

Research Paper

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# South Korea's Engagement in Sub-Saharan Africa Fortune, Fuel and Frontier Markets



**CHATHAM  
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## Summary

- South Korea's renewed engagement in sub-Saharan Africa is driven primarily by three factors: the pursuit of food and energy security; the establishment of new markets for its manufactured goods; and the enhancement of its credentials as a prominent global power, particularly in order to counter the diplomacy of North Korea.
- The South Korean government plays a pivotal role in the country's economic expansion in sub-Saharan Africa, in close collaboration with the private sector. The Korea-Africa Forum, the Korea-Africa Economic Cooperation and the Korea-Africa Industry Cooperation Forum underpin this strategy.
- South Korean exports to Africa rose fivefold between 2000 and 2011, although bilateral trade remains low, representing only two per cent of South Korea's global trade. The majority of South Korean exports are to only a handful of countries – such as Liberia, Nigeria and South Africa.
- African states are seeking to diversify their bilateral relations, with 19 African diplomatic missions already in Seoul. Mozambique and Tanzania are also expected to open embassies there soon.
- South Korea has played a positive role in the development of countries such as Rwanda, but there have been setbacks including the land-lease deal in Madagascar and South Korea's involvement in illegal, unreported and unregulated fishing.
- The potential of South Korean small and medium-sized enterprises could be better supported and leveraged in order to enhance the country's success in sub-Saharan Africa. The government and the Korea Trade-Investment Promotion Agency should focus on using these in addition to working through the South Korean business conglomerates (*chaebol*).

## Introduction

President Roh Moo-hyun's official state visits to Egypt, Algeria and Nigeria in March 2006, along with the first Korea-Africa summit in Seoul in November of that year, marked the beginning of a new phase in South Korea's sub-Saharan Africa (SSA) strategy. Since then, the country's approach to SSA, on which this paper focuses, has been characterized by intensive political, economic and diplomatic engagement.

Three primary factors are behind South Korea's renewed interest in SSA. The first is Seoul's pursuit of food and energy security. The country's rapid industrial transformation after the Korean War (1950–53) meant that the agricultural sector suffered greatly from the effects of modernization. While 70–80 per cent of the population worked in agricultural production before the war, the figure today stands at around 8 per cent. As a result, South Korea currently imports around 90 per cent of its food supply.<sup>1</sup> SSA's vast tracts of prime arable land are therefore of increasing interest to policy-makers in Seoul.<sup>2</sup> Similarly, domestic oil and gas resources are in short supply, meaning that the economy is highly dependent on energy imports. South Korea, the world's 26th most populous country, is the fifth largest net importer of crude oil and the fourth largest net importer of natural gas.<sup>3</sup> The vast majority of its oil imports are from the Middle East, with 71 per cent coming from the Gulf Cooperation Council (GCC) states alone.<sup>4</sup> Such an overwhelming reliance on Middle East oil, coupled with Seoul's policy of buying substantial amounts of cheap Iranian oil (despite US misgivings), makes South Korea highly vulnerable to supply disruption and market volatility, both of which are significant concerns in the Middle East. In addition, growing domestic concerns regarding the reliability of nuclear power generation, exacerbated by regulatory scandals in the domestic nuclear sector, as well as the 2011 Fukushima disaster in Japan, drive the renewed focus on SSA's extensive oil and gas reserves.

Second, South Korea's saturated domestic market has meant that the country's manufacturing has become increasingly export-oriented. The heavy industrial sector is pivotal to the growth of the economy, with the top 30 South Korean business conglomerates (*chaebol*) accounting for 82 per cent of the country's exports.<sup>5</sup> SSA is perceived as a frontier market for South Korean exports because of the region's pressing need for major infrastructural development and its growing, albeit nascent, middle class.<sup>6</sup>

The third main impetus for South Korea's renewed engagement with SSA concerns Seoul's aspirations to be recognized as a prominent global power. Although President Park Geun-hye has improved relations with China, as reflected by the first China–Korea summit in Beijing in June 2013, South Korea is alarmed by China's rapid upsurge in influence internationally, and has sought to counter the leverage enjoyed by its rival by attempting to carve out its own pockets of influence in SSA. South Korean policy-makers have pointed to the necessity of gaining a firm foothold before other global competitors take everything, in what they see as a new 'scramble for Africa'.<sup>7</sup>

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<sup>1</sup> 'South Korea's global food ambitions: rural farming and landgrabs', *Farmland Grab*, 19 March 2011, <http://farmlandgrab.org/post/view/18325>.

<sup>2</sup> Interview, MOFAT, Seoul, March 2012.

<sup>3</sup> US Energy Information Administration (2014).

<sup>4</sup> *Ibid.*

<sup>5</sup> 'Koreans find breaking up with chaebol hard to do', Bloomberg News, 8 July 2013.

<sup>6</sup> Interview, KOTRA, Seoul, March 2012.

<sup>7</sup> Interview, MOFAT, Seoul, March 2012.

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This paper examines how these interests have shaped a renewed effort by South Korea in SSA; the sense of competition and disadvantage in size leading to initially rushed and clumsy engagements by Seoul; and Seoul's reassessment of its strategy. The paper analyses how South Korea has sought to distinguish itself from SSA's many suitors; assesses the outcomes of its engagements; and highlights the contradictions of its competing interests and domestic pressures.

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# South Korea's Africa Strategy: The Business of Diplomacy and Development

South Korea's status as an advanced industrialized economy means that it can ill afford to neglect relations with a region of almost one billion people that is growing in both economic and demographic terms. The political economy of South Korea has brought new challenges for its government, which has in turn brought about a renewed sense of urgency in terms of engagement with Africa. The necessity of safeguarding food and energy security, the need for access to new export markets and the desire for political influence have all driven it to employ a variety of instruments in pursuit of these goals. Seoul's current SSA strategy is notable for the central role played by the state, which attempts to foster relations with the region through its close links with the powerful *chaebol*.<sup>8</sup>

## The state in the driving seat: package deals and public-private partnerships

The government in Seoul plays a pivotal role in economic engagement in SSA, actively lobbying SSA capitals on behalf of South Korean companies in order to secure favourable government tenders. The state must itself be viewed as a major economic stakeholder, which utilizes powerful state-owned enterprises (SOEs) to gain access to SSA's resource wealth. These companies are present in all strategic economic sectors. The Korea National Oil Corporation (KNOC), the Korea Gas Corporation (KOGAS), the Korea Resources Corporation (KORES, in the mining sector), the Korea Electric Power Corporation (KEPCO) and the Korea Land & Housing Corporation (LH) are all crucial to the economic prosperity of the country.<sup>9</sup>

As part of its mission to help indigenous firms secure large contracts in SSA, the government in Seoul typically follows the same pattern as its Chinese counterpart. Through its development bank, it provides a loan to an SSA government on condition that this is used to finance infrastructure projects that are to be managed by South Korean companies. The loan is then reimbursed by means of the provision of natural resources – either through the direct transfer of resources, or by awarding a South Korean company a licence for exploration.

Operating in a potentially volatile marketplace and where security can often be a concern, the expanding South Korean diplomatic network in SSA serves to encourage businesses to explore the widespread commercial opportunities that the region offers.

An important characteristic of the 'package deals' offered by South Korea is their public-private partnership (PPP) status. Such deals often involve the state – through the Export-Import Bank of Korea (Korean Eximbank) and SOEs – and major conglomerates such as Samsung and Hyundai. The

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<sup>8</sup> It is worth noting, however, that the *chaebol* are increasingly vilified in South Korea across the political spectrum. Their dominance of the country's economy is criticized for crowding out indigenous small and medium-sized enterprises (SMEs).

<sup>9</sup> The future of KOGAS, KEPCO and KNOC in SSA is not entirely clear cut. All three are under pressure from the government in Seoul to cast off assets and pay off debt by 2017. See 'Asset sales by S. Korea energy firms may include Iraq gas field stake', Reuters, 6 February 2014.

involvement of the South Korean government in such arrangements acts as an important reassuring factor for private firms. Operating in a potentially volatile marketplace and where security can often be a concern, the expanding South Korean diplomatic network in SSA serves to encourage businesses to explore the widespread commercial opportunities that the region offers. Indeed, the nature of Korean PPPs in SSA can be particularly advantageous for the powerful *chaebol*. Major conglomerates such as SK Group and Samsung encompass myriad economic sectors: their interests can range from construction and agriculture to energy and resource extraction. A single *chaebol*, through its various subsidiaries, is often able to oversee all aspects of a given package deal, including infrastructure and resource extraction.

### Diplomacy

South Korea's renewed interest in SSA is reflected in its recent increase in diplomatic engagement with the region – an increase that closely resembles China's, and that contrasts strongly with Seoul's policy on SSA in the years after the fall of the Berlin Wall. The official visit of then President Roh Moo-hyun to Africa in 2006 was a turning point in South Korea–SSA relations. Seoul used what was the first presidential visit to the continent in almost 25 years as an opportunity to announce the establishment of the Korean Initiative for African Development (KIAD), which promised to triple official development assistance (ODA) to Africa from its 2005 level by 2008.<sup>10</sup> The visit was one of 'resource diplomacy', seeking to strengthen ties with major African economies such as Algeria, Egypt and Nigeria, and resulted in a number of deals that linked ODA to resource privileges and infrastructure contracts for South Korean companies.<sup>11</sup>

The presidential tour also resulted in the creation of three types of South Korea–Africa summits:

- The Korea-Africa Forum, a joint initiative between the South Korean Ministry of Foreign Affairs (MFA) and the African Union (AU), which brings together foreign ministers to discuss common issues.
- The Korea-Africa Economic Cooperation (KOAPEC) initiative, jointly coordinated by South Korea's Ministry of Strategy and Finance (MOSF), the African Development Bank (AfDB) and the Korean Eximbank to foster trade and economic cooperation.
- The Korea-Africa Industry Cooperation Forum (KOAIFC), managed by the South Korean Ministry of Trade, Industry and Energy (MOTIE), with a mandate to encourage bilateral industrial cooperation.

More SSA leaders are also visiting South Korea,<sup>12</sup> although Seoul maintains embassies in only 21 African states – while the United States, China and Japan maintain embassies in 51, 49 and 33 states respectively. African representation in Seoul is on the increase, with Mozambique<sup>13</sup> and Tanzania expected to open embassies in the South Korean capital in the near future (see Table 1).<sup>14</sup>

<sup>10</sup> Poirier, M. (2011), 'Towards a green Korea? Assessing South Korea's Energy Security from Diversification to Diplomacy', *Yonsei GSIS Journal of International Studies*, Vol. 3, No. 1, pp. 79–98.

<sup>11</sup> Kim, S. (2013), 'Korea in Africa: A Missing Piece of the Puzzle?', *LSE Ideas: Emerging Powers in Africa*, <http://www.lse.ac.uk/IDEAS/publications/reports/pdf/SR016/SR-016-Kim.pdf>, p. 55.

<sup>12</sup> During 2010 South Korea received official visits from DRC President Joseph Kabila, Ghanaian Vice-President John Mahama, Zimbabwean Prime Minister Morgan Tsvangirai, Equatorial Guinea's President Teodoro Obiang Nguema, Gabonese President Ali Bongo, Ugandan Vice-President Gilbert Bukenya, Malawi's President Bingu wa Mutharika, South African Deputy President Kgalema Motlanthe and Ethiopian Prime Minister Meles Zenawi.

<sup>13</sup> According to a diplomatic source, it is Seoul, rather than Maputo, that is pushing for the establishment of an Mozambican embassy in the South Korean capital.

<sup>14</sup> 'Envoys, Korea chart future ties on Africa Day', *Korea Herald*, 1 June 2014.

### Box 1: Key post-2006 developments

March 2006	Roh Moo-hyun makes an official visit to Africa, the first presidential visit in almost 25 years.
March 2006	Deal signed between KNOC and the Nigerian National Petroleum Corporation (NNPC) for blocks OPL 321 and OPL 323.
2006	Korea-Africa Forum, KOAFEC and KOAFIC all take place for the first time.
January 2009	Nigeria's government rescinds allocation of OPL 321 and OPL 323.
March 2009	Madagascar's government nullifies Daewoo land-lease deal.
January 2010	South Korea formally joins the OECD's Development Assistance Committee.
July 2011	President Lee Myung-bak visits the Democratic Republic of the Congo, Ethiopia and South Africa.
October 2012	Korea-Africa Cooperation Week: all three forums held simultaneously for the first time.
September 2013	KOGAS announces discovery of up to 150 million tonnes of natural gas off the coast of Mozambique.
November 2013	South Korea receives EU 'yellow card' over alleged illegal, unreported and unregulated fishing practices in SSA.
October 2014	Fifth KOAFEC ministerial conference due to be held in Seoul. <sup>a</sup>

<sup>a</sup> The 4th Korea-Africa Forum was also initially scheduled to take place in late 2014 in Addis Ababa. However, it has been postponed because of the African Union's heavy schedule, according to a Korean diplomatic source. It is now expected to take place in Ouagadougou, Burkina Faso, in 2015.

**Table 1: African embassies in South Korea**

Country	Year of establishment
Gabon	1975
Libya	1980
Nigeria	1987
Ghana	1988 <sup>a</sup>
Morocco	1988
Democratic Republic of the Congo (formerly Zaire)	1990
Sudan	1990
Tunisia	1990
Algeria	1992
South Africa	1993
Egypt	1995
Côte d'Ivoire	1997
Kenya	2007
Angola	2008
Senegal	2008
Rwanda	2009
Ethiopia	2012 <sup>b</sup>
Sierra Leone	2014
Zambia	2014

<sup>a</sup> Recent reports have indicated that, as a result of financial difficulties, Ghana may close its embassy in Seoul. See 'Ghana missions broke: Brazil, South Korea shutdown', Ghanaweb, 14 October 2014, <http://www.ghanaweb.com/GhanaHomePage/NewsArchive/artikel.php?ID=330357>.

<sup>b</sup> Embassy originally opened in 1997 but was closed between 2002 and 2012.



### Box 2: North Korea – how animosity frames engagements in Africa

South Korea's relationship with SSA is rooted in the political animosities of the Cold War. Seoul's SSA strategy, both past and present, should be viewed through the prism of inter-Korean relations. Events in the Korean peninsula were largely responsible for Seoul's initial diplomatic embrace of SSA, and remain a key factor in its operations in the region.

At the end of the Korean War, the 'Korean Question' became a perennial issue at the UN, and Seoul became increasingly concerned at the speed with which Pyongyang was forging diplomatic relations with the newly independent SSA states. South Korea feared that its northern neighbour's growing portfolio of diplomatic allies would ultimately lead to UN recognition of the Democratic People's Republic of Korea (DPRK), at the expense of the South. The latter was also still a poor country, with an income per head similar to Ghana's at the time of independence in 1957; and, as a more prosperous nation, North Korea enjoyed a significant diplomatic advantage over the South. Spurred on by the fear of international isolation, Seoul set about accumulating external partners and established its first diplomatic relations in SSA in 1961 – beginning with Benin (then Dahomey), Cameroon, Chad, the Republic of the Congo, Côte d'Ivoire and Niger.

Inter-Korean tensions remained high throughout the Cold War, and SSA increasingly functioned as an ideological chessboard for Seoul and Pyongyang – much as it did for other rivals. The DPRK's entry into the Non-Aligned Movement (NAM) in 1976 put the South further on the back foot: the organization gave Pyongyang an international platform in lieu of UN recognition before 1991, and enabled it to acquire recognition during the intervening period from 110 countries.<sup>a</sup> Although President Chun Doo-hwan visited Gabon, Kenya, Nigeria and Senegal in 1982 – the first time a South Korean head of state had visited SSA – North Korea maintained a closer degree of diplomatic intimacy with the continent, indicating the importance that Pyongyang placed on its relations with SSA in its 'anti-Seoul campaign'.<sup>b</sup> The end of the Cold War, and UN recognition of both Korean states in 1991, resulted in Seoul shifting its focus to the newly sovereign countries of the former Eastern bloc.

Pyongyang none the less continues to have an impact on Seoul's SSA strategy. The NAM, although in its current standing only a shadow of its Cold War importance, continues to afford the DPRK the opportunity to speak at its regular summits with every African country (except for South Sudan, which is not a member). North Korea has also begun to strengthen its economic links with strategically important SSA countries such as Nigeria<sup>c</sup> and Angola.<sup>d</sup> As a result, it is likely that Seoul will continue to conduct its SSA strategy with one eye firmly above the 38th parallel.

<sup>a</sup> Feffer, J. (2003), *North Korea/South Korea: US Policy at a Time of Crisis* (New York: Seven Stories Press), p. 81.

<sup>b</sup> US-Korea Institute at SAIS (2011), 'Korea's ODA to Africa: Strategic or Humanitarian?', *US-Korea 2010 Yearbook*, p. 84.

<sup>c</sup> 'North Korea signs economic cooperation agreement with Nigeria', *The Diplomat*, 9 May 2014.

<sup>d</sup> 'Angola, North Korea discuss cooperation agreement', *Agência Angola Press*, 23 May 2014.

## Supporting the private sector

South Korea's commercial diplomacy in SSA is supported by the MOTIE, which created a dedicated Africa department in 2009. The Korea Trade-Investment Promotion Agency (KOTRA), a MOTIE agency mandated to support Korean companies' foreign ventures, now maintains 10 overseas trade centres in SSA.<sup>15</sup>

<sup>15</sup> KOTRA maintains trade centres in Accra, Addis Ababa, Dar es Salaam, Douala, Johannesburg, Khartoum, Kinshasa, Lagos, Maputo and Nairobi.

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KOTRA also supports South Korean companies interested in operating in SSA. The agency provides information and expertise by offering firms a comprehensive market entry analysis for doing business in the region. In addition, KOTRA – in conjunction with the Korea Business Centres – plays an important communications and networking role. Through the organization of business forums, exhibitions and trade delegations, South Korean companies are introduced to potential SSA clients and partners.<sup>16</sup>

KOTRA's initiatives in SSA are primarily aimed at small and medium-sized enterprises (SMEs). In sharp contrast to the *chaebol*, whose scope is such that they would seldom require KOTRA's expertise or contacts, Korean SMEs typically have insufficient information on SSA markets.<sup>17</sup> Fear of operating in SSA is a significant cause of apprehension among South Korean businesses: Nigeria's ambassador to Seoul recently observed that concerns about security, internet scams and banking corruption made SMEs reluctant to invest in Nigeria.<sup>18</sup>

### ODA

Seoul's renewed engagement with Africa has also seen the continent's share of South Korea's total ODA budget rise steadily since the turn of the century. However, the country's methods of disbursing ODA are considered both unorthodox and undesirable by international standards, with development assistance administered by two distinct government bodies. Concessional loans are handled through the Economic Development Cooperation Fund (EDCF) by the Korean Eximbank, a department of the MOSF. Grants, on the other hand, are disbursed by the Korea International Cooperation Agency (KOICA), which is supervised by the Ministry of Foreign Affairs.

As a new donor, South Korea has typically used ODA as a lever to further the interests of the country's companies – and of its SOEs in particular – with the intention of securing favourable access to resources and tenders for major infrastructure projects. Since joining the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) in January 2010, South Korea's policy of tying much of its aid has been scrutinized by other members, and Seoul has also come under increasing pressure to conform to DAC standards that favour grants over loans and the provision of ODA to countries with very low levels of development. Furthermore, Seoul's methods of disbursement have been criticized as being 'fragmented' and 'in need of consolidation'.<sup>19</sup> On joining the DAC, South Korea committed to untying 75 per cent of bilateral aid by 2015. Seoul's proportion of untied bilateral aid was 33 per cent at the time of entry into the DAC in 2010, significantly lower than the DAC average of 76 per cent.<sup>20</sup>

Entry into the prestigious DAC was an important milestone for South Korea. International 'club' membership is seen as highly desirable in the country's political circles, and joining the DAC serves to distinguish its ODA policies from those of competitors such as China. As such, membership has undeniably prompted Seoul to pay closer heed to the opinions of its DAC colleagues. Of the country's \$1.3 billion of total bilateral ODA allocated in 2013, \$800 million took the form of grants (up 11.9 per cent on the previous year).<sup>21</sup> Furthermore, resource-poor Ethiopia and Rwanda are now among

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<sup>16</sup> Interview, KOTRA, Seoul, March 2012.

<sup>17</sup> Ibid.

<sup>18</sup> 'How to promote foreign direct investments', *Nigeria Intel*, 16 August 2012, <http://www.nigeriaintel.com/2012/08/16/how-to-promote-foreign-direct-investments/>.

<sup>19</sup> US-Korea Institute at SAIS (2011), 'Korea's ODA to Africa: Strategic or Humanitarian?', *US-Korea 2010 Yearbook*, p. 86.

<sup>20</sup> DAC High Level Meeting 2012, 'Aid Untying: Making Budgets Go Further', <http://www.oecd.org/dac/HLM%20one%20pager%20Aid%20Untying%20A5.pdf>.

<sup>21</sup> Press Release, Ministry of Foreign Affairs, 9 April 2014, [http://www.mofa.go.kr/ENG/press/pressreleases/index.jsp?menu=m\\_10\\_20](http://www.mofa.go.kr/ENG/press/pressreleases/index.jsp?menu=m_10_20).

the highest recipients of South Korean aid in SSA. Overall, the region is increasingly seeing a greater proportion of South Korean ODA, with SSA receiving 26 per cent of Korean aid in 2012, up from 18.5 per cent in 2007 and 12 per cent in 2002.<sup>22</sup> Although only two SSA countries (Senegal and Tanzania) featured among the top 15 recipients of South Korean aid in 2011–12,<sup>23</sup> Seoul is currently reviewing its priority partner countries and plans to provide more aid to the least developed, most fragile countries such as Mali in the coming years.<sup>24</sup>

Although South Korea has made significant progress in terms of ODA disbursement in recent years, especially given its status as the first aid recipient to join the DAC,<sup>25</sup> there remains significant resistance to ODA reform. Key business figures in South Korea strongly oppose the untying of aid,<sup>26</sup> and some policy-makers have sought to obstruct moves towards reform of ODA dispensation.<sup>27</sup> As a result, restructuring the mechanisms of South Korean aid is likely to be ‘a very, very long process’.<sup>28</sup>

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<sup>22</sup> *OECD Statistics*, regional distribution of ODA by individual DAC donors.

<sup>23</sup> *OECD Statistics*, major recipients of individual DAC members' aid.

<sup>24</sup> Interview with Kim Young-mok, President, KOICA, London, 28 May 2014.

<sup>25</sup> ‘S. Korea becomes first former aid recipient to join OECD Development Assistance Committee’, *The Hankyoreh*, 26 November 2009.

<sup>26</sup> Interview with a Korean-Africa business association, Seoul, March 2012.

<sup>27</sup> The aid issue is driving a wedge within the South Korean government between the Ministry of Foreign Affairs, which favours a more altruistic ODA policy, and the MOSF, which demands that aid is utilized to defend the national economic interest.

<sup>28</sup> Interview, MOTIE, Seoul, March 2012.

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## Outcomes of Engagement: The Unforeseen and the Unfulfilled

Seoul's hands-on approach to SSA has thus far yielded mixed results. It has been faced with a number of significant obstacles in its dealings with the continent; and, as a relative latecomer, the country has struggled to gain a firm political and economic footing there. South Korea has found that its own relatively modest economic resources are frequently humbled by the deeper pockets of China, the United States and some European and Gulf powers. Furthermore, as outlined below, it has also encountered difficulties in adjusting to the political and business realities of operating in the region, and has suffered considerable reputational damage as a consequence of its hunger for SSA's resources.

### Heavy industry

The heavy industrial sector has historically been one of South Korea's key economic strengths. However, rapid industrial transformation has meant that its domestic market has largely become saturated. As such, Korean companies are forced to pursue new opportunities abroad. The sector's primary centre of overseas operation is the Middle East,<sup>29</sup> where South Korea has a long history as a result of the mass temporary labour migration that occurred during the Gulf's oil boom years in the 1970s.

Africa represents an increasingly lucrative market for South Korea's heavy industrial enterprises, with new contracts worth some \$4.2 billion obtained in 2010 – leading to Africa accounting for 6.4 per cent of the sector's total revenues that year.<sup>30</sup> Angola in particular is becoming an increasingly important market for South Korean firms. Daewoo has considerable shipbuilding interests in the country, and signed a \$350 million deal in 2010 to construct five 160,000-tonne oil carriers for the state-owned oil company Sonangol.<sup>31</sup> Hyundai and Samsung, for their part, are currently constructing six liquefied natural gas (LNG) carriers for Nigeria at a cost of around \$1.6 billion.<sup>32</sup> Samsung is also the principal contractor for Total in a \$3.5 billion project in Nigeria, where it will build a floating production, storage and offloading (FPSO) vessel for the Egina oil field.<sup>33</sup> Another *chaebol*, SK Group, has been shortlisted as one of two bidders to build a \$2.5 billion oil refinery in Uganda,<sup>34</sup> while Daewoo and POSCO, as part of a Korean–Canadian consortium, are one of three groups bidding to secure the tender for the DRC's \$12 billion Inga 3 hydropower project.<sup>35</sup>

Daewoo Engineering & Construction, the engineering wing of the former *chaebol*,<sup>36</sup> now accounts for 31 per cent by value (\$74.7 billion) of the total orders that South Korean construction firms have

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<sup>29</sup> The Middle East region represented 59.1 per cent of the South Korean heavy industry sector's revenues in 2010.

<sup>30</sup> Further recent examples of Africa's growing role in the sector's operations include the 2014 contract won by POSCO E&C, worth \$1.14 billion, to build a thermal power station in Nigeria, and the \$1.4 billion contract secured by a consortium including Hyundai and Doosan to construct an urban rail line in Abidjan, Côte d'Ivoire.

<sup>31</sup> 'Daewoo Shipbuilding wins \$348m Angola order', *Gulf Oil & Gas*, 22 February 2010.

<sup>32</sup> 'Progress on \$1.6bn six LNG carriers brightens Nigeria's export prospect', *Business Day*, 19 May 2014.

<sup>33</sup> 'Controversial Total's Egina \$3.5b FPSO project begins', *The Nation*, 7 October 2014, <http://thenationonlineng.net/new/controversial-totals-egina-3-5b-fpso-project-begins/>.

<sup>34</sup> 'Uganda selects two final bidders for its oil refinery project', Reuters, 25 June 2014.

<sup>35</sup> 'U.S. will consider financing part of Congo's \$12 billion Inga 3', Bloomberg, 16 December 2013.

<sup>36</sup> Daewoo Group was declared bankrupt in 1999 and was subsequently divided into separate entities.

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won in Africa,<sup>37</sup> and secured its largest ever overseas contract in 2013 in Morocco.<sup>38</sup> Industry figures for the first quarter of 2014 show that South Korean industry's African orders are worth more than \$5.1 billion, a more than 40-fold rise on the same period in 2013.<sup>39</sup>

South Korean industry has been active on the continent for decades. Daewoo, which has operated there since the 1980s, and other major South Korean companies are brand-recognizable. South Korean companies have also used the Middle East hubs to seek market entry, significantly reducing costs by transporting equipment the relatively short distance from the Gulf to SSA and thereby becoming more competitive in bidding for tenders.

South Korea's strategy to focus on added-value and high-technology construction in SSA also avoids direct competition with rivals such as China.<sup>40</sup>

### Trade

While South Korean exports to Africa rose fivefold between 2000 and 2011,<sup>41</sup> bilateral trade remains low, representing only 2 per cent of the country's global trade. The majority of its exports to SSA are to only a handful of states, such as Liberia, Nigeria and South Africa.<sup>42</sup> Furthermore, the number of South Korean companies currently engaged in the region remains far below the ambitions of the government in Seoul.<sup>43</sup> Despite KOTRA's efforts, the principal hurdle facing South Korean SMEs is the difficulty that they encounter in identifying appropriate local clients. A prevailing lack of information concerning both potential local partners and business culture in African markets has been identified as a significant stumbling block by possible investors. In addition, South Korean businesses also grumble about widespread corruption and ineffective local administrations, both of which act as disincentives to conducting business in Africa.<sup>44</sup> It is likely that the kidnapping in January 2014 of a senior KOTRA official in Libya did little to alleviate deep reservations about operating in Africa.<sup>45</sup>

### Natural resources

Compared with some of its competitors, South Korea's quest for SSA's natural resources has so far yielded relatively disappointing results. As a consequence of the government's recent intensive engagement with SSA states, the KNOC signed memorandums of understanding (MOUs) with the state-owned oil companies of Angola, Equatorial Guinea and Gabon. However, none of these MOUs have translated into concrete gains, such as access to oil blocks or the acquisition of exploratory licences. Despite a presence in Africa since 1990, the KNOC was only able to secure an 11 per cent minority share of the ENI-operated M'Boundi oil project in the Republic of the Congo. In Nigeria, despite the signing in 2006 of production-sharing agreements with the state-owned Nigerian National Petroleum Corporation (NNPC) for access to two lucrative offshore blocks, the KNOC

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<sup>37</sup> 'Daewoo sees overseas construction orders hit \$50 billion', *Chosun*, 18 February 2014.

<sup>38</sup> 'Moroccan power plant project', *Business Korea*, 13 August 2013.

<sup>39</sup> 'Overseas orders for S. Korean industrial plants jump 42.1pct in Q1', Yonhap News Agency, 7 April 2014.

<sup>40</sup> Interview, Korea Plant Industries Association (KOPIA), Seoul, March 2012.

<sup>41</sup> 'South Korea: Africa's unsung Asian partner', *This Is Africa*, 26 February 2013.

<sup>42</sup> Observatory of Economic Complexity, Export destinations of South Korea 2011, [http://atlas.media.mit.edu/explore/tree\\_map/hs/export/kor/show/all/2011/](http://atlas.media.mit.edu/explore/tree_map/hs/export/kor/show/all/2011/).

<sup>43</sup> Interview, KOTRA, Seoul, March 2012.

<sup>44</sup> Interview, MOTIE, Seoul, March 2012.

<sup>45</sup> 'Abducted South Korean trade official freed in Libya', BBC News, 23 January 2014.

became embroiled in a protracted legal wrangle with the Nigerian government, which suspended development of the two blocks.<sup>46</sup>

South Korean ventures in the gas and mining sectors have also struggled to make the desired impact. KOGAS's only significant acquisition thus far in SSA has been a 10 per cent share of the promising<sup>47</sup> ENI-controlled Area 4 concession off the coast of Mozambique. While South Korean companies are currently involved in diamond and uranium mining in Cameroon and Niger respectively, other prominent mining initiatives have failed to bear fruit. Agreements conducted with the government of the Democratic Republic of the Congo (DRC) for the exploitation of the mineral-rich Katanga province have faltered, partly as a result of the inability of the South Korean side to raise sufficient funds, and partly as a result of the governance and institutional challenges the DRC presents, including with regard to the state-owned Gécamines. KORES, however, has enjoyed a few notable successes in its SSA operations. In December 2011 the company signed an agreement with the South African firm Frontier Rare Earths for the joint exploitation of the Zandkopdsdrift rare earth deposit in south-western South Africa. In 2006, meanwhile, KORES acquired a 27.5 per cent share in the consortium that owns the Ambatovy mine in Madagascar, one of the world's largest nickel and cobalt mining projects.

**In the oil sector, South Korean companies are at a disadvantage not only because of their late arrival in the region; they also must contend with the hegemony enjoyed by the traditional Western giants including BP, ENI, Chevron and Total, as well as with the increasingly prominent state-owned Asian behemoths.**

The primary cause of South Korea's relative failure in its pursuit of SSA's natural resources is rooted in the extremely competitive nature of the market. As SSA's resources are in high demand, South Korean firms must compete with more experienced, wealthier and more politically powerful international actors. In the oil sector, South Korean companies are at a disadvantage not only because of their late arrival in the region; they also must contend with the hegemony enjoyed by the traditional Western giants including BP, ENI, Chevron and Total, as well as with the increasingly prominent state-owned Asian behemoths. These competitors typically possess more advanced technological capacity, as well as deeper pockets. While Chinese companies can often compensate for their relatively limited technological strength with vast funding packages via their colossal Exim Bank, South Korean companies do not have this option. Compared with its Chinese counterpart, the Korean Eximbank can provide only very limited funding. Indeed, South Korea's package deals are considered modest when compared with those offered by Beijing.<sup>48</sup>

In a region in which the easiest opportunities have already been snapped up by stronger and more experienced competitors, the KNOC has opted for a policy of appropriation, aggressively targeting junior oil companies that are already operational in SSA. In 2010, for instance, it acquired Scotland's Dana Petroleum, which was already present in the region and which currently has operations in Cameroon, Guinea and Mauritania.

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<sup>46</sup> The KNOC–NNPC dispute is analysed in more detail below.

<sup>47</sup> The 10 per cent share may amount to 150 million tonnes, which has the potential to meet South Korea's total domestic energy requirements for more than five years; 'KOGAS hits jackpot off Mozambique', *Korea Herald*, 8 September 2013.

<sup>48</sup> Interview, Korean Institute for International Economic Policy (KIEP), Seoul, March 2012.

## Misconceptions and missteps

Much like Beijing before it, Seoul has recently endured a crash course in the particularities of SSA politics, painfully discovering that the sanctity of contracts is not always guaranteed in the political and economic realms of SSA. The two most prominent examples that illustrate its lack of experience in this regard are the ill-fated KNOC deal in Nigeria and Daewoo's embarrassing land-lease experience in Madagascar.

In 2006 the KNOC was awarded the exploration rights to two offshore blocks (OPL 321 and OPL 323) by the then president of Nigeria, Olusegun Obasanjo. These rights were rescinded by Obasanjo's successor, Umaru Musa Yar'Adua, in 2009, on the grounds that the bidding process had been marred by irregularities and that the KNOC had failed to fulfil its contractual obligations. Three years of judicial wrangling followed between the KNOC and the state-owned NNPC before an undisclosed out-of-court settlement was achieved. As of August 2014, however, the KNOC had yet to announce when drilling in blocks OPL 321 and OPL 323 would commence.<sup>49</sup>

The dispute over the awarding of the two blocks to the KNOC was not helped by the existence of the bilateral commission that had been set up to promote relations between South Korea and Nigeria. The 5th Korea-Nigeria Joint Commission was convened in Seoul in July 2014, after planned meetings in November 2012 and then November 2013 had to be postponed. It is likely that the out-of-court settlement of the KNOC-NNPC case opened the way for this meeting to finally take place.<sup>50</sup>

In November 2008 the *Financial Times* broke the story that the government of Madagascar had awarded a 99-year land lease to Daewoo Logistics, the agribusiness arm of the former *chaebol*, for some 1.3 million hectares – equivalent to almost half of Madagascar's cultivable area – of prime agricultural land; it was intended that the land would be used to produce maize and palm oil for the South Korean market.<sup>51</sup> Under the terms of the arrangement, Daewoo would pay nothing for the land, in return for undertaking substantial development of the island's infrastructure<sup>52</sup> as well as creating 70,000 new jobs.<sup>53</sup> The deal aroused enormous controversy, both in Madagascar and abroad; and there was impassioned protest involving local NGOs, which invoked the sacred status of land in Madagascar and claimed that the Daewoo agreement represented a fundamental disrespect for Malagasy culture. The mayor of Antananarivo, Andry Rajoelina, infused the Daewoo affair with a populist and strongly nationalist rhetoric in an effort to unite the opposition, denouncing President Marc Ravalomanana as corrupt and calling for his immediate resignation. After weeks of violent protests in which dozens of protesters died, in March 2009 the military ousted Ravalomanana and installed Rajoelina as interim president, whereupon he promptly nullified the agreement with Daewoo.

As both the Nigerian and Malagasy governments undeniably failed to uphold the sanctity of their contracts, these controversies served to exacerbate South Korea's pre-existing reservations about operating in SSA. In the case of Nigeria, the saga starkly highlighted the fact that political

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<sup>49</sup> Korea National Oil Corporation (2014), 'Operations', [http://www.knoc.co.kr/ENG/sub03/sub03\\_1\\_3\\_2.jsp](http://www.knoc.co.kr/ENG/sub03/sub03_1_3_2.jsp).

<sup>50</sup> Interview with Africa head, South Korean foreign ministry, Jeju island, December 2013. The 4th meeting of the Commission was held in 2007, and the 3rd in 1994.

<sup>51</sup> 'Daewoo to cultivate Madagascar land for free', *Financial Times*, 19 November 2008.

<sup>52</sup> Under the terms of the deal, Daewoo was obliged to build 1,170 schools, 170 private hospitals, 250 markets, 120 churches, 60 power plants, 30 factories, eight airports and eight ports, along with other projects.

<sup>53</sup> Andrianirina-Ratsialonana, R., Ramarjohn, L., Burnod, P. and Teyssier, A. (2011), 'After Daewoo? Current Status and Perspectives of Large-scale Land Acquisition in Madagascar', *International Land Coalition & Cirad*, p. 3.

considerations frequently interfere with commercial decisions in the extractive sectors.<sup>54</sup> However, neither the KNOC nor, in Madagascar, Daewoo was entirely free from blame. According to one senior foreign oil executive based in Nigeria, the KNOC was principally at fault for the Abuja government's decision to rescind its exploration licence. The company was criticized as being insensitive to local political and business practices, as well as for lacking the technical capacity to drill successfully in the difficult deep waters where the contentious blocks are situated. In addition, the KNOC had allegedly not kept its promises with regard to the pace of infrastructural development.<sup>55</sup> Similarly, events in Madagascar were a direct result of the opaque and non-inclusive policies employed by Daewoo, which the Malagasy political opposition and wider public saw as complicit in the pervasive corruption of the Ravalomanana regime.<sup>56</sup> Local groups denounced the Daewoo 'land-grab'; and, in a country where food security is an almost perennial concern, condemned the company's failure to consult the Malagasy people over a process that would have affected the majority of the population.<sup>57</sup>

While the Nigerian oil controversy undoubtedly served to emphasize South Korea's lack of experience in navigating the intricacies of the political economies of SSA, the Daewoo affair in Madagascar caused significant reputational damage to the South Korean 'brand' in SSA. Moreover, another, more recent controversy threatens to aggravate South Korean–SSA tensions further, and has the potential to inflict even greater harm on the standing of South Korea in the region.

### Murky waters: Korea's IUU predicament

Fishing is the lifeblood of countless coastal communities in West Africa. However, illegal, unreported and unregulated (IUU) fishing has become a serious impediment to the economic development of many states in the region; for example, it is estimated to be costing the impoverished state of Guinea alone \$110 million annually, and thousands of potential jobs.<sup>58</sup> Most West African governments lack the capacity and resources to tackle this scourge effectively, and foreign vessels are taking advantage of these limitations. South Korea is increasingly being implicated as a lead villain in the growing controversy over IUU fishing in West Africa, and has recently also been castigated for its role in dubious fishing policies in waters in East Africa and off the coast of Puntland.

In order to understand fully South Korea's role in IUU fishing in SSA, it is important to consider the effects of a 2008 European Council regulation<sup>59</sup> on the actions of South Korean vessels in West Africa's rich waters. The regulation concerns the importing of fish, both processed and unprocessed, into the EU by both EU- and foreign-flagged vessels. Through a number of prohibitive measures, it seeks the implementation of a system that will 'prevent, deter and eliminate illegal, unreported and unregulated fishing'.

<sup>54</sup> Vines, A., Wong, L., Weimer, A. and Campos, I., *Thirst for African Oil: Asian National Oil Companies in Nigeria and Angola*, Chatham House Report, August 2009.

<sup>55</sup> Wikileaks Cable (2009), 'Nigerian government pulls Korean company oil blocks', cable: 09LAGOS70\_a, [https://www.wikileaks.org/plusd/cables/09LAGOS70\\_a.html](https://www.wikileaks.org/plusd/cables/09LAGOS70_a.html).

<sup>56</sup> Stephan, H., Lobban, R. and Benjamin, J. (2010), 'Land Acquisitions in Africa: A Return to Franz Fanon?', *International Journal for Historical Studies*, Vol. 2, No. 1, pp. 75–92.

<sup>57</sup> 'Looming nightmare, Daewoo Logistics back on the offensive?', *Farmland Grab*, 16 October 2013, <http://farmlandgrab.org/post/view/22871>.

<sup>58</sup> 'Flagging a warning', *Stop Illegal Fishing*, 17 March 2008, [http://www.stopillegalfishing.com/sifnews\\_article.php?ID=29](http://www.stopillegalfishing.com/sifnews_article.php?ID=29).

<sup>59</sup> Council Regulation (EC) 1005/2008 of 29 September 2008 establishing a Community system to prevent, deter and eliminate illegal, unreported and unregulated fishing [2008] OJ L286/1.



The much-maligned fishing practices of South Korean vessels in SSA may stem from the fierce competition for marine resources that exists in East Asia, with Chinese, Japanese and South Korean ships routinely violating one another's exclusive economic zones. Fishing in these waters is intensely profit-driven, and has increasingly threatened to lead to open conflict. While the practices of South Korean fishing vessels in SSA waters may indeed be a correlation of their experiences in East Asia, they have irrefutably gained a reputation for particularly aggressive and opportunistic fishing policies in West Africa. In October 2013 the transfer of around 4,000 boxes of illegally caught fish from Sierra Leone's waters to the South Korean port of Busan was exposed,<sup>60</sup> while a number of South Korean-flagged ships have recently been detained and charged in Liberia for fishing without valid licences.<sup>61</sup> The Korean industry's IUU operations in the region are considered to be extremely well organized. The industry enjoys significant political leverage through the use of politically connected agents, particularly in Guinea. South Korean vessels have been identified as the key culprits in illegal fishing both inshore and deep offshore in West Africa, and are now viewed as being the main aggressors by fisheries authorities in the region – particularly in the inshore coastal waters between Ghana and Guinea.<sup>62</sup>

**South Korean vessels have been identified as the key culprits in illegal fishing both inshore and deep offshore in West Africa, and are now viewed as being the main aggressors by fisheries authorities in the region.**

South Korea's involvement in the IUU fishing scandal in West Africa has become so severe that in November 2013 the EU issued Seoul with a 'yellow card' for falling short of its obligations in the fight against IUU practices. Should it fail to implement satisfactory reforms of its fishing policies, Seoul will be hit with a potentially devastating 'red card', which would prevent the EU's 28 member countries from importing fish from South Korean vessels, a trade worth around \$100 million a year.<sup>63</sup> The government has stated that it has taken active steps to curb IUU fishing, including the opening of the country's first Fisheries Monitoring Centre in March 2014, which enables the real-time monitoring of all deep-sea Korean vessels.<sup>64</sup> EU officials visited South Korea in June to evaluate the country's efforts to control IUU fishing, and a final decision is expected in January 2015.<sup>65</sup> The South Korean government subsequently signed an MOU with the Environmental Justice Foundation (EJF) on a joint initiative to combat IUU fishing in West Africa.<sup>66</sup> It is unclear, however, whether such steps will be enough. An export ban from the world's largest trading bloc, along with its obvious economic implications, would result in further reputational damage to the South Korean brand in SSA.<sup>67</sup>

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<sup>60</sup> 'Fish from West Africa being illegally shipped to South Korea, say activists', *Guardian*, 8 October 2013.

<sup>61</sup> 'Illegal fishing in West Africa', *Stop Illegal Fishing*, 1 February 2012, [http://www.stopillegalfishing.com/sifnews\\_article.php?ID=77](http://www.stopillegalfishing.com/sifnews_article.php?ID=77).

<sup>62</sup> Interview, Duncan Copeland, regional fisheries expert, London, January 2014.

<sup>63</sup> 'EU likely to classify Korea as IUU fishing country in June', *Business Korea*, 8 May 2014.

<sup>64</sup> 'S. Korea to begin real-time vessel tracking against illegal fishing', Yonhap News Agency, 27 March 2014.

<sup>65</sup> 'EU delays decision on Korea's IUU fishing status', *Korea Herald*, 24 July 2014.

<sup>66</sup> 'EJF and Republic of Korea sign ground-breaking MOU formalising joint initiative to combat IUU fishing', Environmental Justice Foundation, 27 June 2014.

<sup>67</sup> 'EU rolls out trade bans in global crackdown on illegal fishing', Voice of America News, 5 May 2014.

### Box 3: South Korean engagement in Rwanda

One SSA country in which there is an increasingly noticeable South Korean footprint is Rwanda. Although diplomatic relations date back to 1963, it is only in the past few years that there has been a flurry of bilateral activity in terms of information and communication technology (ICT), health, education and rural development cooperation.

In 2013 the Rwandan government announced that an agreement had been reached with KT Corporation, South Korea's largest telecommunications provider, to roll out high-speed 4G internet service to 95 per cent of the population of Rwanda by 2017. With only 8.3 per cent of Rwandans currently online, such an increase in connectivity could mean a 10–13 per cent rise in the rate of GDP growth.<sup>a</sup> The PPP was made possible by the integration of Rwanda's pre-existing fibre optic network with KT Corporation's financial resources;<sup>b</sup> the latter will provide around \$140 million for the initiative. This partnership has the potential to transform the Rwandan economy, and is likely to become an integral part of the country's Vision 2020 development programme.

South Korea's positive impact in Rwanda is largely a result of KOICA's involvement there. As well as being involved in the planning stages of the 4G scheme, the agency is also currently financing a \$5.6 million ICT innovation centre in Kigali. KOICA's commitment to Rwanda is further evident in its agricultural development programmes, police training and its partnership with UNICEF Rwanda, which uses SMS technology to reduce maternal and new-born deaths in the country.<sup>c</sup>

Bilateral relations were strengthened with the visit of South Korea's foreign minister to Kigali in January 2013, with the minister highlighting Rwanda's status as a 'priority partner'. President Paul Kagame is also known to be an admirer of Seoul's development model. Debate continues, however, regarding the sustainability of Rwanda's development because of longer-term potential threats to its stability as a result of its democratic deficit.<sup>d</sup>

<sup>a</sup> Rwanda strikes 4G internet deal with South Korean telecoms firm', *Guardian*, 11 June 2013.

<sup>b</sup> Presentation, Clare Akamanzi (Chief Operating Officer, Rwanda Development Board), New York Forum Africa, Libreville, Gabon, 25 May 2014.

<sup>c</sup> Interview with Kim Young-mok, President, KOICA, London, 28 May 2014.

<sup>d</sup> Herbst, J. and Mills, G. (2014), 'The Kigali Mirage', *The World Today*, Vol. 70, No. 3, June–July 2014.

## Strategies for Sustainable Engagement

As South Korean policy-makers have become increasingly aware of the shortcomings of their initial approach, which lacked essential contextual understanding, the government has modified its SSA policy by adopting a longer-term strategy that is more consistent with its overall aim of promoting an image of a uniquely 'dynamic' soft power.

### 'Rebranding' South Korea: the win-win philosophy

Increasingly, South Korean policy-makers are recognizing the need to adopt an approach that compensates for the country's limited financial resources and historical ties with SSA. The need for a more nuanced game plan was further highlighted by the negative publicity that arose as a result of the Daewoo land-lease deal in Madagascar, which led to accusations of neo-colonial behaviour. In addition, that experience reminded South Korean policy-makers that in countries where there is an inherent risk of sudden regime change, the establishment of privileged intergovernmental relations through diplomatic engagement is, on its own, not a sufficient or sustainable strategy.<sup>68</sup>

The 'rebranding' initiative involves the promotion of a new discourse – one that holds that South Korea and SSA are engaged in a 'win-win' partnership, whereby the former is deeply committed to contributing to the socio-economic development of the latter through sharing its own successful development experience, since it too had been colonized.<sup>69</sup> South Korea's transformation from a state with a GNP per capita of \$81 in 1961 to one of the world's richest countries in the 21st century has allowed Seoul to promote its 'rags to riches' story as a model development agenda for SSA states.<sup>70</sup> Furthermore, its economic transformation was founded on the basis of a 'development first, democracy later' philosophy,<sup>71</sup> a narrative that appeals to many authoritarian and hybrid regimes in SSA. As such, South Korean officials believe that the country's development trajectory is an ideal marketing tool for eliciting interest among SSA elites and establishing relations of mutual trust.<sup>72</sup>

By casting itself in a more altruistic light, and with shared experiences, South Korea is seeking to distance itself from its competitors. South Korean diplomats frequently castigate China's actions in SSA, accusing Beijing of selfishly plundering the region's natural resources while overlooking issues of development,<sup>73</sup> and have also denounced Western powers for colonial excesses and for selectively enforcing democratic norms. South Korean officials believe that taking such a stance will help incrementally to generate a prevailing positive sentiment that will 'win the hearts' of SSA.<sup>74</sup> They contend that such a relationship would provide an ample foundation on which Seoul would be able to consolidate its influence and interests in SSA in the long term.

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<sup>68</sup> Interview, MOFAT, Seoul, March 2012.

<sup>69</sup> Ibid.

<sup>70</sup> Wissenbach, U. and Kim, E.M. (2013), 'From Polarisation towards a Consensus on Development? The EU and Asian Approaches to Development and ODA', in Christiansen, T., Kirchner, E. and Murray, P.B. (eds), *The Palgrave Handbook of EU-Asia Relations* (Basingstoke: Palgrave Macmillan), p. 444.

<sup>71</sup> Under President Park Chung-hee, South Koreans were governed by a system that, although nominally democratic, was authoritarian in nature, and that focused on Korea's cultural distinctiveness and indigenous qualities. The *Saemaul* movement of the 1970s (see below) is a prominent example of this system.

<sup>72</sup> See Soo-deok, P. (2011), 'Ways to Share Korea's Development Experience with Africa', *Korea Focus*, Vol. 19, No. 2.

<sup>73</sup> South Korean diplomats have questioned China's employment and human rights policies in Africa.

<sup>74</sup> Interview, MOFAT, Seoul, March 2012.

## Skills and technology transfers

The government in Seoul is responsible for a number of valuable knowledge and skills transfer initiatives that have helped to popularize South Korea's unique economic development trajectory in SSA. These programmes tend to focus on a number of priority sectors such as ICT and agriculture – areas in which South Korea is particularly knowledgeable.

The *Saemaul Undong* movement, which sees rural development and modernization as key to breaking the poverty cycle, and which was instrumental in transforming South Korea's fortunes in the 1970s, has been successfully exported to a number of SSA countries, including the DRC, Rwanda and Uganda. Similarly, the Knowledge Sharing Program (KSP), launched by the MOSF in 2004, is an initiative that encourages partner countries to adopt the same methods that had produced South Korea's economic miracle. Recent projects have included public finance management in Ghana, e-government implementation strategies in Ethiopia and economic diversification methods in Gabon.

Another skills transfer programme is the Korea-Africa Food and Agriculture Cooperation Initiative (KAFACI). Established by South Korea's Rural Development Administration, KAFACI regards food security, agricultural industrialization and sustainability as key elements of SSA's future prosperity; and South Korean agricultural expertise is utilized to provide training and education for SSA agriculturalists. KAFACI works extensively throughout the region, and recent schemes have included post-harvest support in Kenya, the development of mould-resistant maize in Uganda and chick hatchery implementation in the Comoros.<sup>75</sup>

## Diplomatic expansion

In recent years, Seoul has actively sought to generate an extensive network of pro-Korean policy-makers, business leaders and high-ranking public officials in SSA as a means of enhancing its political and economic prestige there. In addition, government ministries organize numerous seminars and conferences in South Korea to which high-level SSA officials are invited in order to discuss common issues such as climate change, trade and ICT development.<sup>76</sup> The World Friends Korea programme, a state-run overseas volunteer initiative similar to the US Peace Corps, also serves to further the South Korean brand in SSA. SSA students are offered scholarships at South Korean universities, in the hope that they will take a pro-Korean narrative back to their countries. However, there have been a number of recent accusations of racism against Africans in South Korea, including the controversy over the 'This Africa' brand of cigarettes, which could significantly undermine this aim.<sup>77</sup> Instances such as this, along with 'isolated incidents of private acts of racism, racial discrimination and xenophobia', have led the UN's special rapporteur on racism to call for the adoption of a comprehensive anti-discrimination law in South Korea,<sup>78</sup> which is one of the world's most ethnically homogeneous countries.

South Korea's soft power strategy also extends to high-level diplomatic overtures. Former President Lee Myung-bak's official visit to Ethiopia – a country lacking extractive resources – in 2011 represented a concerted effort on South Korea's part to emphasize its role as a development partner first and foremost, rather than as a foreign power concerned only with securing access to

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<sup>75</sup> Korea-Africa Food and Agriculture Cooperation Initiative, Country Project, [http://www.kafaci.org/projects/count\\_pro.asp](http://www.kafaci.org/projects/count_pro.asp).

<sup>76</sup> Interview, Hankuk University of Foreign Studies, Seoul, March 2012.

<sup>77</sup> 'Korean cigarette firm pulls "racist" monkey ads', BBC News, 23 October 2013.

<sup>78</sup> United Nations Office of the High Commissioner for Human Rights, 'UN expert on racism urges the Republic of Korea to adopt a comprehensive anti-discrimination law', 9 October 2014, <http://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=15147&LangID=E>.

SSA's abundant resource wealth.<sup>79</sup> Lee's Ethiopia visit also afforded South Korea the opportunity to illustrate its historical links with SSA, pointing to the 3,158 Ethiopian troops that, as part of three UN battalions, supported the South in the Korean War.<sup>80</sup> Now, in the Horn of Africa, 283 blue-helmeted South Koreans are undertaking peacekeeping duties as part of the UN Mission in South Sudan (UNMISS).

The centrality of South Korea's diplomatic approach in its Africa strategy is further evident in the decision of the Ministry of Foreign Affairs to dispatch special envoys to Algeria, Benin, the DRC, Madagascar, Morocco and Togo in August 2013 as a means of developing deeper ties with all reaches of the continent,<sup>81</sup> although a planned visit to Ethiopia in January 2014 by President Park Geun-hye was cancelled. In May and June 2013 the presidents of Mozambique and Uganda became the first foreign heads of state to visit South Korea since President Park took office,<sup>82</sup> and in October 2014, President Park hosted her Ivorian counterpart, President Alassane Ouattara, in Seoul – the first ever bilateral meeting between heads of state of the two countries.<sup>83</sup>

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<sup>79</sup> Interview with a Korea-Africa business association, Seoul, March 2012.

<sup>80</sup> Interview, MOFAT, Seoul, March 2012.

<sup>81</sup> 'S. Korea to send envoys to six African nations next month', Yonhap News Agency, 31 July 2013.

<sup>82</sup> 'Presidents of Uganda, Mozambique to visit S. Korea', Yonhap News Agency, 23 May 2013.

<sup>83</sup> 'Ivory Coast president to meet Park', *Korea Herald*, 6 October 2014.

## Conclusion

South Korea's relationship with SSA is evolving. The *chaebol* are an important engine for growth in South Korea, and are ever-present in the myriad infrastructure projects that are emerging across SSA. Seoul has played a positive role in the development of countries such as Rwanda, and soft-power initiatives such as the *Saemaul Undong* movement, KAFACI and the KSP are also bearing fruit. But there have also been setbacks, such as the land-lease deal in Madagascar and South Korea's implication in IUU fishing practices. Such reputational damage, along with poor bilateral trade figures and a lack of competitiveness in the extractive industries, means that the outcomes of South Korea's engagements have often not been what it had hoped or intended.

However, South Korea has a number of unique strengths that it can leverage in SSA. Its development story – from poverty-stricken to advanced industrialized economy in the space of 50 years – is a unique and highly effective 'marketing tool'; the so-called 'Miracle on the Han River' development story should be the cornerstone of South Korea's SSA strategy. In addition, the country's status as a former Japanese colony is a narrative that none of its rivals possess, and should be exploited more fully. Along with the spreading global influence of South Korean pop culture, such approaches have the potential to build trust and goodwill in SSA in a way that China, the United States and Europe could only dream of. South Korea's position at the forefront of the global ICT sector should also be brought to bear more fully. More PPPs such as KT Corporation's deal with Rwanda, along with the sharing of best practices, could go a long way towards strengthening the bonds between South Korea and SSA.

Seoul can also take a number of steps towards curbing its shortcomings in SSA. Although growing, bilateral trade figures remain lacklustre. South Korean SMEs have greater potential in SSA than is currently being exploited; and the government and KOTRA need to increase their ability to foster links between SSA's captains of industry and South Korean businesses. In order to facilitate investment, more intensive efforts should be made to promote the more mutual benefits of operating in the region. Furthermore, South Korea's controversial methodology of ODA disbursement needs to be re-evaluated. SSA's continued development requires a greater degree of untied grant aid; and Seoul must decide whether its interests are better served through resource diplomacy, or through closer alignment with the policies of its DAC partners.

## Acronyms

DAC	Development Assistance Committee (OECD)
DPRK	Democratic People's Republic of Korea
DRC	Democratic Republic of the Congo
ICT	Information and communications technology
IUU	Illegal, unreported and unregulated (fishing)
KAFACI	Korea-Africa Food and Agriculture Cooperation Initiative
KEPCO	Korea Electric Power Corporation
KIAD	Korea Initiative for African Development
KNOC	Korea National Oil Corporation
KOAFEC	Korea-Africa Economic Cooperation
KOAFIC	Korea-Africa Industry Cooperation
KOGAS	Korea Gas Corporation
KOICA	Korea International Cooperation Agency
KORES	Korea Resources Corporation
KOTRA	Korea Trade-Investment Promotion Agency
KSP	Knowledge Sharing Program
LH	Korea Land and Housing Corporation
MFA	Ministry of Foreign Affairs
MOSF	Ministry of Strategy and Finance
MOTIE	Ministry of Trade, Industry and Energy
NAM	Non-Aligned Movement
NNPC	Nigeria National Petroleum Corporation
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
PPP	Public-private partnership
SSA	Sub-Saharan Africa

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