



KOREA COMPASS

TRACING THE IMPACTS OF KOREA'S ENGAGEMENTS AROUND THE WORLD

“KOREAFRICA”: AN IDEAL PARTNERSHIP FOR SYNERGY?

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Africa, composed of 54 countries, occupies 20.4 percent (30,221,532 square kilometers) of the total land on earth. It is a huge continent with a population of approximately one billion. Colonized for a long time by Western powers, African countries finally became independent by the early 1960s. Nevertheless, for geographical, political, or ideological reasons, most of them did not quickly come to establish a close relationship with Korea. Sub-Saharan Africa especially remained as a fantastic yet unknown world for Koreans for decades.

Step by step, however, Korea has set up diplomatic relations with all 54 African countries, and recent bilateral cooperation is strengthening in volume and frequency. This paper will explore the main motives for the increase in African-Korean cooperation. It will also look into the unique approaches of Korea in these bilateral interactions as well as the roles Korea can play for sustainable development of Africa. Finally, the paper will explore challenges and risks to consider when undertaking cooperative projects with African countries.

KOREA'S INTEREST IN AFRICA

Located in the far east of Asia, Korea was an isolated nation during the Cold War era. It was blocked by the two most influential communist countries—China and the Soviet Union. In addition, North Korea belonged to the communist bloc, with which South Korea never opened official relations at that time. Moreover, Korea's small size and lack of abundant natural resources have posed challenges for self-sufficiency. In other words, Korea can thrive and progress only by interacting with the outside world. Therefore, Korea had mainly focused on trading simply to improve its economy until it reached a certain level of development. The GNP per capita jumped from \$67 in 1953 to \$19,730 in 2007. The reality is that Korea's rapid economic growth would not have been possible without the help of the international community, coupled with the diligence of the Korean people

to escape poverty under strong political leadership. Today, Korea's international engagements continue to be broadened which is not just economic in nature. As a country that experienced colonization and extreme poverty, Korea has a wider perspective for international cooperation. It is clearly written in the preamble of the Korean constitution that the Korean people are determined to contribute to the lasting world peace and the common prosperity of mankind. In this context, the Korea-Africa bilateral cooperation is expected to generate mutual benefit.

Economic Aspect: Exploring New Markets

Since their independence, many African countries have suffered from civil wars that have led to internal political turmoil. This situation has been considered as very risky by foreign investors. Since the mid-1990s, however, the overall political situation in Africa has visibly stabilized, which in turn created a favorable environment for economic development in Africa. Korea, like other advanced nations, is finding great opportunities in these changed circumstances.

Korea's economic interest in Africa is based on two different facets. One is linked to its “capability” and the other to “real need.” When it comes to capability, Korea hopes to participate in the reconstruction process of devastated territories or infrastructure development projects in underdeveloped areas. In fact, the total contract amount of Korean overseas construction companies exceeded \$70 billion in 2010. The sub-Saharan African portion, however, is less than 3 percent, indicating that there is far more work to do in this region.

In addition to the construction market, there is a strong demand for wireless communication devices in Africa. And the number of Internet users is also growing, even though only an estimated 67 million people had access to it in 2009. As Korea is one of the leading countries in information technology, Africa can surely be a potential market for Korea.

Korea's "real need" relates to the issues of natural resources. For example, 84.1 percent of the total energy consumed in Korea in 2010 was accredited to imported fossil fuels. 81.8 percent of petroleum came from the Middle East. The African continent is known to be rich in natural resources with many unexplored sites and relatively low internal demand. For example, 70 percent of the total petroleum extracted in Africa is exported to non-African nations. As a large importer of energy and major minerals, Korea seeks to secure their supply sources all over the world, and Africa is a good alternative.

Political Aspect: Winning Support on the International Scene

The Korean people hope to contribute to lasting world peace and the common prosperity of mankind. To this end, Korea is now willing to play a broader role in the international community, especially in order to give back what it received during the period of its rapid economic growth. As participants in the international system and constituting 28 percent of voting power in the United Nations, African countries can be good supporters of Korea. African countries tend to form regional communities, such as the Common Market for Eastern and Southern Africa [COMESA], Economic Community of West African States [ECOWAS], and the Southern African Development Community [SADC], in order to cope with international problems together. Through the African Union [AU], they frequently pursue a unified voice for their common interests. These regional communities can play an important role in elevating Korea's status in the world.

WHY ARE AFRICAN COUNTRIES INTERESTED IN KOREA?

Recently, African countries have been trying to diversify their cooperation partners. Even after gaining independence, their economies have been closely linked to those of the Western powers who were former colonizers. The African people do not necessarily think positively of the situation. Although knowing the same language guarantees good communication, the economic performance of African countries through their existing cooperation channels does not seem to meet their expectations. In this context, China has been trying to grow its presence in Africa since 2000 in providing African countries with financial incentives such as debt exemption and special loan. However, the aid-for-oil strategy of China is sometimes criticized, while many Chinese workers in Africa have created a social integration problem with the local people. In addition, too much dependence on one or two partners can be very risky during a period of economic recession. For example, the value of CFA franc circulated in several African countries is fixed to the Euro, which hinders these countries from adopting necessary policy measures. Thus led to a phenomenon where on the one hand, African

countries began to use their abundant natural resources as leverage for negotiations with new partners, while on the other hand, counted on aid coming from various international organizations.

In particular, new leaders who ended the civil wars are putting forward strategic plans for national development. Despite a lack of transparency during the rudimentary phases of newborn democracies, strategic plans can be considered as the first step for nation building. Because the countries' domestic political situations have considerably stabilized, the new leaders want to achieve the results very quickly. Since the 1990s the economic growth rate in Africa has been higher than the international average. For 2011, the International Monetary Fund estimated that Africa would realize 6 percent of economic growth compared to the world growth of slightly over 4 percent. Given the framework of fast growth, the Korean case can be a good reference for Africa.

ANY UNIQUE APPROACHES FOR KOREA?

What makes the Korean approach unique while other countries are also engaging with Africa? Historically, Korea has never been in conflict with any African countries. Therefore, African people do not have any hostile sentiments or biases against Korea. And Korea's situation is known to be rare in modern history. Among other things, Korea's strong leadership and rapid economic growth could constitute two factors that can be of interest to African countries.

First, Korea can share the lessons learned from successes and failures that it experienced during its economic development process. Korea genuinely understands poverty and need. The generation that experienced and overcame extreme poverty a few decades ago is still alive unlike many advanced nations today. By sharing its knowledge and experiences with African countries, Korea can provide concrete steps on how to catch fish rather than simply offer fish to others. Since 2004, the Korean government has been running a special program called the Knowledge Sharing Program (KSP) to help other countries in need and has offered consulting on more than 200 projects in 22 countries until 2010. The Democratic Republic of the Congo, Ghana, Libya, and Algeria have benefited from this program.

Second, Korea developed a government-backed growth model based on strong leadership and medium- and long-term plans. With this strategy, many public bodies specializing in different sectors of infrastructure were set up. Several examples are the Korea Housing Corporation, Korea Expressway Corporation, K-Water, Korea Land Development Corporation, Korail, and Korea Airports Corporation. These organizations played an important role within the centralized planning system until the private sector became competitive. Now they are also becoming interested in expanding internationally. Because they are not-for-profit enterprises, they can better contribute to the development of African

countries as they follow the Korean government's policy orientation, such as the official development assistance (ODA) programs.

Korea's interest and involvement in Africa have grown significantly since the establishments of the initial development program for Africa in 2006. Following the Seoul Declaration in 2009, the Korea-Africa Development Cooperation Plan was established and was decided the increase ODA for Africa up to \$200 million by 2012. Moreover, Korea joined the Development Assistance Committee of the OECD in 2009. This will create a favorable environment for expanding Korea's roles in the development process of Africa. Although Korea was a latecomer in Africa compared to China who organized the first China-Africa Cooperation Forum in 2000, Korea's roles are expected to be increasingly important.

KOREA'S ROLE IN AFRICA'S SUSTAINABLE DEVELOPMENT

The word "sustainability" contains a notion of continuity. For Africa to develop in a sustainable manner, certain policy orientations are absolutely necessary. In other words, Africa needs to set and move towards specific goals. Korea can help African countries to establish strategic plans for the future. For example, Korea introduced the concept of 5-year plans for economic development in 1962 and 10-year plans for territorial development in 1972 to boost socioeconomic growth. Such plans should present practical visions and goals.

Korea can also help African countries to make appropriate rules, institutions, and laws. This may be called a process of societal systemization or institutionalization. Without a rational and clear system, neither predictability nor transparency can be guaranteed. This corresponds with public sector reform measures for anticorruption that many international organizations emphasize today. Along with this, Korea can share its strong information technologies with its partners. These technologies can create avenues for people to interact with the political power, offer their support, and present their demands. The Internet is a useful tool for democratization of society by providing people with information sharing and political participation.

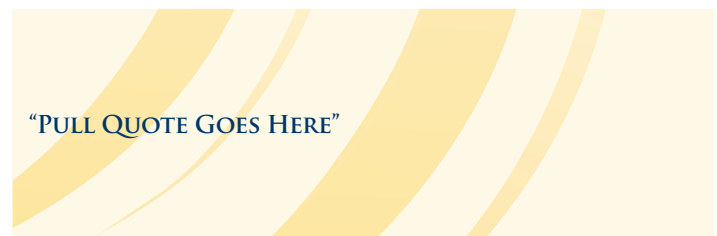
The exchange of human resources and infrastructure development are also an area in which Korea can make a great contribution. Unless a country is interested in the education of its people, there is no hope for the future. A group of enlightened elites can play a crucial role especially at the early stage of a country's development. Korea can offer to African countries diverse training programs, including ones for different areas of infrastructure. Infrastructure development requires a long-term perspective because it is very costly and difficult to change once the project is realized. Therefore, it is crucial to set up a good order based on the project priorities. For example, land surveying and cadastral clarification should come before all other major projects. Otherwise, there may be

various types of conflicts resulting from legal ambiguity and entanglements vis-à-vis compensation for land and relocation of local inhabitants. Korea has accumulated much experience in this regard.

Community care is also important in the daily life of local people. Trust-building and sustainable bilateral cooperation between countries should also take community development into consideration. The Korean approach does not intend to make its partners dependent on Korea, which is why the Korean government will augment its ODA and also support nongovernmental organizations' activities in African local communities.

CHALLENGES AND RISKS IN AFRICA

Africa is in the process of waking up. Africa is thought of as a land of opportunity by many countries. However, existing challenges should be understood. First, many African countries still lack transparency and rest on an unstable foundation in political leadership, which creates the ever-present possibility of abrupt power changes. Law enforcement and policy implementation can be somewhat arbitrary. It will surely take some time for these societies to become well-structured enough to enhance systematic predictability.



Second, it is incorrect to assume that Africa is integrated. The borders artificially drawn by Western powers in the 1880s have not changed, forcing different tribes to coexist within a given territory. One should understand the diversity in various societies and communities when doing business in Africa. This reality may change progressively in the future as African economies and democratic systems grow.

Third, it is not easy to find highly skilled workers in Africa, even though development projects usually require labor-intensive tasks. Because job creation is very important for the economic development of African countries, some governments make it a rule that a certain percentage of local people should be hired. It can sometimes be a challenge to harmonize the supervisors from the foreign enterprises with the local workforce.

Finally, there are inherent difficulties in doing the trade-off type business, such as natural resources for infrastructure. First off, the two industries are vastly different in nature. That is, they are not interconnected in terms of development time span and profitability, such as a construction company not having knowledge about natural resources. Unless the two sectors are well combined or under the control of one entity, the efficient trade-off of natural resources and infrastructure cannot be made. In addition, it takes a long time to explore land for natural resources and then commercialize those

resources. If an infrastructure development project is combined with financial investment, the question becomes even more complicated. To make a long-term project more pertinent and feasible, risks that threaten the continuity of project packages should be removed.

'KOREAFRICA' AS A TERM FOR A NEW SYNERGY?

Africa is a very complex continent characterized by its diversity. Africa has suffered much during its history. Its potential, however, has made it a new region of interest in the 21st century. Existing Western powers that once colonized Africa are finding that newcomers have become their strong rivals. In fact, in 2008 certain Western media even criticized the active presence of Asian countries in Africa by calling it "neo-colonialism." Although this kind of criticism can be classified as exaggeration, the sentiments are real.

Now that ideological walls have collapsed and civil wars appear to be coming to an end, African countries have much to do to restructure destroyed and underdeveloped territories. In this respect, they need more cooperation partners and new friends. In the era of the "global village" where geographical distance means increasingly less, Africa is not an

isolated special part of the world. Africa's problems are not only their own, but also the problems that all countries should face together. Moreover, Africa should not be considered as an object, but as a place where nations can create synergy.

In summary, Korea continues to work to be a true friend that African countries can trust. Different public or semipublic bodies for which the primary value is not-for-profit are supplementing private sector activities. The Korean government stresses that a certain amount of the profit made in a developing or underdeveloped society should be returned to the society. In addition, the Korean government is not only providing policy recommendations to more countries within the KSP framework but also augmenting ODA distribution to the developing and underdeveloped world. Korea is supporting various nongovernmental organizations working in Africa as well. As Korea wants to play a bigger role in the development process of Africa, more countries will receive policy advice from Korea.

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