


Opinions

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Diversification of Economic Cooperation with Middle East Countries and the Creative Economy



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Korea's economic partnership with the Middle Eastern countries has traditionally revolved around energy and plant construction sectors. In the 1970s, the Middle Eastern oil producers began to engage in national infrastructure building projects with the increasing revenues they were earning from the rising oil prices. Then Korean construction companies actively participated in the projects while Korean government sought to maintain close ties with these oil producers to ensure a steady and reliable supply of oil. This pattern of cooperation between Korea and the Middle East contributed to overcoming economic difficulties in Korea. But the demands for construction projects in the Middle East declined as oil prices dropped and

became more stable in the 1980s and the 1990s. As a result, the significance of economic cooperation between Korea and the Middle East relatively lessened. The volatility of the international oil prices has played a decisive role in the making of a partnership between Korea and the Middle East.

As oil prices have been rising again since the early 2000s, 'the second Middle East boom' is emerging in Korea. However, the Korea-Middle East partnership would hardly make a progress as long as we repeat the same pattern of economic cooperation as the 1970s. Creative ways of cooperation need to be explored in diverse areas in order to make the partnership more sustainable.

The recent economic and political changes sweeping across the Middle East provide the following implications for a new mode of economic partnership. First, the Middle Eastern countries seek to diversify their industrial structure, fostering manufacturing and service sectors in anticipation of the ultimate depletion of their oil and gas reservoirs. The main industries they are promoting include petrochemicals, information and communication technology, tourism and finance. We can build new cooperative partnership with the Middle East in these sectors.

Second, the diversification of industrial structure as well as rapidly growing population requires massive amounts of energy. Thus, they need to develop renewable energy from sunlight and wind for electricity generation. Korea's advanced technology and experiences in the area can be applied in the Middle East.

Third, the recent political conflicts in the region has also accelerated investments in public healthcare, education, and other welfare services for their peoples. Among these sectors, healthcare and education could serve as the main industrial areas for the bilateral cooperation with the Middle Eastern countries. We can participate in construction projects to build new hospitals and schools and export medical devices and e-learning contents. Moreover, industrial cooperation in the information and communication technology sector can expand to these sectors as the demands for hospital management and e-education systems are growing fast.

In the process of diversification of economic cooperation with the Middle East, the role of the private sector including small and medium sized enterprises should be increased in the new mode of partnership. Joint ventures with Middle East companies need to be encouraged, replacing the state-led forms of partnership. The more economic partnership between private companies develops, the longer bilateral nationwide cooperation sustains. This pattern of partnership will harmonize with economic policies such as privatization and inducement of foreign investments in the Middle East. More efforts are also required to promote the exchange of sectoral experts and trainees in the process. As all the industries named so far are largely dependent on capabilities of professionals, the exchange of experts and trainees will further encourage sharing of sector-specific knowledge and technology as well as mutual understanding of different cultures. It may play a significant role in reducing the region's chronic unemployment, which has led many Middle East youths to participate in the latest political uprisings, for the creation of decent jobs necessarily depends on the development of skilled workforce.

The new economic partnership between Korea and the Middle East will contribute to strengthening of Korea's 'creative economy' that is one of the national goals suggested by the new Park administration. The aim of the creative economy policy is to transform Korean economy from catching-up to leading economy in the era of globalization. Korea's broader cooperation with the Middle Eastern countries will lead to an industrial ecosystem, linking different sources of creativity and technological development as well as creating new markets and jobs in the various major industries. 