

# **Cooperation between Korea and China in the Overseas Infrastructure Market: Analysis and Implications**

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## **Summary**

1. Thanks to China's "One Belt, One Road" strategy, large-scale infrastructure construction projects are no doubt ahead. If Korea is to seize this opportunity to expand its overseas construction business, cooperation between Korea and China is needed.

2. In the overseas infrastructure market, Korea excels in the planning and management of business and in the management of quality and safety. China, for its part, has competitiveness in construction, design, and pricing. In combination, the two countries' strengths can maximize opportunities to win orders for overseas construction projects. However, their lack of experience in cooperating with each other might present a problem.

3. In the overseas infrastructure market, China's project to build six "economic corridors" and its AIIB projects might increase demand for infrastructure construction. But the business risks that face developing countries in Asia and conflicts over diplomatic and security issues between Korea and China could undermine cooperation.

4. One possible cooperation strategy involves three steps: first, develop and use various cooperative models that combine both countries' strengths; second, expand business opportunities through the AIIB by stimulating demand in Asia's infrastructure market; and third, prioritize and implement projects that are important for Korea and China in terms of strategy and policy.

## **Policy Implications**

- ① To promote cooperation between Korea and China in the overseas infrastructure market, it is necessary to share accurate information on overseas infrastructure projects in terms of business type, region, and sector. In particular, support at a government level is required to win orders for construction projects that are currently taking place and those expected to begin soon, especially the projects to build the six

economic corridors.

- ② As the scale of the AIIB projects continues to increase, cooperation among financial institutions is expected to expand. Thus support is needed in the form of Korea-China cooperation in finance to promote bilateral cooperation on infrastructure.
- ③ As a strategy to minimize risk in the overseas infrastructure business, Korea should secure opportunities to participate in economic corridor projects involving China, Mongolia, and Russia, as all of these projects will have significant policy implications for both Korea and China.