

TRADE RANKING	INVESTMENT RANKING
3rd	UP

SOUTH KOREA

Market overview

The Republic of Korea (South Korea) is the world's 12th largest economy, and fourth largest in Asia. GDP growth sits at about 3%. South Korea was the first developing country and former aid recipient to join the Organisation for Economic Co-operation and Development and is the most industrialised country among its members. South Korea is also a member of the G20 group.

South Korea has a mixed economic system which includes private freedom, centralized economic planning and government regulation. Price competitiveness is a serious driver in this export driven, raw-material dependent economy which is focused on high-tech industries i.e. electronics, shipbuilding and automobiles. Family-run conglomerates such as Samsung, Hyundai, and LG have been nurtured by successive governments.

In 2013–14, South Korea was Queensland's third largest merchandise trading partner with exports valued at A\$4,699.9 million (10.5% of Queensland's total merchandise exports). Major export items included coal, (A\$2,018.5 million), confidential items (A\$893.1 million), metalliferous ores/scrap (A\$725.5 million), meat (A\$607.1 million) and non-ferrous metals (A\$268.6 million). South Korea is Queensland's third largest source of international student enrolments with 6,400 students and in 2013, Queensland hosted 57,000 South Korean visitors.

Foreign investment into Australia from South Korea has more than doubled in value in the past five years. In the five years to 2012-13, the value of proposed foreign investment in Queensland from South Korea was A\$2,669 million, representing Queensland's ninth largest source and 2.6% of total proposed foreign investment in Queensland. Recipient sectors included real estate, oil and gas, coal and utilities.

In 2013, Queensland Investment Corporation signed a memorandum of understanding with the Korean Finance Corporation to seek Korean co-investors to invest into Australia. As a result, both sides injected A\$200 million to facilitate this investment. Its first investment involved the acquisition of a 25% percent stake in Queensland's Ostwald Construction Materials.

Major South Korean investments into Queensland include Korea Zinc's investment in the Sun Metals Corporation refinery in Townsville and Daelim Industries' 30% stake in Millmeran Power Station.

The Korea Australia Free Trade Agreement (KAFTA) was signed on 8 April 2014, and is expected to be ratified in late 2014. Once enforced, 84% of Australia's exports (by value) to Korea will be duty free. Korea will eliminate agricultural tariffs immediately for raw sugar, wheat, wine, and some horticulture, and eliminate others over time. Professional services will benefit from Korea's commitments to guarantee existing market access for Australian providers and KAFTA will work towards improving mutual recognition of qualifications.

Key priorities

- Education and training:** South Korea is one of the largest investors in education among all developed countries. The marketplace is sophisticated, demanding and brand-oriented. Many talented students opt for the best schools outside the country due to strong competition. Lifetime earnings of graduates with a vocational education are often higher than other graduates, and the workplace demands skilled employees with English language capabilities. Trade & Investment Queensland (TIQ) will promote the benefits of studying in Queensland across higher education, ELICOS and vocational education.
- Food and agribusiness:** South Korea is a net importer of food and its reliance on nondomestic sources is growing as dietary patterns shift and South Korea's per capita wealth increases. Demand for commodities like beef and sugar, as well as value-added food and food ingredients continues. TIQ will target niche sectors to promote Queensland's food capabilities.
- Resources and energy:** South Korea is the world's 10th largest consumer of energy and imports 97% of its energy needs. While the use of oil and gas is increasing, there is an interest in developing clean energy generation capacity for industrial use, including bio-energy. Energy security is a priority and the government is keen to diversify its import markets. TIQ will promote Queensland's resource capabilities.

- **Infrastructure and construction:** The 2018 Winter Olympics is providing new and increased opportunities for designers of sports, rail and road facilities and the government has announced investment of A\$3.4 billion. TIQ will target relevant departments and construction companies to promote Queensland's capabilities.
- **Investment attraction and migration:** Australia is the third largest destination for South Korean immigrants and TIQ will actively promote Queensland investment opportunities.

Key activities

- TIQ facilitated a network of Korean agriculture companies and stakeholders including Kyung Nong, ODUS, Asia Seed, AGREX and Jinju City to participate in Queensland's Agshow in September and seek partnerships with Queensland companies.
- Agrex is one of the largest agricultural exhibitions in Korea and will be held in Jinju City in November 2014. A number of Queensland companies will be invited to join this exhibition.
- The Korea Importers Association (KOIMA) which has over 8,000 members, plans to bring a multi-sector delegation to Queensland. TIQ is working with KOIMA and other allies to see if the proposed visit could coincide with the Asian Football Cup game between Australia and Korea in Brisbane in January 2015.
- TIQ will profile vocational study via its Ultimate Gap Year Korea winner on social media and continue to collaborate with the Queensland Alumni Association of Korea (QAAK) to promote Queensland's international education sector.

Key staff

Dr SangMin Woo, Trade and Investment Commissioner, South Korea. Appointed in 2009, Sang Min was previously the Chairman and Senior Partner, Virginia Mutual Foundation and Senior Vice President, Hyundai Elevator Company (Overseas Business). He has also worked for the Virginia Port Authority and Virginia Economic Development Partnership as well as LG Electronics, LEGO Korea, Bank of America Korea and UNICEF.

Mr Charley Hyun, Business Development Manager, South Korea. Joining TIQ in 2011, Charley has previously worked in natural resources, the port industry, ICT, and a securities company and now focuses on food and agriculture banking and investment. Charley has a Master's degree in Economic Development and Policy from KDI School.

Ms Jung Hee Kwon, Business Development Manager, South Korea. Joining TIQ in 2007, Jung Hee focuses on natural resources, infrastructure, construction and renewable energy. Previously she worked at the Czech and African Embassies in Seoul. She holds a Bachelor of Home Economics, Sookmyung Women's University.

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