

KOREA (REPUBLIC OF)

By a Special Contributor

According to the Bank of Korea, the Republic of Korea posted an annual growth of 3.0% in real gross domestic product (GDP) in 2001, despite a marked slowdown, and entered a recovery phase from the fourth quarter of 2001. The year-on-year GDP growth rate declined from the 8.8% posted in 2000, mainly due to the slow consumption in the private sector. *Per capita* real gross national income (GNI) dropped from US\$9,628 in 2000 to US\$8,900 in 2001. Nominal GDP increased by 3% to US\$476.9 billion in 2001, ranking the country thirteenth in the world in terms of nominal GDP in 2001.

Since Korea lacks a significant mineral resource endowment, it must rely on outside sources to meet its increasing demand for minerals. Not only is Korea likely to rapidly increase its mineral imports, but it is also expected to invest increasingly in overseas mineral industries.

The mining industrial production index (IPI), unadjusted for seasonal variation, based on 1995=100, recorded 74.1 in 2001 as compared to 77.4 in 2000. IPI for coal recorded 53.6 in 2001 from 62.4 in 2000; for metal ore, the index dropped to 33.8 from 45.7 in 2000 and for non-metal ore to 78 in 2001 from 79.7 in 2000.

As of end 2000, a total of 552 mines operated in South Korea consisting of: 11 coal mines; 27 metal ore mines and 514 non-metal ore mines. Non-metal mines were: 169 kaolin mines; 141 limestone mines and 62 quartz mines.

In 2001, the country's mineral production totalled US\$1,162 million, comprising US\$324 million for metal ore (28%), US\$636 million for non-metal ore (55%) and US\$202 million for coal (17%).

Mineral trade in 2001 consisted of total ore imports of US\$2,194 million, an increase of 16% and exports of US\$13 million, a drop of 34%.

Korea's major mineral imports in 2001 were: US\$1,090 million of iron ore; US\$663 million of copper ore; US\$235 million of zinc ore; US\$166 million of potash; US\$138 million of enriched uranium and US\$98 million of lead ore.

Coal

Korean anthracite coal production amounted to only 3.8 Mt in 2001 compared with 4.19 Mt in 2000. About 35% of the nation's anthracite coal is produced by Dai Han Coal Corp. which produced 1.3 Mt from three mines, Changsong, Hwasoon and Dogae. Kyungdong Coal Mining Co. produced 1.0 Mt. During 2001, Korea imported US\$2,157 million worth of bituminous coal, an increase of 6.1% over 2000. Australia shipped to Korea US\$901 million worth during 2001, China US\$790 million; Canada shipped US\$222 million and Indonesia US\$130 million.

Korea Electric Power Corp. (KEPCO) is the Korea's principal buyer of steam coal and is the government's power monopoly. As of April 2001, KEPCO diversified into six separate power generation companies. One company will be handling nuclear power generation, however, five non-nuclear generation companies will be established for eventual sale to the private sector.

The Ministry of Commerce, Industry and Energy has laid out a five-year plan for the coal industry, calling for the closure by 2005 of three to four coal mines through gradual production cuts. Current production costs are two and a half times higher than international prices.

Iron and Steel

Iron ore production decreased to 11,000 t in 2001. Production of titanium ore totalled 169,705 t in 2001.

Crude steel production increased to 43.8 Mt in 2001 as compared with 43.1 Mt in 2000 while hot-rolled steel production amounted to 44.3 Mt.

Pohang Iron and Steel Co. (Posco) reported sales of W11.8 trillion, operating profit of W1.4 trillion and net profit of W819 billion in 2001. Posco's crude steel production in 2001 totalled 27.8 Mt, the biggest volume in the firm's history, which put the company back in the top slot as the world's biggest crude steel producer.

Non-Ferrous Metals

In the 11 months to November 2001, Korean output of zinc ore concentrates amounted to only 10,259 t and 1,957 t of lead ore concentrates.

The world's biggest zinc refiners, Korea Zinc Co. Ltd and Young Poong Corp. produced 501,141 t in 2001, as compared with 474,180 t in 2000. In 2001 Korea Zinc Co. produced 395,847 t of refined zinc. Annual capacity at Korea Zinc's Onsan plant is 400,000 t and capacity of Young Poong's Sukpo plant is 200,000 t.

LG Nikko Copper produced 473,000 t of electrolytic copper cathode in 2001.

South Korea's only lead refiner, Korea Zinc Co. Ltd, sold 158,814 t in 2001, as compared to 168,162 t in 2000. This sharp fall in the sales and output could be attributed to tight concentrate supply and sluggish pure lead sales on the domestic market owing to more imports of Chinese lead by local battery makers. Annual capacity at Korea Zinc for refined lead is 200,000 t.

South Korea has no aluminium smelter and imports of primary aluminium totalled to 850,000 t in 2001 against 877,000 t in 2000.

Non-Metal Minerals

Limestone is major non-metal mineral in Korea. In 2001, 74.7 Mt of limestone were produced for the cement industry. Other industrial minerals included 2.1 Mt of kaolin and 2.1 Mt of quartz. The value of non-metal mineral has a 55% share of the Korean mining industry. According to the Korea Cement Industrial Association, Korea's clinker and cement production in 2001 amounted 47.4 Mt of clinker and 52 Mt of cement. Exports in 2001 amounted 1.6 Mt of clinker and 3 Mt of clinker.