

# ROK's Aid for Trade policy towards Asia-Pacific developing partners



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## Main point

ROK has been developing its AfT policy towards AP countries both in terms of quality and quantity focusing on what they are able to contribute.

# Structure

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I. Introduction

II. ROK's overall Official Development Assistance (ODA) policy

III. ROK's Aid for Trade (AfT) performance

IV. ROK's Aid for Trade policy

V. Way forward

# I. Introduction

# 1. Key features of ROK's ODA

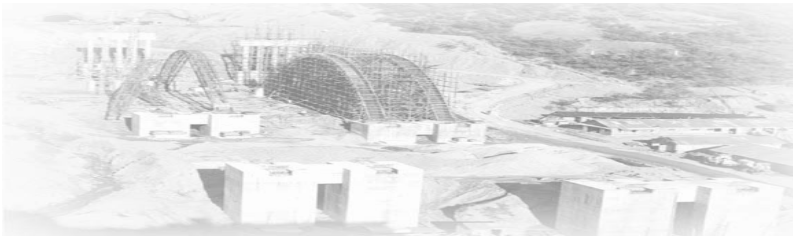
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- 1) Transformation from an aid recipient to an aid donor
- 2) The fast growing ODA by volume
- 3) Possibilities of South-South Cooperation

# 1) Transformation from an aid recipient to a donor

## Recipient (1945-mid1980s)

- One of the poorest countries in the world
  - GDP per capita USD 82 (1962)
- Received and borrowed 13Billion USD from the world community



## Donor (late1980s-present)

- 15<sup>th</sup> largest economy, 8<sup>th</sup> largest trade volume
  - GDP per capita USD 23,749 (2011)
- Establishing Economic Development Cooperation Fund (EDCF) in 1987 and Korea International Cooperation Agency (KOICA) in 1991
- Joining OECD Development Assistance Committee (DAC) in 2010



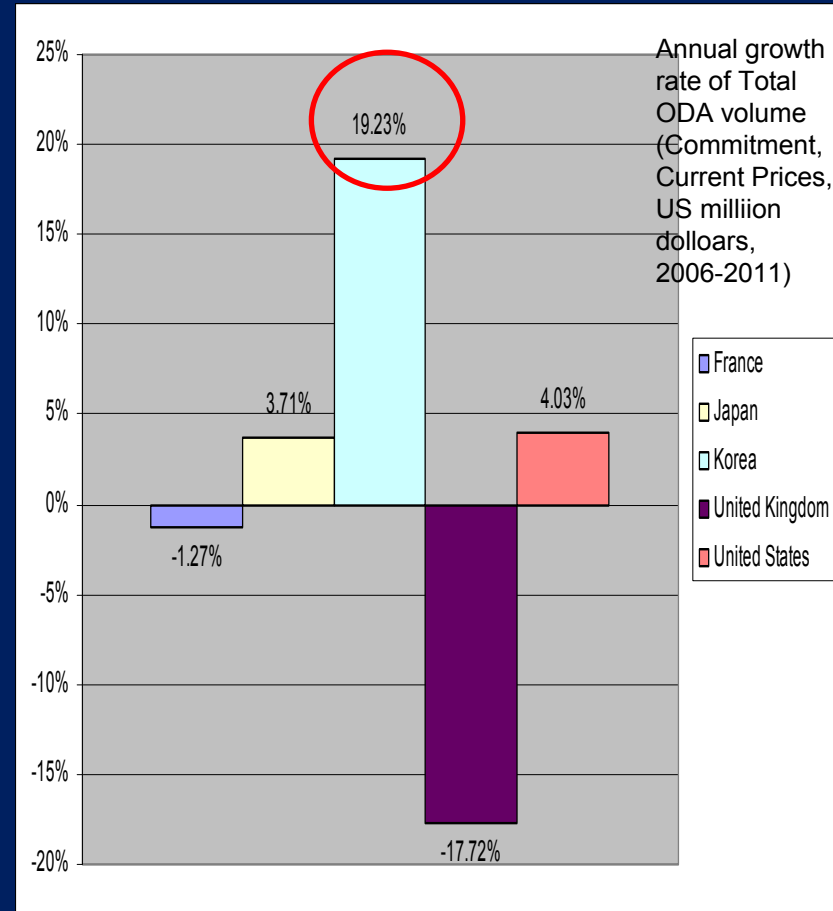
## 2) The fast growing ODA by volume

In absolute terms,  
still a small amount (2011)

-  OECD DAC USD134bn vs  USD1.3bn(2011)

Despite two global financial crises, the  
fast growing ODA by volume

- Volume : KRW 25billion(1987)→  
KRW 1.86trillion (2012)
- ODA/GNI ratio : 0.02%(1987) →  
0.15% (2012)



Source: OECD CRS database

# 3) Possibilities of South-South Cooperation



Facing some difficulties in applying existing development models

Global Financial Crisis

Increasing demand for a new model



Highlighted Asian development models  
(esp. ROK)

## (i) Encouraging developing countries

- Colonial experience and a civil war
- Accomplished industrialization and democratization in one generation

## (ii) High Applicability

- Started from a very basic level of infrastructure

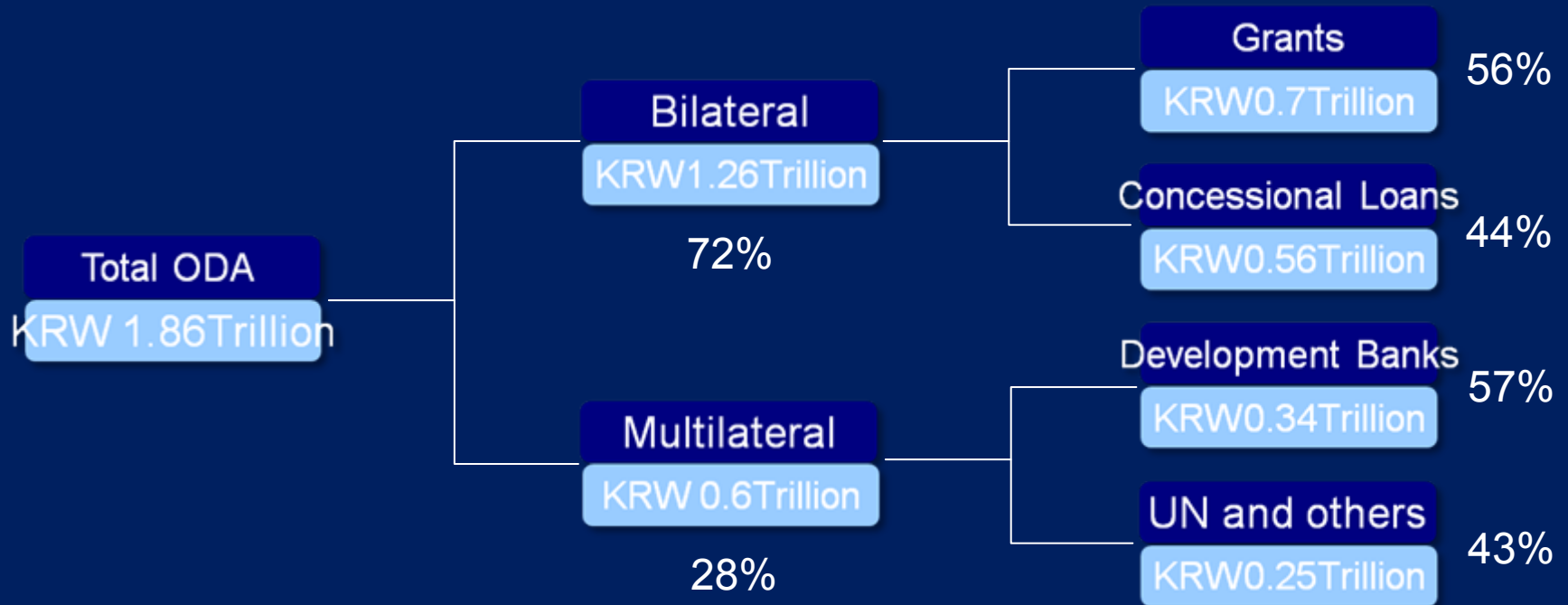
## (iii) Good will

- Deep understanding about recipient countries' situations



# II. ROK's overall ODA policy

# 1. ODA composition (2012, disbursement)

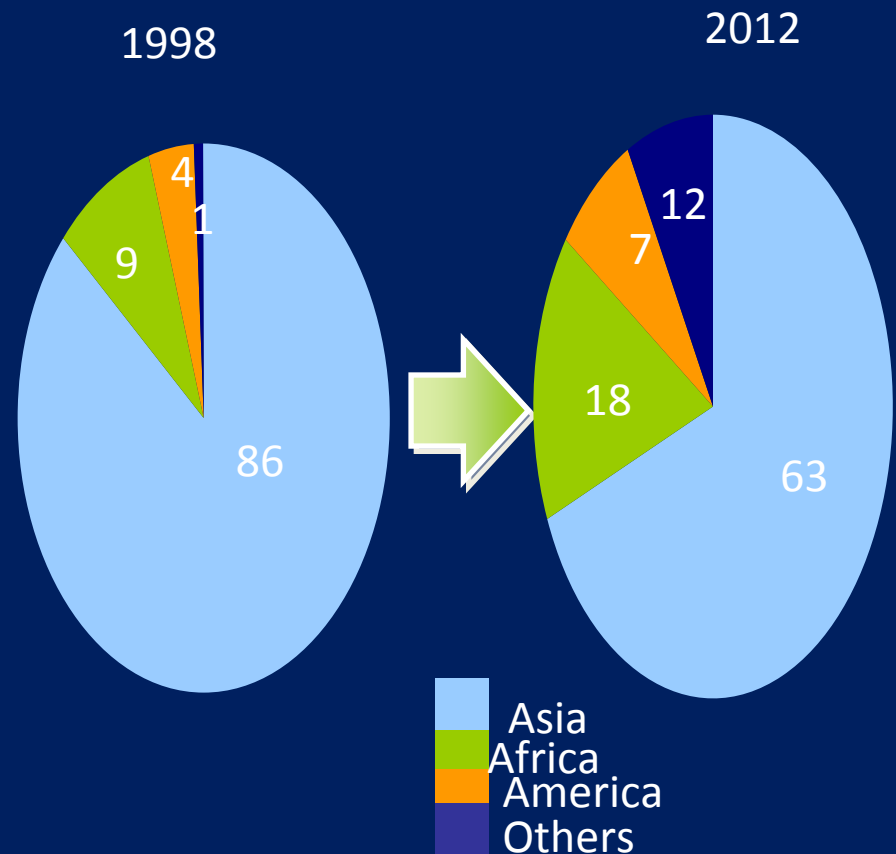


\* Source : Ministry of Strategy and Finance, ROK

## 2. Regional distribution

- Mainly focusing on Asia  
(esp. Southeast Asia)

- Has been diversifying into  
Africa and Latin America



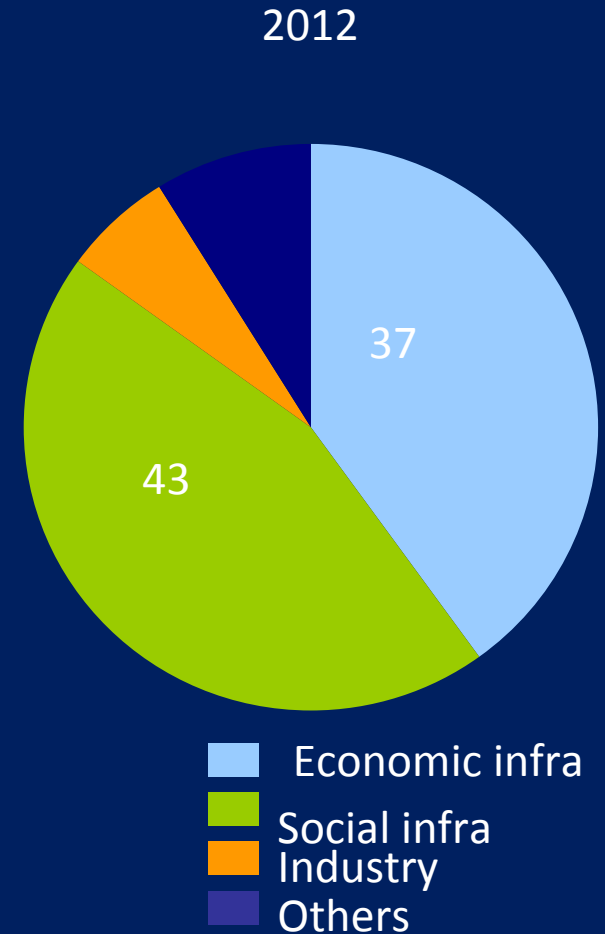
\* Source : Ministry of Strategy and Finance, ROK

# 3. Sectoral distribution

- Social infra 43%, Economic infra 37%

- (Loans) Mainly on economic infra  
(e.g. transportation, energy)

(Grants) Mainly on social infra  
(e.g. education, sanitation)



# III. ROK's Aid for Trade performance

# 1. ROK's readiness for Aid for Trade

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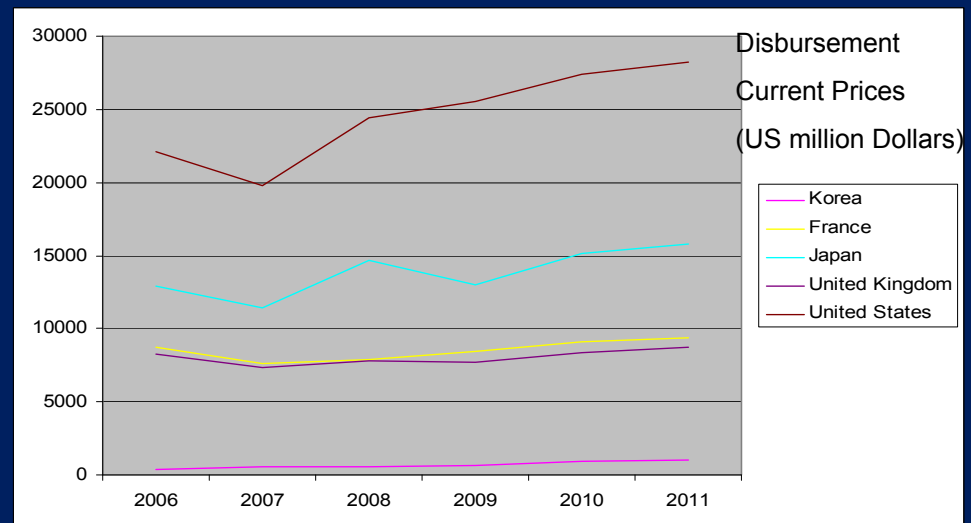
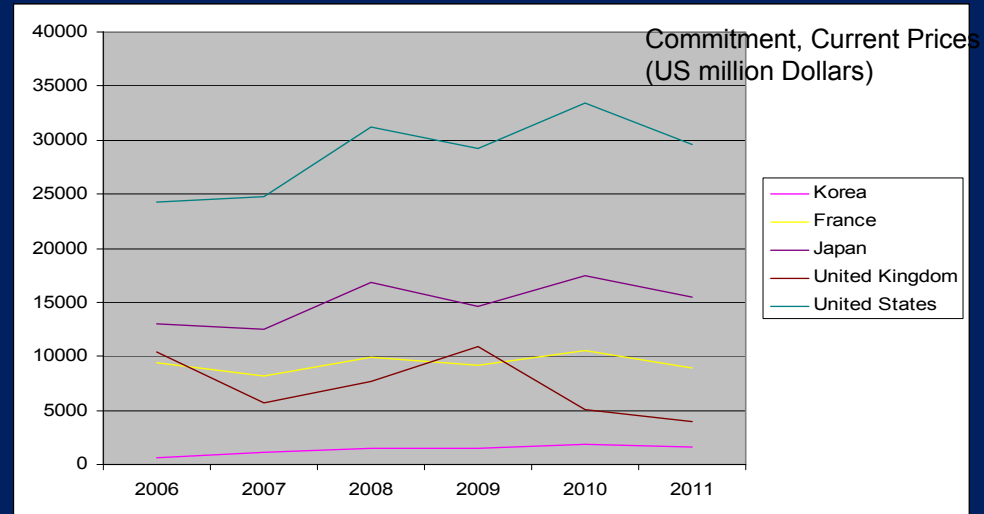
- Global Aid for Trade Review (2007)
- Aid for Trade at a Glance (2009)
- Seoul Development Consensus (2010)
- Donor Questionnaire on AfT (2011)

## 2. International comparisons

- In absolute terms, still small

- Despite the economic recession, ROK's AfT has been increasing

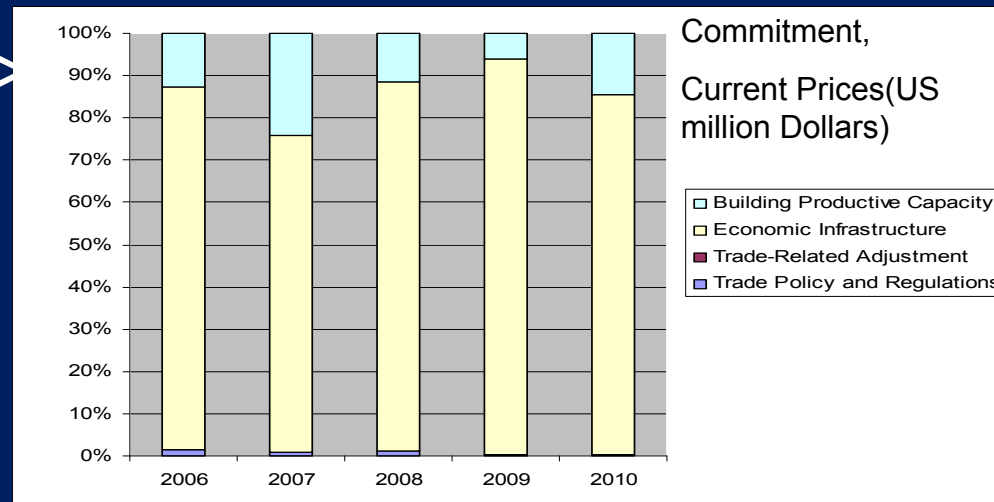
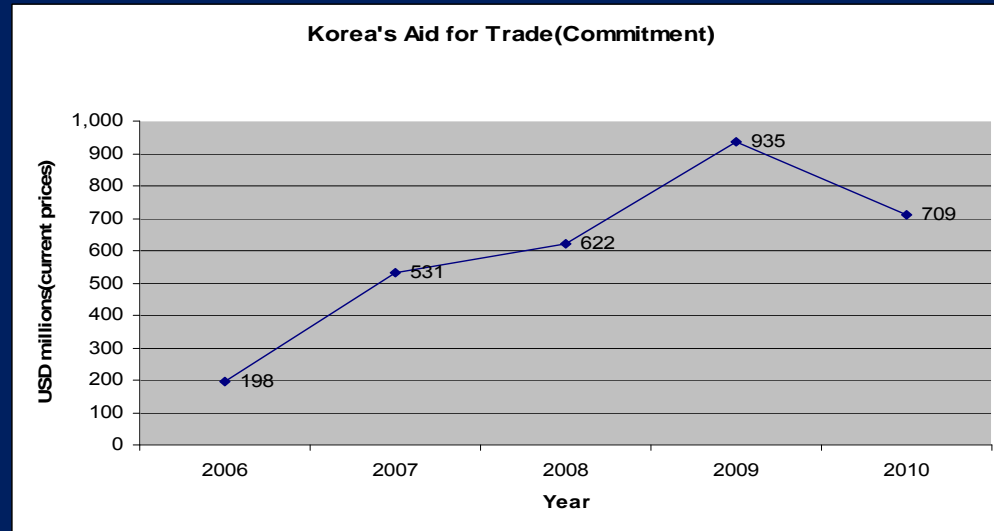
Source: OECD CRS database



# 3. ROK's commitment to Aid for Trade

- ROK's AfT has been increasing except in 2010

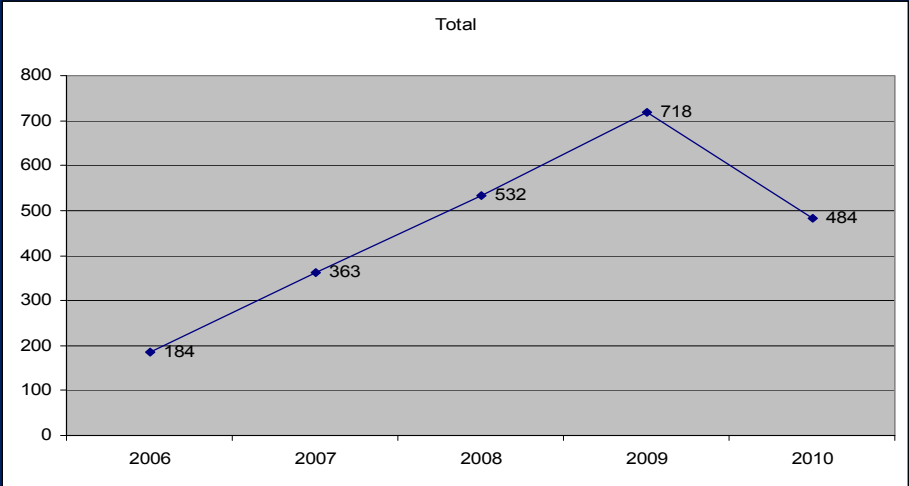
- Economic infrastructure > Building productive capacity > Trade policy and regulations



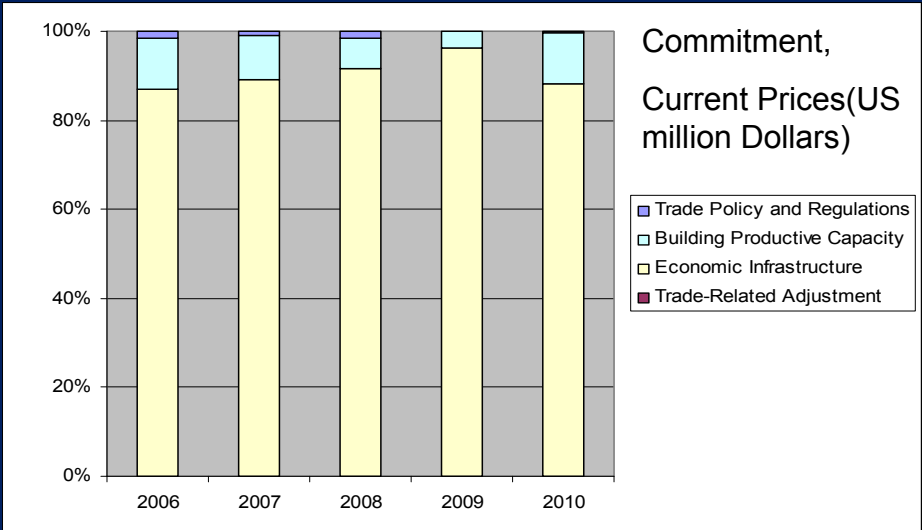


# 4. ROK's commitment to AfT in Asia-Pacific region

- ROK's AfT has been increasing except in 2010



- Economic infra > Building productive capacity > Trade policy and regulations



Source: OECD CRS database

# IV. ROK's Aid for Trade policy

# 1. Vision

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Supporting partner countries'  
poverty reduction & sustainable development

ODA  
programs

Economic infrastructure/  
Building productive capacity/Trade policy etc.

Strategy

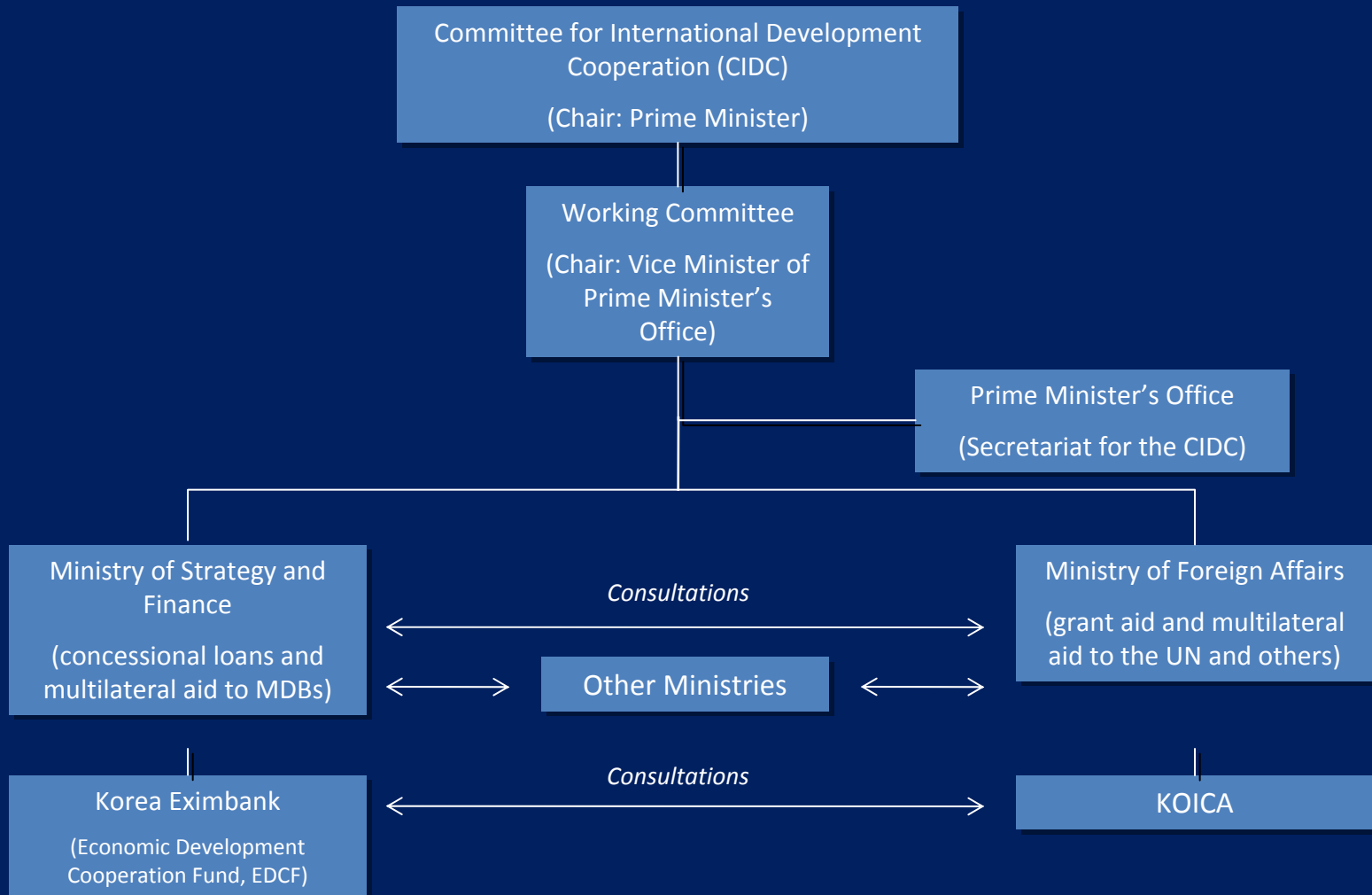
Selection &  
concentration

Field & results  
based  
approach

Participation &  
cooperation  
with NGOs and  
int'l orgs

Analyzing ROK's related experiences and identifying some competent areas

# 2. Policy Coordination



# 3. Strategy

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## 1) Establishing Country Partnership Strategies (CPS) for its 26 priority partners

\* Criteria : Economic relations, Income levels, Regional distribution, etc.

- 12 Countries in Asia-Pacific region: Bangladesh\*, Cambodia\*, Indonesia, Lao PDR\*, Mongolia, Nepal\*, Pakistan, Philippines Solomon Islands\*, Sri Lanka, Timor-Leste\*, and Viet Nam

\* Least Developed Countries (LDC), Six countries

### 3. Strategy (cont'd)

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2) Accumulating and analyzing evidence relating to ROK's trade experiences

i) Trade Policy/Regulations/Adjustment

- WTO membership
- FTA roadmap and negotiation strategy
- Free Economic Zone
- Training Trade Professionals
- Establishing agencies to support exports, etc.

(e.g. Korea Trade-Investment Promotion Agency (KOTRA),  
Korea Int'l Traders' Association (KITA))

## 3. Strategy (cont'd)

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### ii) Building productive capacity

- ICT R&D system
- Agricultural product circulation system
- Agricultural cooperative system
- Reforestation
- Fisheries development, etc.

## 3. Strategy (cont'd)

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### iii) Economic Infrastructure

- Fiscal policy management
- Establishment of an economic planning agency
- Improvement of power energy Infrastructure
- National land development
- Industrial complex development, and so on



Some cases

# Cases 1: Economic infrastructure

## Greater Mekong Sub-region (GMS) Southern coastal Corridor



- ◆ One of ADB's GMS corridor programs
- ◆ Region: Cambodia and Viet Nam
- ◆ Total amount : EDCF 250 million USD  
\* Co-financing with ADB (82 million USD),  
AusAid (34million USD)
- ◆ Cross-border project
- ◆ Adopting ADB safeguard policy

## 2. Case 2: Trade policy/regulations and adjustment

Policy consultation with Azerbaijan on WTO entry ('08-'09)

\* 10<sup>th</sup> meeting of entry negotiations took place in Dec 2012

## 3. Case 3: Building Productive Capacity

Industrial development and export promotion policy for Uzbekistan ('05)

\* Establishing the Navoi Free Industrial Economic Zone (2009)

V. Way forward

1) Independent policy guidelines on AfT

2) Focusing more on LDCs

3) Ensuring policy coherence on AfT  
as a cross cutting issue

# Thank you

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