AN ASSESSMENT OF GHANA-SOUTH KOREA RELATIONS UNDER THE NPP ADMINISTRATION

BY

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THIS DISSERTATION IS SUBMITTED TO THE UNIVERSITY OF GHANA, LEGON, IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE MASTER OF ARTS DEGREE IN INTERNATIONAL AFFAIRS

LEGON        DECEMBER, 2012
DECLARATION

I hereby declare that this dissertation is the result of an original research conducted by me under the supervision of Dr. Linda Darkwa, and that no part of it has been submitted elsewhere for any other purpose.

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DECEMBER, 2012

DECEMBER, 2012
DEDICATION

I dedicate this work to the Glory of the Lord Almighty. Also, my late parents, wife Gladys Owusu Agyapong, daughters Marian and Meredith Owusu Agyapong, siblings Andrew, Prince, Samuel, Charles, Mary, Theresa and Georgina for their love, relentless support and enormous encouragement.
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I wish to recognise the profound grace of the Lord upon my life in all endeavours. I thank the Lord for his love and protection for the duration of this course.

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I cannot express in words my indebtedness and gratitude to all lecturers at LECIAD, particularly my dynamic supervisor, Dr. Linda Darkwa for her patience, guidance and sense of dedication towards my work. Madam, I remain grateful.

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Finally, while accepting responsibility for my error in this work, I wish to acknowledge with appreciation the enormous services of my beloved wife Gladys for her sacrifices and compassion during the period of the study.
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<th>Description</th>
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<tbody>
<tr>
<td>BLD/CONS</td>
<td>Building and Construction</td>
</tr>
<tr>
<td>CSIR</td>
<td>Centre for Scientific and Industrial Research</td>
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<td>DAC</td>
<td>Development Assistance Committee</td>
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<td>DMZ</td>
<td>Demilitarised Zone</td>
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<td>DTA</td>
<td>Double Taxation Agreement</td>
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<td>ECOWAS</td>
<td>Economic Community of West African States</td>
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<td>EDCF</td>
<td>Economic Development Cooperation Fund</td>
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<td>ERP</td>
<td>Economic Recovery Programme</td>
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<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>GAEC</td>
<td>Ghana Atomic Energy Commission</td>
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<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GEN TRA</td>
<td>General Trading</td>
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<tr>
<td>GFZB</td>
<td>Ghana Free Zone Board</td>
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<tr>
<td>GIDA</td>
<td>Irrigation Development Authority of Ghana</td>
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<tr>
<td>GIPC</td>
<td>Ghana Investment Promotion Council</td>
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<td>GNPC</td>
<td>Ghana National Petroleum Commission</td>
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<td>HE</td>
<td>His Excellency</td>
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<tr>
<td>HIPC</td>
<td>Highly/ Heavily Indebted Poor Country</td>
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<tr>
<td>ICT</td>
<td>Information and Communications Technology</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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ISSER - Institute of Statistical, Social and Economic Research
IYF - International Youth Fellowship
KIV - Korea Internet Volunteer
KOICA - Korean International Cooperation Agency
LECIAD - Legon Centre for International Affairs and Diplomacy
LPG - Liquefied Petroleum Gas
MDA - Ministries, Departments and Agencies
MDGs - Millennium Development Goals
MFARI - Ministry of Foreign Affairs and Regional Cooperation
MFG - Manufacturing
MIGA - Multilateral Investment Guarantee Agency
MOU - Memorandum of Understanding
MOWCA - Ministry of Women and Children Affairs
MP - Member of Parliament
NPP - New Patriotic Party
ODA - Official Development Assistance
OECD - Organisation of Economic Cooperation and Development
RDC - Rural Development Cooperation
SAP - Structural Adjustment Programme
SME - Small and Medium Enterprises
TOR - Tema Oil Refinery
US - United States
UN - United Nations
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ABSTRACT

This research assesses the relations between Ghana and South Korea during the New Patriotic Party era of governance in Ghana from 2001 – 2008. To reach the required goal, both primary and secondary data were used. It was observed that, Ghana has had fruitful relations with South Korea since 1977. The relations have largely been cordial although there are few challenges. Major changes in the world system following the end of the Cold War made a profound impact on the ensuing relations that developed. Domestic demands for improvement of the respective economies became more pronounced. Acknowledging the strategic importance of South Korea, an emerging global power and a Third World country, Ghana deemed it necessary to establish relations with her for accelerated development through effective cooperation. The relations have, however, been lop-sided particularly in the area of trade. Trade relations between the two countries tilt in favour of South Korea. The research examined the causes of the trade imbalance and established that some of the causes of trade imbalance between the two countries are; Ghana’s low export capacity and Korea’s export of finished products to Ghana. As a remedy, it has been recommended that serious efforts be made through collaborative programmes by both countries on all bilateral issues especially pertaining to improvement of trade. At this point, Ghana must increase her export capacity through the increase of Non-Traditional Export Products (NTE’s). It was also noted that South Korea’s development was largely based on close government and private sector collaboration. Ghana can learn from it by creating the necessary environment and empowering the private sector to help accelerate the country’s economic and industrial development. Of the importance of Foreign Direct Investment in a country’s development process, it has been noted that specific growth oriented industries (technology transfer) be identified from South Korea to help augment Ghana’s efforts at industrialisation. Such a policy option which has the potential for increasing productivity and export earning can help Ghana to bridge the trade deficit with South Korea.
CHAPTER ONE
RESEARCH DESIGN

1.0 Background to the Study

Since the attainment of independence on 6 March 1957 from Great Britain, Ghana’s foreign policy has been directed towards cooperating with other independent states in order to establish a just and equitable international economic, social and political order. This principle of her relations with other states ensures the respect of fundamental values which help advance her vital interests and promote global peace and security.¹

Consequent to the above, Ghana has continuously sought to develop and create cordial relations with those countries it shares common ideals and aspirations with by establishing formal diplomatic relations. One of such countries that Ghana has established formal diplomatic relations with is the Republic of Korea, a fast developing country with the potential to help Ghana build her economy while serving as a useful market for Korean manufactured goods.

The relations between Ghana and Korea have been growing steadily and fast since the two countries established diplomatic relations in 1977. Prior to that, there were hardly any meaningful political and economic contacts between the two countries due mainly to ideological differences emanating from the Cold War with Ghana closely aligned to the ideals of the Soviet Union² and South Korea a prodigy of the United States of America. There were also obstacles of geographical distance, language and cultural barriers coupled with the fact that some years ago, South Korea was herself a struggling developing country very much in the same league as Ghana. South Korea’s economy has grown rapidly over the last three
decades. As a result, Korea has become increasingly attractive to Ghana both as a potential source of Foreign Direct Investment (FDI) and a market for non-traditional exports. Due to Korea’s economic success it has become a model and dependable partner in economic development for several developing countries.³

Prior to Ghana’s establishment of diplomatic Mission in Seoul in 1999, several high ranking members of the Government of South Korea had paid official visits to Ghana to discuss issues relating to trade, investment, and implore on their host the need to enhance the relations between the two countries.⁴ South Korea’s interest and participation in the Ghanaian economy has been enormous. Some of the notable activities undertaken by the Koreans in Ghana are the construction of petroleum storage depots in 1991 and the rehabilitation of the Tema Oil Refinery in 1996. Beside the issues mentioned, Korea has also become a popular destination for migrant Ghanaian youth in their quest for greener pastures.⁵ The decision by Ghana, therefore, to open a diplomatic mission in Seoul, in November 1999, was clearly in response to the need to consolidate the expanding cooperation between the two countries.

As already mentioned, the cordial relations between Ghana and South Korea have been on the ascendancy since 1977 and continued under the tenure of office of Mr. John Agyekum Kufuor as President of Ghana from 2001-2008. This relationship manifested in the exchange of high level official visits, including the visit of Ghana’s President to Korea in October 2006 at the invitation of his Korean counterpart to attend the first Korea-Africa Forum. Other high profile visits within the framework of Ghana-South Korea bilateral relations was the three day official visit to Ghana in January 2006 by the former Minister for Foreign Affairs and Trade of the Republic of Korea and now United Nations General Secretary, Mr. Ban-Ki Moon. As a reciprocal gesture, and to enhance relations between the two countries, Ghana’s
former Foreign Minister, Nana Addo Dankwa Akufo-Addo visited Korea to convey Ghana’s full support to South Korea’s candidate, Mr. Ban Ki-moon to be elected as United Nations Secretary General. Interestingly, Mr Ban Ki-moon was to take over from Mr. Kofi Annan, a Ghanaian.

The year 2007 marked the 30th anniversary of the establishment of diplomatic relations between Ghana and South Korea. To commemorate the event, programmes such as exchanged cultural groups and cultural exhibitions were organized to showcase the unique cultures of their respective countries.

It is pertinent to note that, cooperation between Ghana and its external partners is facilitated through the Ministry of Foreign Affairs and Regional Integration (MFA& RI) and representative embassies abroad. The MFA&RI coordinates its activities with relevant MDA’s towards the implementation of set objectives. The Korean Embassy on the other hand facilitates trade, economic and other relations between the two countries by organizing seminars and exhibitions for Ghanaian business persons who desire to do business with South Korea. The Ghanaian Embassy in South Korea also performs similar functions to attract investment opportunities for Ghana.

It is Ghana’s objective to ensure a better future for its citizens by halving poverty by the year 2015 as envisaged in the Millennium Development Goals (MDGs). It is estimated that Ghana needs to grow by 8-10 percent per annum if the MDGs are to be attained. It is for this reason that the need has arisen for Ghana to strengthen her relations with friendly nations for mutual benefit. It is believed that Ghana’s relation with South Korea could help Ghana to achieve some objectives contained in the MDG’s.
1.1 Statement of the Research Problem

There has been tremendous improvement in the relations between Ghana and South Korea especially between 2001 and 2008. A lot has been seen in the area of bilateral relations including frequent exchange of visits by officials of the two countries. However, trade which has become so important in relations between states is unattractive between the two states. The volume of trade between the two countries is very small notwithstanding the number of times Ghanaian officials have been to Korea and vice versa, all with the ultimate aim of discussing ways to improve trade between the two countries. In spite of the unattractiveness of trade between these countries, the balance of trade is in favour of Korea which implies that Ghana has a trade deficit with the Republic of Korea. There is therefore, the need to investigate the cause of this trade deficit.

1.2 Objectives of the Research

In addressing the research problem, the study seeks to:

a) Unearth the reasons for increased Ghana-South Korea relations;

b) Assess the flow of trade between the two countries;

c) Assess South Korea’s investments in Ghana;

d) Offer recommendations on how the relations could lead to a win-win situation for the two countries.

1.3 Scope of the Study

The study covers mainly trade and investment relations between Ghana and South Korea from the year 2001 to 2008. This period is significant as it falls within the 30th anniversary of diplomatic relations between Ghana and South Korea. Within the period under study, there has been a number of high profile visits by high ranking members of both countries which
was not the case in years before. The importance the government of Ghana attaches to its relations with South Korea need commendation. It is therefore necessary to examine the significance of this relationship. In the process of this examination, other issues relevant to the study will be touched.

### 1.4 Rationale of the Study

In 1963, Korea with an annual income per capita of $100 was considered as one of the least developed countries in the world, almost the same as Ghana. Today, the Republic of Korea is the 13th largest economy in the world and highly respected due mainly to prudent economic policies implemented by its governments. This has enabled most countries to partner Korea for the mutual benefits of their peoples. This cooperation has come in the form of trade, investment, finance, technology and many more. It is therefore, prudent for developing countries such as Ghana to learn from the Korean experience and closely collaborate with them especially in areas of trade and investments. Although improvement in overall Ghana-South Korea relations is highly commendable, one major issue that need to be addressed is the unattractive low volume of trade between Ghana and South Korea. It is therefore, imperative to investigate the cause of this problem and offer policy recommendations to resolve this issue. The study is deemed significant due to the fact that not much work has been done on Ghana-South Korea relations. This study would therefore serve as a useful source for scholars and policy makers for future research work.

### 1.5 Hypothesis of the Study

Ghana’s trade deficit with the Republic of Korea will endure unless intensive efforts are made towards diversifying her export base with processed or semi processed products that are oriented towards the South Korean market.
1.6 Theoretical Framework

An analysis of Ghana’s relations with the Republic of Korea requires a multidimensional framework. It can be assessed from several angles including trade and development dimension. However, for the purpose of this study, the theory of cooperation is employed because countries have to cooperate first before they can go further to discuss trade and development. According to Steve Weber cooperation occurs in international relations when states adjust their policies in a coordinated way, such that each state’s efforts to pursue its interest facilitates rather than hinder the efforts of other states to pursue their own interests. Joseph M. Grieco defines the concept of cooperation as the “voluntary adjustment by states of their policies to manage their differences and reach mutually beneficial outcomes”. Proponents of international cooperation have identified three main conditions that facilitate cooperation among states. First, states perceive that there is a common interest in cooperation in terms of benefits or the avoidance of common problems. Secondly, cooperation is easier when few states need to coordinate their policies. Thirdly, it has been suggested that states are prone to cooperate with other states if they value future benefits relative to immediate gains. This is due to the fact that, the benefits of cooperation efforts are often experienced in the future; while costs are immediately felt mostly when cooperation begins. As a result, governments who cooperate often consider the future benefits rather than the immediate costs of cooperation.

Two known theories that dominate the contemporary debate on cooperation are modern realism and liberal institutionalism. Realist political theory has been at the vanguard of the study of international relations since World War Two (WW II). Realism theory has three basic assumptions. Firstly, states are the major actors in world affairs; secondly, the international environment harshly penalises states if they fail to protect their interests, pursue
objectives beyond their means or behave as unitary rational agents. Thirdly, international anarchy is the principal force conditioning the external preferences and actions of states. Based on these lines of thought, realists have further developed two key things concerning international cooperation.

First, realists assert that the prime concern of states is their security and power and for that matter, they are prone towards conflict and competition and are often unwilling to cooperate even when they have a common interest. Second, realists concede that international institutions can marginally lessen the inhibitory effects of anarchy on the willingness of states to cooperate.

Liberal institutionalism on the other hand has an entirely different view from that of realism. The liberal institutionalism in one period or the other has been referred to as functionalist integration theory, neo-functionalist theory or independence theory. Liberal institutionalists disprove the realists’ understanding of world politics. They rebuff realism’s assumption about the centrality of states. For them, key new actors in world politics were specialised international agencies and their technical experts. Neo –functionalists regards unions, political parties, trade associations, and supra-national bureaucracies as actors in world politics. The independence school of thought perceive multinational corporations, transnational and trans-governmental coalitions also as actors in international politics.

Liberal institutionalists also observe that frequent interaction among states causes these states to be dependent on one another for any form of assistance that would help to achieve faster economic growth, create employment and improve the living standard of their people. According to liberal institutionalists, states put much emphasis on the well being of their
citizenry than on other issues like security or the state becoming more powerful. Liberals, thus, discard the realist proposition that states are basically reluctant to cooperate. They affirm that States regard one another as partners rather than enemies.

This study therefore, relies on the liberal institutional theory of cooperation. Cooperation involves a number of components. When states cooperate they work together voluntarily. States have freedom to associate with other states and at the same time renege their association with those states when they are not comfortable with the relationship. The purpose of cooperation between states should therefore be clearly defined.

Based on the liberal institutionists’ ideas, the two countries under no undue pressure from any Super Power or quarters saw the need to voluntarily work together with the aim of propelling them to greater heights by increasing the lots of their people. It is the desire of Ghana and South Korea to associate with each other. If there would be the need for the two countries to annul their relations, due process would be followed to discontinue their relations. It is therefore imperative to understand that there would not necessarily be the need for cooperation between states unless there are some common beneficial interests between them. It is also worth noting that, cooperation does not mean that there would not be any conflict of interests among states. When states cooperate, measures are put in place to overcome conflicts when they do arise to their mutual benefit.  

Of major significance to the theory of cooperation is the extent to which the benefits of cooperation prevail over the benefits of unilateral action. The concept of international cooperation is relevant to the relations between Ghana and South Korea because when the two countries effectively cooperate in the areas of trade, investment, technology transfer,
tourism and others, maximum benefit would be derived by both countries which will enhance their position and translate into meaningful wealth creation that would lead to a win–win situation for the people of the two countries.

1.7 Literature Review

A number of scholars have researched into and produced publications on inter-state relations as well as on international economy. However, there is no specific writing on Ghana-South Korea relations. As such work done on interstate relations with particular reference to the detriments of North-South divide; need for South-South Cooperation, international commerce and on international political economy have been reviewed since they are relevant and provide general explanations for a study of this nature.

On inter-state relations, neo-realists such as Kegley and Wittkopft assert that as long as states desire to survive, they must be aware of threats posed by other states within the international system. It is therefore, necessary for states to put in place mechanisms for self-protection and defence. Linking their views to the position of distribution of power, neo-realists observe that:

> when faced with the possibility of cooperating for mutual gain, states that feel insecure must ask how much the gain will be divided…. If an expected gain is to be shared in the ratio of two to one, one state may use its disproportionate gain to implement a policy intended to damage or destroy the other. Even the prospect of large absolute gains for both parties does not elicit their cooperation so long as each fears how the other will use its increased capabilities.

Based on this argument, it can be said that, inter-state relations is commendable, though it is surrounded by threats and uncertainty of an anarchical international system. There is however, a different view from neo-liberals that, the state of interdependence can lead to a far higher level of cooperation among states. Neo-liberals argue that visionary governments will search for possible areas for cooperation in a bid to overcome problems which impinge on collective action. As a result, they recommend that, international cooperation does not require
assumptions of self-abnegation on the part of individual states instead cooperation should allow rational states to better achieve their policy objectives. Neo- liberals, however, place a caution against instability in international cooperation due to the fact that domestic pressure and temptations may force states to alter their policies to the detriment of other states and to its own brief advantage.

Considering the importance of strategic interaction between states, Arthur A. Stein postulates that the emergence of a single global system and international society invariably facilitates increase international interaction. This has resulted in ending the isolation of states to the extent that areas whose earlier developments could be measured without reference to the wider world came to be integrated under one system. He went further to highlight that when, how and why states cooperate and choose to deal with each other is the main foci of international politics. He further argues that the state of cooperation and conflict between states is a product of circumstance and choice as specific choices and definitions of national interests invariably impinge on states’ foreign policies.

Bruce Russett and Harvey Starr, on a discussion on “achieving order and collaboration in the world system” outline the possible ways in which order can be achieved in a near anarchical world system. To explain their point, they classify the institutions and mechanisms that typify most of the behaviours between international actors and contend that the occurrence of conflict depends on the relationships among international actors. Russet and Starr identified interdependence as one feature of the international systemic construction which contributes to the problems of creating order as well as the situation necessary for attaining order. They further mentioned that if interdependence is unbalanced whereby one
party depends more on the other, the other could be fed up of its enormous contribution which could lead to annoyance and antagonism in such a relationship.

Stephen Gelb in his work “South-South Investment: The Case of Africa” stressed on the significance of south-south cooperation particularly in the areas of trade and investment. He argues that market-seeking firms in utilities, services, and manufacturing are more likely to give accessible goods and services to local firms and households if the supply company originate from another emerging country than from a developed country. Gelb asserts that south-south investment is also very likely to make use of supply and business network models that would not only promote backward and forward linkages within the local economy and subsequently support domestic business development but also, lead to more successful entry of foreign firms. According to him, developing countries with limited “absorptive capacity” in the host economy to employ new technologies, the smaller “technology gap” between local enterprises and foreign investors firms from other developing economies improves possibility of technological transfer through foreign direct investment. Joan E. Spero, affirmed, that the protectionist policies of the rich north are detrimental to the south’s development. According to Spero the rich north believe that their industries suffer because of unfair price competition by other countries. Due to this, the north enact tariffs which eventually raise prices of imported goods, subsidises local industries to produce cheap goods and services and imposes quotas on imported goods. These protectionist measures are obstacles for the south to compete with the rich north. Spero therefore, advises that it is necessary to intensify south-south co-operation in all avenues for Third world’s economic recovery. The protectionist policies of the north undermine the basic objectives of General Agreement on Tariffs and Trade (GATT) which propagates fair trade for all countries. Dennis Benn however, maintains that south- south cooperation is a two-
dimensional strategy for development and also for collective self-reliance. As a development strategy, he observed that sub-regional integration as well as inter-regional cooperation among developing countries is a means of optimising the development potential of the developing countries through the expansion of market size. Benn advises that it is absolutely necessary for developing countries to trade with each other to accelerate their development. However, south-south countries face challenges because of their dependence on raw materials exportation and their production of similar products. Gamani Corea\textsuperscript{20} supports the view of Benn by stating that the improvement of the market access globally and the opportunities for export that come with it provide scope for wider participation in the world economy. Hence, the production structures of developing countries could be oriented towards global, inter-regional, regional as well as domestic markets. Corea recommends that for developing countries to have an impact on the world economy there is the need to coordinate and build strong production structures that would enable them to produce the needed products into the global market. He asserted that if the necessary production structures are put in place, the developing countries would make significant contribution in the world economy and turn their economies around on a path to development.

Again on South-South co-operation, South Centre, a permanent intergovernmental organization for developing countries, in their book \textit{Enhancing South-South Trade} acknowledged the importance of inter-regional trade by alluding to that fact that, south-south trade currently accounts for a small proportion of the total trade of Third World economics and that the prospect for inter-regional trade will continue to improve as developing countries continue to enjoy high rates of economic growth as their economies diversify and relies more on each other.\textsuperscript{21} In supporting the assertion of the South Centre, the stride made by Ghana and South Korea in their economies and the discovery of oil in large commercial quantities in
Ghana in 2007, the desire by Ghana to diversify its market and the increasing need of raw materials by South Korea make the two countries attractive enough to do business with each other. Touching on the need for south-south cooperation, Roger Hansen observed that other international economic institutions like the IMF beside GATT were “deeply biased against developing countries in their global distribution of income and influence”\(^ {22}\) hence developing countries should make the necessary efforts to help themselves to attain an appreciable level of development.

Due to the perceived sidelining of third world countries by the international institutions, Sheila Page in her book *How Developing Countries Trade* highlighted the importance of investment in the development of these third world countries. Page asserted that foreign investment is the most suitable form of foreign capital to promote in developing countries because its advantages include low financial costs and also serve as a source of high technology.\(^ {23}\) She further asserted that foreign investment is changing greatly in importance and this has direct effects on trade, however, most countries that receive these foreign investments are vulnerable to controls attached to these investments.\(^ {24}\)

In summing up the views of majority of these scholars, there is the need for countries to engage in international business, be it trade, investment or any other form that would be beneficial to that country. Touching on the nature of international business, Williard A. Workman, believes that a liberalised, democratic, market-driven policies suit all states especially the developing countries which lag behind in terms of development.\(^ {25}\) Workman asserts that because of rapid globalisation which has positively or negatively impacted on countries, trade and its related issues cannot be separated from other business and investment...
decisions. This view of Workman has contributed to many developing countries having trade and investment as a cornerstone in their relations with other countries.

K.B. Asante, in a discussion on *Ghana’s Foreign Policy Options in the 21st Century*, asserted that there is a compromise that Ghana’s national interest should be on economic development. According to him there should be no disagreement about economic growth and trade being in the national interest of Ghana. Asante further explained that basically, the national interest stresses on improvement in Ghana’s balance of payments. According to Asante, this can hardly be achieved without major growth in key sectors such as agriculture and industry. To Asante, agriculture may be improved to a significant level relying mainly on efforts and local resources. As of industry, He maintained that Ghana requires substantial investment and import from outside. Asante highlighted that Ghana should select industries that can lead its economic take-off and target its foreign policy to obtain the necessary outside participation. Ghana can take a lesson from Asante’s advice by learning from the Koreans. The Koreans in the 1960s had an agrarian economy like that of Ghana. In line with Asante’s suggestion, Korea selected some important industries and invested heavily in those sectors which propelled them to the level they are currently.

1.8 Sources of Data

Information for this research was gathered from both primary and secondary sources. The primary sources included unstructured interviews with a former Ambassador of Ghana to Korea who worked in South Korea during the period of the study, an official of the Korea Embassy in Accra, and the President of the Association of used Auto Parts Dealers in Ghana who deal in products from Korea. Officials of the Middle East and Asia Bureau of the Ministry of Foreign Affairs and Regional Cooperation, the Ministry of Trade and Industry
and the Ghana Investment and Promotion Centre (GIPC). Materials from Embassy of the Republic of Korea in Accra as well as briefs, and dispatches from the Ghana Embassy in the Republic of Korea, Seoul were used. In addition, books, journals and written reports were consulted.

Relevant documents from other Ministries, Departments and Agencies, institutions such as the Centre for Policy Analysis (CEPA) and Institute of Statistical, Social and Economic Research (ISSER) were also utilized.

1.9 Methodology

The methodology used in the study is purely qualitative. Qualitative enquiry focuses mainly on the analysis of information gathered from interviews, books, published and unpublished works, journal articles, newspapers, documents as well as reports, which characterised the relations between Ghana and South Korea during the period under review. This approach helped in turning complex data into a simple summary. This method is usually employed in studies which contain large amount of secondary data.

1.10 Arrangement of Chapters

The study is divided into four chapters. The first chapter constitutes the research design: an introduction to the background of the study, the statement of the research problem, the objectives of the study, hypothesis, scope of the study, the rationale of the study, the theoretical framework within which the study was conducted, the literature review, the sources of data as well as the arrangements of chapters. Chapter two presents the political and economic background of Ghana and the Republic South Korea. It also includes a brief overview of the foreign policy of the two countries. The third chapter assesses the relations
between the two states from 2001 to 2008. Chapter four comprises summary of key findings, conclusion and recommendations.
Endnotes

3 Some countries that are cooperating with South Korea are Gabon, Algeria, Equatorial Guinea and others. According to www.en.legabon.org, accessed on 28/09/12 South Korean Company Samsung Corporation in July, 2012 signed an agreement with the Gabonese Government to construct a refinery at a cost of $1b in Gabon. Another Korean company SK group has a stake in eight oil fields in six African Countries including, Algeria, Equatorial Guinea and Ivory Coast.
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CHAPTER TWO

NATIONAL PROFILE OF GHANA AND SOUTH KOREA

2.0 Introduction

This chapter basically gives a general overview of the national profiles of both Ghana and South Korea. It delves into the geography and people, natural resource endowments, the economic path that was undertaken by the two nations in reaching their current level of development. It also highlights on the governance system, political history as well as the foreign policy orientation of the two countries.

Ghana

2.1 Geography and People

The Republic of Ghana is situated on the west coast of Africa that borders Cote d’Ivoire to the west, Burkina Faso to the north, Togo to the east, and the Gulf of Guinea to the south. Ghana is almost oblong in shape and lies roughly between Longitude 1° East and 3° West along the Atlantic Coast, and stretches inland from about Latitude 5° to 11° North of the Equator. Ghana spans a total land area of 238,537 square kilometres (92,085 sq mi). The coastal area of Ghana is generally flat. The vegetation of the coastal area is low grassland and the land is appropriate for animal husbandry and the cultivation of a wide range of vegetables and tropical fruits. Swamps near river estuaries support the growth of the raffia palm. Oil palm plantations and Coconut palm also flourish in the coastal belt and provide raw materials for a range of industries. There also abound pristine beaches which is a great attraction for tourism.
A mountain range cut across the country north-westwards from Togo in the east to the Brong-Ahafo region in the west. This mountain range divides the country into two main zones of land; the savannah to the north and the rich forest lands to the south. The middle belt of the country which is the third vegetational zone is made up of primary and secondary forests where most of the country’s cash crops and timber grow. It is also rich in mineral resources. At this middle belt, topography is generally hilly. The forests give way in the north to the flatlands of the savannah in which the vegetation is sparse. The savannah zone is one of the most important farming areas for the cultivation of millet, rice, sorghum, guinea corn, yams and legumes.

Ghana’s rivers support agriculture, provide a means of transportation, and support the fishing industry. The largest of these rivers is river Volta, across which the Akosombo dam has been built to provide electricity for the country and for export to neighbouring countries. Rivers Ankobra, Birim, Densu, Offin, Pra and Tano are other major rivers, which serve as a source of drinking water and used by industries for production. Ghana’s natural lake, Lake Bosumtwi is located about thirty-two kilometres southeast of Kumasi, the second commercial capital. This lake serves as a tourist attraction to foreigners including Koreans.

Ghana has a hot climate and high humidity because of its proximity to the equator. It has two major seasons, namely the wet season which lasts from April to September, and the dry season which starts from November and ends around March. In the wet season, heavy rainfalls sometimes affects crop production resulting in reduce yield and harvest losses. This eventually culminates into food shortages and high food prices. Annual rainfall ranges from about 2030mm in the south-east to an average of about 1015mm in the north. In the extreme dry season, drought affects agriculture activities and the supply of portable water and water
pollution. The country has moderate annual temperatures generally between 21-32°C with an annual average of about 26.5°C.

Ghana’s population is estimated to be about 22.2 million. The most densely populated areas are the urban centres of Accra, Kumasi, Sekondi-Takoradi, Tamale, and Cape Coast. There are about 100 ethnic groups in Ghana. The key ones are distinguished largely by language and, to a lesser extent, by their political, social and other cultural institutions. The Akan constitute more than half the country’s population and consist of the Asante, Fante, Akuapem, Akyem, Kwahu, Assin, Wassa, Gomoa, Agona, and Twifo. The Ga- Adangbe and the Ewe live in the south-eastern part of Ghana. The Mamprusi, Mossi, Dagomba, Gonja, Konkomba, Lobi, Nanumba, Sisala, and Dagaba inhabit the northern half of the country. Ghana is a secular state. The major religions are Christianity, Islam and traditional. Other religions such as Buddhism from the Far East are also practiced by a small minority. English is the official language. It is estimated that about 79 Ghanaian languages are spoken in the country.

2.2 Natural Material Endowment

Two-thirds of Ghana’s land is fertile and is suitable for growing a wide variety of food crops. Tubers, legumes, and cereals such as millet, rice, maize, and sorghum are cultivated in commercial quantities in the relatively dry areas of the north. With irrigation, the potential for food production in the north can be greatly enhanced. Crops such as yams, sweet potatoes, cassava, plantain, corn, and a wide variety of vegetables are cultivated in the south. Fruits such as bananas, guava, mangoes, and pineapples feed the export market. Cash crops which are grown include kola, cotton, cashew nuts, cocoa, oil palm, shea nuts, coffee, coconuts,
sugar cane, rubber, and tobacco. The country’s forests also contain several species of timber of high market value which feed both the local and export market.

Ghana’s rivers, lakes, and dams are rich in various fresh water fish species. They are also a source of drinking water. The inhabitants along the coast fish mainly from lagoons and the sea. The country has a coastline of 539 kilometers and an exclusive economic zone of 200 nautical miles. The Gulf of Guinea abounds in marine fish. Ghana’s lake Volta which was created from the Volta river by the construction of the Akosombo dam is one of the largest man-made lakes in the world. The lake’s surface covers 8,469 square kilometres, contains 147,600 million cubic meters of water, and stretches for 402.5 kilometres, with 4,830 kilometres of shoreline. When the rainy season causes the lake waters to rise, the latter can flood as many as 101,250 additional hectares. The dam generates power for local consumption and for export to especially the neighbouring countries. Another hydroelectric dam at Kpong and a Thermal plant at Aboadze in the western region supplement the power generated at Akosombo. Ghana has in abundance mineral resources, including gold, diamonds, manganese, limestone, bauxite and recently oil. The bauxite deposits in the Kwahu plateau and at Kibi remain unexploited. In 2007, there was huge oil and gas discovery in the western region and production in commercial quantities started in 2010 and is still ongoing.

2.3 Economy

Linda Van Buren asserts that Ghana possessed one of the strongest economies in Africa at independence. The Ghanaian economy however declined drastically 25 years after independence in 1957 due to the fact that, the economy was based largely on the export of cocoa without any diversification. Other factors which led to the decline of the Ghanaian economy were oil price hikes in 1974, mismanagement of the economy and reduction in
world market prices of cocoa in the mid 1960s which eventually culminated in a shortfall in exports receipts. Due to these factors, Ghana witnessed a fall in real per capita income resulting in reduction in the production of the main food crops, as well as the agricultural and mineral exports. This, as a result, caused a reduction in the government tax base and a fall in income in all sectors of the economy. All these factors played a major part in the Ghanaian economy resulting in deficit balance of payment position which resulted in reckless borrowing by governments leading to huge external debts.

An effort to revitalise the economy saw the introduction of the Economic Recovery Programme (ERP 1 and 2) in 1983 and 1987-1990 respectively by the Bretton Wood Institutions (the World Bank and the International Monetary Fund). The second period (1987-1990) was referred to as the Structural Adjustment and Development phase of the recovery. During the period, there was a massive injection of foreign capital into the Ghanaian economy which resulted in a sustained growth of 5.5% of GDP per annum. This notwithstanding, growth did not match development.

Due to failures of SAP and ERP, Ghana adopted the Heavily Indebted and Poor Country (HIPC) programme. This initiative by the Kufuor administration (2001-2008) was a desperate attempt to avoid the country being declared bankrupt. The government’s decision to join the HIPC initiative was criticised by most Ghanaians. The perception of the people was that, such a decision would deter private investment and Ghana’s image would be dented by being tagged as a poor country. However, the decision was applauded by International Financial Institutions and major development partners like the United Kingdom. Notwithstanding the people’s objection to the initiative, it has helped the country to attain a huge debt cancellation that has propelled the government to undertake vital socio-economic activities.
Ghana’s economy is divided into three main sectors which are agriculture, industry and services. The agricultural sector contributes an estimated 29.9% of the country’s GDP employing an estimated 55% of the work force of the country. Cocoa, which has been the main traditional cash crop of Ghana, occupies one-half of arable land and also ranks as one of the country’s highest foreign exchange earners. Other agricultural products that earn the country foreign exchange include timber products, coconuts and other palm products, shea nuts, from which edible fats are produced. The export of non-traditional agricultural products such as pineapples, cashew nuts and pepper also earn Ghana a significant amount of foreign exchange. Gold is the country’s highest foreign exchange earner. Tourism follows closely behind, in terms of foreign exchange earnings. 

Ghana is well endowed with natural resources yet remains somewhat dependent on Official Development Assistance (ODA) and aid from some industrialized Western Countries for development. About 28% of the population still live below the internationally recognized poverty line of US$1.25 a day. The regions in the northern part of the country are still developmentally marginalized. According to the World Bank, Ghana's per capita income has barely doubled over the past 45 years.

Ghana is one of the world's top gold producers. In addition, it exports such other items like cocoa, timber, electricity, diamond, bauxite, and manganese which are major sources of foreign exchange. The Akosombo Dam, which was built on the Volta River in 1965, provides hydro-electricity for Ghana and its neighbouring countries. The dam is the major source of electricity generation in the country. However recently, thermal and gas generated plants have been developed to augment the energy needs of the Nation and its neighbours such as
Burkina Faso, Togo, Ivory Coast whose energy needs together have far outstripped their capacity.

Ghana’s labour force in 2008 totalled 11.5 million people. Ghana’s economy which depended on agriculture has shifted towards services which now account for 51.4% of GDP. Ghana’s industrial and production base include areas such as mining, lumbering, light manufacturing, aluminium, and food processing. The industrial capacity utilization is rising steadily and in 2010 accounted for 18.6% of Gross Domestic Product.

2.3.1 The Decline of the Ghanaian Economy

Ghana’s economy was strong at independence and had one of the highest per capital income on the continent however due to the oil price hike between 1975 and 1977 and again from 1981 to 1983, the economy drastically declined. Other causes of the decline were massive involvement of the state in the economic affairs, mismanagement of the economy, excessive public spending, reckless borrowing among others which led to huge external debt. This eventually resulted in the decline of its income per capital to about 30% between 1970 and 1983.

Another contributing factor to the deterioration of the economy was the smuggling of cocoa beans across the borders by Ghanaian farmers. Cocoa production fell to 28% in 1983 of its value as compared to what it produced in 1965. A massive taxing system by the government as well as a massive overvaluation of the exchange rate affected Ghana’s economic growth. Smuggling gained prominence among Ghanaian farmers because while local farmers were earning 15% to 40% of prevailing world prices, those in neighbouring Cote d’Ivoire were
earning up to 66%. This led to the increase in the world market share from 13% to 30% for Cote d’Ivoire.\textsuperscript{29}

In spite of the fall in revenues receipt, government declined to control its expenditure due to the fact that, there were external grants to cater for other budgetary considerations. Even non-producing public enterprises which had become a waste pipe on the economy had enough budgetary allocation for their activities. The fiscal imbalances at its peak in 1976 had a budget deficit of 11.3\% of the GDP, inflation shot up from single to even double and triple digit levels with an average of 58\% between 1972 and 1982.\textsuperscript{30} The rise in inflation caused a decrease in real wages. The shortage of essential goods affected production in the agricultural sector which the economy largely depended on for development. As a result, the other sectors also had a devastating effect on the economy.

The introduction of the Economic Recovery Programme (ERP) instituted by the Bretton Woods Institutions in 1983 contributed immensely in stabilizing the economy and eventually growth for some time.\textsuperscript{31} A great effort was made to stabilize the currency of the country which had fallen in value so drastically that it was almost worthless between 1992 and 1994.\textsuperscript{32} The government put in place measures to stabilize the economy which witnessed drastic increase in revenue and somehow minimised the level of government expenditure. These measures led to the stabilization of the monetary base which helped to curtail the excessive inflation.

The controlled measures impacted positively on the economy. GDP rose from -1\% to 5\% in the first five years of the ERP. Total merchandise grew at 22\% per annum and traditional exports such as timber and cocoa also recorded some growth. Real wages improved as
inflation fell. Retrenchment in the public sector culminated in the reduction of the wage bill which allowed a greater part of the wage bill saved, to be used to support recovery of real earnings.

In 1992, a fall in tax revenue, increase in wages of public officials, drastic decline of foreign aid received impacted negatively on the Ghanaian economy. As a result, fiscal account went from a surplus 1.5% of GDP to a deficit of 4.8% in 1992 and again deficits of 5.6% in 1993. These factors affected the savings rate in Ghana. Gross private investment was interrupted which indirectly affected macroeconomic stability.

The continued domination of the public sector as the main employer with incommensurable level of productivity continues to put a large strain on the Ghanaian economy. In spite of some increase in employment in the private sector from 1983 to 1987, the private sector share of formal employment climbed to the level of only 20%.

2.4 Governance and Politics

Ghana is a multi-party democratic Republic with a constitutionally elected government. The constitution of Ghana provides that “Parliament shall have no power to make a law establishing a one-party state” and that the sovereign state of Ghana is a unitary republic. The three arms of government are the executive, the legislature and the judiciary. The President is the head of the executive branch and is elected directly by the people. He is vested with executive powers and is the Commander-in-Chief of the Ghana Armed Forces. He is assisted by the Vice President and a cabinet of Ministers. The Constitution requires that more than half of the Ministers of State must be appointed from among members of Parliament.
Ghana has a unicameral legislature. The legislative power of Ghana is vested in Parliament which consists of 230 elected members elected from 230 constituencies. The speaker of Parliament is elected by members of Parliament. The speaker is assisted by two Deputy Speakers who do not belong to the same political party. For any Bill passed by Parliament to become law, it must have the accent of the President, who has a veto over all bills except those stated as a vote of urgency.

The Judicial power of Ghana is vested in the Judiciary, which is headed by the Chief Justice. The Chief Justice is appointed by the President, acting in consultation with the Council of State and with the approval of Parliament. The Judiciary consist of the Supreme Court, the Court of Appeal, the High Court and regional Tribunals and such lower courts or tribunals as Parliament may by law establish. The main responsibility of the Judiciary is to ensure that justice is done to all persons. It is independent and answerable only to the Constitution.

Ghana is divided into ten administrative regions, which are the capital area of Greater Accra Region, Ashanti Region, Brong Ahafo Region, Central Region, Eastern Region, Northern Region, Upper East Region, Upper West Region, Volta and Western Region.

2.5 **Foreign Policy Orientation**

Policies advocated by Ghana’s first President, Dr. Kwame Nkrumah have endured and continue to form the basis of Ghana’s foreign policy since independence in 1957. Addressing newly appointed Heads of Mission at an induction seminar held in Accra in August 2001, the former Minister of Foreign Affairs, Hackman Owusu-Agyeman said “Ghana’s foreign policy from independence in 1957 to the present and spanning ten different administrations has remained largely unchanged in its basic tenets; the formation of the policy which derives
from the nation’s historical, geographical and economical perspective was laid during the first republic.”

The basic document that sets the parameters of Ghana’s foreign policy is the 1992 Constitution. In accordance with this Constitution, the Government conducts its international affairs in consonance with the accepted principles of public international law and diplomacy in a manner consistent with the national interest. In line with its foreign policy objectives, Ghana also promotes and protects its national interests in its dealings with other nations. The country also seeks the establishment of a just and equitable international economic and social order; the promotion of respect for international law, treaty obligations and the settlement of international disputes by peaceful means; the adherence to the principles enshrined in the United Nations Charter, the African Union Charter, the aims and ideals of the Commonwealth; the Treaty of the Economic Community of West African States and any other International organization of which Ghana is a member.

Ghana considers it vital to forge closer relations and cooperation with its neighbours. In line with this policy, various Presidents have paid official visits to a number of neighbouring countries. Ghana has also been promoting political, cultural and economic cooperation with African, Asian, Arab and European countries. Collaboration with international organizations is an important aspect of Ghana’s foreign policy as it has resulted in the latter receiving financial, technical and other forms of assistance for on-going developmental projects.

The poor performance of Ghana’s economy and the end of the Cold War, which brought about changes in the international political climate impacted on Ghana’s foreign policy. Greater emphasis is now placed on economic diplomacy through the promotion of tourism,
investment and trade. Ghana is actively searching for new markets for its exports and new areas of cooperation in the economic field with foreign nations.

The Republic of Korea

2.6 Geography and People

The Korean Peninsula stretches to about 1,000 kilometres south from the north eastern side of the Asian continent. The Korea Strait at the south east is about 200 kilometres to the Japanese islands of Honshu and Kyushu and 190 kilometres west is the Shandong Peninsula of China. Korea Bay to the north borders the west of the peninsula, while the Yellow sea borders the south. At the east, is the Sea of Japan. The 8,640 kilometre seashore is indented and about 3,579 islands adjoin the peninsula. Large part of this coastline is found at the south and the west coast. At the northern border of the peninsula are the Yalu and Tumen rivers. These rivers separate Korea from Jilin and Liaoning provinces in China. The border between the north and South Korea is the thirty-eight parallel of altitude. At the end of the Korean War in 1953, the Demilitarized Zone (DMZ) created the frontier between the two states. The 4,000 meter wide DMZ is heavily guarded and runs along the line of armistice. The 241 kilometres demarcation line from east to west forms the land frontier with North Korea. The Korea peninsula and the islands mentioned above are about 220,847 square kilometres. About 44.6\% of this figure minus the area within the DMZ is the Republic of Korea.

Korea has a mountainous terrain and a temperate climate with four distinct seasons; winter, summer, spring and autumn. Winters are long, chilly and dry. In summer, the temperature is warm and moist. Spring and autumn are short. The temperature of Seoul in January ranges from -5° C to -2.5° C; in July it normally ranges from 22.5° C to 25° C.
Korea’s population is about 48.5 million. The capital of South Korea is Seoul. There are about 9.8 million people who live there. Koreans are religious people with Christianity contributing to about 26.3% of the population. Of the 26.3%, about 19.7% are Protestants and the remaining 6.6% are Roman Catholics. About 23.2% of the population practice Buddhism while 1.3% does not know their religion. A huge 49.3% of the populace do not belong to any religious sect.\textsuperscript{46} Korea’s literacy rate is 97.9%.\textsuperscript{47}

2.7 Natural Material Endowment

South Korea’s mineral deposits are meagre as compared to that of Ghana. The prominent mineral deposits of South Korea are coal, iron ore, anthracite, and graphite, with even more minimal amounts of lead, zinc, gold and silver. South Korea’s terrain is mostly mountainous, most of which is not arable. Korea’s arable land is just 16.58% of the total area.\textsuperscript{48}

2.8 History

The Korean state has been in existence for several millennia. Until the 20th century, Korea existed as a single country. In 1392, China considered Korea as part of it with the creation of the Choson Dynasty. In 1895, Korea gained independence from China at the end of the Sino-Japanese War when the Treaty of Shimonoseki was signed.\textsuperscript{49} In 1905, following the Russo-Japanese War, Japan forced Korea to sign the Protectorate Treaty that commenced a period of Japanese rule. In 1910, Tokyo formally annexed the Korean Peninsula but surrendered it in 1945 to the United States of America which led to Korea regaining its independence.\textsuperscript{50} After World War II, a democratic government was established in the south of the peninsular (South Korea) while a communist type was set up in the north (North Korea). During the Korean War (1950-53) the US and UN troops joined forces with the Republic of Korea to protect South Korea from the attack of the North Korea who were being supported by China and the
Soviet Union. Eventually, an armistice was signed in 1953, separating the peninsular about 38th parallel along a demilitarised zone.\textsuperscript{51} Then, the Republic of Korea under the regime of a military President PARK Chung-Lee put in place structures that boosted the economy to achieve per capital income rising to about 17 times that of North Korea. In the year 1993, South Korea elected its first civilian President KIM Young-Sam after 32 years of military rule. Today, the Republic of Korea is a totally functioning democracy.\textsuperscript{52}

2.9 The Economy

South Korea has achieved an incredible record of growth and integration into the high-tech modern world economy since the 1960s. Four decades ago, Korea's GDP per capita was comparable with levels in the poorer countries of Africa and Asia.\textsuperscript{53} The Republic of Korea, a newly-industrialized country, became a member of the OECD in 1996. In 1987, it established the Economic Development Cooperation Fund (EDCF) to channel Overseas Development Assistance to developing countries. This fund is managed by the Export-Import Bank of Korea on behalf of the Korean Government.\textsuperscript{54} Interest rates on loans from the Fund range from 1 to 5\% per annum and maturity ranges from 10-30 years, with a grace period of 5-10 years. Grant aid, which consists of equipment and technical assistance, is administered by the Korean International Cooperation Agency.

The Fund’s overall reserve as of December 2001 was about $1.5 billion.\textsuperscript{55} However, total commitment of ODA funds for 2001 amounted to $265 million of which bilateral assistance was 65\% and multilateral 5\%. Over 60\% of ODA went to the Asian Region. Africa received 7\%.\textsuperscript{56} Korea’s ODA for 2001, however, as a percentage of GNP was a mere 0.063, the lowest of all DAC countries.\textsuperscript{57}
South Korea became a member of the trillion dollar club of the world economies in 2004. In 2007, Korea’s Gross Domestic Product was about USD 969.8 billion and was ranked as the World’s 13\textsuperscript{th} largest economy. It’s GDP per capita was estimated to be USD 19,690.\textsuperscript{58} This success emanated as a result of a system of close government and business ties comprising restrictions on imports, government assistance to specific industries and effort by the labour force. The government encouraged importation of raw materials that were to be reprocessed for export. Technology was imported at the peril of consumer goods. Savings and investments were also encouraged.\textsuperscript{59}

The financial crisis that hit Asia in 1997-98 uprooted weaknesses in South Korea’s economy. Some of the weaknesses were high debt/equity ratios, massive foreign borrowing, and an undisciplined financial sector.\textsuperscript{60} In 1998, South Korea’s GDP reduced by 6.9\%, the government put measures in place which resulted in the GDP increasing by 9.5\% in 1999. In 2000, the GDP again increased by 8.5\%. However, growth declined in 2001 by 3.3\% because of reduction in exports and the view that corporate and financial reforms had failed. Another factor was the slow growth of the global economy. In 2002, in spite of the weak global economic growth, there was much improvement of 7\% as consumer spending and exports increased. Growth was a moderate 4-5\% between 2003 and 2007.\textsuperscript{61} A slump in consumer spending was compensated for by a swift export growth. In 2007, reasonable inflation, low unemployment and export surplus were the features of South Korea’s economy but inflation and unemployment rose steadily due mostly to oil price increases.\textsuperscript{62}

\textbf{2.9.1 The Rise of the Korean Economy}

The history of Korean economic development was like a war, with the former President Park Chung-hee at the helm of affairs. The Korean economic development strategy was like a
military operation. A strong labour force and high enrolment into elementary schools were clear indications of a war that could be won.\textsuperscript{63}

Economists believe that policies promoting international trade are conducive mechanisms that can help a country achieve growth. South Korea used high tariffs and non-tariff barriers to promote industrialization. In the 1950s and 1960s South Korea abandoned a pure import substitution strategy and opted for policies promoting openness.\textsuperscript{64}

Korea adopted a policy of pursuing outward-oriented trade strategy. It also maintained significant trade barriers during their period of rapid economic development. Because these trade barriers were against General Agreement for Tariffs and Trade (GATT), there were persistent objections by GATT for Korea to reduce its tariffs and barriers. This eventually culminated in Korea removing those barriers though it was extremely low. Korea’s nominal tariff rates before the relaxation of its barriers stood at 40\% in the mid 1960s, 21\% in the early 1980s and around 12\% in the early 1990s.\textsuperscript{65} Though non-tariff barriers were maintained, later on they were removed. As an example, 40\% of imported items were restricted or prohibited in 1973; this margin fell to 25\% by 1981. In the early 1990’s, only 3\% of imported items were declined entry into Korea.\textsuperscript{66} However, Korea succeeded in implementing the above policies because they had the full protection and support of The United States of America.\textsuperscript{67}

Korea also adopted a policy of export promotion. Import barriers instituted against certain capital goods or inputs to be used in the export sector, were nullified by exemptions allowing free entry. This policy was instituted across board for all exporting companies to prevent a case of discrimination. Obviously, policy makers in Korea were bent on helping their private
sector grow and increase the revenue accruable to the state. In addition to this, the
government ensured that exporting companies got access to rationed credit, providing tax
breaks and implemented a number of other preferential measures all in favour of stimulating
export growth. 

The Korean government in the 1960s and 1970s, promoted certain infant industries, by giving
them incentives to become large scale industries which enjoyed a temporary level of
monopolies. Sectors that enjoyed these monopolies were the cement, fertilizer and petroleum
refineries in the early 1960s; steel and petro chemical were next targeted by the late 1960s
and early 1970s; shipbuilding, chemicals, capital goods and durable consumer items in the
late 1970s. In recent times, medium and small sized firms have been enjoying preferential
treatment, especially those in the electronic sector which enjoyed preferential access to credit,
reduced taxes and the most important, protection from foreign competition.

As a result of these measures, Korea’s export increased from $100 million in 1964 to $300
million in 1967, 1 billion in 1970, 10 billion in 1977, 100 billion in 1995, and 400 billion in
2008. The average export rate increase was 42% in 1964-70 and 40% in 1971-79, implying
that the increase rate in 16 years was 40% in average from 1964 to 79. It is a phenomenon to
increase the export rate at 40% every year.

It can therefore be alluded that, government support given to industries in Korea to a large
extent helped Korea achieve enormous growth as well as similar incentives for the export
sector across board. Although, there were strict trade barriers against imports, some materials
that were to be re-processed for export were allowed which significantly increased the
strength of the export sector. Diversification of the export sector caused an increase in the
range of goods imported from consumer to industrial goods. In an effort to help its export sector, relaxed barriers caused an increase in imports to boost the export sector.

Korea also adopted an industrial policy of targeting certain favoured sectors; such government interventionist policies also helped industries to establish themselves in competitive markets such as the steel, ship building and automobiles where the cost of production and entry was and still is extremely high.  

2.10 Governance and Politics of South Korea

The Republic of Korea (commonly known as "South Korea") is a republic with powers nominally shared among the presidency, the legislature, and the judiciary, but traditionally dominated by the President. The President is chief of state and is elected for a single term of 5 years. The 299 members of the unicameral National Assembly are elected to a 4-year term; elections for the current Assembly were held on April 9, 2008. South Korea's Judicial System comprises a Supreme Court, Appellate Courts, and a Constitutional Court. The Judiciary is independent under the constitution.

2.11 Foreign Policy Orientation

The Constitution of the Sixth Republic vests the conduct of foreign affairs in the presidency and the State Council, subject to the approval of the National Assembly. The president and the State Council, through the prime minister and the minister of foreign affairs, make periodic reports on foreign relations to the legislature. Constitutionally, major foreign policy objectives are established by the president. The chief foreign policy advisers in the State Council are the prime minister, who heads the cabinet, and the minister of foreign affairs.
Under Article 63 of the Constitution, the Assembly may pass a recommendation for the removal from office of the prime minister or a State Council member.
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CHAPTER THREE

ASSESSMENT OF GHANA- SOUTH KOREA RELATIONS (2001-2008)

3.0 Introduction

This chapter attempts to delve into Ghana-South Korea relations during the period of the NPP administration from 2001 to 2008. It assesses particularly trade and investment relations between the two countries. It also pinpoints some benefits that have accrued to Ghana in its relations with South Korea. Cooperation in the field of political, economic, technical, cultural and tourism are also discussed. Other relevant areas of cooperation between the two countries were also highlighted.

3.1 Bilateral Relations

Ghana-South Korea relations have grown steadily since the two countries first established diplomatic relations in 1977. There were hardly any meaningful political and economic contacts between the two countries before then, due mainly to ideological differences, with Ghana tilting towards socialist ideologies and South Korea strongly aligned to the capitalist school of thought and a strong ally of the United States.

Since the establishment of diplomatic relations between the two countries various initiatives have been undertaken to enhance economic interactions. Significantly, the two countries signed a Technical, Economic Cooperation and Trade Promotion Agreement, on June 14, 1990 in order to establish the necessary legal framework for bilateral cooperation. A Joint Committee for Trade and Cooperation subsequently also came into being. So also was a Joint Commission of Cooperation which did not last long. In spite of the initial setbacks, the
cooperation between the two countries is on the ascendancy in areas of trade, agriculture, economic assistance and in the health sector.¹

Ghana, in an effort to deepen bilateral relations, established a diplomatic presence in Seoul in November 1999. This move enabled her to consolidate and expand cooperation between the two countries and to ensure that much is derived from the South Korean experience in the fields of trade and industry.

Ghana and Korea marked the 30th anniversary of the establishment of diplomatic relations in 2007. To commemorate the event, the two countries exchanged cultural groups and mounted cultural exhibitions to showcase the unique aspects of their cultural lives.

Relations between Ghana and South Korea depict the growing cooperation between the countries of the South and, in the words of Hari Chhabra, “South-South co-operation has become more imperative now than ever as the developed North has turned attention to the Second World. South-South co-operation is an economic necessity and is based on equality and freewill”.² The UN Economic Commission for Africa appropriately pointed out that, “South-South Co-operation is being undertaken in a spirit of understanding, dignity, wholesomely devoid of the traditional dependence of the donor-and-recipient psychology of colonial relationship.”³

Fundamentally as observed by Chhabra, South-South co-operation has a basic underpinning factor of sharing of experiences, pooling resources, know-how, production methods, technical assistance, training programmes and credit facilities.⁴ It is worth noting that an improved amount of cooperation between Ghana and South Korea inures to the benefit of Ghana as
South Korea has a greater level of expertise in the fields mentioned above. Ghana’s hope for the attainment of the Millennium Development Goals will come to life if Ghana takes advantage of the relationship existing between both countries. This is true in the sense that South Korea has shown their willingness to assist Ghana by putting in place structures that would help Ghana achieve some of the MDG’s. Koreans assistance to Ghana has been in the form of scholarships, technical assistance, training programmes and many others. These would go along way to help Ghana to half poverty by 2015.

3.2 Political Relations

The cordiality of Ghana-South Korea relations at the political level during the period under review manifested in the exchange of high level visits: presidential, ministerial, parliamentary, and groups of experts.

The two countries as multi-party democracies uphold constitutional rule. Koreans are well-informed about affairs on the African continent and do respect Ghana’s achievements in democratic governance. Ghana enjoys enormous goodwill among Korean politicians and businessmen due to good governance, political stability, respect for human rights, freedom of the press and promotion of liberal market economy. The challenge is to transform this goodwill into concrete trade and economic cooperation for the mutual benefits of the two countries.

During the period 2001 to 2008 under the NPP Administration, Ghanaian ministerial and parliamentary delegations visited Korea to exchange ideas and discuss possibilities for enhancing cooperation between the two sides. In June 2001, a high-powered delegation led by then Senior Minister, J.H. Mensah, MP of Sunyani East visited Seoul. He was
accompanied by the former Minister of Finance, Yaw Osafo-Marfo, MP, and then Deputy Minister of Foreign Affairs, Mustapha Ali Idris, M.P. They met with the former Vice Prime Minister and Minister of Finance and Economy of Korea and, among other things, briefed them about Ghana’s decision to join the Highly-Indebted Poor Countries (HIPC) initiative. This was to pre-empt any misunderstanding between the two countries because of the implications of the HIPC initiative on Ghana’s international financial obligations.  

Since that visit, the Senior Minister was in Korea again from 26 to 29 October 2004 to renew and raise the level of cooperation between the two countries and to explore new areas for future cooperation. He met with several high-ranking officials including then Korean Minister of Foreign Affairs and Trade, the Executive Vice President of Samsung Corporation, and the Executive Director of Administration and Planning of the Korea International Cooperation Agency (KOICA). He canvassed for support for Korean companies to engage in construction in Ghana, particularly Samsung Corporation in the petroleum sector as well as the Volta Aluminium Company.  

In August 2004, Dr. Paa Kwesi Nduom, then Minister of Energy, visited the Republic of Korea at the invitation of S.K. Engineering and Construction Company Ltd. During his visit, he invited S.K. Engineering to participate in the eventual privatization of Tema Oil Refinery (TOR) and the deregulation of the energy sector prompted the then Korean Vice Minister of Commerce, Industry and Energy to persuade Korean private businessmen, especially in the electronic appliances sector, to establish production bases in Ghana for supply to the ECOWAS sub-region.  

One of the most high profile visits within the framework of Ghana-South Korean relations during the period was a three day official visit to Ghana in January 2006 by the former
Minister of Foreign Affairs and Trade of Korea and now United Nations General Secretary, Mr. Ban Ki-Moon. In a meeting with former President John Agyekum Kufuor, Mr. Ban Ki-Moon disclosed that Korea had decided to expand its cooperation with developing countries through increased development assistance and that Ghana had been selected as one of the priority countries targeted for this increased assistance. On his part former President Kufuor expressed his gratitude to the Government of Korea for its assistance and cooperation under the Technical Economic Cooperation and Trade Agreement and particularly, Korean participation in the 275 kilometres Buipe-Bolgatanga Petroleum Pipeline Project. The Pipeline project is to ensure easy and effective transportation and distribution of petroleum products from Buipe to the three Northern regions. The President further stressed infrastructural development and energy as priority areas for cooperation and expressed the hope that Korean companies in Ghana such as Daewoo and S. K. Engineering would benefit from Korean Government support to undertake development projects in Ghana. As a reciprocal gesture and to further enhance relations between the two countries, the former Minister for Foreign Affairs, Nana Akufo-Addo also paid a four-day official visit to the Republic of Korea from 2nd to 5th June 2006.10

In April 2006, the late Minister for Finance and Economic Planning, Mr. Kwadwo Baah Wiredu attended the Korea-Africa Ministerial Conference for Economic Cooperation in Seoul, South Korea. At the conference, the Government of Korea agreed to offer Ghana $50m concessionary loan to improve the industrial and construction sectors of the economy.11 During his stay in Korea the late minister met with former President Roh Moo Hyun and discussed a wide range of bilateral issues.12
In May, 2006, some members of the Korean National Assembly also visited Ghana and were introduced to investment opportunities available in Ghana for development. They were also urged by the NPP Administration to act as goodwill Ambassadors of Ghana and to lobby the Korean Government for increased support for Ghana’s development aspirations.\(^\text{13}\)

In October 2006, Ghana’s former President, His Excellency John Agyekum Kufuor at the invitation of the then Korean counterpart paid an official visit to South Korea. The visit demonstrated the strong bond of friendship and goodwill between the leaders of the two countries.

In the same year, Ghana’s former Foreign Minister, Honourable Nana Addo Dankwa Akufo-Addo visited Korea to convey Ghana’s support to South Korea’s candidate, His Excellency Ban Ki-moon to be elected as United Nations Secretary General to take over from His Excellency Kofi Annan, a Ghanaian.\(^\text{14}\) This also demonstrates the common interest and pride shared by the two countries.

In 2008, there were a number of high level visits by Ghanaian official delegations to Korea. These included delegations from Ghana’s Ministries, notably Trade, Defence and Energy led by their then respective Ministers to discuss with their Korean counterparts various pertinent issues of interest to both countries. The former Chief Executive of Ghana National Petroleum Corporation (GNPC) also visited Korea to sign a Memorandum of Understanding (MOU) with Samsung Corporation in respect of construction of a gas pipeline connecting the oil rig to a gas processing and distribution plant on-shore. The Chief Executive also signed a MOU on the construction of a bigger refinery near the location of where oil and gas have been discovered in large quantity. Also in October 2008, Honourable Akoto Osei, then
Minister of State for Finance led a five-member delegation to Korea to initiate negotiations for the establishment of a double taxation system between Ghana and South Korea.\textsuperscript{15}

\subsection*{3.3 Economic Relations}
On economic cooperation, both Ghana and Korea are engaged in the liberalization of their economies under the ambit of the World Trade Organisation.\textsuperscript{16} Nonetheless, Ghana’s economy is more open to the influx of foreign goods than Korea’s, whose non-tariff barriers are more stringent. This is among the factors that impede Ghana’s effort to break into the Korean market.\textsuperscript{17} The structure of the two economies is also very different. While Ghana largely depends on the export of primary commodities as well as grants and loans for the bulk of her foreign exchange resources, Korea exports value added goods in the form of high-tech products such as automobiles, shipping vessels, computer chips and various electronic goods.\textsuperscript{18} The fundamental differences in the structure of the economies of the two countries, affect their pattern of trade and investment relations.\textsuperscript{19}

\subsection*{3.4 Trade Relations}
Trade between the two countries in the period 2001 to 2008 witnessed steady growth. Many Ghanaian businessmen and women travelled to Korea to conduct various businesses. Korea exports manufactured products to Ghana including refrigerators, computers, automobiles, electronic equipment and machinery, polypropylene, sodium, cement clingers and clothing.\textsuperscript{20} It also imports raw materials, including cocoa beans, manganese ores and concentrates, aluminium and copper waste, scraps and gold from Ghana.\textsuperscript{21} The volume of trade between Korea and Ghana is relatively small and the balance of trade tilts in Korea’s favour. For the period (2001 to 2008), the annual average export from Korea to Ghana was US$80,166,500.00. Similarly, average export from Ghana to Korea for the same period was
US$8,855,000.00. This shows a favourable average trade balance of US$71,311,500.00 to Korea.

The table hereunder sums up trading activity between the two countries for the period 2001 to 2008.

**Table 1: Volume of Trade between Ghana and Korea (Unit US $000)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export to Ghana</td>
<td>89,769</td>
<td>42,256</td>
<td>70,559</td>
<td>75,339</td>
<td>88,811</td>
<td>94,225</td>
<td>145,770</td>
<td>194,936</td>
</tr>
<tr>
<td>Import from Ghana</td>
<td>4,748</td>
<td>10,035</td>
<td>10,779</td>
<td>6,991</td>
<td>6,909</td>
<td>15,406</td>
<td>17,801</td>
<td>15,881</td>
</tr>
<tr>
<td>Trade Balance</td>
<td>85,021</td>
<td>32,221</td>
<td>59,780</td>
<td>68,348</td>
<td>81,902</td>
<td>78,819</td>
<td>127,969</td>
<td>179,055</td>
</tr>
</tbody>
</table>

*Source: Korea International Trade Association, Seoul- at Ghana Embassy, Seoul, South Korea.

The figures from the table indicate that while Korea’s export to Ghana is growing steadily, Ghana’s export to Korea on the other hand is decreasing. But this picture contradicts that presented by Ghana’s Ministry of Trade and Industry. According to statistics at the Ministry of Trade and Industry, the opposite is the case. While, the Ministry of Trade statistics from 2001 to 2003 was not readily available, that of 2004 to 2008 confirms that the volume of trade between the two countries is low. However, exports in 2008 suggest that Ghana is gradually improving on its export to Korea whereas imports from Korea to Ghana decreased in that year. (See Graph 1)
Graph 1 derived from table 1

![Graph showing volume of trade statistics from 2004 to 2008 (US $m).](image)

### Table 2: Volume of Trade Statistics from 2004 to 2008 (US $m)

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export to Korea</td>
<td>4.44</td>
<td>3.91</td>
<td>10.01</td>
<td>39.49</td>
<td>105.39</td>
</tr>
<tr>
<td>Import from Korea</td>
<td>203.20</td>
<td>59.07</td>
<td>119.22</td>
<td>191.92</td>
<td>165.86</td>
</tr>
<tr>
<td>Total (Volume) of Trade</td>
<td>207.64</td>
<td>62.98</td>
<td>129.23</td>
<td>231.41</td>
<td>271.25</td>
</tr>
<tr>
<td>Trade Balance</td>
<td>198.76</td>
<td>55.16</td>
<td>109.21</td>
<td>152.43</td>
<td>60.47</td>
</tr>
</tbody>
</table>

Source: Ministry of Trade and Industry, Accra
As table 2 depicts, in 2004 Ghana’s exports to South Korea was to the tune of US$4.44m while she imported US$ 203.20m worth of goods leaving a deficit trade balance of US$ 198.76m to grapple with. In 2005, trading activity between the two countries declined drastically. Ghana was able to export a paltry US$3.91m worth of goods to Korea while import from Korea declined to just US$59.07m (about 344% decline). As a result, that year recorded the lowest volume of trade between the two countries in the period under study. The decline in the volume of trade in that year was attributed to political tension of rejuvenation of war between the two Korean states. This tension affected South Korea and its trading partners. Ghana’s export to Korea rose from US$ 3.91m in 2005 to US$ 10.01 in 2006 (about 256%). In 2007, Ghana recorded the highest level of import from Korea, about 61% increase from the previous year’s import.

A critical look at the 2008 trade pattern indicates that Ghana improved on its exports to Korea and is gradually closing the trading deficit with the Republic of Korea. Ghana’s export to Korea was US$ 105.39m which represents a huge 267% increase from the previous year’s export. This is as a result of more waste aluminum scraps exported to South Korea. Meanwhile, import from Korea declined from US$ 191.92m to US$ 165.86m about 14% decline.

From this analysis, it is pertinent to indicate that, though the balance of trade is in favour of Korea, Ghana is gradually bridging the trade deficit gap with the Republic of Korea. The trade deficit with Korea is partly as a result of the inability of Ghana to export enough processed and semi-processed products to the Korean market. To show Ghana’s seriousness to bridge the trade gap, the balance of trade for 2008 which was US$60.47m in favour of
Korea, decreased from the previous year of US$ 152.43m. Further analysis of trading activities between the two countries indicates that, the volume of trade between the two countries in 2004 was US$ 207.64m but this declined subsequently. The volume of trade increased in 2007 and there was further increment up to US$ 271.25m in 2008.

On his view on the contradictory picture presented by the two countries, Ambassador Nketiah appears to support the figures from the Korea International Trade Association. He disclosed that he has a firm belief that Korea is exporting more to Ghana. The former Ambassador’s reason for supporting the Korean figure is that Ghanaian Business persons mostly understate the values of their imported products to pay less tax in Ghana whereas the government of Korea has put in place mechanism to curtail such practices to the barest minimum in Korea. Ambassador Nketiah stated that a major constraint militating against the expansion of Ghana’s trade is the small range of goods that are exported to Korea and the inability of Ghana to expand and sustain the supply base of these goods. He asserted that, for instance, there is no reason why Ghana cannot commence direct supply of cocoa from Ghana to Korea which constitutes the main item exported to Korea. He further stated that Lotte of Korea, a giant Korea Confectionary company does not buy its cocoa beans directly from Ghana, but through an agent in Europe.

Ambassador Nketiah further emphasized that “Ghana Chocolate” has been a Korean delicacy produced by Lotte Confectionaries, and has existed in South Korea for more than thirty years. The Ambassador explained that when Ghana was the largest leading producer of cocoa as well as producing the premium quality, its cocoa beans was the input for Korean chocolate; thereby given it the privilege of being put on the chocolate.
The Ambassador further asserted that, Korea imports a wide range of horticultural produce from other parts of the world, such as banana, pineapple, pawpaw, mango and various species of pepper suitable for making kimchi, a Korean staple. He advised that Ghana could expand the production of these products and establish strict hygienic methods of cultivation, harvesting and preservation in order to overcome Korea’s non-tariff barriers. He further recommended that Ghana can increase its share of trade to Korea by concentrating on the export of non-traditional items like crafted jewelry, chocolates as Lotte’s Ghana chocolate is famous in Korea, traditional wood carvings and handicrafts, knocked-down furniture and dried hot pepper.

On his view on the difference in data provided by the Korea International Trade Association and the Ministry of Trade and Industry, Mr. Ebo Kobina Quayson of the Ministry of Trade and Industry averred that South Korea is among countries with a market potential for Ghana. As a result, Ghana attaches importance to its trade relations. He confirmed that data provided by the Ministry of Trade and Industry on South Korea cannot be inaccurate because the Trade Ministry has earmarked some countries with potential benefit to Ghana and South Korea is part of them. Mr. Quayson said that, Trade Ministers personally ensure that figures derive from these countries could be relied on for planning purposes. However, Mr. Attah Daniels importer of used auto parts and President of the Association of used Auto Parts Dealers in Ghana confirm that there are a number of activities that Ghanaian importers do to hide from authorities to lessen their tax obligations and supported the opinion of Ambassador Nketiah that the Koreans might be right. It can be concluded that, since Mr. Attah Daniels who is an importer affirms that importers under quote the total value of their imports, then He and ambassador Nketiah’s assertion might be true. It is important for the government of Ghana to
put in place stringent measures to ensure that correct value of imports and exports are recorded.

On how Ghana can improve on its exports to Korea, Mr. Daniels opined that Ghana can diversify from the traditional cocoa beans exports to the exportation of scraps to Korea. He further said that what he has realized in his over 25 years of spare parts imports from Korea is that, the Koreans are importing scraps from other countries which serve as a raw material for manufacturing goods like iron rods and other products. He continued that this scrap ‘hunting’ from communities will make the environment cleaner, and serve as a huge employment for the unemployed youth thereby reducing social vices in the country. He further postulated that after importing spare parts from Korea, the time is ripe for Ghana to export (the spare parts turned scraps) back to the Koreans.

The statistics from the Ministry of trade buttress that the value of waste aluminum scraps exported to Korea particularly in 2007 outstrips the total value of cocoa beans exported into Korea (see appendix 1). If this statistics is accepted, then it is believed that Ghana could minimize its trade deficit with the Republic of Korea by exporting more aluminum waste and scraps to Korea. But this is not sustainable because there are no companies in Ghana that are noted for aluminum waste and scraps production.

3.5 Investment Relations

On investment relations between the two countries under the period, Ghana’s former Ambassador to Korea asserted that, during his time of office, the Embassy lost no opportunity or spared any effort to publicize the investment code and the package of incentives therein,
the Free Zones and Gateway Projects as well as the Country’s economic and tourism potentials with a view to attracting Korean businesses and investors.

The Ghana Investment Promotion Centre (GIPC) highlights some of the factors that make Ghana a favourable place for investment.\(^\text{32}\)

The former Ambassador to Korea explained that these incentives, benefits and guarantees were made known to the Korean business community and necessary efforts were made to encourage Korean businessmen and investors to consider extending their business, investment and technological expertise to Ghana to facilitate Ghana’s development programmes.\(^\text{33}\)

From 1998 to 2002, records at the Ghana Embassy in Korea indicate that eleven (11) projects involving Korea Direct Investments in Ghana were made. The total value of these investments was less than $1 million. This, the ambassador said is a reflection of the low flow of Foreign Direct Investment (FDI) to Ghana, notwithstanding the generous incentives offered by Ghana.

The Ambassador further asserted that though many African countries have been enjoying prolonged periods of stability, the general impression in the minds of a large segment of Korean investors is that, Africa is too distant and risky a place to do business.\(^\text{34}\) He said Government, Investment Promotion Centers and Embassies laboured tirelessly to correct this wrong perception.\(^\text{35}\)

His Excellency, Gabriel Nana Nketiah further pinpointed that several Ministers of State visited Korea all in an effort to promote investment and trade. The Embassy also undertook
trade and investment promotion through participation in trade fairs, and bazaars, business meetings, presentations on Ghana to the Korea Chamber of Commerce and Industry, the Korean Importers Association, publications in the local media and the dissemination of publicity material.

He mentioned that Ghana is competing with other countries notably from the Asian peninsular such as China, Japan, India, Vietnam and Uzbekistan for Korean investors. These countries are advantageously placed in terms of proximity, size of market, cultural similarities and others.36

To enable Korea investors be informed about Ghana, The Ambassador said that, the Embassy requires full support and cooperation from stakeholders in respect of logistics such as audio visual materials, pictures depicting socio-economic and tourism potentials and art works and wooden carvings on Ghana’s culture. The Ambassador was not enthused about the attitude of some MDA’s who refuse to respond to relevant enquiries submitted to their outfit for information through MFA& IR.

His Excellency further explained that, during his time in office, the Embassy noted that it was difficult for most Ghanaian companies to directly participate in fairs and exhibitions organised by the government of Korea due to distance between the two countries as well as high cost of travelling. In this regard, he advised institutions such as GIPC, Ministry of Tourism, GFZB, Information Service Department and exporting manufacturing companies to submit enough of the underlisted items to the Mission for display at exhibitions, bazaars and fairs.

i. Audio visual materials;
ii. Ghana’s investment policies;

iii. Areas available for foreign investments;

iv. Pictures of Ghana’s tourism potentials or attractive tourism sites;

v. Procedures, incentives for establishing companies in the free Zones areas;

vi. Pictures on ongoing project activities to confirm government commitment to expand the country’s infrastructures such as roads, railways, harbours and others.

The Ambassador postulated that, the major areas of interest to the Korean investors is the fishing sector, development of underground water, export of automobiles and automobile parts, electric and electronic products, assembling of ICT equipments, exports of GSM mobile phones, factory automation equipment and instruments. His Excellency, highlighted that Korea Trading and Industries Co. Ltd, one of the biggest fishing net manufacturers in Korea, expressed interest in building a factory in Tema to produce fishing nets for sale in the domestic market and for export. He intimated that, a proposal to that effect was forwarded to the Ghana Investment Promotion Centre (GIPC) and feasibility studies took place for the establishment of the factory. The factory is currently operating in Tema.

Another company, according to the Ambassador, Daehan Group Co. Ltd. an international company which specializes in multi-projects, expressed a desire to set up several projects in Ghana, including, factories to produce cassava, starch and juice, Korean noodles, panels for building houses, car batteries, tyre recycling and transportation. This proposal, he said was at the feasibility stage, with both the Ghanaian government and the company showing a great deal of resolve for the establishment of the factories.

In an effort to improve Korean investment in Ghana, the two countries facilitated by the Ministries of Foreign Affairs and Regional Integration and the Ministry of Finance and
Economic Planning, elaborated on three different draft Agreements, namely, “Grant Aid to Ghana”, the Avoidance of “Double Taxation Agreement” and “Bilateral Investment Treaty”. The Grant Aid Agreement aims at facilitating the establishment of the KOICA office in Ghana, the dispatch of Korean volunteers to Ghana and to allow Korea to provide better Grant Aid to Ghana. The Avoidance of Double Taxation and the Bilateral Investment Treaty are to expand the scope of cooperation in the area of investment between the two countries.

It appears that, Korean companies are involved in fishing, manufacturing, tourism, building and construction, agriculture, hospitality and civil engineering sectors. They are also engaged in trading – export and import of automobiles and their parts (new and used), assembling and sale of electronics and telecommunication equipment, ICT services. 39

The table below list South Korea’s investment in Ghana, the sector and the total value of the investment from 2001 to 2008.

**Table 3: South Korea Investment in Ghana**

<table>
<thead>
<tr>
<th>Expr1</th>
<th>Total Of FILE NO</th>
<th>The Value</th>
<th>AGRIC</th>
<th>BLD/CON S</th>
<th>GEN. TRA</th>
<th>MFG</th>
<th>SERVICE</th>
<th>TOURISM</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>9</td>
<td>21954274</td>
<td>1068050</td>
<td>746774</td>
<td>20063450</td>
<td>76000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>5</td>
<td>10249853</td>
<td>5010000</td>
<td>5022700</td>
<td>95000</td>
<td>100000</td>
<td>22153</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>3</td>
<td>612500</td>
<td>433000</td>
<td>320873</td>
<td>431500</td>
<td>317000</td>
<td>27500</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>7</td>
<td>933683</td>
<td>460000</td>
<td>320873</td>
<td>431500</td>
<td>300000</td>
<td>211600</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>4</td>
<td>804500</td>
<td>220000</td>
<td>351994</td>
<td>209685</td>
<td>36759</td>
<td>150000</td>
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<td>2006</td>
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<td>351994</td>
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<td>2007</td>
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<td>3928438</td>
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<td>351994</td>
<td>209685</td>
<td>36759</td>
<td>150000</td>
<td></td>
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<tr>
<td>2008</td>
<td>5</td>
<td>1296265</td>
<td>220000</td>
<td>1130291</td>
<td>165974</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: GIPC, Accra

From table 3, the year 2001 recorded the highest investment with $21,954,274 and 9 projects. The record investment was as a result of the peaceful manner the year 2000 Ghana’s election was conducted and confidence of the Koreans in the government and the Ghanaian economy.

Mr. Emmanuel Badger a senior investment officer at the GIPC explained. In 2002, there was
an investment of $10,249,853 and five companies registering. Thereafter, Ghana vigorous investment promotion in Korea subsided and this resulted in Korean investment in Ghana declining. This trend continued until 2007 when South Korea investment increased from the previous year figure of $731,600 to $3,928,439 with 8 new Korean firms in Ghana. The increase in 2007, Mr. Badger explained was partly as a result of former President Kufuor’s visit to Korea in October 2006 at the invitation of his Korean counterpart which the former President took the opportunity to assure the Korean business community of the security and profitability of their investment in Ghana.40

From the above statistics, it could be summarized that, for the period under review (2001-2008), a total of 44 Korean companies registered in Ghana with a total investment of $41,803,108.74. Of the number, 13 were in the service sector with the highest investment of $21,480,847, manufacturing follows with 11 companies with a total investment of $2,238,653. The agriculture sector registered 7 companies with the second highest investment of $9,525,000. Tourism, Building Construction and General Trading follows in that order. (See graph 2).

The activities of the companies in the service sector were mostly in Information Technology and freight forwarding. In the manufacturing sector, majority of the companies were into aluminium, roofing sheets and plastic production. Of the total of 7 companies in the Agriculture sector, 6 were into tuna fishing (see appendix 2). With this analysis, it is therefore, logical to buttress Ambassador Nketiah’s comments that, majority of the Korea investors were interested in the fishing sector. It is also pertinent to highlight that of the total of 44 Korean companies registered in Ghana, 25 were joint venture companies with Ghanaians while the remaining 19 were fully owned Korea companies.
It is also worth noting that, these investments exclude investments in the oil and mining sector. According to the GIPC, investments in those sectors are treated separately and data on it were insufficient and unavailable for analysis. The unavailability of data on Korea investment in the oil and mining sector made it difficult to know the accurate value of Korea investment in Ghana.

As to whether he knows of any Ghanaian investment in Korea, Ambassador Nketiah averred that, he is only aware of few Ghanaian foodstuff sellers and restaurant operators in Korea. 41

Korea investment in Ghana (graph 2) derived from table 3
3.6 Korea Support to Ghana Economic Development

Korean aid had contributed to the undertaking of a number of projects and programmes under Ghana’s economic development. These assistance can go a long way to help Ghana achieve some of the objectives contained in the MDG’s.

3.6.1 Korea’s ODA Loans

Korea over the past few years has increased its ODA commitment to support developing countries and by 2008 ODA from Korea to developing countries had risen to US$1 billion. Although Asia takes the highest share, commitment to Africa is increasing gradually. Notwithstanding the low volume of Korea’s ODA to Africa on the whole, Ghana has performed quite well in obtaining assistance from Korea between $20-30 million over the past eight years. South Korea’s assistance to Ghana under the facility falls under three main categories; namely ODA loans, grants and technical assistance.

3.6.2 Projects Undertaken by South Korea during the period under review

According to Mrs. Kim So-young, attaché Development Cooperation of Korea Embassy in Ghana, Korea ODA support to Ghana has been under the following:

<table>
<thead>
<tr>
<th>Project</th>
<th>Total value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil Project storage facility</td>
<td>$ 14m</td>
</tr>
<tr>
<td>LPG Cylinder Project</td>
<td>$ 8m</td>
</tr>
<tr>
<td>TOR First Refinery expansion project</td>
<td>$ 63m</td>
</tr>
<tr>
<td>Tema Oil Refinery Plant Project, processing of Residual oil from existing plant</td>
<td>$185m</td>
</tr>
<tr>
<td>Installation and expansion of Ghana telecom’s telecommunication net</td>
<td>$ 50m</td>
</tr>
</tbody>
</table>
Construction of 275km pipeline for supply of petroleum products to Northern region in Ghana $ 39.5m  
New boiler for TOR $ 12m  
Wa water supply rehabilitation and expansion project $ 80 m  
Construction of a hospital center in Antsirabe $ 30m  
Tumutave-Beforona 230 km transmission project $58m

The Yeoung-deung-po Presbytery in Seoul constructed a computer training school in Akosombo and in 2004 donated it to the Volta Presbytery to train and equip the youth in the area with computer skills to make them more productive in the country. As at 2008, about 2,000 students had graduated from the institute with various computer skills. The Yeoung-deung-po. Presbytery has since been providing management staff, training personnel and equipments including computers and vehicles to the school.45

3.6.3 Grant Aid

Mrs. Kim So-young asserted that Korea’s aid to Ghana had increased steadily and as at the year 2008, Ghana had received a total amount of US$9,925,000 in respect of the under-listed projects/programmes and others.46

**Table 4: some Projects Undertaken by Korea**

<table>
<thead>
<tr>
<th>Projects</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of E-Consul &amp;E-Administration System in the Ministry of foreign Affairs, the Republic of Ghana</td>
<td>$1.5m</td>
</tr>
<tr>
<td>Integrated Quality Project in Ghana – Kwahu North and Fanteakwa</td>
<td>$ 3m</td>
</tr>
<tr>
<td>Provision of Equipment for MOWCA Maritime Academy in Ghana</td>
<td>$0.2m</td>
</tr>
<tr>
<td>Training Program in Korea : 29 people for 8 courses</td>
<td>$0.154m</td>
</tr>
<tr>
<td>Support for Mother and Child Health Care in eastern Region, Ghana</td>
<td>$2m</td>
</tr>
</tbody>
</table>
3.7 Technical Cooperation

A number of activities took place between the two countries under technical cooperation within the period under study. The Director-General of the Council for Scientific and Industrial Research (CSIR) undertook an important study tour to Korea to familiarize himself with Korea’s approach to the commercialization of research and development activities. Of particular interest to the CSIR was small and medium scale manufacturing enterprises in agro-processing, design and fabrication of farm machinery as well as how the building and construction sector utilized research support.\textsuperscript{47}

The Ghana-Korea knowledge sharing programme which was established within the time frame of the period under study aimed at building the foundation for the development of SMEs in Ghana is still on-going and promising in view of regular exchange of visits and meetings held between experts from the two countries.\textsuperscript{48}

There is also the merit of Ghana developing nuclear to supplement its hydro and fossil-fuel generator power sources. In this vein, the Korean Ministry of Science and Technology, invited Prof. E.H.K. Akaho, the Director General of the Ghana Atomic Energy Commission (GAEC) to visit South Korea in January 2005. The visit was to discuss cooperation in the field of peaceful use and development of nuclear energy. Prof. Akaho was unable to pay the visit but the Koreans inform the Ghana Embassy that, they are still looking forward to welcoming the Director of GAEC to Seoul at any time convenient to him.\textsuperscript{49}

According to the former Ambassador to Korea, Korea appreciates Ghana’s support for the election of her candidature H.E. Ban Ki-moon to the post of Secretary-General of the United Nations to replace H.E. Kofi Annan, a Ghanaian after the end of his tenure of office.\textsuperscript{50}
addition, Korea also relies on the support of Ghana for the election of other Korean candidates to top positions in various international organizations. South Korea recognizes Ghana’s persuasive style and influence in respect of its immediate neighbours as well as within the continent and international community. The Ambassador advised that Ghana should therefore take advantage of this goodwill to obtain increasing support and assistance from Korea to facilitate her development programmes.

Technical cooperation between the two countries was again seen in the area of training. As at June 2003, eighty-five (85) Ghanaians from both the public and private sectors had been sponsored by KOICA to undertake various courses relating to their fields. The duration of the courses was short, ranging from two-week courses to three months. Over twenty employers of the Tema Oil Refinery have also undergone training at S.K. Corporation’s Ulsan Complex to upgrade their skills.

According to the Ambassador, Negotiations between Ghana and the South Korean authorities for more intensive and higher level programmes were positive. Records at Ghana’s mission in Korea indicate that as at 2006 a total of 41 Ghanaian officials and professionals participated in 18 training programmes in various South Korean educational institutions including Korean Development Institute, Korea University, Ewha Women’s University and Seoul National University. In 2007, Korea awarded scholarships to 14 Ghanaians from MDAs including officials from the Ministry of Foreign Affairs and Regional Integration to pursue Masters Degree Programmes in various disciplines such as International Trade, International Business, International Studies in Women’s Development, Fisheries Technician Capacity Development, Hydro-Infrastructure Development and Management, Technology and Policy and many others in Korean institutions. These training programmes are helping to better
equip the human resource base of Ghana. According to the Korea Mission in Ghana, KOICA promises to award scholarships to about 40 Ghana trainees to undertake various training programmes in Korean institutions in the years ahead.55

His Excellency Mr. Nana Nketiah advises that scholarships awarded to Ghanaians to study in Korean institutions could be increased if Ghana should sign a Memorandum of Understanding for exchange programme with the Korean government. Under such agreement, Koreans could be offered scholarships to study English in Ghanaian institutions since he believes that it is a priority of the present Korean administration to promote the study of English among Koreans with the view to making the country more competitive globally.56

In addition Korea assisted the Ministry of Foreign Affairs to establish E-Consul and E-Administration System to link the Ministry with its Missions abroad through the internet by training technical personnel and providing the requisite equipment. Furthermore, the Korean government each year has been donating to the Ministry quantities of equipment (computers, photocopiers, shredders, etc) air-conditioners and vehicles to improve and facilitate its work output and delivery.57

3.8 Cultural Cooperation

Ghana- Korea cultural cooperation in the period of study is seen in the fields of art, tourism, science, technology, health and sports. Korean experts have extended training to Ghanaian farmers in modern farming techniques, particularly in the cultivation of high-yielding rice at Asutuare. Korea has been sending volunteers to Ghana to undertake voluntary social work for a little under a decade now. These volunteers are mostly students drawn from International Youth Fellowship (IYF) and Korea Internet Volunteers (KIVs). This trend
needs to be encouraged in order to broaden contacts between the two peoples. It is suggested that cooperation in this area should be enhanced to include more Korean doctors and other highly required professionals with the view to optimize the benefit that Ghana could derive from the Korean experience.\textsuperscript{58}

Other potential areas of cooperation and exchanges that can be explored by both countries for their mutual interest include agriculture, mining, energy, ICT, nuclear science technology, engineering, architecture, town planning, environmental science and waste management and the exchange of ICT teachers from Korea for English teachers from Ghana.\textsuperscript{59}

It is also to be observed that in the demonstrative aspect of culture, referring to drumming, dancing and traditional industry, there seems to be similarities between the two countries. The former Ambassador to Korea advised that Korea takes its traditional culture very seriously and it would be tactically prudent to acquaint the Korean Ambassador in Accra or any visiting Korean dignitary with some of the similarities. In particular a night entertainment can be arranged where the following dances could be performed: Fontonfrom, Mpintin, Agbadza, Dambai, Akom – spiritual possession (traditional religious practices including the pouring of libation).\textsuperscript{60} The Ambassador mentioned that, Korea coral group from International Youth Fellowship (IYF) on numerous visits to Ghana had performed and sang in Ghanaian local dialect (Twi) to the admiration of its audience.\textsuperscript{61}

With reference to traditional religious practices, Koreans have almost the same traditional religious practices as in Ghana. Theirs is variously called “Shamanism” or totemism which also includes ancestral worship. He mentioned that Korea Foundation, a state sponsored institution for the preservation and dissemination of Korea tradition and culture invited Ms.
Adjoa Yeboah-Afari, the then President of the Ghana Journalists Association to visit South Korea in October 2005 to help in the dissemination of Korean culture in Ghana. In July 2007, Ghana marked 30th Anniversary of fruitful diplomatic relations with South Korea by organizing cultural exchange programmes. In 2008 a Ghanaian Youth Choir performed in South Korea while Korean Cultural Troupe also performed in Ghana to commemorate South Korea’s National Day Celebrations. Cultural exchanges in today’s globalized world are a means of addressing modern problems and issues as clearly indicated in the Millennium Challenge Goals. Indeed inter-cultural interaction and exchanges has become central to modern form of diplomacy.

3.9 Tourism

On Tourism, exchanges between the two countries were low. This is due to the fact that Africa has so far not been a popular tourist destination for Korean holiday-makers, a situation necessitated by the prevailing ignorance about Africa, not to mention the negative images most Koreans have of the continent. The situation can be addressed through sustained multi-media promotional efforts aimed at showing what countries like Ghana have to offer. One way of doing this is to forge meaningful links between the relevant institutions of the two countries to facilitate the exchange of films and documentaries. It is however, laudable to note that Ghana’s performance in the 2006 World Cup Soccer Competition has made more Koreans come to know of Ghana.

3.10 Immigration

On consular issues, the presence of a large number of Ghanaian migrant labour in Korea makes the issue of consular cooperation an important one in the bilateral relations between the two countries. Because majority of these Ghanaian are illegal residents, they are
extremely vulnerable to unscrupulous Korean employers who sometimes underpay them, withhold their salaries and invariably fail to pay adequate compensation when the employees sustain accidents at work places. They are often subjected to arbitrary arrests and deportation by the Korea Immigration Authorities. This problem will persist so long as individual Ghanaians voluntarily migrate to Korea without proper legal protection in the form of contracts and valid work permits. Nonetheless, their plight could be alleviated, if the Korean government is persuaded to cooperate and formalize the recruitment of Ghanaian youth through mutually-recognized channels and within a well-defined legal framework under a two year work permit system which Korea offers to citizens from neighbouring countries such as Vietnam, Philippines, Laos, among others.

3.11 Other Areas of Cooperation

3.11.1 Agriculture

Given the fact that until recently, agriculture was the mainstay of the Ghanaian economy and also the fact that South Korea was an agriculture base economy which made giant strides in its agriculture, increase in cooperation in the field of agriculture was of interest to the NPP administration.

Cooperation between the two countries was mainly in the fields of fisheries, irrigation and rice cultivation. In the field of irrigation, cooperation was between the Irrigation Development Authority of Ghana (GIDA) and the Rural Development Cooperation (RDC) of Korea with a programme called Twinning which was initiated as far back as 30th of March 1988. The objectives of the programme are: to strengthen agronomy in irrigated crops and applied research, strengthen the capability of GIDA in irrigation engineering design, construction management, budgeting and cost control and to bring to the staff of GIDA experience and skills in the successful organization and management of irrigation schemes.
In the field of fisheries cooperation was basically on the organization of workshops and seminars which was to assist Ghanaian fish farmers in modern methods of aquaculture in collaboration with the Fisheries Commission of Ghana.

Bilateral relations in the field of rice cultivation have also seen enormous collaboration with the establishment of the Korea-Ghana Agricultural Technology School. This school trains Ghanaian farmers in the cutting edge technology of rice cultivation and production.

3.11.2 Health

The Korean health sector is one of the best in the world and most technologically advanced as compared to that of Ghana. Koreans today benefit from a modern health care system, ranking above the United States in life expectancy. It was not always so. In the 1950’s life expectancy for Koreans was a little more than 50 years. The government of Korea has been assisting the government of Ghana with medical doctors. These doctors are paid by the Korean government. One such doctor serves at the Tema General Hospital.

3.11.3 Small Scale Industries

The contribution of Korea to the private sector development of Ghana within the period under study is worthy of commendation. Korean companies deal with the local production and sale of fish and in freight handling. The businesses are either wholly Korean owned or in joint partnership with Ghanaian counterparts. These industries also serve as another source of employment avenues for Ghanaians. A wholly owned Korean company that has made a lot of inroads into the Ghanaian economy is Panalpina Company Limited. It deals with shipping and its related activities between Ghana and the rest of the world. An example of a joint-
venture company that is helping the Ghanaian economy is AFKO Fisheries Company Limited. These are not only profit oriented but also socially conscious, contributing to their localities as was seen when AFKO presented a computer and its accessories to the Tema regional Police Station. Although the few industries established in the country continue to serve the interest of its local workers, closer collaboration between the two countries could see the establishment of more companies.
Endnotes

1 Brief on Republic of Korea, Middle East and Asia Bureau, Ministry of Foreign Affairs, Accra, 2010.
3 Ibid.
4 Ibid.
5 Brief by Sang-Hak Lee, Korea’s Economic Success and its Implications to Current Ghanaian Economy (Accra, Embassy of South Korea, 2009)
6 Ibid.
7 Annual Report 2001, Ghana Embassy, Seoul, South Korea
8 Annual Report 2004, Ghana Embassy, Seoul, South Korea
9 Ibid.
10 Annual Report 2006, Ghana Embassy, Seoul, South Korea
11 Ibid.
12 Ibid.
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15 Annual Report 2008, Ghana Embassy, Seoul, South Korea
16 Brief on Republic of Korea, 2006, Middle East and Asia Bureau, Ministry of Foreign Affairs, Accra
17 An Interview with His Excellency Gabriel Nana Nketiah, former Ghana’s Ambassador to Korea on Saturday, 21st July, 2012, at 1.00 p.m., at East Legon in Accra.
18 Ibid.
19 Ibid.
20 Annual Report 2008, Ghana Embassy, Seoul, South Korea
21 Annual Report 2008, Ghana Embassy, Seoul, South Korea. Cocoa beans exported to South Korea is done through an agent in Europe.
22 Ibid.
23 Ibid.
24 Ibid.
25 Ibid.
26 Ibid.
27 Ibid.
28 An interview with Mr. Kobina Ebo Quayson, Senior Commercial Officer, Ministry of Trade and Industry on Monday, 6th August, 2012, at 2.30 p.m at Ministry of Trade and Industry in Accra.
29 An Interview with Mr. Attah Daniels, President of Association of Spare Parts Dealers in Ghana on Monday, 22nd July, 2012, at 3.00 p.m., at Abbosey Okai, in Accra
30 Ibid.
31 Ibid.
32 Ghana Investment Incentives, Benefits and Guarantees According to the GIPC:
The investment code provides for automatic incentives and benefits as follows:
Customs Import and Duty Exemptions
There is custom duty exemption for agriculture and industrial plant, machinery and equipment imported for investment purposes.
Income Tax Incentives
Among the income tax incentives for investors are corporate tax, exemptions i.e., tax holidays for newly established companies for periods depending on the type of business and capital allowance granted to people who own depreciable assets and use these assets in the production of income.
Carry Forward Losses
Tax losses are carried forward for five years and it is lost if unutilized after the lapse of the fifth year. Only businesses involved in Manufacturing mainly for export, farming and mining enjoy this incentive.
Investment Guarantees
Investors are allowed to repatriate capital, profits and dividends attributable to their investments. Ghana is a signatory to the World Bank’s Multilateral Investment Guarantee Agency (MIGA) convention; this convention guarantees coverage (insurance) against non-commercial risks such as transfer restrictions, breach of contract, expropriation, war and civil disobedience. Ghana also uses Double Taxation Agreements (DTA) to rationalize tax obligations of investors who come from global tax sourced jurisdictions with a view to saving investors the
incidence of double taxation. DTAs have been signed and ratified with several countries including the Republic of Korea.

33 An Interview with His Excellency Gabriel Nana Nketiah, op. cit.
34 Ibid.
35 Ibid.
36 Ibid.
37 Ibid.
38 Ibid.
40 An interview with Mr. Emmanuel Badger, Senior Investment Officer, Ghana Investment Promotion Centre, on Monday, 13th August, 2012 at 12.00pm at GIPC, Accra.
41 An Interview with His Excellency Gabriel Nana Nketiah, former Ghana’s Ambassador to Korea on Saturday, 21st July, 2012, at 1.00 p.m., at East Legon in Accra.
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46 Ibid.
48 Ibid.
49 Annual Report 2005, Ghana Embassy, Seoul, South Korea
50 An Interview with His Excellency Gabriel Nana Nketiah, op. cit.
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54 Ibid.
55 Ibid.
56 Ibid.
57 Ibid.
58 Ghana-Korea cultural relations file, Middle East and Asia Bureau, Ministry of Foreign Affairs, Accra, 2010.
59 Ibid.
60 These dances are normally performed for entertainment, social activities, festivals among others. Some of these dances are war dances.
61 An Interview with His Excellency Gabriel Nana Nketiah, op. cit.
62 Ibid.
63 Ibid.
64 Ibid.
65 Ibid.
66 Ibid.
67 Ibid.
68 Ibid.
70 Ibid.

69
CHAPTER FOUR

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

4.0  Introduction

This chapter is divided into three parts consisting of summary of findings, conclusion and recommendations.

4.1  Summary of Findings

The objective and focus of this study have been to establish and analyze the relevance of Ghana’s relations with South Korea. This study has therefore tried to examine the relations existing between both nations and the avenues through which Ghana can learn from the Korean experience. The study has brought to light the level of trade imbalances existing between the two nations, with the scale tipped in favour of South Korea. The research considered economic policy formulation processes in both countries and the role played by the Korean government in that country’s economic upsurge. Some of the things undertaken by the Korean government includes; supporting infant industry by giving massive tax and financial support to acquire international competiveness, focusing on some strategic industries by giving export targets and rewarding best performing companies, investment in human resources among others. There was assistance from the World Bank and other advanced countries to the government of Korea, which was spent on building highways, factories, schools, infrastructure and organizing rural development programmes. All these contributed in turning South Korea’s economy into an industrial power house.

The governments of Ghana on the other hand mismanaged the economy, borrowed and spent recklessly which contributed to economic decline. Changes in the international system also
contributed to the differences in the economic fortunes of the two countries. The research established that both countries have a similar history of starting with an agrarian economy. Whilst one has achieved industrialization, the other is gradually crawling from the agrarian economy. Both countries also share some similarities in political history, as they were both colonized, Ghana being colonized by the United Kingdom (UK) and the Koreans by the Japanese. To protect, safeguard and promote their influence in the international arena, both countries will benefit by cooperating in every sphere of socio-economic development. This study also established the shared aspirations of both countries in world affairs, with similar policies in key areas such as the establishment of a new international economic order, a peaceful world and cooperation in the areas of technological superiority.

The study also brought to the limelight the unique partnership between the two countries, which finds meaning in the expression ‘south- south cooperation’, at a period in world affairs when third world economies are confronted with unparalleled competition and threatened with marginalization within the globalised world economy.

From the findings, it was established that the under listed factors contributed to Ghana’s trade deficit with Korea:

- Low level of exports of primary products from Ghana to South Korea.
- Export of high technological value products from South Korea to Ghana.
- The government of Korea’s massive interest in the export sector as opposed to that of Ghana.

It has been recognized that South Korea, in its efforts at increasing production of the industrialized sector, relaxed tariffs on imports. Ghana can increase exports of raw materials aimed at feeding the Korean industrial sector. The study also shows an increasing level of co-
operation in trade and investment. The Korean interest in the Ghanaian economy in aspects of tuna fishing, and other sectors can be seen in the establishment of Korean companies in Ghana. Given the level of upsurge in trade between the two countries, Ghana can also adopt policies towards a partnership with Korea through appropriate export led growth oriented industries. Such an approach could help bridge the trade imbalance gap. There are signs of improvement in co-operation between the two countries in the areas of trade, investment, agriculture and other important sectors and there is still more room for improvement.

Lessons from Korea’s ‘miracle’ could be better understood for emulation through the promotion and maintenance of a strong and closer bilateral relations to ensure regular exchanges, cooperation and collaboration in diverse areas of interest vital for Ghana’s economic development goals.

Another observation made was the issue of leadership. It is clear that rampant coup d’êtats in Ghana has not contributed much to the economic progress of the country; South Korea on the other hand endured similar fate but under a strong military leadership of Park Chung-hee began the Korean industrial Revolution which was continued by subsequent leaders. This leadership skill played a major role in making Korea recognized as a force in World affairs today. It is therefore pertinent to highlight that, a country may be endowed with the necessary human and natural resources for growth but without proper direction and commitment by its leaders these resources will not be beneficial to the people.

Another observation made was the interest of the Korean leaders in some selected institutions. The Leaders made sure that necessary ingredients were in place to ensure the success of these firms. The outcome of it is what is being seen today. Today, Korean firms...
such as Hyundai, Kia, Samsung and others are very competitive internationally and a force to reckon with. The Korean government ensured that there was interaction between political leaders, private, public servants and other stakeholders for consensus building on issues relating to national interest.

4.2 Conclusions

From the data gathered for the research, it can be concluded that Ghana and South Korea enjoy very fruitful relations for their mutual benefit. It can also be said that trade which has become so important in relations between states has improved between the two countries but Ghana has a great deal of work to do if the trade gap with South Korea can be bridged. This confirms the hypothesis that Ghana’s trade deficit with the Republic of Korea will endure unless intensive efforts are made towards diversifying her export base with processed or semi-processed products that are oriented towards the South Korean market.

4.3 Recommendations

To ensure the realization of the desired goals of sustainable development in Ghana, it is essential that both countries rejuvenate the Ghana- South Korea Joint Commission in line with current developments to ensure regular interaction and exchanges for effective monitoring of the execution of projects and agreements between the two countries and for the mutual benefit of their peoples. Joint Commissions for Cooperation represent the umbrella agreement under which various Protocols or Memorandum of Understanding is concluded. The core personnel of these joint committees should be representatives from the Ministries, Departments and Agencies (MDA’s) of both countries.
The Korean story is based on close collaboration between government and the private sector; hence any joint committee should also have participation from the private sector. Such a complimentary policy framework of co-operation will greatly benefit Ghana and help it to improve on its economic development. Ghana must clearly identify areas of investment opportunities, which could help the early attainment of industrialization; in effect, Ghana’s industrial sector can get the needed boost if the following sectors are placed high on the list of areas of co-operation with South Korea:

- Agro-based industries, especially, the fisheries industry and irrigation
- Energy generating industries
- Construction and building industries
- Electrical and electronic industries
- Engineering and car building industries

Korea assists Ghana in most of the areas mentioned above. The onus however falls on Ghana to put in place the necessary mechanism to derive the maximum benefit from co-operation with South Korea.

The influx of FDIs into the Ghanaian economy continues to compete with trade as a higher foreign exchange earner for national development. Industries that clearly show signs of gaining foreign exchange for the country, should be singled out for assistance from the government. This will in turn create employment for Ghanaians.

On promotion of investment, Ghana’s Embassy in Korea has to undertake trade and investment promotion through participation in trade fairs, and bazaars, business meetings, presentations on Ghana to the Korea Chamber of Commerce and Industry, the Korean
Importers Association, publications in the local media and the dissemination of publicity material. Ghanaian companies must also liaise with the Embassy to produce catalogues to exhibit their products.

For Ghanaian exports to penetrate the Korean market, it is recommended that, Ghanaian business persons should hire local Korean experts in collaboration with Ghana embassy officials for market research services so that they can adopt correct strategies for penetrating the Korean market. This may require adapting the taste of the product and packaging to suit the Korean market. These Ghanaian products must conform to the stringent health standard of the Koreans.

The Ghana Investment Promotion Centre (GIPC) should, as a matter of urgency, rebrand and publicize what Ghana has to offer the world economy through its Missions abroad. For Ghana to derive substantial benefits from her relations with South Korea she must as a matter of urgency adopt value added productive strategies for both export and import-substitution industrialization.

Korean business persons should be encouraged to set up businesses in the Free Zones of Ghana with the aim of producing and exporting back to Korea. It will greatly help if the Free Zones Board produces site maps showing available land, and ensure that utilities like water, electricity as well as access roads are available. Market data should also be made available to Korean investors on specific sectors of the economy, and even specific products, to convince them of the viability or profitability of particular projects.
There is the need for continuous effort for Ghana to diversify its exports, with greater attention given to its non-traditional exports (NTEs). The relevant developmental objective of developing Ghana’s industrial sector would be to help establish linkages with other sectors of the economy. This would in effect demand raw materials from the Ghanaian market and eventually raise the growth of output and employment. Ghana could also gain a lot from the scientific and technological sectors of the Korean government, therefore, greater efforts should be made to forge a closer collaboration between the two countries.

The mountainous capital of South Korea, Seoul, with a population of over 9.8 million people does not have as much housing deficit as Ghana. This is because the government of Korea has constructed high storey buildings to accommodate the huge population. Lessons can be learned from this Korean policy strategy and encourage government to promote the construction of storey and affordable buildings to house more people.

As tourism contributes significantly to Ghana’s economy, there is the need to promote Ghana in Korea since Ghana is not a favourable destination for Korea holidaymakers, due mainly to the negative image Koreans have of the African continent as a whole. The situation can be addressed through sustained multi-media promotional effort aimed at showing what Ghana has to offer. One way of doing this is to forge meaningful links between the relevant institutions of the two countries to facilitate the exchange of films and documentaries.

It was established from the findings that, the Korean working class are advanced in age and as a result, the government of Korea has signed an agreement with a number of countries including Laos, Cambodia, Vietnam among others for their younger workforce to work in Korea for two years after which they return to their country. The government of Ghana could
negotiate with the Government of Korea to provide similar facility to Ghana which will go a long way to provide employment for the unemployed Ghanaian youth. As evidence in the findings, a major contributory factor to the success story of South Korea is their investment in human resources. A whooping 97.9% literacy rate attest to the premium education is accorded in South Korea. Ghana can learn from the Koreans by ensuring that much emphasis is placed on the quality of education. A highly educated labour force can attract FDI into a country.

The cultural exchanges that took place between the two countries should be encouraged, formalized or institutionalized through the creation of a Ghana- Korea Cultural Festival. This Festival which could be hosted on alternate basis would further enhance the relations between the two countries. This would also provide the two countries an opportunity to involve the ordinary citizens in forging closer relations. The citizenry, out of these interactions would develop a deep sense of fellow feeling which in no small way make the work of policy makers easier in their attempt to formulate and implement programmes for their mutual benefits.

It was again observed that, at a point in time, the South Korea economy was agriculture based, the Koreans saw that in order to be competitive in the world, there was the need for them to venture into other sectors like electronics and car building. This strategy contributed immensely to the Korean success story today. It is therefore, recommended that, Ghana should not rely greatly on primary agriculture production. There should be a team of economy planners in place to map up strategy for Ghana’s industrial revolution.
In order to achieve economic development, it is necessary for the government of Ghana to focus on some strategic industries as was done by the Koreans. This may cause agitation in certain sectors and result in an imbalance among industries, but as a developing country such a focus is deemed necessary. It was also observed that, Korean policy makers instituted certain trade barriers to prevent the import of certain goods that could be manufactured locally into the country. The purpose of this was to aid the infant industries to grow. The Ghana government should also support the infant industries until they become competitive enough to compete with their counterparts abroad.

As Koreans are importing scrap materials from Ghana and uses it to produce such products as iron rods for export, the government of Ghana could encourage local manufacturing firms to learn from this and embark on such a venture as these scraps are scattered all over Ghana especially Suame Magazine in Kumasi. The immediate aim could be to manufacture these products and export them to at least our immediate neighbouring countries. This will help Ghana gain more foreign exchange than exporting the raw materials to the Koreans. It will also create more jobs for the people.

It is also recommended that, like the Koreans did from the findings and to achieve industrial revolution, the government of Ghana should ensure that exporting companies get access to credit facilities, tax breaks and the implementation of a number of other preferential measures in favour of stimulating export growth.

Korea automobiles such as trucks, buses and cars are well known in Ghana for their affordability and durability. The government of Ghana could negotiate with manufacturers of these automobiles like Kia, Hyundai to establish a manufacturing base in Ghana for export to
other Africa countries. This measure would help Ghana accrue enough foreign exchange and curtail the high demand for foreign currency by Ghanaian businessmen to Korea to import these automobiles. This could also boost agriculture as most of these Korean trucks could be leased out to farmers in the hinterlands to enhance the supply of their produce to the cities. The Korean buses could also be purchased and use to solve transportation problem in the Ghana. These buses could help curtail massive traffic congestion in the major cities. If properly implemented more people would even use the reliable bus system than using their personal cars as it would be more cost effective. The Korean cars could also be hired purchased to individuals for commercial purposes. These Korean automobile firms could also be relied on to train artisans in Ghana on how to manufacture automobiles.

It was observed from the findings that most MDA’s do not respond timely to enquiries made by potential Korean investors, with countries the world over inviting potential investors to invest in their countries, the competition for FDI’s has become very keen, it is therefore necessary for MDA’s to respond timely and appropriately to enquiries made by potential Korea investors.

From the findings, it was observed that the Koreans are interested in cooperating with Ghana in the field of developing nuclear to augment Ghana’s hydro and fossil-fuel, but it appears Ghana is not cooperating. It is recommended that, Ghana should at least give the Koreans a listening ear to know exactly what the Koreans have to offer in that area.

From the foreign policy perspective, it is recommended that, policy makers in both countries consider each other a strategic partner. As such, in policy formulation, due recognition and
attention should be paid to the internal dynamics of each other. This would ensure that relations are not adversely affected due to regime changes.

Above all, if Ghana is to attain the level the Koreans are, there should be attitudinal change and commitment by all stakeholders to establish the path for transformation. The emphasis should be putting the national interest above all other interest. In the light of this, Ghana should adopt the can do spirit instead of depending on other countries for assistance to develop.

For Ghana to develop its economy, good political system, leadership and economic policies should be harmonized and supported by diligence and determination of the people. Excellent leadership is imperative for economic building.

In summing up, there is a lot of room for improvement in the Ghana-Korean relations. With the necessary political will, utilization of the opportunities provided by the bilateral relation, Ghana and Korea could both be a force to reckon with in world affairs. The onus, however, falls on Ghana to put her house in order towards the realization of a self sufficient and prosperous nation.

It is the hope of this research that if these recommendations are given the requisite and needed attention, Ghana- South Korea relations would see significant improvements to the benefit of both countries.
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E. Interviews (Unstructured)

His Excellency Gabriel Nana Nketiah, former Ghana’s Ambassador to Korea on Saturday, 21st July, 2012, at East Legon in Accra.


Mr. Emmanuel Badger, Senior Investment Officer, Ghana Investment Promotion Centre, on Monday, 13th August, 2012 at GIPC, Accra.

Mr. Attah Daniels, President of Association of Spare Parts Dealers in Ghana on Monday, 22nd July, 2012, at Abbosey Okai, in Accra.
APPENDIX

INTERVIEW GUIDE

This interview is meant to access information on Ghana- South Korea relations within the time frame of 2001-2008 in terms of trade and investments. This is an academic exercise in honour of a Masters degree at LECIAD (University of Ghana). You are assured of the confidentiality of any information that you may give. Please give me your utmost cooperation and assistance.

Name……………………………………………………………………………………
Institution ………………………………………………………………………………
Office/Position…………………………………………………………………………

Main business: Co-operation Ghana – South Korea

What are the main objectives and elements of the Cooperation between the two countries? Or what are the trade and investment activities that bring the two countries together

Do you specifically address TRADE & INVESTMENT-RELATED activities in your overall Cooperation?
[If yes, please attach]
If yes, please describe and exemplify below the main trade-related activity you undertook that brought enhancement in the relations between the two countries.
Which among the two countries do you think the balance of trade tilts in its favour?
Specify:

What should be done by one country to close the deficit trade gap with the other country, if there is any?

What are the major constraints mitigating against the expansion of trade and investment between Ghana and South Korea?

What are some of the trade and investment related cooperation between Ghana and South Korea from 2001 to 2008?
How do you measure the success of your trade related cooperation activities? For Example, do you use specific monitoring and evaluation guidelines to ensure effectiveness?

(Please describe and exemplify)

Did trade and investment related cooperation activities increased within 2001 and 2008? If yes, please describe below:
Can you kindly give an account of Impact of some of the investment Ghana gained from South Korea? Benefits Ghana gained from South Korea during the period 2001-2008

Impact of some investments South Korea gained from Ghana. Benefits South Korea gained from Ghana as a result of co-operation during period 2001-2008.

What are major areas of interest of Korea investors in Ghana?

What are some of Ghana’s investments in South Korea?
Is there any multinational company in South Korea interested in doing business or is already doing business in Ghana?

In general, within the time frame how beneficial or otherwise were the trade and investment relations between Ghana and South Korea?

..................THANK YOU FOR YOUR COOPERATION..................