



GOVERNMENT OF
WESTERN AUSTRALIA

Invest & Trade
WESTERN AUSTRALIA



South Korea Market Outlook

2022-23

Trade and investment opportunities
for Western Australian businesses

South Korea market overview

Gross domestic product

US\$1.74 trillion

(EIU 2021)

28th most populous
country in the world

51.3 million

(2021)

**12th
largest**

economy in the world

South Korea has a large and developed economy and is among the world's largest manufacturers and exporters of automobiles, electronics and ships. South Korea is seeking to strengthen its capabilities in advanced manufacturing and transition to a low-carbon economy with zero net emissions by 2050,

through boosting renewable energy capacity and expanding its green mobility fleet of electric and hydrogen-powered vehicles. With these economic development priorities, South Korea offers a broad range of opportunities for Western Australian businesses looking for an export market or long-term investment partnership.

Western Australia's trade relationship with South Korea

2004

Established the Invest and Trade WA Seoul office

\$18.7 billion

3rd largest trading partner in 2021-22

\$16.8 billion

3rd largest merchandise export market, with 37% of Australia's merchandise exports to South Korea in 2021-22

Western Australian merchandise exports to South Korea in 2021-22



48%
Iron ore



31%
Petroleum
(mainly LNG)



**16th largest market
for international
students in 2021**

The Western Australian Government supports local businesses pursuing opportunities with South Korea through Invest and Trade WA. This includes providing advice and assistance to Western Australian companies looking to export to South Korea or attract investment to grow their business.

South Korea is a key market under Western Australia's Asian Engagement Strategy 2019-2030, which supports:

- » Maximising trade and investment opportunities
- » Asia literacy and capability
- » People-to-people links
- » Business networks and communities.



Australian investors and exporters receive preferential market access through free trade agreements (FTAs). Western Australian businesses looking to expand into South Korea can reap the benefits of these agreements.

Korea Australia Free Trade Agreement (KAFTA)

KAFTA entered into force on 12 December 2014 and provides Australian businesses with significantly improved access to South Korea.

The main benefits of KAFTA include:

- » Increased access for Western Australian primary producers for raw sugar, wheat, bottled wine and some horticulture. Market access to beef and dairy will increase over time
- » Increased access to LNG, titanium dioxide, unwrought aluminium, automotive parts, sea salt and pharmaceutical products
- » Increased access to service sectors, including legal, finance, accountancy and telecommunications. Education, engineering and other professional services also allow more access for Australian service suppliers
- » Improved opportunities for Australian investors and investments in Korea and will help promote direct investment from Korea into Australia.

Regional Comprehensive Economic Partnership Agreement (RCEP)

RCEP negotiations were launched in November 2012 between the Association of Southeast Asian Nations (ASEAN includes Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam) and ASEAN's free trade agreement partners (Australia, China, India, Japan, New Zealand and South Korea). On 15 November 2020, Ministers from 15 countries signed the Agreement.

The main benefits of RCEP include:

- » Increased opportunities for Australian business to build and access regional value chains and significantly reduce the burden of complying with rules of origin
- » Increased market access including in education, healthcare and other business services
- » Core investment protection, providing greater protection for Australian investors in these markets
- » Easier access for Australian business persons to enter and work in RCEP markets
- » Easier access to government tenders and provided certainty for Intellectual Property rights holders.

For further information on FTAs with South Korea visit: ftaportal.dfat.gov.au



Trade and investment opportunities with South Korea

An outline of trade and investment opportunities with South Korea is provided below, categorised under Western Australia's key industry sectors.

Each section also describes the Western Australian Government's actions to support businesses pursuing these opportunities in 2022-23. The actions are a combination of initiatives to assist Western Australian businesses to develop their export capability (sector-based) and activities that specifically support trade and investment opportunities with South Korea (market-based).

Energy

South Korea and Western Australia have a longstanding energy relationship, brought about by South Korea's high demand for energy imports and Western Australia's large scale energy supply capacity. This energy relationship has historically focused on Liquefied Natural Gas (LNG). Strong South Korean demand for LNG has supported Western Australia's exports and South Korean technology has been used in the development of the State's LNG projects.

While LNG will continue to be an important part of South Korea's energy mix, the country is set to increase its demand for lower-emissions energy through reliance on both renewable and nuclear energy. The South Korean Government has placed an end date on the use of fossil fuels, aiming for zero net emissions by 2050. Under the country's Green New Deal, the South Korean Government has outlined ambitious targets for solar panels, wind turbines, smart grids and smart green cities, including provision of 200,000 hydrogen-fuelled vehicles and 1.13 million electric vehicles.

South Korea's vehicle manufacturers are increasing production of electric and hybrid vehicles, which creates opportunities for

Western Australian businesses in the future battery industry to attract investment and establish long-term partnerships. South Korea is a major supplier of batteries and battery technology. The Western Australian Government is working with partners in South Korea to attract investment into downstream battery materials processing such as precursor-cathode active materials (CAM) and CAM manufacturing.

South Korea expects to begin imports of green hydrogen by 2030. The South Korean Ministry of Trade, Industry and Energy is considering six prospective countries – including Australia – to act as a major supply partner. South Korea's H2Korea public-private alliance fosters international engagement on industry development.

Western Australian Government actions

- » Promote Western Australia as a destination for investment and offtake opportunities for hydrogen in accordance with the Western Australian Renewable Hydrogen Strategy.
- » Build Western Australia's profile as a world leading future green energy producer.
- » Promote Western Australia as a leading destination for the production of green steel to attract investment into the industry.
- » Attract investment and facilitate key projects for Western Australia's future battery industry.
- » Facilitate engagement between Western Australian businesses and South Korea's remote and renewable power sectors.
- » Work with partners in South Korea to attract investment into downstream battery materials processing such as precursor-CAM and CAM manufacturing.
- » Continue to implement Western Australia's Lead Agency Framework to facilitate major projects and proposals in Western Australia.

- » Connect Western Australian industry to investment opportunities in the South Korean LNG sector and facilitate business meetings and seminars to promote joint ventures and partnerships.

International education

South Korea is an important market for Western Australia's vocational education and training (VET) and higher education sectors.

There are opportunities for education providers in Western Australia's VET sector to provide training solutions in areas of high demand in South Korea. This includes community services, aged care and health, as well as areas that align with South Korea's development priorities, such as hydrogen and science, technology, engineering and mathematics (STEM).

More generally, Western Australia can capitalise on its safe handling of the COVID-19 pandemic to market itself as an attractive destination for South Korean students.

The Education Business Development Manager based in the Invest and Trade WA Seoul office works with education agents across South Korea to promote Western Australia as an education destination, including undertaking education agent training, seminars and familiarisation tours.

Western Australian Government actions

- » Leverage the State's offshore international education marketing campaign in-market.
- » Work with education agents in South Korea to elevate the profile of Western Australia's education sector and promote study programs offered by Western Australian universities and vocational education institutions.
- » Work with StudyPerth to promote Western Australia as a study destination of choice to South Korean education institutions and students.
- » Gather intelligence to provide regular updates on in-market activities and trends to inform Western Australia's international education policy.

- » Collaborate with Western Australian education providers to undertake promotional activities and roadshows in South Korea to assist universities and pathway providers in student recruitment.
- » Support international education consortia activities in Western Australia and South Korea, including through the Education Business Development Manager in the Invest and Trade WA Seoul office.
- » Promote Western Australia as a favoured education destination within South Korea, including by:
 - » collaborating with education agents on relevant events and programs that promote the Western Australian School Curriculum and Standards Authority (SCSA), universities, TAFE institutions and public and private schools
 - » exploring the possibility of SCSA offering the Western Australian pre-primary to Year 10 curriculum to select education institutions in South Korea.
- » Support Western Australian universities to expand their student, academic and research links in-market.

Mining and mining equipment, technology and services (METS)

South Korea has a high demand for minerals to support its heavy manufacturing and construction industries. South Korea is a longstanding customer and investor in Western Australia's mining industry, particularly for iron ore.

As part of South Korea's push to increase advanced manufacturing capabilities, South Korean companies are looking for strategic investments in critical mineral projects, including rare earths. This creates potential for partnerships with Western Australian producers.



Western Australian Government actions

- » Promote and deliver Western Australia's Future Battery and Critical Mineral Industry Strategy to increase the visibility and capability of Western Australian companies in the region.
- » Promote Western Australian mining and METS capabilities to attract investment into Western Australian mining projects and downstream processing of battery minerals such as precursor-CAM and CAM manufacturing.
- » Work with international partners in South Korea to assist Western Australian companies to find suitable opportunities for offtake agreements.
- » Maintain key stakeholder relationships and information exchange between Western Australia and South Korea in the mining industry.
- » Continue to streamline approvals processes and regulatory reforms to create a more attractive investment environment for the mining industry.
- » Attract investment into critical minerals projects in Western Australia by:
 - » facilitating understanding of Western Australia's potential as a secure and reliable supplier and processor of critical minerals (including rare earth elements).
 - » developing investment attraction and trade promotion strategies for South Korea.

Defence Industries

Australia and South Korea have a strong strategic relationship underpinned by trade, shared regional strategic interests and strong people-to-people links.

In December 2021, Australia and South Korea formally elevated the bilateral relationship to a Comprehensive Strategic Partnership (CSP). The CSP establishes the foundations of enhanced bilateral cooperation under three pillars: strategic and security; economic, innovation and technology; and people-to-people exchange.

The defence and security relationship between Australia and South Korea provides a

foundation for Western Australian businesses in the defence industry seeking opportunities and partnerships with South Korea.

Western Australia is well placed to provide an alternative supply chain for South Korea in defence-related services.

Western Australian Government actions

- » Promote Western Australian capability and opportunities at relevant international events, including Seoul International Aerospace and Defense Exhibition (ADEX).
- » Develop and implement industry engagement plans under the Defence and Defence Industries Strategic Plan.
- » Develop and deliver a market action plan for the promotion of Western Australia's capability in defence industries.
- » Provide engagement opportunities to prime contractors, local businesses and industry bodies for upcoming domestic and international defence programs.
- » Build research and innovation partnerships to increase Western Australia's capacity to support emerging technologies in the defence industry.

Health and medical life sciences

South Korea's ageing population and growing interest in health and welfare continue to drive demand for medical treatments and quality health care services. South Korea has identified the bio-health industry as a growth engine to complement its capabilities in information and communications technology and biotechnology.

The Western Australian Government has established the Future Health Research and Innovation Fund. The fund aims to drive health and medical research, innovation and commercialisation. This will better position the State as a leader in research and innovation, providing opportunities for collaboration with international partners.

The Western Australian Government has also developed the State's first Health and Medical

Life Sciences Industry Strategy. As one of the fastest-growing regions in Australia for health and medical life sciences, this strategy aims to drive the growth of the industry that spans digital health, medical technology, biotechnology, pharmaceuticals and health and wellness. The strategy focuses on attracting investment, growing research and development and commercialising medical products and services.

There is potential for collaboration in the biotechnology cycle on commercialisation strategies for life sciences and databases for commercial exploration.

Western Australian Government actions

- » Implement the Health and Medical Life Sciences Industry Strategy.
- » Identify and undertake opportunities to engage with key international markets to promote Western Australia as a destination for investment and partnership in health and medical life sciences.
- » Implement the Future Health Research and Innovation Fund and develop and implement communication tools to enable engagement with current and potential fund stakeholders.
- » Explore and introduce life science opportunities for Western Australian organisations in South Korea through:
 - » promoting Western Australia's capabilities in biotechnology
 - » identifying sub-sectors of biotechnology for possible collaboration
 - » matching market-ready organisations.
- » Participate in industry trade shows such as Bio Korea to support Western Australian companies to make connections with South Korean industry.

Primary industries

South Korea's agricultural imports play a vital role in supplementing domestic supplies of food, animal feed and raw materials for food processing purposes. In 2021-22, South Korea was Western Australia's fourth largest market for wheat.

- » The Invest and Trade WA Seoul office has identified the following potential growth areas for agrifood exports:
 - » Lamb, which is viewed as a nutritious meat and becoming popular with more recipes being developed by well-known chefs.
 - » Functional grains and crops, such as lupins, chia and oats, as these products are valued as functional grains to replace or mix with rice, wheat flour and soybean.
 - » Counter-seasonal and premium produce, such as truffles, brussel sprouts and table grapes.
 - » Rock lobster, which is considered different from existing lobster products.
 - » Natural wine, which is viewed as unique compared to regular wine products.
 - » Health food products, such as jarrah honey-based food products, teas and vitamins.
 - » Other value-add food and beverage products.

Western Australia's reputation as a reliable supplier of clean, safe and high-quality food and its existing agricultural trade relationship, provides a platform to increase supply to South Korea.

Western Australian Government actions

- » Increase visibility of Western Australia's agrifood commodities and premium products in South Korea.
- » Develop networks between Western Australian and South Korean producers of high-value premium products.
- » Provide opportunities for new and existing Western Australian exporters to showcase their products at agrifood events.
- » Develop and reinforce relationships with potential and existing South Korean importers and retailers.
- » Promote Western Australia's wine industry in collaboration with Wines of Western Australia and Sommeliers Australia.



Western Australian business success with South Korea

Coorow Seeds

The Invest and Trade WA Seoul office has facilitated Western Australian company Coorow Seeds, to explore new business opportunities for Australian Sweet lupins.

Coorow Seeds, located in the heart of the Mid West region of Western Australia, specialises in the production, distribution and export of seed, grain and value-added products. Coorow Seeds develops grain products for stock feed markets, aquaculture and human consumption.

The Seoul office introduced Coorow Seeds to a key Korean importer that had been looking for an Australian sweet lupins supplier for the health functional food market in South Korea. Following initial discussions with Coorow Seeds, the importer agreed to pursue its first import of Australian sweet lupin amounting to 105kg of lupin powder and 15kg of lupin split. The Seoul office has continued to support the importer and Coorow Seeds as the products undergo import inspection and product testing prior to being exported from Western Australia.



Bio Korea 2022

The Invest and Trade WA Seoul office represented Western Australia at Bio Korea 2022, which was held from 11-13 May 2022. Bio Korea is the largest biohealth event in South Korea, attracting more than 20,000 people, including major pharmaceutical companies such as Johnson and Johnson, Merck, Chong Kun Dang, Daewoong and Dongkook.

The Seoul office promoted Western Australian businesses at the expo and held discussions with a number of South Korean companies who were interested in Western Australian bio-technology and healthy food items. The Seoul office is continuing to assist these companies to explore opportunities in Western Australia.



Western Australian Government support

The Invest and Trade WA Seoul office has supported Western Australian businesses seeking to access trade and investment opportunities in South Korea for more than 25 years.

The Seoul office has established a strong network of contacts to support Western Australian businesses in South Korea. This includes close working relationships with the Australian Embassy in Seoul, Austrade, Tourism Australia and the Australian Chamber of Commerce in South Korea.

In 2020-21, Invest and Trade WA moved to a regional hub model. The Seoul office operates as part of the North East Asia regional hub, providing the following services:

- » Advice on North East Asian markets and specific trade and investment opportunities
- » Advice on market-entry strategies
- » Supporting in-market promotion and visits
- » Facilitating introductions to potential customers and partners.

Invest and Trade WA

Invest and Trade WA promotes Western Australia as a destination for investment, provides a 'one-stop-shop' for incoming trade and investment enquiries and assists Western Australian businesses to develop and expand their export potential.

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View Western Australia's Asian Engagement Strategy 2019-2030:

www.wa.gov.au/asian-engagement-strategy



Department of
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