

# Korea: a special strategic partner in the Middle East

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2020 was, of course, the year of COVID-19, but it also marked the 40<sup>th</sup> anniversary of the establishment of diplomatic ties between the United Arab Emirates ('UAE') and the Republic of Korea ('Korea'). Korea is a highly developed nation and the world's 10<sup>th</sup> largest economy in terms of GDP. The UAE-Korean relations started from strong bilateral ties in the early 80s under the guidance of the leadership of the two countries, and today it is an example for other countries, as it has witnessed fruitful development in various fields.

## Korea's evolving ties with the UAE

The close mutual co-operation with UAE has led to the emergence of a Korean wave in the construction and infrastructure scenes. Korean contractors have participated in numerous landmark infrastructure building projects including the Burj Khalifa, the world's tallest building, and the UAE is now the second biggest market in the Middle East (after Saudi Arabia) for Korean investment with construction companies recording, to date, an accumulated contract value of around US\$80 billion.

In 2009 Korea won the bid (Team Korea) to construct the region's very first nuclear energy power plant in the Al Dhafra Region of the Emirate of Abu Dhabi, which is worth US\$18.7 billion and will be expected to supply up to 25 per cent of the UAE's electricity requirements for the next 60 years (when all units are fully operational). This energy tie became the cornerstone for the robust partnership that Korea has built with the UAE. Now, Korean contractors are converging to contribute to the realisation of the UAE's vision and energy transition efforts, driven by the national "Energy Strategy 2050", by offering advanced, clean energy technologies, which include nuclear, hydrogen, wind power and fuel cells.

## Special strategic partnership

In 2018 the relationship between Korea and UAE was upgraded to a "special strategic partnership", and it has developed ways in which to enhance aspects of this co-operation in various sectors and (including a wide range of priority areas), in a way that serves the economic aspirations of the two countries such as defence, healthcare, agriculture, AI and education. The current global COVID-19 pandemic further strengthened this special bilateral partnership as the two nations have been in close co-operation and consultation to combat the spread of the virus. According to the industry ministry, as of last year, Korea's goods and services trade with the UAE stood at US\$9.4 billion. The UAE is the only country with which Korea maintains this very private and special strategic relationship.

# Saudi - Korean Vision 2030

Historically, Saudi Arabia has been Korea's most important economic partner in the Middle East and its top trading partner while Saudi Arabia has been the biggest customer of Korean construction companies. Since 2017, in line with "Saudi Vision 2030", both countries began to strengthen their co-operation by forming a ministerial level committee (namely, the Saudi-Korea Vision 2030 Committee) and agreed to collaborate on 40 projects across the five key areas. These five areas are energy and manufacturing, smart infrastructure and digitisation, capacity building, healthcare and life sciences, and SMEs and investments. As part of this initiative, Saudi Arabian Oil Company (Saudi Aramco) alone signed 12 high-worth deals with Korean partners, including one relating to co-operation on the development of hydrogen-fuelled cars, maritime and infrastructure projects.

Korea has also partnered with the government of Kuwait to construct the first environmentally smart city in the Middle East; unique in merging smart technologies into the classic urbanisation with an ecological twist. The project which is already being implemented by both private and public Korean contractors should cost US\$4 billion and is expected to provide accommodation for up to 40,000 families and cover an area of 15,913 acres in Saad Al-Abdullah as a part of New Kuwait 2035, a plan that aims at transforming Kuwait into a global financial and commercial centre that attracts foreign investments.

According to Korea's Ministry of Foreign Affairs, Iraq is the third largest crude oil exporter to Korea and its seventh largest co-operation partner in the construction and infrastructure sectors. Korea has continued to seek stronger commercial ties, as in the Middle East, Iraq has signed the third highest number of EPC contracts with Korea. The State of Qatar has been the principal source of supply of LNG to Korea in accordance with a long-term contract that ensures continuous and stable coverage for Korea's energy needs. In Qatar, most of the major Korean construction companies are operating on a number of landmark infrastructure projects include the Doha Metro, the National Museum, the Lusail City, Umm Haul Power Plant, etc.

## Brighter future on Korea's ties with the Middle East

For the last few decades, Korean companies have been seeking to retain and expand their business activities in the region, and such efforts have been boosted by diplomatic relations with a number of countries in the Middle East. The frequent high-level visits between the respective governments and mutual efforts to expand this long-standing co-operation started in the energy and construction sectors which now provide a strong foundation for Korea to continue to strengthen its ties with the region. As Korea increases its strategic and security engagement in the region, its economic partnership with the region will continue to blossom.

***Al Tamimi & Company's Korea Group actively advise Korean companies operating in the region on the full spectrum of legal issues that they face. For further information please contact [Jiwon Ha \(j.ha@tamimi.com\)](mailto:j.ha@tamimi.com).***