



Introduction by
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It gives me great pleasure to introduce this official FIRST report on Korea to mark the State Visit of Her Excellency Park Geun-hye, President of South Korea. We at FIRST would particularly like to thank His Excellency Sungnam Lim, Korea's Ambassador, and his staff for all their help and guidance in the preparation of this publication. We are also very grateful to the President for contributing such a personal and important message to this official report.

Her Excellency Park Geun-hye's visit to the United Kingdom is especially timely and will help focus the attention of international business leaders and key policy makers on the many trade and investment opportunities that exist in Korea. The Republic of Korea has made an extraordinary economic and political transition in modern times.

The Republic of Korea's economy is worth over a trillion dollars and GDP has doubled over eight times in the past forty years, with per capita GDP increasing by a factor of twenty. The value of exports is now three thousand times greater than they were in the early 1960s.

This transformation has been especially noteworthy given that the Republic of Korea does not benefit from a significant natural resource endowment. Korea's economic growth is also remarkable in that wealth has been distributed very widely by international standards – indeed income distribution is more even than in Britain.

The friendship between our two countries is underlined by a busy schedule of high-level visits over the past fifteen years. The Queen and the

Duke of Edinburgh paid a State Visit to the Republic of Korea at the invitation of President Kim Dae-jung in 1999 and President Roh Moo-hyun paid a State Visit to the United Kingdom in 2004. Prime Minister David Cameron visited Seoul for the G20 Summit in 2010 and more recently, Deputy Prime Minister Nick Clegg visited for the National Nuclear Summit in 2012. William Hague, the Foreign Secretary, paid a successful visit in October of this year.

During this visit he underlined Korea's successful development, commenting on "the country's remarkable transformation from post-conflict poverty to one of the world's most vibrant democracies and economies is a model for other countries all over the world." South Korea is an important and emerging power and an increasingly influential international player. It shares the United Kingdom's approach to a range of issues. There is now a strong determination to deepen engagement with Korea. Among the priority areas for cooperation are: UN Security Council issues, cooperating to counter weapons proliferation, improving stability in conflict areas and supporting human rights internationally.

South Korea enjoys a high per capita income and its US\$1.6 trillion economy makes it the twelfth largest global economy and Asia's fourth largest economy. Year on year real GDP growth is 4.4 per cent on a compound annual growth basis, propelled by a government stimulus programme which has promoted consumption as well as investment in construction. President Park Geun-hye has argued strongly for

a rebalancing of the Korean economy towards the innovative and creative industries, including ICT, biopharma and science and technology.

The Asian market is crucial to meeting Chancellor George Osborne's £1 trillion 2020 export target and the resilience of South Korea's economy presents many opportunities for the business community. In 2012, Korea made the single largest contribution to UK goods exports. Some of this success can be attributed to the EU-Korea Free Trade Agreement launched in 2011 – UK goods exports increased 77 per cent the following year.

The UK now exports more services to Korea than any other EU member state – Standard Chartered and Tesco are among Korea's largest investors. The UK manufacturing sector has also performed strongly in Korea, particularly in chemicals, consumer products, machinery and pharmaceuticals. Jaguar Land Rover has doubled sales to Korea over the past two and a half years.

The trade and investment relationship between the United Kingdom and South Korea is equally significant in the area of direct inward investment. Historically, South Korea has invested more in the United Kingdom than into any other EU country, with over 280 Korean companies present, including world leading organisations such as Samsung, LG Electronics, the Korean National Oil Corporation and the National Pension Service (which owns assets including the HSBC Tower and 12 per cent of Gatwick Airport). There is potential for greater Korean investment in the UK but

those investors interested in using the UK as a springboard to the European market are carefully watching the current debate regarding the UK/EU relationship.

South Korea is playing an increasingly important role in world affairs and Britain supports President Park Geun-hye's efforts to build trust and lasting peace with North Korea. Britain's political and security cooperation encompasses the Korean Peninsula and beyond. William Hague underscored this relationship on his recent trip, "Korea is a longstanding political friend and ally of the UK in foreign policy. We also enjoy an excellent trade partnership."

We warmly welcome Her Excellency President Park Geun-hye to this country. The State Visit to the United Kingdom, while providing an opportunity for private discussions, will give us all the opportunity to study developments in Korea and to weigh carefully the many opportunities to work together ever more closely.

The State Visit will also provide an invaluable opportunity for President Park and her high-level delegation to learn about Britain's commitment to furthering bilateral trade and investment, and to hear from business leaders representing companies keen to strengthen commercial ties.

We at FIRST are delighted to have been asked to produce this official publication to mark the State Visit of President Park Geun-hye, and hope that it contributes, in a small way, to its success and the further development of South Korea's international relationships especially in the areas of trade and investment.

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