

Gross Domestic Product of North Korea in 2008

North Korean real annual GDP increased 3.7% in 2008, having pulled out of the negative growth experienced in 2006 and 2007.

But the positive economic growth in 2008 was mainly attributable to one-off factors such as increased agricultural production thanks to good weather conditions and assistance in the form of raw materials and heavy crude oil as a result of the Six-Party Talks.

North Korean GDP Growth

Unit: %, change in real GDP														
'90	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07	'08
-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	3.7
(9.2)	(9.2)	(7.0)	(4.7)	(-6.9)	(9.5)	(8.5)	(4.0)	(7.2)	(2.8)	(4.6)	(4.0)	(5.2)	(5.1)	(2.2)

Note: Figures in parentheses represent South Korea's GDP growth rates, data up to 2000 are based on 2000 year prices, data from 2001 are based on 2005 year prices.

Looking at North Korea's GDP growth by industry, the agriculture, forestry & fisheries marked an 8.2% increase mainly due to good weather conditions.

Production in mining rose 2.3% in 2008, higher than its 0.4% increase in 2007, owing to an expansion across including coal, metallic and non-metallic minerals.

Manufacturing production increased 2.5% in 2008. In light industries, there was a 1.3% production increase, due to a rise in food, tobacco, clothes and shoes. In heavy industries, production expanded 3.3%, a larger rise than that of 2.3% in 2007, led by the improvement of basic metals, chemicals and machinery products.

Electricity, gas & water production increased by 6.1 owing to an increase in both thermal and hydroelectric power generation.

Construction industry production moved up 1.1% due to increased housing construction and civil engineering.

Production in services climbed 0.7%, following a 1.7% increase in 2007. Whole-sale & retail trade rose by 2.7% and transport & storage similarly increased by 4.2%, while hotel and restaurant industry shrank by 2.2%.

North Korean GDP Growth by Industry

Unit: %, change in real GDP

	North Korea			South Korea	
	'06	'07	'08	'07	'08
Agriculture, forestry & fisheries	-2.6	-9.4	8.2	4.0	5.5
Mining & manufacturing	0.9	0.7	2.5	7.1	3.1
Mining	1.9	0.4	2.3	-4.1	1.3
Manufacturing	0.4	0.8	2.5	7.2	3.1
(Light industry)	(-0.6)	(-1.7)	(1.3)	(2.4)	(-2.2)
(Heavy industry)	(1.1)	(2.3)	(3.3)	(8.2)	(4.2)
Electricity, gas & water	2.7	4.8	6.1	3.8	5.1
Construction	-11.5	-1.5	1.1	2.6	-2.4
Services	1.1	1.7	0.7	5.1	2.5
(Government)	(0.8)	(1.8)	(0.3)	(2.9)	(2.0)
(Other services)	(1.8)	(1.5)	(1.7)	(5.6)	(2.6)
GDP growth	-1.1	-2.3	3.7	5.1	2.2

Looking at North Korea's industrial structure in 2008, there was a rise in the GDP shares of agriculture, forestry & fisheries and mining & manufacturing. However, the shares of electricity, gas & water production, construction and services all decreased.

North Korean Industrial Structure

Unit: nominal terms, %

	North Korea			South Korea	
	'06	'07	'08	'07	'08
Agriculture, forestry & fisheries	23.3	21.2	21.6	2.9	2.5
Mining & manufacturing	29.6	31.3	34.6	27.5	28.3
Mining	10.2	11.4	12.1	0.2	0.2
Manufacturing	19.5	20.0	22.5	27.3	28.1
(Light industry)	(6.7)	(6.5)	(6.7)	(4.8)	(4.6)
(Heavy industry)	(12.8)	(13.5)	(15.8)	(22.5)	(23.5)
Electricity, gas & water	4.5	4.6	3.4	2.2	1.8
Construction	9.0	8.8	8.3	7.4	7.0
Services	33.6	34.1	32.2	60.0	60.3
(Government)	(23.7)	(24.0)	(22.8)	(10.5)	(10.7)
(Other services)	(9.8)	(10.1)	(9.4)	(49.5)	(49.6)
GDP	100.0	100.0	100.0	100.0	100.0

The North Korean economy (nominal GNI) in 2008 was valued at 27,347 billion won, one thirty-eighth (2.7%) that of South Korea, while its per capita GNI stood at 1.1 million and seventy-four thousand won, approximately one eighteenth (5.5%) that of South Korea.

Economic Scale and Per Capita GNI in South and North Korea

	North Korea (A)		South Korea (B)		B/A	
	'07	'08	'07	'08	'07	'08
Nominal GNI (₩ billion)	24,826.8	27,347.2	976,813.9	1,030,636.3	39.3	37.7
Per capita GNI (₩ 10 thousand)	107.0	117.4	2,015.9	2,120.4	18.9	18.1

North Korea's trade volume (goods-based) during 2008 amounted to 3,820 million dollars, 1/224 that of South Korea.

North Korea's exports increased by 22.8% and its imports increased by 33.2%. Accordingly, its overall trade volume rose 29.9%.

External Trade of South and North Korea

	North Korea (A)		South Korea (B)		B/A	
	'07	'08	'07	'08	'07	'08
Trade Amount (\$ 100 million)	29.4	38.2	7,283.3	8,572.8	247.7	224.4
Exports	9.2	11.3	3,714.9	4,220.1	403.8	373.5
Imports	20.2	26.9	3,568.5	4,352.7	176.7	161.8

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

Bilateral trade between South and North Korea stood at 1.82 billion dollars in 2008, a 1.2% year-on-year increase following from that of 33.2% in 2007.

South-to-North trade declined 14.0% year-on-year, due to the decrease of private and government humanitarian support. North-to-South trade climbed 21.8%, owing to the increased cross-border trade in products processed on a commission basis, as well as the increased imports from Gaeseong Industrial Complex.

Volume of Bilateral Trade between South and North Korea

	'03	'04	'05	'06	'07(A)	'08(B)	Units: \$ million, %	
							(B-A)	Rate of Increase (B/A)
South-to-North	435.0	439.0	715.5	830.2	1,032.6	888.1	-144.5	-14.0
North-to-South	289.3	258.0	340.3	519.5	765.3	932.3	167.0	21.8
Total	724.2	697.0	1,055.8	1,349.7	1,797.9	1,820.4	22.5	1.2

Major Economic Indicators in South and North Korea in 2007

	Unit	North Korea (A)	South Korea (B)	B/A
1. Population	Thousand persons	23,298	48,607	2.1
2. GDP growth rate	%	3.7	2.2	-
3. Nominal GNI	₩billion	27,347.2	1,030,636.3	37.7
4. Per Capita GNI	₩10 thousands	117.4	2,120.4	18.1
5. External transactions				
Trade total	US\$100 mil.	38.2	8,572.8	224.4
(Exports)	"	11.3	4,220.1	373.5
(Imports)	"	26.9	4,352.7	161.8
Exchange rate	₩(N.K.,S.K.) /US\$	130	1,102.6	-
6. Energy industry				
Coal production	10,000 tons	2,506.0	247.6	0.1
Capacity of power generation	10,000 kW	749.7	7,249.1	9.7
Volume of actual power generation	100 million kWh	254.6	4,224.0	16.6
Crude oil imports	10,000 bbl	387.8	86,487.2	223.0

	Unit	North Korea (A)	South Korea (B)	B/A (times)
7. Agricultural & fisheries products				
Grains	10,000 tons	430.6	549.8	1.3
(Rice)	"	185.8	484.4	2.6
Fishery products	"	83.0	336.3	4.1
8. Mining goods production				
Iron ore	10,000 tons	531.6	33.3	0.1
Nonferrous metals	"	9.4	23.1	2.5
9. Manufacturing goods production				
Automobiles	10,000 vehicles	0.47	382.7	814.3
Steel	10,000 tons	127.9	5,332.2	41.7
Cement	"	641.5	5,165.3	8.1
Fertilizer	"	47.9	318.8	6.7
Synthetic fibers	"	3.0	133.0	44.3
10. Infrastructure				
Length of railroads	Km	5,242	3,381	0.6
Length of roads	Km	25,802	104,236	4.0
Port loading/unloading Capacity	10,000 tons	3,700	75,862	20.5
Shipping tonnage	10,000 tons	86	1,471	17.1

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 relevant institutions.
- This estimation project had been undertaken for the purpose of evaluating the North Korean economy from a 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 GDP, 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.