



The Economic Cooperation between Korea and New Zealand

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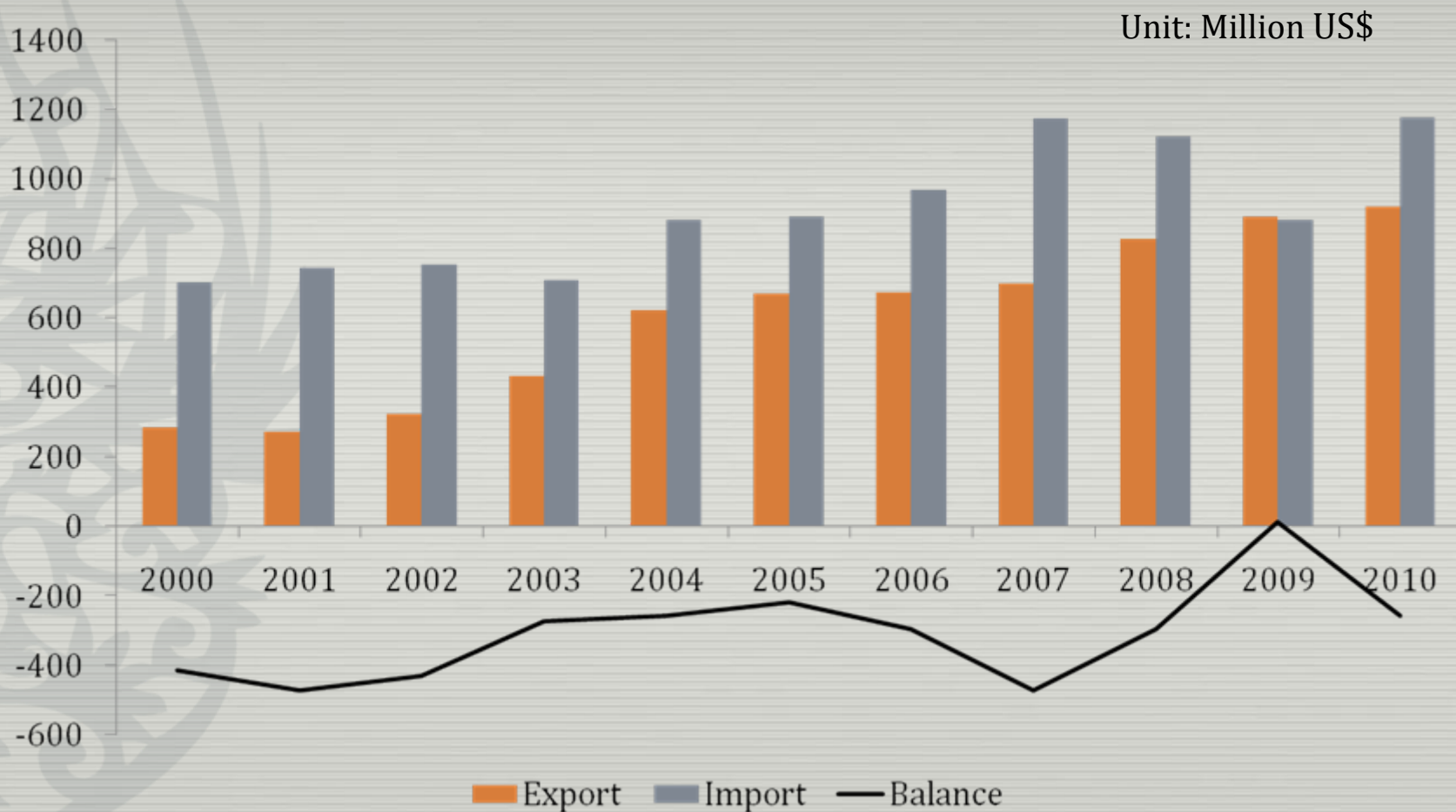
The Korean Economy in 2010

- 13th largest economy
 - GDP: US\$1.467 trillion (PPP-based)
- 44th richest economy
 - GDP per capita: US\$30,200
- Fast-growing economy
 - GDP growth rate: 6.1%
- Investing economy
 - Investment: 28.7% of GDP

The Korean Economy (con'd)

- Stable economy
 - Inflation: 3.0% (average consumer prices)
- Working economy
 - Unemployment rate: 3.7%
- Responsible government
 - General government net debt: 29.6% of GDP
- Service-oriented economy
 - Agriculture: 7.3%; Industry: 24.3%; Services 68.4%

Trade between Korea and N.Z.



Source: KITA.net

Trade (con'd)

- In 2010, New Zealand is the 58th largest export, and 38th largest import market for Korea in term of trade values.
- The values of exports to New Zealand grew 221.0 percent between 2000 and 2010.
 - ▣ In contrast, the corresponding figure for imports is only 67.6 percent.
- Korea imports from more than exports to New Zealand.
 - ▣ In general, the balance becomes more negative when the Korean economy is growing.

Timelines of Korea-N.Z. FTA

- **Dec. 2006:** Korea and New Zealand agree to launch a joint feasibility study on the Korea-New Zealand FTA
- **Feb, 2007~Mar, 2008:** Joint feasibility study
- **Apr. 21, 2008:** Roundtable meeting for the Korea-New Zealand FTA (Seoul, Korea)
- **Jun. 8~12, 2009:** 1st round of Korea-New Zealand FTA negotiations (Seoul, Korea)
- **Sep.14-18, 2009:** 2nd round of Korea-New Zealand FTA negotiations (Wellington, New Zealand)
- **Dec.14-18, 2009:** 3rd round of Korea-New Zealand FTA negotiations (Seoul, Korea)
- **May.12~14, 2010:** 4th round of Korea-New Zealand FTA negotiations (Wellington, New Zealand)

Impact of Korea-N.Z. FTA on GDP in 2030

■ Percent deviation from baseline GDP

	Comparative Static Model	0.02% Productivity Gains Model
Korea	0.00	0.08
New Zealand	0.02	0.21

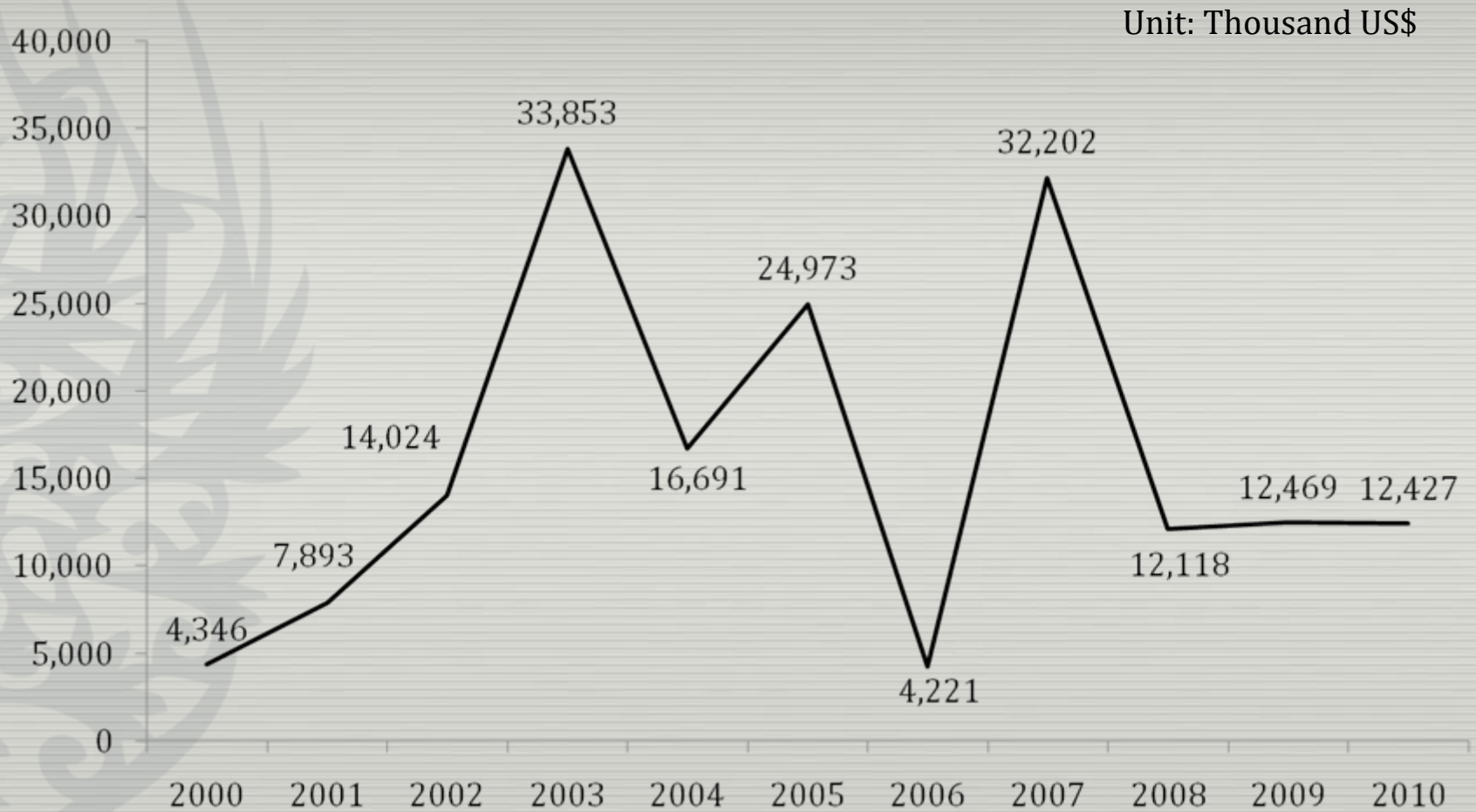
Data: NZIER, KIEP, and CIE. 2007. Benefits and feasibility of Korea-New Zealand free trade agreement: Joint Research Report.

■ Both economies can complement each other.

Basic Structure of Trade to Go

- NZ sends raw or intermediate materials to Korea.
 - Especially, logs, beef and skins, aluminum, dairy, and kiwifruit
- Korea sends finished manufactured goods to NZ.
 - Especially, electronic goods, cars, and machinery

Outward Investment to N.Z.



Source: Korea Ex-Im Bank

Investment (con'd)

- Highly varying year-by-year
 - The reason is that the amount of investment is small.
- 3 largest investment sectors in 2010
 - Retail: US\$5,802,000 (S&M enterprises)
 - Mining-support services: US\$3,351,000 (large enterprises)
 - Forestry: US\$1,621,000 (large enterprises)
 - 86.7% of the total investment

Basic Structure of Investment to Go

- Retail, agriculture, and forestry are promising.
 - More of learning by doing is needed in agriculture.
 - More expansion is desired in retail and forestry.
- Manufacturing is not promising.
 - Low-tech products in countries with low labor costs.
 - High-tech products in countries with high population densities of high-skilled workers.
 - Wood-processing may be considered.