

Russia — Republic of Korea

KEY CONCLUSIONS

The Far East has become an attractive region for investment

“The [Far East] region is the springboard for expanding the economic space of Korea in Russia and continental Europe [...] Korea is Russia’s best partner for the joint development of the Far East”, Chairman and Chief Executive Officer of the Korea International Trade Association Kim Young Joo said.

“We are interested in expanding investment. Cooperation in the manufacturing sector also needs to be strengthened more”, Prime Minister of the Republic of Korea Lee Nak-yon said.

“We are ready to make a great contribution to the development of agriculture in the Primorye Territory through active investments in the agricultural sector”, Lotte International Primorsky Branch General Director Choi Won Bo said.

Republic of Korea and Russia continue to expand mutually beneficial cooperation

“At the summit, Korean President Mun Zhe Ying and Russian President Vladimir Putin agreed to join forces to expand the volume of trade to USD 30 billion. This is an ambitious but achievable goal” Lee said.

“As the prime minister already said, our mutual trade volume exceeded USD 19 billion in 2017 [...] Today, Korea is Russia’s seventh largest partner on the global market”, Russian Deputy Prime Minister Olga Golodets said.

“In the first half of the year, bilateral trade amounted to USD 14.07 billion, which is up by 29.3% compared with the same period of the previous year”, President of the Korea Institute for International Economic Policy Jae-Young Lee said.

Cooperation with Korea helping to develop the Russian Far East

“Given Russia’s proximity to Korea and the fact that Russia does not use genetically modified types of soy and corn, this is obviously a logistical, qualitative, and ecological advantage for Russia”, Rusagro Group of Companies Chairman of the Board of Directors Vadim Moshkovich said.

“The volume of trade with Korea is growing, as reflected by container transportation, among other things. Last year, it increased by 30% via the Trans-Siberian Railway [...] This year it has grown by another 32%, and

we can see that there is more to come. We have concluded agreements with companies such as Samsung Electronics and others. Today, there is increasing demand among Korean companies for transportation via the Trans-Siberian Railway and the Trans-Siberian route itself", Russian Railways First Deputy Chief Executive Officer Alexander Misharin said.

"Over the past 3 years, more than RUB 500 billion have been invested in the Trans-Siberian Railway, thus increasing throughput capacity by 60 million tonnes. In the next five years, roughly RUB 2 trillion are to be invested in the railroads of the East", Misharin said.

PROBLEMS

Small amount of investment by the Republic of Korea in the Russian economy

"The figures on Korean investment attracted to the Russian economy are very modest today. The share of investment in the Far East by South Korean companies remains rather low, and we hope that it will increase", President of the Chamber of Commerce and Industry of the Russian Federation Sergey Katyrin said.

Farm land in the Far East is not used efficiently

"To date, only about half of the farm land is used. Today, only 2.2 million hectares are used in the Far East and Trans-Baikal region, while the potential is 4.4 million hectares", Moshkovich said.

Lack of qualified personnel in the Far East

"We must admit that we are suffering just as badly because we lack professional workers and specialists with a narrow specialization", United Shipbuilding Corporation President Alexey Rakhmanov said.

SOLUTIONS

Development of joint projects

"This morning, we signed a memorandum on cooperation on smart cities with the administration of the Primorye Territory and a memorandum on expanding digital healthcare projects with Russian Railways. As for smart city technology, we expect that smart security, smart farm, and smart energy technologies will help turn Vladivostok into a safer and more competitive city", KT Corporation Director and Chief Strategy Officer Gu Hyun-Mo said.

"In the near future, technical specialists from the Zvezda shipyard will work on building tanker parts at the company Hyundai Heavy Industries and acquire advanced shipbuilding technology in Korea. Starting from August of next year, we will begin transferring eco-friendly vessels made at the Zvezda shipyard, which represent Russia and Korea", Hyundai Heavy Industries Co Ltd President Ka Sam-hyun said.

"I would like to propose an area for economic cooperation between Korea and Russia. Cooperation in the energy sector based on Russian oil and natural gas [...] I propose opening the 'Rosan' market. 'Ro' is for Russia and 'San' is the second part of the name of the city of Ulsan. It's a market for the supply of Russian oil and gas throughout the energy markets of Northeast Asia with the ability to generate international prices based at the reservoir in Ulsan", Mayor of Ulsan Song Cheol-ho said.

"There is one proposal that may be of immediate interest – the preparation of a publication with the best corporate and social activity practices used by Korean enterprises in Russia and Russian enterprises in Korea", Deputy Chairman of the State Duma of the Federal Assembly of the Russian Federation Olga Epifanova said.

Strengthening cultural and tourism ties between Russia and the Republic of Korea

"We are ready to implement a programme involving one more 'bridge' and ask that you consider this possibility. This, of course, is a 'bridge' in cultural affairs", Golodets said.

"Vladivostok and Korea have long been linked by long-standing cultural relationships. We visit each other on different non-business occasions. But I understand that the development of such cultural ties is an important step in the development of business relationships, business projects, and investments", Mayor of Vladivostok Vitaly Verkeenko said.

"I would like to make a proposal on practical interregional cooperation in the creation of an international tourism belt of the East Sea basin. First, the opening of the Pohang-Vladivostok cruise route [...] with a further connection with the Japanese cities of the Western Sea of Japan and with the formation of a cruise triangle around the East Sea [...] Second, I propose opening a regular Pohang-Vladivostok ferry route", Mayor of Pohana Lee Kang-deok said.