



Future of Slovak-Korean Cooperation

Seminar Summary

Summarized by:

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1 Introduction

Institute of Asian Studies co-organized together with Embassy of Republic of Korea in Slovak Republic an expert seminar on December 6, 2018 in Bratislava, Slovakia. The aim of the event was to discuss the current state of Slovak-Korean relations, as well as to propose possibilities of further cooperation of the two countries.

This briefing paper summarizes the views of the seminar participants. Among those who attended the event were think-tankers, academics, diplomats and businesspeople from Slovakia and South Korea. In the report, we will not attribute any views to specific people. A list of participants is attached at the end of the publication.

2 Politics: Focusing on the important

There are no contentious issues in the contemporary Slovak-Korean relations. Our mutual political contacts are friendly. This allows the two countries to focus on the matters of importance for both states, such as trade, cultural cooperation and education.

The last few years saw intensification of political ties between Slovakia and South Korea. There were many Korean delegations visiting Slovakia especially in last few years. We also saw many high level meetings occurring in the past years. This included the very first meeting of heads of state of Slovakia and South Korea. Presidents Andrej Kiska and Moon Jae-in met in Seoul in April 2018. Other high level figures, such as Speaker of the National Council Andrej Danko, or current Prime Minister Peter Pellegrini, have met with their Korean counterparts in the not so distant past.

Political relations can use several diplomatic channels besides purely bilateral cooperation, such as V4+Korea and EU – South Korea mechanism.

Politically, both countries started to liberalize around the same time (South Korean in 1987 and then Czechoslovakia in 1989). Since then, a vibrant civil society has developed in the two countries, including strong anti-corruption movements. This holds a potential for deeper cooperation in the social sphere.

Naturally, the security on Korean Peninsula is an important factor that needs to be taken into account when evaluating Slovak-Korean relations. A sudden negative development on the peninsula would probably greatly affect Korean investments in Slovakia (see section on economy). At the same time, Slovakia is not an active actor influencing the situation on the Korean Peninsula. Slovakia supports the UN sanctions against the North Korea and has its voice heard through the European Union.

In case of regime collapse in North Korea, Slovak NGOs could play a part there in helping with the country's transition. Slovakia could play an important role in shaping the North Korean civil society, since it maintains (at least formally) diplomatic relations with North Korea.

Slovakia still needs to develop its knowledge base on Korea. There are only a handful of experts dealing with Korea and even fewer who deal with politics. Most academics who study Korea focus on language and culture.

3 Economy: Innovation is the future

South Korea is the largest Asian investor, and fifth largest overall investor in Slovakia. Foreign direct investment (FDI) from South Korea amounts to 2.9 billion Euros (as of 2016). This represents as much as 7 per cent of the overall stock of FDI in Slovakia. The largest investors are Kia and Samsung, who established factories in Slovakia. Currently, there are over 100 Korean companies present in Slovakia, who provide more than 20 000 jobs to Slovak workers.

Slovak-Korean economic relations started 25 years ago already. Samsung made its first investment in Slovakia in the early 1990s. However, due to the tense political situation during the government of Vladimir Meciar it has decided to abandon its investment in 1997. Nevertheless, Meciar's defeat, reforms of the Dzurinda government and entering the EU caused it to return to Slovakia in 2005. Around the same time Kia also made its entrance to Slovakia and established a manufacturing plant near Zilina in 2004.

What helps the economic cooperation between Slovakia and South Korea are many common values the two societies have. People of both countries are diligent workers who are able to manufacture high quality products. Both societies give high regard to their country, work, and family.

What made Slovakia an interesting location for Korean companies was its location in the center of Europe, infrastructure, and skilled labor force. However, nowadays Korean companies are facing problems with the lack of labor in Slovakia. Due to shortage of domestic workers and strict immigration policy, companies are losing productivity and needed to give up some new projects.

Besides manufacture, there is also potential of future investments in real estate as well as developing the tourism sector. Several Korean investors were looking into the possibility of making long-term property investments in Slovakia. The country also has the potential to attract at least 500 000 Korean tourists per year, who are visiting the Central European region.

There are also opportunities for developing relations in the sphere of innovation and among start-ups. Slovak companies can also make investments in South Korea, though they may have trouble with market penetration, as Korean economy is dominated by *chaebols*, large conglomerates who have control of the local market.

Slovakia can also learn a lot from Korea in terms of governance, which has helped South Korea to achieve a high economic growth in the past.

4 Future outlooks and recommendations

- Slovakia and South Korea should promote cooperation among civil society organizations. Slovak NGOs can be in future helpful with aiding North Korea with political and economic transition.
- Slovakia needs to invest in building up its own knowledge base on Korea which is a prerequisite in future development of mutual relations.
- Current state of infrastructure and lack of labor force are major obstacles for future development of economic cooperation. Slovakia should liberalize its immigration policy in order to attract foreign workers.
- In the future, the two countries should focus more on quality of investment rather than its quantity.
- Innovations are the key for future of economic relations. Korean companies invest heavily into new technologies and green, sustainable solutions. Slovak start-ups have the opportunity to find their partners in South Korea in order to further develop their products.

Institute of Asian Studies (IAS)

IAS is an independent think tank based in Bratislava, Slovakia. The main aim of the IAS is to support and conduct research in the area of Asian Studies and spreading knowledge about Asia among Slovak experts, cooperation with similar institutions in Central Europe, and building partnerships with Asian partners. We achieve these goals by organizing conferences and seminars, supporting Asia related courses at Slovak universities and publishing research and policy papers. Our activities focus mainly on international relations and security studies in the geographical regions of East, South and Southeast Asia. The IAS coordinates its activities with similar organizations in other Visegrad countries with the aim of maximizing the relevant knowledge for countries in the region.

Seminar Participants

Bumshik Bae | *Vice President, Raiffeisen Bank*

Michal Brichta | *Consultant, SARIO*

Byung-hwa Chung | *Ambassador of Republic of Korea to Slovakia*

Pavol Demeš | *Former Minister of International Relations of Slovakia*

Lucia Husenicová | *President, IAS*

Tae-sik Kim | *Professor, Masaryk University*

Róbert Maxián | *Deputy Director of Asia-Pacific Department, Ministry of Foreign and European Affairs of Slovakia*

Anton Ondrej | *Vice President, Kia Motors Slovakia*

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