

PRESS RELEASE



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Gross Domestic Product Estimates* for North Korea in 2014

* 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 South Korean prices and value added ratios.

I . Economic Growth Rate

- North Korean real annual GDP increased by 1.0% in 2014.
 - Construction led by building construction emerged from negative growth trend, and the growth of the service sector accelerated. The growth rates of agriculture, forestry & fishing and mining & manufacturing meanwhile slowed.

North Korean GDP Growth

(percentage change over previous year)

'90	'95	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14
-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	1.1	1.0
(9.8)	(9.6)	(8.9)	(4.5)	(7.4)	(2.9)	(4.9)	(3.9)	(5.2)	(5.5)	(2.8)	(0.7)	(6.5)	(3.7)	(2.3)	(2.9)	(3.3)

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

(GDP Growth by Industry)

- Production in the agriculture, forestry & fishing sector grew by 1.2% in 2014(+1.9% in 2013), despite a slowdown in production of cultivated crops following decreased production of such as corn and potatoes, as livestock production shifted to an increase centering around pigs, and as fisheries production increased greatly.
- Mining production recorded 1.6% growth(+2.1% in 2013), boosted by increased extraction of coal and non-metallic minerals.

- Manufacturing production expanded by 0.8%(+1.1% in 2013) centering around light industry.
 - Light industry production registered a 1.5% increase(+1.4% in 2013) as production of textiles, clothing products and shoes rose, while production of food and beverages maintained previous year’s growth.
 - Production in the heavy & chemical industry edged up 0.5%(+1.0% in 2013), as that in sub-sectors such as coal products and steel increased, despite the decline in fabricated metals & machinery.
- Electricity, gas & water production contracted by 2.8%(+2.3% in 2013) owing to a drop in that of electricity centering around hydroelectric power generation, despite increased supply of gas, steam and air conditioning.
- Construction moved up 1.4%(-1.0% in 2013), driven mainly by growth in building construction, while civil engineering such as construction of roads and electric power plants shrank.
- The services sector increased by 1.3% (+0.3% in 2013), on increased production of wholesale & retail trade and restaurants & accommodation(+0.8%), transportation & communication(+1.1%), and government services(+1.6%).

North Korean GDP Growth, by Industry

(percentage change over previous year)

	North Korea			South Korea	
	2012	2013	2014	2013	2014
Agriculture, forestry & fishing	3.9	1.9	1.2	3.1	2.6
Mining & manufacturing	1.3	1.5	1.1	3.6	3.9
Mining	0.8	2.1	1.6	8.1	-0.2
Manufacturing	1.6	1.1	0.8	3.6	4.0
(Light industry)	(4.7)	(1.4)	(1.5)	(2.4)	(2.6)
(Heavy & chemical industry)	(0.2)	(1.0)	(0.5)	(3.8)	(4.2)
Electricity, gas & water supply	1.6	2.3	-2.8	-0.3	2.2
Construction	-1.6	-1.0	1.4	3.0	0.6
Services	0.1	0.3	1.3	2.9	3.1
(Government)	(-0.2)	(0.3)	(1.6)	(2.2)	(2.5)
(Other services ¹⁾)	(0.8)	(0.4)	(0.5)	(3.2)	(3.0)
GDP	1.3	1.1	1.0	2.9	3.3

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

II. Industrial Structure

- A look at North Korea's industrial structure in 2014 showed increases in the share of GDP (in nominal GDP terms) accounted for by the electricity, gas & water supply, construction and the service sectors, and decreases in the shares of agriculture, forestry & fishing, and mining & manufacturing.
- The share in total GDP contributed by agriculture, forestry & fishing fell by 0.6%p to 21.8%.
 - The share of mining & manufacturing declined by 1.3%p to record 34.4%, with mining(13.1%) and manufacturing(21.3%) declining by 0.5%p and 0.8%p respectively.
 - The share of electricity, gas & water supply grew by 0.2%p to 4.3%.
 - The share of construction moved up 0.4%p to 8.2%.
 - The share of services expanded by 1.3%p, to stand at 31.3%.

North Korean Industrial Structure¹⁾

(percentage change over previous year)

	North Korea			South Korea	
	2012	2013	2014	2013	2014
Agriculture, forestry & fishing	23.4	22.4	21.8	2.3	2.3
Mining & manufacturing	35.9	35.7	34.4	31.2	30.5
Mining	14.0	13.6	13.1	0.2	0.2
Manufacturing	21.9	22.1	21.3	31.0	30.3
(Light industry)	(6.7)	(6.8)	(6.9)	(5.4)	(5.4)
(Heavy & chemical industry)	(15.2)	(15.4)	(14.4)	(25.6)	(24.9)
Electricity, gas & water supply	3.5	4.1	4.3	2.3	2.8
Construction	7.8	7.8	8.2	4.9	4.9
Services	29.4	30.0	31.3	59.3	59.4
(Government)	(21.3)	(21.7)	(22.7)	(10.6)	(10.8)
(Other services ²⁾)	(8.2)	(8.4)	(8.6)	(48.6)	(48.6)
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 wholesale & retail trade and 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 34.2 trillion KRW for 2014, one forty-fourth(2.3%) of that of the South Korean economy.
- GNI per capita stood at 1.388 million KRW, approximately a twenty-first(4.7%) of that of South Korea.

Economic Scales and Per Capita GNI in South and North Korea

	North Korea (A)		South Korea (B)		B/A	
	2013	2014	2013	2014	2013	2014
Nominal GNI (KRW trillion)	33.8 (1.1)	34.2 (1.2)	1,439.6 (3.5)	1,496.6 (4.0)	42.5	43.7
Per capita GNI (KRW 10 thousands)	137.9	138.8	2,866.7	2,968.0	20.8	21.4
Population (thousands)	24,545	24,662	50,220	50,424	2.0	2.0

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 7.61 billion dollars in 2014, up by 0.27 billion dollars from the 7.34 billion dollars during 2013.
 - Exports totaled 3.16 billion dollars, a decrease of 1.7% over the year before.
 - o Exports of products of mineral origin(-17.1%) declined sharply, while exports of textiles(24.7%) expanded.
 - Imports totaled 4.45 billion dollars, up by 7.8% year-on-year.
 - o Imports of machinery(27.1%) and textiles(14.6%) increased notably.

External Trade of South and North Korea¹⁾

(USD 100 millions)

	North Korea (A)		South Korea (B)		B/A	
	2013	2014	2013	2014	2013	2014
Trade Amount	73.4 (7.8)	76.1 (3.6)	10,752.2 (0.7)	10,981.8 (2.1)	146.5	144.3
Exports	32.2 (11.7)	31.6 (-1.7)	5,596.3 (2.1)	5,726.6 (2.3)	173.8	181.2
Imports	41.3 (5.0)	44.5 (7.8)	5,155.9 (-0.8)	5,255.1 (1.9)	124.8	118.1

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 increased by 106.2% year-on-year to record 2.34 billion dollars in 2014.

- South-to-North trade grew by 118.3% over 2014, as the trading of items such as electric & electronic goods(199.2%) and textiles(87.9%) greatly expanded.
- North-to-South trade expanded by 96.1%, primarily centering around the trading of electric & electronic goods(112.2%), textiles(89.0%), and daily supplies(94.5%).

Volume of Bilateral Trade between South and North Korea

(USD million, %)

	'07	'08	'09	'10	'11	'12	'13(A)	'14(B)	(B-A)	Rate of change (B/A)
South-to-North	1,032.6	888.1	744.8	868.3	800.2	897.2	520.6	1,136.4	615.8	118.3
North-to-South	765.3	932.3	934.3	1,043.9	913.7	1,074.0	615.2	1,206.2	591.0	96.1
Total	1,797.9	1,820.4	1,679.1	1,912.2	1,713.9	1,971.1	1,135.9	2,342.6	1,206.8	106.2

Source: Ministry of Unification

<Reference>

North Korean GDP, by Economic Activity

(KRW billion, %)

	Real		Rate of Change	Nominal		Share (2014)
	2013	2014		2013	2014	
Agriculture, forestry & fishing	6,942.4	7,024.9	1.2	7,525.1	7,416.1	21.8
Mining & manufacturing	10,985.7	11,107.0	1.1	12,012.8	11,695.8	34.4
Mining	4,465.9	4,537.0	1.6	4,571.7	4,455.3	13.1
Manufacturing	6,520.9	6,573.3	0.8	7,441.2	7,240.5	21.3
Electricity, gas & water supply	1,149.9	1,117.8	-2.8	1,365.4	1,443.3	4.3
Construction	2,424.1	2,457.6	1.4	2,613.1	2,772.7	8.2
Services	9,312.4	9,432.8	1.3	10,097.8	10,621.5	31.3
Government	6,697.3	6,803.6	1.6	7,282.5	7,715.2	22.7
Other services	2,615.3	2,629.2	0.5	2,815.2	2,906.4	8.6
(Wholesale & retail trade)	130.5	131.5	0.8	132.4	132.6	0.4
(Transportation & Communication)	751.0	759.0	1.1	753.7	803.3	2.4
(Finance, Insurance & Real estate)	1,735.0	1,740.4	0.3	1,929.1	1,970.4	5.8
GDP	30,839.2	31,160.9	1.0	33,614.2	33,949.4	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.