korea.

North Korea's exports decreased by 3.0% and its imports decreased by 1.3%. Accordingly, its overall trade volume fell 1.8%.

Trade of South and of North Korea

	North Korea (A)		South Korea (B)		B/A	
	'06	'07	'06	'07	'06	'07
Trade Amount (\$ 100 million)	30.0	29.4	6,348.5	7,283.3	211.9	247.6
Exports	9.5	9.2	3,254.6	3,714.9	343.8	404.3
Imports	20.5	20.2	3,093.8	3,568.5	151.0	176.5

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

Meanwhile, bilateral trade between South and North Korea stood at 1.798 billion dollars in 2007, a 33.2% year-on-year increase following from that of 27.8% in 2006.

South-to-North trade grew 24.3% year-on-year, due to the increase in exports of raw and semi-processed materials and machinery to the Gaeseong Industrial Complex. North-to-South trade climbed 47.3%, owing to the increased trading of basic metal and mining products, as well as the increased cross-border trade in products processed on a commission.

Volume of Bilateral Trade between South and North Korea

	'02	'03	'04	'05	'06(A)	'07(B)	Units: \$ million, %	
							(B-A)	Rate of Increase (B/A)
South-to-North	370.2	435.0	439.0	715.5	830.2	1,032.6	202.4	24.3
North-to-South	271.6	289.3	258.0	340.3	519.5	765.3	245.8	47.3
Total	641.7	724.2	697.0	1,055.8	1,349.7	1,797.9	448.2	33.2

Major Economic Indicators in South and North Korea in 2007

	Unit	North Korea (A)	South Korea (B)	B/A
1. Population	Thousand persons	23,200	48,456	2.1
2. GDP growth rate	%	-2.3	5.0	-
3. Nominal GNI	₩billion	24,826.8	902,541.3	36.4
4. Per Capita GNI	₩10 thousands	107.0	1,862.6	17.4
5. External transactions				
Trade total	US\$100 mil.	29.4	7,283.3	247.6
(Exports)	"	9.2	3,714.9	404.3
(Imports)	"	20.2	3,568.5	176.5
Exchange rate	₩(N.K.,S.K.) /US\$	135	929.2	-
6. Energy industry				
Coal production	10,000 tons	2,410.0	291.0	0.12
Capacity of power generation	10,000 kW	705.0	6,827.0	9.7
Volume of actual power generation	100 million kWh	237.1	4,031.0	17.0
Crude oil imports	10,000 bbl	383.4	87,348.1	227.8

	Unit	North Korea (A)	South Korea (B)	B/A (times)
7. Agricultural & fisheries products				
Grains	10,000 tons	400.5	502.6	1.3
(Rice)	"	152.7	440.8	2.9
Fishery products	"	93.0	327.5	3.5
8. Mining goods production				
Iron ore	10,000 tons	512.6	29.1	0.06
Nonferrous metals	"	9.2	199.5	21.8
9. Manufacturing goods production				
Automobiles	10,000 vehicles	0.46	408.6	888.3
Steel	10,000 tons	122.9	5,151.7	41.9
Cement	"	612.9	5,218.2	8.5
Fertilizer	"	40.5	343.3	8.5
Synthetic fibers	"	3.0	144.1	48.2
10. Infrastructure				
Length of railroads	Km	5,242	3,399	0.6
Length of roads	Km	25,621	103,019	4.0
Port loading/unloading Capacity	10,000 tons	3,700	67,287	18.2
Shipping tonnage	10,000 tons	80	1,393	17.4

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 relevant institutions.
- This estimation project had been undertaken for the purpose of evaluating the North Korean economy from South Korean perspective and utilizing the estimated data in policy-making.
- Therefore, the estimation follows the System of National Accounts (SNA), which is also applied in 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 in almost all market economies including South Korea.
- GDP at current prices is estimated with the use of South Korean prices, value-added ratios and exchange rate.