

TRADE & MARKET INTELLIGENCE NOTE: NI – SOUTH KOREA TRADE

Economic growth	GDP per capita	Currency	Business languages	Time zone
4.0%	\$31,638	South Korean won	Korean	GMT +9
<small>Actual figure (IMF, 2021) The UK is 7.4% (IMF, 2021, projected figure)</small>	<small>Actual figure (IMF, 2020) The UK is \$41,127 (IMF, 2020, projected figure)</small>		<small>You may need a translator</small>	

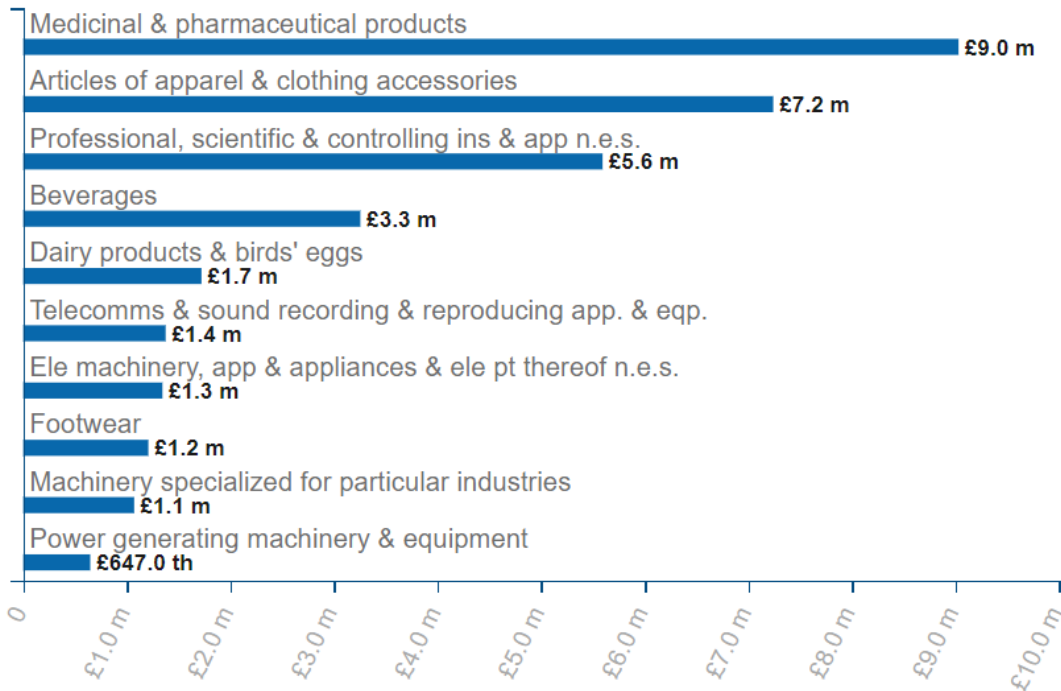
- In 2021, NI bilateral trade in goods with South Korea was worth £52.5 million.¹
- This breaks down into £36.1m worth of goods exports and £16.5m of goods imports.
- South Korea was Northern Ireland's 27th largest market for goods exports in 2021 and our 42nd largest goods import partner.
- Over the period 2016 to 2021, South Korea rose from Northern Ireland's 31st to 27th largest export market whilst falling from our 40th to 42nd biggest import partner.
- Northern Ireland's exports to South Korea can be considered relatively low when compared to the UK average. NI accounts for around 3% of the UK population, but our exports to South Korea in 2021 accounted for only 0.77% of all UK exports.²
- Northern Ireland's trade intensity index³ with South Korea averaged 0.144 (for goods) over the period 2015 – 2018, which also indicates that there is significant potential for growth in the trading relationship.
- The graphs below show the breakdown of Northern Ireland's goods export and import activity with South Korea in 2021:

¹ [UK Regions Imports and Exports of Goods by Country and World Region \(nisra.gov.uk\)](https://www.nisra.gov.uk/uk-regions-imports-and-exports-of-goods-by-country-and-world-region)

² [Regional trade data table - UK Trade Info](#)

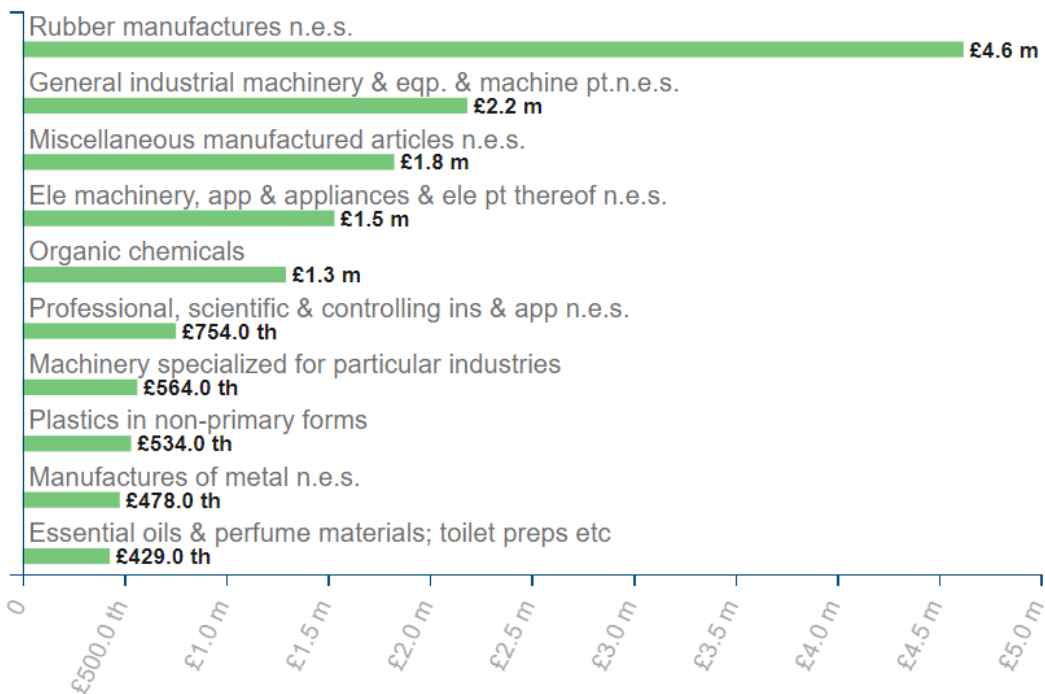
³ Trade intensity measures the volume of trade between two partners versus what would be expected based on their overall trading profile – a score above 1 indicates that the partners are trading more than expected, whereas a score below 1 indicates less trade than would be expected.

Northern Ireland Top 10 Exports to South Korea (SITC2) 2021



Source: NISRA / HMRC

Northern Ireland Top 10 Imports from South Korea (SITC2) 2021



Source: NISRA / HMRC

- Northern Ireland's sectoral trade profile with South Korea, to a degree, reflects both Northern Ireland's current and future 10X strengths. It is important that our businesses are aware of current and future market opportunities in South Korea for NI's exporters and investors.
- The following sectors have potential opportunities for exporting to South Korea: Technology, Renewable Energy, FinTech and Life Sciences.
- Issues facing the South Korean economy that may be of interest to Northern Ireland businesses are:
 - South Korea's digital new deal pledges nearly £38 billion into key tech investments by 2025.
 - South Korea has advanced technology infrastructure with high-speed internet and high smartphone penetration. Furthermore, South Korea aims to lead the world in the 4th Industrial Revolution; artificial intelligence (AI) and smart cities.
 - South Korea's government and tech industry see the UK as one of the priority countries to collaborate with on innovation. As such, NI businesses in the AI, data science and software engineering sectors may find business opportunities in South Korea.
 - With the renewable energy sector as one of NI's 10X strengths, South Korea's Green New Deal may offer opportunities for NI businesses in the sector. In July 2020, South Korea announced their aims to achieve net-zero emissions and accelerate the transition towards a low-carbon and green economy, with a particular emphasis on offshore wind and hydrogen based renewables.
 - South Korea and the UK have a strong partnership in the FinTech sector. In 2016, South Korea signed a FinTech bridge agreement with the UK, aiming to increase coordination on regulation and help FinTech firms and investors gain access to each other's markets.
 - Financial services are the 3rd largest service export from the UK to South Korea.
 - Moreover, the Regulatory Sandbox Programme is the Korean government's major policy to spur innovation in the industries of the fourth industrial revolution, including the FinTech sector. The programme encourages local and overseas companies to develop and deploy new solutions and gain market validation by providing roll-out free from certain regulations.
 - Key FinTech areas of growth include digital payments, peer to peer (P2P) lending, blockchain technologies, robo-advisors and insurtech.
 - South Korea has a large pharmaceutical and biopharmaceutical market. It also has one of the largest medical device markets in the world. With life sciences as one of Northern Ireland's 10X strengths, there may be opportunities for NI businesses specialising in digital healthcare.

- Potential areas for UK companies include big data (precision medicine and genomics) and health IT, including clinical IT systems, patient monitoring accessories and EMR/HER.
- There may also be research and development opportunities for NI companies in medical fields such as oncology, cardiology, drug discovery, metabolic diseases and tissue engineering.

Possible Barriers to Northern Ireland – South Korean Trade in Goods and Services

- According to the OECD's 2021 Service Trade Restrictiveness Index⁴ (STRI), South Korea's regulatory environment is relatively low compared to other countries and lower the OECD average.
- The South Korean sectors⁵ with the greatest restrictions to international trade in services are Accounting Services (1.0), Rail Freight Transport (1.0), and Air Transport (0.485).
- The South Korean sectors with the least restrictions to international trade in services are Insurance (0.098), Logistics Storage and Warehousing (0.100), and Computer services (0.111).
- There are some potential trade barriers for the export of Northern Ireland goods to South Korea⁶:
 - There are lengthy procedures for animal and plant products, making it difficult for NI exporters to enter the South Korean market. Import requirements are based on a pest risk analysis (PRA) which may take several years to be resolved due to low capacity.
 - Since 2001, South Korea has banned imports of beef and beef products from both the UK and the EU due to Bovine Spongiform Encephalopathy (BSE), commonly known as 'mad cow disease'.
 - South Korea has stringent testing and requirements for imports, including furniture, household goods, children's goods and alcohol (particularly labelling).
 - Overseas fintech firms are excluded from regulatory sandbox schemes in South Korea (mentioned above) if they are not registered in South Korea. As such, opportunities for FinTech firms to test the markets before establishment in South Korea are limited.
 - There are stringent licensing requirements for overseas financial services and remittance businesses wishing to operate in South Korea, including capital/collateral amounting to 1 billion South Korean Won (approx £630,000); at least 5 members of staff operating from South Korea; and all servers and data processing used for business in South Korea must be located in South Korea.

⁴ [OECD Services Trade Restrictiveness Index: Policy Trends up to 2022 by OECD - Issuu](#)

⁵ [Services Trade Restrictiveness Index \(oecd.org\)](#)

⁶ [Search results - Check International Trade Barriers - GOV.UK \(check-international-trade-barriers.service.gov.uk\)](#)