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## New Areas of Cooperation between Poland and South Korea

Oskar Pietrewicz

*New South Korean investments in Poland in technologically advanced sectors such as electric mobility are a sign of the deepening strategic partnership formed in 2013 between the two countries. Poland's plans for the development of its 5G network and modernisation of its armed forces, mean security and defence are also promising areas of cooperation. Under the deadlock in inter-Korean relations and negotiations between the U.S. and North Korea, the Polish experience in dialogue on the Korean Peninsula may gain importance and strengthen Poland's position as a country co-shaping EU policy on this matter.*

The 30<sup>th</sup> anniversary of the establishment of diplomatic relations between Poland and South Korea on 1 November 2019 has been conducive to intensifying the bilateral dialogue. President Andrzej Duda visited South Korea in February 2018 during the Winter Olympic Games in Pyeongchang, followed by Foreign Minister Jacek Czaputowicz in October 2019 for the inauguration of the Warsaw Process working group in Seoul. Poland's roles as a non-permanent member of the UN Security Council and vice-chair of the Sanctions Committee on North Korea also served the dialogue and strengthened Poland's position as a partner in the discussion on the Korean Peninsula.

Poland and South Korea are also strengthening ties in two new areas: the latter's increasingly technologically advanced investments in Poland, as well as security and defence issues.

**Investment Pillar.** South Korea is the largest Asian investor in Poland. According to National Bank of Poland data, in 2018, the value of the South Korean investments amounted to €978.8 million. In recent years, South Korea has become a leader in investments in the electric mobility sector. According to Polish Trade and Investment Agency data, it is responsible for almost two-thirds of all foreign investments carried out in Poland in this sector.

The construction of a lithium-ion battery factory for electric cars by LG Chem in Biskupice Podgórne, near Wrocław, is the largest single foreign investment in terms of value in Poland since 1989. The first stage of construction was completed in 2018 and investment outlays have amounted to €1.3 billion, employing 1,700 people. By the end of 2020, the company will expand its production potential, investing a total of €2.7 billion and employing up to 6,000 people. After expanding the production capacity to 70 GWh, it will also be the largest factory of its kind in the world. The company is interested in building another plant, beginning cooperation with Polish universities, including the Wrocław University of Technology, and creating a research and development centre for about 400 engineers. It has teamed up with Samsung Electronics, which has been developing one of the largest research and development centres in Europe in Poland since 2000.

Thanks to the LG Chem investment, Poland became the EU's leader in the export of lithium-ion batteries. The investment also encouraged another South Korean company, SK Innovation, to build a factory for battery separators, used in electric cars, in Dąbrowa Górnicza. This will be the company's first investment in Europe and the estimated value of the project is €335 million. Production is planned to start by the end of 2021 and at least 300 people are to be employed.

Another area of new investment by South Korea in Poland is the chemical industry. In May 2019, Grupa Azoty and Hyundai Engineering signed an agreement on the participation of a South Korean investor in the Polimery Police project, a new petrochemical complex in the West Pomeranian (Zachodniopomorskie) Voivodeship. It will include, among others, polypropylene production facilities, important in the growing plastics sector. This will be the biggest chemical industry project in Poland, with an estimated value of €1.5 billion. In addition, the installations will be more modern, and therefore more efficient, than the existing ones in the chemical sector, contributing to the goal of reducing the Polish economy's emissions.

Although South Korea's investments are used to expand the industrial base in Poland, they also generate investment imports. This translates into a high trade deficit on the Polish side, which in 2018 amounted to a record €3.6 billion (the third-largest after China and Russia).

**Basics for Cooperation in Security and Defence.** Security issues are starting to play an increasingly important role in bilateral cooperation. South Korea is an attractive partner for Poland in the exchange of experience on cybersecurity, including 5G, as the first country to commercially launch 5G services and because of its plans for applications in administration and healthcare. In June 2019, Poland and South Korea initiated consultations on cybersecurity, including strengthening cooperation on the exchange of information on threats in cyberspace. In addition, in October, Samsung joined the Cyber Security Cooperation Programme implemented by Poland's Ministry of Digital Affairs in the form of partnerships with the private sector.

Defence industry cooperation is also developing. A €290 million contract signed in 2014 by Huta Stalowa Wola and Hanhwa Land Systems for the supply of 120 chassis for Krab self-propelled howitzers is currently being carried out. South Korea may also join the Wilk programme, which aims to acquire a new main battle tank for the Polish armed forces. In 2018, H. Cegielski-Poznań started cooperation with Hyundai Rotem to offer the Polish army a next-generation tank based on the K2 Black Panther. Poland's authorities have not yet decided on the details of the Wilk programme, but it was indicated as one of the key issues in the Plan of Technical Modernisation of the Polish Armed Forces for 2021–2035 adopted in October 2019.

The dialogue on the security of the Korean Peninsula is another potential area of cooperation. In addition to its non-permanent membership of the UNSC in 2018–2019, Poland has been involved in Korean Peninsula issues for several decades by maintaining diplomatic relations with North Korea—since 1948—and membership of the Neutral Nations Supervisory Commission since 1953. This distinguishes Poland from other European countries (most of which do not have an embassy in the North) and creates the opportunity to engage in a discussion on changing EU policy towards the Korean Peninsula. The discussion seems to be necessary because, since 2016, the EU has been focused on imposing sanctions on North Korea, which has not resulted in positive outcomes and instead has marginalised the EU's position in the peninsula.

**Conclusions and Recommendations.** South Korean investments in Poland are crucial to their bilateral cooperation. They are coherent with Poland's economic plans for the development of electric mobility and modern industry and in creating jobs for Polish workers. The positive experience of previous cooperation and South Korea's interest in subsequent investments in Poland should be conducive to further attracting investors from this country. South Korea is interested in participating in strategic infrastructure projects in Poland, such as the construction of a nuclear power plant and the Solidarity Transport Hub. South Korea could be a valuable partner given its experience in managing the Incheon International Airport, the construction of nuclear power plants, and export of nuclear technology to the United Arab Emirates and Jordan.

In order to maintain the current intensity of the political dialogue, the Polish authorities will seek a visit by President Moon Jae-in to Poland in 2020. In terms of security and defence, the successful cooperation of their defence industries to date provides a base for further development. Cooperation with South Korea on building a main battle tank for the Polish army may be an attractive option due to Poland's unsuccessful attempts to join the French-German programme to build a next-generation European tank. In turn, cooperation with Samsung in the field of cybersecurity is becoming more attractive in the face of reservations about Huawei's involvement in the construction of the 5G network in Poland.

For South Korea, Poland may be a valuable partner in the discussion on the prospects for the EU and its Member States' engagement in the Korean Peninsula. Poland's constant diplomatic presence in both Koreas gives Poland a chance to co-shape a new EU policy towards the Korean Peninsula. Poland's contacts with North Korea, including at the expert level, may become more important given the stalemate in inter-Korean relations and the dialogue between the U.S. and North Korea. To avoid further marginalisation of the EU's position in influencing security issues on the peninsula, it is advisable for Poland to engage in a dialogue on this topic at the European level.