



South Korea

Construction

Korea's construction sector accounted for 6% of the nation's GDP in 2013. There are 55,992 construction companies and 11,454 general contractors, 211 of which won overseas contracts worth US\$36billion in 86 countries as of August 2012. Korean construction firm's global reach is creating third country opportunities for UK expertise.

Over the next 5 years, the South Korean economy is forecast to make the 10th largest contribution (1.8%) to world GDP growth (IMF) – greater than UK, France and Turkey. It made the single largest contribution to UK export growth in 2012. South Korea has a population of 50 million with over 80% living in urban areas.

The Korean construction industry is a mature market with globally recognised civil engineering companies such as Hyundai, Samsung, Daewoo and Daelim, working well in domestic and

overseas markets. It has played an important role in developing the Korean economy since the 1960s and grew rapidly in the 1970s and 1980s.

It is common in Korea for a major construction company to be in control of all aspects of a design and build project, with roles of the construction process being fulfilled by 'in-house' teams. This includes aspects of project management including finance, timing, build and design etc. If you are not part of this team there are few opportunities. As a result

building relationships is essential in Korea as the team ethos is encouraged before any development proceeds.

Influence of the EU-Korea FTA

The European Union and Korea signed the Free Trade Agreement (FTA) on 6 October resulting in the removal of 97 per cent of all tariffs cutting €1.6bn of duties annually for EU exporters from July 2011.

Opportunities for UK Companies

Korea is primarily interested in foreign companies with skills in advanced engineering and in the sustainable construction, green building and design sectors. Areas such as quantity surveying, architectural design, consultancy, supervision/inspection and project management are easier to penetrate as UK companies' capabilities are in general ahead of Korean firms'. Opportunities include:

Third Markets Partnerships

Korean companies are keen to partner with foreign companies for overseas projects. Once relationships develop there is a possibility this will be transferred to other markets including Korea.

Sporting Events

South Korea has hosted a number of major sporting events in the past 20 years and Korea will host Pyeongchang Winter Olympic Games 2018. There are a number of opportunities including stadium design, legacy planning and advanced engineering.

Green/Sustainable Buildings

Public and private interest in sustainable construction and building materials is growing, and there is a consensus that green building management should be applied to the construction industry. The government has promised support to green management strategies to reduce green house gas emissions in their buildings, conducting energy efficiency improvement projects and receiving certification of eco-friendly buildings.



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Market Entry – Factors for Success

To compete in South Korea UK companies are recommended to have a capable local distributor, licensee or franchise partner who has an established network in the market and extensive market knowledge. A long-term perspective and a reliable partnership between supplier and their local partner is one of the key factors in achieving success.

How can UKTI help?

Some companies find entering South Korea challenging. To address this, the UKTI team in South Korea has actively provided support to UK companies for many years. Some of the assistance we can offer includes:

- providing tailored overviews of the sector
- providing market research and local contacts for your business
- identifying reliable and eligible agents/distributors/partners
- identifying competitors
- supporting events and your visits
- arranging one-to-one meetings

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