

➤ Korea in Africa: A Missing Piece of the Puzzle?¹

Soyeun Kim

The paper explores the relatively little studied Korea-Africa relations via development cooperation in order to better appreciate Africa's changing development landscape. It examines various stages of Korea's Africa strategy in the post-Korean War era in exploring its three key motivations: achieving resource security, gaining political clout in UN voting and promoting soft power through 'contributive' diplomacy. In the early days of its diplomatic relationship with Africa, Korea received criticism for advancing a limited and short sighted strategy aimed at securing African votes at the UN for its formal membership. Since the mid-2000s, Seoul's Africa policy has become more formalised and institutionalised via various forums and initiatives. This has implications not only for the diversification of objectives of South Korea in Africa, but also for the fast-changing landscape of development cooperation. An analysis of both historical and recent data of South Korean Official Development Assistance (ODA), trade flows and FDI flows into Africa suggests that South Korea places a strategic value on African resources and markets, and that a possible link exists between ODA flows and trade priorities, especially FDI for resource development.

Korean Air launched a new route between the Seoul/Incheon and Nairobi on 21 June 2012. With flights operating three days a week at a capacity of 253 passengers, Korean Air advertises itself as the first airline in east Asia to run *regular direct* services to an African destination.² This bold exemplifies Korea's recent 'African rush'. Yet, despite burgeoning economic and political ties between African countries and Korea, very few studies have touched upon this emerging relationship.

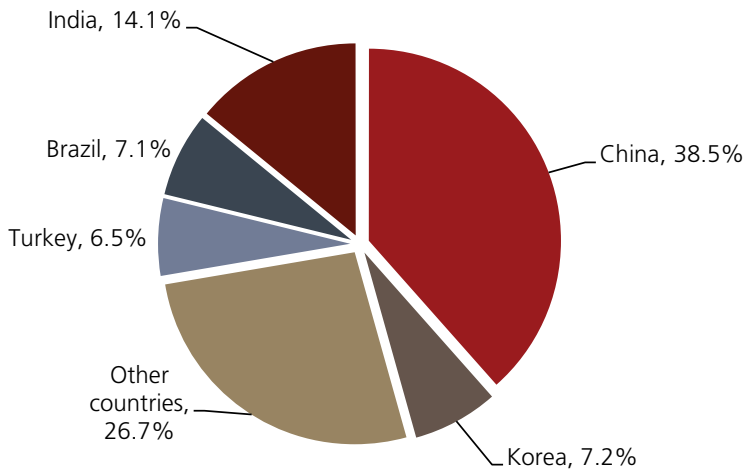
Studies of Africa's emerging partners have thus far placed a great emphasis on China. However, this 'Sino-centric' approach runs the risk of limiting efforts to fully understand the changes in African development. Not surprisingly, the 2011 *African Economic Outlook* report highlights the importance of other key emerging partners such as Brazil, India, Korea and Turkey, which together comprise a larger share of many dealings (see Figure 1 and Table 1).

Given that Korea accounts for 7.2 percent of Africa's total trade with emerging partners and ranks third among these partners, what does this mean for the changing landscape of African development? How and why do flows matter for Korea's development cooperation with Africa, and vice versa? This paper addresses these questions by shedding light on the motivations behind Seoul's Africa policy, focusing in particular on its ODA flows.

1 I am grateful for the constructive comments of Laura Savage and Kevin Gray. All errors remain my own.

2 Korean Air, 'Korean Air to Introduce Direct Flights to Nairobi Starting June,' 2012
http://www.koreanair.com/local/kr/gd/eng/au/pr/20120314_85316.jsp.

Figure 1. Distribution of Africa's total trade with emerging partners (2009, in percentage) ³



Source: Adapted from AfDB et al. (2011, 103)

Table 1. Number of African countries in which emerging partners have significant trade (at least 10 million USD a year)

	Exports by Africa		Imports by Africa	
	2000	2009	2000	2009
China	22	34	30	41
India	19	31	28	38
Korea	13	15	22	29
Brazil	11	10	12	28
Turkey	13	13	9	24
Thailand	15	14	19	25
Russia	6	13	12	15

Source: Adapted from AfDB et al. (2011, 104)

³ UNDP, 'African Economic Outlook: Africa and its Emerging Partners,' 2011, <http://www.undp.org/content/dam/undp/library/corporate/Reports/UNDP-Africa-2011-Economic-Outlook.pdf>.

Although sparse, academic literature on Korea-Africa relations (both old and new) points to three key motivations conditioned by the post-Korean War political economy.⁴ All three are closely linked to how Korea has (or has not) balanced its national interests, international standing and sense of 'global responsibility' in recent years.⁵ The first motivation, which largely dominates both international and Korean media, relates to economic interests.⁶ Like many other emerging actors rushing to Africa, Seoul's aims to diversify and secure supplies of raw materials and resource supplies, and to expand its export markets. The second motivation seeks political influence in Africa through diplomacy. The third motivation combines the first two motivations and relates to the more recent issue of the role of emerging actors in development cooperation. Korea promotes its global standing and exerts its 'soft power' as a bridge between developing and developed countries through the provision of ODA and as an OECD DAC member.

In exploring these motivations, the first section of this paper contextualises the recent phenomenon of Korea's 'Africa rush' within its diplomatic history and position in the international political economy since the 1960s. The second section explores the state of Korea's development cooperation with Africa, while relating ODA flows with other economic activities including trade and FDI.

HISTORY OF KOREA-AFRICA RELATIONS

Seoul's relations with Africa date back to the Korean War. The two divided Koreas have since sought to win diplomatic recognition and political legitimacy, especially vis-à-vis African countries.⁷ Until quite recently, Seoul has had a rather limited engagement with Africa that is dependent on its relationship with the major powers, in particular with the US.⁸ Various elements contributed to this limited diplomacy, including geographical distance, insufficient availability of information and, consequently, a mutual lack of interest. In contrast to Chinese officials' numerous official visits to Africa, a Korean president made only one such visit in the first five decades after the Korean War (Chun Doo-hwan in 1982). Presidential visits did not become more frequent until recently (Roh Moo-hyun in 2006 and Lee Myung-bak in 2011).

Inter-Korean Tension and the Road to the UN membership

Seoul's initial interest in Africa, based on its aim of political recognition, dates back to the 1960s. North Korea's already significant ties with many decolonised African nations spurred South Korea's recognition campaign.⁹ In the 1970s, North Korea had 23 embassies in Africa whilst South Korea had only ten.¹⁰ Thus, Seoul's motivation in the early years focused on establishing diplomatic ties to compete with North Korea. These ties ultimately helped Seoul secure its membership in the UN.

Three consecutive presidents implemented various diplomatic strategies to this end. In 1973, President Park Chung-hee abandoned the 'ideological' Hallstein Doctrine, which refused relations with any country that recognised North Korea.¹¹ Park subsequently adopted a more 'practical' diplomatic strategy of a simultaneous

4 This is by no means an exhaustive list of literature on Korea-Africa relations.

5 Thomas Kalinowski and Hyekyung Cho, 'Korea's Search for a Global Role between Hard Economic Interests and Soft Power,' *European Journal of Development Research*, 24/2 (2009), 242-260.

6 In particular, Daewoo's land deal in Madagascar. See Ryall Julian and Pflanz Mike, 'Land Rental Deal Collapses After Backlash Against Colonialism,' *The Telegraph*, 14 January, 2009.

7 Yoon-dho Ra, 'The Perspective of Cooperation between Korea and Africa in 1990's,' *Africa Research*, 4 (1988), 93-113.; Ui-sup Shi and Je-gyeong Park, 'The Direction of Korea's Foreign Policy towards Africa,' *Journal of Africa Studies Association Korea* 4/2 (1989), 145-155.

8 Gyudeuk Hwang, 'Korea's Diplomacy towards Africa: Evaluation and Proposal,' in Eunsook Chung, ed., *Korea's Diplomacy with Developing Countries* (Seoul: Hanwool Academy, 2009), 157-189.

9 Young-tae Chung, 'The Stage of Inter-state Relationship Development between Korea and Africa,' *Africa Research* 4 (1988), 49-72.

10 As of 2012, South Korea has 19 embassies and North Korea has ten; see http://www.mofat.go.kr/introduce/abroad/list/middleeast/index.jsp?menu=m_70_50_10&tabmenu=t_4.

11 Barry K. Gills, *Korea versus Korea: A Case of Contested Legitimacy* (London: Routledge, 1996), 105.

and separate entry of North and South Korea to the UN.¹² In the early 1980s, President Chun Doo-hwan advanced Park's policy by promoting South-South diplomacy. Chun invited two African heads of state to this end (Liberia and Zaire, see Figure 2). He became the first Korean head of state in history to make a presidential visit to Africa after receiving official invitations from Nigeria, Gabon, Senegal and Kenya. His strategy paid off as the Cold War came to an end. Seoul normalised diplomatic ties with the countries of the former Soviet Union in 1990 and with China in 1992. President Roh Tae-woo's strategy, touted as 'Nordpolitik', promoted commercial relations whilst reducing military tensions with North Korea.¹³ The two Koreas finally entered the UN together in September 1991 amidst these policy changes and diplomatic efforts.

Figure 2. Six stamps issued to commemorate the state visits to and from Africa in 1982¹⁴

Kenya



Nigeria



Gabon



Senegal



Liberia



Zaire



¹² Ho-Young Lee, 'Korea's Foreign Policy toward Africa: Re-estimation and New Direction,' *The Korean Political Science Association Journal* 33/3 (1999), 371-390.

¹³ Robert Bedeski, *The Transformation of South Korea: Reform and Reconstitution in the Sixth Republic Under Roh Tae Woo, 1987-1992* (London: Routledge, 1994).

¹⁴ Regards to the Korea Post and K-stamp for their permission to use the images of stamps in Figure 2.

Seoul's goal of securing formal recognition from African nations to support its entry to the UN required spontaneity mattered as it needed to respond swiftly to the requests of African leaders in order to gain their favour.¹⁵ This narrow aim (alongside the various constraints mentioned above) meant that Seoul lacked a systematic and sustainable approach to its relations with Africa. It received criticism for its limitations and short-sightedness.

Global Korea: From Resource Diplomacy to Soft Power and Global Responsibility

Seoul's relations with Africa stagnated after it gained entry to the UN in 1991. Since that year, the number of Korean embassies and consulates in Africa fell from 18 to 13 (8.3 percent of Korean diplomatic missions). Its limited diplomacy began to change around the mid-2000s. Two successive administrations played a significant role in putting Africa firmly on Seoul's foreign policy agenda. In the Roh Moo-hyun administration, Foreign Minister Ban Ki-moon (who later became UN Security-General) led changes to Korea's trade and aid policies.¹⁶ In 2006, he set in motion several prominent Korea-Africa initiatives: Roh's official visit to Africa; the Africa Initiative, which pledged to triple Korea's ODA to Africa between 2006 and 2009; the launch of two Korea Africa forums.¹⁷ Ban's efforts to put Africa back on Seoul's agenda simultaneously aided his campaign for the UNSG position. He was the first Korean foreign minister to visit Africa. Amongst the countries he visited (Algeria, Congo, Ghana, Kenya, Libya, and Tanzania), four were then non-permanent members of the UN Security Council.¹⁸

Roh's 2006 visit to Africa essentially launched Korea's 'resources diplomacy'. This new diplomacy followed the 'Asian formula' of offering a 'mutually beneficial' package deal, which contrasted with the resource diplomacy of the Lee Myung-bak administration. Key figures from the Korea Electric Power Corporation, the Korea National Oil Corporation (KNOC) and major construction companies accompanied Roh.¹⁹ The visit targeted Africa's leading economies and oil producers, including Algeria, Egypt and Nigeria, and led to several package deals linking ODA-funded projects to resource concessions or large scale infrastructure bids.²⁰ For example, the KNOC-led Korean consortium's production sharing contracts with the Nigerian National Petroleum Corporation.²¹

During the visit, Roh also announced the 'Korea Initiative for Africa's Development', which set out to put forth a comprehensive framework for Korea's cooperation with African countries. Two items addressed in the initiative have served as the backbone of the institutional structure of Korea-Africa relations (see Table 2): the pledge to treble ODA to Africa, upheld by the subsequent Lee administration (see Figure 3); the initiation of two Korea-Africa forms in 2006 — the triennial Korea-Africa Forum led by the Ministry of Foreign Affairs and Trade (MOFAT) and the biennial Korea Africa Economic Cooperation Conference (KOAPEC) led by the Ministry of Strategy and Finance (MOSF). The initiative thus helped to systematically formalise and institutionalise Korea-Africa relations.

15 Ho-Young Lee, 1999. 145

16 Colum Lynch, 'S. Korean Contender for U.N. Post Has an Edge; Ban Ki Moon's Rivals Complain About His Role in Foreign Aid and Trade Policy,' *The Washington Post*, 29 September, 2006.

17 'Ban Ki-moon, Regrettable to See Lack of Interest in Korea Africa Forum,' *Yonhap News*, 8 November, 2006.

18 'Ban Ki-moon began Election Campaign?' *Minjung-ui-sori*, 14 March, 2006.; John Bolton, *Surrender Is Not an Option: Defending America at the United Nations And Abroad* (New York: Threshold Editions, 2007).

19 Ministry of Foreign Affairs and Trade Korea, 2005, http://www.mofat.go.kr/webmodule/htsboard/template/read/korboardread.jsp?typeID=6&boardid=235&seqno=290617&c=&t=&tableName=TYPE_DATABOARD&px=&dc=&vc=&lu=&vu=&iu=&du.

20 Ui-sup Shim, 'Korea Initiative for Africa Development,' *Journal of Africa Studies Association Korea* 24, 115-140.

21 The consortium holds 60 percent share of the two off-shore deep water blocks, of which KNOC owns 43.88 percent, Korea Electric Power Corporation 8.78 percent, Daewoo Shipbuilding & Marine Engineering 5.85 percent and GT&R 1.5 percent.

Table 2. Selected points from the 2006 Korea Initiative for Africa's Development

<p>Increase the ODA volume</p> <ul style="list-style-type: none"> • tripling ODA to Africa by 2008
<p>Sharing Korea's development experience</p> <ul style="list-style-type: none"> • by 2009, inviting 1000 African officials for capacity building • dispatching of Korean experts and volunteers • assisting African governments to devise national development plans via holding workshops
<p>Setting up Korea-Africa cooperation fora</p> <ul style="list-style-type: none"> • establishing 'the Korea Africa Economic Cooperation Forum' as a tripartite (business/ government/ academia) committee
<p>Promoting Africa's ownership</p> <ul style="list-style-type: none"> • Supporting NEPAD's efforts to promote social and economic development

The third forum and the fourth KOAFEC deserve particular attention as they clearly highlight all three motivations behind Seoul's Africa strategy. The two meetings convened during the official 'Korea-Africa Cooperation Week' to promote public interest in Africa and in Seoul's cooperation with Africa.²² This coordinated effort by the Lee administration proved a success, and the meetings provided a useful campaign ground for the bid to host the Green Climate Fund (GCF) secretariat in Songdo, Korea.²³ In return for African votes, Seoul announced a \$60 million comprehensive assistance plan at the KOAFEC meeting.²⁴ During the GCF bidding process, Korea consistently emphasised three points. First, it highlighted its role as a bridge (mediator) between developed and developing countries in forming a global partnership for climate change action. Second, it promoted Korea's own development experience and the green growth strategy — the Lee administration's driving initiative from the start. Third, it critiqued the geographical bias of the environment-related international organisations, which have headquarters heavily concentrated in Europe. Korea put forward a case for an Asian location, which contains half of world's population.²⁵

Seoul's strategy to become an active and respected player in international relations with Africa involved hosting various important international meetings (for example, the G20, the 4th High Level Forum on Aid Effectiveness and the Seoul Nuclear Summit), joining the OECD DAC and promoting an 'aggressive' use of ODA for business and resource diplomacy.²⁶ ODA has become the key instrument for securing resources from African nations and for strengthening 'soft power' by promoting the 'Korean model of development'.²⁷ Moreover, it provides important opportunities for Korea to further embed and extend its approach.

22 African Development Bank, *Strengthening Partnerships for Development and Inclusive Growth*, 2012, <http://www.afdb.org/en/news-and-events/article/strengthening-partnerships-for-development-and-inclusive-growth-9790/>.

23 Ministry of Strategy and Finance, *White paper on hosting of Green Climate Fund* (Seoul: Ministry of Strategy and Finance, 2013), 65-66.

24 Jinyung Kim, 'A Match between David and Goliath: The Story of Successful Hosting of GCF,' *Money Today*, 20 October, 2012.

25 Ministry of Strategy and Finance, 2013, 84.

26 Hangyu Lee, 'A Study on the Meaning of Korea-Africa Forum & President Lee's Administration's Policy toward Africa,' *Journal of Africa Studies Association Korea* 33 (2011), 43-77.

27 Tosin Sulaiman and Jon Herskovitz, 'Africa Money: Africa Studies "Made in Korea" Model to Push Growth,' *Reuters*, 19 October, 2012.

What does Korea's ODA to Africa look like in practice? How has Korea's ODA to Africa developed and evolved? Has Korea effectively implemented its pledges and policies? Answering the question requires a closer look into the state of Korea's development cooperation with Africa, relating the ODA flows with other economic activities including trade and FDI.

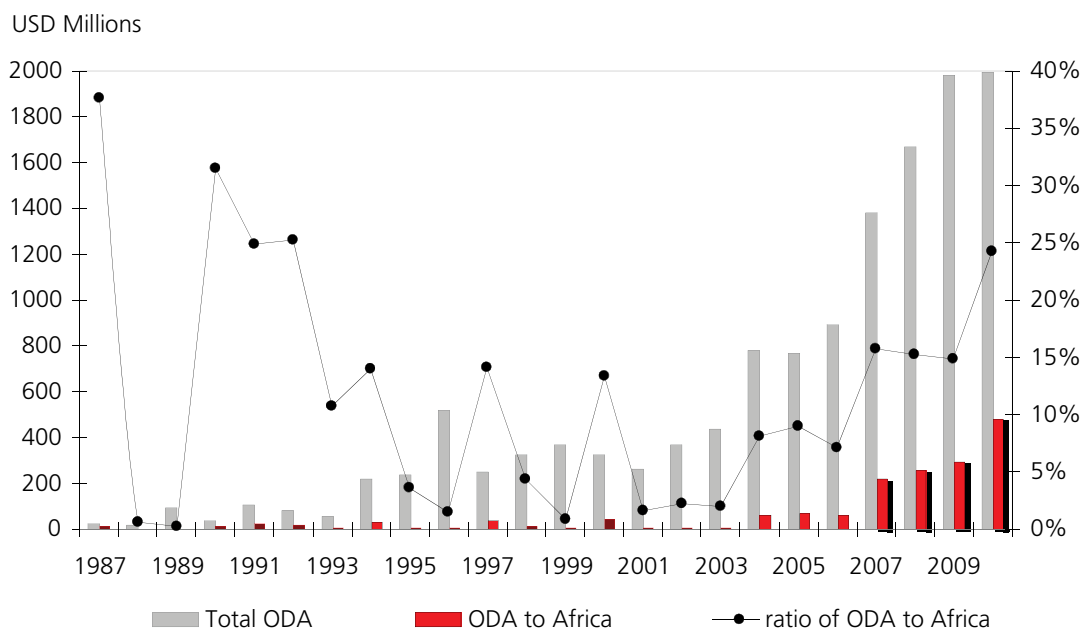
ODA TO AFRICA IN NUMBERS

ODA is the resource flow from one government to another and thus signals the relationship between donor and recipient countries. The political economy of both countries matters in understanding the effect of the flows. The present section focuses on the donor side.

Korea's ODA has increased rapidly since the early 2000s (see Figure 3). Between 2006 and 2010, ODA flow increased by an average of 29 percent each year.²⁸ In 2011, ODA flow reached \$1.32 billion, a nearly six percent increase from the previous year. Korea's ODA to Africa in particular (both its volume and ratio) has also steadily moved upwards since 2006.

Korea's ODA is often referred to as a 'two-pillar system' as, in principle, two ministries manage ODA. The Ministry of Foreign Affairs and Trade (MOFAT) oversees ODA grants through the Korea International Cooperation Agency (KOICA). The Ministry of Strategy and Finance (MOSF) manages ODA loans through the Economic Development Cooperation Fund (EDCF). The ODA system is highly fragmented both in policymaking and delivery. The tension between the two ministries has intensified over the years over issues relating to

Figure 3. Korea's Total ODA and ODA to Africa 1987 - 2010 (Commitment-Base)²⁹



28 OECD, 2012.

29 Adapted from Korea EXIM Bank, 2013. Online ODA statistics. <http://www.koreaexim.go.kr/kr/work/check/oda/use.jsp>. N.B. The reason for analysing the commitment-based data here is that it better reflects how the pledges are translated into actual decision made by Korean government. Actually disbursement takes time and often gets delayed so neither gross or net disbursement is suitable here.

compliance with the DAC aid norms (for example, over increasing the volume of grants and proportion of ODA), and the idea of reforming the current system to establish a single ODA agency under the (MOFAT-led) KOICA umbrella. Their separate arrangements for the Africa Forum demonstrates this tension. One must thus look into both types of ODA flows (actual disbursements) separately to better understand the nature of Korea's engagement with Africa.

Figure 4. Grants and Loan disbursements in Africa³⁰

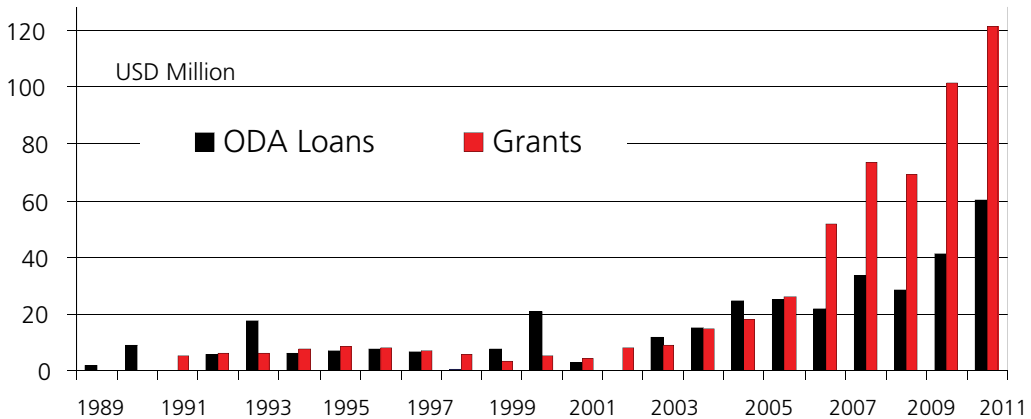
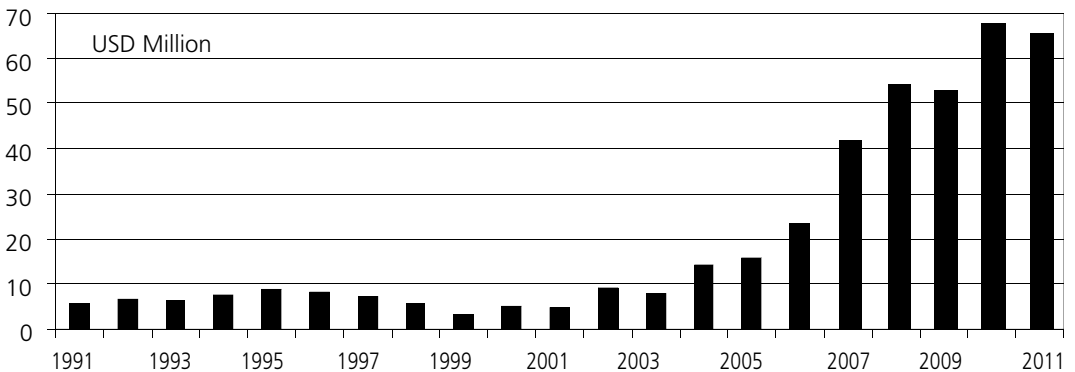


Figure 5. KOICA's grants disbursements to Africa³¹



Grants vs. Loans in Africa

Despite the media hype about the link between large scale development projects and ODA loans, Figure 4 tells a different story. Although both flows have increased steadily since 2006, the total grant disbursement has overtaken loan disbursements.

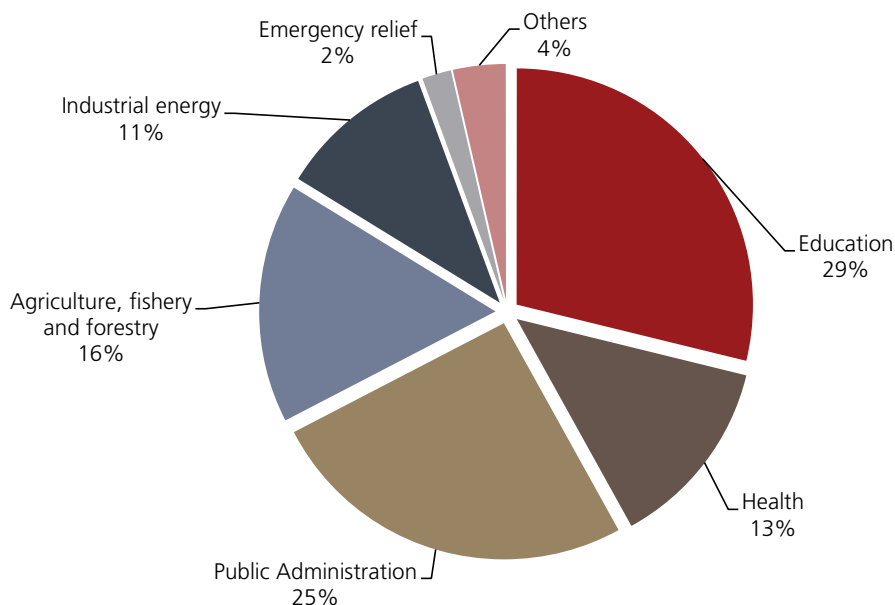
KOICA's grants have shown similar trends with Korea's overall ODA flows over the years — in particular, the sharp increase after a series of events in 2006 (see Figure 5).

³⁰ Adapted from the OECD.StatExtracts. 2013. Aid (ODA) disbursements to countries and regions [DAC2a]. Data extracted February 27. <http://stats.oecd.org/Index.aspx?datasetcode=TABLE3A#>

³¹ KOICA Online Grants Statistics, 2013, <http://stat.koica.go.kr/>.

In 2011, KOICA's grants to Africa totalled \$65.6 million, or 16.1 percent of Korea's total ODA.³² In terms of sector expenditure, KOICA spent the largest share of its grants on education, followed by public administration, fishery and forestry, agriculture and health (see Figure 6).

Figure 6. KOICA's 2011 activity by sector (disbursement based)³³



KOICA's top five recipients in 2011 — Tanzania, Ethiopia, Morocco, Kenya and Rwanda (Table 3) — accounted for 8.4 percent of KOICA's total disbursement and 51.8 percent of its disbursement in Africa. Asia still took the largest share of KOICA's activities at 45.5 percent.

Table 3. Top five KOICA recipients in Africa (disbursement based)³⁴

Rank	County	Amount USD	Ratio (%)	
			KOICA's total disbursement	Total disbursement in Africa
1	Tanzania	8,864,806	2.2	13.5
2	Ethiopia	8,079,111	2	12.3
3	Morocco	7,070,351	1.7	10.8
4	Kenya	5,152,172	1.3	7.8
5	Rwanda	4,868,599	1.2	7.4

On the other hand, EDCF loan disbursements to Africa accounted for 13.1 percent of total flows in 2011. Asia again dominated Korea's loan assistance at 79.8 percent, but the proportion of its share surpassed that of KOICA. Here, the business-oriented EDCF still seems to prioritise the rapidly growing Asian economies over Africa.

³² *ibid.*

³³ *ibid.*

³⁴ KOICA, *KOICA Annual Report 2011* (Seoul: KOICA, 2011).

Table 4. Approved ODA loan projects from 1987 to 2011 (as of December 31, 2011)³⁵

		USD millions	Project details
1987	Nigeria	10	Modernisation of railcar modernisation
1990	Ghana	13	Construction of a storage building for refined oil products
1991	Nigeria	15	Railcar modernisation
	Uganda	7.5	1 st phase project for waste water treatment system
1992	Kenya	14.4	Skill training centre construction
1994	Ghana	8	LPG container production factory construction
2000	Ghana	38.2	Buipe-Bolgatanga oil pipeline (265Km) construction
2004	Kenya	25	Road work equipment replacement
	Tanzania	28	Skill training centre construction
2005	Angola	31.44	Agricultural modernisation
	Equatorial Guinea	20	Bata Water Supply Project,
2006	Angola	35	Construction of National Information Processing Centre
2007	Madagascar	14.12	Toliara Province Road Rehabilitation Project of RN 35 – co-financed with AfDB
	Senegal	25	Government ICT Infrastructure Project
	Angola	49	Rural development for food security (chicken farming modernisation + farmer capacity building)
	Kenya	10.74	Skill training centre expansion and improvement
	Tanzania	25	Construction of Malagarasi Bridge and access roads
2008	Madagascar	30	National disaster management centre construction
	Mozambique	45	Construction of Quelimane General Hospital
	Cameroon	35	Establishment of Vocational Training Centre
2009	Mali	21.58	Irrigation development programme Phase 1 – co-financed with AfDB
	Mali	39.65	Government ICT Infrastructure Project
	Mozambique	20	Rehabilitation of Nacala road corridor Phase 1 – co-financed with AfDB
	Mozambique	49.08	Rural Electrification in Gaza Province
	Tanzania	49.62	Improvement of Water Supply System in Dodoma Town
	Tanzania	49.5	Muhimbili University hospital construction
2010	Ghana	55.5	Wa Water Supply Rehabilitation and Expansion Project
	Mozambique	35	Construction of solar power station
	Mozambique	25	Emergency Management Information System Project
	Angola	18.5	Agricultural modernisation
	Angola	34.83	Establishment of Advanced Technology Center
	Angola	44.04	Public Security Innovation Project
	Uganda	26.8	Education IV Project
	Tanzania	36.42	IRINGA-SHINYANGA BACKBONE TRANSMISSION INVESTMENT PROJECT
	Tanzania	27	Muhimbili University hospital medical equipment supply project
2011	Ghana	67.23	<i>Prestea-Kumasi</i> Transmission Enhancement Project – linked to KOICA
	Mali	25.03	Markala Sugar Project – cofinanced with AfDB
	Mozambique	18.1	Education project
	Ethiopia	78.4	Sululta-Gebregurach Power Transmission Project
	DRC	67.91	Remba Imbu Water Project
	Tanzania	50	Construction of Zanzibar Irrigation Infrastructure Project

Africa only	14 countries (Angola, Cameroon, DRC, Equatorial Guinea, Ethiopia, Ghana, Kenya, Madagascar, Mali, Mozambique, Nigeria, Senegal, Tanzania, Uganda) and 41 projects	1318.59
total	49 countries and 277 projects	7291.15

³⁵ Source: Adapted from EDCF. 2013. ODA statistics. Last modified January 31. <http://www.edcfkorea.go.kr/edcf/info/statis/report.jsp>

The scale and speed of growth in EDCF's loan assistance to Africa has changed in recent years. According to loan approval data (see Table 4), between 1987 and 2006, 12 projects in seven countries received approval with a total of \$245.54 million. Between 2007 and 2011, 29 projects in 12 countries received approval with a total of \$1073.05 million — nearly four times the value of loans approved during the previous 19 years.

As Table 4 highlights, ECDF loans to Africa mainly focused on economic and social infrastructure projects. The top five recipients of the EDCF loans included Angola, Mozambique, Ghana, Mali and Senegal (see Table 5.)

Mutually Beneficial?: Current Korea-Africa Economic Relations in Numbers

There has been much emphasis so far on the 'mutually beneficial' partnership between Korea and Africa. What, then, links ODA flows to strategic business deals by the Korean private sector? This comparison does not aim to suggest a concrete causal relationship between ODA flows and private sector engagement, but rather to gauge a trend that may suggest a possible (and complex) relationship between governmental and private flows. This aim is important given the recent paradigm shift from aid effectiveness to wider development effectiveness, which includes debates 'beyond aid' and the utility of 'policy coherence'³⁶ in the midst of aid scepticism, financial crises and the subsequent political pressure.³⁷

Table 5. Accumulated total ODA loan disbursements from 1987 to 2011 (as of 31 January 2013)³⁸

	Disbursement		Number of projects
	KRW million	(%)	
Angola	146,347	3.90%	5
Mozambique	31,173	0.80%	5
Ghana	77,729	2.00%	4
Mali	13,538	0.40%	1
Senegal	55,334	1.40%	2
Tunisia	24,874	0.60%	1
Madagascar	11,071	0.30%	1
Kenya	45,708	1.20%	3
Cameroon	5,406	0.10%	1
Uganda	5,406	0.10%	1
Nigeria	18,981	0.50%	2
Tanzania	71,250	1.90%	7
Africa total	513,939	13.40%	33
World total	3,835,842	100.00%	239

36 Helen Clark, 'The Future of Development Co-operation: from Aid to Coherence?' (presentation, Belgian Development Days, Brussels, Belgium, 8 May 2012). <http://www.undp.org/content/undp/en/home/presscenter/speeches/2012/05/08/helen-clark-the-future-of-development-co-operation-from-aid-to-coherence/>.

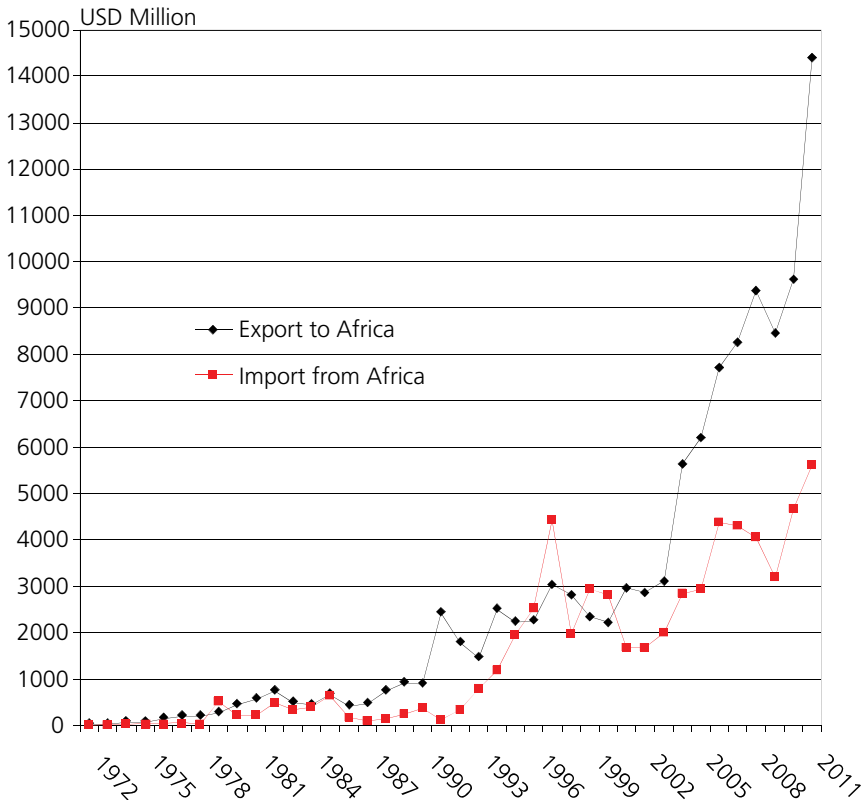
37 S. Bilal and F. Rampa, 'Emerging Economies in Africa and the Development Effectiveness Debate,' Discussion Paper 107, (Maastricht: ECDPM, 2011).

38 Adapted from EDCF. 2013. EDCF assistance data by country (as of 31 January 2013). Last modified January 31.

<http://www.edcfkorea.go.kr/edcf/info/statis/nation.jsp>

With a nominal GDP of \$1.116 trillion in 2011, South Korea is the world's 15th largest economy, the seventh largest exporter (\$555 billion) of merchandise trade volume and the ninth largest importer (\$524 billion). Korea's FDI inflow ranks 26th (\$4.661 billion) and its outflow ranks 15th (\$20.355 billion) in the world.³⁹ Relative to Korea's other global economic relations, trade with Africa remains rather small — 1.85 percent of Korea's total trade in 2011.⁴⁰ Still, as Figure 7 shows, Korea-Africa trade has increased rapidly since the early 2000s, which shows similarly steady growth as ODA flows.

Figure 8. Korea Africa trade trends (1972 -2011)⁴¹



Korea's imports mostly resource or raw materials goods from Africa (see Figure 9).⁴² Oil and gas, mineral and metals accounted for over 80 percent of imports in 2009.

Figure 10 shows that, consistent with previous years, Korea's major export items in 2009 mainly included capital goods: transport vessels (59.3 percent), automobiles (6.8 percent), ethylenepropylene (4.2 percent) and mobile phones (2.7 percent).

39 The World Bank Group, *GDP Ranking Table*, 2012, <http://data.worldbank.org/data-catalog/GDP-ranking-table>; WTO, *Prospects for 2012*, 2012, http://www.wto.org/english/news_e/pres12_e/pr658_e.pdf; OECD, *FDI in Figures*, 2013, <http://www.oecd.org/daf/inw/FDI%20in%20figures.pdf>.
 40 KOTRA, *Recent Trends in Export and Import*, 2013, http://stat.kita.net/top/state/n_stat_include_top_kita.jsp?menuid=01&lang_gbn=.
 41 Adapted from KOTRA. 2013. *Statistics of Korea's Trade : Export/Import*. Last modified January 31. http://stat.kita.net/kts/re/gikt3320d.jsp?cond_user_init=Y.
 42 Adapted from Korea Customs Service. 2010. *Korea Africa Trade Trends*. Last modified March 3. http://www.customs.go.kr/kcsweb/secureDN.tdf?board_id=GPB_NEWSDATA&seq=1701&idx=1.

Figure 9. Korea's top five import destinations and major import items⁴³

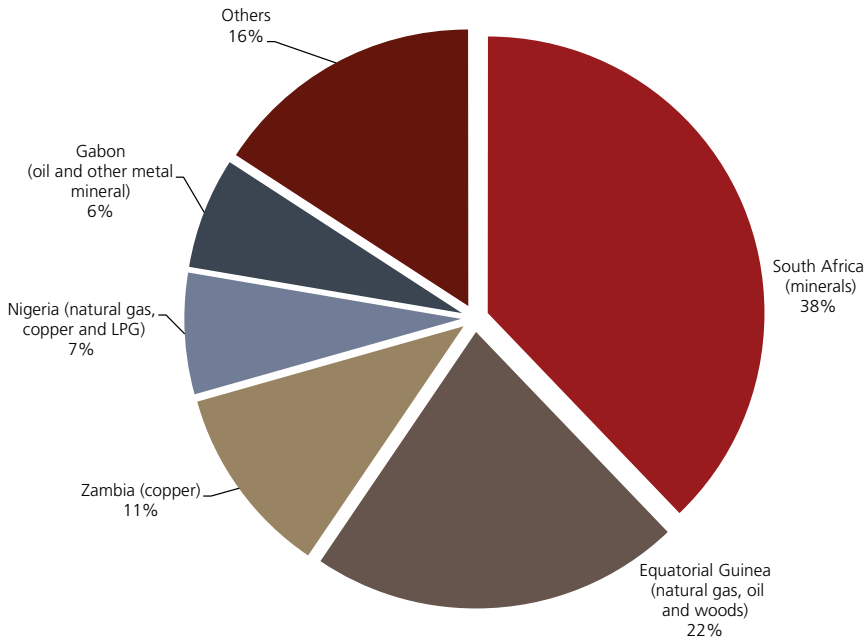
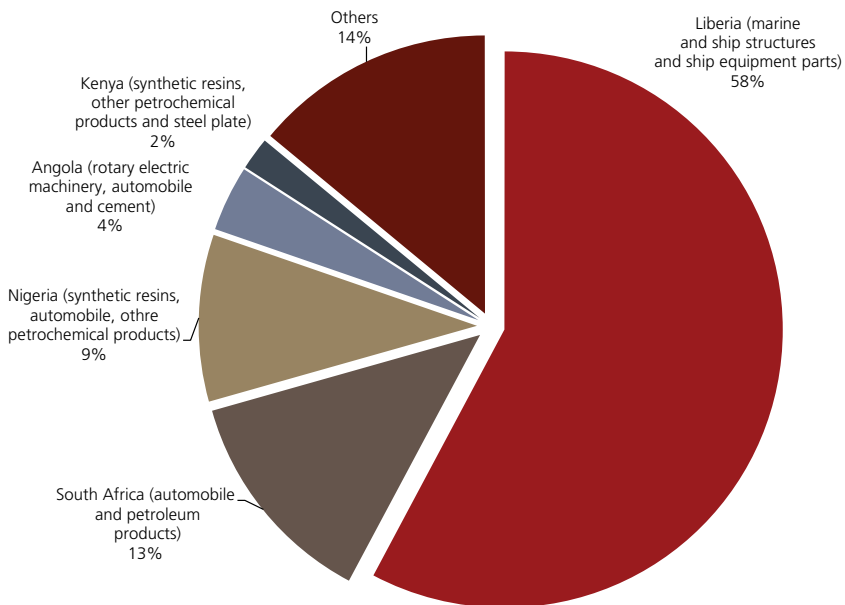


Figure 10. Korea's top five export destinations and major export items⁴⁴



43 Adapted from Korea Customs Service. 2010. Korea Africa Trade Trends. Last modified March 3. http://www.customs.go.kr/kcsweb/secureDN.tdf?board_id=GPB_NEWSDATA&seq=1701&idx=1, and The Korea Chamber of Commerce and Industry. 2012. Africa: Country Profile. <http://global.korcham.net/Service/Country/appl/MapSub.asp?submenu=GS02>

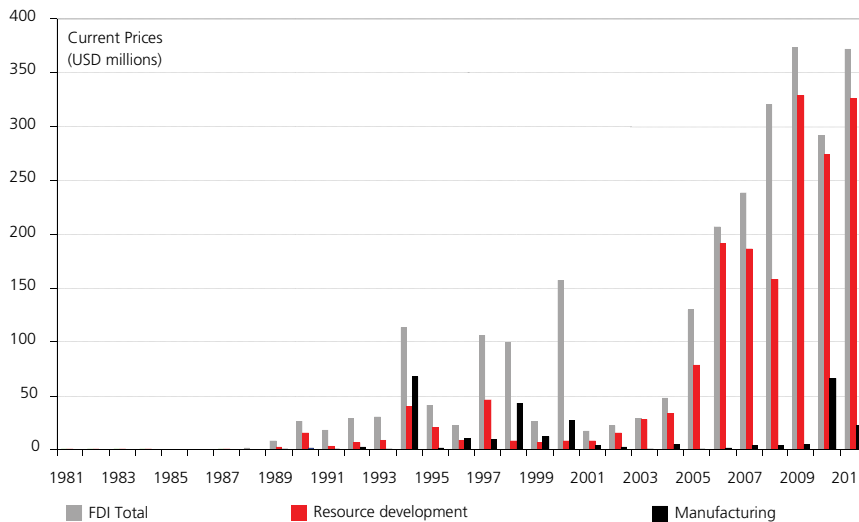
44 ibid.

Yet, such increases in trade do not necessarily benefit African partners due to their trade deficit with Korea (see Table 6). Korea-Africa trade weighs heavily in favour of Korean exporters. Korea's balance of trade with African countries has risen consistently since 2005. Compared with the 2005 record, the trade value in 2009 increased by 28 percent (with a six percent increase in volume and a 62 percent increase in the trade surplus). Furthermore, the trade surplus with African countries accounts for 13 percent of Korea's total international trade surplus.

Table 6. Korea's trade balance with Africa (2005-2009)⁴⁵

USD Million	Export to Africa	% of Korea's total world trade	Import from Africa	% of Korea's total world trade	Trade Balance	% of Korea's total world trade
2005	6,202	2.2	2,946	1.1	3,256	14
2006	7,729	2.4	4,372	1.4	3,357	20.9
2007	8,253	2.2	4,316	1.2	3,937	26.9
2008	9,384	2.2	4,052	0.9	5,332	N/A
2009	8,445	2.3	3,185	1	5,270	13

Figure 11. Korea's FDI to Africa⁴⁶



As shown in Figure 11, Korean business made significant investments in manufacturing in Africa in the 1990s, including Hyundai Motor's assembly factory in Botswana (\$50 million) and Daewoo Group companies (approximately \$149 million) in Sudan. Yet, both operations proved short lived as they closed by early 2000.⁴⁷

⁴⁵ Adapted from Korea Customs Service. 2010. Korea Africa Trade Trends. Last modified March 3. http://www.customs.go.kr/kcsweb/secureDN.tdf?board_id=GPB_NEWSDATA&seq=1701&idx=1.

⁴⁶ Adapted from Korea Exim Bank. 2012. Overseas Investment Statistics. <http://www.koreaexim.go.kr/kr/work/check/oversea/use.jsp>

⁴⁷ Hyundai shut down the operation in February 2000, and most of Daewoo's operations also closed after the collapse of the Daewoo Group in 1999 (apart from the General Medicine Company). See Ministry of Foreign Affairs and Trade Korea, *Republic of Botswana, 2007*, http://www.mofat.go.kr/world/af/intro/20070822/1_12494.jsp; The Embassy of Republic of Korea in Sudan, *The Current Status of Korea-Sudan Investment*, 26 August, 2010, <http://sdn.mofa.go.kr/korean/af/sdn/policy/relation/index.jsp>

Since 2005, similar to ODA flows, Korea's FDI to Africa has dramatically increased. In particular, FDI for resource development has risen rapidly, reflecting what Korea seeks from Africa (as demonstrated above via the major import items). Thus, the average share of FDI for resource development against total FDI from 2001 to 2011 was 83.4 percent. Historically, Madagascar has been by far the largest recipient of Korea's FDI for resource development (solely in mineral resource sector including the recent investment in nickel mining), along with Libya, Nigeria and Egypt (see Table 7 and Figure 12). Since the collapse of the Gaddafi regime, FDI to Libya has dropped drastically. Instead, for the past few years resource development FDI to countries like Equatorial Guinea, South Africa, and Cameroon has visibly increased.

Table 7 . Resource development FDI – accumulated from 1981-2011 (USD 1,000)⁴⁸

1	Madagascar	2039759	15	Chad	662
2	Libya	265300	16	Central African republic	627
3	Nigeria	152225	17	Senegal	431
4	Egypt	145805	18	Tanzania	389
5	Equator Guinea*	79,815	19	Angola	218
6	Côte d'Ivoire	55349	20	Gabon	152
7	Sudan	34445	21	Zimbabwe	120
8	Benin	27,398	22	Liberia	110
9	South Africa*	16705	23	Zambia	70
10	Mali	5035	24	Guinea-Bissau	69
11	Cameroon*	1484	25	DRC	66
12	Swaziland	1207	26	Congo	60
13	Morocco	1158	27	Tunisia	40
14	Ghana	824	28	Zambia	36

* - rapid increase since 2010

When comparing all four flows — ODA grants, ODA loans, trade and resource development FDI — the data suggests a possible link between ODA flows with trade and especially resource development FDI. For example, apart from Ethiopia and Rwanda, all three KOICA recipients are found in the flows of ODA loans (Kenya and Tanzania), trade (Kenya) and resource FDI (Morocco, Tanzania). Nine ODA loan recipients (apart from Ghana, Kenya, Mozambique, and Uganda) are also the destinations of resource FDI. Two (Angola and Kenya) were export, and one (Nigeria) was import. Apart from Kenya, all major export and import destinations were major resource FDI destinations.

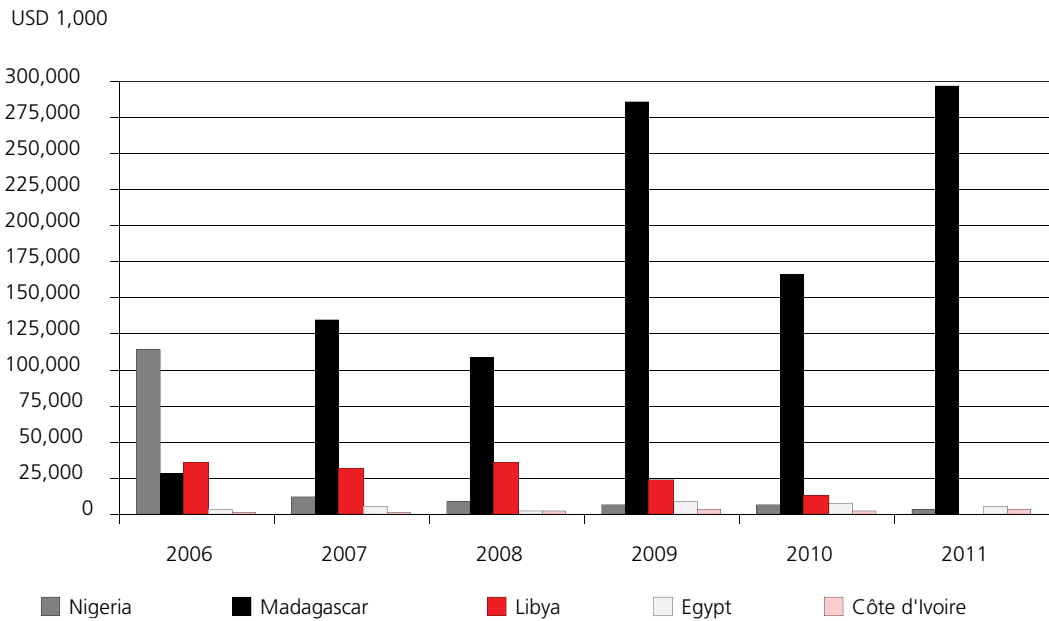
African resources and market thus comprise one of the key motivations behind Korea's strategy. This is in large part due to Korea's resource scarcity, which has led to heavy dependency (in particular, on energy imports from the Middle East). Korea's overall energy import dependency rose from 87.9 percent in 1990 to 97.2 percent in 2000 and slightly decreased to 96.2 percent in 2010. It clearly needs to diversify its supply from the increasingly unstable Middle East region, which represents the largest source of Korea oil import (74.3 percent in 1990, 76.8 percent in 2000 and 81.8 percent in 2010).⁴⁹ This trend drives Seoul's emphasis on energy and resource diplomacy.⁵⁰

48 Adapted from Korea Exim Bank. 2012. Overseas Investment Statistics. <http://www.koreaexim.go.kr/kr/work/check/oversea/use.jsp>

49 Korea Energy Management Corporation, *Energy and Climate Change Handbook 2011* (Seoul: KEMCO, 2011).

50 See Ho-young Lee, 'The Change of Korea's Foreign Policy toward Africa: Energy and Resource Diplomacy,' *Journal of International Politics* 16/2 (2011), 137-163.

Figure 12. Top five resource development FDI destination between 2006 and 2011⁵¹



CONCLUSION

Three key factors have motivated Korea's Africa strategy: achieving resource security, gaining political clout through the UN voting system and promoting soft power via contributive diplomacy.

The early years of Korea's Africa diplomacy focused on securing formal support from African nations for Seoul's entry to the UN. This has changed drastically since the mid-2000s, as Africa became Seoul's battle ground for conducting resource diplomacy and promoting soft power by propagating a Korean model of development. The renewed interest in Africa also provided a space to formalise and institutionalise hitherto limited Korea-Africa relations.

Past and current ODA data, trade flows and FDI flows suggest that African resources and markets are key to Korea's strategy. These flows have increased sharply since the mid-2000s — and in favour of Korean exporters. In terms of trade, Korea imports mostly oil and gas, minerals and metals, and exports high-end capital goods like transport vessels, automobile and mobile devices.

In regard to Korea's much heralded resource diplomacy, FDI directed at resource development in Africa has increased rapidly since 2006. This has in large part resulted from Korea's resource scarcity. The analysis suggests a possible link between ODA flows and trade, especially resource development FDI. ■

⁵¹ Adapted from Korea Exim Bank. 2012. Overseas Investment Statistics. <http://www.koreaexim.go.kr/kr/work/check/oversea/use.jsp>