

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	REGIONAL/IDB
▪ TC Name:	2019 5th Korea LAC Business Summit
▪ TC Number:	RG-T3485
▪ Team Leader/Members:	MEJIA RIVAS, ISABEL (INT/INT) Team Leader; LEE, JIN YUE (ORP/REM); BENDERSKY, MATIAS (ORP/REM); ROSPIDE, MARIA DE LA PAZ (INT/TIN); MEDINA VILLANUEVA, DANIELA (INT/INT); GOMEZ GONZALEZ, MARIA MARGARITA (INT/TIN); IMANA, ZAIDA VICTORIA (INT/TIN); STENERI, PABLO (INT/TIN); YOO, SEONGJUN (INT/TIN); ESTEVES, YASMIN (INT/INT); BARRON, ITZEL (INT/INT)
▪ Taxonomy:	Research and Dissemination
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	07 May 2019
▪ Beneficiary:	Ministries of Trade and Investment, Entrepreneurs from the IDB Borrowing Member Countries
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	\$ 950,000.00
▪ Local counterpart funding:	\$ 0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Firms
▪ Prepared by Unit:	Trade & Investment
▪ Unit of Disbursement Responsibility:	Integration & Trade
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Economic integration

II. Objective and Justification

- 2.1 The main objective of this project is to increase trade and investment opportunities between Korea and LAC. To achieve this goal, this TC will aim to: (i) share the Korean experience, in terms of trade and investment, that may serve as foundation for future cooperation between Korea and LAC countries; (ii) strengthen existing business opportunities and boost emerging opportunities in strategic sectors such as food and beverage, ICT, energy, transport, environment and infrastructure; and (iii) organize business forums where high-level Korea and LAC policy makers, government officials and entrepreneurs share their ideas and insights on how to maximize the potential of bilateral business relationship in diverse sectors.
- 2.2 The dynamic growth of trade, investment, and cooperation between Korea-LAC has laid the groundwork for a sustainable, diversified, and mutually beneficial relationship. The trade between Korea-LAC experienced a fast and sustained growth, increasing 17% per year on average since 1990, while Korean investment in the region has expanded ten-fold in the last decade alone. This investment provides a solid basis for diversifying the bilateral economic relationship, as over 80% of Korea's FDI in LAC goes to manufacturing sectors. Moreover, Korea was the first East Asian country to seek Free Trade Agreements (FTAs) with LAC partners in the early 2000s, signing its first bilateral FTA with Chile in 2004, and later with Peru (2011) and Colombia (2016). In 2018, a multilateral FTA with five countries from Central America (Nicaragua, El Salvador,

Honduras, Costa Rica and Panama) was signed and expected to be ratified in 2019. Additionally, Korea is finalizing its negotiation on Strategic Economic Cooperation Agreement with Ecuador. Also, it started negotiation of Trade Agreement with Mercosur in 2018.

- 2.3 With the 4th industrial revolution, we are facing a world where more devices are getting connected, more data is being collected, stored and analyzed. This new phenomenon is affecting our lives and reshaping our economic, social environments and the speed of this change is unprecedented. There will be more business opportunities but also some of the conventional businesses may disappear forcing us to embrace the unexpected changes. Under these circumstances, this technical cooperation will support entrepreneurs and government officials from both regions to seek for new business partnerships for the future with its root in emerging technologies and to strengthen the traditional business partnerships.
- 2.4 The Bank has successfully organized numerous activities focused on promoting bilateral trade and investment between Korea-LAC, including training seminars, site visits, dissemination events and business matchmaking. These activities have proven to be successful initiatives in strengthening trade and investment flows. Especially, the 4th Korea-LAC Business Summit, held in 2017 led to the following results: (a) 88 enterprises from the region initiated business partnerships with 231 Korean counterparts throughout 595 pre-arranged business meetings, which led to an estimated worth of 9.8 billion dollars. (b) 743 Korea-LAC participants participated in the Business Forum, Business workshops. These summits offered an opportunity to all participants to enhance their knowledge of Korean, Latin American and Caribbean economies and markets that would later facilitate doing business.
- 2.5 The TC addresses two of the three major development challenges identified in the Bank's "Update to the Institutional Strategy 2010-2020": (i) limited trade and economic integration, both intra-regional and international, and (ii) low productivity and innovation. More generally, the series of Asia-LAC forums that have been executed by the Bank all pursue a coordinated strategy that is aligned with the goals of promoting international economic integration, the creation of trade capacity and the improvement of productivity and innovation, by promoting the exchange of best practices and transfer of knowledge with the Bank's member countries in Asia, all of which are significant export markets for LAC firms.

III. Description of Activities and Outputs

- 3.1 The 5th Korea-LAC Business Summit includes a two-day business event to be held in Seoul, Korea, on October 7-8, 2019. The aim is to create an opportunity to increase trade and investment between both regions. The event will include high-level dialogue between policy makers, government officials and top executives, who will address topics such as: (i) Korea and LAC: an agenda for prosperity through trade and investment, (ii) Unlocking the potential of the 4th Industrial Revolution in LAC, (iii) Public-Private Partnerships and infrastructure for improving lives, (iv) Korea and the IDB: the experience of the Korea-LAC Tech Corps and a partnership model since 2005. As in previous editions of this Summit, the Export-Import Bank of Korea will be key partner for the forum.
- 3.2 During this summit, there will be following activities; a. Panel discussion: High level policy makers and executives will share their opinion on the topics mentioned above. b. Business Opportunities Exhibition: LAC Investment Promotion Agencies will have an opportunity to interact with Korean participants, presenting their investment projects portfolio. c. Business Networking Receptions: This will provide opportunities to build wider networks among the participants, the government officials and supporting agencies. d. Additional Events: capacity building workshops on the recent technologies (smart city, agri-tech, digital healthcare, etc.) and various types of partnership activities

can be designed and executed during the summit. e. Promoting business ties between Korea-LAC: support the organization of the Korea-LAC business meetings, an on-site, one-on-one business matchmaking event (which will be held on the second day of the Korea-LAC Business Summit). As in previous events, the Korea Trade and Investment Promotion Agency (KOTRA) will be technically supporting the selection of participants, meeting arrangements, logistics and follow ups.

- 3.3 **Component I: The 5th Korea-LAC Business Summit.** This component includes activities such as panel discussion, business opportunities exhibition of LAC trade investment promotion agencies, networking receptions, capacity building workshops, partnership activities and one-on-one business matchmaking event.
- 3.4 **Component II: Technical Assistance and Dissemination.** This Component will undertake three primary activities; (i) Provide technical assistance for the preparation, coordination and execution of the Korea-LAC Business Summit (ii) Develop a communications strategy to disseminate and socialize the results of all undertaken activities under Component I. (iii) Provide resources for small dissemination workshops in LAC countries.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
The 5th Korea-LAC Business Summit	\$ 850,000.00	\$ 0.00	\$ 850,000.00
Technical Assistance and Dissemination	\$ 100,000.00	\$ 0.00	\$ 100,000.00

V. Executing Agency and Execution Structure

- 5.1 The Bank will execute the TC through the Integration and Trade Sector.
- 5.2 This TC will be executed by the Bank for the following reasons: a. This is a regional project that involves coordination with several regional public and private sector stakeholders, and the Bank is positioned as an ideal actor to execute this project, given its presence in every country. b. INT/TIN has gained invaluable know-how for the Bank in the execution of Asia-LAC initiatives, including four editions of the Korea-LAC Business Forum (2007, 2011, 2015 and 2017), which aimed to create more bilateral trade and investment opportunities between Korea and LAC countries.

VI. Project Risks and Issues

- 6.1 The success of the project will depend on the active participation of LAC officials and private sector representatives in the projects activities. The cost and logistical arrangements involved in traveling to Seoul pose the risk of reducing attendance from government officials and private sector leaders. The operation will mitigate this risk by: (i) engaging LAC government officials and private sector associations — such as TPOs, Chambers of Commerce, Ministers of Trade, among others — to maximize the number of invited guests; (ii) extensive dissemination and promotion of the event during all stages of the project implementation through traditional communication channels, as well as innovative communication strategies; and (iii) early engagement with attendees to provide additional time for travel arrangements and resolving scheduling conflicts.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "C".