

# Korea: Your Strategic Partner

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Views expressed are author's own and do not represent those  
of the International Contractors Association of Korea(ICAK)



# *Contents*

- I** Introduction
- II** Rise of Asia
- III** Korea: Past and Future
- IV** Korea's Overseas Construction
- V** ICAK and Global Infrastructure Cooperation

# I. Introduction

East & West

## 1. Asian Philosophy



What the picture tries to demonstrate:

- Lao Tzu accepts the taste of vinegar as natural and so enjoys it (Tao: 道);
- Confucius finds it sour and so seeks to rectify the taste (Humanity: 仁);
- Buddha finds it bitter and recommends overcoming it, just as one tries to transcend the suffering of life (Compassion: 慈悲)

# I . Introduction

East & West

## 2. *MILITARY STRATEGY*

“Destruction of the enemy forces is always the superior, more effective means, with which others cannot compete.”

(Carl von Clausewitz, 1780–1831)

“Taking the enemy nation intact is best; destroying it is only second best... To subjugate the enemy’s army without engaging in battle is the highest excellence.”

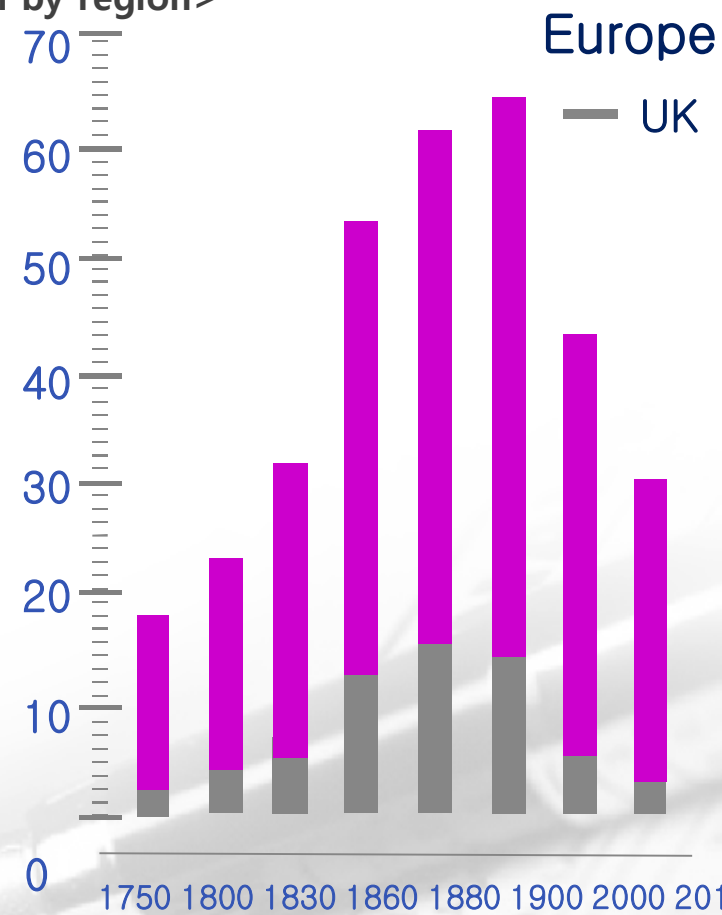
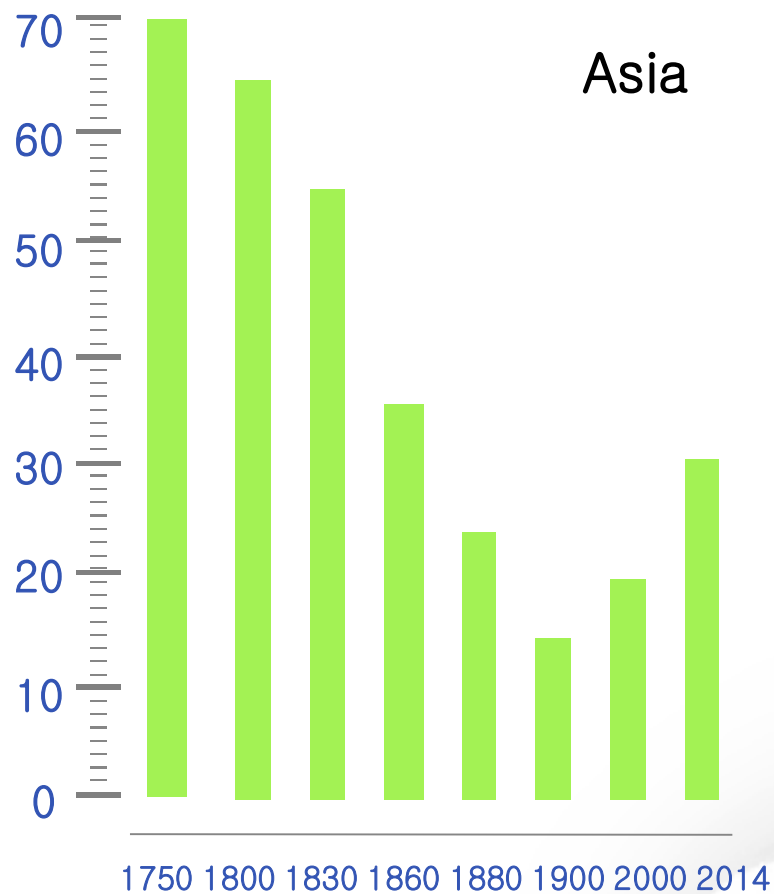
(Sun Tzu, 544–496 B.C.)

## II. Rise of Asia

### 1. Shifts in Economic Power

Rise of the West(18<sup>th</sup>-20<sup>th</sup> Century)

<Percentage in World Production by region>



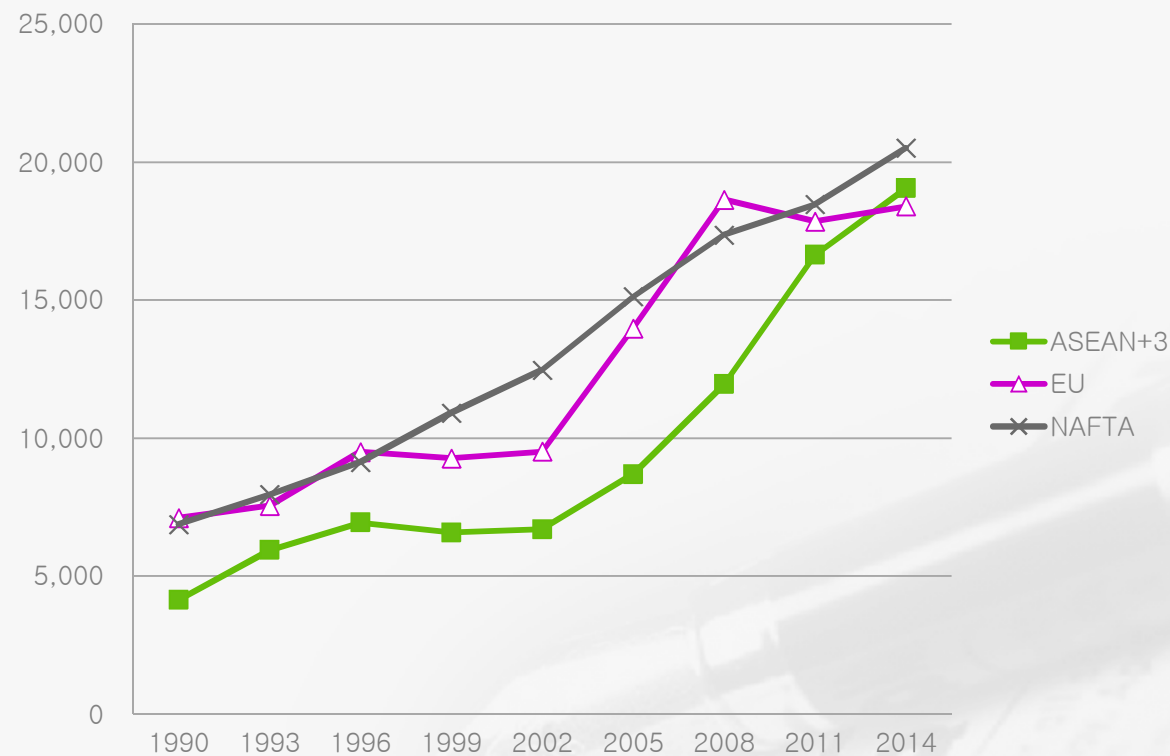
# II. Rise of Asia

East Asia in the 21<sup>st</sup> Century

## 2.A. Nominal GDP of ASEAN+3/EU/NAFTA

Nominal GDP  
(billion USD)

	1990	1993	1996	1999	2002	2005	2008	2011	2014
ASEAN+3	4,135.41	5,936.68	6,935.22	6,578.78	6,696.78	8,683.44	11,941.98	16,629.78	19,178.60
EU	7,102.40	7,543.63	9,500.58	9,270.79	9,510.46	13,977.48	18,636.38	17,852.16	18,527.12
NAFTA	6,872.22	7,957.89	9,124.54	10,914.39	12,471.61	15,124.23	17,362.41	18,467.74	20,424.53



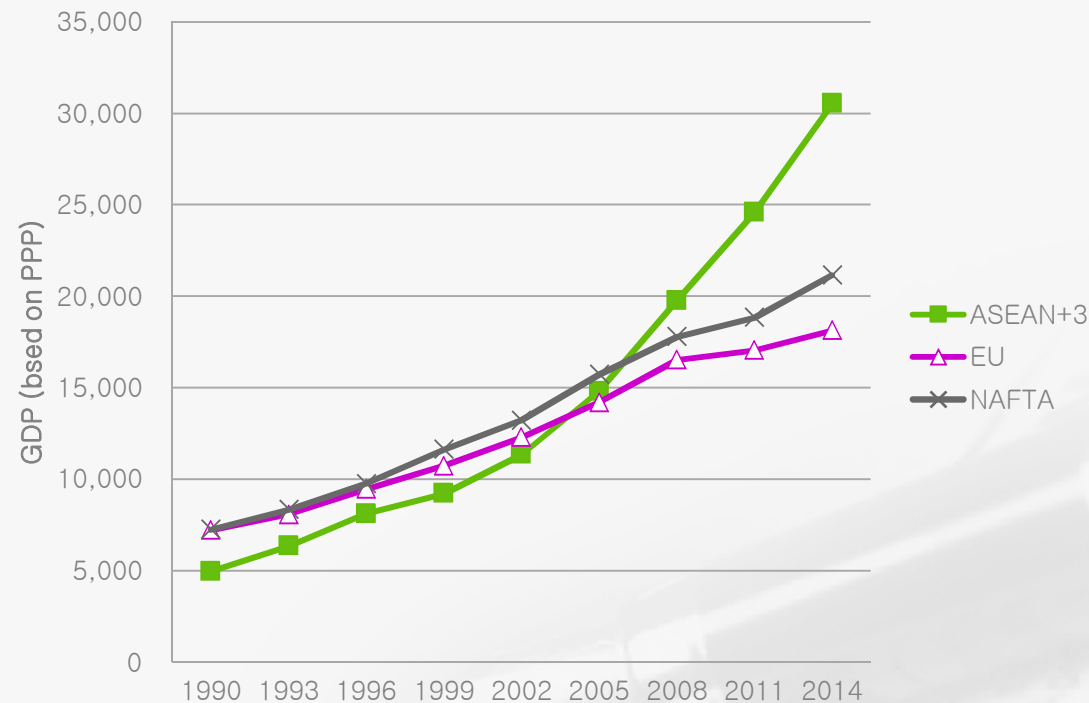
# II. Rise of Asia

East Asia in the 21<sup>st</sup> Century

## 2.B. GDP(PPP) of ASEAN+3/EU/NAFTA

GDP on PPP Terms (billion USD)

	1990	1993	1996	1999	2002	2005	2008	2011	2014
ASEAN+3	4,961.68	6,338.82	8,108.72	9,204.82	11,333.12	14,785.93	19,757.06	24,567.12	31,586.80
EU	7,213.28	8,075.23	9,444.95	10,733.28	12,293.83	14,193.16	16,511.44	17,040.61	18,640.41
NAFTA	7,242.13	8,332.76	9,745.49	11,628.13	13,213.15	15,723.59	17,786.02	18,830.58	21,092.94



\* GDP in ASEAN+3 appears to be bigger when using a PPP because it takes into account the relative cost of local goods, services and inflation rates of the country.

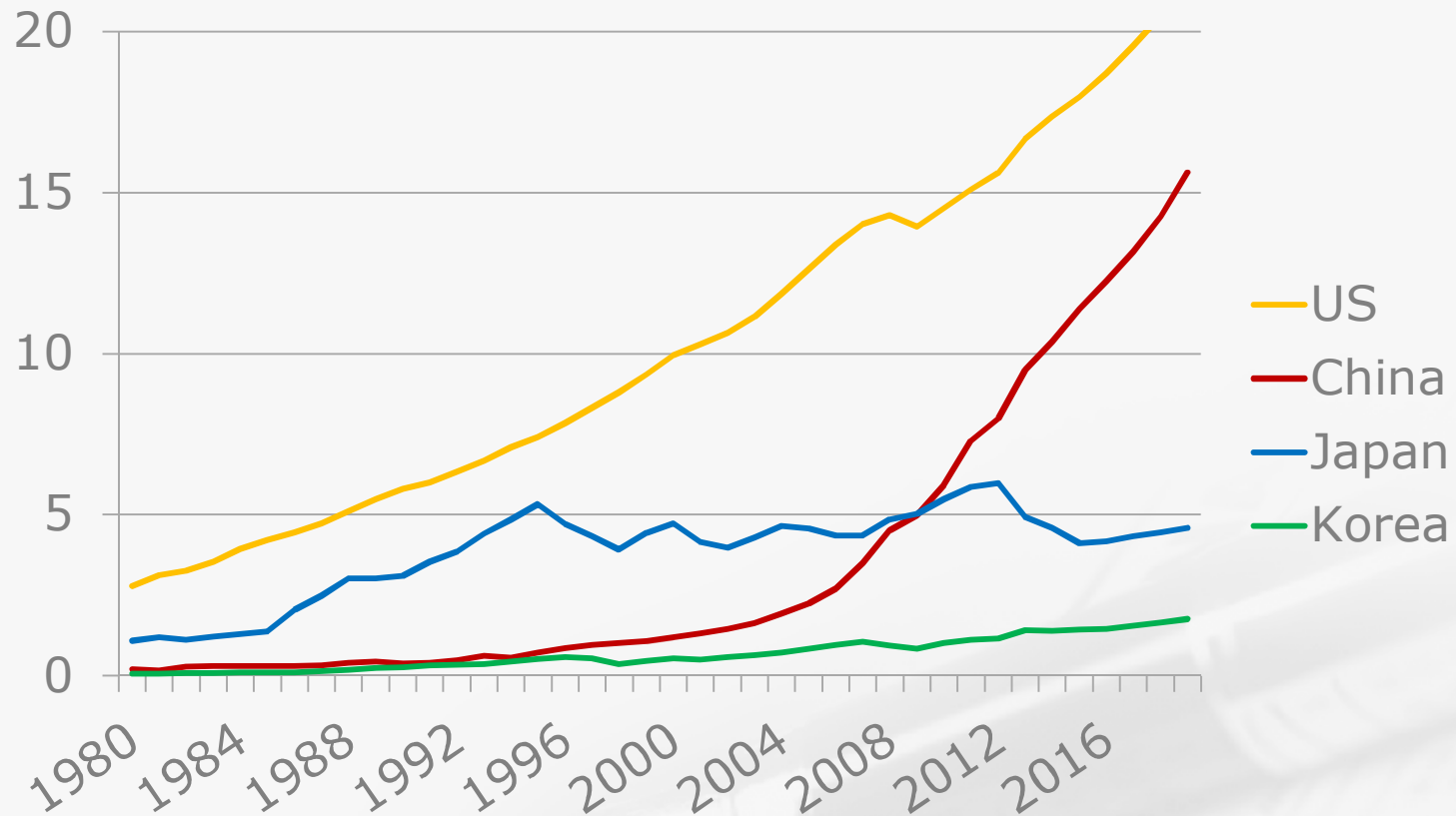
## II. Rise of Asia

Rise of China, in particular

### 2.C. Nominal GDP Growth of the U.S./China/Japan/S.Korea

<Source: IMF>

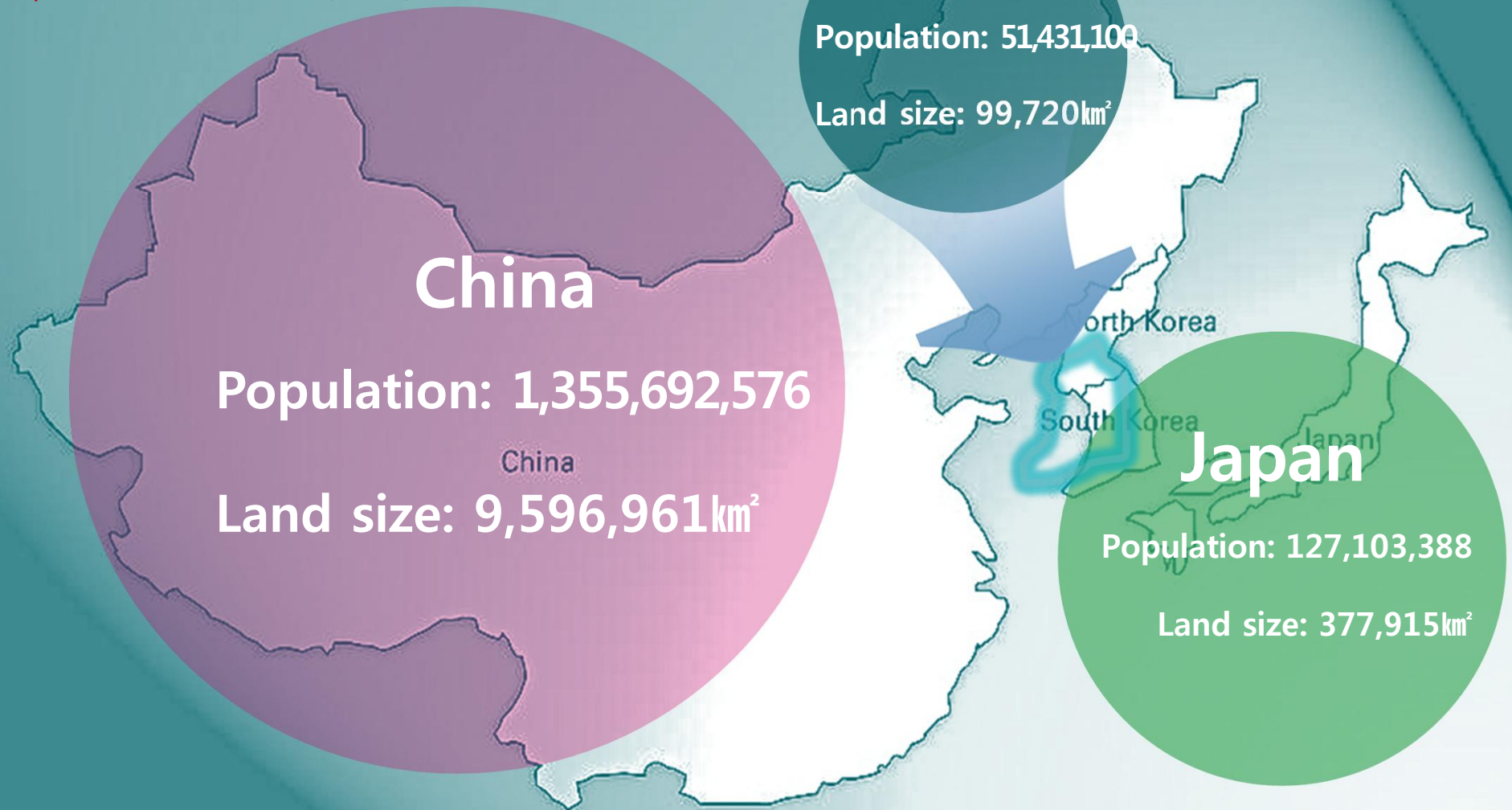
Trillion US\$



## II. Rise of Asia

### 3. Northeast Asia

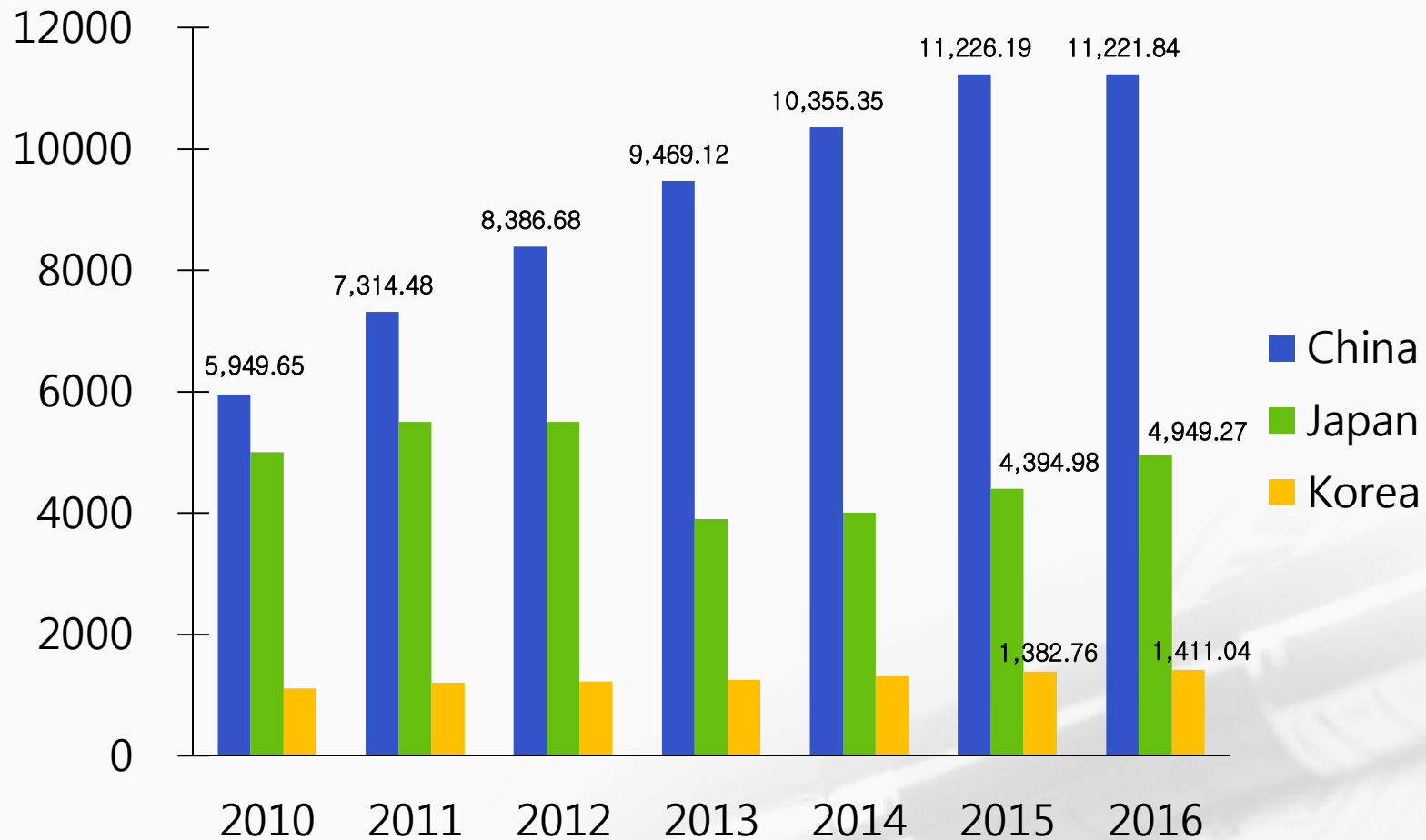
Population & Land size (2016)



## II. Rise of Asia

### 3.A. Northeast Asia (Nominal GDP : 2010–2016)

Billion

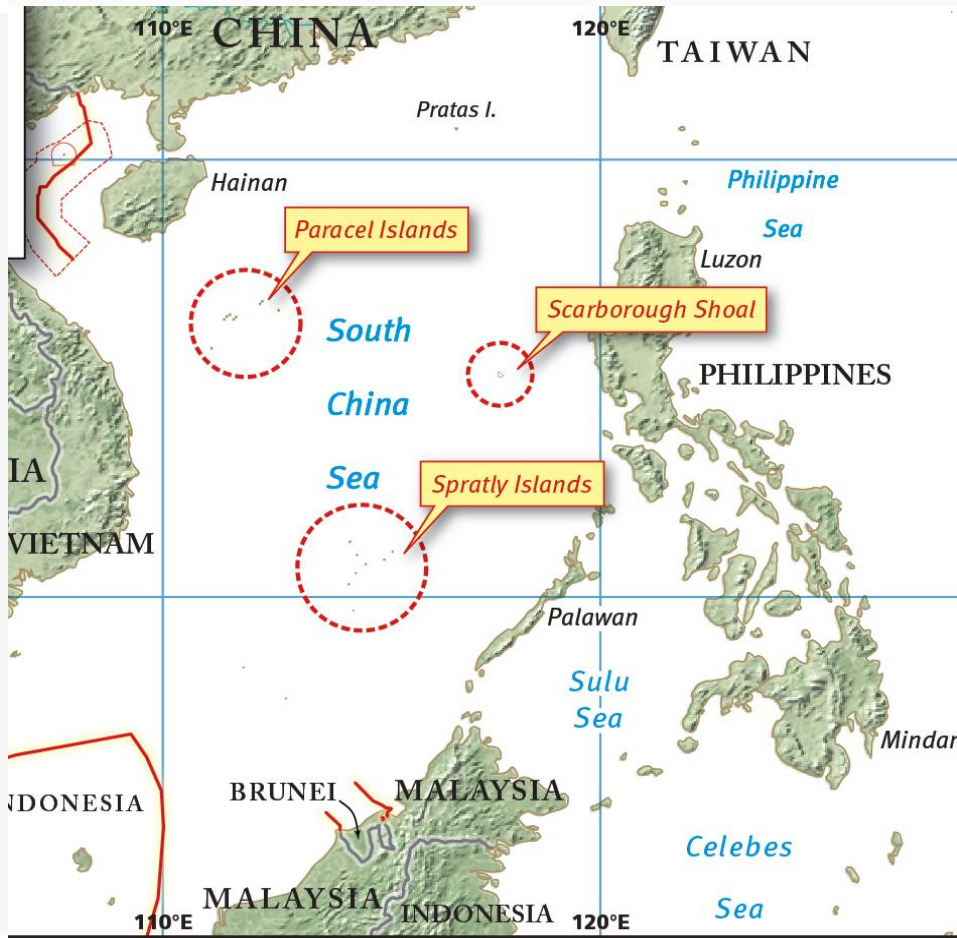


<Source: IMF>

# II. Rise of Asia

## 4. Asian Paradox

### A. South China Sea Issue



#### ● Spratly Islands

- 40 islands, 6 shoals, 100 rocks
- six claimers : China, Vietnam, Philippines, Malaysia, Taiwan

#### ● Paracel Islands

- 15 islands, 5 shoals, 4 rocks
- three claimers : China, Vietnam, Taiwan

#### ● Scarborough Shoal

- two claimers : China, Philippines

## II. Rise of Asia

### 4. Asian Paradox

#### B. “Nine-dash Line” (南海九段線)

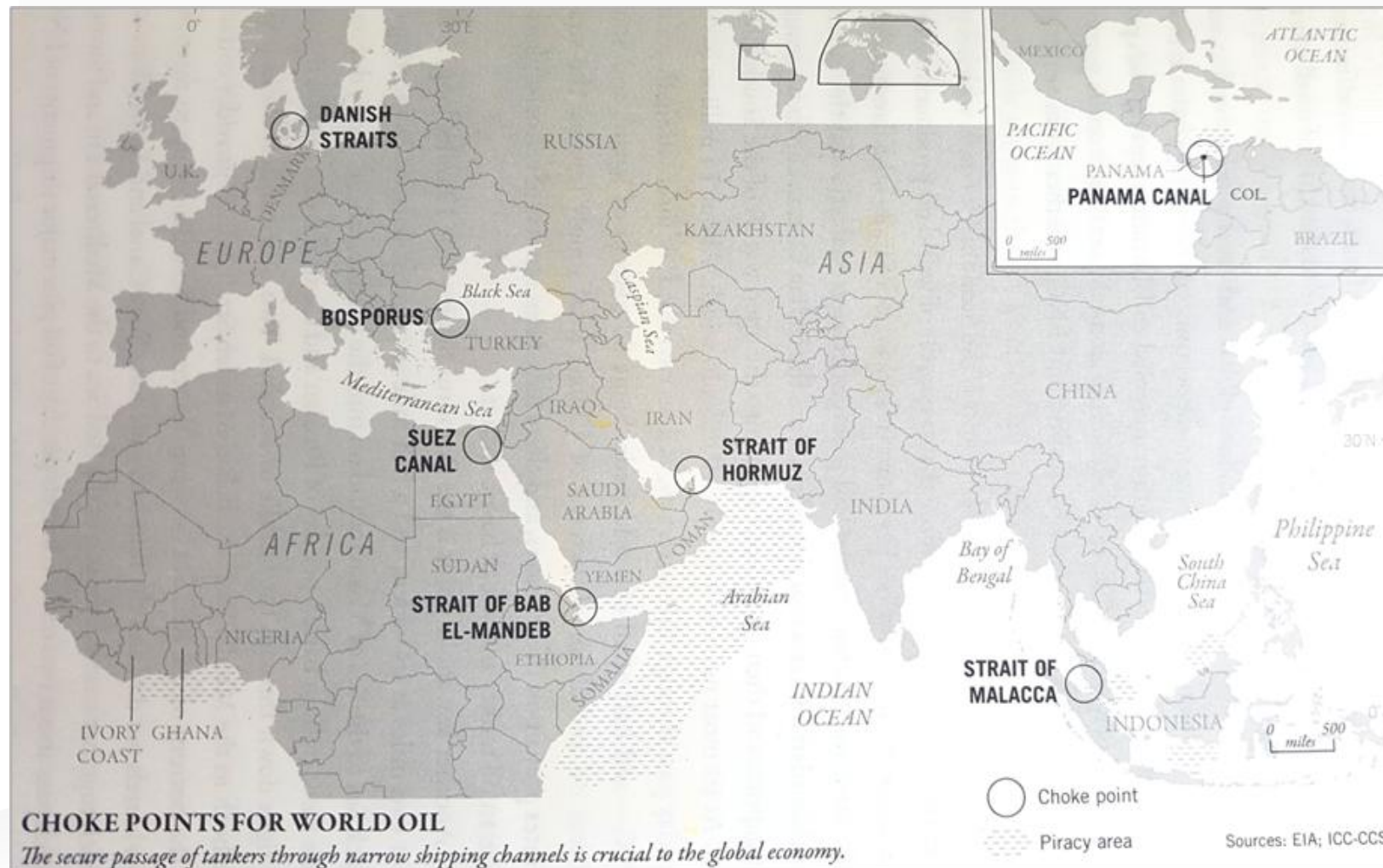
- ❖ China made public the “nine-dash line” in 1947.
  - China has not yet filed a formal and clearly defined claim to the area within the line.
- ❖ In July 2016, the Permanent Court of Arbitration(PCA) ruled that China has no legal basis to claim “historic rights” within the line.
  - China did not participate in the process and rejected the ruling.



## II. Rise of Asia

### 4. Asian Paradox

### C. Choke points for World Oil



## II. Rise of Asia

### 5. Grand Chess Board

#### A. Belt and Road Initiative (BRI)

- ❖ The Silk Road Economic Belt and the 21<sup>st</sup> century Maritime Silk Road : The “belt” refers to the overland interconnecting infrastructure corridors and the “road” refers to the sea route corridors.



## II. Rise of Asia

### 5. Grand Chess Board

#### B. Trump's Indo-Pacific Strategy

#### ❖ “String of Pearls” VS “Diamond Necklace”



# III. Korea: Past and Future

## *Intro: Miracle of Han River*



With no natural resources,  
capital and technology

**1950s**

Cheong-Gye-Cheon Stream in Seoul

However, Korea achieved  
the Miracle of Han River.



**2000s**

# III. Korea: Past and Future

## 1. ROK and DPRK

- GDP per capita since 1960s

(unit: USD)

	1960	1965	1970	1975	1980	1990	2000	2010	2017
ROK	83	106	242	574	1,592	6,147	10,841	20,759	30,012
DPRK	280	162	740	750	750	1,142	757	1,074	1,364

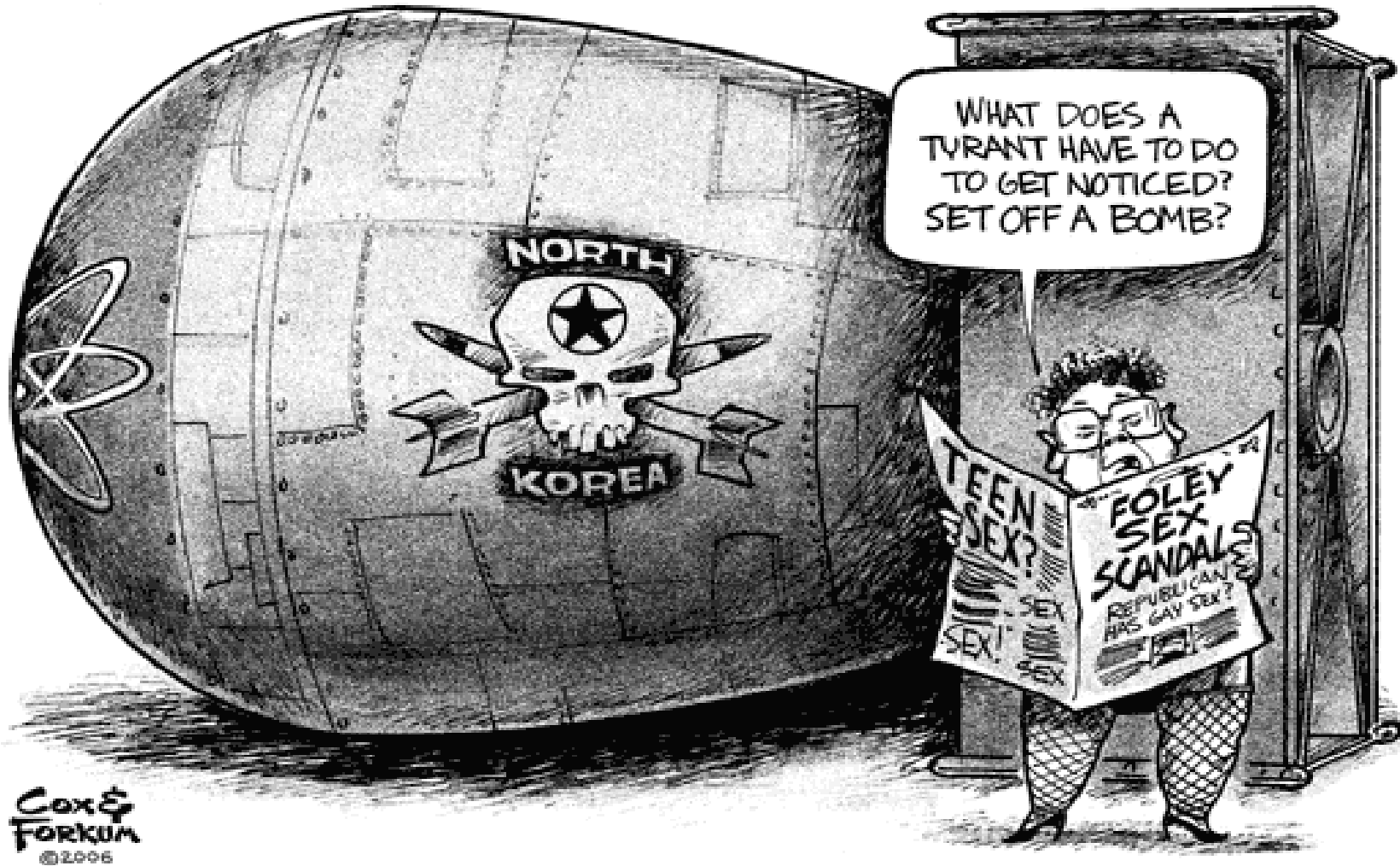
- Size of Economy In 2017

	ROK	DPRK
GDP (Billion USD)	1,538	34
GDP per capita (USD)	30,012	1,364
Population (Million)	51	25
Trade volume (Billion USD)	902	6.5
Annual Growth Rate (%)	3.1	-3.5



### III. Korea: Past and Future

#### 2. DPRK's Nuclear/Missile Development



# III. Korea: Past and Future

## 3. ROK's Policy on DPRK's Nuclear/Missile Development



### Meaningful Dialogue

- Substantial progress in denuclearization
- Block the advancement of NK's nuclear and missile capabilities

### Effective Pressure

UNSC and bilateral sanctions

United front of the 5 parties and the international community on denuclearization

**Target: North Korea's Abandonment of Nuclear Program**

# III. Korea: Past and Future

## 4. North-South Reconciliation

- **North-South Korean Summit** has been held 3 times in 2018: April 27<sup>th</sup>; May 26<sup>th</sup>; and, September 18<sup>th</sup>–20<sup>th</sup>.
  - Both leaders announced Pyongyang Declaration during the 3<sup>rd</sup> summit which prescribes reduction of tension, enhancement of cooperation between South and North Korea.
- **US-North Korea Summit** was held in Singapore on June 12<sup>th</sup> this year.
  - Both leaders signed a joint statement, agreeing to security guarantees for North Korea, new peaceful relations, reaffirmation of the denuclearization of the Korean Peninsula, etc.



# III. Korea: Past and Future

## 5. Inter-Korean Economic Cooperation

### A. Inter-Korean Summit Declaration

- Rebooting inter-Korean economic relations will be a challenging task
- However, inter-Korean summit declaration of 2018 included agreement to actively implement the projects agreed in 2007 such as:
  - connection and modernization of railways and road;
  - promotion of investments;
  - expansion of Kaesong Industrial Complex(KIC), etc.

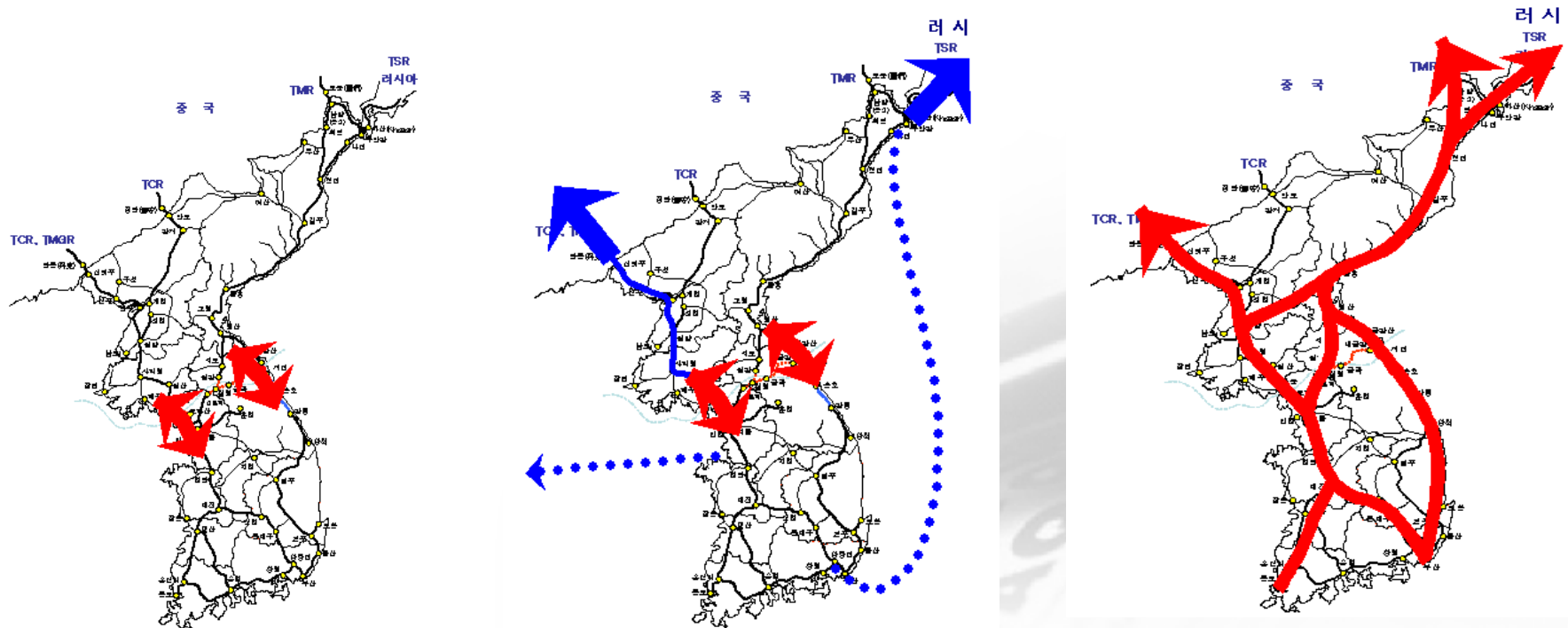


# III. Korea: Past and Future

## 5. Inter-Korean Economic Cooperation

### B. Trans-Korean Railways(TKR) Project

- ❖ The Trans-Korean Railways Project is a project to connect inter-Korean railways infrastructure, and allow rail freight to travel between ROK, DPRK, Russia and China.
- ❖ It is hoped to halve the time taken to transport freight from eastern Asia to Europe and earn substantial transit fees.



# III. Korea: Past and Future

## 5. Inter-Korean Economic Cooperation

### C. Trans-Eurasian Railway Project

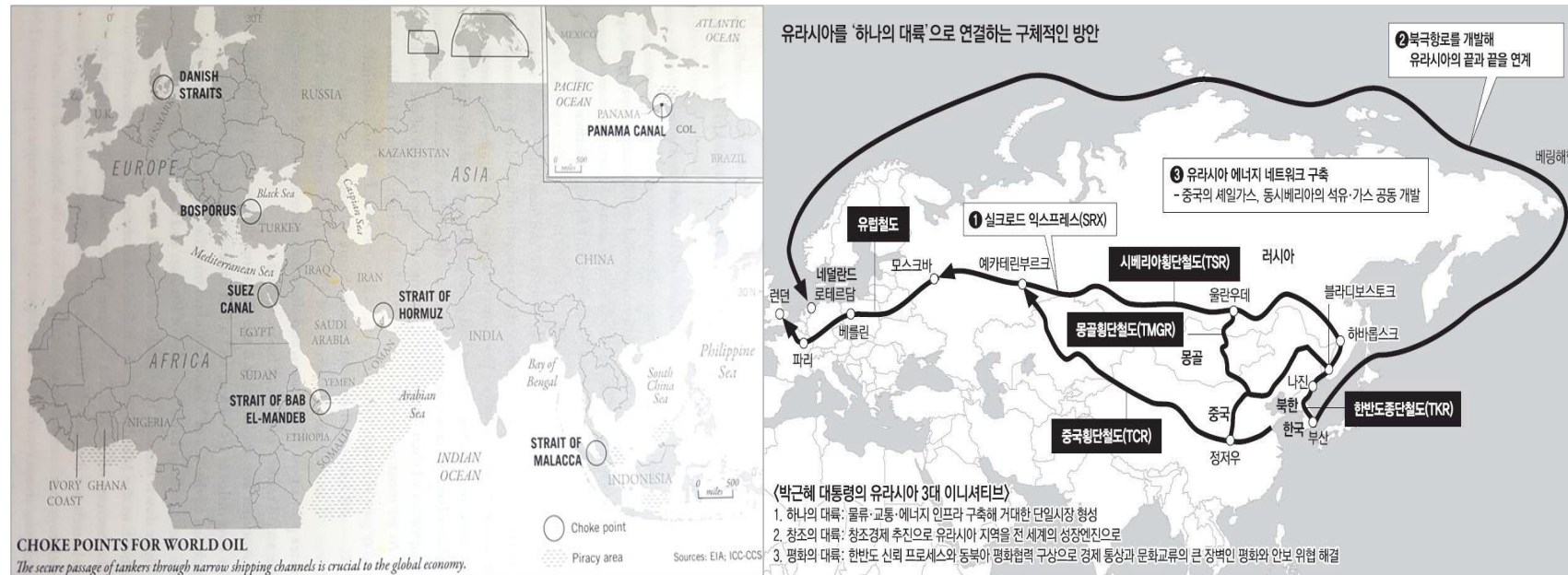
- ❖ **Maritime transport** is the dominant freight transport mode between Asia and Europe, while air transport is the mode of choice for high-value goods.
- ❖ **Rail transport** presents an increasingly attractive alternative for trade between these areas.



# 5. Inter-Korean Economic Cooperation

## D. North Pole Sea Route

- ❖ The commercial interest of the Arctic shipping routes lies in the shorter travel distances they offer between several economic poles, such as Northern Europe and East Asia.
- ❖ Passing through the Arctic, from Northern Europe to the Korean Peninsula can reduce the distance covered by ships by up to 3000 nautical miles, compared to the same journey when passing through the Suez canal.



# III. Korea: Past and Future

## 5. Inter-Korean Economic Cooperation

### E. ROK's Policy on the Korean Peninsula

- Moon Jae-in Government pursues a long-term and comprehensive policy to realize 'peace' and 'prosperity' on the Korean Peninsula.
- For the Realization of a New Economic Community on the Korean Peninsula, ROK tries to build a single market on the Korean Peninsula.

#### ❖ Size of Economy In 2017

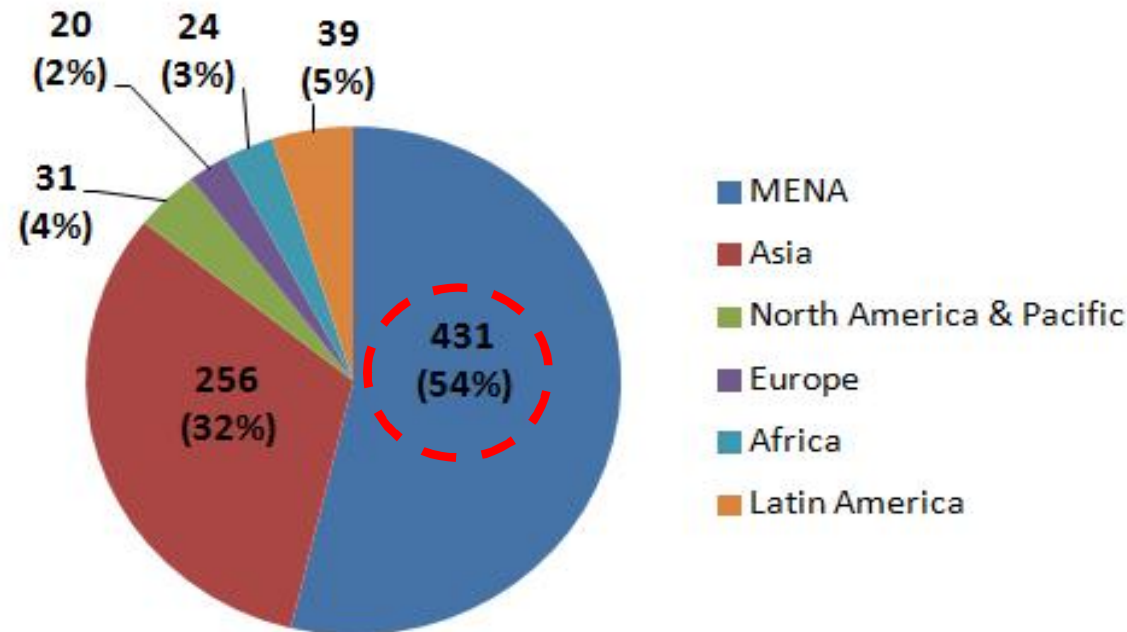
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## IV. Korean Overseas Construction *in the World*

### 1. Brief History

- As of October 2018, Korean contractors have contracted about **12,795 overseas projects** worth **US\$ 800 billion in 156 countries** since 1965.
- Overseas construction contributed to the economic development and industrial growth in partner countries as well as Korea itself especially in '70s and early '80s.

(Unit : US\$ bil.)



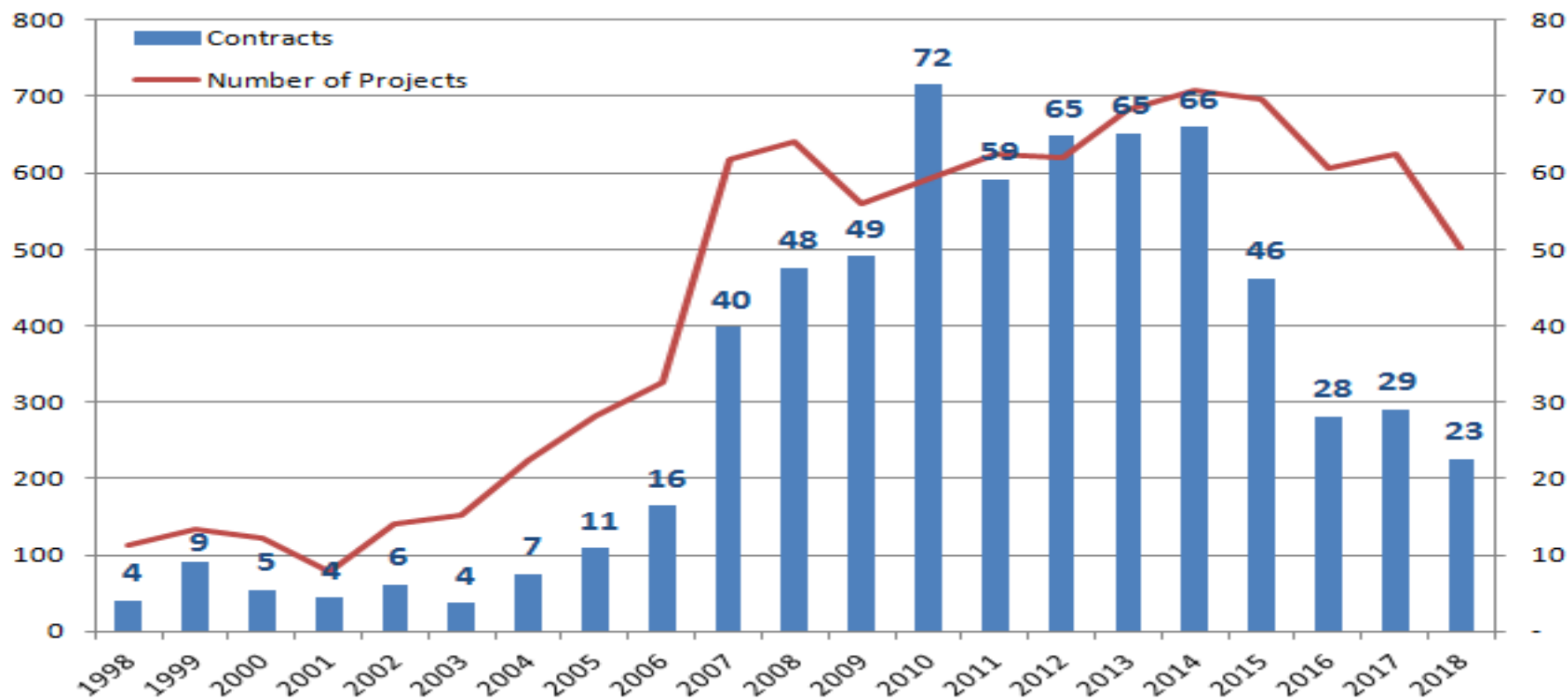
## IV. Korean Overseas Construction *in the World*

### 2. Total Contracts by Year

- Total aggregate amount as of October 2018 is **US\$ 800 billion**.
- The highest contract amount was **US\$ 71.6 billion** in 2010.

(L: Number of Projects)

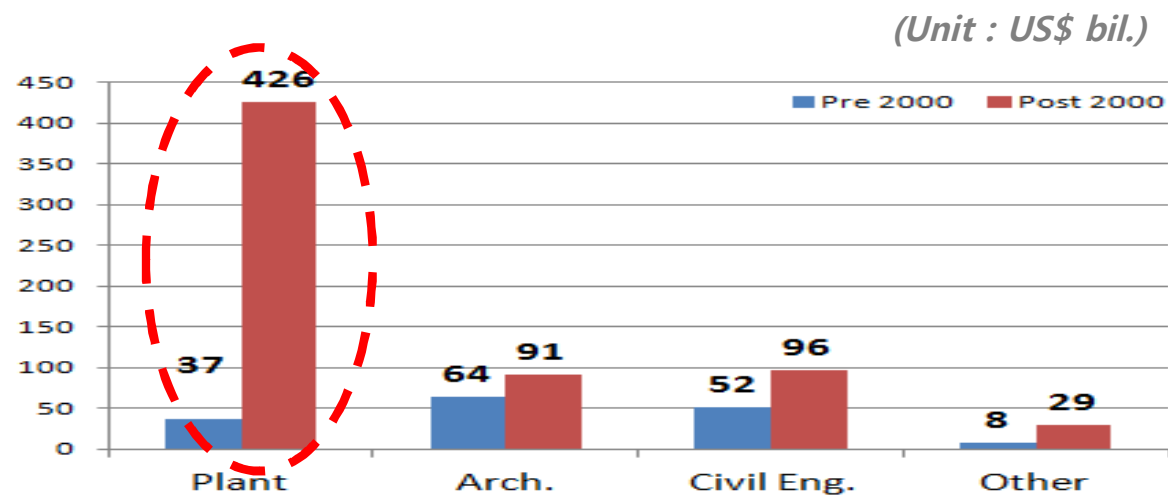
(R: Contracts, US\$ bil.)



## IV. Korean Overseas Construction *in the World*

### 3. Total Contracts by Project Type

- The highest contract amount was about **US\$311 billion in Plant projects.**
- **Plant projects** have increased **up to 67% since 2000.**



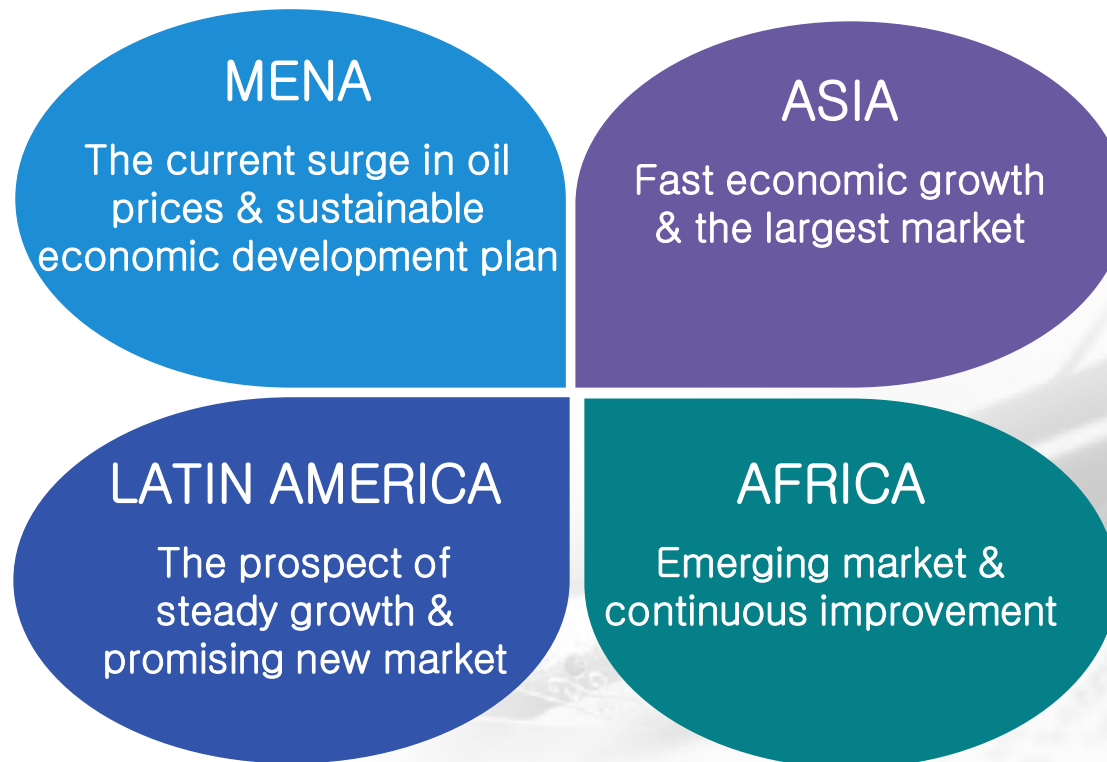
Types	Plant	Arch.	Civil Eng.	Other	Total
Pre 2000	37	64	52	8	158
Post 2000	426	91	96	29	644
Total	463	155	148	37	802

## IV. Korean Overseas Construction *in the World*

### 4. Future Prospect for Contracts

- Korean contractors are going through readjustment in project contracts worth about **US\$ 30billion in 2018** following US\$ 29bil. in 2017.

#### “Status of Overseas Construction Market”



## *IV-1. Major Projects by Korean Contractors*

### *Al Ula-Kaiba Highway (Saudi Arabia)*

- *Company : Samwhan Corp.*
- *Amount : US\$ 20mil.*
- *Period : Dec. ' 73 ~ Feb. ' 79*



### *Jubail Industrial Harbor (Saudi Arabia)*

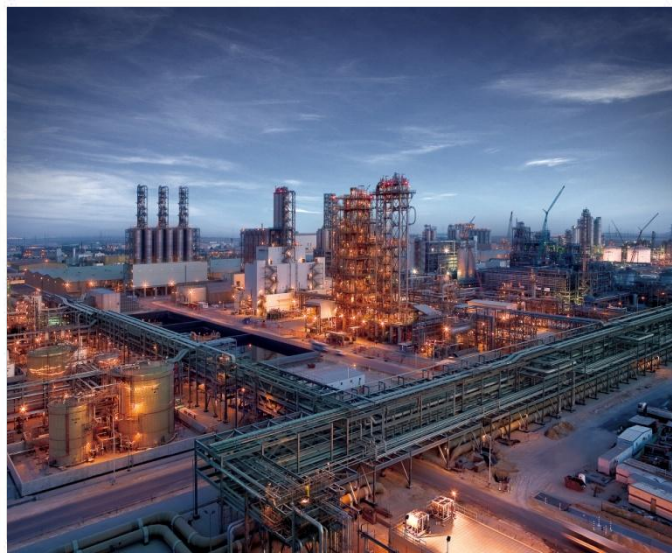
- *Company : Hyundai E&C*
- *Amount : US\$ 931mil.*
- *Period : June ' 76 ~ Dec. ' 80*



## *IV-1. Major Projects by Korean Contractors*

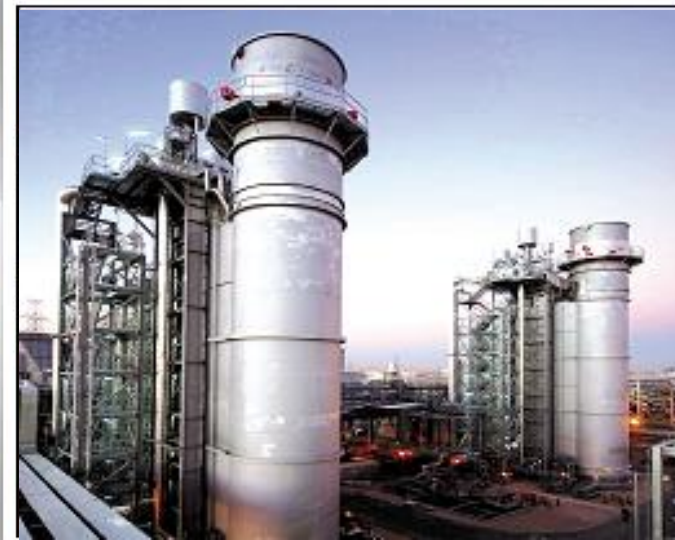
### *Kayan Polypropylene Plant (Saudi Arabia)*

- *Company : Samsung ENG*
- *Amount : US\$ 362 mil.*
- *Period : Feb. ' 07 ~ Aug. ' 09*



### *Aramco 3rd Party Co-Generation (Saudi Arabia)*

- *Company : Hyundai Heavy Ind.*
- *Amount : US\$ 428 mil.*
- *Period : Feb. ' 04 ~ Dec. ' 06*



## *IV-1. Major Projects by Korean Contractors*

### *Fujairah Desalination & Power (UAE)*

- *Company : Doosan HI &C*
- *Amount : US\$ 800 mil.*
- *Period : June ' 01 ~ Dec. ' 03*



### *Burj Khalifa Tower (UAE)*

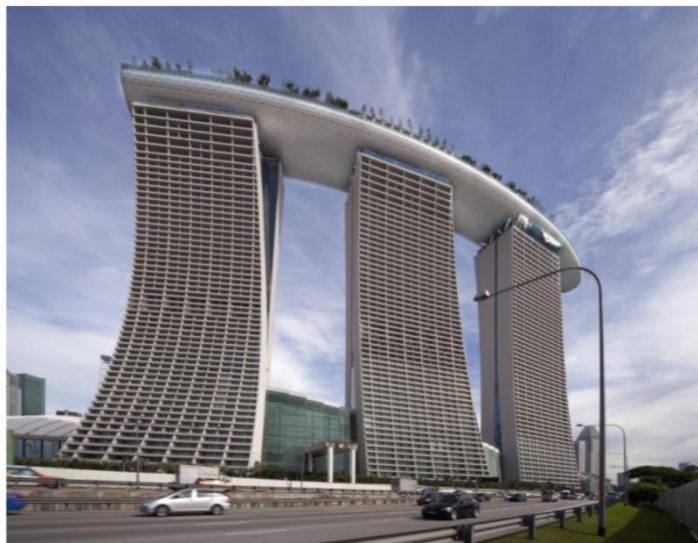
- *Company : Samsung C&T*
- *Amount : US\$ 310 mil.*
- *Period : Jan. ' 05 ~ Dec. ' 08*



## *IV-1. Major Projects by Korean Contractors*

### *Marina Bay Sands Integrated Resort Development (Singapore)*

- *Company : Ssangyong E&C*
- *Amount : US\$ 756 mil.*
- *Period : Jan. ' 08 ~ May. ' 10*



### *Rebuilding of Damaged Facilities for KOC (Kuwait)*

- *Company : SK E&C*
- *Amount : US\$ 200 mil.*
- *Period : Jan. ' 03 ~ June ' 05*



## *IV-1. Major Projects by Korean Contractors*

### *Nakilat Ship Repair Yard (Qatar)*

- *Company : Daewoo E&C*
- *Amount : US\$ 606 mil.*
- *Period : Dec. ' 07~ Dec. ' 09*



### *QP Linear Alkyl Benzene (Qatar)*

- *Company : GS E&C*
- *Amount : US\$ 240 mil.*
- *Period : Apr. ' 04 ~ Apr. ' 06*



## IV-1. Major Projects by Korean Contractors

### *Sohar Aromatics Plant (Oman)*

- Company : GS E&C
- Amount : US\$ 1,181 mil.
- Period : July ' 06 ~ Aug. ' 09



### *Al-Dur IWPP (Bahrain)*

- Company : Hyundai Heavy Ind.
- Amount : US\$ 1,742 mil.
- Period : Aug. ' 08 ~ June. ' 11



## *IV-1. Major Projects by Korean Contractors*

### *Lotte Tower (Korea)*

- *Company : Lotte E&C*
- *Amount : US\$ 3,600 mil.*
- *Period : Nov. ' 10 ~ Dec. ' 16*



### *Malkara-Canakkale Motorway Project (Turkey)*

- *Company : Daelim & SK E&C*
- *Amount : US\$ 1,495 mil.*
- *Period : Apr. ' 17 ~ May ' 34*



## IV-2. Strengths of Korean Overseas Contractors



### Abundant Experience

#### ***A. Projects Implemented by Korea***

➤ Korean contractors contracted 12,835 overseas projects worth US\$ 800 billion as of October 2018.

#### ***B. Projects Executed & On-going Globally***

- Total : 12,835 projects (U\$ 800 bil.)
  - Power Plant : 353 projects (U\$ 147 bil.)
  - Building(Residential) : 688 projects (U\$ 51 bil.)
  - Petrochemical : 235 projects (U\$ 61 bil.)
  - Refinery : 112 projects (U\$ 72 bil.)
  - Gas Processing : 114 projects (U\$ 46 bil.)
  - Road : 852 projects (U\$46 bil.)
  - Rail : 99 projects (U\$ 18 bil.)

## *IV-2. Strengths of Korean Overseas Contractors*



### **Abundant Experience**



### **Assurance of Completion & Responsibility**

- **Successfully completed more than 11,000 projects around the world even during the war period and under extremely severe geo-meteorological conditions.**
- **Also well known for sincerity, hard work and meeting completion dates.**
- **Abundant experience of working with global leading contractors**
  - **About 1,150 projects in 83 countries**
  - **Major partners so far: Bechtel, Flour, Saipem, TR, Petrofac, etc.**

## IV-2. Strengths of Korean Overseas Contractors



**Abundant Experience**



**Assurance of Completion  
& Responsibility**



**Utilizing IT**

- **Railway projects**
  - **Integrated railroad information system**
- **Road projects**
  - **Intelligent transport systems**
- **Urban Development projects**
  - **Smart Home, Smart Building, Smart City, etc.**
- **Plant projects**
  - **Total integrated control system and etc.**
- **The 4<sup>th</sup> Industrial Revolution-based projects**
  - **Soil Remediation, Floating Structure, Modular Construction, Drone & 3D Printing**

## IV-2. Strengths of Korean Overseas Contractors



**Abundant Experience**



**Assurance of Completion  
& Responsibility**



**Utilizing IT**



**Rapid Mobilization**

### **Around the World:**

- On going projects : 1,731 projects
- Heavy equipment : about 17,000 EAs
- Number of employees:
  - Koreans : about 15,700
  - Locals & Others : about 120,000

## IV-2. Strengths of Korean Overseas Contractors



**Abundant Experience**



**Assurance of Completion  
& Responsibility**



**Utilizing IT**



**Rapid Mobilization**



**Funding Facility (1)**

- **Global Infrastructure Fund (GIF)**
  - Established in 2008
  - Target fund : US\$2 billion
  - Assisting Korean contractors to participate in infrastructure projects
  - Relevant organization :
    - Ministry of Land, Infrastructure and Transport(MOLIT)
    - Shinhan BNP, Korea Investment Mngt Co.
    - ICAK
- **Global Infrastructure Venture Fund (GIVF)**
  - Established in 2017
  - Target fund : US\$ 80 million (Blind Fund)
  - Assisting Korean contractors to participate as shareholders in overseas projects

## IV-2. Strengths of Korean Overseas Contractors



**Abundant Experience**



**Assurance of Completion  
& Responsibility**



**Utilizing IT**



**Rapid Mobilization**



**Funding Facility (2)**

- **Korea Overseas Infrastructure & Urban Development Corporation(KIND)**
  - Established in 2018
  - Sourcing, Promotion & Implementation of overseas PPP projects and Investment, Financial supports & Advisory Services
  - Authorized Capital : USD 446 million
  - Relevant organization :
    - Ministry of Land, Infrastructure and Transport(MOLIT)
    - The Export-Import Bank of Korea
    - Korea Trade Insurance Corporation
    - ICAK, Companies, etc

## V. ICAK and International Infrastructure Cooperation

### 1. Introduction of ICAK

- Established **in 1976**
- By virtue of Overseas Construction Promotion Act
- **Unique organization** representing overseas construction & plant industry under Ministry of Land, Infrastructure and Transport in Korea
- Member Companies are now more than **780** Korean engineering / construction companies doing international business

#### ◆ Overseas Construction Promotion

- *Information Services*
- *Education & Training*
- *Market Research and Development*
- *International Cooperation*
- *Project Appraisal*
- *Government Liaison*

## V. ICAK and Global Infrastructure Cooperation

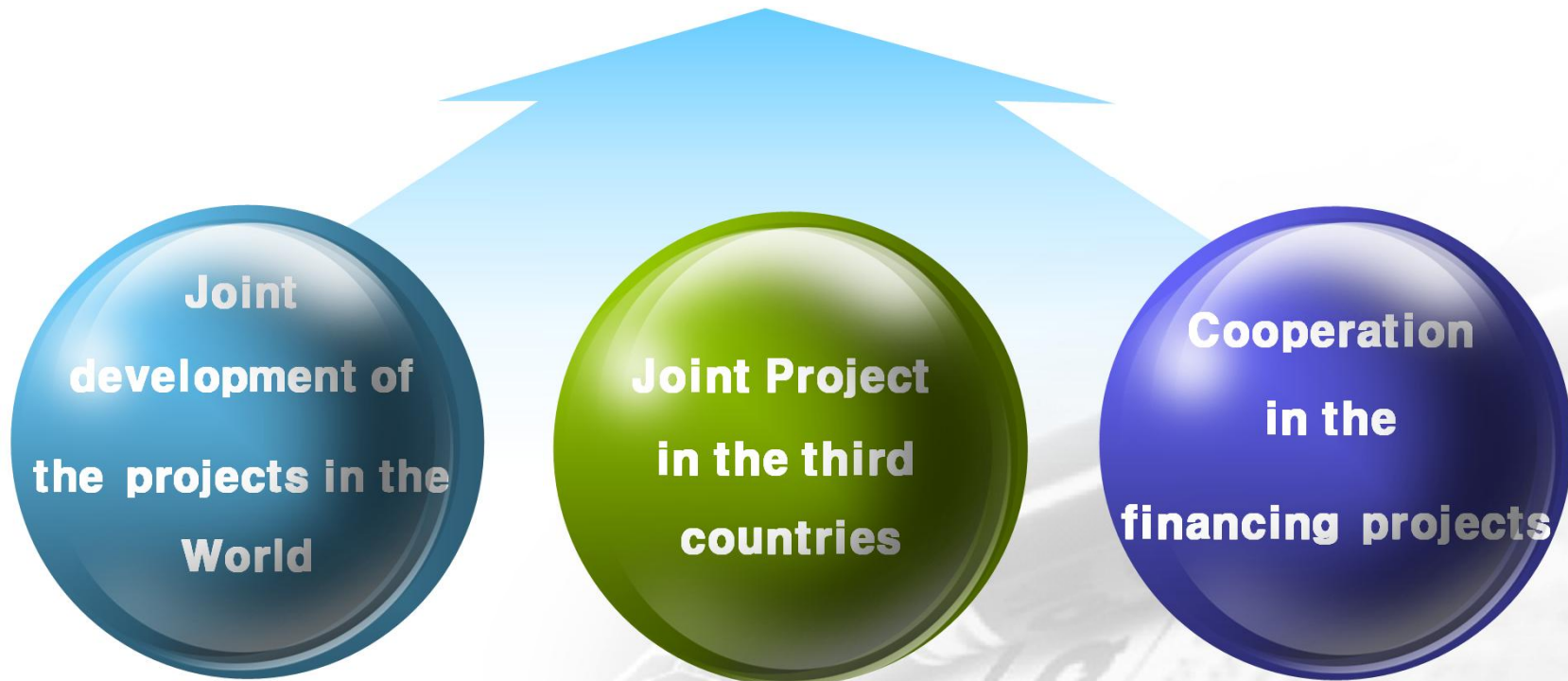
### Introduction of GICC 2018

- ❖ GICC 2018 (Global Infrastructure Cooperation Conference/ Sep. 18-20, 2018)
  - Purpose : To develop business partnerships between overseas participants and Korean contractors
  - Participants : 207 project owners & MDB/Financial Institutions, 600 construction business related participants
  - List of Overseas VIP Guests: Ministers of Mauritius, Iraq, Tunisia, Paraguay, Kuwait, Myanmar, Cambodia, Indonesia, Brunei, Nicaragua, Indonesia, Secretary of ASEAN, etc.



## *V. ICAK and International Infrastructure Cooperation*

### ***The Expansion of Korea's Global Infrastructure Cooperation***



A photograph of a sunset over a body of water. The sun is a bright, glowing orb on the right side of the horizon, casting a shimmering path of light across the dark blue water. The sky is a gradient of orange and red. In the background, there are silhouettes of trees and a small island or headland on the right.

Korea,  
Your Strategic Partner

Thank you