

PRESS RELEASE



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Gross Domestic Product Estimates* for North Korea in 2017

* Direct comparisons of North Korean economic indicators related to the national accounts (such as growth rate, industrial structure, economic size, and per capita GNI) with those of other countries are not advisable, as they are estimated based on South Korean prices and value added ratios.

I . Economic Growth Rate

North Korean real annual GDP increased by 3.9% in 2016.*

* The highest growth rate since 1999 (6.1%)

— The growth rates of agriculture, forestry & fishing, mining & manufacturing and electricity, gas & water supply increased.

North Korean GDP Growth

(percentage change over previous year)

'90	'95	'00	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	16
-4.3	-4.4	0.4	-1.0	-1.2	3.1	-0.9	-0.5	0.8	1.3	1.1	1.0	-1.1	3.9
(9.8)	(9.6)	(8.9)	(5.2)	(5.5)	(2.8)	(0.7)	(6.5)	(3.7)	(2.3)	(2.9)	(3.3)	(2.8)	(2.8)

Note: Figures in parentheses represent South Korea's GDP growth rates, based on 2010 prices.

(GDP Growth by Industry)

Production in the agriculture, forestry & fishing sector rose by 2.5% in 2016 (-0.8% in 2015).

Mining production increased 8.4% in 2016 (-2.6% in 2015), owing to coal, lead and zinc extraction.

- Manufacturing production expanded by 4.8% (-3.4% in 2015) mainly due to an increase in heavy chemical industry production.
 - Light industry production registered a 1.1% increase (-0.8% in 2015) as production of textiles, clothing products and shoes increased.
 - Production in the heavy & chemical industry rose by 6.7% (-4.6% in 2015), as production in sub-sectors such as basic metal products, and chemical products increased.
- Electricity, gas & water production expanded by 22.3% (-12.7% in 2015). The strong rise in the production of electricity was mainly due to a rebound in hydroelectric and thermal power generation.
- Construction moved up 1.2% (+4.8% in 2015), boosted by the growth in both building construction and civil engineering.
- The services sector increased by 0.6% (+0.8% in 2015), as education and government services were expanded.

North Korean GDP Growth, by Industry

(percentage change over previous year)

	North Korea			South Korea	
	2014	2015	2016	2015	2016
Agriculture, forestry & fishing	1.2	-0.8	2.5	-0.4	-2.9
Mining & manufacturing	1.1	-3.1	6.2	1.7	2.3
Mining	1.6	-2.6	8.4	-1.3	1.6
Manufacturing	0.8	-3.4	4.8	1.8	2.3
(Light industry)	(1.5)	(-0.8)	(1.1)	(0.5)	(0.7)
(Heavy & chemical industry)	(0.5)	(-4.6)	(6.7)	(2.0)	(2.7)
Electricity, gas & water supply	-2.8	-12.7	22.3	5.1	3.6
Construction	1.4	4.8	1.2	5.7	10.5
Services	1.3	0.8	0.6	2.8	2.3
(Government)	(1.6)	(0.8)	(0.6)	(2.1)	(1.9)
(Other services ¹⁾)	(0.5)	(0.6)	(0.5)	(3.0)	(2.6)
GDP	1.0	-1.1	3.9	2.8	2.8

Note: 1) Includes sub-sectors such as (i) wholesale & retail trade and restaurants & accommodation, (ii) transportation & communications and (iii) finance, insurance & real estate.

II. Industrial Structure

- A look at North Korea's industrial structure in 2016 showed increases in the share of GDP (in nominal GDP terms) accounted for by the mining & manufacturing and electricity, gas & water supply sectors, but decreases in the shares of the construction and services sectors.
- The share of total GDP contributed by agriculture, forestry & fishing rose by 0.1%p to 21.7%.
 - The share of mining & manufacturing expanded by 0.5%p to record 33.2%, with mining(12.6%) and manufacturing(20.6%) increasing by 0.4%p and 0.2%p respectively.
 - The share of electricity, gas & water supply grew by 0.7%p to 5.2%.
 - The share of construction decreased by 0.2%p to 8.8%.
 - The share of services declined by 1.1%p to stand at 31.1%.

North Korean Industrial Structure¹⁾

	(percentage change over previous year)				
	North Korea			South Korea	
	2014	2015	2016	2015	2016
Agriculture, forestry & fishing	21.8	21.6	21.7	2.3	2.2
Mining & manufacturing	34.4	32.7	33.2	29.9	29.5
Mining	13.1	12.2	12.6	0.2	0.2
Manufacturing	21.3	20.4	20.6	29.8	29.3
(Light industry)	(6.9)	(7.0)	(6.9)	(5.5)	(5.3)
(Heavy & chemical industry)	(14.4)	(13.4)	(13.7)	(24.3)	(24.0)
Electricity, gas & water supply	4.3	4.5	5.2	3.2	3.3
Construction	8.2	9.0	8.8	5.2	5.7
Services	31.3	32.2	31.1	59.4	59.2
(Government)	(22.7)	(23.3)	(22.4)	(10.8)	(10.9)
(Other services ²⁾)	(8.6)	(8.9)	(8.7)	(48.5)	(48.4)
GDP	100.0	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 restaurants & accommodation, (ii) transportation & communications and (iii) finance, insurance & real estate.

III. Gross National Income & External Trade

- North Korean gross national income (nominal GNI) was valued at 36.4 trillion KRW for 2016, 2.2% of that of the South Korean economy.
- GNI per capita stood at 1.461 million KRW, approximately 4.6% of that of South Korea.

Economic Scales and Per Capita GNI in South and North Korea

	North Korea (A)		South Korea (B)		B/A	
	2015	2016	2015	2016	2015	2016
Nominal GNI (KRW trillion)	34.5 (0.8)	36.4 (5.4)	1,568.4 (5.2)	1,639.1 (4.5)	45.4	45.1
Per capita GNI (KRW 10 thousands)	139.3	146.1	3,074.4	3,198.4	22.1	21.9
Population (thousands)	24,779	24,897	51,015	51,246	2.1	2.1

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 trade between North and South Korea) amounted to 6.55 billion dollars in 2016, an increase of 4.7% from the 6.25 billion dollars during 2015.
 - Exports totaled 2.82 billion dollars, an increase of 4.6% over the year before.
 - o Exports of products of animal origin (74.0%) expanded sharply and products of mineral origin (8.9%) increased.
 - Imports totaled 3.73 billion dollars, an increase of 4.8% over the year before.
 - o Imports of products of plant origin (24.8%) and textiles (20.5%) increased.

External Trade of South and North Korea¹⁾

(USD 100 millions)

	North Korea (A)		South Korea (B)		B/A	
	2015	2016	2015	2016	2015	2016
Trade Amount	62.5 (-17.9)	65.5 (4.7)	9,632.6 (-12.3)	9,016.2 (-6.4)	154.1	137.7
Exports	27.0 (-14.8)	28.2 (4.6)	5,267.6 (-8.0)	4,954.3 (-5.9)	195.1	175.7
Imports	35.6 (-20.0)	37.3 (4.8)	4,365.0 (-16.9)	4,061.9 (-6.9)	122.6	108.9

Notes: 1) Excludes bilateral trade between North and South Korea.

2) Figures in parentheses represent rates of growth over the previous year.

□ Bilateral trade between South and North Korea decreased by 87.7% year-on-year to record 0.33 billion dollars in 2016.

— South-to-North trade volume shrunk drastically due to the shutdown of the Kaesong industrial complex.

* Bilateral trade has been suspended since South Korea's shutdown decision (Feb, 2th, 2016).

Volume of Bilateral Trade between South and North Korea

	(USD million, %)								Rate of change (B/A)
	'10	'11	'12	'13	'14	15(A)	16(B)	(B-A)	
South-to-North	868.3	800.2	897.2	520.6	1,136.8	1,259.0	146.4	-1,112.6	-88.4
North-to-South	1,043.9	913.7	1,074.0	615.2	1,206.3	1,452.3	185.9	-1,266.4	-87.2
Total	1,912.2	1,713.9	1,971.1	1,135.9	2,343.1	2,711.3	332.3	-2,379.0	-87.7

Source: Ministry of Unification

<Reference>

North Korean GDP, by Economic Activity

(KRW billion, %)

	Real		Rate of Change	Nominal		Share (2015)
	2015	2016		2015	2016	
Agriculture, forestry & fishing	6,967.9	7,144.1	2.5	7,388.9	7,832.6	21.7
Mining & manufacturing	10,765.6	11,428.7	6.2	11,153.6	11,980.1	33.2
Mining	4,418.0	4,790.4	8.4	4,178.1	4,547.4	12.6
Manufacturing	6,353.1	6,457.9	4.8	6,975.5	7,432.7	20.6
Electricity, gas & water supply	975.4	1,192.5	22.3	1,543.0	1,874.5	5.2
Construction	2,576.5	2,608.7	1.2	3,063.9	3,194.7	8.8
Services	9,505.2	9,561.6	0.6	10,987.4	11,221.4	31.1
Government	6,860.6	6,904.4	0.6	7,942.3	8,098.4	22.4
Other services	2,644.4	2,657.1	0.5	3,045.1	3,122.9	8.7
(Wholesale & retail trade and restaurants & accommodation)	132.6	127.5	-3.9	135.5	134.7	0.4
(Transportation & communication)	764.4	762.8	-0.2	891.2	915.4	2.5
(Finance, insurance & real estate)	1,749.1	1,767.9	1.1	2,018.4	2,072.8	5.7
GDP	31,160.9	31,996.6	3.9	33,949.4	36,103.3	100.0

How North Korea's GDP is Estimated

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 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 Korean prices and value-added ratios.