

DPRK ECONOMY: TWO STRAIGHT YEARS OF NEGATIVE GROWTH

On June 18, the Bank of Korea released the “GDP of North Korea in 2007” report. According to the bank’s calculations, North Korea’s actual Gross Domestic Product last year recorded a second straight year of decline. In addition, North Korea’s economy last year was 1/36th the size of South Korea’s, compared to 1/35th the size of the South’s in the previous year as the gap between the economies of the two countries continues to grow. Per Capital Gross National Income remained the same, at 1/17th that of South Korean GNI.

North Korea’s GDP fell 2.3% from 2006 to 2007, even more steeply than the 1.1% drop from the previous year. The Bank of Korea explained that with problems such as food shortages due to a drop in agricultural production worsening, the entire economy continues to face a difficult situation.

North Korea’s GDP from 1999 to 2005 continued to record positive growth, but then fell again in 2006. By year, North Korea recorded growth of 6.2% in 1999, 3.7% in 2001, 1.8% in 2003, 2.2% in 2004, and 3.8% in 2005.

By industry, agriculture fell 9.4%, compared to only 2.6% in 2006. Manufacturing fell 0.8%, twice as much as the 0.4% decrease in 2006. Textiles grew, but sales of foodstuffs, cigarettes, and other goods fell off 1.7%. In heavy and chemical industries, construction metals, mined metals and appliances grew 2.3% despite the fact that overall, mining grew only 0.4%, down from the 1.9% growth the previous year. Iron ore, tungsten, and other metal production grew, but coal and non-ferrous mined goods fell 0.5% and 5.1%, respectively.

North Korea's nominal GNI, at 24.827 trillion won, was only 1/36th that of South Korea's 902.54 trillion won. Per capita GNI, at just over one million won, is 1/17th as much as that of South Korea. North Korea exported 9.2 billion USD-worth of goods, while South Korea exported 404 times as much. The North imported 20.2 billion USD in goods, while the South recorded 177 times as many imports.

In addition, South Korea produced 2.9 times as much rice, 3.5 times as many marine products, 888 times as many automobiles, 42 times more steel, and 48 times more synthetic material. South Korean harbor's have 18 times more freight moving capacity, 17 times more ships, 228 times more petroleum receiving capacity, and 17 times more power generation capacity.

Last year, inter-Korean trade showed 33.2% growth, recording 1.8 billion USD, with trade from South to North increasing by 24.3%. Much of this can be accounted for by materials exports to the Kaesong Industrial Complex.