



Speech

by

**Federal Government Commissioner
Hartmut Koschyk, Member of the Bundestag
Chair of the German-Korean Parliamentary Friendship Group
Co-Chair of the German-Korean Advisory Group on the Foreign Policy
Aspects of Reunification
and Co-Chair of the German-Korean Forum**

for

**the Evening Reception
on the occasion of the 35th anniversary of the Korean-German
Chamber of Commerce and Industry (KGCCI/AHK Korea)**

July 2016

As the Chair of the German-Korean Parliamentary Friendship Group, Co-Chair of the German-Korean Advisory Group on the Foreign Policy Aspects of Reunification and Co- Chair of the German-Korean Forum, I am very pleased to welcome you to our celebration of the 35th anniversary of the Korean-German Chamber of Commerce and Industry this evening.

I would particularly like to welcome Professor Mathias Müller, the President of IHK Frankfurt; Mr Stefan Halusa, the President of the Korean-German Chamber of Commerce and Industry, and its Secretary General and Executive Director, Mrs Barbara Zollmann; the Ambassador of the Republic of Korea to Germany, Mr Kyung-soo Lee; Mr Mark Weinmeister, Member of the *Land* Parliament and State Secretary for European Affairs at the State Chancellery of *Land* Hesse; and the City of Frankfurt's Head of Economic Affairs, Councillor Markus Frank.

I am very grateful to IHK Frankfurt, the Korean Embassy in Germany and FrankfurtRheinMain GmbH for supporting this evening's reception to celebrate the 35th anniversary of the Korean-German Chamber.

I myself am still working through my impressions of the 8th *Wirtschaftstag Korea* – the business conference hosted by IHK Frankfurt, the German Asia-Pacific Business Association and AHK Korea, with support from KOTRA Frankfurt and the German-Korean Business Association. During the event, which took place earlier today, a great deal of information was provided about current economic trends in the Republic of Korea and opportunities for German companies to do business there, with a particular focus, I am pleased to say, on openings for small and medium-sized enterprises in the Korean market.

There is no doubt that the dynamism in our two countries' economic relations is due in no small part to the major contribution made by AHK Korea, which, since it was established in 1981, has proved its worth as a partner and service provider for German and Korean companies and actively promotes bilateral business links. AHK Korea has

a team of 18 bilingual staff with in-depth knowledge of the country, who provide competent and reliable support for your business.

AHK Korea and its professional service provider, the Korean-German Chamber of Commerce and Industry, offer advice to German companies seeking to break into the Korean market. Their services are precisely tailored to your needs and include detailed market analyses to give you a good understanding of the target market; trade fair support; fact-finding missions; identification of business partners to facilitate initial contacts with potential distributors or customers; and extensive experience in the field of business start-ups and recruitment.

Relations between Germany and Korea have traditionally been close and trustful. Our bilateral relations were placed on a formal footing more than a century ago, with the signing of the German-Korean trade, friendship and shipping agreement between the German Empire and Korea on 26 November 1883. There is a sense of affinity towards Germany in Korea, not least because our two countries share the experience of partition and rapid post-war economic growth. Germany's help in reconstructing Korea after the Korean War has not been forgotten. This was based on reciprocity, with Germany providing loans of DM 590 million in the 1960s and 1970s, and Korea supplying nurses and mine workers. Germany's experience of partition, rapprochement and reunification undoubtedly provides Korean politicians and scholars with important ideas for their work in shaping the course of their own future.

The closeness of our bilateral relations is also reflected in an intensive programme of visits. In recent years, many Members of the German Bundestag, premiers of various German states, ministers and other German public figures – from politics, business and the arts – have visited the Republic of Korea. High points were the visits by Chancellor Dr. Angela Merkel from 11 to 12 November 2010, by the then President Professor Horst Köhler from 7 to 10 February 2010, by Professor Norbert Lammert, the President of the German Bundestag, from 27 to 31 August 2008, and by our current President Joachim

Gauck from 11 to 14 October 2015. The President of South Korea, Mrs Park Geun-hye, visited Germany in March 2014.

The good and enduring cooperation between Germany and the Republic of Korea should continue to be developed on a sustainable basis at all levels. With its highly competitive economy and its advanced technological capabilities, the Republic of Korea is one of Germany's principal trading partners in East Asia. Korea, the world's twelfth largest economy and seventh largest export nation, is the third most important market for German goods in Asia after the People's Republic of China and Japan, ahead of India. Germany remains South Korea's principal European trading partner.

According to South Korean figures, bilateral trade was worth approximately 28.9 billion US dollars in 2014, with a balance of trade surplus of 13.8 billion US dollars in Germany's favour. Germany is the third largest European investor in South Korea, with actual foreign direct investment totalling approximately 9.1 billion US dollars (from 1962 to 2014). In 2014, German companies invested USD 246 million in South Korea.

South Korean figures show that there are some 500 German companies or firms with German equity participation operating in Korea. According to Bundesbank figures for 2010, the 223 largest German companies employ around 33,000 Korean workers. Korean foreign direct investment in Germany totals approximately 83.5 million US dollars and is concentrated in the Frankfurt/Main region.

It is also important to remember that the free trade agreement between the Republic of Korea and the European Union, which entered into force in mid 2011, received significant support from Germany and is of particular benefit to German exporters. From July 2013 to June 2014 alone, in the third year of the free trade agreement, exports increased by more than 30 percent compared with July 2010 to June 2011, before the free trade agreement came into effect.

Despite the free trade agreement, however, there are still some non-tariff barriers to trade which need to be eliminated, mainly to help small and medium-sized enterprises gain a foothold in the Korean market. For German goods to come to market in Korea, extensive authorisation procedures are often required. The Korean customs authorities are also extremely careful in checking preferential origin. I am most grateful that AHK Korea has a specialist available who can give German companies first-hand information, free of charge, about authorisation and customs regulations. And today, IHK Frankfurt opened a “Korea Desk” to provide more intensive advice for companies seeking access to the Korean market.

I very much regret that the mood in many German companies is somewhat muted at present, partly because of the ongoing legal proceedings against foreign CEOs for violations which do not constitute offences under European law or, at best, are minor infringements stemming from the fact that no such (non-tariff) regulation exists, for example, in Germany.

I also hope that the Volkswagen emissions scandal will not cast a cloud of suspicion over German companies in the Republic of Korea, especially as further growth in German-Korean business links has the potential to drive the sustainable expansion of European-Asian relations as a whole.

In that spirit, during President Gauck’s official visit to the Republic of Korea last October, it was agreed that our bilateral economic cooperation should be expanded, mainly in the fields of innovation, research and science. Germany is South Korea’s principal European Union trading partner. At a state banquet, President Gauck said that open markets, fair competition and investment security are vital for a further intensification of Korean-German business relations. To quote President Gauck on that occasion: “We should work together on this, Madam President, as we cannot afford any setbacks here.” He also rightly pointed out that Korea can be a pioneer in East Asia in this context, and that the country is an anchor of stability for the region as a whole.

United in friendship, Germany and the Republic of Korea should continue to work together on further expanding our business and trade links and eliminating the obstacles to German-Korean cooperation, particularly between our small and medium-sized enterprises.

And finally, in the spirit of our deep German-Korean friendship, we should encourage our Korean partners not to view German companies with general suspicion in the wake of the Volkswagen scandal, for that would place an unnecessary strain on our economic and trade relations.

It is precisely when tensions arise that we should be mindful that Germany and the Republic of Korea are not just business and trade partners – they are very much more than that. Germany and the Republic of Korea are united in deep and longstanding friendship and shared values. It is a friendship which we should further expand and grow on a sustainable basis, not only at the economic level but in all spheres of politics and society.