



The Current Status and Future Direction of Korea's Overseas Construction Industry

International Contractors Association of Korea

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***I.* Current Status of Overseas Construction**



- **Builds Social Infrastructure, crucial for Quality of Life and Economic Activities**

- **Essential for expanding infrastructure** (housing, roads, railways, ports, hospital, etc.) to improve the **standard of living** and enable **economic development**.
- Infrastructure development contributes to **the growth of underdeveloped** areas and supports **balanced regional development**.

- **Contributes to Large-Scale Job Creation and Growth of Related Industries**

- With approximately **1.81 million people employed**, the construction industry plays a vital role in **job creation in Korea**.
- **Stimulates related industries** (e.g. equipment and materials manufacturing, finance, insurance, aviation, transportation)

- **A Key Driver of Economic Growth Through Large-Scale Investments**

- Investment in construction, including SOC, **injects liquidity into the market**
- **A trigger for a virtuous economic cycle, a major engine of economic growth.**

- **Technological Advancements in Key Sectors and International Competitiveness**

- **Advances capabilities in all project phases**—cost estimation, design, construction, supervision, and operation & maintenance (O&M)
- Especially in **complex projects in civil engineering, architecture, plant engineering**

General Definition

All types of construction activities carried out by domestic construction companies at international sites.

- **Social infrastructure:** roads, railways, ports, and airports;
- **Plants:** power stations, refineries, and LNG facilities;
- **Buildings:** housing, office buildings, commercial facilities;
- **Urban development projects:** including smart cities.

Act on the Promotion of Overseas Construction

Overseas Construction Works

Civil engineering, architecture, industrial facilities, landscaping, electrical, and information & communication works carried out abroad

Overseas Construction Engineering Activities

Activities related to overseas construction works including **planning, feasibility studies, design, procurement, supervision, commissioning, and evaluation.**

Overseas Infrastructure and Urban Development Projects

Projects involving the development of **social infrastructure and urban areas** implemented overseas.

- **Two sides of the same coin** intricately linked with each other

- **Complement each other** and **together form the basis** of a nation's construction industry.

* **A boom in Korea's real estate and construction market - a decrease in overseas construction activities**

- Domestic Experience as a **Foundation for Overseas Expansion**

- **The technological expertise and experience** accumulated in the domestic market serve as a **critical foundation for entering overseas markets**
- **Skills acquired through challenging domestic projects**— e.g. tunnels, bridges, new towns, nuclear power plants, high-speed rail, power stations—are **vital assets**

● **Employment Stability and Sustainability** of Construction & Related Industries

- **Skilled personnel, equipment, and materials** developed for the domestic market are often **mobilized for overseas projects** ⇒ **A cyclical use of labor and technology.**
- During downturns in domestic demand, **overseas projects help maintain employment and stabilize the construction industry.**

● **Foreign Currency Earnings and Domestic Advancement**

- **Foreign currency earned is channeled back into the Korean economy** via construction firms, equipment suppliers, and overseas workers.
- **Global project experience** contributes to the advancement of **Korea's domestic infrastructure** and the adoption of **cutting-edge technologies.**

- In 1965 when Hyundai Engineering & Construction won a contract for the construction of the **Pattani–Narathiwat Highway in Thailand** (USD 5.22 million).
 - No domestic experience in building or operating expressways, Korean engineers learned technologies & knowhow carrying out overseas projects.
 - In 1973, Samwhan Corp. won the contract to build a 164 km expressway (Aoula – Baikan), 1st entry into Saudi Arabia leading the Middle East construction boom.



- Contribution to **national economic growth** by new markets & foreign currency
- Level of contribution has been **higher than other countries.**

- Since 2012, **1st or 2nd globally in terms of construction balance of payments**
 - Among the world's **top 20 current account surplus countries, Korea** had:
 - the **highest ratio of construction surplus to current account** in 2023, reaching **13%**, critical role in **improving the national balance of payments**
 - the **highest ratio of construction surplus-to-nominal GDP** at **0.24%**
- ⇒ **The highest level contribution to the national economy**

● Benefits of Overseas Construction for Recipient Countries

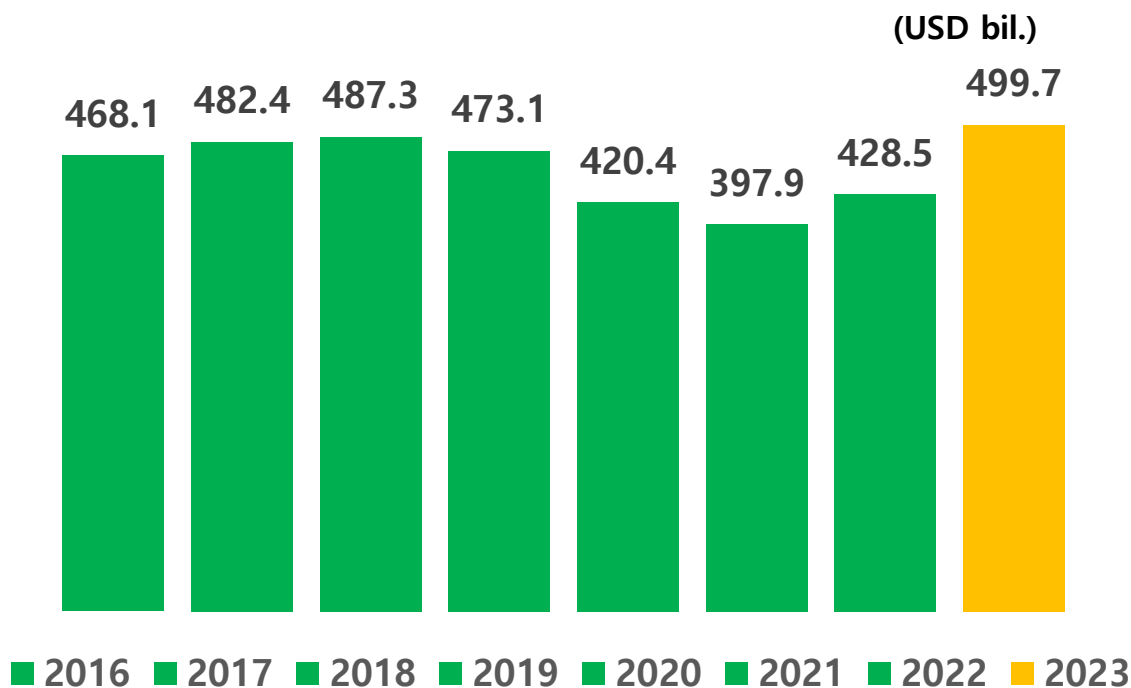
- Rapid Infrastructure Development and Broad Economic Impact

- **Essential infrastructure** (roads, railways, ports, airports, power plants, etc.), **fundamental to economic growth, can be developed quickly.**
- Housing complexes, transportation infrastructure, utilities, etc. boost **urban expansion and improve quality of life**
- **Enhanced logistics efficiency** between regions and industrial foundations lead to **balanced regional development**
- **Collaboration with local construction firms** facilitates the **transfer of technology and know-how** in construction and engineering.
- This helps recipient countries develop **self-reliant construction capabilities** and **improve their infrastructure development capacity.**
- **Hiring local labor** generates **employment** and contributes to **rising income levels.**

Size of the Overseas Construction Market

- Overseas construction market is **about 3–4% of the total global construction market**
 - As of 2023, it was **USD 499.7 billion**, approximately 3.5% of the global construction market (USD 14.229 trillion)
- **Top 5 Countries by Overseas Construction Revenue (2023)**
China: USD 122.96 bil. (24.6%), **France:** USD 84.9 bil. (17%), **Spain:** USD 59.4 bil.(12%)
United States: USD 34.3 bil.(7%), **Korea:** USD 34.2 bil.(7%)

Market Size and Main Exporting Countries



Rank	Nation	Overseas Revenue(00 mil)	Share(%)
1	China	123.0	24.6
2	France	84.9	17.0
3	Spain	59.4	11.9
4	USA	34.3	6.9
5	Korea	34.2	6.8
6	Italy	31.6	6.3
7	Türkiye	18.5	3.7
8	Japan	18.1	3.6
9	Netherlands	13.4	2.7
10	India	8.6	1.7

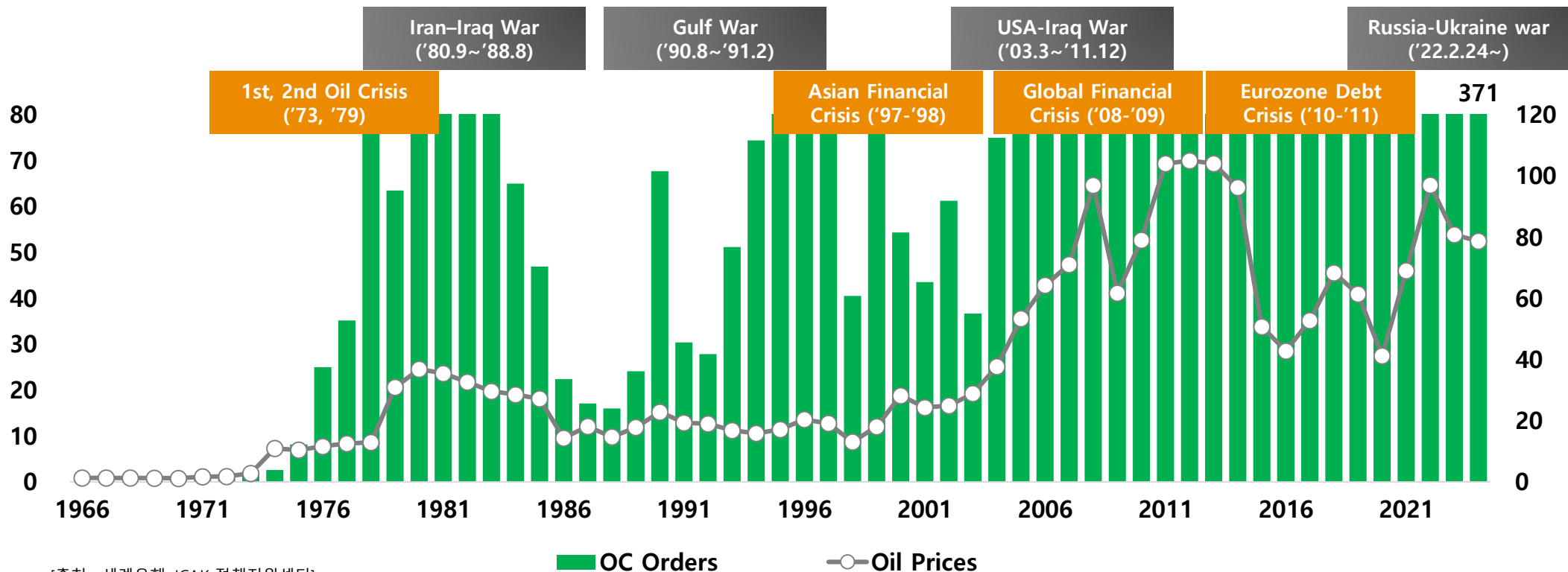
- **A Reliable Pillar of the Korean Economy in Times of Crisis**

- **A dependable support for the national economy** during difficult times, such as the **oil crises of the 1970s** and the **recent COVID-19 pandemic**.
- During the **high oil price period** (USD 80–110/ barrel) from 2010 to 2014, **Korea's average annual overseas order volume** was **USD 65.4 billion**.
- **From 2015**, order volume declined due to **low oil prices & a domestic real estate boom**
- **A recovery trend began in 2020**, with Korea securing **over USD 30 billion annually for five consecutive years**.

● Milestone Achievement and Market Diversification

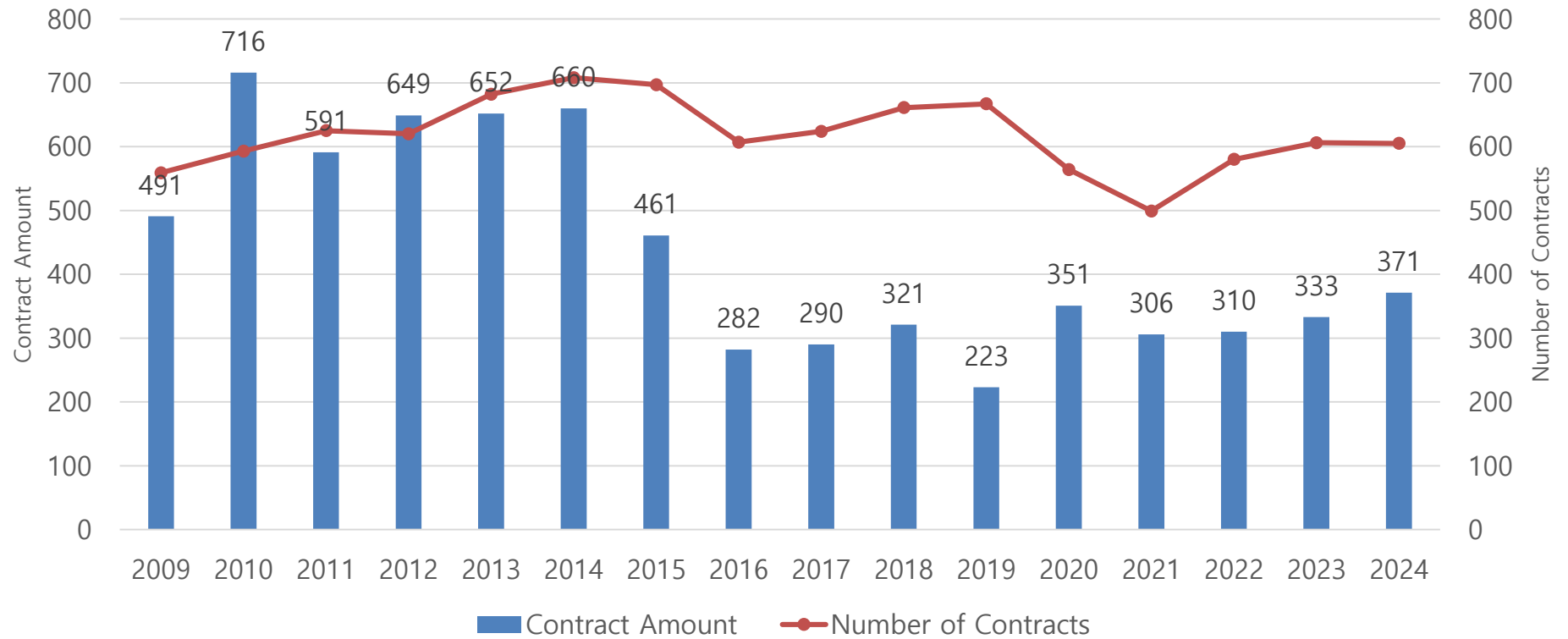
- By the end of 2024, **Korea surpassed USD 1 trillion** in cumulative overseas construction orders (OCO).
- During 2022–2024, **OCO shifted toward advanced markets** (North America & the Pacific 19.3%; Europe 10.4%) indicating **significant regional diversification**.

Korea's Overseas Construction Orders



Overseas Construction Contract Status

Unit: 100 million USD

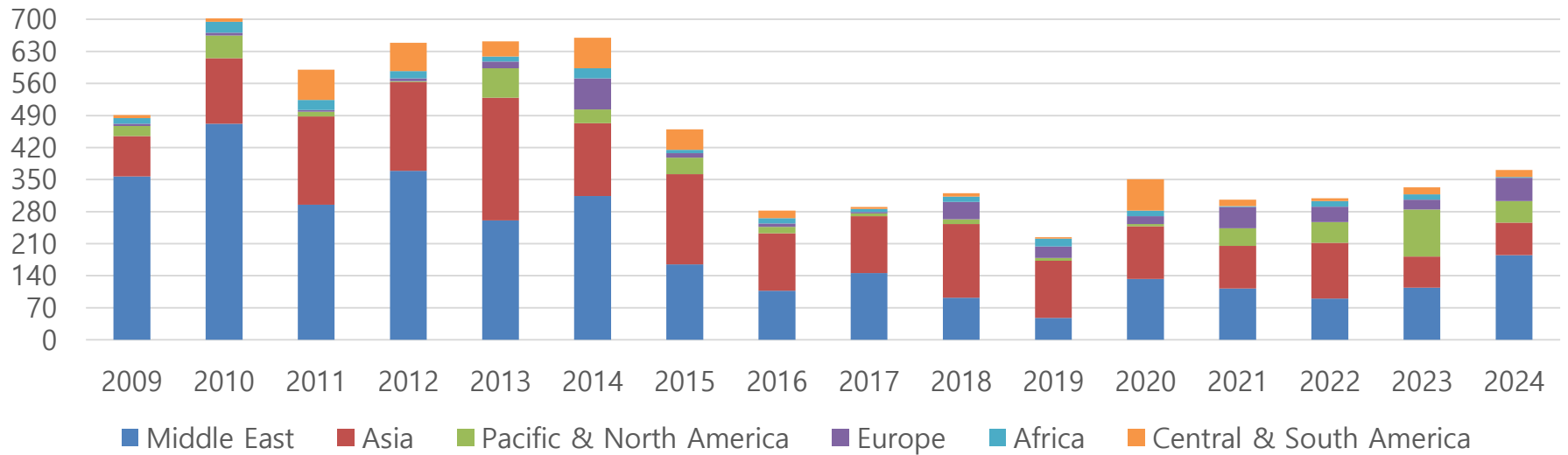


(Unit: Thousand USD)

Category	Total	~2019	2020	2021	2022	2023	2024
Contract Amount	1,000,944,684	833,826,598	35,129,165	30,579,701	3,980,942	33,313,989	37,114,289
Number of Contracts	16,506	13,654	564	499	580	606	605

Overseas Construction Contracts by Region

(Unit: 100 million)

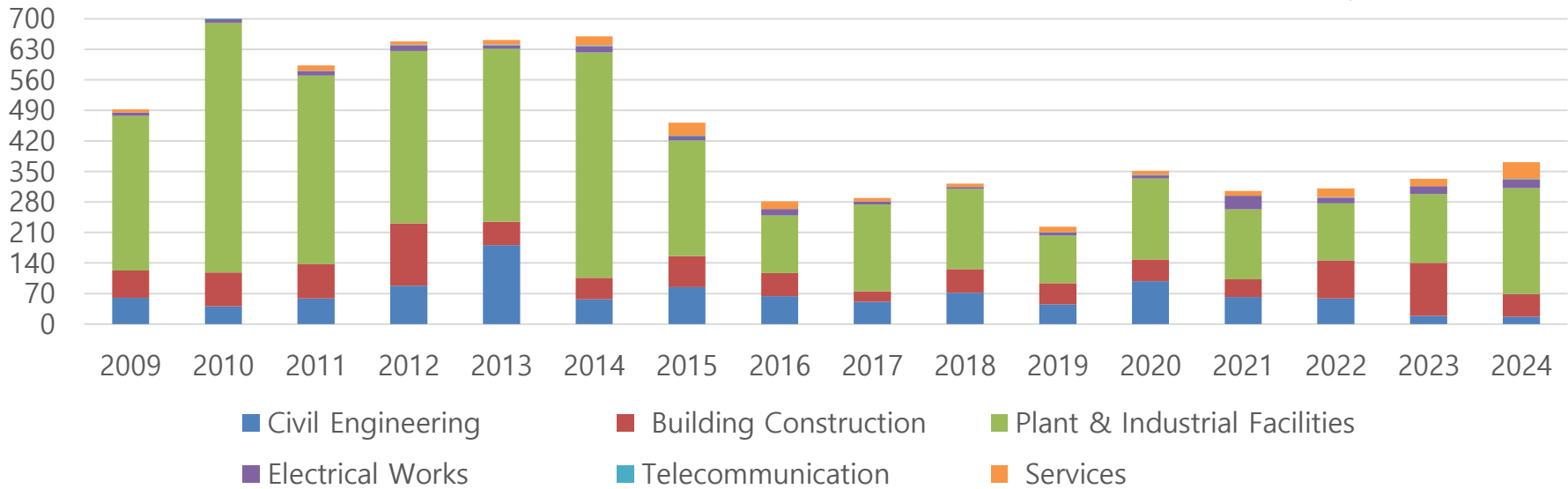


(Unit: Thousand USD)

Category	Total	~2019	2020	2021	2022	2023	2024
Total	1,000,944,684	833,826,598	35,129,165	30,579,701	30,980,942	33,313,989	37,114,289
Middle East	500,872,180	437,405,645	13,297,093	11,219,598	9,020,898	11,434,736	18,494,210
Asia	318,120,779	271,281,788	11,481,540	9,252,574	12,204,680	6,788,485	7,111,712
Pacific & North America	56,033,188	32,026,731	546,472	3,933,617	4,536,423	10,311,688	4,678,257
Europe	43,992,691	27,125,765	1,691,013	4,595,895	3,410,814	2,105,756	5,063,448
Africa	30,290,252	26,234,737	1,195,637	199,380	1,203,694	1,207,116	249,688
Central & South America	51,635,594	39,751,932	6,917,410	1,378,637	604,433	1,466,208	1,516,974

Overseas Construction Contracts by Work Category

(Unit: 100 million)



(Unit: Thousand USD)

Category	Total	~2019	2020	2021	2022	2023	2024
Total	1,000,944,684	833,826,598	35,129,165	30,579,701	30,980,942	33,313,989	37,114,289
Civil Engineering	180,054,604	154,527,703	9,837,875	6,216,124	5,851,453	1,896,251	1,725,198
Building Construction	195,559,763	160,388,844	5,028,684	4,095,674	8,658,950	12,149,047	5,238,564
Plant & Industrial Facilities	567,956,684	480,100,561	18,635,629	16,041,229	13,099,781	15,784,228	24,295,256
Electrical Works	26,583,738	17,724,618	683,059	3,088,973	1,295,834	1,799,761	1,991,493
Telecommunication	3,676,628	3,384,471	88,761	28,895	102,726	18,151	53,624
Services	27,113,267	17,700,401	855,157	1,108,806	1,972,198	1,666,551	3,810,154

- **Establishing a Global Reputation Through Landmark Projects**
 - Successfully completed **landmark construction projects** across the globe, showcasing its **world-class capabilities** & enhancing its **international competitiveness**.

- **Market Performance in 2023**
 - Recorded **overseas revenue of USD 34.2 billion**, with a **market share of 6.8%**, up from **USD 26.3 billion (6.1%) in 2022**.
 - Maintaining **5th global ranking** after China, France, Spain, and the USA

- **Regional Market Shares**
 - **Middle East: 14.6%('22) → 11.7%('23) (3rd place** after China and Italy)
 - **Asia: 13.1%('22) → 15.9% ('23) (2nd place** after China)
 - **Advanced markets: Actively advancing in the United States (11.8%) and Europe (2.7%)**

Rank	Nation	OCO(USD billion)	Share(%)	No. of Contractors
1	China	123.0	24.6	81
2	France	84.9	17.0	5
3	Spain	59.4	11.9	8
4	USA	34.3	6.9	38
5	Korea	34.2	6.8	11

Advanced Country-Specific Market Information Project

- **Comprehensive study** of key regulations, construction market conditions, major development plans, and promising projects in **target countries**.

Support Program for Overseas Market Expansion Activities

- **Financial support for SMEs and mid-sized firms** covering the costs of project research, market analysis, and bidding activities for international projects.

Overseas Construction Manpower Development Program

- **Supports dispatch expenses** (up to KRW 2 million/person), **training costs** (KRW 1 million/ person per month) **for employees** assigned to overseas sites by **SMEs & mid-sized companies**.

Land and Transport ODA Program

- **Facilitates cooperation and entry of Korean companies through ODA** in housing, urban development, transportation, and other infrastructure sectors.

Overseas Construction Consulting Support Program

- **One-on-one professional consulting** in risk management, legal affairs, and taxation provided by **law firms and accounting firms**.

Overseas Construction Education Programs

- **Training specialized overseas construction professionals** through national HR development consortium projects and other major training programs.

Overseas Construction Integrated Information Service (OCIS)

- **A platform that aggregates and manages overseas construction information** from various institutions & links data provided by relevant organizations

Policy Research by the Overseas Construction Policy Support Center

- **Develops overseas construction market outlooks and strategic responses** based on industry reports (e.g., IHS Markit, GlobalData) and expert insights.
- Provides **policy recommendations to the government** based on industry challenges.

Operation of Overseas Infrastructure Cooperation Centers

- **Centers in the UAE, Peru, Saudi Arabia & Indonesia** offer networking opportunities between local key stakeholders and Korean companies, supporting market entry.

GICC (Global Infrastructure Cooperation Conference)

- **Invites high-ranking officials from foreign governments, project owners, and MDBs** for project briefings, one-on-one consultations, & high-level bilateral meetings.

- **A cumulative total of USD 1 trillion in OCO, 59 years since its start**
- **By industry, overseas construction ranks as Korea's 3rd industry, following semiconductors & automobiles passing USD 1 trillion**

OCO by Region

- Since 1965, **heavily concentrated in the Middle East** (38.4% average during 2022–2024; 92% during boom 1976~1983) **and Asia** (25.7%)
- **With technological capabilities & international credibility, expanded into North America & Europe, a greater regional diversification (2022–2024)**

OCO by Project Type

- **Until 1993, primarily concentrated in the civil engineering and building sectors**
- **With global oil demand & advancements in Korean construction technology, strengthened its presence in the industrial plant sector.**
- **During 2022-2024, plant and industrial facility sectors remained strong, with growing shares in engineering services and more diversified project orders.**

● Key Issues and Situations by Period

- **Pioneering Period (1965~75):** Foreign currency income played a **crucial role for the national economic development plans**, positioned as a strategic export industry.
 - **Expansion Period (1976~83):** Rising oil prices triggered a **construction boom in the Middle East**, helping to alleviate domestic economic shocks
 - **Recession Period (1984~93):** **A decline in oil prices** led to a drop in project orders. With **technical limitations** of Korean companies, resulted in sluggish performance.
 - **Adjustment Period (1994~2003):** The IMF foreign exchange crisis led to a decline in national creditworthiness. **Difficulties in financing** limited project acquisition.
 - **Leap Period (2004~14):** **Rising oil prices** increased demand for petrochemical facilities & infrastructure, culminating in \$71.6 billion in orders in 2010
 - **Transition Period (2015~Present):** Decline in oil prices & COVID-19 led to fewer project orders. Focus shifted to strengthening entry into **high value-added sectors**.
- **Since 2021, overseas order performance has increased for three consecutive years.**

(Saudi Arabia) Jubail Industrial Port

- **Participating Companies:** HYUNDAI E&C
- **Contract Amount:** 930 Million US\$ (equivalent to 16% of the South Korean government's total fiscal budget in 1976)
- **Contract Period:** Jun. 1976~Dec. 1980 (54 months)
- **Client/ Contracting Authority:** Saudi Port Authority
- **New Port Construction Project for Industrial Facilities in Jubail, Located in the Oil-Rich Eastern Region of Saudi Arabia along the Persian Gulf**



(Libya) Great Man-Made River Project

- **Participating Companies: DONGA Construction Co., Ltd.**
- **Contract Amount: 10.21 Billion US\$ (1st stage 3.75, 2nd stage 6.46)**
- **Contract Period: Jan. 1984~Jun. 2008 (24 years)**
- **Client/ Contracting Authority: Great Mn-Made River Authority**
- **Transport 35 trillion tons of water from the SE & SW desert regions to the Mediterranean coast to convert 1,216 km² of desert into fertile land.
(The largest-scale civil works project of the 20th Century)**

* Pre-stressed concrete cylinder pipes with diameters ranging from 1,600 ~ 4,000 mm



(UAE) Burj Khalifa Building

- **Participating Companies: SAMSUNG C&T Corp.(35%, BESIX 35%, ARABTEC 30%)**
 - **Contract Amount: 450 Million US\$ (35% of 1,240 Mil. US\$)**
 - **Contract Period: Feb. 2005~Dec. 2010 (70 months)**
 - **Client/ Contracting Authority: EMAAR Properties PJSC**
 - **The world's tallest building with 163 floors and a height of 828 meters**
- * Total floor area of 460,000 m², including residential units, a hotel, offices, etc.



(Singapore) Marina Bay Sands Hotel

- **Participating Companies: Ssangyong Engineering & Construction Co., Ltd.**
- **Contract Amount: 760 Million US\$**
- **Contract Period: Jan. 2008~May 2010 (28 months)**
- **Client/ Contracting Authority: Marina Bay Sands Pte. Ltd.**
- **The world's first structural building with a 52-degree inclination**
 - **3 hotel towers**, 57 above-ground floors, 2,561 guest rooms
 - Includes construction of the **rooftop Sky Park** connecting the towers



(UAE) Barakah Nuclear Power Plant

- **Participating Companies: Korea Electric Power Corporation (KEPCO)**
* SAMSUNG C&T Corp, HYUNDAI E&C
- **Contract Amount: 19.13 Billion US\$ (SAMSUNG 2.96, HYUNDAI 3.61)**
- **Contract Period: Dec. 2009~Dec. 2020 (11 years)**
- **Client/ Contracting Authority: Emirates Nuclear Energy Co., ENEC**
- **Korea's 1st overseas nuclear power plant construction project**
 - Consisting of 4 APR1400 reactor units, 1,400 MW each, west of Abu Dhabi



(IRAQ) Bismayah New City

- **Participating Companies:** HANWHA Engineering & Construction
- **Contract Amount:** 10.4 Billion US\$ (Residential Area 8.28, Infrastructure 2.12)
- **Contract Period:** May 2012~Dec. 2032 (20.5 years)
- **Client/ Contracting Authority:** National Investment Commission, NIC
- **New city to accommodate 100,080 households** (834 apartment buildings)
 - **Educational facilities** (294 schools & Institutions), **Public facilities** (119 government & community buildings), **A general hospital** with 400 beds



(Türkiye) 1915 Çanakkale Bridge

- **Participating Companies:** DL E&C, SK Eco-plant (T: Yapi, Limak)
- **Contract Amount:** 1.55 Billion US\$ (25% for each contractor)
- **Contract Period:** Apr. 2017~Mar. 2023 (Operation until May 2034)
- **Client/ Contracting Authority:** Karayollari Genel Mudurlugu-TCK, KGM
- **The world's longest suspension bridge by main span (2,023 m, tower heights 334m)**
 - 6-lane highway including the 1915 Çanakkale Bridge (5.17 km), spanning the Dardanelles Strait in western Türkiye





II. Changes in the Overseas Construction Market



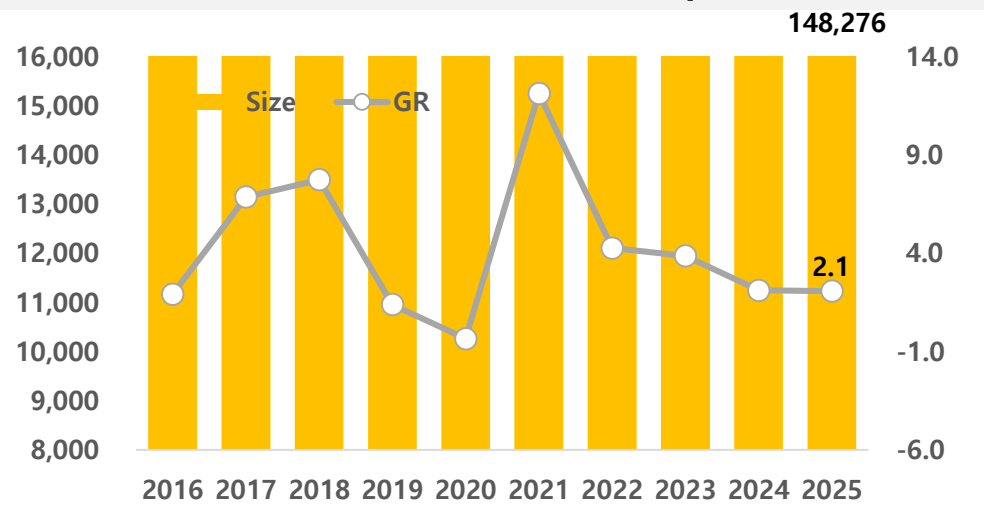
Changes in the Overseas Construction Market- Forecast of Markets

- **The global construction market** is projected to **grow by 2.1%** compared to 2024, a total size of **USD 14.8276 trillion in 2025** (2025 Forecast of IHS Markit)
- **Middle East** is expected to see the **highest growth rate (11.3%); Africa (11.0%), Latin America 2.3%; Asia 1.6%; North America & Pacific 1.6%; Europe 1.2%**

- **Growth Drivers:** Government-led policies prioritizing public infrastructure investment; Gradual normalization of supply chains & stabilization of global construction market
- **Growth Inhibitors:** Rising construction costs due to increases in labor and material expenses; Geopolitical risks, particularly in the Middle East

Forecast of Global Construction Market size & Growth Trend (Bil. USD., %)

Reach USD 14,827.6 billion, 2.1% ↑ compared to 2024.



[출처: IHS Markit]

Forecast of Regional Construction Market size (Bil. USD, %)

Regions	2024	2025	Growth Rate
Middle East	681.5	758.3	11.3
Asia	6,487.2	6,593.1	1.6
North America	2,936.7	2,982.4	1.6
Africa	104.0	115.4	11.0
Europe	3,571.3	3,614	1.2
Latin America	747.2	764.4	2.3
Total	14,527.9	14,827.6	2.1

[출처: IHS Markit]

- **Escalating Global Bidding Rivalry**
- **China - A dominant player** leveraging enormous **financial mobilization capabilities**
 - 25% of the global overseas construction market.
- **India and Türkiye - Rising rapidly** by capitalizing on their **price competitiveness**
 - Securing a **growing presence in international markets.**
- **Korean firms are now caught in the middle**
 - Squeezed between **advanced players**(Spain, France) and **emerging challengers** (India, Türkiye)
 - Responding by mobilizing its capabilities to shift toward **high value-added sectors and improve technological sophistication.**

Overseas Construction Revenue Rankings (ENR Basis)

Rankings	2020		2021		2022		2023	
	Nation	Share	Nation	Share	Nation	Share	Nation	Share
1	China(74)	25.6	China(79)	28.4	China(81)	27.5	China(81)	24.6
2	Spain(11)	14.9	Spain(8)	13.0	France(3)	14.7	France(5)	17.0
3	France(4)	10.9	France(3)	12.7	Spain(9)	13.9	Spain(8)	11.9
4	Germany(3)	7.9	USA(41)	6.1	USA(39)	6.2	USA(38)	6.9
5	USA(35)	5.1	Korea(12)	5.7	Korea(12)	6.1	Korea(11)	6.8
6	Korea(12)	4.9	Italy(13)	5.6	Japan(11)	4.6	Italy(13)	6.3
7	Türkiye(44)	4.8	Türkiye(42)	5.1	Türkiye(40)	4.4	Türkiye(42)	3.7
8	UK(3)	4.4	Japan(11)	4.2	Italy(12)	3.8	Japan(10)	3.6
9	Japan(13)	3.9	Netherlands(3)	2.3	Germany(2)	1.7	Netherlands(2)	2.7
10	Austria(2)	1.9	Germany(3)	1.6	India(5)	1.5	India(5)	1.7
11	Italy(11)	1.7	India(5)	1.5	UK(2)	1.1	Germany(2)	1.4
12	Sweden(1)	1.6	Australia(3)	1.0	Australia(2)	0.9	UK(2)	1.0

() Number of Companies

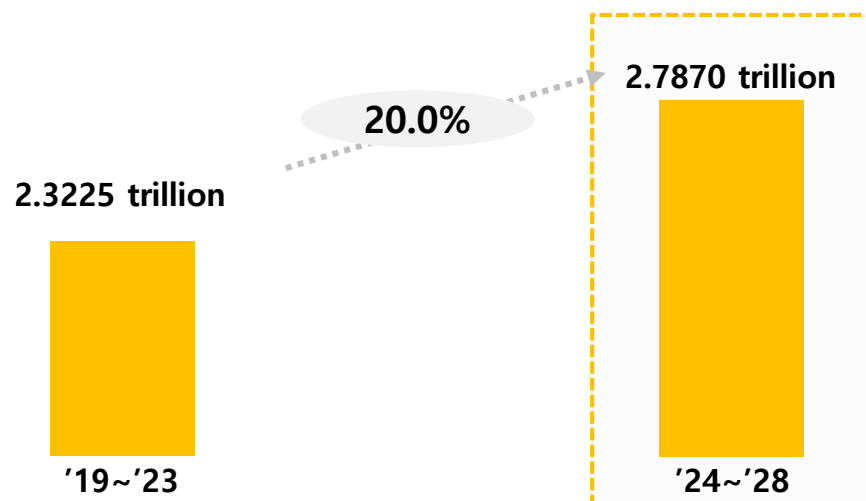
● Expanding Global Infrastructure Investment Gap

- The infrastructure investment gap (infrastructure needs - actual investment) is projected to reach **USD 2.787 trillion** globally during **2024–2028** [Global Infrastructure Hub]

- **20% Growth** Compared to Previous Period (**2019-23, USD2.3225 trillion**)

● **Growing demand for: New transportation infrastructure** (e.g., roads, due to urbanization), **Power generation facilities**, and **Renovation & maintenance of aging infrastructure**.

Cumulative Global Infrastructure Investment Gap



[출처 : Global Infrastructure Hub]

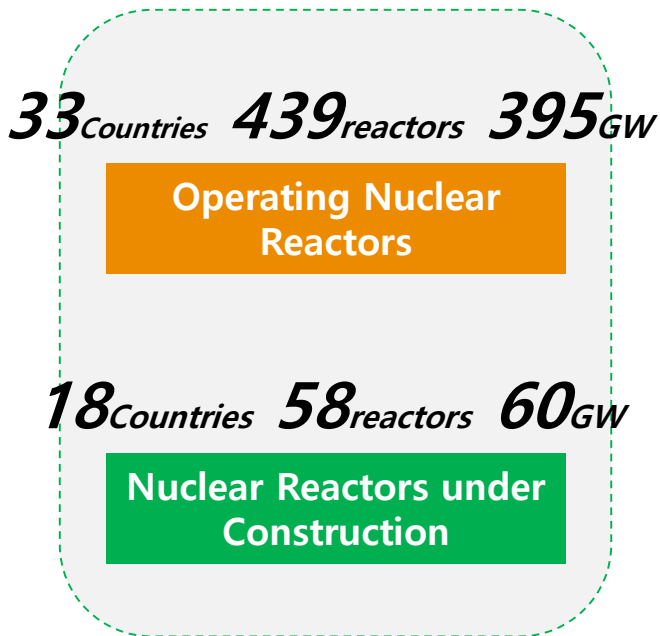
Investment Gap by Year (USD billion)

Year	Investment Gap	Year	Investment Gap
'19	427.3	'24	520.2
'20	445.9	'25	538.8
'21	464.5	'26	557.4
'22	483.1	'27	576.0
'23	501.7	'28	594.6

[출처 : Global Infrastructure Hub]

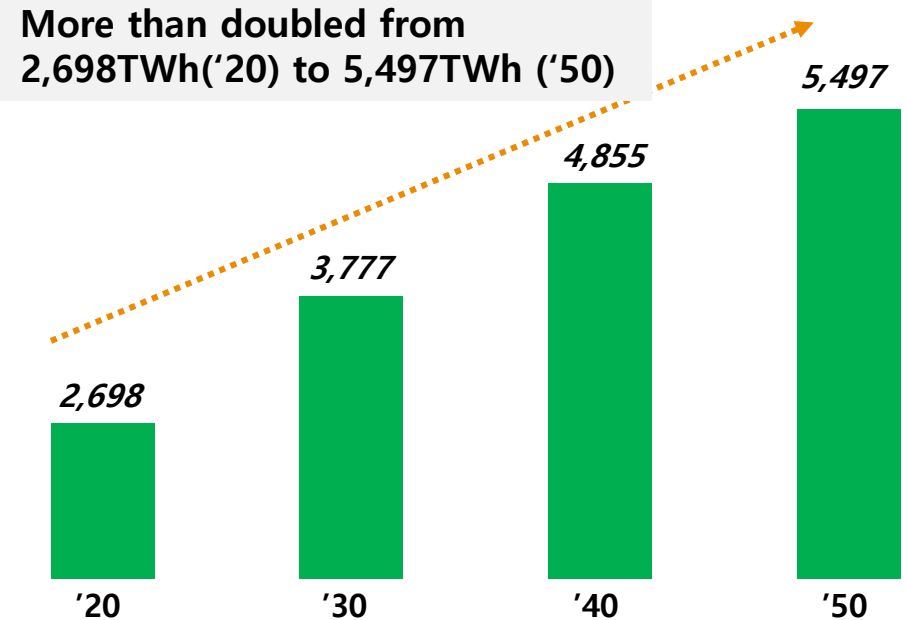
- To address **energy challenges**, **nuclear power** is reconsidered as a **viable solution**
 - **58 nuclear reactors (60 GW)** are under construction in **18 countries**.
 - With **66%** of the world's **existing nuclear reactors over 30 years old**, a wave of new nuclear project orders is expected **to replace aging facilities**.
- **Global nuclear power generation** is to grow **2,698 TWh(2020) → 5,497 TWh(2050)[IEA]**
 - **Korea is pursuing partnerships** with key nuclear power markets in **Eastern Europe** and **investing in U.S. companies** involved in **SMRs**

Global Nuclear Power Status by Country



Countries	Reactors
USA	92 (95GW)
France	56 (61GW)
China	55 (52GW)
Russia	37 (28GW)
Latin America	25 (24GW)

Forecast of Nuclear Power Generation (TWh)

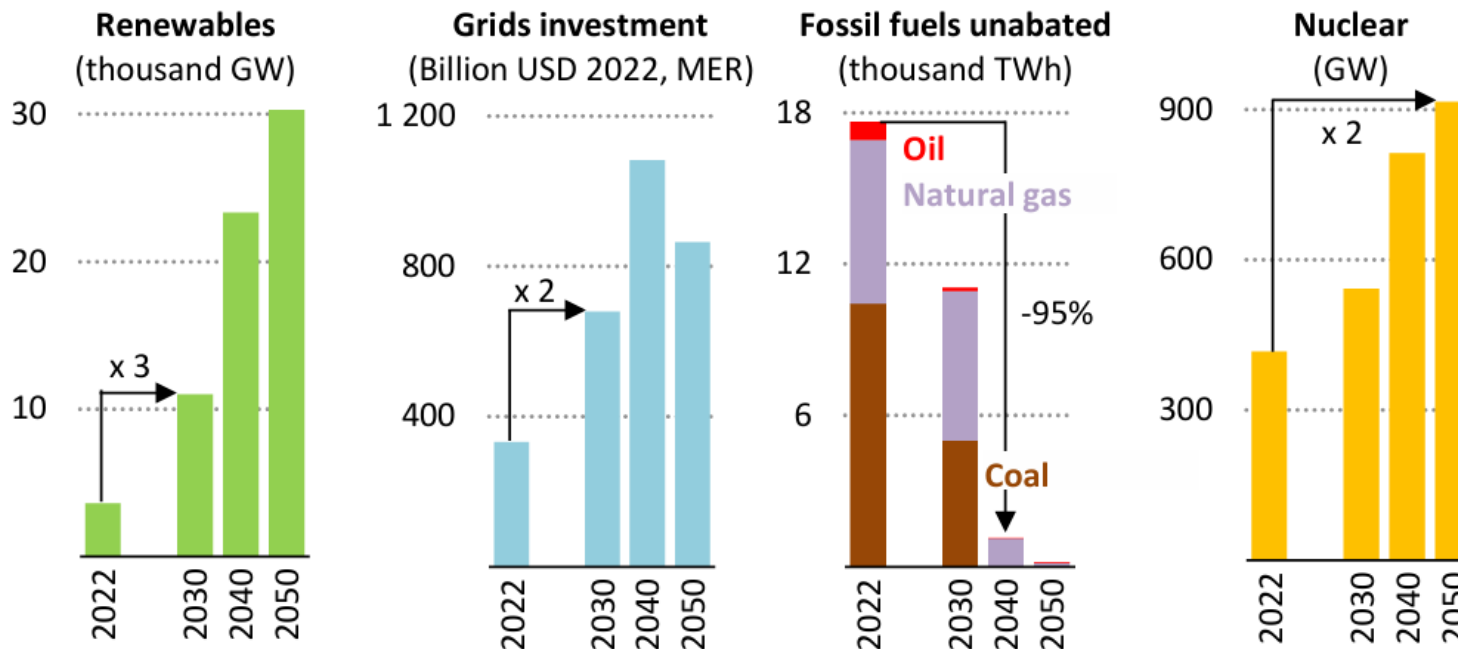


[출처 : 에너지경제연구원 '세계 원전정책 동향 업데이트]

[출처 : International Energy Agency]

- By **2030**, the **global electricity generation from renewable sources** (e.g., solar, wind, hydro) is expected to **triple** compared to 2022 levels.
 - **Investment in power grids** is projected to **double**, reflecting the urgent need for infrastructure capable of **supporting widespread green energy adoption**.
- **Decline of Fossil Fuels and Rise of Nuclear Energy**
 - **Electricity generation using Fossil fuel** is to **drop by 95% by 2040**, while **nuclear power** to **double by 2050** → **phased-out transition** from carbon-intensive energy sources.

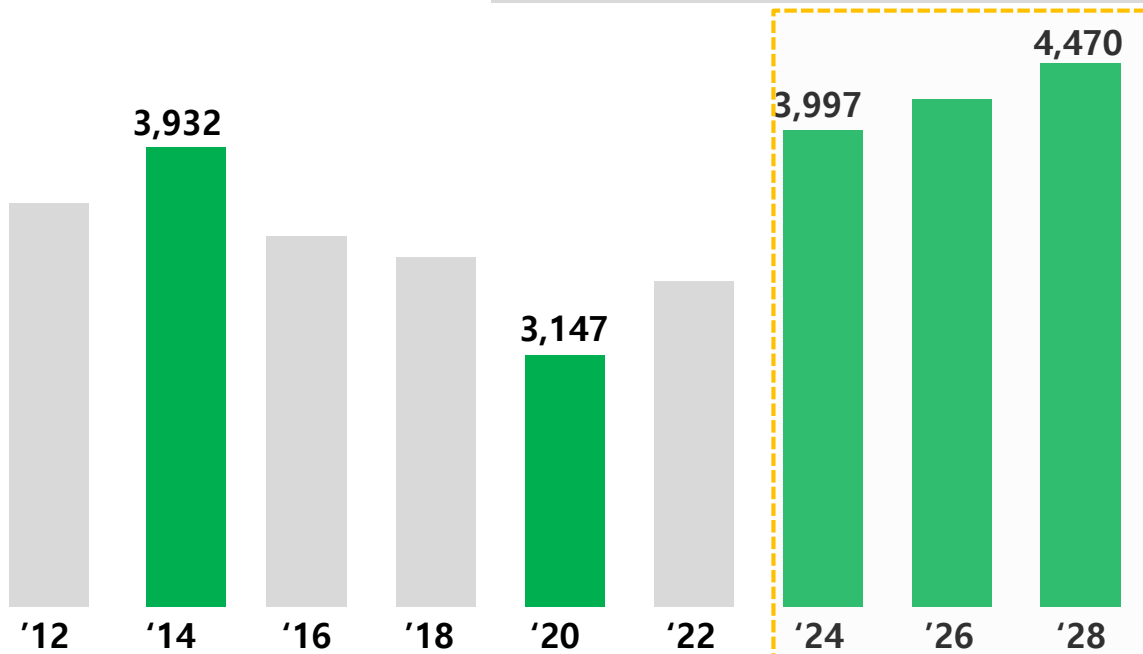
Key milestones for the electricity sector in the NZE scenario



IEA. CC BY 4.0.

- The **Oil & Gas market** reached an all-time high of **USD 399.7 billion in 2024**
 - Expected to grow at a **CAGR of 2.8%**, reaching **USD 447 billion by 2028** [Globaldata]
- **North America** remains the **largest regional market**, driven by **LNG projects**, with an expected market size of **USD 166.9 billion**.
- **Asia-Pacific** (25%, USD 125.1 billion), is projected to grow at **CAGR of 5.3%** through 2028.
 - **Middle East & Africa** (15%, USD 71.1 billion) is expected to grow **5.1% annually**

Global Oil & Gas Construction Output (USD 00 mil.)

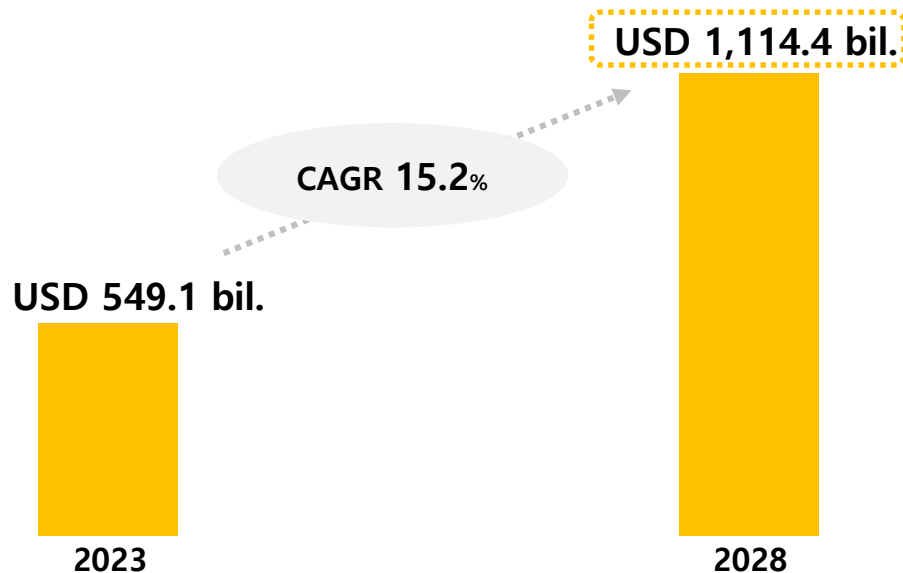


Regions	'24 Market Size	'28 Market Size	[USD 00 mil, %]	
			CAGR	Ratio
Asia & Pacific	1,018	1,251	5.3	25
ME & Africa	582	711	5.1	15
Europe	432	514	4.4	11
Latin America	347	325	-1.6	9
North America	1,619	1,669	0.8	40
Total	3,997	4,470	2.8	100

- The **global smart city market** is projected to grow at a **CAGR of 15.2%**, increasing from **USD 549.1 billion in 2023** to **USD 1,114.4 billion by 2028** [Markets & Markets]
- The **global urban population** and **urbanization rate** are expected to rise steadily (UN):
 - Urban Population **4.4 billion** (urbanization rate **56.2%**) in '20, **4.8 billion (58.3%)** in '25, **5.2 billion (60.4%)** in '30
- **Soaring demand** for housing, water & sewage systems, electricity, and transportation infrastructure - **significant opportunities for construction and other industries**

Forecast of Global Smart City Market Size

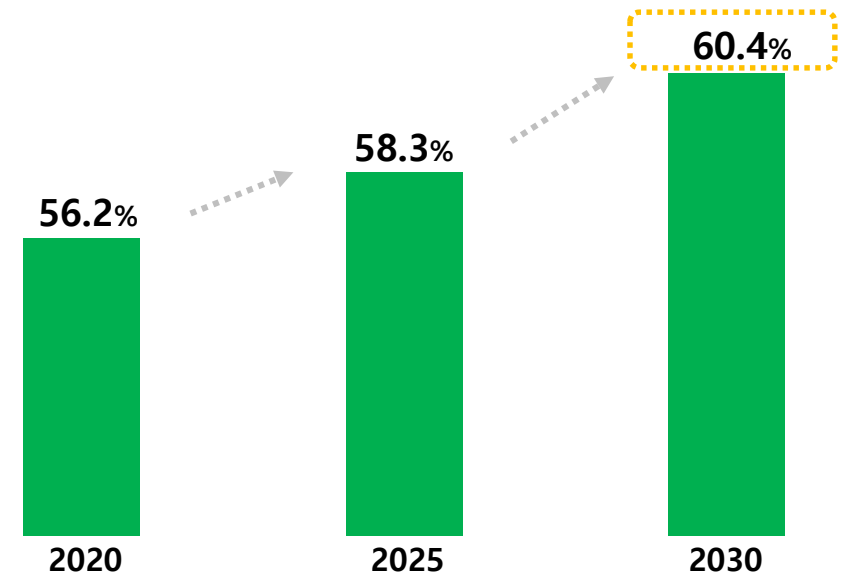
USD 549.1 billion (2023) → USD 1,144 billion (2028),
CAGR 15.2%



[출처 : Markets & Markets]

Forecast of Global Urbanization Rate

Stable Growth 56.2% (2020) → 58.3%(2025) →



[출처 : UN]

- Major international construction and engineering firms are **actively incorporating cutting-edge technologies**:
 - **Bechtel**: Construction techniques integrated with **robotics**
 - **Fluor**: **VR-based safety solutions** for construction workers
 - **Jacobs** : Operation of water infrastructure using **IoT and AI technologies**



FLUOR

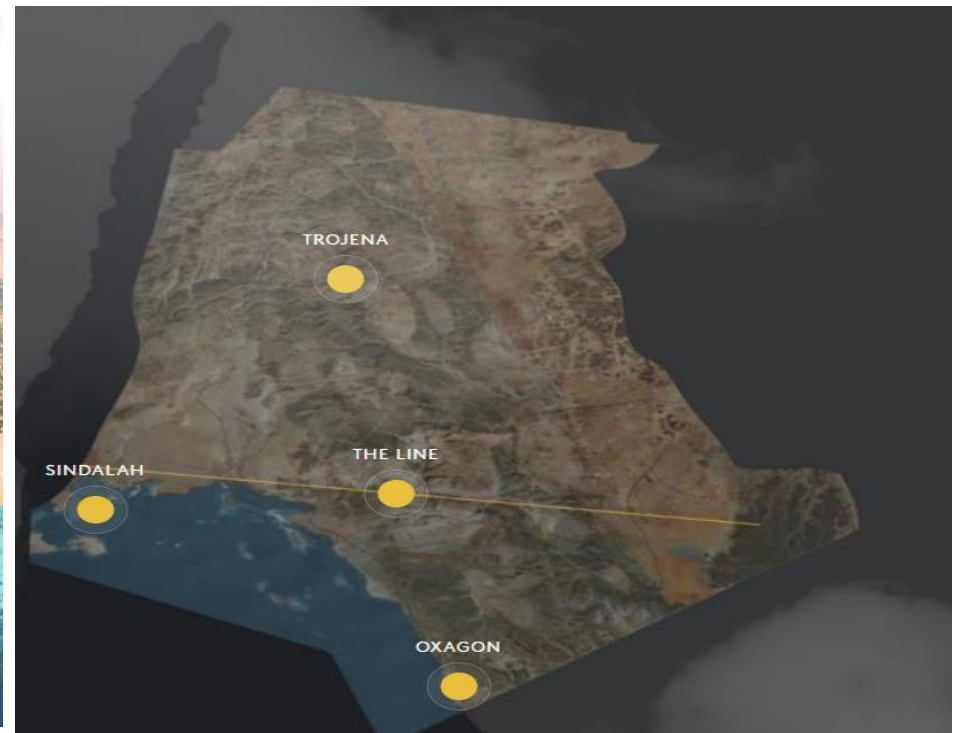
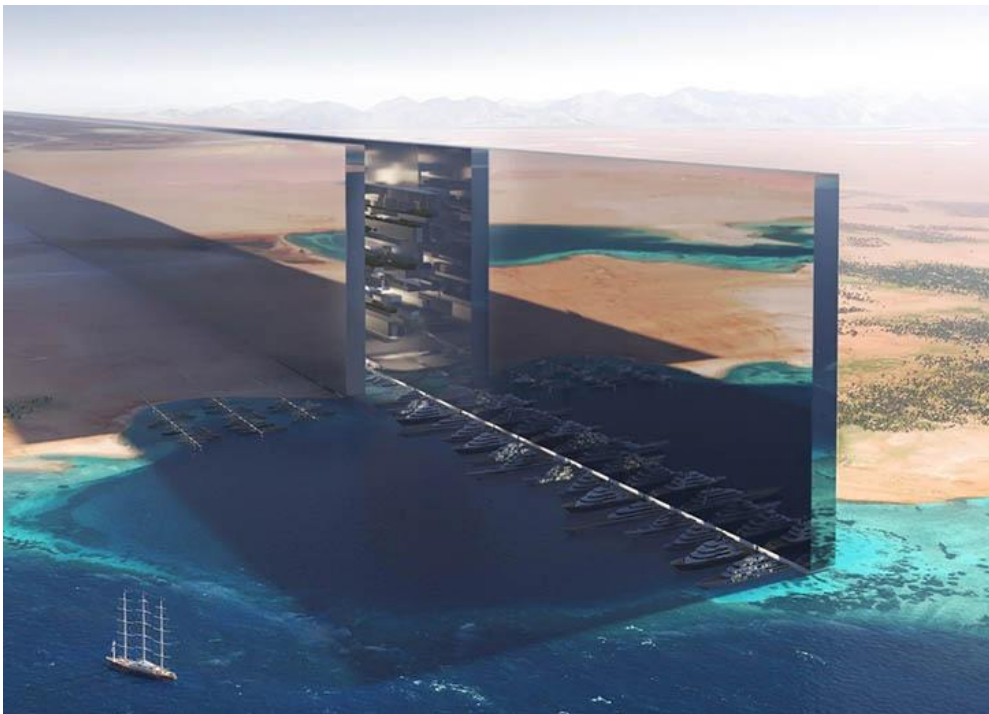


- These innovations are yielding **higher productivity, enhanced worker safety, and greater maintenance efficiency**.
 - **AI, digital twins, and automation technologies** are expected to **expand across the construction sector**, including **overseas projects**, reshaping the traditional value chain.

● Project Overview

- A **USD 500 billion futuristic urban development** project located in **Tabuk Province**, northwest Saudi Arabia. The project spans approximately **26,500 km²**
- **NEOM means 'New future'**
- **Key Subprojects : The Line**(170 km linear city) , **Oxagon**(floating industrial complex) **Trojena**(mountain resort), **Sindalah**(luxury island destination)
- **Project owner : NEOM Co.**(fully owned by Public Investment Fund)

Design of the Line Project and Key Projects Location Map



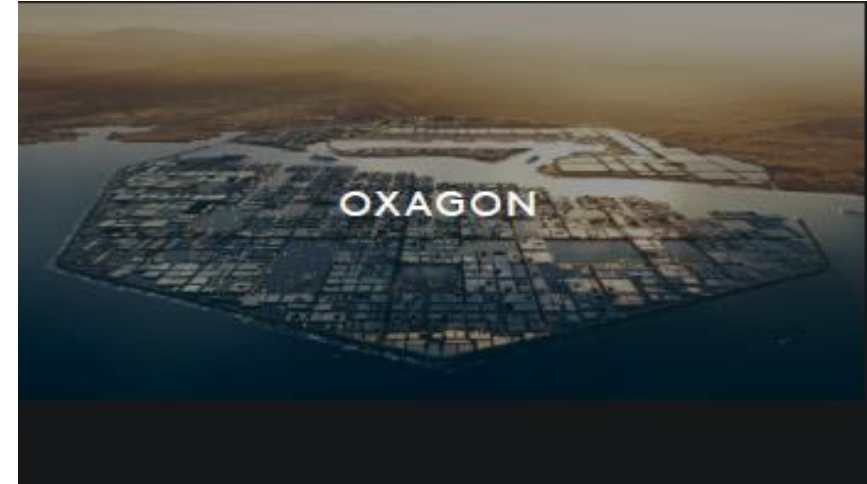
1. The Line

- A megacity with 500m in height, 200m in width, 170 km in length



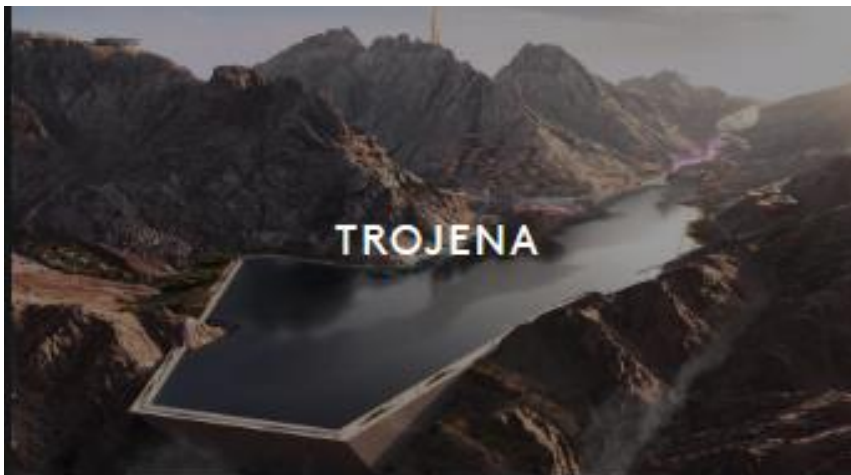
2. OXAGON

- Floating Offshore Industrial Zone



3. TROJENA

- Mountain Resort Development Project



4. Sindalah

- High-End Resort Development Project



[출처 : 네움 홈페이지]

- To address urban congestion, water scarcity, & infrastructure limitations in **Jakarta**, Indonesia is relocating its capital to **Balikpapan, East Kalimantan** on **Borneo Island**.
- **Total budget USD 35.8 billion** - Government budget 19%; PPP 55%; Private and state/local enterprise investment: 26%
- Managed by key ministries including **BAPPENAS (National Development Planning Agency)** and the **Ministry of Public Works and Housing**.

Location & Bird's-eye view of Indonesia New Capital Relocation Project



- To be implemented in **5 phases by 2045**.
- **2nd phase** (2025–2029), construction of public transportation facilities accessible within 10 min. through the connection of key infrastructure
- **3rd phase ('30~'34)**, infrastructure development for both the western & eastern areas of the new capital

1st (~'24)

- **Core infrastructure:** roads, power plants, water supply & sewage, ICT



2nd ('25~'29)

- **Integrated transit infra** ensuring 10-minute access to public transport



3rd ('30~'34)

- **Infra development in the western and eastern areas** of the new capital



4th ('35~'39)

- Creation of **industrial zones and economic superhubs** outside the core government district (KIPP)



5th ('40~'45)

- Further development of **western, eastern, and northern sub-districts** within KIPP Phase 2B



III. Key Issues & Strategic Responses



- **Financing Now is as Critical as Construction Capability**

- With the increase of mega-projects globally, PPP type projects are flourishing
- Securing **favorable finance** is as essential as **engineering & construction capability**
- Need to **reduce reliance on traditional EPC contracts** and instead **increase participation in investment-development projects (PPP type)**, where financing plays a pivotal role.

- **Diversifying Financial Procurement Tools**

- To succeed in this shift, Korean firms must expand their range of financial instruments:
 - **Expansion of KIND's PIS Fund: Phase 2 PIS Fund** is being scaled up to **KRW 1.1 trillion**
 - **Leveraging Policy-Based Financing:** From **1987 to 2004**, EDCF was approved in **59 countries**, totaling **KRW 38.7 trillion**, with **KRW 15.8 trillion executed**.
 - **Encouraging Global PF Participation by Korean Banks:** Active engagement of domestic financial institutions engage in **global PF deals**

Strategic Support Measures

Support Strategy

①

Two-Track Investment Strategy

- (Advanced Countries) **Support programs to offset high initial sunk costs**, enabling Korean firms to more actively enter PPP markets.
- (Middle/Low-Income Countries) **EIPP, KSP to find projects – EDCF, EDPF for infrastructure financing support - ECA finance & policy funds(PIS, GIF) to enhance blended finance**

Support Strategy

②

Expand Policy Funds & Activate Secondary Markets

- **Clear investment guidelines of ECAs**; Strategic funding support via **PIS Fund** other **policy-backed funds**.
- **Develop a robust secondary market** to facilitate **exit strategies** for Korean investors in developing countries

Support Strategy

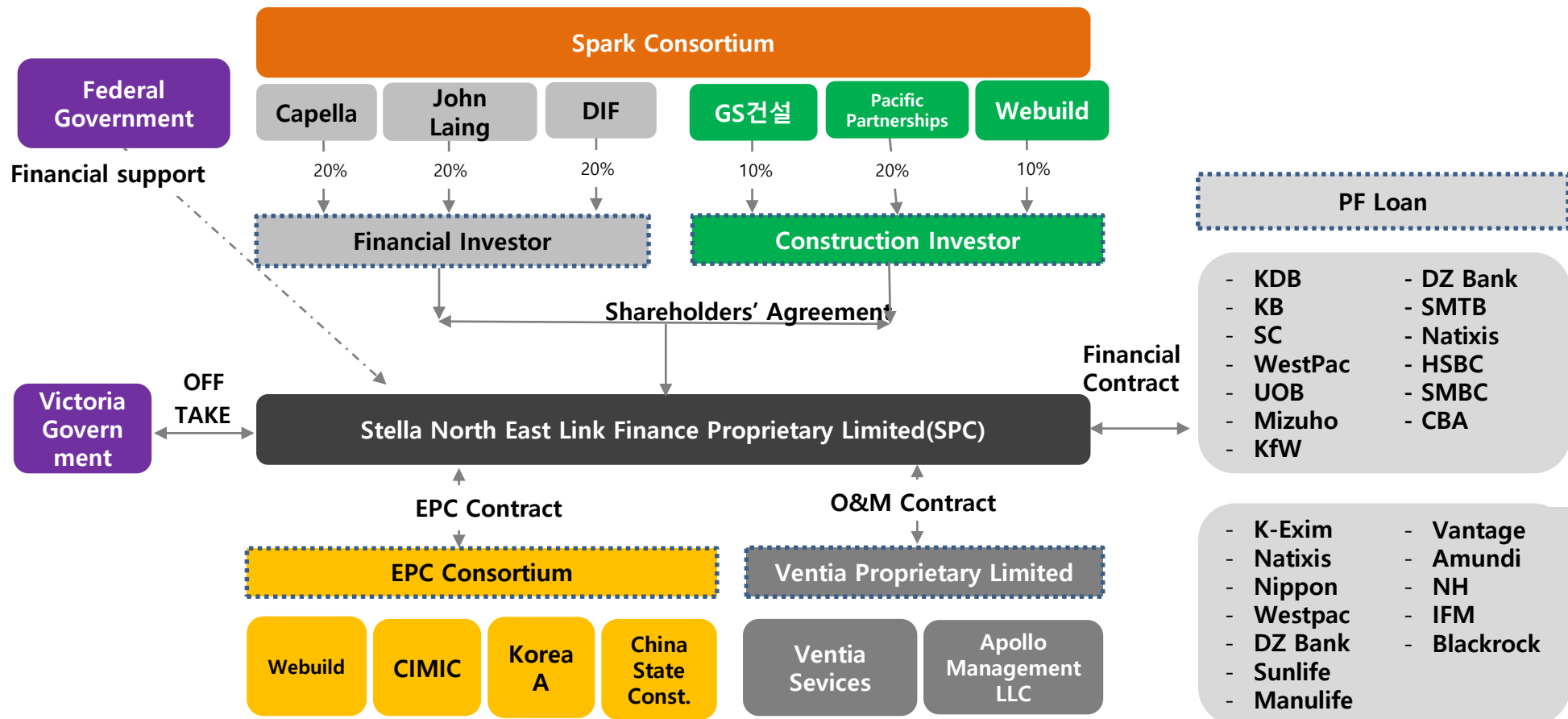
③

Incentivize Public Institutions & Improve Performance Merits

- **Incentives in public institution performance evaluations**, when succeed in overseas investment projects.
- Recognize evolving project formats involving **cross-industry convergence** and modern investment projects

- **Differentiation Through Advanced Technology**
 - To face rising competition with emerging players, Türkiye and India, etc., differentiation by securing advanced technologies through **smart technologies, digital tools** is needed
- **Collaboration for Risk Sharing and Synergy**
 - Consortia & joint ventures with global/local firms to **offset risks & create mutual value.**

North East Link Project(Australia) through a consortium with Italian & Australian firms

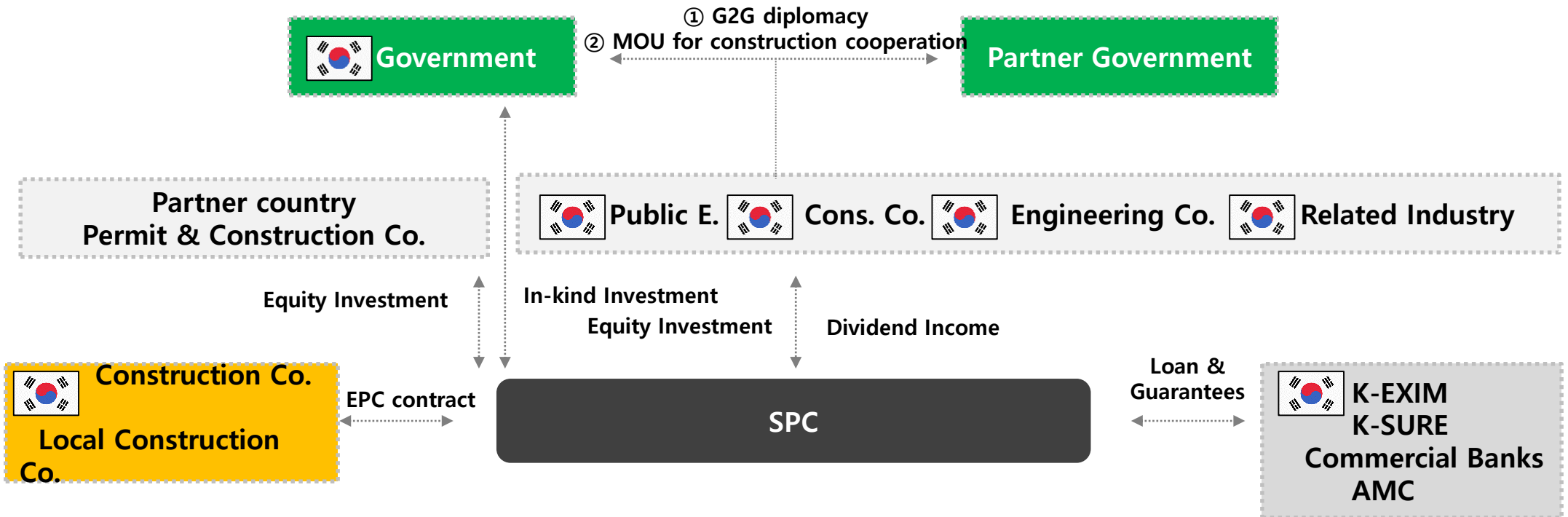


[출처 : Refinitiv 등 관련 자료 종합]

Responding to Intensifying Inter-Nation Competition: Activating "One Team Korea"

- As the **global market** becomes increasingly **state-vs-state competitive**, a **comprehensive collaboration model**—*One Team Korea*— is required:
 - **Government ministries** (policy and diplomatic support)
 - **Public enterprises** (domain expertise)
 - **Construction companies of all sizes**
 - **Related industries** (finance, engineering, ICT, etc.)
- **High-value sectors** e.g. Urban development, Railways, Nuclear power **require all-round government support programs and capability enhancement** for private firms.
 - **Systematic Government Coordination** involves:
 - **Ministry of Land, Infrastructure and Transport**
 - **Ministry of Trade, Industry and Energy**
 - **Ministry of Economy and Finance**

Responding to Intensifying Inter-Nation Competition: Expanding Global Entry Through SPCs and JVs



Responding to Intensifying Inter-Nation Competition_ ODA+EDCF+Technology Transfer

● Diplomatic Engagement and Institutional Frameworks

- Use **high-level government visits** to sign **G2G MOUs**, and establish trust-building platforms for policy consulting and technical assistance.

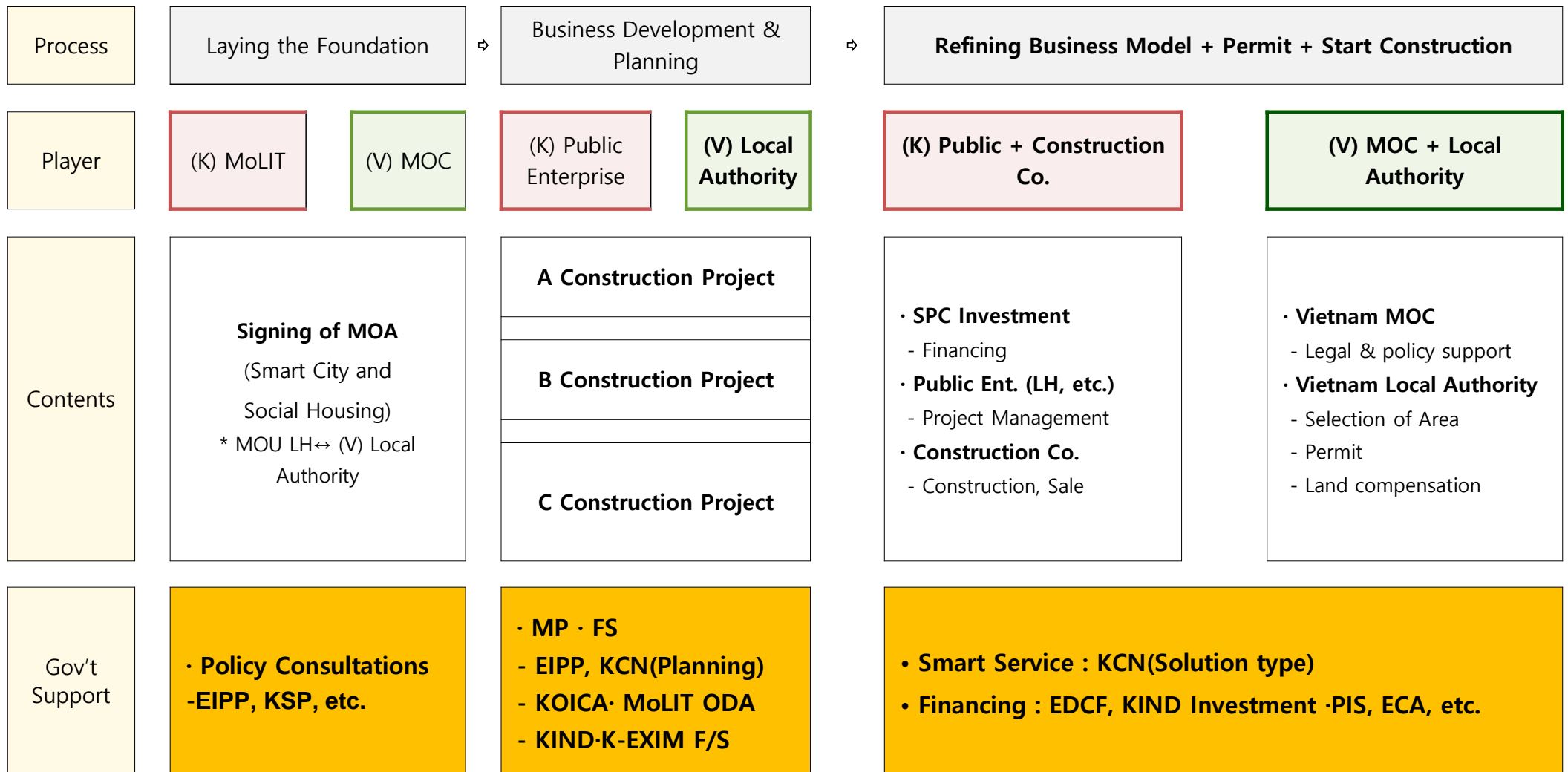
● Integrated Project Development Model

- Use a phased development and financing structure:
 - **Policy consultation and knowledge transfer** via **EIPP** and **KSP**
 - **Grant-based ODA + EDCF concessional loans**
 - Followed by **blended financing** using **PIS Funds** and **ECA loans**

Responding to Intensifying Inter-Nation Competition_

ODA+EDCF+Technology Transfer

Example Model: Urban Growth Partnership Program (UGPP) for Vietnam



● Overview & Purpose

- A comprehensive, **convergence-based urban development model** that moves beyond traditional hardware-focused city construction.
- Emphasizes **Korea's strengths in urban content** - e.g. **K-Culture, healthcare, education, smart technologies** - to appeal to foreign markets.
- The platform is designed to **foster collaboration between construction and content industries**, targeting customized international urban development opportunities.
- **To be developed into K-Rail, K-Airport, ..**

√ Urban Design & Development

√ Energy

√ Shopping

√ Environment

√ Smart living

√ Healthcare

√ Manufacturing

√ Security

√ Entertainment

√ Foods

√ Logistics

√ **Global Networking**

Developing Specialized Korean Construction Products – Activation of the Convergent K-City Platform

● Key Features of the K-City Platform

- **Provides a collaborative space** for construction and content providers interested in international city development.
- Enables **tailored team formation** for specific overseas urban projects, built on networking and information exchange.
- Helps create **optimized urban development models** aligned with local needs and cultural preferences of the host country.
- **Companies upload projects** to the platform, where others with complementary strengths propose value-adding components.
- Together, participants co-develop **competitive K-City projects** for demanders in foreign countries



IV. Future Directions



**Top four global powers in overseas construction
USD 50 billion in annual overseas construction orders**

Overseas Infrastructure Order Activation Strategy (Aug. 2022)

**Evolve into a global construction leader by advancing
a high-value market creation-oriented support system**

4th Basic Plan for Overseas Construction Promotion (2021–2025)

USD 10 billion in investment-development project orders by 2030

Overseas Investment-Development Project Promotion Plan (July 2024)

- **Rapid Changes in the Global Overseas Construction Landscape**
 - Expansion of the **nuclear energy market**, **urban development projects**, and **eco-friendly (green) infrastructure**
 - **Digital transformation** driven by **AI and smart technologies**.
- **Comprehensive Support** needed for **Enhanced Competitiveness**
 - **Expand their future-ready project portfolios** and strengthen their **technical and financial competitiveness**
 - Receive **broad support through government-led initiatives** like the **Team Korea platform**
- **Tailored Market Entry**
 - Conduct **targeted market research** based on **regional potential**
 - Provide **customized entry support** by country and project type, and
- **Virtuous cycle through Mobilization of Korea's full capabilities**
 - **USD 50 billion in annual overseas orders**, **World's top four global construction powers**
 - **Economic contribution, job creation, and national prestige.**

< Comprehensive Support System for Overseas Construction >

Stages	Support Programs	Contents
Project Development	<ul style="list-style-type: none"> Market Development Support Programs Feasibility Study (F/S) Programs 	<ul style="list-style-type: none"> Evaluate project viability, profitability, and risks. Provide guidance and support for companies in deciding whether to pursue overseas participation.
Financial Support	<p>EDCF, EDPF</p> <p>ECA financing, Policy Funds such as PIS</p> <p>ODA</p>	<ul style="list-style-type: none"> Ultra-low or low-interest concessional loans for entering developing & middle-income countries KEXIM & K-Sure support through expanded loans and guarantees. Financial assistance for high-potential investment-development projects. Support for economic, social, and welfare improvement in developing countries through grant-type ODA.
Information Provision	<p>Overseas Construction Integrated Information System (OCIS) & Convergent K-City Platform</p>	<p>Deliver unified access to distributed data sources including project tenders, partner companies, and country-specific information</p> <p>Collaboration between construction companies & content industries in building overseas cities</p>
	<p>Local Infrastructure Cooperation Centers</p>	<p>Facilitate market entry through localized information sharing and proactive stakeholder engagement.</p>

<Comprehensive Support System for Overseas Construction>

Stages	Support Programs	Contents
Consulting Support	Overseas Construction Mentoring Center	Serves as a user-friendly help desk where companies: <ul style="list-style-type: none"> . Can be matched with the right support programs, . Access personalized guidance, and . Submit operational challenges or legal/regulatory issues for resolution
Workforce Development	OJT, Tailored Education Programs	Provide practical training for SMEs' overseas workers. Offer reskilling and upskilling programs for current employees



Thank You

