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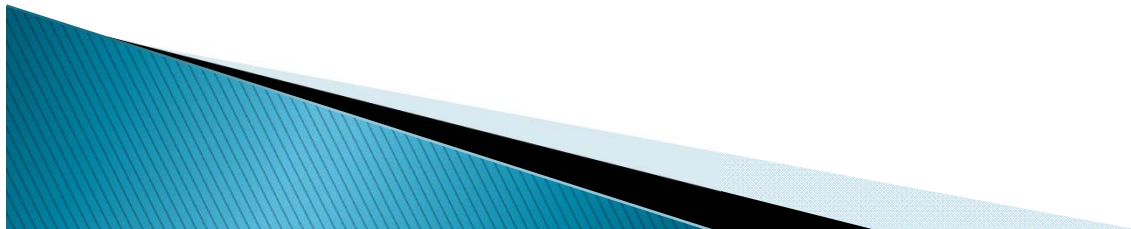
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Urban Infra Forum, Int'l School of Urban Sciences
University of Seoul

Korea-Africa Relations: Challenges &
Opportunities

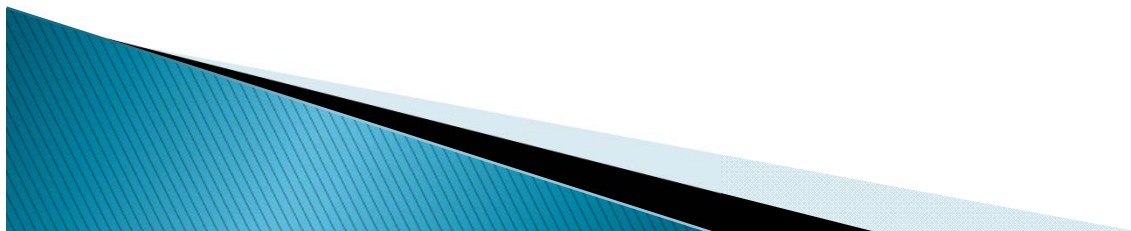
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Korea In a Nutshell

- ▶ Population: 50 million
- ▶ Landmass: 96,920 km²
- ▶ From a war-torn, post-colony situation...
 - Japanese colonial rule: 1910~1945
 - Korean War: 1950~53
- ▶ Became a G-20 Member and a Donor country
 - Hosted G-20(2010)/Nuclear Security Summit (2012)
 - Produced UN Secretary-General
 - Joined OECD DAC(2010)



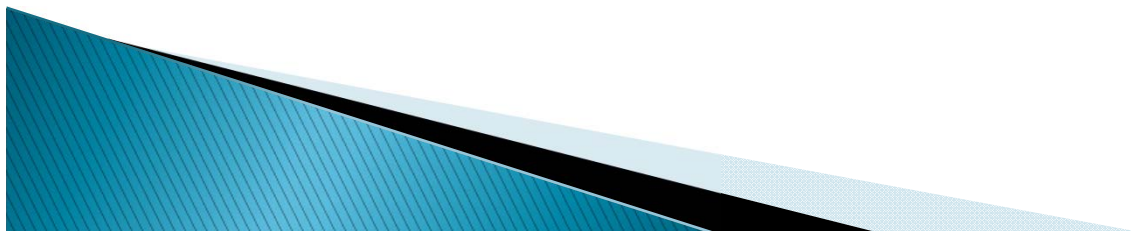
Korea in a Nutshell

- ▶ GDP: USD 1.3 trillion (15th in the world)
 - Per capita income: \$26,205
- ▶ 7th largest trading nation in the world
 - Trade volume: USD 1.075 trillion(2013)
- ▶ Global leader in various industries
 - Automobile, cell phone, semi-conductor, ship building, IT, steel, petro-chemical
- ▶ Korean Wave



Africa In a Nutshell

- ▶ Population: 1.05 billion
- ▶ Landmass: 30,301,596 km²
 - 1/5 of global landmass
 - Bigger than US, China, India, Western and Northern Europe and Argentina combined
- ▶ GDP: \$1.92 trillion
- ▶ Leading supplier of mineral resources
 - Crude Oil (10%), Platinum (90%), Manganese (80%), Cobalt (75%), Gold(74%), Diamond (60%)



Korea–Africa Relations : Overview

- ▶ Diplomatic ties with 54 nations in the continent
 - 23 Korean Embassies vs 18 African ones
- ▶ Mutually beneficial partnership
 - Growing market for Korea
 - Reliable partner for Africa
 - Heightened interests toward each other
- ▶ Korea–Africa Forum
 - Ministerial–level consultative forum from 2006
 - Broaden & deepen partnership
 - Share Korea’s experience and knowhow



Economic & Trade Relations

- ▶ Korea's trade with Africa: growing with big potential for a leap forward
 - \$18 billion in 2014 : below 2% of total trade

(unit: \$m)

	2011	2012	2013	2014	
Trade	20,003	14,568	16,956	18,010	6.2%
Exports	14,396	9,185	11,165	9,926	-11.1%
Imports	5,607	5,383	5,791	8,084	39.6%
Balance	8,789	3,802	5,374	1,842	-66%



Economic & Trade Relations

- ▶ Korea's FDI in Africa per year is below \$400 million, a little over 1 % of its total, but growing recently
 - Accumulated FDI in Africa around \$4 billion
 - Big investment in a few cases (e.g. Madagascar No.1 FDI destination in Africa-1.5 bn)
 - Global investment into Africa stands at 50-60 bn per year
- ▶ Why
 - Africa in general not high on agenda of Korean businesses
 - Political transition / security challenges



Korean Investment abroad

(unit: \$m)

Region	2011		2012		2013		2014	
North America	8,630	29.8%	6,401	22.5%	6,193	20.8%	6,140	24.9%
Asia	11,116	38.4%	11,475	40.4%	11,071	37.2%	8,723	35.3%
Europe	4,391	15.1%	4,192	14.7%	5,367	18%	3,272	13.2%
Africa	372	1.3%	367	1.3%	222	0.7%	315	1.3%
Oceania	1,550	5.3%	2,349	8.3%	3,280	11%	1,737	7.0%
Middle East	385	1.3%	296	1%	334	1.1%	1,024	4.1%
South America	2,557	8.8%	3,342	11.8%	3,332	11.2%	3,490	14.1%
SUM	29,001	100%	28,423	100%	29,799	100%	24,701	100%



Korean Businesses in Africa

- ▶ Construction: Daewoo, Hyundai, Samsung, ...
- ▶ Energy sector: KNOC, KEPCO, K Water
 - KNOC (Korea National Oil Company)
 - KEPCO (Korea Electric and Power Company)
- ▶ Electronics: Samsung, LG
- ▶ Trade: Hyundai, Daewoo Int'l, STX, ...



Challenges

- ▶ Poor and decaying infrastructure, epileptic power supply
- ▶ Pervasive rent-seeking behaviour by private and public agents, including corruption
- ▶ Weak institutions and regulatory deficit, lack of transparency in policy-making, weak policy coordination, policy reversals and lack of follow through
- ▶ Insecurity of lives and property
- ▶ Volatility in commodity prices, oil market boom/bust cycles
- ▶ Skilled labour deficit



Opportunities

- ▶ Huge Market : 1.05 billion
 - Under 14 : 42.3%(2009, WB) vs 27.2% (world)
 - Forecast to grow to 2 billion by 2050
 - Growing middle-class
- ▶ Fastest growing region in the world
 - 6 out of 10 fastest growing states (IMF)
 - 4.5% in 2015, 5.1% in 2016 (2015.4, IMF)
- ▶ Leading supplier of mineral resources
 - Crude Oil (10%), Platinum (90%), Manganese (80%), Cobalt (75%), Diamond (60%), ...



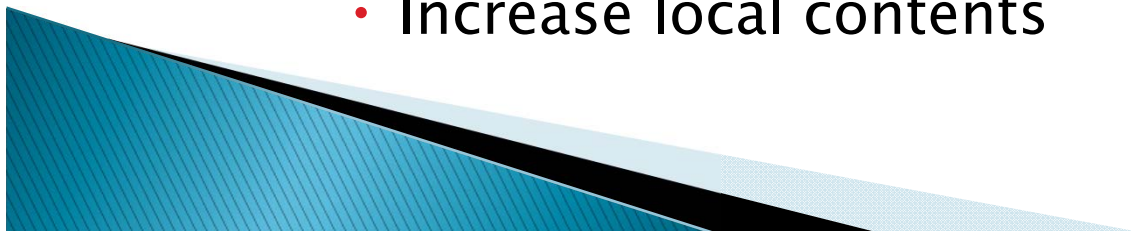
A Way for Closer Partnership

- ▶ For Korea, opportunities outweigh challenges
 - Africa as source of new growth engine
 - As late comer, risk-taking is critical for catch up- calculated
- ▶ For Africa, Korea is a reliable partner
 - Know how to turn a poor country into a rich one
 - Eager to share experience & knowhow for economic development
 - Do not avoid challenge



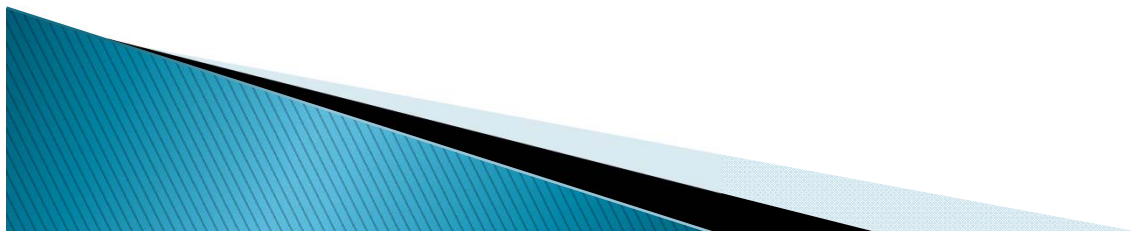
A Way for Closer Partnership

- ▶ A way forward for Korea
 - More consultative forums at various levels
 - Maximise local needs-driven ODA programs
 - Make the best use of public diplomacy
 - Entrepreneurism to turn rising interests into projects on the ground
 - Forge a reliable partnership with local entrepreneurs
 - Invest from a long-term perspective
 - Increase local contents



A Way for Closer Partnership

- ▶ A way forward for Africa
 - Continued & coordinated efforts to improve business climate
 - Continue to improve rule of law, governance, and institutions
 - Tackle security issues
 - Invest more in human resources



Thank You

