



# *Perspectives on Korea-Africa Economic Cooperation*

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## II. Korea's Turning its eyes on Africa

### 1. Strengthen Relationship with Africa

- Korea President's Visit
- The First time since 1982

### 2. Korea Initiative

- During Visit, President announced  
“Korea Initiative for Africa  
development”
- Guidance for cooperation

### 3. The First Korea-Africa Forum

- 5 presidents & 30 ministers participated
- Historical and big event between Korea & Africa
- Foundation for framework of friendship & partnership.



### *III. Changing Africa*

## Afro-pessimistic vs Afro-optimistic

### Afro-pessimistic

- Unprofitable market
- Forgotten market
- Small market size
- Weak purchasing power
- Political instability
- Total ignorance regarding Africa

- Growth potential severely doubted
- All the problems in the world compounded in SSA”

### Afro-optimistic

- Undergone change & broken away from old image
- On turning point, starting to move

- Witness gradual progress triggered by external & internal factors
- Limelight with oil

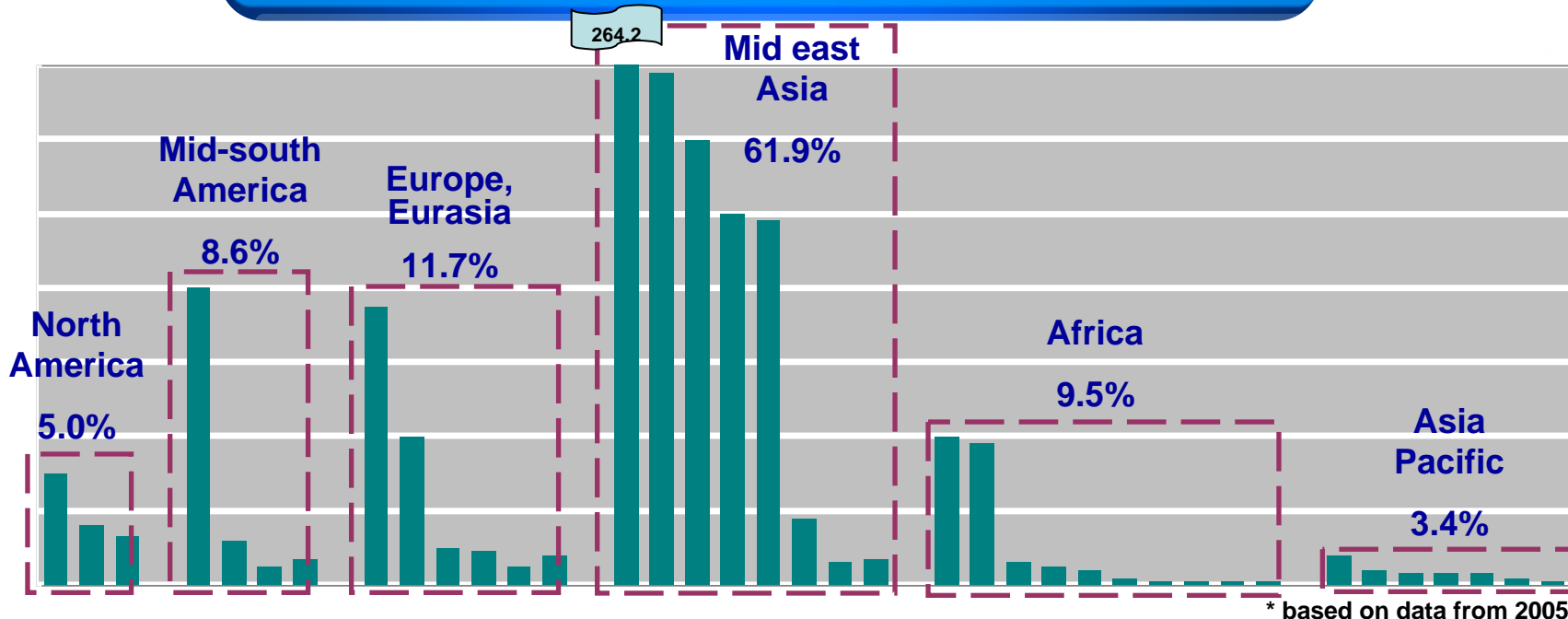


# III. Changing Africa

## Natural resource: oil & gas

- Blessed with 10% of the world's total crude oil reserve
- The highest potential for new crude oil development

### Proven oil reserves of Africa



Source: British Petroleum, BP Statistical Review of World Energy June 2006

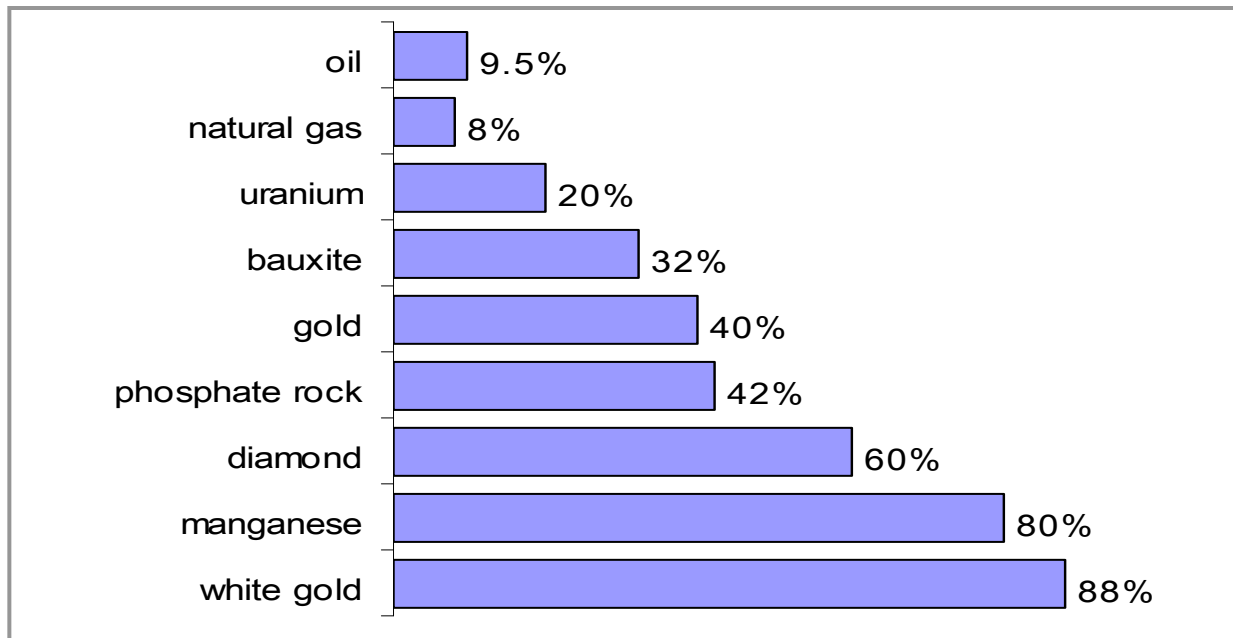


## III. *Changing Africa*

### Natural resource: mineral

- A huge amount of mineral resource reserve.
- 1/3 of world's natural resource-dependent economies are in Africa
- Important source in economic development.

### major natural resources reserves of Africa



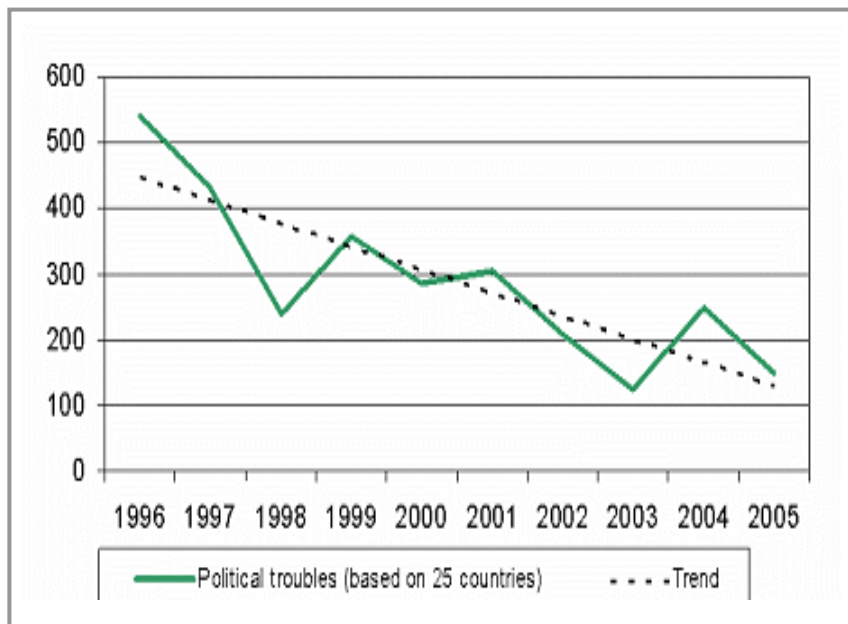


# III. Changing Africa

## Africa's Internal efforts

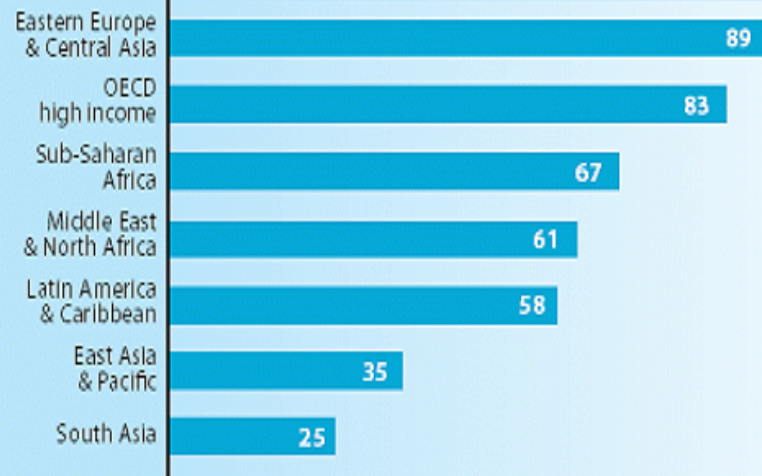
- Africa's internal efforts to achieve political stability & economic reforms are beginning to bear fruit.

### Political Troubles in Africa (1996~2005)



### IFC, 'Doing Business Index 2006'

#### Countries that made at least one positive reform in 2005/06 (%)



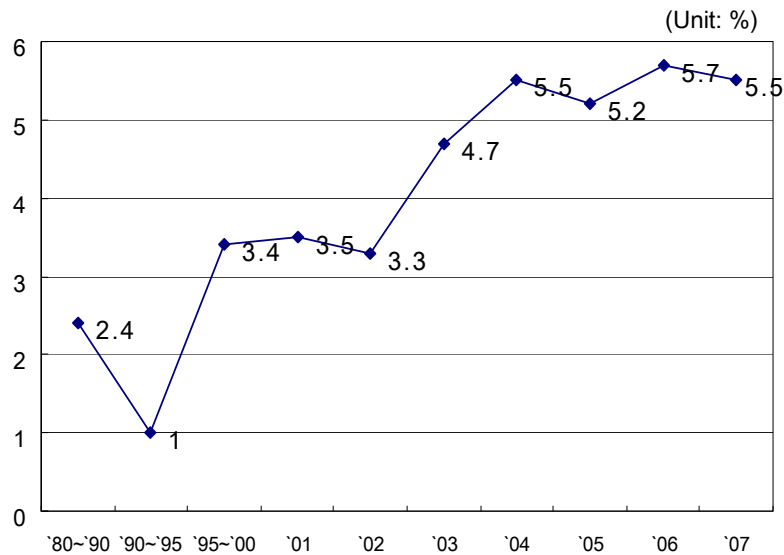


# III. Changing Africa

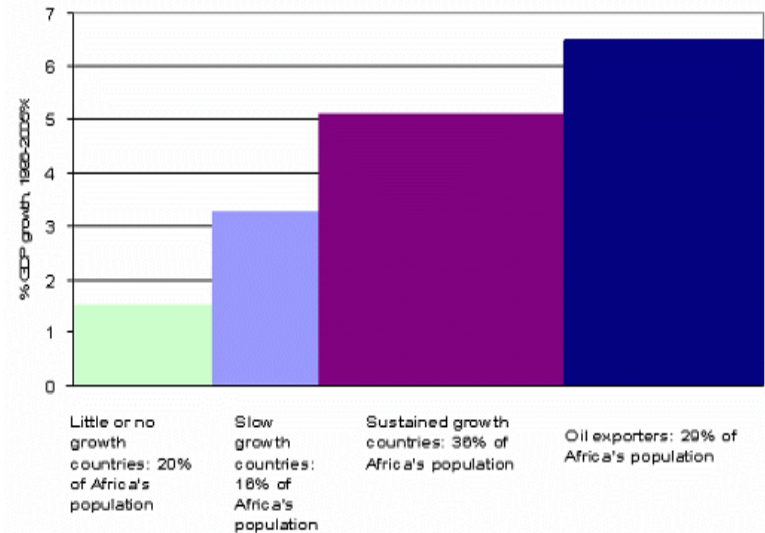
## Africa on the Move

- In recent years, real GDP growth maintained more than 5%.
- Africa's growth pattern is becoming more diverse.
- Africa's prospects for future is more optimistic than ever
- A changing perception on Africa from outside the World.

### Africa on the move



### Africa's diverse growth





# III. Changing Africa

## Becoming a new competitive stage of the world

### EUROPE

- Keeping the relationship with expansion of FTA and Aids  
(Concerns for losing vested rights by the bold strategies of China & USA)
- Choosing EU's "Strategy for Africa" (2005.12) :Expand aid for Africa from €17bil to €25bil until 2010

### USA

- Insist a theory called "Colony of China"
- New perspective towards Africa:  
(from Aid recipient to Economic partner)
- Considering Africa as an alternative oil supplier because of the instable situation in mid-east  
(The goal for the weighted amount of oil import from Africa :  
15% in 2005 → 25% in 2015)
- increasing ODA until 2010

### CHINA

- Increasing Debt relief & ODA
- Diplomatic Offensive Strategy : The summit's visit & Cooperation forums
- Intensive access towards emerging oil producing countries (Angola, Sudan), having lower hegemonic war for natural resources
- Spread "Soft Power"

### JAPAN

- Political intention: obtaining votes for a member of UN security council
- Access to a African development issue via TICAD conference (cooperation forum)
- Presented Japan's "Strategy for African development" (increasing ODA until 2007)
- Concentrate markets focusing on a few hub countries



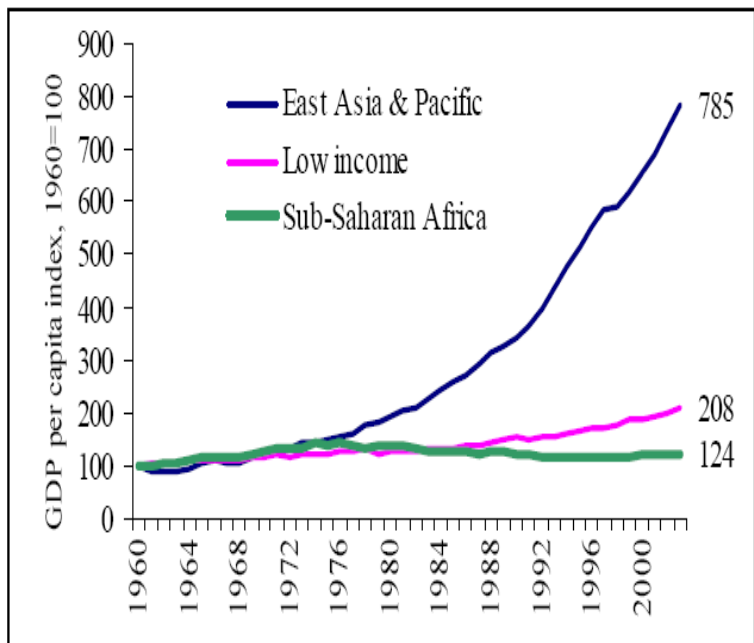


# III. Changing Africa, but...

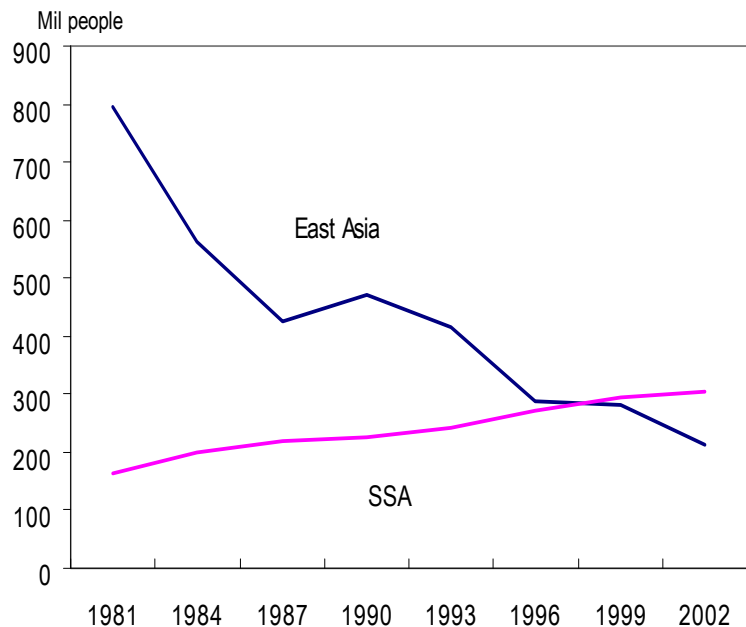
## Still, Africa faces enormous development challenges

- Currently, GDP per capita in EA is 6 times higher
- Africa's GDP per capita is lower than that of 1960s

### Comparative per capita income



### Population below 1\$ a day



### III. Changing Africa, but...

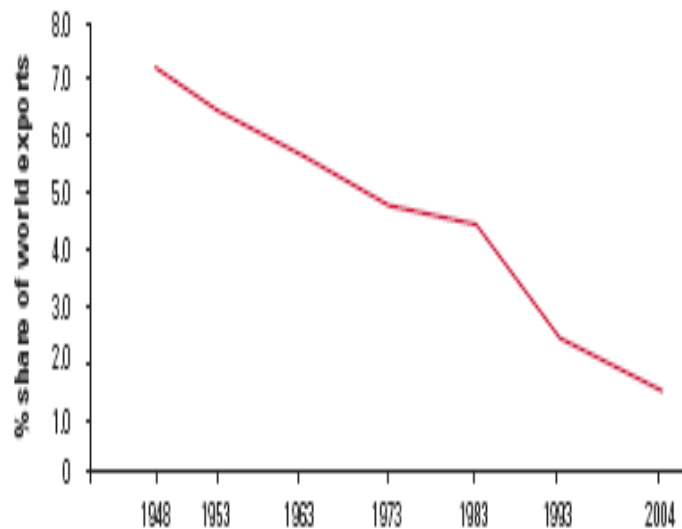
#### Africa's weak position in the global economy

Africa trade performance has been disappointing.

- Today, Africa accounts for less than 2% of world export

#### Africa's Share of World Export

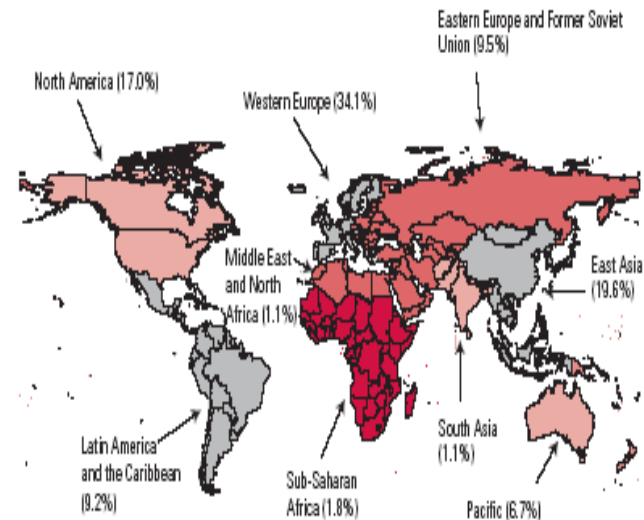
Africa's Share of World Exports Has Been Declining



Source: IMF Direction of Trade Statistics.

#### Africa, 1.8% of Global FDI

Africa Accounts for 1.8 Percent of Global FDI Flows



Source: World Bank World Development Indicators.

## SA: **Economic powerhouse of Africa**

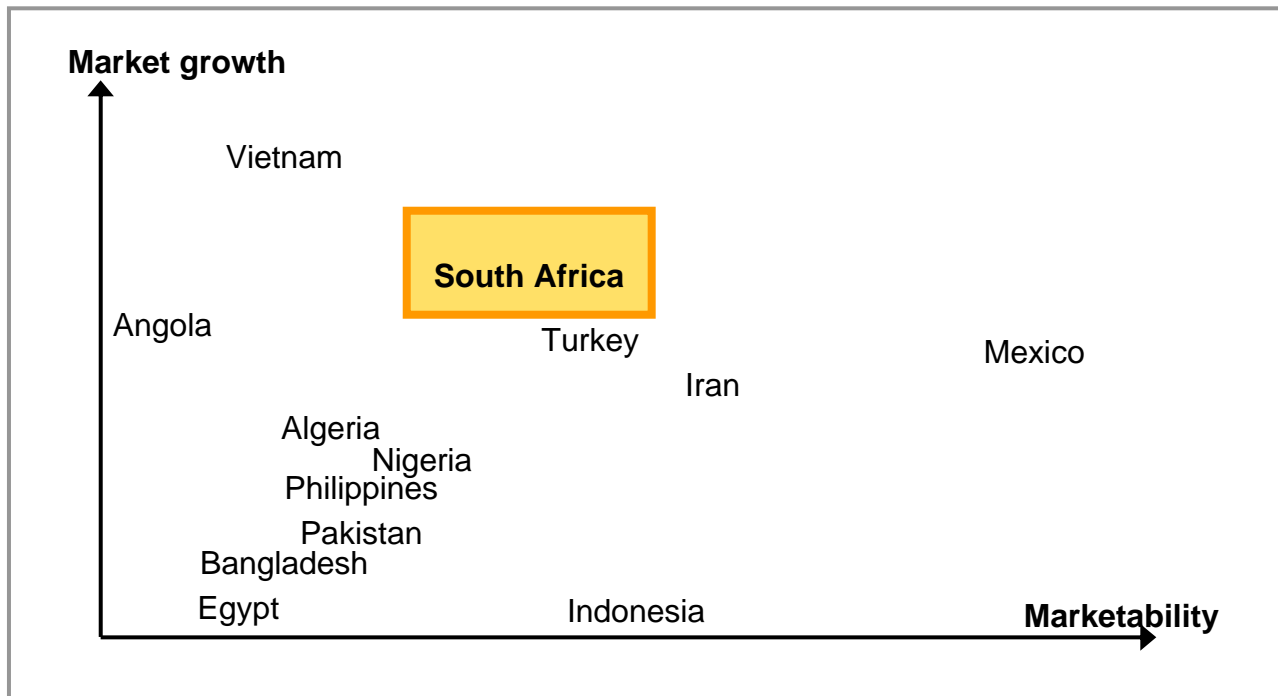
- Exceed 25~30% of Africa's total GDP (50% of SSA GDP)
- SA's GDP: 3times that of Nigeria
- SA's GDP per capita: 10,000\$(ppp)
- 20% of total Africa's import
- 40% of Africa's total industrial output & Mineral production
- 80% of automobile production of Africa
- 50% of electricity of Africa

# III. Changing Africa: BRICs → BRICS

## SA's marketability & market growth

- SA's economy has been devaluated, excluding from "NEXT-11"
- SA is much more well-positioned than expected
- SA has much higher market power than other economies

## South Africa's Marketability & Market growth

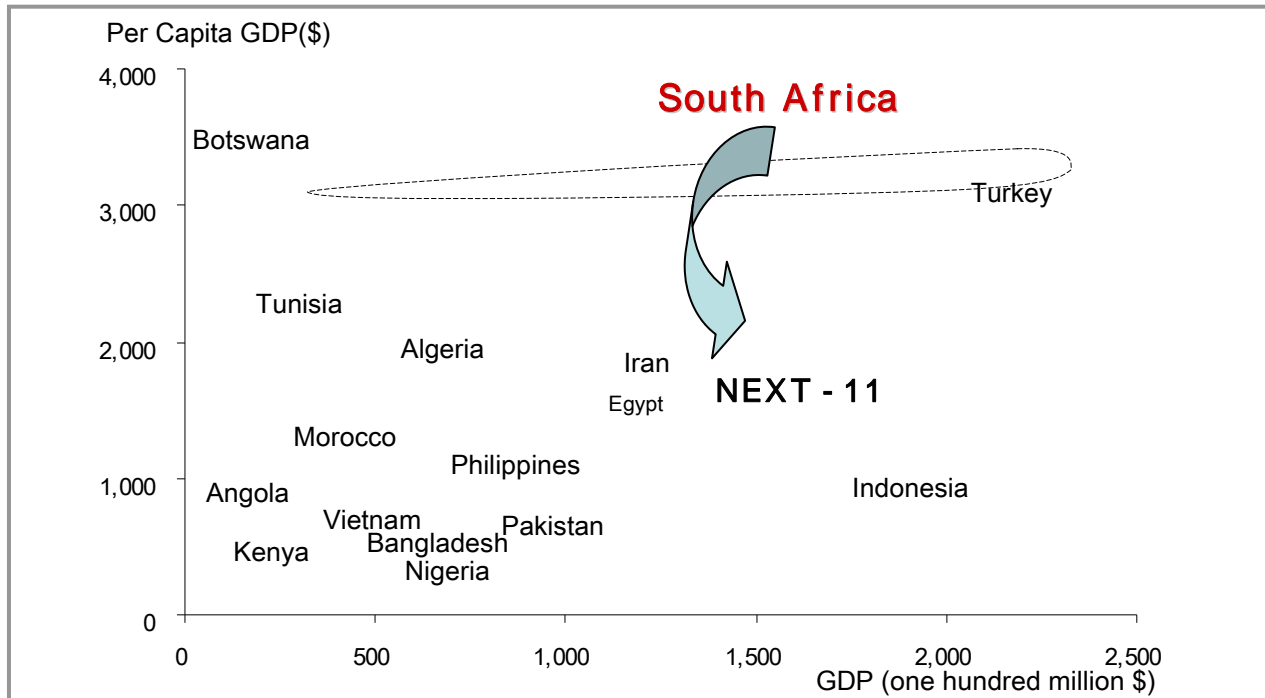


# III. Changing Africa: BRICs → BRICS

## Comparison of SA's Economy with Next-11

- SA stands on the top of "Next-11"

## Comparison of SA's Economy with Next-11





# *IV. Overviews of Current Korea - Africa Economic Relations*

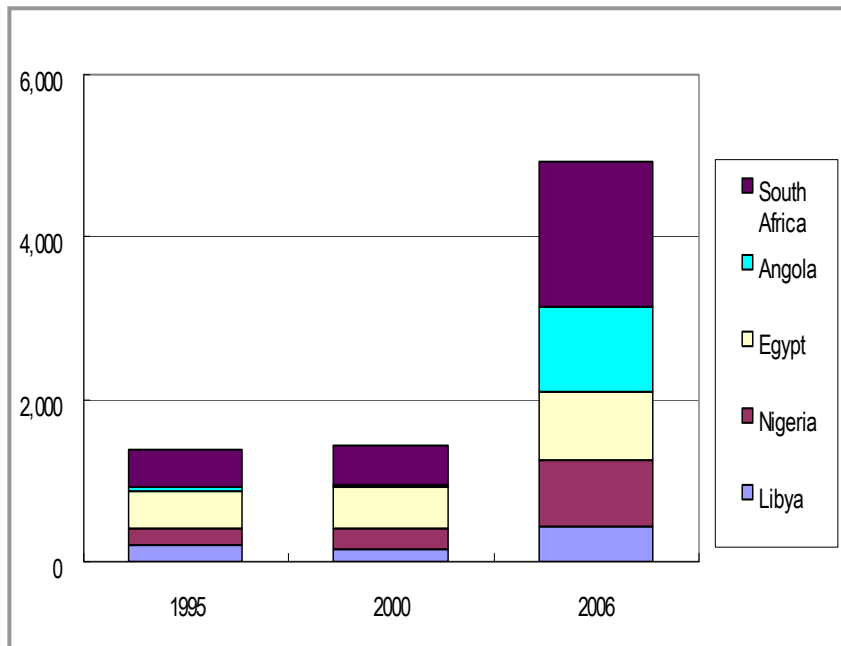


# IV. Korea-Africa Economic Relations

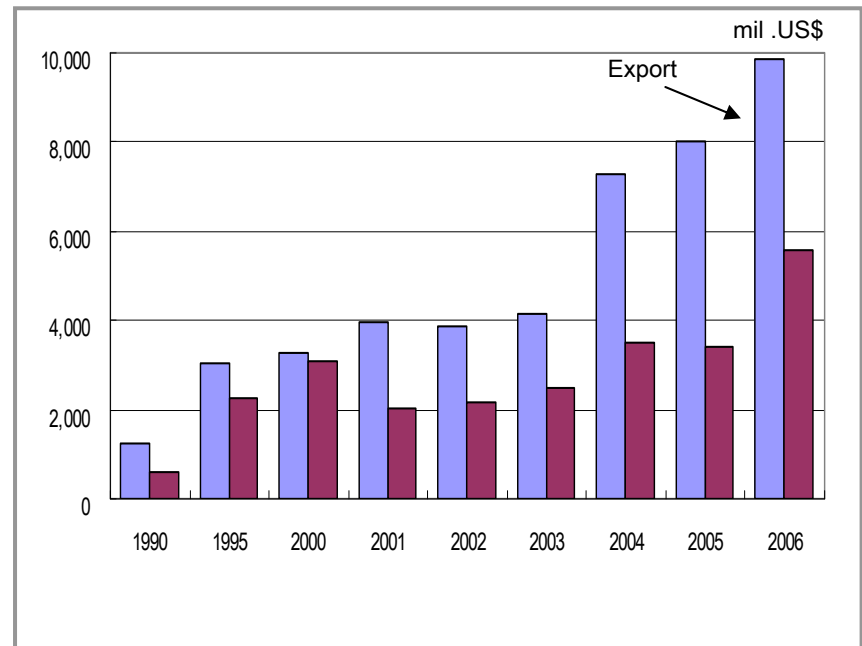
## Trade Volume

- Limited and not substantial.
- Recently rapid growth of trade
- 2006, Korea's export reached 10 billion \$, which was more than 3 times than that of 2000.

### Korea's export to Africa by main country



### Korea's Export to and Import from Africa



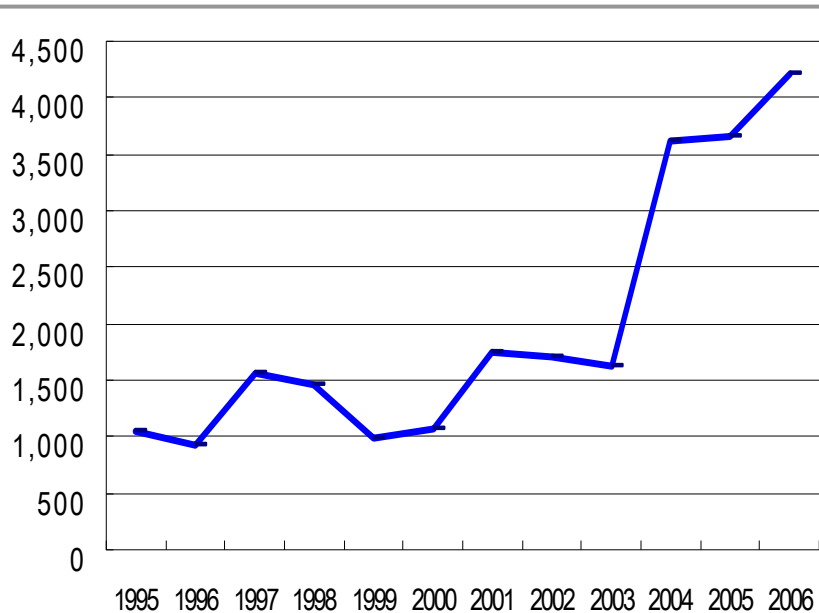
# IV. Korea-Africa Economic Relations

## Main Trade Items

- Striking feature of trade: Inter-industry trade & complementarity.
- Korea's main export items are ships, cars and electronics

### Korea's export of ships to Africa

Mil US\$



### Korea's main Export & Import items to SA

#### Korea's main export to South Africa

- Vehicles and vehicle components
- Radio / TV broadcasting
- Household appliances
- Polyethylene

#### Korea's main import items from South Africa

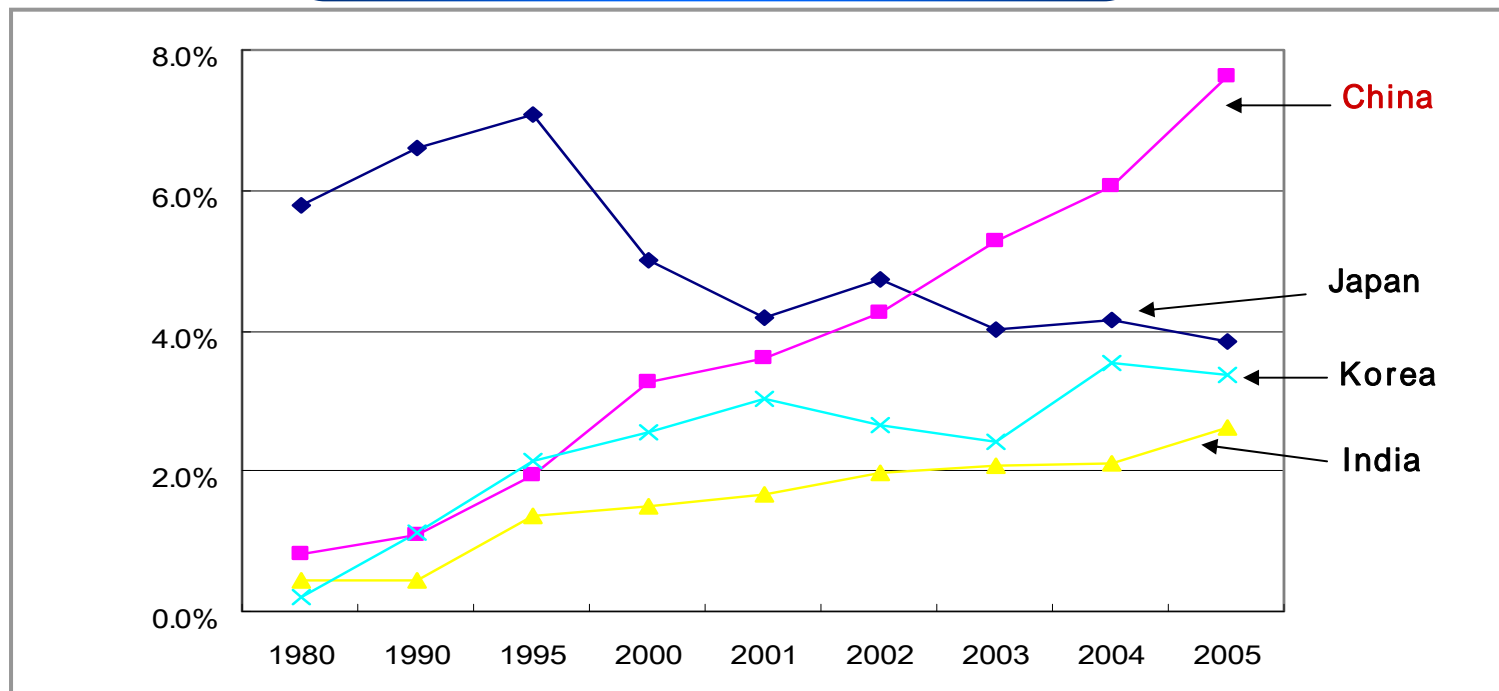
- Ferro-chromium
- Platinum
- Aluminum
- Steel (flat rolled)
- Rhodium
- Cane Sugar
- Iron ore

## IV. Korea-Africa Economic Relations

### Korea's market share in Africa

- Korean product's market share is going up gradually.
- China's penetration into Africa is increasing tremendously.

### Korea's product market share in Africa

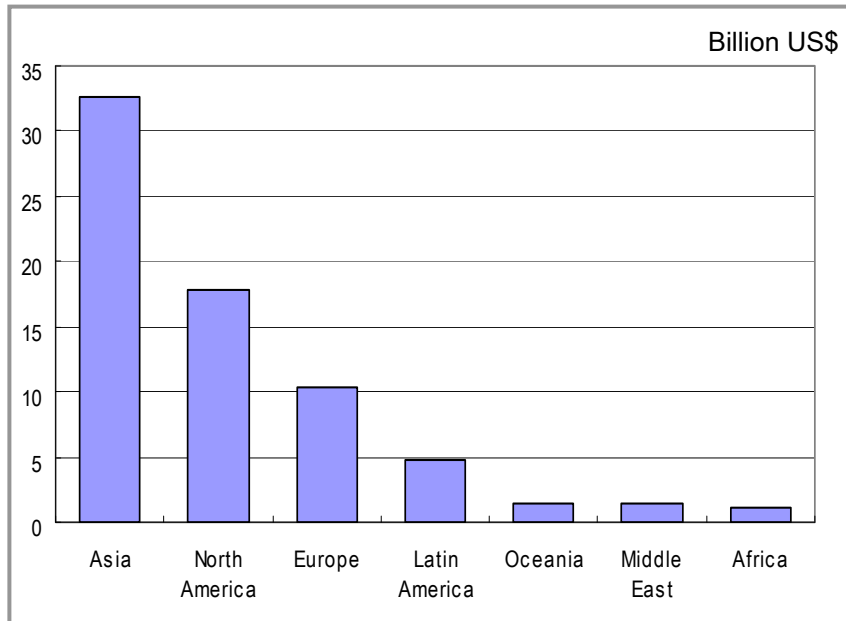


# IV. Korea-Africa Economic Relations

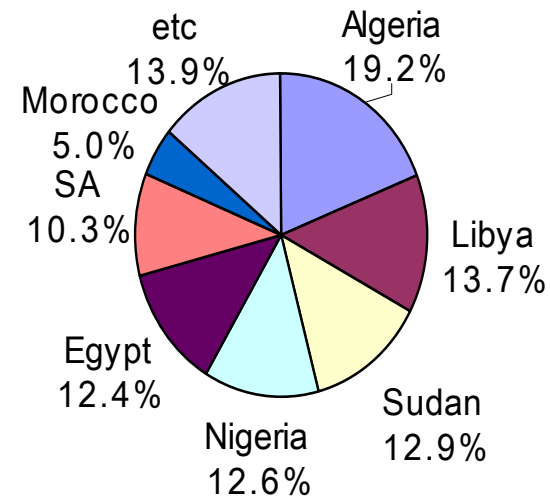
## Korea's FDI in Africa

- Korea's FDI in Africa is low when considering the potential of Africa market.
- Korea's FDI is mostly concentrated in Algeria, Libya, Nigeria, Sudan.
- Africa is providing a good investment opportunities with Korea companies

### Distribution of Korea's FDI (outbound) by areas



### Korea's FDI by country in Africa

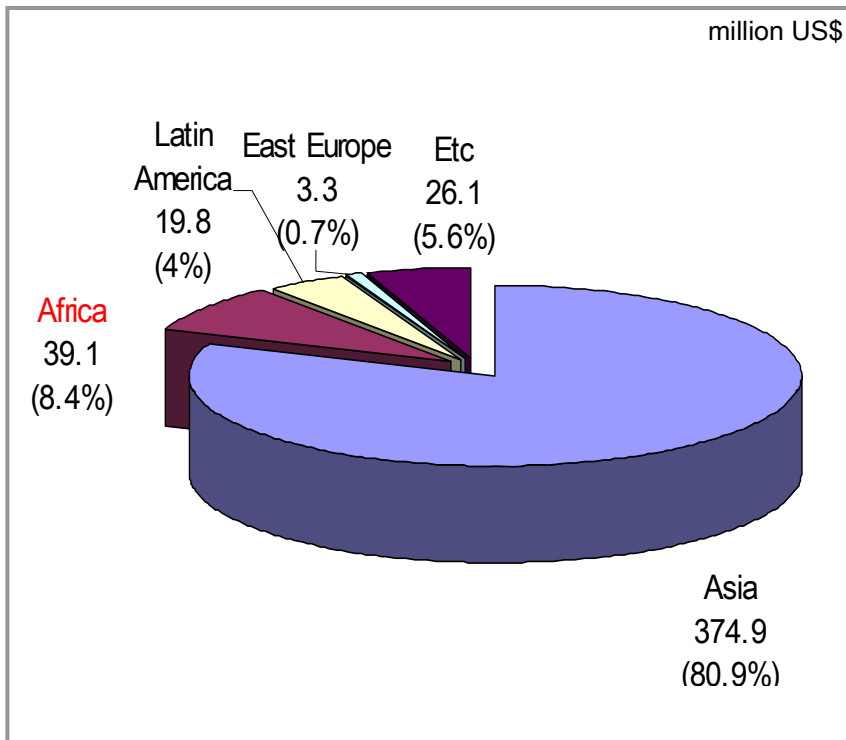


# IV. Korea-Africa Economic Relations

## Korea's ODA to Africa

- Korea's ODA to Africa is very small, accounting for 8% of the total ODA budget .
- However it will be increased according to "Korea Initiative"

## Distribution of Korea's ODA



## Korea Initiative for African Development

Three-fold increase of ODA in 3 years
Sharing Korea's Development Experience
Medical Support
HRD Support
Relieve Africa's Food Shortage and Promote the Primary Industry
Bridging the Digital Divide and Sharing ICT
Establishment of Consultative Economic Cooperation Bodies in Various Sectors
Cooperation with Multinational Agencies
Improve trade capacity of Africa and promote trade and investment
Pursue the initiative strengthening Africa's ownership over its development

## IV. Korea-Africa Economic Relations

### Tourism links

- Africa is now attracting Korean tourists
- The number of Koreans residing in Africa is steadily increasing
- SA as an alternative destination for learning English.

### Korean residents in Africa (As of 2007.2)

	People	Percentage
<b>Africa</b>	<b>7,338</b>	<b>100%</b>
<b>South Africa</b>	<b>3,452</b>	<b>47%</b>
<b>Nigeria</b>	<b>1,144</b>	<b>16%</b>
<b>Kenya</b>	<b>762</b>	<b>10%</b>
<b>Ghana</b>	<b>620</b>	<b>8%</b>
<b>Zimbabwe</b>	<b>332</b>	<b>5%</b>
<b>etc</b>	<b>1,028</b>	<b>14%</b>

A world map with a blue grid background. Several regions are highlighted with white squares: North America, South America, Europe, Africa, and Australia. The map is set against a blue gradient background with a white curved line at the bottom.

# *V. Korea - Africa Economic Cooperation Directions*

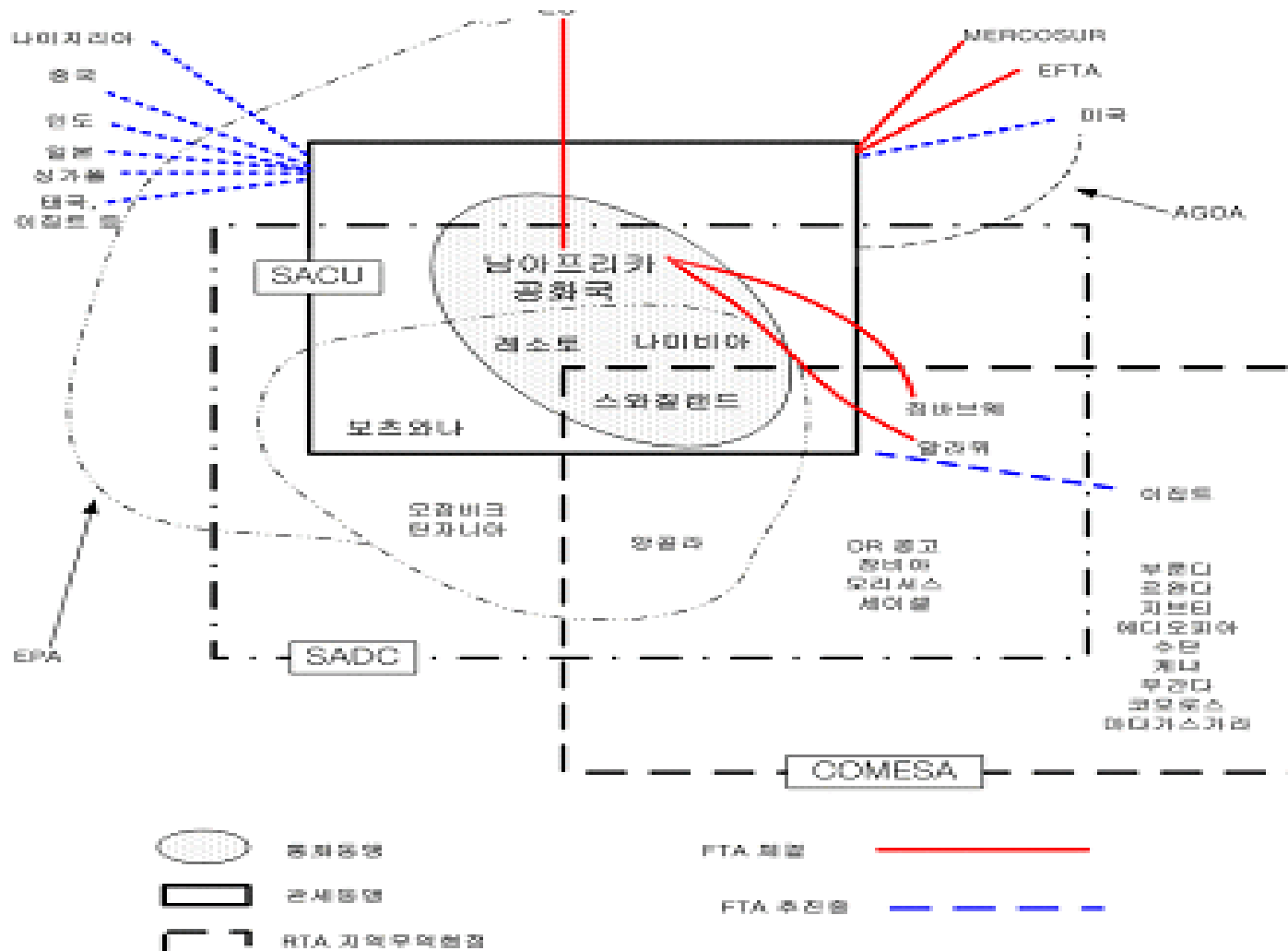
**Toward a partnership in the 21<sup>st</sup> century**

- **Long-term and mutual cooperation & Friendship**
  - **Promote cultural understanding**
  - **Cooperation in natural resource development is need**
  - **Need to momentum for strengthened economic relations**
-  **Korea-SA(SACU) FTA**



# V. Korea-Africa Economic Cooperation Directions

Need to seek for FTA negotiation



## VI. Conclusion

- Economic relationships between Korea and Africa has been limited by low degree of interaction.
- However, today, there are considerable opportunities for the expansion of economic interaction between two regions.
- Africa's economic growth potential will bring consolidation of a special partnership with Korea in the 21st century.

A world map centered on the Atlantic Ocean, rendered in shades of blue and green. A white grid of latitude and longitude lines is overlaid on the map. Several regions are highlighted with semi-transparent squares: North America, South America, Europe, Africa, and parts of Asia and Australia. The text "Thank you." is centered over the map in a large, black, sans-serif font.

Thank you.