

WTO General Council: Republic of Korea

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1 Introduction and Executive Summary

Today, the Republic of Korea is considered a regional economic power in Asia and one of the most technologically advanced nations in the world. The quick rise to power, from one of the poorest countries in the world to a developed, high-income country in just one generation is commonly known as the *Miracle of the Han River* and brought South Korea into the elite ranks of the OECD and the G-20.

In these turbulent times, South Korean interests lie in

- decreasing dependence on China and the US,
- pumping innovative growth by
- increasing international cooperation to.

This brief dossier is summary of the most important information and may serve as a starting point for further research.

2 Economic Structure

South Korea is the 5th largest export economy in the world. In 2016, South Korea exported \$ 515 bln and imported \$ 398 bln, resulting in a positive trade balance of \$ 117 bln. In 2016 the GDP of South Korea was \$ 1.41T and its GDP per capita was \$ 36.5k [1].

The top export destinations of South Korea are China (\$ 121 bln), the United States (\$ 70.1 bln), Vietnam (\$ 32.6 bln), Hong Kong (\$ 31.6 bln) and Japan (\$ 23.8 bln). The top import origins are China (\$ 87.2 bln), Japan (\$ 46.4 bln), the United States (\$ 41.9 bln), Germany (\$ 19.3 bln) and Other Asia (\$ 16.2 bln) [1].

In 2016 South Korea exported \$ 515 bln, making it the 5th largest exporter in the world. During the last five years the exports of South Korea have decreased at an annualized rate of -1.8%, from \$ 563 bln in 2011 to \$ 515 bln in 2016. The most recent exports are led by Integrated Circuits which represent 13.2% of the total exports of South Korea, followed by Cars, which account for 7.45% [1]. (<https://atlas.media.mit.edu/en/profile/country/kor/>)

In 2016 South Korea imported \$ 398 bln, making it the 9th largest importer in the world. During the last five years the imports of South Korea have decreased at an annualized rate of -4.6%, from \$ 501 bln in 2011 to \$ 398 bln in 2016. The most recent imports are led by Crude Petroleum which represent 10.3% of the total imports of South Korea, followed by Integrated Circuits, which account for 7.36% [1].

3 Trade Partners

More than half of South Korean exports are delivered to Asia, with China taking the lead as Korea's top trade partner. North America and Europe are much more important for South Korea, than for other countries in the region (see Figure 1). This is due to the high demand of Korean consumer machinery, such as broadcasting equipment,

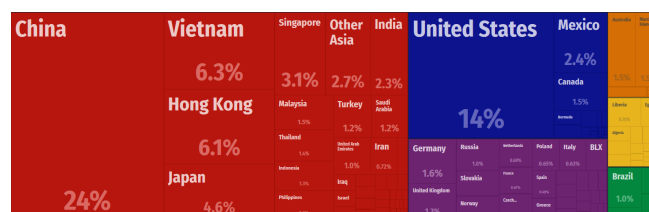


Fig. 1: Korean export destinations in 2016 [1] [1]

communication technology or refrigerators with brands like Samsung or LG. [1].

Korea's network of Free Trade Agreements (FTAs) includes 15 FTAs all around the world. Most notable are the FTAs with the EU/EFTA, ASEAN, China, the US and Canada. [4]

4 Trade Balance

As of 2016 South Korea had a positive trade balance of \$ 117 bln in net exports. As compared to their trade balance in 1995 when they had a negative trade balance of \$ 1.75 bln in net imports. [1]

5 Trade Interests [5]

To ensure Korea's continued growth in the fourth industrial revolution, the Ministry of Trade, Industry and Energy has put its policy priority on nurturing five future industries: electric and self-driving vehicles, the internet of things, biohealth, new energies and semi-conductors and displays.

The ultimate goal of industry policies is to create more jobs. In this regard, Korea will increase the number of innovative and globally competitive middle-sized enterprises, each with annual sales of over 1 trillion won (\$ 930 mln), to 80 by 2022 from 34 in 2015.

To pump up both innovative growth and job creation, the ministry will steadfastly pursue various key international cooperation projects in a variety of sectors, ranging from shipbuilding to gas production to construction of the Northeast Asia Super Grid.

Diversification of trade markets aimed at decreasing dependence on China and the US, the nation's top two trading partners, is another key strategy to create quality jobs for young people in the mid- and long-term.

Under the New Northern Policies, Korea will step up cooperation with Russia and other Eurasian countries, and in support of the New Southern Policies, it will expand its cooperation with other major economies, such as the Association of Southeast Asian Nations and India.

6 Recent Developments

Ties between Beijing and Seoul have been strained in recent years by the deployment in South Korea of a US missile defence system known as THAAD, with the dispute leading to Chinese boycotts of South Korean companies. [2]

Korean government officials met with their counterparts from the South American trade bloc, MERCOSUR, to convene the first round of negotiations for a trade agreement between the two parties in Montevideo, Uruguay, on September 11. [3]

7 References

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