

# Business Cooperation Strategy for Egypt and Korea



18<sup>th</sup> Oct 2023, Cairo

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I

Global Partnering through KOTRA

**Go together with KOTRA**

# Introduction to KOTRA



## About KOTRA (Korea Trade - Investment Promotion Agency)

- ✓ KOTRA was established in accordance with the Korea Trade Promotion Agency Act in 1962.
- ✓ KOTRA has been contributing to the development of the national economy by the promotion of trade and investment between Korea and the rest of the world since its inception in 1962
- ✓ Headquarters in Seoul, Korea. 10 regional HQs, 127 overseas offices in 86 countries

## Main Functions and roles

- ✓ Trade promotion for Korean SMEs through various events such as trade delegations, business meetings and consultations, etc.
- ✓ Support outbound investment of Korean companies
- ✓ Attract foreign direct investment to Korea
- ✓ Global market research for SMEs and clients
- ✓ Support Korean companies to participate in infrastructure projects in foreign countries
- ✓ Other various activities related to bilateral economic cooperation

II

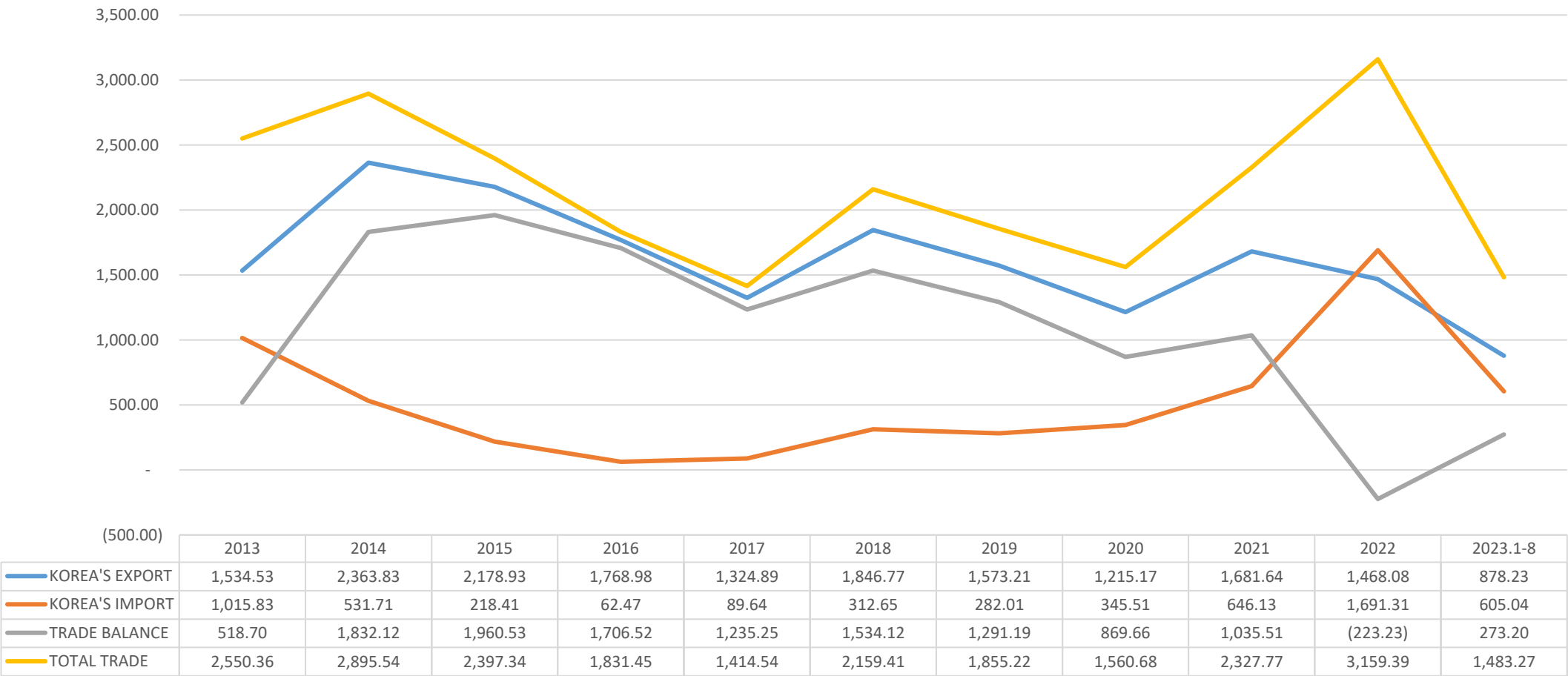
## Bilateral Trade & Investment

# Trade and Investment between Egypt and Korea

# 01. Korea's Trade with Egypt

Korea's Export and Import with Egypt

Unit: USD mill

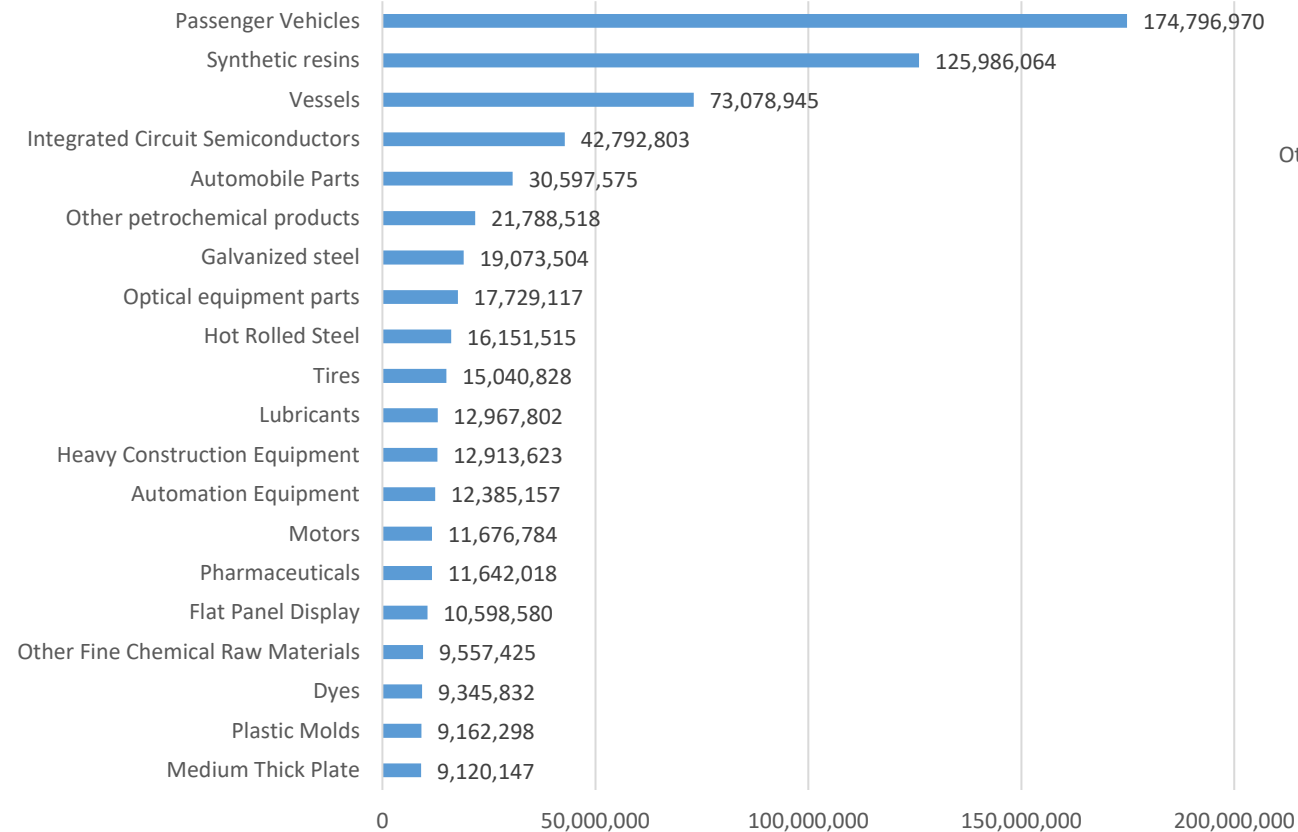


Source: Korea Customs Service (2023.10)

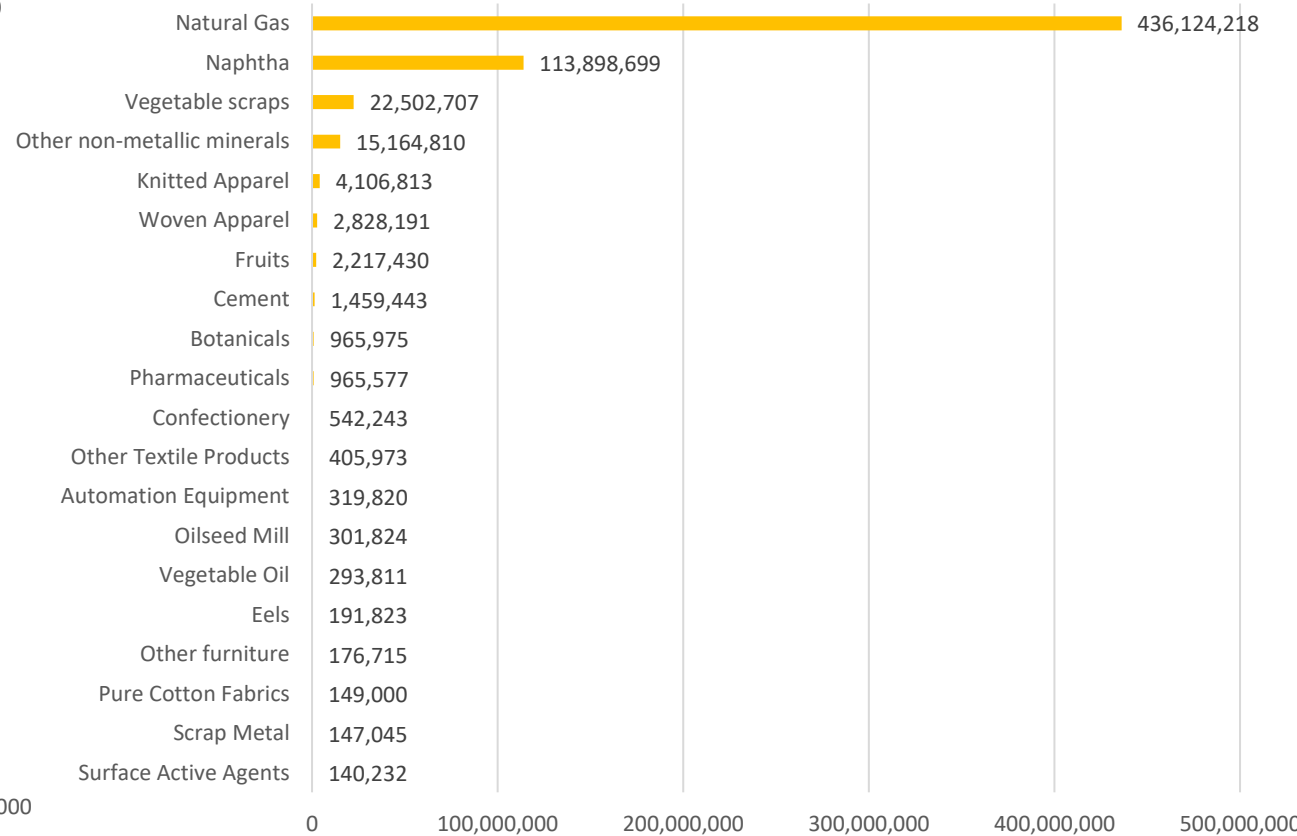
# 01. Korea's Trade with Egypt (Jan-August 2023)

- Major export commodities from Korea to Egypt: mostly heavy industry products and high-tech products
- Major import commodities of Korea from Egypt: mostly energy resources with light industrial products

Korea's 20 major export goods   Unit: USD



Korea's 20 major import goods   Unit: USD





Source: Korea Customs Service (2023.10.7.)

# 02. Korea's Investment in Egypt

## Korea's Investment in Egypt

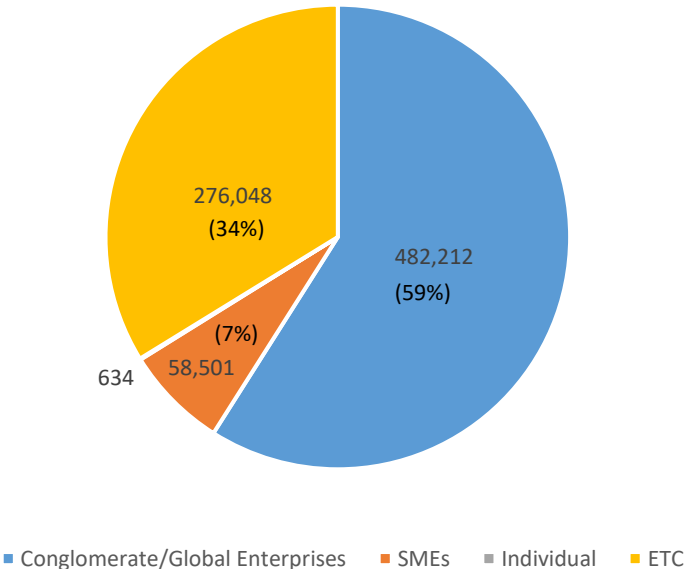
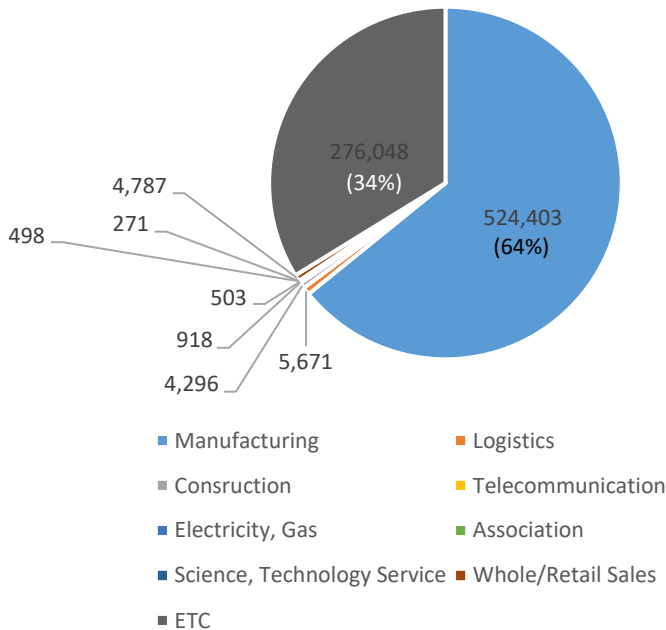
As of 2022, Korea's investment in Egypt is USD 817 million, and Egypt's investment in Korea is USD 25 million.

<Korea-Egypt Investment Amount(unit: USD million, based on investment notification)>

Category	2016	2017	2018	2019	2020	2021	2022	Total
	34	125	24	57	34	72	56	817
	2.0	1.9	1.9	1.6	0.5	2.8	3.5	25

Source: MOTIE, KEXIM(2023.5)

<Investment Fields of Korean Companies(unit: USD thousand)>    <Size of Korean Companies(unit: USD thousand)>



8  
Source: KEXIM(2023.5)



## 02. Korea's Investment in Egypt

### Major Investing Companies

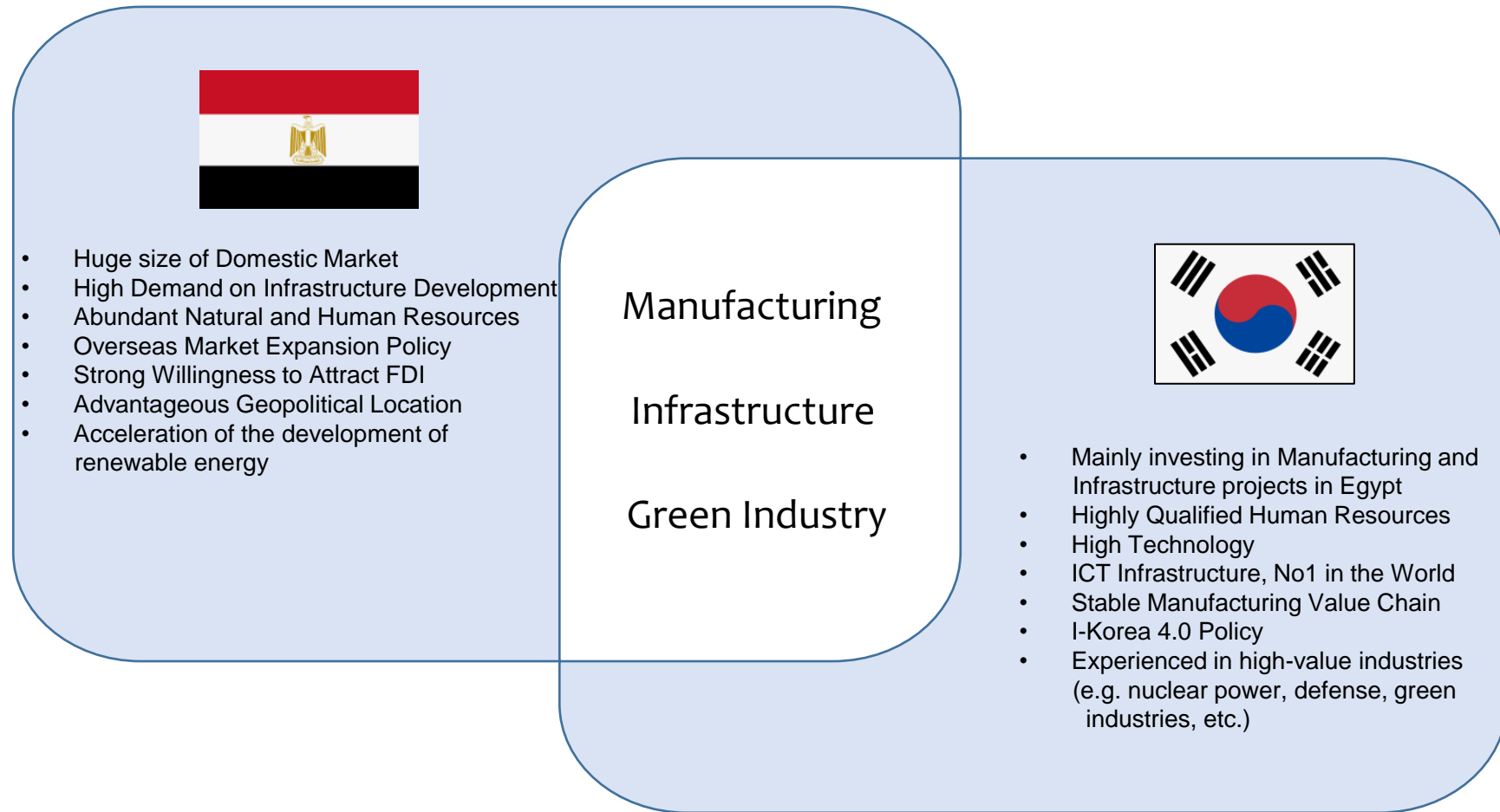
Category of Industry	Major companies
Service	Kumho Tire, Hyundai Mobis, Hankook Tire, Hyundai Corporation, Samsung SDS, HS Ad, Medians, Samsung C&T, Shamsco, JFC, Cheil Worldwide, etc
Manufacturing	Samsung Electronics Co., Ltd., LG Electronics Co., Ltd., SHINSHIN Electronics, SH Chemical, C&C Corporation, Texchem, Eulhwa Textile, SJI EGYPT INDUSTRIAL, IL HAE Electronics, SungAn Textile, Freeminix Electronics, LS Cable, Hanhwa Aerospace, KAI, Dorco, CAVAC etc
Construction	GS E&C, Doosan Enerbility, LS Electric, Korea Hydro & Nuclear Power, etc
Trade/Sales	POSCO International, Hansan Global, Grand Falcon, Samsung Electronics Co., Ltd., LG Electronics Co., Ltd., etc
Logistics	Safety Sky International, Samsung SDS (for Samsung Electronics products)
Others	Hyundai Rotem, DANA Petroleum, JST Misr, etc
Total	Approx. 40 Korean companies invested in Egypt



## Egypt-Korea's Cooperation Strategy

# **From the Aspects of Three Target Areas**

# 01. Strengths of Egypt and Korea



Cooperation Strategies based on Strengths and Potentiality of Egypt & Korea

## 02. Cooperation Strategy 1 : Manufacturing

### ◎ Cooperation Cases in Manufacturing Industry

Category	Cooperation Cases	Cooperation Type
Electronics	<ul style="list-style-type: none"> <li>• <b>Samsung Electronics</b> : Manufacturing, selling in Egypt and exporting mobile phones, TVs, tablet PCs for the domestic market and other countries</li> <li>• <b>LG Electronics Egypt</b>: Manufacturing, selling in Egypt and exporting home appliances(washing machines, TV, refrigerators for the domestic market and other countries</li> <li>• <b>SHINSHIN Electronics Egypt</b>: Producing components of home appliances to LGEEG (partnership with LGEEG)</li> <li>• <b>IL HAE Electronics Egypt</b>: Producing components of home appliances to LGEEG (partnership with LGEEG)</li> <li>• <b>Heesung Electronics Egypt S.A.E</b>: Producing components of home appliances to LGEEG (partnership with LGEEG)</li> <li>• <b>SJI EGYPT INDUSTRIAL</b>: Manufacturing harnesses and cables</li> <li>• <b>ES Steel</b>: JV with El-Arabi, manufacturing and supplying steel material of electronic parts</li> <li>• <b>Preminx Electronics Egypt S.A.E</b>: Producing evaporators that lower the internal temperature of refrigerators through refrigerator refrigerants</li> </ul>	Cost Reduction(low cost labor), Domestic Market Regional, Global Market
Electrics (Cable)	<ul style="list-style-type: none"> <li>• <b>LS Man Cable</b>: In January of 2020, LS Cable &amp; System established LSMC, a joint venture with MAN, a local cable professional construction company, in an industrial city near Cairo, the capital of Egypt. LS Cable &amp; System holds a 49% stake in the joint venture. LSMC produces overhead transmission lines that are installed on steel towers connecting power plants and substations.</li> </ul>	
Chemical	<ul style="list-style-type: none"> <li>• <b>TEXCHEM EGYPT CO</b>: CEO is the first Korean to enter Cairo, Egypt in 1974. A chemical company that produces surfactants for textiles, which are necessary in the fabric manufacturing process. It has been transferring technology to the chemical industry in Egypt, exporting their products to Middle East (Partnership with KD Chem in Daegu, Korea)</li> <li>• <b>SH CHEMICAL</b>: specialized in PVC cling stretch film for safe food wrapping, having been producing, selling and exporting their products.</li> </ul>	
Textile	<ul style="list-style-type: none"> <li>• <b>SEONG AN TEXTILE S.A.E.</b>: Manufacturing 2.5 million MT of POLYESTER fabrics, 1.5 million MT of knit fabrics, and 4 million MT of TOTAL each month and exporting to Europe, Middle East including Turkiye(Turkey)</li> <li>• <b>ULHWA FOR TEXTILE</b>: Manufacturing Middle Eastern traditional clothing (Abaya, chador, hijab, robe, etc.) fabrics and plain pedi fabrics, exporting them to Middle East etc.</li> </ul>	
Health/Food	<ul style="list-style-type: none"> <li>• <b>CAVAC</b>: Local factory registration was completed in mid-February 2023, and the Poultry vaccine is scheduled to be produced at the factory within a year</li> </ul>	Investment in progress
Consumer goods	<ul style="list-style-type: none"> <li>• <b>Dorco</b>: This company was established as a razor manufacturer. It plans to build a factory to export mainly to the Middle East, Africa, EU etc. through local production.</li> </ul>	Investment in progress

## 02. Cooperation Strategy 1 : Manufacturing

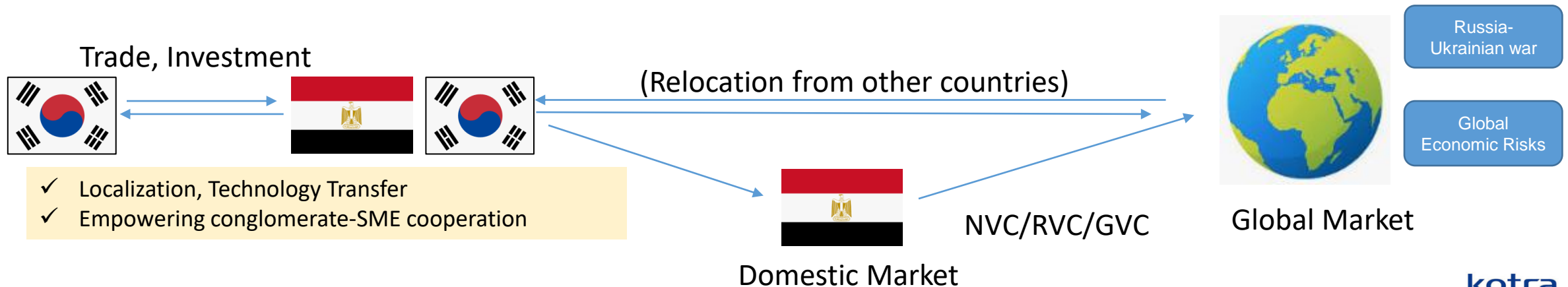
### ◎ Localization/Technology Transfer

Category	Cooperation Cases	Cooperation Type
Transportation	<ul style="list-style-type: none"> <li><b>Hyundai Rotem</b>: Modernization of signaling systems at 14 railway stations in Egypt (total distance of 118 km), supply of 320 trains for Metro Lines 2 and 3 in Cairo, Egypt. (In the case of Line 2, 25.9% localization, total 80 local production)</li> </ul>	Localization/TT
Aerospace/Military	<ul style="list-style-type: none"> <li><b>Hanwha Aerospace</b>: Signed export contract for K9 self-propelled howitzers to Egypt in early 2023</li> <li><b>KAI</b>: FA-50 export and local joint production plans are being discussed.</li> </ul>	Localization/TT

### ◎ Market Diversification / Relocation

Category	Cooperation Cases	Cooperation Type
Electronics	<ul style="list-style-type: none"> <li><b>LG Electronics</b>: relocation plan of regional HQ</li> </ul>	Regional HQ Relocation

### ◎ Cooperation Strategies : ① Distribution to the Domestic Market ② Expansion to the Global Market ③ Relocation



## 02. Cooperation Strategy 2 : Infrastructure

### ◎ Infrastructure, why should we work together?

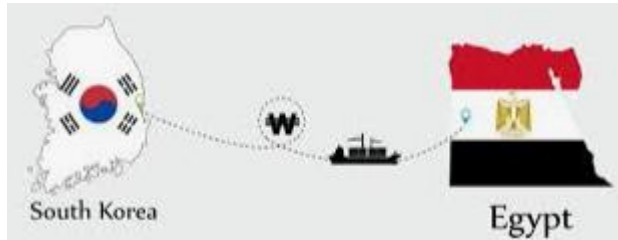
- ✓ Korea has its own advanced technology, well qualified materials, and specialized human resources
- ✓ Development of transportation, environment Infrastructures are highly interested by the Egyptian government
- ✓ Improvement of Infrastructure is important to attract FDI
- ✓ Egypt is building new cities including New Administrative Capital
- ✓ In the near future, infrastructure will be combined with the Smart Industry (e.g. Smart City, Smart Logistics, Smart Grid)

### ◎ Ongoing/Planning Projects

Category	Cooperation Cases
Waste Treatment	<ul style="list-style-type: none"> <li>• <b>JST MISR S.A.E.:</b> The first case of a Korean company entering Egypt in the environmental field. Establish a waste recycling plant that can collect solid waste and turn it into energy. Providing Waste-to-Energy engineering solutions, investment/construction of waste treatment plants: municipal waste sorting, RDF (solid waste alternative fuel) production, incineration facilities</li> </ul>
Road, Building Construction	<ul style="list-style-type: none"> <li>• <b>K-Net:</b> supplying cables to the New Administrative Capital Project</li> </ul>
Transportation	<ul style="list-style-type: none"> <li>• <b>Hyundai Rotem:</b> Modernization of signaling systems at 14 stations in Egypt (total distance off 118 km), supply of 320 trains for Metro Lines 2 and 3 in Cairo (In the case of Line 2, 25.9% localization, total 80 local production)</li> <li>• <b>LS Electric:</b> A contract was signed with Bombardier Transport (BT), an E&amp;M (Electronic and Mechanical) project contractor for the Cairo Monorail construction project, to supply and install railway power systems such as power reception, transformation, and power supply. Project will be conducted by June 2023</li> <li>• <b>Dae Sun:</b> Ship building projects amounted 250 Mill USD (2 MPC and Ro-Pax Vessel)</li> </ul>
Energy	<ul style="list-style-type: none"> <li>• <b>KHNP:</b> On August 25 2022, KHNP won the secondary construction project for four units of the Eldaba nuclear power plant in Egypt worth about 3 trillion won, and plans to supply equipment and construction for a total of 82 buildings, including the turbine building. This contract is the first overseas nuclear power plant construction project led by KHNP, and it is the first large-scale nuclear power plant project in 13 years since winning the UAE nuclear power plant order. Construction of Unit 1 of the Eldaba nuclear power plant began in August and aims for commercial operation in 2028. After that, construction will be carried out sequentially, and commercial operation of unit 4 will begin in 2030.</li> <li>• <b>Doosan Enerbility:</b> Build Turbine Islands for El-Dabba NPP in Egypt</li> </ul>

## 02. Cooperation Strategy 2 : Infrastructure

◎ Cooperation Strategies : ① Chances for National Priority Projects ② B2G Consortium ③ Technology Transfer/KSP



Augmenting Opportunities for participation in National Priority Projects(e.g. Vessel Projects, Capital Relocation)



Egypt, as Key ODA Partner

B2G Consortium

- ✓ Project Financing
- ✓ Supporting Platform
- ✓ SME cooperation

Technology Transfer  
Accompanied with  
Vocational Education,  
Trade, Investment, R&D

Enhancement of capability in  
the field of ICT, Transportation,  
Waste Treatment,  
Energy(Renewable, Nuclear  
Power), Smart City, etc

\*Technology related to sustainable development  
(environment friendly policy, ICT, IoT, etc)

**Egypt, Official  
Development  
Assistance  
(ODA)  
priority partner  
country to  
Korea  
(2021~2025)**

**(1) Agreement between the two countries** (Korea-Egypt Summit (2016.3))

large-scale infrastructure

→ Transportation, energy, ICT, etc.

\*Korea-Egypt EDCF (External Economic Cooperation Fund) loan basic agreement

\*Signed an MOU for financial support worth \$3 billion in the infrastructure sector

**(2) Discovery of additional key areas of cooperation** (Korea-Egypt Summit (January 2022))

Digital, green infrastructure field

→ Smart transportation, eco-friendly energy, education, etc.

\*Signed an MOU to support EDCF loans worth \$1 billion

## 02. Cooperation Strategy 3 : Green Industry

◎ Egypt's major green policies and their implementation

**(1) The National Climate Change Strategy 2050 (NCCS 2050\*\*) in conjunction with the National Economic Development Plan (SDS 2030\*), announced in May 2022.**

**\* SDS: Sustainable Development Strategy / \*\* NCCS: National Climate Change strategy**

◦ The five goals of the NCCS 2050 are:

- ① Expanding sustainable economic development and low-carbon development,
- ② Improving climate change response capacity and minimizing damage,
- ③ Strengthening climate change governance,
- ④ Establishing a climate change response fund infrastructure, and
- ⑤ Expanding climate change response research.

**(2) Since the UN Conference of the Parties (COP27) was held in November 22, Egypt has accelerated the development of green industries, including the conversion of aging vehicles to eco-friendly ones and the development of hydrogen plants.**

- ① Egypt signed a €54 million debt swap agreement with the German Federal Ministry for Economic Cooperation and Development (BMZ) in June 23.
- ② In August 23, the Egyptian government signed a preliminary agreement with India's Oclor Energy for a \$4 billion green hydrogen project.
- ③ In September, the Egyptian cabinet established a national green hydrogen committee chaired by Prime Minister Madbouly.



## © How Egyptian and Korean companies and governments are working together

El Dabaa Nuclear Power Plant



KHNP is to construct turbine islands for the nuclear power plant in El-Dabaa, Egypt. This project was ordered by the Egyptian Atomic Energy Agency and ASE, a subsidiary of Russian nuclear power company Rosatom.

Four 1,200 MW (megawatt) nuclear reactors will be constructed for seven years from 2023 to 2029.

The significance of the project is that it provides a revitalizing force for small and medium-sized enterprises in nuclear power industry by supplying auxiliary equipments, if not the main equipment, which is the core equipment of nuclear power plants.

Waste Treatment Plant Facility Project



The South Korean company 'JST Co. Ltd' completed the plant in 2021, but it has difficulty in operating due to the lack of infrastructure such as electricity and water. Eventually project has started through cooperation between the two governments in 2023.

The project is significant because it is the first example of Egypt's environmental policy to recycle household waste into fuel and compost, rather than simply disposing of it in landfills, and Korean environmental SME 'JST' took the lead.

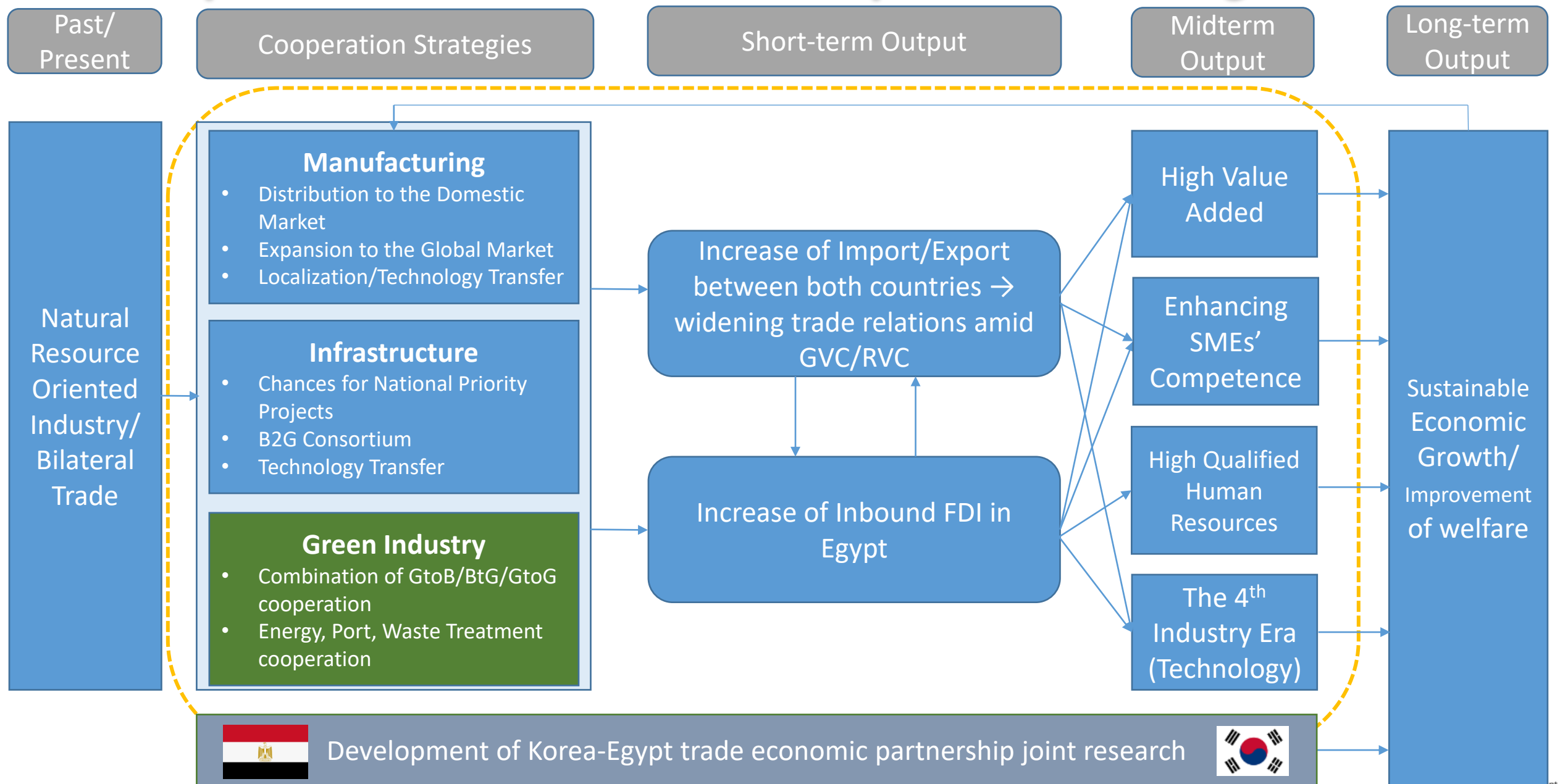
Green Canal Project(Plan)



'Green Canal' project converts tugboats in the Suez Canal to LNG-powered vessels. The Korean company expects to contribute to Egypt's eco-friendly green transition policy.

This was also mentioned during the high-level summit between El Sisi, the president of Egypt and Kim Jin-pyo, the Speaker of the National Assembly of Korea on the 9<sup>th</sup> October, 2023.

# 03. Expected Effects from the Cooperation Strategies





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