

NEWS RELEASE



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Gross Domestic Product Estimates* for North Korea in 2012

* Direct comparisons with other countries of North Korean economic indicators related to the National Accounts (such as its growth rate, industrial structure, economic size, and per capita GNI) are not advisable, as they are estimated based for example on Republic of Korea's prices and value added ratios.

I . Economic Growth Rate

- North Korean real annual GDP increased by 1.3% in 2012.
- Manufacturing production shifted to an increase owing to increases in both the light and the heavy & chemical industries and agriculture, forestry & fishing output was favorable.

North Korean GDP Growth

															(%)
1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
-4.3	-4.4	0.4	3.8	1.2	1.8	2.1	3.8	-1.0	-1.2	3.1	-0.9	-0.5	0.8	1.3	
(9.3)	(8.9)	(8.8)	(4.0)	(7.2)	(2.8)	(4.6)	(4.0)	(5.2)	(5.1)	(2.3)	(0.3)	(6.3)	(3.7)	(2.0)	

Note: Figures in parentheses represent Republic of Korea's GDP growth rates.

(GDP Growth by Industry)

- Production in the agriculture, forestry & fishing sector grew by 3.9% in 2012 (+5.3% in 2011), as production of agricultural products such as rice and corn expanded on increased inputs of fertilizer, and as production of livestock such as pigs and poultry grew by 12.3%.
- Mining output rose by 0.8% (+0.9% in 2011), on the strength of increased coal production.
 - Metallic mineral production declined by 0.5%, but coal production increased by 1.2%.
- Manufacturing production grew by 1.6% (-3.0% in 2011) as output in both the light and the heavy & chemical industries shifted to increases.
 - Light industry output registered a 4.7% increase (-0.1% in 2011), as production of items such as food and tobacco rose sharply.
 - Production in the heavy & chemical industry gained 0.2% (-4.2% in 2011), as chemical products and transportation equipment saw increased output.
- Electricity, gas & water production expanded by 1.6% (-4.7% in 2011), with increases both in thermal and hydroelectric power generation.
- Construction contracted by 1.6%, (+3.9% in 2011) owing to a drop in civil engineering such as road-building.
 - Building construction rose by 3.4% centering around iron and cement plant constructions, while civil engineering decreased by 9.9%.
- The services sector grew by 0.1% overall (+0.3% in 2011), despite a decline in government services (-0.2%), as output increased in other sub-sectors such as transportation & communications (+2.0%), wholesale & retail trade and restaurants & accommodation (+2.2%).

North Korean GDP Growth, by Industry

(%)

	North Korea			Republic of Korea	
	2010	2011	2012	2011	2012
Agriculture, forestry & fishing	-2.1	5.3	3.9	-2.1	-0.6
Mining & manufacturing	-0.3	-1.4	1.3	7.2	2.2
Mining	-0.2	0.9	0.8	-4.8	1.3
Manufacturing	-0.3	-3.0	1.6	7.3	2.2
(Light industry)	(-1.4)	(-0.1)	(4.7)	(4.1)	(-0.4)
(Heavy & chemical industry)	(0.1)	(-4.2)	(0.2)	(7.9)	(2.7)
Electricity, gas & water supply	-0.8	-4.7	1.6	2.9	2.8
Construction	0.3	3.9	-1.6	-4.3	-1.6
Services	0.2	0.3	0.1	2.6	2.5
(Government)	(0.2)	(0.1)	(-0.2)	(1.4)	(2.2)
(Other services ¹⁾)	(0.3)	(0.6)	(0.8)	(2.8)	(2.6)
GDP	-0.5	0.8	1.3	3.7	2.0

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

II. Industrial Structure

- Compared to 2011, North Korea's industrial structure in 2012 showed increases in the proportions of GDP (in nominal GDP terms) accounted for by the agriculture, forestry & fishing and electricity, gas & water supply sectors, and decreases in the shares of mining & manufacturing.
 - The shares of agriculture, forestry & fishing and electricity, gas & water supply expanded by 0.3%p and 0.4%p respectively, to stand at 23.4% and 3.5%.
 - The share of mining & manufacturing dropped by 0.6%p to 35.9%, with share of manufacturing remaining unchanged (21.9%) while that of mining (14.0%) declined by 0.6%p.
 - The share of services(29.4%) remained at the same level as the year before.

North Korean Industrial Structure¹⁾

	(nominal terms, %)				
	North Korea			Republic of Korea	
	2010	2011	2012	2011	2012
Agriculture, forestry & fishing	20.8	23.1	23.4	2.7	2.6
Mining & manufacturing	36.3	36.5	35.9	31.5	31.3
Mining	14.4	14.6	14.0	0.2	0.2
Manufacturing	21.9	21.9	21.9	31.3	31.1
(Light industry)	(6.6)	(6.5)	(6.7)	(4.9)	(4.8)
(Heavy & chemical industry)	(15.3)	(15.4)	(15.2)	(26.4)	(26.2)
Electricity, gas & water supply	3.9	3.1	3.5	1.9	2.1
Construction	8.0	7.9	7.8	5.9	5.8
Services	31.0	29.4	29.4	58.0	58.2
(Government)	(22.4)	(21.2)	(21.3)	(10.1)	(10.5)
(Other services ²⁾)	(8.6)	(8.1)	(8.2)	(47.9)	(47.8)
GDP	100.0	100.0	100.0	100.0	100.0

Notes: 1) Proportion of each industry's output in total nominal GDP.

2) Includes sub-sectors such as wholesale & retail trade, restaurants & accommodation, transportation & communications, and finance, insurance & real estate.

III. Gross National Income & External Trade

- North Korean gross national income (nominal GNI) was valued at 33.5 trillion won for 2012, one thirty-eighth of that of the Republic of Korea's economy.
- GNI per capita stood at 1.371 million won, approximately one nineteenth of that of Republic of Korea.

Economic Scales and Per Capita GNI in South and North Korea

	North Korea (A)		Republic of Korea (B)		B/A	
	2011	2012	2010	2011	2011	2012
Nominal GNI (KRW trillion)	32.4 (8.0)	33.5 ¹⁾ (3.2)	1,238.4 (5.4)	1,279.5 (3.3)	38.2	38.2
Per capita GNI (KRW 10 thousand)	133.4	137.1 ²⁾	2,487.8	2,558.9	18.6	18.7
Population (thousand)	24,308	24,427	49,779	50,004	2.0	2.0

Notes: Figures in parentheses represent 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 6.81 billion dollars in 2012, higher by 0.45 billion dollars compared to 2011 (6.36 billion dollars).
 - Exports totaled 2.88 billion dollars, an increase of 3.3% compared to the year before.
 - Exports of minerals (-0.2%) decreased while those of chemical products (+38.0%) and products of animal origin (+23.6%) expanded substantially.
 - Imports totaled 3.93 billion dollars, up by 10.2% year-on-year.
 - Imports of textiles (+17.6%) and transportation equipment (+6.2%) increased.

External Trade of South and North Korea¹⁾

	North Korea (A)		Republic of Korea (B)		B/A	
	(USD 100 million)					
	2011	2012	2011	2012	2011	2012
Trade Amount	63.6 (52.3)	68.1 (7.1)	10,796.3 (21.1)	10,674.5 (-1.1)	169.8	156.7
Exports	27.9 (84.2)	28.8 (3.3)	5,552.1 (19.0)	5,478.7 (-1.3)	199.0	190.2
Imports	35.7 (34.1)	39.3 (10.2)	5,244.1 (23.3)	5,195.8 (-0.9)	146.9	132.2

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

2) Figures in parentheses represent year-on-year rates of growth.

- Bilateral trade between South and North Korea increased by 15.0% year-on-year to record 1.97 billion dollars* in 2012.

* Kaesong Industrial Complex accounted for 99.5% of this trade.

- South-to-North trade gained 12.1% over 2011, centering around trading of items such as machinery (+28.2%) and electric & electronic goods (+16.1%).
- North-to-South trade grew by 17.5%, primarily due to increases in the trading of electric & electronic goods (+25.8%) and textiles (+12.8%).

Volume of Bilateral Trade between South and North Korea

	(USD million, %)								
	2006	2007	2008	2009	2010	2011 (A)	2012 (B)	(B-A)	Rate of change (B/A)
South-to-North	830.2	1,032.6	888.1	744.8	868.3	800.2	897.2	97.0	12.1
North-to-South	519.5	765.3	932.3	934.3	1,043.9	913.7	1074.0	160.3	17.5
Total	1,349.7	1,797.9	1,820.4	1,679.1	1,912.2	1,713.9	1971.1	257.3	15.0

Source: Ministry of Unification

North Korean GDP, by Economic Activity

	(KRW billion, %)					
	Real			Nominal		
	2011	2012	Rate of Change	2011	2012	Share (2011)
Agriculture, forestry & fishing	6,035.0	6,272.2	3.9	7,429.5	7,763.6	23.4
Mining & manufacturing	7,181.3	7,272.0	1.3	11,775.3	11,914.3	35.9
Mining	2,597.2	2,618.7	0.8	4,702.5	4,636.7	14.0
Manufacturing	4,571.9	4,642.9	1.6	7,072.8	7,277.6	21.9
Electricity, gas & water supply	1,140.9	1,159.1	1.6	1,011.6	1,175.9	3.5
Construction	2,193.7	2,157.7	-1.6	2,547.2	2,579.4	7.8
Services	8,293.3	8,299.2	0.1	9,464.3	9,778.7	29.4
Government	5,805.2	5,792.3	-0.2	6,842.3	7,061.8	21.3
Other services	2,488.4	2,509.1	0.8	2,622.0	2,716.8	8.2
(Wholesale & retail trade)	118.9	121.5	2.2	128.0	129.8	0.4
(Transportation & Communication)	761.1	776.0	2.0	683.4	706.1	2.1
(Finance, Insurance & Real estate)	1,608.2	1,613.2	0.3	1,810.6	1,880.9	5.7
GDP	24,792.9	25,117.3	1.3	32,227.8	33,211.9	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 Republic of Korea's perspective and of utilizing the results in policy-making.

The estimation therefore follows the UN's System of National Accounts (SNA)*, which is also applied in GDP estimation for Republic of Korea.

* Nations in transition to market economies also compile their GDP statistics based on the SNA, as is the practice in most market economies including Republic of Korea.

GDP at current prices is estimated using of Republic of Korea's prices and value-added ratios.