

South Korea – Trade and Investment

October 2021

Executive Summary

This fact sheet provides key trade and investment related statistics for South Korea. Specifically, it shows global trade and investment flows including an analysis of top markets and products for South Korea in relation to South Africa and the Western Cape, highlighting the largest and fastest growing products and sub-sectors. The key highlights in the fact sheet are provided below:

Trade

- Both South Korea's services export and services imports fell in 2020, with services exports falling by 12.04% and services imports by 18.80%. Transport services accounted for the largest proportion (28.53% or USD24.90bn) of services exported by South Korea in 2020. While other business services accounted for the largest proportion of services imports at 32.83% (or USD33.79bn) in 2020.
- Electronic integrated circuits dominated the country's goods export basket, accounting for 16.16% of total exports at a value of USD82.89bn in 2020. The petroleum oils (crude) category dominated the import basket with a total import value of USD44.46bn and comprising a 9.51% share.
- In 2020 South Korea accounted for 2.8% of global exports and 2.5% of global imports, making it the eight largest global exporter and the tenth largest global importer.
- South Africa's export receipts with South Korea totalled ZAR22.65bn in 2020, a 4.45% increase from the 2019 value of ZAR21.69bn. Associated import costs declined by 11.28% to a value of ZAR11.08bn in 2020, down from ZAR12.49bn incurred in 2019. South Africa's leading export product to South Korea in 2020 were iron ores and concentrate at a value of ZAR8.63bn.
- Western Cape export receipts from its trade with South Korea stood at ZAR471.11m in 2020, decreasing by 11.77% from the 2019 value of ZAR533.94m. Import costs stood at ZAR785.39m in 2020, 28.26% higher than the 2019 value of ZAR612.37m. The Western Cape's leading export product to South Korea in 2020 was centrifuges, at a value of at ZAR113.02m.

Investment

- Over the period January 2003 to December 2020, there were 1,712 companies which invested 2,148 FDI projects into South Korea, reaching a total capex of ZAR2.19 trillion and creating 348,438 jobs.
- Western Europe was the largest source region for FDI projects and capex into South Korea, with 800 projects invested with a total capex of ZAR756.17bn over the period 2003 to 2020.
- The United States and Japan were the largest source markets for FDI into South Korea, both in terms of projects and capex. (734 projects) with a total capex of ZAR652.73bn over the period under review.
- The software and IT services sector in South Korea attracted the largest number of FDI projects over the period 2003 to 2020. More specifically, this sector attracted 264 projects, reaching a total capex value of ZAR41.46bn over the period under review.
- Between January 2003 and December 2020, a total of 1,471 companies from South Korea invested 4,303 projects globally. This undertaking reached a cumulative capex to the value of ZAR6.52trillion and created 1,375,882 jobs.
- Asia-Pacific was the largest recipient region for outward FDI from South Korea, with a total of 2,150 projects invested reaching a cumulative capital investment of ZAR4.09bn over the period 2003 to 2020.
- China was the largest destination market for outward FDI, both in terms of projects and capex from South Korea, reaching a total of 709 projects with a cumulative capex value of ZAR1.47trillion.
- The consumer electronics sector attracted the largest proportion of outward FDI projects, with 462 projects invested globally.
- Between January 2003 and December 2020, a total of 14 South Korean companies invested 18 FDI projects into South Africa, with two projects invested into the Western Cape
- There were no outward FDI projects from South Africa (and therefore Western Cape) into South Korea over the period 2003 to 2020.

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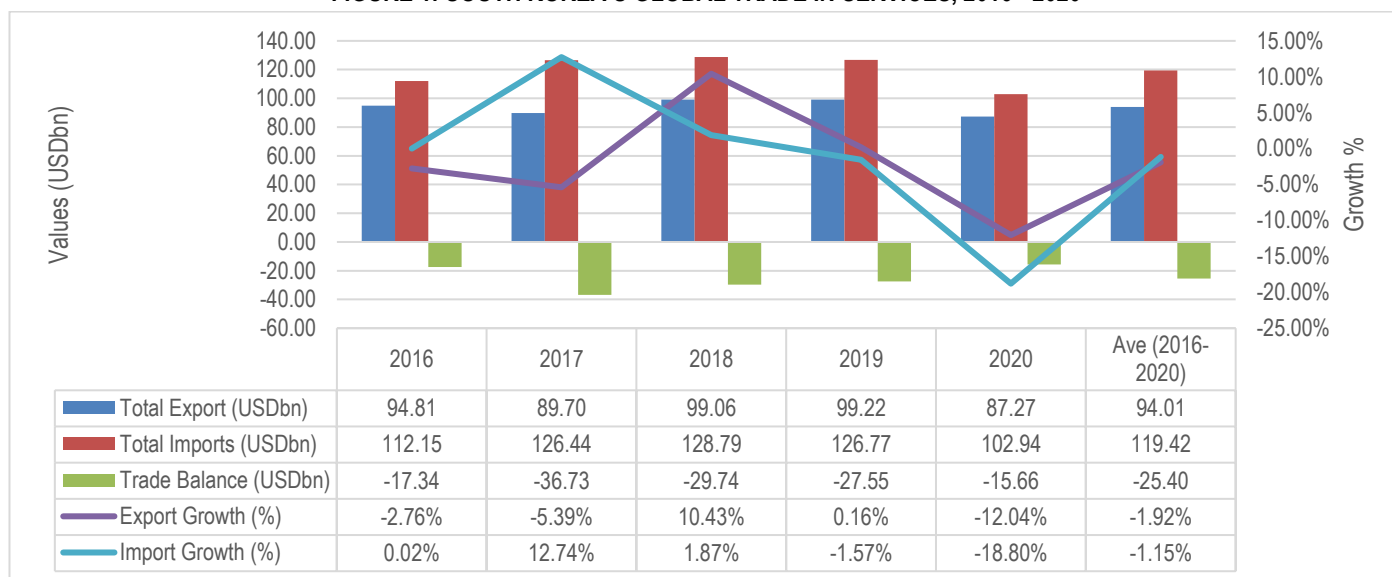
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1. TRADE

1.1 SOUTH KOREA'S TRADE IN SERVICES

South Korea's global trade in services for the period 2016 to 2020 is shown in the figure below. The country's services imports consistently outpaced its services exports throughout the period under review, firmly establishing South Korea's position as a net importer of services. In 2020, both services exports and services imports fell due to the impact of the Coronavirus pandemic. Services exports decreased by 12.04% to a value of USD87.27bn in 2020 from USD99.22bn recorded for 2019, while service imports decreased by 18.80% from USD126.77bn recorded in 2019 to USD102.94bn in 2020. Overall, average services export growth declined by 1.92% per annum from 2016 to 2020, while import growth fell marginally by 1.15% per annum over the same period.

FIGURE 1: SOUTH KOREA'S GLOBAL TRADE IN SERVICES, 2016 - 2020



Source: TradeMap, 2021

As shown in the figure below, transport services dominated the country's global export services trade in 2020, accounting for 28.53% (USD24.90bn) of services exported by South Korea (in 2020). Other business services and travel services followed in second and third place, accounting for 28.06% (USD24.48bn) and 9.95% (USD8.69bn), respectively in the same year. Further to this, financial services trade recorded the highest growth in export services, growing at an average annual rate of 19.65% over the period 2016 to 2020. Other high growth exports were telecommunications, computer, and information services (13.78%), and personal, cultural and recreational services (6.87%).

TABLE 1: SOUTH KOREA – TOP 10 EXPORTED SERVICES, 2020

| | EXPORTED VALUE (USDbn), 2020 | % SHARE 2020 | AVE GROWTH (%), 2016 - 2020 |
|---|------------------------------|--------------|-----------------------------|
| Transport | 24.90 | 28.53% | -5.57% |
| Other business services | 24.48 | 28.06% | 5.20% |
| Travel | 8.69 | 9.95% | -5.86% |
| Charges for the use of intellectual property | 6.86 | 7.86% | 1.15% |
| Telecommunications, computer, and information services | 6.62 | 7.58% | 13.78% |
| Construction | 6.40 | 7.34% | -10.34% |
| Financial services | 3.98 | 4.56% | 19.65% |
| Manufacturing services on physical inputs owned by others | 1.90 | 2.18% | -5.28% |
| Personal, cultural, and recreational services | 1.15 | 1.32% | 6.87% |
| Government goods and services | 1.13 | 1.29% | 2.23% |

| | | | |
|---------------------|--------------|----------------|---------------|
| ALL SERVICES | 87.27 | 100.00% | -1.92% |
|---------------------|--------------|----------------|---------------|

Source: TradeMap, 2021

Turning to key trade service imports, other business services dominated the country's global import services trade in 2020, accounting for 32.83% (or USD33.79bn) of all services imported by the country in 2020. Transport and travel services ranked second and third, accounting for 23.52% (USD24.22bn) and 14.28% (USD14.70bn), respectively in the same year. In terms of highest average annual growth rate, insurance and pension services came first, growing by 14.02% over the period 2016 to 2020. This was followed by telecommunications, computer and information services imports (8.56%) and financial services (5.17%).

TABLE 2: SOUTH KOREA – TOP 10 IMPORTED SERVICES, 2020

| | IMPORTED VALUE (USDbn), 2020 | % SHARE 2020 | AVE GROWTH (%), 2016 - 2020 |
|---|---|-----------------------------|--|
| Other business services | 33.79 | 32.83% | 3.84% |
| Transport | 24.22 | 23.52% | -3.37% |
| Travel | 14.70 | 14.28% | -6.49% |
| Charges for the use of intellectual property | 9.96 | 9.67% | -0.14% |
| Manufacturing services on physical inputs owned by others | 7.78 | 7.55% | -1.59% |
| Telecommunications, computer, and information services | 4.01 | 3.89% | 8.56% |
| Financial services | 2.19 | 2.12% | 5.17% |
| Construction | 1.73 | 1.69% | -5.20% |
| Insurance and pension services | 1.48 | 1.44% | 14.02% |
| Government goods and services | 1.35 | 1.31% | 1.50% |
| ALL SERVICES | 102.94 | 100.00% | -1.15% |

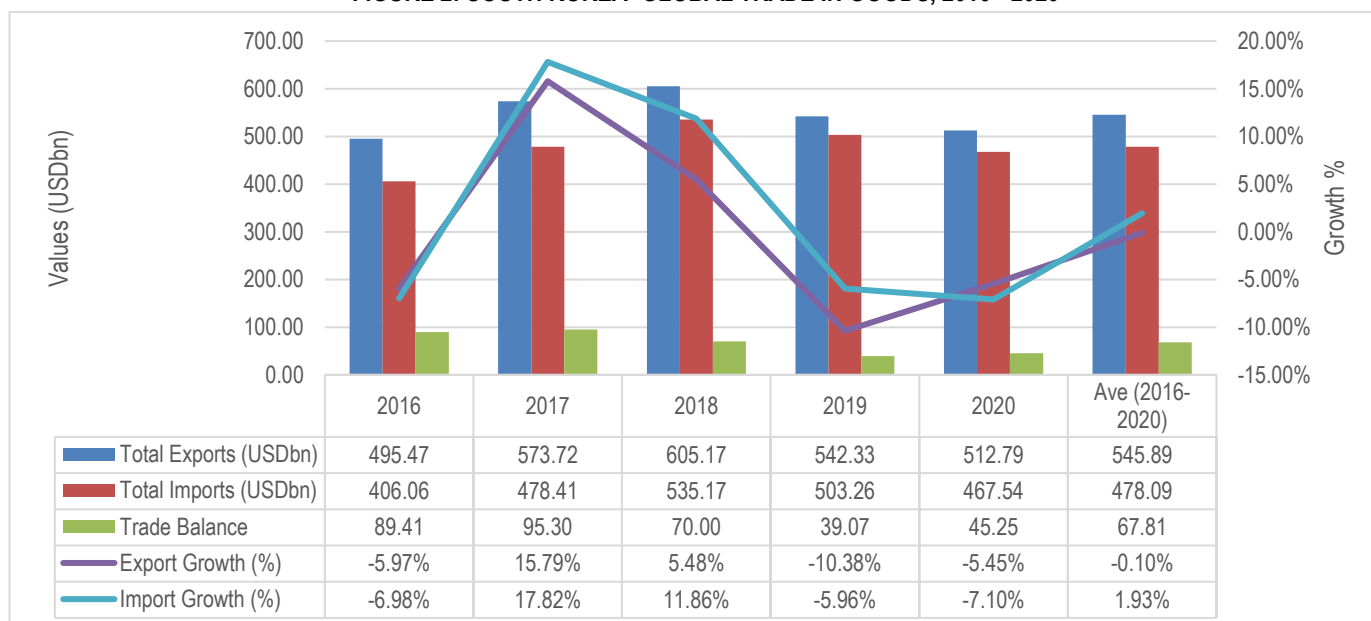
Source: TradeMap, 2021

1.2 SOUTH KOREA'S TRADE IN GOODS

South Korea's trade in goods paints a somewhat different picture to that of its trade in services. South Korea recorded a trade surplus in goods trade throughout the period 2016 to 2020.

In 2020, similarly to services trade, both good exports and goods imports declined for South Korea, due in large to the impact of coronavirus and restrictions on movement of goods during the pandemic. Goods exports fell by 5.45% to a value of USD512.79bn in 2020 from USD542.33bn in 2019, while imports fell by 7.10% to USD467.54bn in 2020. Furthermore, growth in both exports and imports were marginal over the last five years, with export growth diminishing at a rate of 0.1% per annum, while import growth increased at a rate of 1.93% per annum from 2016 to 2020.

FIGURE 2: SOUTH KOREA- GLOBAL TRADE IN GOODS, 2016 - 2020



Source: TradeMap, 2021

In terms of South Korea's top traded products, electronic integrated circuits dominated the export basket, accounting for 16.16% of exports at a value of USD82.89bn in 2020. Motor cars followed in a distant second place at an export value of USD35.64bn, accounting for 6.95% of exports in the same year. In third place was petroleum oils (excluding crude) at a value of USD23.17bn and accounting for 4.52% exported goods from South Korea in 2020. The export of discs, tapes, solid-state non-volatile storage device products had the highest growth in exports, increasing at an average annual rate of 78.33% per annum from 2016 to 2020. Parts and accessories followed in second place with an average growth of 25.19%, while machines and apparatus product exports followed in third with a growth rate of 15.96% per annum.

TABLE 3: SOUTH KOREA – TOP 10 EXPORTED GOODS, 2020

| | EXPORTED VALUE (USDbn), 2020 | % SHARE 2020 | AVE GROWTH (%), 2016 - 2020 |
|--|------------------------------|--------------|-----------------------------|
| Electronic integrated circuits | 82.89 | 16.16% | 13.85% |
| Motor cars | 35.64 | 6.95% | -2.85% |
| Petroleum oils (excluding crude) | 23.17 | 4.52% | -0.99% |
| Telephone sets | 17.97 | 3.50% | -7.39% |
| Cruise ships, excursion boat | 16.53 | 3.22% | -3.45% |
| Parts and accessories for tractor | 15.77 | 3.07% | -7.12% |
| Parts and accessories | 13.28 | 2.59% | 25.19% |
| Discs, tapes, solid-state non-volatile storage device | 10.70 | 2.09% | 78.33% |
| Machines and apparatus | 8.41 | 1.64% | 15.96% |
| Parts suitable for use solely or principally with transmission | 7.93 | 1.55% | 8.05% |

| | | | |
|---------------------|---------------|----------------|---------------|
| ALL PRODUCTS | 512.79 | 100.00% | -0.10% |
|---------------------|---------------|----------------|---------------|

Source: TradeMap, 2021

In terms of key trade export markets, China was the leading destination market for South Korea's exports at a value of USD23.90bn in 2020. The US followed in a distant second, with exports reaching a total value of USD74.44bn. Italy came third, with exports to this nation reaching a total value of USD48.54bn. Of the top 10 export markets, the fastest growing markets for the South Korea's exports over the five-year period leading up to and including 2020 were Vietnam (13.10%), Germany (9.72%) and Taipei, Chinese (9.72%).

South Africa was South Korea's 55th largest export market at a value of USD667.08m.

TABLE 4: SOUTH KOREA – TOP EXPORT GOODS MARKETS (USDbn), 2020

| RANK | COUNTRY | VALUE 2020 (USDbn) | AVE GROWTH (%) |
|----------------------|--------------------------|-----------------------|-------------------|
| | | | 2016-2020 |
| 1 | China | 132.56 | 0.07% |
| 2 | United States of America | 74.44 | 1.26% |
| 3 | Vietnam | 48.54 | 13.10% |
| 4 | Hong Kong, China | 30.66 | 2.03% |
| 5 | Japan | 25.09 | 0.10% |
| 6 | Taipei, Chinese | 16.46 | 8.74% |
| 7 | India | 11.95 | 1.16% |
| 8 | Singapore | 9.83 | -7.43% |
| 9 | Germany | 9.58 | 9.72% |
| 10 | Malaysia | 9.08 | 3.38% |
| 55 | South Africa | 0.67 | -11.14% |
| TOTAL EXPORTS | | 5.55 | -1.82% |

Source: TradeMap, 2021

Turning to imports, petroleum oils were the largest imported good into South Korea in 2020, reaching a total import value of USD44.46bn and comprising a 9.51% share of the entire import basket. Electronic integrated circuits ranked second with a value of USD40.28bn (8.61%), while petroleum gas and other gaseous hydrocarbons ranked third with a value of USD18.93bn. The export of automatic data-processing machines had the highest growth in exports, increasing at an average annual rate of 28.40% per annum from 2016 to 2020. Automatic data-processing machines followed in second place with an average growth of 10.12%, while iron ores and concentrates product exports followed in third with a growth rate of 8.91% per annum.

TABLE 5: SOUTH KOREA – TOP 10 IMPORTED GOODS, 2020

| | IMPORTED VALUE (USDbn), 2020 | % SHARE 2020 | AVE GROWTH (%), 2016 - 2020 |
|--|---------------------------------------|-----------------|--------------------------------------|
| Petroleum oils, crude | 44.46 | 9.51% | 0.10% |
| Electronic integrated circuits | 40.28 | 8.61% | 5.18% |
| Petroleum gas and other gaseous hydrocarbons | 18.93 | 4.05% | 1.41% |
| Machines and apparatus used for the manufacture of semiconductor | 15.48 | 3.31% | 28.40% |
| Petroleum oils (excluding crude) | 12.74 | 2.72% | 0.41% |
| Telephone sets | 12.14 | 2.60% | 0.82% |
| Motor cars. | 12.06 | 2.58% | 4.22% |
| Coal | 9.49 | 2.03% | 3.83% |
| Automatic data-processing machines | 7.57 | 1.62% | 10.12% |
| Iron ores and concentrates | 6.93 | 1.48% | 8.91% |
| ALL PRODUCTS | 467.54 | 100.00% | 1.93% |

Source: TradeMap, 2021

China was also the leading source market for South Korea's imports at a value of USD108.87bn in 2020. The US followed in second place with exports reaching a total value of USD57.77bn. Japan came third, with exports reaching a total value of USD46.02bn. Of the top 10 export markets, the fastest growing markets for the South Korea's exports over the five-year period leading up to and including 2020 were Vietnam (16.66%), US (5.93%) and China (3.99%).

South Africa was South Korea's 34th largest import market at a value of USD1.96bn.

TABLE 6: SOUTH KOREA – TOP IMPORT GOODS MARKETS (USDbn), 2020

| RANK | COUNTRY | VALUE 2020 (USDbn) | AVE GROWTH (%) |
|----------------------|--------------------------|-----------------------|-------------------|
| | | | 2016-2020 |
| 1 | China | 108.87 | 3.99% |
| 2 | United States of America | 57.77 | 5.93% |
| 3 | Japan | 46.02 | 0.52% |
| 4 | Germany | 20.67 | -0.09% |
| 5 | Viet Nam | 20.58 | 16.66% |
| 6 | Australia | 18.71 | 3.38% |
| 7 | Taipei, Chinese | 17.84 | 1.73% |
| 8 | Saudi Arabia | 15.98 | -0.91% |
| 9 | Russian Federation | 10.62 | 3.45% |
| 10 | Malaysia | 8.89 | 1.42% |
| 34 | South Africa | 1.69 | 7.92% |
| TOTAL IMPORTS | | 467.54 | 1.93% |

Source: TradeMap, 2021

The figure below illustrates South Korea's ranking in global trade. In 2020, South Korea accounted for 2.8% of global exports and 2.5% of global imports, making it the eight largest global exporter and the tenth largest global importer. Furthermore, South Korea held a clear trade advantage in exports of nitric acids; cruise ships, excursion boats; carbon paper; halides and halides oxides of non-metals; coal gas, water gas, producer gas of salts of oxo metallic or peroxometallic acids.

FIGURE 3: SOUTH KOREA'S COMPETITIVE TRADE ADVANTAGE, 2020

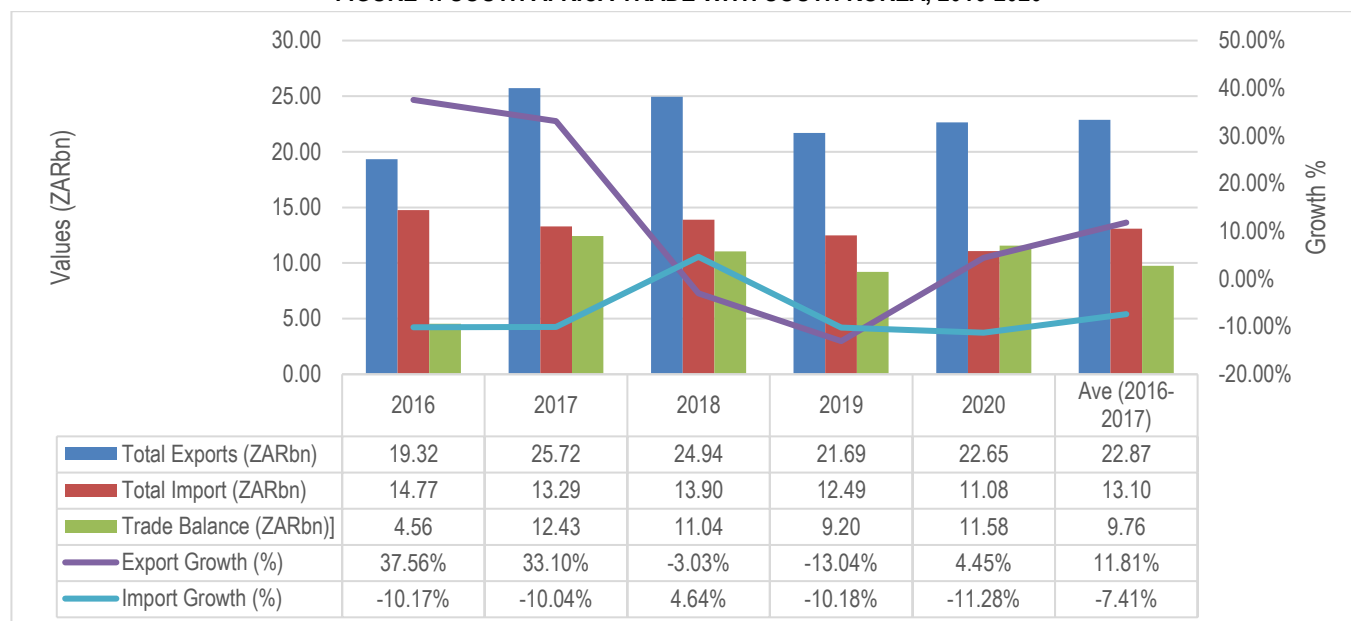


Source: TradeMap,

1.3. SOUTH KOREA TRADE WITH SOUTH AFRICA

South Africa's trade with South Korea for the period 2011 - 2020 is shown in the figure below. In 2020, South Africa's export receipts with South Korea totalled ZAR22.65bn, increasing by 4.45% from the 2019 value of USD21.69bn. In contrast, South Africa's imports from South Korea fell by 11.28% to a value of ZAR11.08bn in 2020, down from a cost of ZAR12.49bn recorded in 2019. Overall, South Africa's export growth to South Korea increased at an average annual rate of 11.81% per annum from 2016 to 2020, while imports diminished at an average rate of 7.41% over the same period.

FIGURE 4: SOUTH AFRICA TRADE WITH SOUTH KOREA, 2016-2020



Source: Trademap, 2021

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The export of iron ores and concentrates dominated South Africa's export basket to South Korea, accounting for 36.89% of total exports at a value of ZAR8.36bn in 2020. Ferroalloys ranked second, reaching a value of ZAR2.10bn and accounting for 9.25% of total exports to South Korea in 2020, with platinum in third position at a value of ZAR1.91bn and accounting for 8.43% exported goods. There has been exceptional growth in the exports of other aircrafts and suborbital vehicles from South Africa to South Korea in recent years, increasing at an average rate of 4, 141.12% over the period 2016 to 2020. The same for coal (214.85%) and platinum (90.52%).

TABLE 7: SOUTH AFRICA TOP 10 EXPORTS TO SOUTH KOREA, 2020

| | EXPORTED VALUE (ZARbn), 2020 | % SHARE 2020 | AVE GROWTH (%), 2016 - 2020 |
|--|------------------------------|----------------|-----------------------------|
| Iron ores and concentrates | 8.36 | 36.89% | 22.20% |
| Ferroalloys | 2.10 | 9.25% | -9.70% |
| Platinum | 1.91 | 8.43% | 90.25% |
| Coal | 1.28 | 5.66% | 214.85% |
| Motor cars | 1.26 | 5.57% | - |
| Zinc ores and concentrates | 1.18 | 5.20% | 96.18% |
| Maize or corn | 1.07 | 4.73% | 4141.12% |
| Manganese ores and concentrates | 1.03 | 4.55% | 14.02% |
| Cane or beet sugar and chemically pure sucrose | 0.82 | 3.60% | - |
| Copper ores and concentrates | 0.58 | 2.57% | - |
| ALL PRODUCTS | 22.65 | 100.00% | 11.81% |

Source: Trademap, 2021

Turning to South Africa's import basket from South Korea, motor cars held the majority share at a value of ZAR1008.73m of imports in 2020, which was equivalent to at 9.11% of total imports. This was followed by self-propelled bulldozers, angledozers, graders, levellers, scrapers, mechanical shovels (ZAR469.12m or 4.23%); and petroleum oils (excluding crude) (ZAR407.19m or 3.68%). Further to this, diagnostic or laboratory reagents reached the highest growth in imports, growing at an average annual rate of 274.11% per annum from 2016 to 2020. This was followed by electric accumulators (23.53%), and parts suitable for use with transmission and reception apparatus (22.83%).

TABLE 8: SOUTH AFRICA TOP 10 IMPORTS FROM SOUTH KOREA, 2020

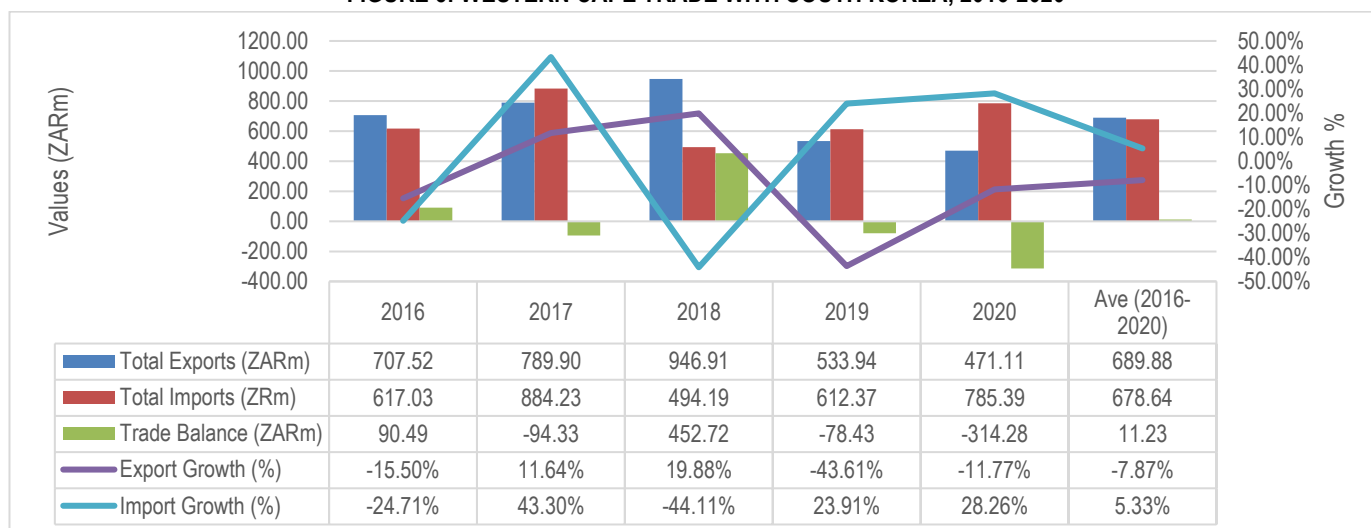
| | IMPORTED VALUE (ZARm), 2020 | % SHARE 2020 | AVE GROWTH (%), 2016 - 2020 |
|--|-----------------------------------|-----------------|--------------------------------------|
| Motor cars | 1008.73 | 9.11% | -23.43% |
| Self-propelled bulldozers, angledozers, graders, levellers, scrapers, mechanical shovels | 469.12 | 4.23% | 1.32% |
| Petroleum oils (excluding crude) | 407.19 | 3.68% | 16.74% |
| Parts and accessories for tractors, motor vehicles | 401.91 | 3.63% | 0.91% |
| Diagnostic or laboratory reagents | 401.60 | 3.63% | 274.11% |
| Parts suitable for use with transmission and reception apparatus | 355.09 | 3.21% | 22.83% |
| Commodities not elsewhere specified | 348.84 | 3.15% | 7.36% |
| Paper and paperboard | 275.53 | 2.49% | -6.38% |
| Electric accumulators | 219.79 | 1.98% | 5.64% |
| Parts suitable for use with the machinery | 212.75 | 1.92% | 23.53% |
| ALL PRODUCTS | 11077.43 | 100.00% | -7.41% |

Source: Quantec, 2021

1.4. SOUTH KOREA TRADE WITH WESTERN CAPE

Turning to the Western Cape's trade with South Korea for the period 2016 – 2020. In 2020, the Western Cape's exports with South Korea stood at ZAR471.11m in 2020; a decrease of 11.77% from the 2019 value of ZAR533.94m. In turn, the Western Cape's imports from the country increased by 28.26% in 2020, from a value of ZAR612.37m in 2019 to R785.39m last year. The increase in import costs were largely due to an increase in petroleum oils and unwrought zinc imports, as both products were not in the Western Cape's import basket from South Korea in 2019. Overall, South Africa's export growth to South Korea fell by an average annual rate of 7.87% per annum from 2016 to 2020, while imports increased at an average rate of 5.33% over the same period.

FIGURE 5: WESTERN CAPE TRADE WITH SOUTH KOREA, 2016-2020



Source: Quantec, 2021

The Western Cape's dominant export product to South Korea in 2020 was centrifuges at a value of ZAR113.02m. This was equivalent to 23.99% of all export receipts earned by the Western Cape from trade with South Korea in the year. Unmanufactured tobacco placed second at a value of ZAR64.45m (13.68%), followed by fish at ZAR53.91m (11.44%). The Western Cape's fastest growing export product categories over the six-year period leading up to and including 2020 were seeds, fruit and spores (129.88%), plants and parts of plants (including seeds and fruits) (38.12%), and wine (16.49%).

TABLE 9: WESTERN CAPE TOP 10 EXPORTS TO SOUTH KOREA, 2020

| | EXPORTED VALUE (ZARm), 2020 | % SHARE 2020 | AVE GROWTH (%), 2016 - 2020 |
|--|--------------------------------------|-----------------|--------------------------------------|
| Centrifuges | 113.02 | 23.99% | - |
| Unmanufactured tobacco | 64.45 | 13.68% | - |
| Fish | 53.91 | 11.44% | -1.15% |
| Citrus fruit | 31.59 | 6.71% | -10.12% |
| Wine | 30.86 | 6.55% | 16.49% |
| Seeds, fruit and spores | 30.59 | 6.49% | 129.88% |
| Refrigerators, freezers | 14.41 | 3.06% | - |
| Other fermented beverages (for example, cider, perry, mead) | 14.37 | 3.05% | -10.07% |
| Leather further prepared after tanning or crusting | 11.18 | 2.37% | -20.55% |
| Plants and parts of plants (including seeds and fruits) | 8.45 | 1.79% | 38.12% |
| ALL PRODUCTS | 785.39 | 100.00% | 5.33% |

Source: Quantec, 2021

Petroleum oils, other than crude dominated products imported by the Western Cape from South Korea in 2020 at a cost of ZAR145.16m. This was equivalent to 18.48% of all import costs incurred by the Western Cape with the country in 2020. Unwrought zinc placed third at a cost of ZAR58.06m (7.39%). Other office machines category experienced significant growth

over the period 2016 to 2020, growing at an average annual growth rate of 4, 324.72% per annum. This was followed by polymers of styrene (164.72%), and electrical transformers, static converters (102.69%).

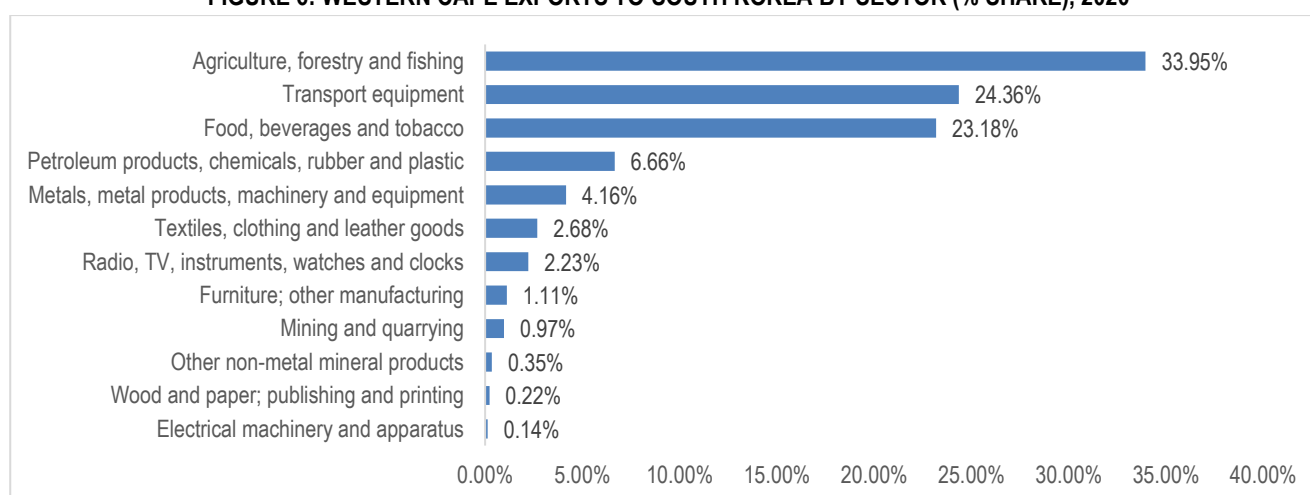
TABLE 10: WESTERN CAPE TOP 10 IMPORTS FROM SOUTH KOREA, 2020

| | IMPORTED VALUE (ZARm), 2020 | % SHARE 2020 | AVE GROWTH (%), 2016 - 2020 |
|---|--------------------------------------|-----------------|--------------------------------------|
| Petroleum oils, other than crude | 145.16 | 18.48% | - |
| Unclassified | 63.32 | 8.06% | - |
| Unwrought zinc | 58.06 | 7.39% | - |
| Other office machines | 56.78 | 7.23% | 4324.72% |
| Paper and paperboard | 33.93 | 4.32% | 57.94% |
| Articles for the conveyance or packing of goods, of plastics; stoppers, lids, caps | 30.59 | 3.89% | 10.25% |
| Polyacetals, other polyether's and epoxide resins, in primary forms; polycarbonates, alkyd resins | 29.07 | 3.70% | 26.00% |
| Polymers of styrene | 22.34 | 2.84% | 164.72% |
| Electrical transformers, static converters | 12.67 | 1.61% | 102.69% |
| Beauty or make-up preparations | 11.62 | 1.48% | 56.76% |
| ALL PRODUCTS | 785.39 | 100.00% | 5.33% |

Source: Quantec, 2021

Trade between the Western Cape and South Korea is relatively well diversified. The two diagrams below are reflective of this and provide an overview of key trade flows between the Western Cape and South Korea on a *sector level*. As indicated in the graphs below, the agriculture, forestry and fishing sector were the Western Cape's top sector in terms of export receipts earned from trade with South Korea in 2020, accounting for 33.95% of export earnings. Transport equipment placed second, accounting for 24.36% of all Western Cape's export receipts from South Korea, while the food, beverages and tobacco industry accounted for 23.18% in third position in 2020.

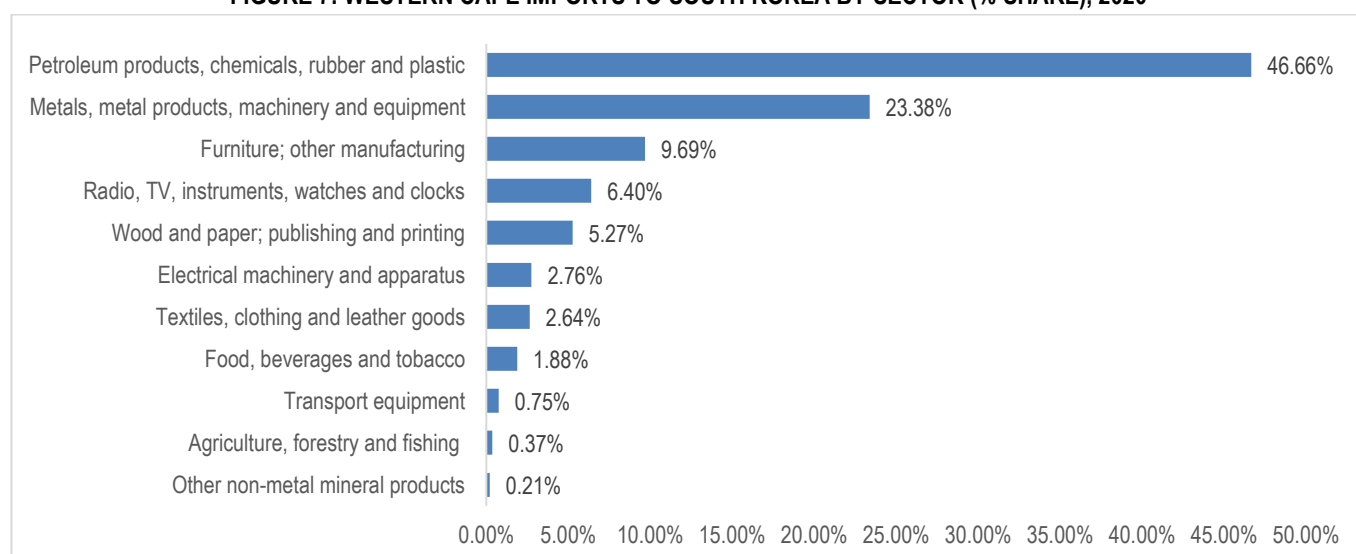
FIGURE 6: WESTERN CAPE EXPORTS TO SOUTH KOREA BY SECTOR (% SHARE), 2020



Source: Quantec, 2021

In terms of the Western Cape's top import sectors (ranked by associated cost) with South Korea in 2020, the petroleum products, chemical, rubber and plastic industry dominated, accounting for 46.66% of all import costs incurred in 2020. The metals, metal products, machinery and equipment sector followed accounting for 23.38% of import costs incurred with South Korea in 2020, while the furniture; other manufacturing ranked in third position (9.69%).

FIGURE 7: WESTERN CAPE IMPORTS TO SOUTH KOREA BY SECTOR (% SHARE), 2020



Source: Quantec 2021

1.5. CUSTOMS, REGULATIONS AND STANDARDS

TRADE REGULATIONS, MARKINGS AND STANDARDS

Import Tariffs

- Korea maintains a tariff quota system designed to stabilize domestic commodity markets. Customs duties can be adjusted every six months, within the limit of the basic rate, plus or minus 40 percent.
- Korea has a flat 10 percent Value Added Tax (VAT) on all imports and domestically manufactured goods.
- A special excise tax of 10-20 percent is also levied on the importation of certain luxury items and durable consumer goods.
- Tariffs and taxes must be paid in Korean Won within 15 days after goods have cleared Customs.

Customs Valuation

- Duties are assessed on a Cost-Insurance-Freight (CIF) basis. The main mode of customs evaluation is the transaction value method. Other methods under the WTO appraisal hierarchy may be used if there are doubts about Korean Customs valuation methods on the stated value.
- A Value Added Tax rate of 10 percent is applied on imports based on customs value plus duties.

Labelling/Marking Requirements

- Korea has specific labelling and marking requirements for certain products, such as pharmaceuticals, as well as for organic and functional food and food produced through biotechnology. Details regarding these and other general labelling and marking requirements can be found on the Foreign Agricultural Service website pertaining to food and agriculture import requirements at FAIRS Country Report.
- Country of origin labelling is required for commercial shipments entering Korea. The Korean Customs Service (KCS) publishes a list of country-of-origin labelling requirements by Harmonized System Code number (<http://portal.customs.go.kr/kcsipt/sso/login.jsp>)
- Further labelling and marking requirements for specific products, such as pharmaceutical and food products, are covered by specific regulations from Korean Government agencies responsible for these items. Korean language labels, except for country-of-origin markings that must be shown at the time of Customs clearance, can be attached locally on products in the bonded area, either before or after clearance.

Prohibited and Restricted Imports

Guns, narcotics, pornography, subversive material, treasonous material, and counterfeit goods are prohibited from entering Korea.

Trade Agreements

- The Republic of Korea is a member of the Asia-Pacific Economic Cooperation (APEC) Forum. One goal of APEC, as outlined in its 1994 declaration, is to establish a Free Trade Area among its member countries by the year 2020. Substantive principles of the APEC Forum include investment liberalization, tariff reduction, deregulation, government procurement, and strengthening IPR protection. Korea was the host country for the APEC Summit in 2005.
- Korea has 17 Free Trade Agreements with ASEAN, Australia, Canada, Central America (Partial), Chile, China, Colombia, European Free Trade Association (Norway, Switzerland, Iceland and Liechtenstein), European Union, India, New Zealand, Peru, Singapore, U.K., U.S., Turkey and Vietnam. For the complete list of Korea's FTAs, please visit the Korean Ministry of Foreign Affairs site. More information on EU FTAs may be found on the EU website.
- The Republic of Korea is a member of the World Trade Organization (WTO) and has signed subsidiary agreements including TRIPs (Trade Related Aspects of Intellectual Property) and the Government Procurement Agreement. Korea has been a member of the Organization for Economic Cooperation and Development (OECD) since December 1996.

South Africa-South Korea Bilateral Agreements

Since the establishment of bilateral diplomatic relations in 1992, sixteen bilateral agreements have so far been concluded between South Africa and the ROK. These agreements cover cooperation in sectors such as air transport, the protection of investments, the avoidance of double taxation, science and technology, mutual legal assistance in criminal matters, extradition, ICT, vocational training and energy.¹

1.6. TARIFFS

The table below shows tariffs imposed by South Korea on South Africa's exports in 2021.

| TABLE 11: TARIFFS IMPOSED ON SOUTH AFRICAN EXPORTS BY SOUTH KOREA, 2021 | | | | | |
|---|-----------|---|-----------|--|-----------|
| HS CODE AND PRODUCT DESCRIPTION | TARIFF, % | HS CODE AND PRODUCT DESCRIPTION | TARIFF, % | HS CODE AND PRODUCT DESCRIPTION | TARIFF, % |
| H01: Live animals | 23 | H33: Essential oils, perfumes, cosmetics, toiletries | 7 | H65: Headgear and parts thereof | 8 |
| H02: Meat and edible meat offal | 28 | H34: Soaps, lubricants, waxes, candles, modelling pastes | 6 | H66: Umbrellas, walking-sticks, seat-sticks, whips | 13 |
| H03: Fish, crustaceans, molluscs, aquatic invertebrates | 15 | H35: Albs, uminoids, modified starches, glues, enzymes | 61 | H67: Bird skin, feathers, artificial flowers, human hair | 8 |
| H04: Dairy products, eggs, honey, edible animal product | 68 | H36: Explosives, pyrotechnics, matches, pyrophorics | 7 | H68: Stone, plaster, cement, asbestos, mica, articles | 8 |
| H05: Products of animal origin | 13 | H37: Photographic or cinematographic goods | 7 | H69: Ceramic products | 8 |
| H06: Live trees, plants, bulbs, roots, cut flowers | 16 | H38: Miscellaneous chemical products | 5 | H70: Glass and glassware | 8 |
| H07: Edible vegetables and certain roots and tubers | 97 | H39: Plastics and articles thereof | 7 | H71: Pearls, precious stones, metals, coin | 4 |
| H08: Edible fruit, nuts, peel of citrus fruit, melons | 47 | H40: Rubber and articles thereof | 5 | H72: Iron and steel | 0 |
| H09: Coffee, tea, mate and spices | 38 | H41: Raw hides and skins (other than fur skins) and leather | 4 | H73: Articles of iron or steel | 4 |

¹ Source: International Trade Administration, 2021.

| | | | | | |
|---|-----|---|----|---|---|
| H10: Cereals | 302 | H42: Articles of leather, animal gut, harness, travel goods | 9 | H74: Copper and articles thereof | 4 |
| H11: Milling products, malt, starches, inulin, wheat gluten | 250 | H43: Fur skins and artificial fur, manufactures thereof | 7 | H75: Nickel and articles thereof | 2 |
| H12: Oil seed, oleagic fruits, grain, seed, fruit, | 263 | H44: Wood and articles of wood, wood charcoal | 5 | H76: Aluminium and articles thereof | 4 |
| H13: Lac, gums, resins, vegetable saps and extracts | 31 | H45: Cork and articles of cork | 8 | H78: Lead and articles thereof | 3 |
| H14: Vegetable plaiting materials, vegetable products | 5 | H46: Manufactures of plaiting material, basketwork, etc. | 8 | H79: Zinc and articles thereof | 4 |
| H15: Animal, vegetable fats and oils, cleavage products, | 8 | H47: Pulp of wood, fibrous cellulosic material, waste | 0 | H80: Tin and articles thereof | 3 |
| H16: Meat, fish and seafood food preparations | 27 | H48: Paper & paperboard, articles of pulp, paper and board | 0 | H81: Other base metals, cermet's, articles thereof | 5 |
| H17: Sugars and sugar confectionery | 11 | H49: Printed books, newspapers, pictures | 0 | H82: Tools, implements, cutlery, of base metal | 8 |
| H18: Cocoa and cocoa preparations | 27 | H50: Silk | 12 | H83: Miscellaneous articles of base metal | 8 |
| H19: Cereal, flour, starch, milk preparations and products | 49 | H51: Wool, animal hair, horsehair yarn and fabric thereof | 8 | H84: Nuclear reactors, boilers, machinery | 6 |
| H20: Vegetable, fruit, nut food preparations | 33 | H52: Cotton | 7 | H85: Electrical, electronic equipment | 6 |
| H21: Miscellaneous edible preparations | 49 | H53: Vegetable textile fibres paper yarn, woven fabric | 6 | H86: Railway, tramway locomotives, rolling stock, equipment | 3 |
| H22: Beverages, spirits and vinegar | 19 | H54: Manmade filaments | 8 | H87: Vehicles other than railway, tramway | 8 |
| H23: Residues, wastes of food industry, animal fodder | 7 | H55: Manmade staple fibres | 8 | H88: Aircraft, spacecraft, and parts thereof | 0 |
| H24: Tobacco and manufactured tobacco substitutes | 34 | H56: Wadding, felt, nonwovens, yarns, twine, cordage | 8 | H89: Ships, boats and other floating structures | 2 |
| H25: Salt, sulphur, earth, stone, plaster, lime and cement | 4 | H57: Carpets and other textile floor coverings | 10 | H90: Optical, photo, technical, medical apparatus | 7 |
| H26: Ores, slag and ash | 0 | H58: Special woven or tufted fabric, lace, tapestry | 10 | H91: Clocks and watches and parts thereof | 8 |
| H27: Mineral fuels, oils, distillation products, | 3 | H59: Impregnated, coated or laminated textile fabric | 9 | H92: Musical instruments, parts and accessories | 8 |
| HS28: Inorganic chemicals | 4 | | 10 | H94: Furniture, lighting, signs, prefabricated buildings | 4 |
| H29: Organic chemicals | 5 | H61: Articles of apparel, accessories, knit or crochet | 13 | H95: Toys, games, sports requisites | 6 |
| H30: Pharmaceutical products | 6 | H62: Articles of apparel, accessories, not knit or crochet | 13 | H96: Miscellaneous manufactured articles | 6 |
| H31: Fertilizers | 5 | H63: Other made textile articles, sets, worn clothing | 11 | H97: Works of art, collectors pieces and antiques | 0 |
| H32: Tanning, dyeing extracts, tannins, derivatives, pigments | 7 | H64: Footwear, gaiters and the like, parts thereof | 13 | H99: Commodities not elsewhere specified | 0 |

Source: TradeMap, 2021.

(NOTE: Exporters should not take the HS2 tariff as conclusive and as the actual tariff that will be applied to the exported product. The tariffs indicated above are average tariffs and for products within the category it may be higher or lower than indicated. Where the tariff is zero it can be assumed that there is zero tariff applicable to all products within that HS code. Tariffs are determined according to the importing country's national tariff line from the HS6 level and upwards. Exporters are advised to visit www.macmap.org to determine the exact tariff applicable to the product at HS6.)

1.7. PORT-TO-PORT

Ocean freight is of great importance in South Korea. The country is located in the southern part of the Korean peninsula, with



the Yellow Sea in the east, the East China Sea in the south, and the Sea of Japan in the west. Its neighbours China, Japan and Russia are quickly reached by sea from Korea. Ocean freight to South Korea is so important since this country imports more than half a billion dollars of goods from all over the world. It is the second-greatest world power in terms of naval capabilities and the twelfth-largest economy in the world. South Korea's important ports include Busan, Gwangyang, Incheon and Seoul.

Port of Busan is the largest port in South Korea. Situated in the Nakdong River, the port is responsible for the 40 percent of the country's exports and 80 percent of its container transit. It is also an important fishing port and the most important commercial ports in the world as it can accommodate 169 ships at once. Busan has six container terminals throughout

the North port, the South port, the Gamcheon port and the Dadapo port.²

The table below shows some of the most important ports in South Korea. It also shows the **distance** and **time** it takes goods to travel from Cape Town Port terminal to these ports.

| TABLE 12: CAPE TOWN PORT TERMINAL TO MAIN SEA PORTS IN SOUTH KOREA | | |
|--|-------------|------------------|
| PORTS | DISTANCE | TRANSIT TIME |
| Kwangyang | 14651.02 km | 25 days 8 hours |
| Okpo | 14691.89 km | 25 days 10 hours |
| Kunsan | 14700.82 km | 25 days 10 hours |
| Pusan (Busan) | 14728.57 km | 25 days 11 hours |
| Onsan | 14775.52 km | 25 days 13 hours |
| Daesan | 14786.03 km | 25 days 14 hours |
| Incheon | 14844.35 km | 25 days 16 hours |
| Pohang | 14853.03 km | 25 days 16 hours |
| Pyeong Taek | 14852.87 km | 25 days 16 hours |
| Seoul | 14868.92 km | 25 days 17 hours |
| Tonghae | 15017.13 km | 25 days 23 hours |

Source: Sea-Rates, 2021.

² Source: Marine Insight, 2021

2. FOREIGN DIRECT INVESTMENT

2.1 GLOBAL INVESTMENT INTO SOUTH KOREA

Over the period January 2003 to December 2020, there were 1,712 companies that invested 2,148 FDI projects into South Korea, reaching a total capex of ZAR2.19 trillion and creating 348,438 jobs.

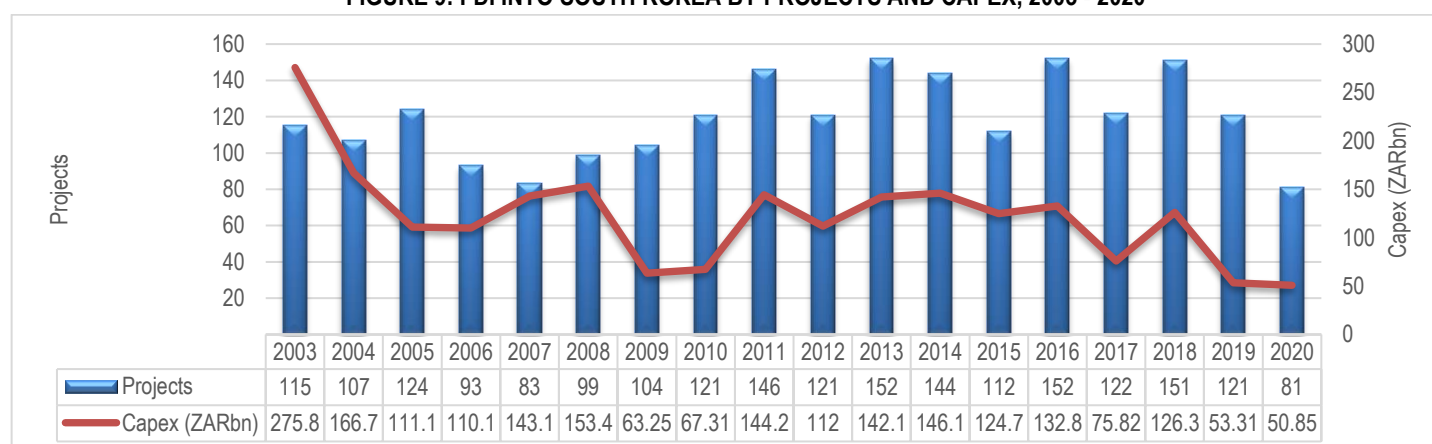
FIGURE 8: FDI INTO SOUTH KOREA, 2003 - 2020



Source: FDI Markets, 2021

Figure 9 below shows a 18-year trend in FDI projects and capital expenditure into South Korea covering the period 2003 to 2020. Overall, the graph shows an oscillating trend of FDI projects into South Korea, decreasing from 155 projects in 2003 to a low point of 83 projects in 2007, before rising overall to a high point of 152 projects by 2016. Further, there was a notable drop in projects to the lowest level in 20 years (81 projects) occurring in 2020 – aligning with the global economic downturn as a result of adverse economic conditions emanating from the advent of the COVID-19 pandemic. In turn, the value of capex has trended downward overall since 2003, declining from a value of ZAR275.80bn in 2003 to its lowest point of ZAR50.85bn in 2020 as indicated below.

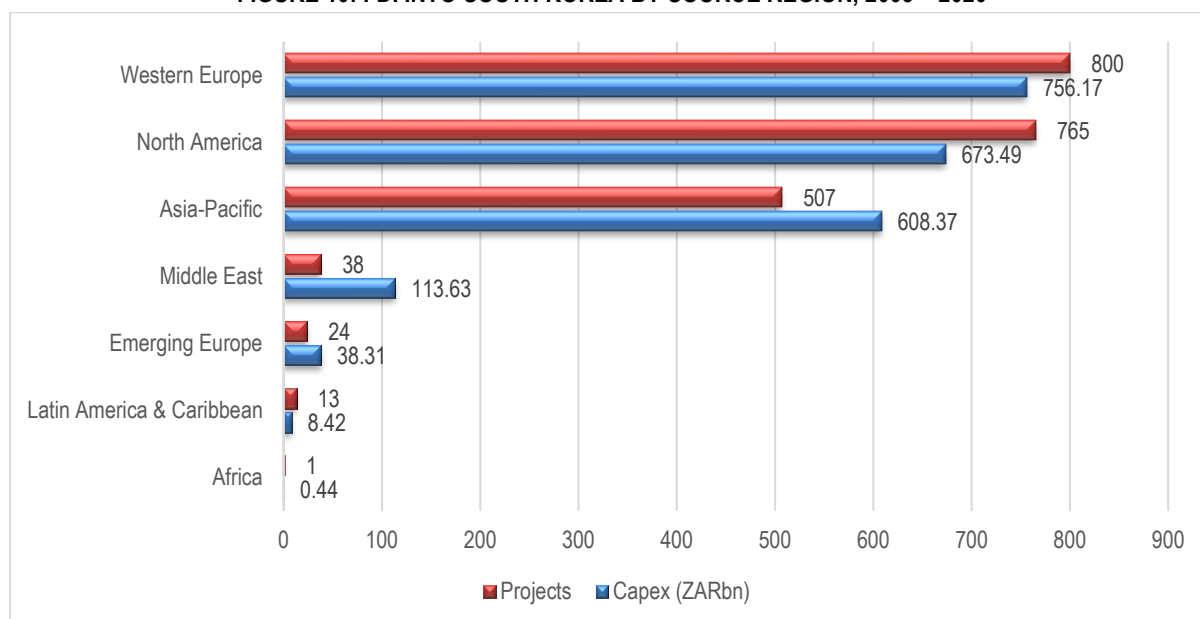
FIGURE 9: FDI INTO SOUTH KOREA BY PROJECTS AND CAPEX, 2003 - 2020



Source: FDI Markets, 2021

Western Europe was the largest source region for FDI projects and capex into South Korea, with 800 projects invested with a total capex of ZAR756.17bn over the period 2003 to 2020. Following this was North America, with the second largest number of projects invested (765 projects) and the second largest source of capex of ZAR673.49bn over the same period. The Asia-Pacific region followed in a close third place, with 507 projects invested reaching ZAR608.37bn. Investment from the African region was negligible, with only one FDI project invested reaching approximately ZAR400m over the period 2003 to 2020.

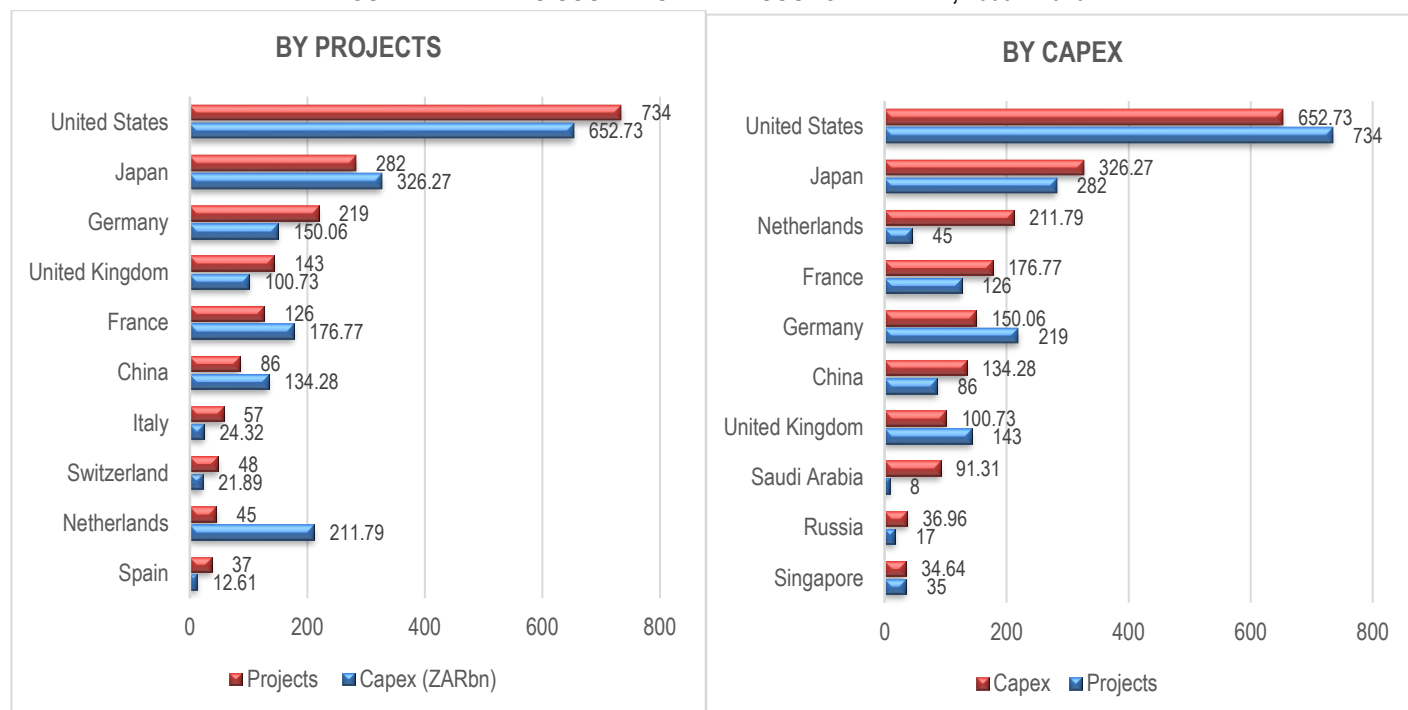
FIGURE 10: FDI INTO SOUTH KOREA BY SOURCE REGION, 2003 – 2020



Source: FDI Markets, 2021

The United States and Japan were the largest source markets for FDI into South Korea, both in terms of projects and capex over the period 2003 to 2020. The US invested 734 projects (accounting for 31.79% of all projects invested) with a total capex of ZAR652.73bn over the period under review, while Japan followed in a distant second with 282 projects invested with a capex of ZAR326.27bn over the same period. Following in third place was Germany, with 219 FDI projects invested, while the Netherlands was the third largest source region in terms of capex of ZAR211.79bn over the period under review.

FIGURE 11: FDI INTO SOUTH KOREA BY SOURCE MARKET, 2003 – 2020




Source: FDI Markets, 2021

Table 13 below shows the top 10 companies (by projects) investing into South Korea over the period 2003 to 2020. Air Products and Chemicals, with headquarters in the United States, invested the most projects (20 projects) into the South Korean chemicals sector over the period. The cumulative investment reached a total capex of ZAR43.14 billion and created 1,834 jobs in South Korea over the period 2003 to 2020.

TABLE 13: TOP 10 COMPANIES, FDI INTO SOUTH KOREA (BY PROJECTS), 2003 - 2020

| | Company name | Revenue (ZARbn) | HQ country | No. of projects | Total capex (ZARm) | Total jobs | Primary sector |
|----|--------------------------------|-----------------|---------------|-----------------|--------------------|------------|-----------------------|
| 1 | Air Products and Chemicals | 128 | United States | 20 | 43,141 | 1,834 | Chemicals |
| 2 | WeWork (We Holdings) | 50 | United States | 20 | 547 | 160 | Real estate |
| 3 | BASF | 1,027 | Germany | 17 | 30,829 | 1,341 | Chemicals |
| 4 | Toray Industries | 293 | Japan | 16 | 23,720 | 6,810 | Plastics |
| 5 | General Motors (GM) | 1,755 | United States | 15 | 33,127 | 7,142 | Automotive OEM |
| 6 | Prada | 45 | Italy | 15 | 1,920 | 711 | Textiles |
| 7 | Bayerische Motoren Werke (BMW) | 1,727 | Germany | 14 | 5,109 | 1,792 | Automotive OEM |
| 8 | Volkswagen | 3,758 | Germany | 14 | 2,976 | 653 | Automotive OEM |
| 9 | Mitsubishi | 1,967 | Japan | 13 | 28,758 | 1,319 | Industrial equipment |
| 10 | Sumitomo Group | 706 | Japan | 12 | 27,689 | 3,830 | Automotive components |

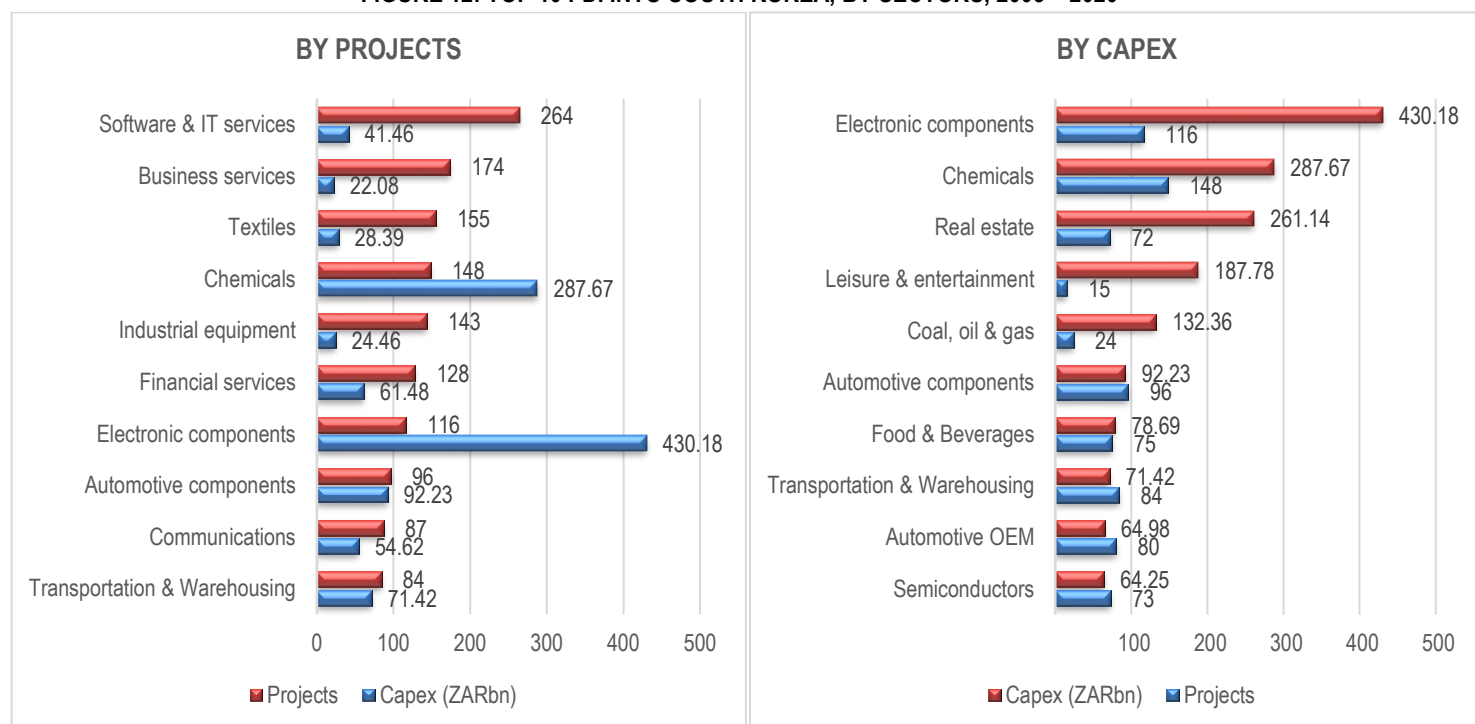


Source: FDI Markets, 2021

The software and IT services sector in South Korea attracted the largest number of FDI projects over the period 2003 to 2020. More specifically, this sector attracted 264 projects, reaching a total capex value of ZAR41.46bn over the period under review. The business services and textile sector were the second and third largest recipient of FDI projects over this period, with 174 projects and 155 projects, respectively reaching a value of ZAR22.08bn and 28.39bn over the period analysed.

Although the electronic components sector was the seventh largest destination industry for FDI projects into South Korea (116 projects), it was the largest sector for investment, reaching a total capex value of ZAR430.18bn. To place this into perspective, although the electronic components sector only attracted half the number of projects invested into the software and IT services sector, it attracted double the value in capital investment over the period 20103 to 2020. The chemicals and real estate sectors were the second and third largest destination industry for capex into South Korea, reaching a value of ZAR287.67bn and ZAR261.14bn over the period under review as shown in Figure 12 below.

FIGURE 12: TOP 10 FDI INTO SOUTH KOREA, BY SECTORS, 2003 – 2020



Source: FDI Markets, 2021

2.2 GLOBAL INVESTMENT FROM SOUTH KOREA

Between January 2003 and December 2020, a total of 1,471 companies from South Korea invested 4,303 projects globally. This undertaking reached a cumulative capex to the value of ZAR6.52trillion and created 1,375,882 jobs.

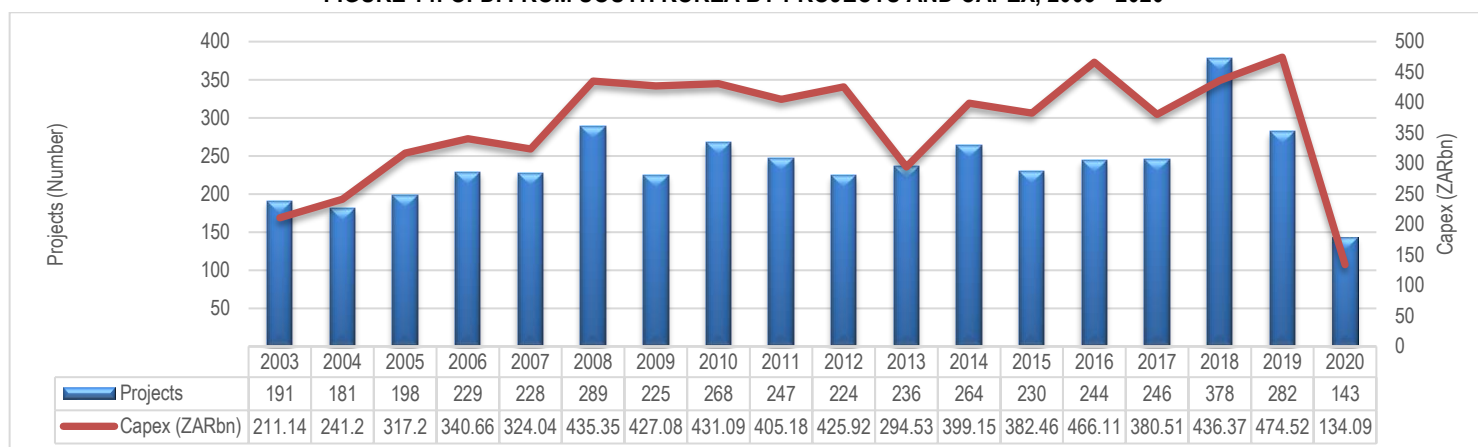
FIGURE 13: FDI FROM SOUTH KOREA, 2003 - 2020



Source: FDI Markets, 2021

Figure 14 below suggest a general upward trend in outward FDI projects from South Korea over the period 2003 to 2020, with the number of projects rising gradually from 191 projects in 2003 to its highest point of 378 projects in 2018. From this point, the number of outward FDI projects dropped significantly in 2019 to 282 projects, with 2020 recording the lowest number of outward projects (143 projects) from South Korea due in large to the impact of COVID-19. Similarly, the value of capex continued on an upward trajectory from 2003 to 2020, increasing from ZAR211.14bn in 2003 to its highest point of ZAR474.52bn by 2019. Expectedly, capex dropped significantly in 2020, declining by 71% to ZAR134.09bn from ZAR474.52bn just the year prior.

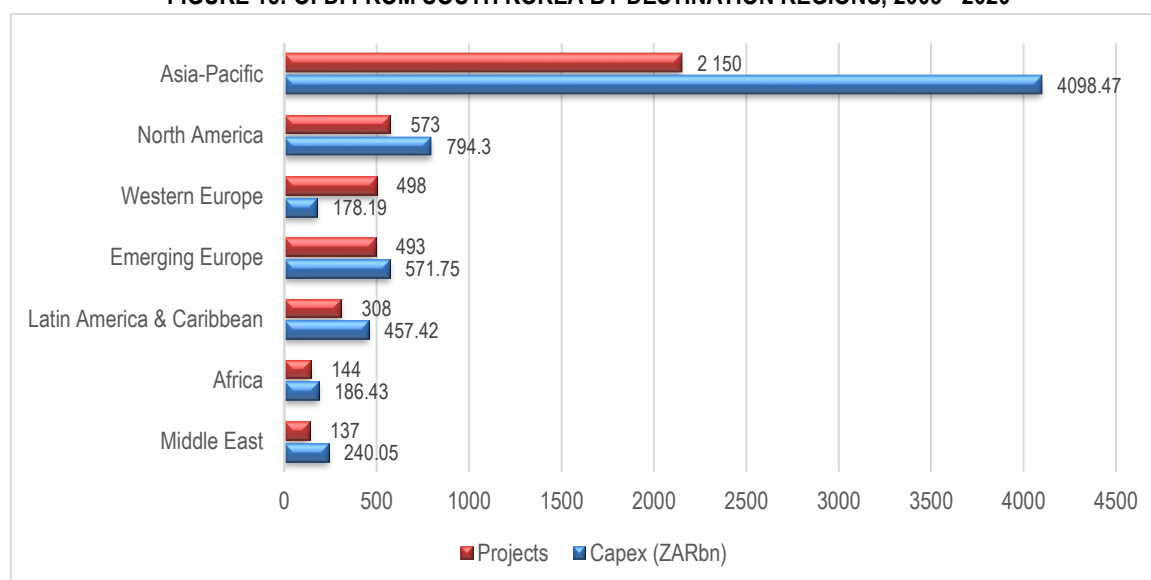
FIGURE 14: OFDI FROM SOUTH KOREA BY PROJECTS AND CAPEX, 2003 - 2020



Source: FDI Markets, 2021

Asia-Pacific was the largest recipient region for outward FDI from South Korea, with a total of 2,150 projects invested reaching a cumulative capital investment of ZAR4.09bn over the period 2003 to 2020. Following this, the second largest destination region was North America, with 573 projects reaching a total capex of ZAR794.30bn, while Western Europe followed in third place with 498 projects invested reaching a total capex of ZAR178.19billion over the period under review.

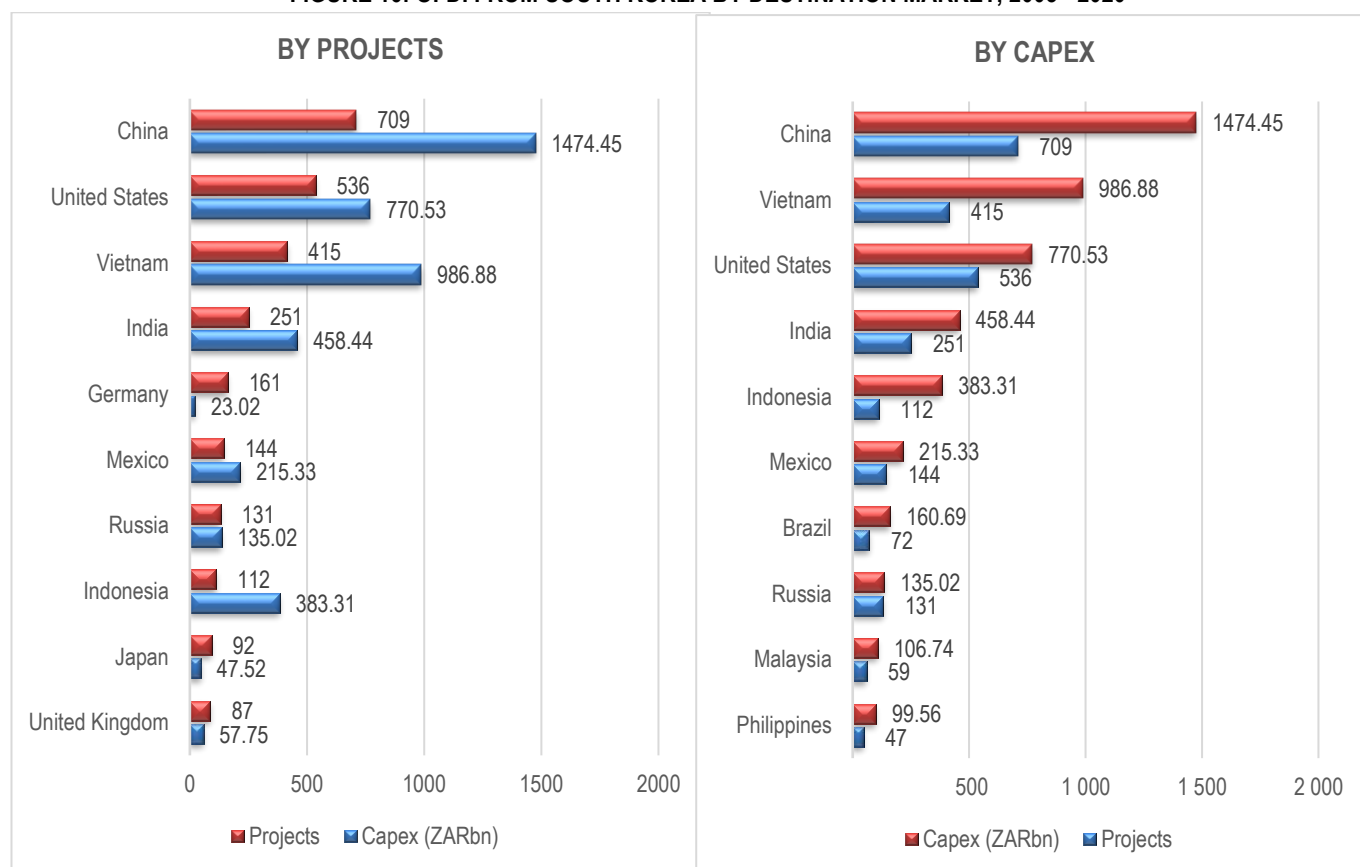
FIGURE 15: OFDI FROM SOUTH KOREA BY DESTINATION REGIONS, 2003 - 2020



Source: FDI Markets, 2021

As shown in Figure 16 below, China was the largest destination market for outward FDI, both in terms of projects and capex from South Korea, reaching a total of 709 projects with a cumulative capex value of ZAR1.47trillion over the period 2003 to 2020. The United States followed in second place in terms of projects (536 projects reaching a capex of ZAR770.53bn), while Vietnam was the second largest destination in terms of capex, which reached a cumulative value of ZAR986.88billion over the period under review.

FIGURE 16: OFDI FROM SOUTH KOREA BY DESTINATION MARKET, 2003 - 2020



Source: FDI Markets, 2021

21

The South Korean based Samsung Group was the largest company (in terms of projects) to undertake FDI endeavours between 2003 and 2020. Over this period, the company initiated 546 FDI projects in the consumer electronics sector, which reached a cumulative capex of ZAR1.13 trillion and creating 196,410 jobs worldwide. Other companies such as Hyundai motors and LG held second and third rankings, investing 360 and 354 projects each that reached a total capex of ZAR798billion and ZAR515billion, respectively over the period as shown in Table 14 below:

TABLE 14: TOP 10 COMPANIES, OFDI FROM SOUTH KOREA (BY PROJECTS), 2003 - 2020

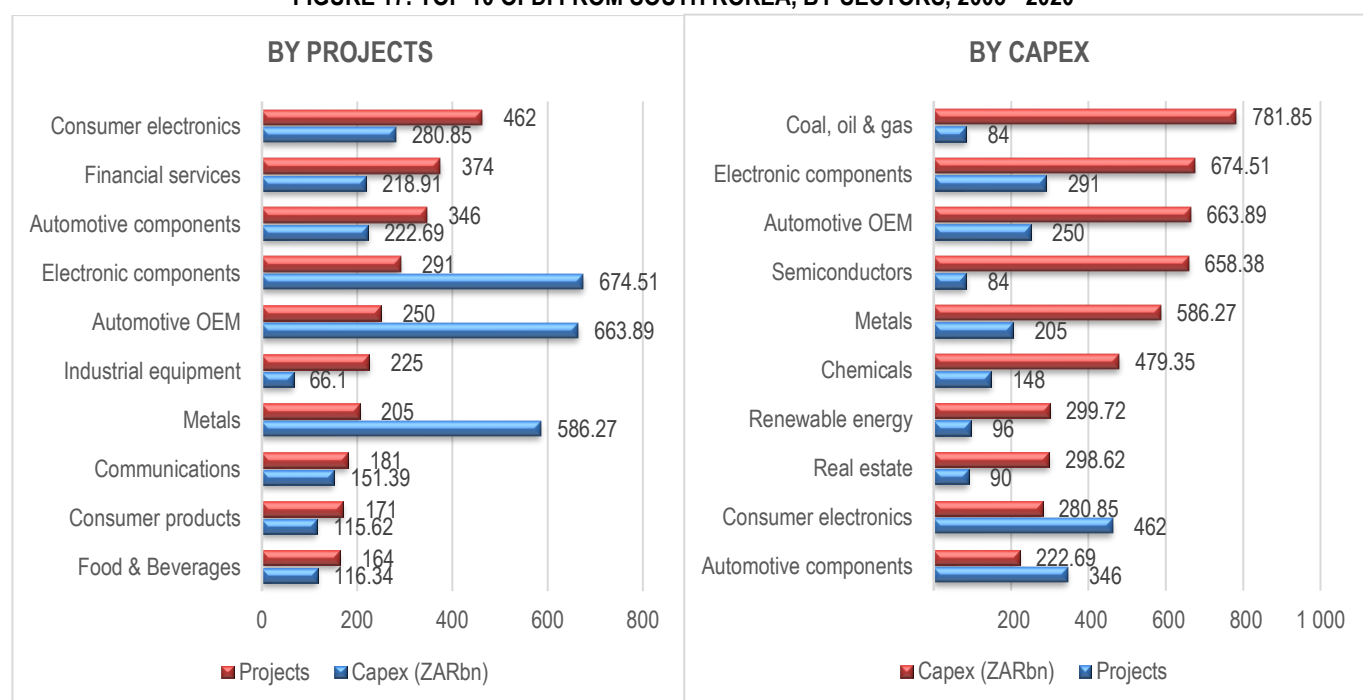
| | Company name | Revenue (ZARbn) | HQ state (Parent) | No. of projects | Total Capex (ZARbn) | Total jobs | Primary sector |
|----|-----------------------------|-----------------|-------------------|-----------------|---------------------|------------|-----------------------|
| 1 | Samsung Group | 3,035 | Seoul | 546 | 1,134 | 196,410 | Consumer electronics |
| 2 | Hyundai Motor | 1,267 | Seoul | 360 | 798 | 193,607 | Automotive OEM |
| 3 | LG | 812 | Seoul | 354 | 515 | 142,848 | Consumer electronics |
| 4 | LG Electronics | 819 | Seoul | 164 | 123 | 62,287 | Consumer electronics |
| 5 | Lotte Group | 109 | Seoul | 135 | 354 | 74,249 | Food & Beverages |
| 6 | POSCO (Pohang Iron & Steel) | 741 | Seoul | 134 | 558 | 64,978 | Metals |
| 7 | Samsung Electronics | | Seoul | 134 | 428 | 56,312 | Consumer electronics |
| 8 | Hanwha | 630 | Seoul | 85 | 165 | 16,506 | Renewable energy |
| 9 | SK Holdings (SK Group) | 1,048 | Seoul | 69 | 225 | 33,774 | Electronic components |
| 10 | Doosan | 219 | Seoul | 66 | 41 | 12,198 | Industrial equipment |

0 196410

Source: FDI Markets, 2021

Furthermore, the consumer electronics sector attracted the largest proportion of outward FDI projects, with 462 projects invested globally, while attracting the second largest proportion of capex (which reached ZAR674.51bn) over the period 2003 to 2020. On the other hand, the coal, oil and gas sector were the largest recipient of capex from South Korea over this period, reaching a total capex of ZAR781.85bn over the same period. Other high FDI project sectors were the financial services sector (372 projects); automotive components (346 projects); electronic components (291 projects); and automotive OEM ranking in fifth place with 250 projects. Other sectors that attracted a significant proportion of capex were the electronic components sector (ZAR674.51bn); automotive OEM (ZAR663.89bn); semiconductors (ZAR658.38bn); and metals, which attracted a total of ZAR586.27bn over the period 2003 to 2020.

FIGURE 17: TOP 10 OFDI FROM SOUTH KOREA, BY SECTORS, 2003 - 2020



Source: FDI Markets, 2021

2.3 BILATERAL FDI BETWEEN SOUTH KOREA AND SOUTH AFRICA

2.3.1 SOUTH KOREA FDI INTO SOUTH AFRICA

Between January 2003 and December 2020, a total of 14 South Korean companies invested 18 FDI projects into South Africa. This FDI undertaking reached a cumulative capital investment of ZAR34.52billion and created 2,035 jobs in the South African economy over the period under review.

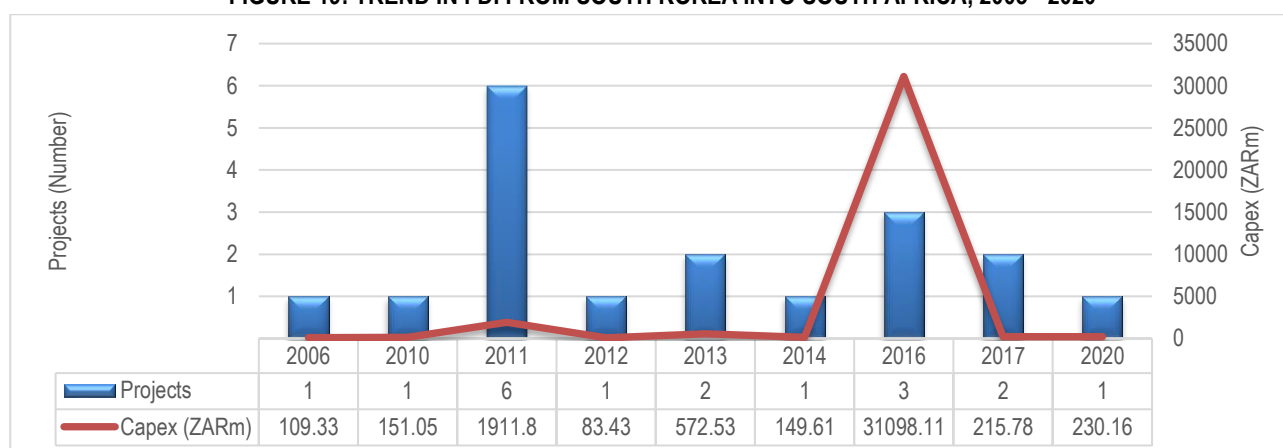
FIGURE 18: FDI FROM SOUTH KOREA INTO SOUTH AFRICA, 2003 - 2020



Source: FDI Markets, 2021

The number of FDI projects from South Korea into South Africa were generally low over the period 2003 to 2020, with the first project invested in 2006 at a value of ZAR109.33m. The most projects invested occurred in 2011, where six projects were invested with a total capex of ZAR1.91bn, while the largest inflow of capital investment was in 2016, where three projects invested reached a cumulative capex of ZAR31.10bn.

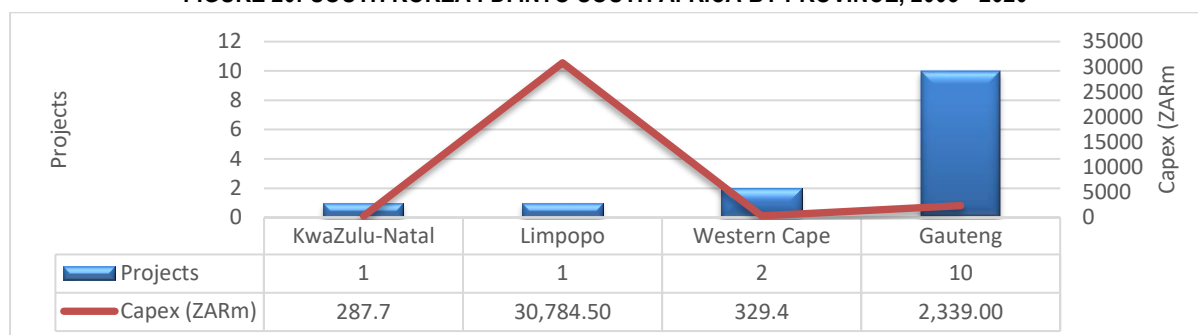
FIGURE 19: TREND IN FDI FROM SOUTH KOREA INTO SOUTH AFRICA, 2003 - 2020



Source: FDI Markets, 2021

From the figure below, it is evident that Gauteng region in South Africa secured the most projects from South Korea over the period 2003 to 2020, with 10 projects were invested which reached a total capex of ZAR2.33bn. Two of the 14 projects were invested in the Western Cape (ZAR329.4m), while Kwa-Zulu Natal and Limpopo were each recipient of one project each. Furthermore, Limpopo, although a recipient of only one FDI project, received the largest proportion of capex - ZAR30.78bn - over the period under review.

FIGURE 20: SOUTH KOREA FDI INTO SOUTH AFRICA BY PROVINCE, 2003 - 2020



Source: FDI Markets, 2021

From the figure below, it is evident that the consumer electronics sector in the South Africa attracted the most projects invested by South Korea between 2003 and 2020. That is, of the 14 projects invested, six projects were in the consumer electronics sector, while two projects each were in the automotive OEM and in the transportation and warehousing sector. The rest of the relevant sectors all received one FDI project each. In contrast, the coal, oil and gas sector dominated the capex invested into South Africa, reaching a value of ZAR30.78bn over the period 2003 to 2020.

FIGURE 21: SOUTH KOREA FDI INTO SOUTH AFRICA BY SECTOR, 2003 - 2020

| | Projects | Capex(ZARm) |
|-------------------------------|----------|-------------|
| Consumer electronics | 6 | 1,103.35 |
| Automotive OEM | 2 | 776.81 |
| Transportation & Warehousing | 2 | 333.74 |
| Business machines & equipment | 1 | 172.62 |
| Business services | 1 | 109.33 |
| Coal, oil & gas | 1 | 30,784.51 |
| Electronic components | 1 | 103.57 |
| Industrial equipment | 1 | 43.16 |
| Plastics | 1 | 389.84 |
| Rubber | 1 | 621.44 |
| Software & IT services | 1 | 83.43 |
| Total | 18 | 34,521.81 |

Source: FDI Markets, 2021

Table 15 below shows the top 10 South Korean companies (by projects) investing into South Africa over the period 2003 to 2020. Evidently, Samsung Group was the largest investor into the South African economy, with five projects invested in the consumer electronics sector, reaching a total capex value of ZAR814m over the period 2003 to 2020. Other companies which invested into South Africa are tabled below.

TABLE 15: SOUTH KOREAN COMPANIES INVESTING IN SOUTH AFRICA, 2003 - 2020

| | Company name | Revenue (ZARbn) | No. of projects | Total capex (ZARm) | Total jobs | Primary sector |
|----|---|-----------------|-----------------|--------------------|------------|-------------------------------|
| 1 | Samsung Group | 3,035 | 5 | 814 | 650 | Consumer electronics |
| 2 | LG | 812 | 4 | 685 | 427 | Consumer electronics |
| 3 | LG Electronics | 819 | 3 | 502 | 262 | Consumer electronics |
| 4 | Hyundai Motor | 1,267 | 2 | 777 | 237 | Automotive OEM |
| 5 | Samsung Electronics South Africa | | 2 | 445 | 395 | Consumer electronics |
| 6 | Apex Technologies | | 1 | 173 | 112 | Business machines & equipment |
| 7 | Cheil Worldwide | | 1 | 109 | 52 | Business services |
| 8 | DASAN Networks | 2 | 1 | 83 | 9 | Software & IT services |
| 9 | Handysoft | | 1 | 83 | 9 | Software & IT services |
| 10 | Hankook Technology Group (Hankook Tire Worldwide) | 84 | 1 | 621 | 217 | Rubber |

0 3035.02

Source: FDI Markets, 2021

25

There were no outward FDI projects from South Africa into South Korea over the period 2003 to 2020.

2.3.2 SOUTH KOREA FDI INTO WESTERN CAPE

Between January 2003 and December 2020, a total of two South Korean companies invested two FDI projects into the Western Cape. This FDI undertaking reached a cumulative capital investment of ZAR329.42bn and created 184 jobs in the Western Cape economy over the period under review.

FIGURE 22: FDI FROM SOUTH KOREA INTO WESTERN CAPE, 2003 - 2020




Source: FDI Markets, 2021

The first project invested into the Western Cape from South Korea occurred in 2011, where LG electronics' FDI undertaking reached a total capex of ZAR156.80m into Cape Town. Following this, another project investment occurred in 2017, where Static Control Components invested ZAR162.72m into Cape Town's business machines and equipment sector.

TABLE 16: TREND IN FDI FROM SOUTH KOREA INTO THE WESTERN CAPE, 2003 - 2020

| | Project date | Investing company | Destination city | Sector | Jobs created | Total capx (ZARm) |
|---|--------------|---------------------------------|------------------|-------------------------------|--------------|-------------------|
| 1 | Jul, 2017 | Static Control Components (SCC) | Cape Town | Business machines & equipment | 112 | 172.62 |
| 2 | Dec, 2011 | LG Electronics | Cape Town | Consumer electronics | 72 | 156.80 |



Source: FDI Markets, 2021

There were no outward FDI projects from Western Cape into South Korea over the period 2003 to 2020.

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