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INDO-PACIFIC Seoul and Astana Sign 30 Agreements

Together Wilder Davenport

initiatives, including in the Kazakh energy sector and in critical mineral supply

chains. South Korean President Yoon Suk Yeol is currently on a tour of Central Asia

On June 12th, South Korea and Kazakhstan agreed to cooperate on a variety of

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as part of Seoul's South Korea-Central Asia K-Silk Road initiative, stopping first in Turkmenistan before arriving in Kazakhstan. At a summit in Astana, the capital of Kazakhstan, more than 30 agreements were signed, many of which were memoranda of understanding (or MOUs). The summit was attended by the presidents of both countries, in addition to other government officials and both South Korean and Kazakh companies. **Seoul & Semiconductors** South Korea, the second-largest global producer of semiconductors for a decade

2022, 19 percent of their national exports were semiconductor products. Last

now, has been working on strengthening its supply chains for critical minerals. In

stainless steel.

January, Seoul announced its decision to invest around \$470 billion over the course of 23 years in building a new semiconductor production park. Samsung and SK Hynix are investing in the project with the goal of overtaking Taiwan Semiconductor Manufacturing Company, which currently dominates the industry by producing wafers—the thin slice of the semiconductor that circuits are fabricated on—and competing with US chip giants like Nvidia. The project relies heavily on cooperation with the United States, which reportedly controls half of the production process and supply chain, thus providing a deterrent against China. Additionally, President Yoon announced another \$19 billion in support for microchip businesses on May 23rd. For the foreseeable future, the South Korean semiconductor industry will see increased growth as AI and cloud computing sectors grow, and the government pours money into the industry amidst a global race to develop faster

is reportedly investing more in electrification, necessitating minerals like lithium, which Kazakhstan has large reserves of. For Korean companies looking to extract rare earth minerals from Kazakhstan, the recent summit was helpful. At the meeting, an MOU was signed for partnership on critical mineral supply chains. Reportedly, Korean companies were invited to collaborate in the construction of a new "smart city." A deal was also struck between the Korea Institute for Advancement of Technology and the Kazakh National Center of Science and Technology Evaluation on the commercialization of

these rare metals, which include chromium, a mineral used in the production of

Photo from the summit of Kazakh and Korean leaders on June 12th. (Photo by Akorda)

semiconductors. Semiconductor chips are used everywhere, including in automotive

industries, and South Korea has a large one. Korean automotive giants like Kia and

Hyundai are already invested in Kazakhstan. Hyundai, another Korean car company,

Photo from the summit of Kazakh and Korean leaders on June 12th. (Photo by Akorda) **Low-Emission Energy, Technology, and Tourism**

lacking natural resources, South Korea lacks significant local energy production, choosing instead to import the majority of its energy via natural gas from Central Asia. South Korea's earlier visit with Turkmenistan (before Kazakhstan) also

involved agreements in the energy sector, like the development of the Galkynysh gas field in the Mary Province of Turkmenistan. Turkmenistan has enormous reserves of natural gas and exports plenty to South Korea. But South Korea and Kazakhstan also cooperated on a variety of low-emission energy initiatives instead, like power generation, renewable energy, and investing in older power plants. Kazakhstan, home to 12 percent of global uranium resources, is the largest producer of uranium globally. South Korea has already invested in national nuclear power projects, and could further invest in the coming years, as its cooperation with Kazakhstan deepens.

Rare earth minerals are not the only thing Seoul is interested in. In addition to

events were agreed upon by both countries. \mathbb{X} Invest Kazakhstan @Kazakh_Invest · Follow KAZAKH INVEST Strengthens Cooperation with the Korea Trade-Investment Promotion Agency Learn more: invest.gov.kz/.../kazakh-inv...

The summit also contained technological and scientific agreements, ranging from a

possible Woosong University campus in Kazakhstan to Samsung Electric's agreement

to begin producing household appliances in Kazakhstan. Finally, direct flights from

Astana to Seoul were pledged by Kazakh President Tokayev, and reportedly, cultural



control the United States has over semiconductor production—through export controls on semiconductor technology, although most advanced chips are no longer manufactured by US firms—this investment in Kazakhstan is equally good news for the US in the event of Taiwanese supply chains being interrupted, providing an alternative supply chain. A potential issue might be a South Korean energy crisis as a result of their reliance on imported natural gas. The electricity supplier of the nation, Korea Electric Power Corporation (KEPC), reportedly has to take on debt to avoid financial loss. The price of natural gas has risen in recent years, yet the government has fought to keep it low for South Korean customers. Attempting to combat global energy inflation, although convenient for the customer, means KEPC has to sell electricity at enormous losses, taking on debt to avoid huge losses. If the energy sector suffered, then the rest of South Korea would suffer too—automotive and semiconductor production are very energy-intensive. But the South Korea-Central Asia K-Silk Road initiative perhaps could alleviate some of Seoul's electricity woes, as they tap into the resources of Central Asia. Report

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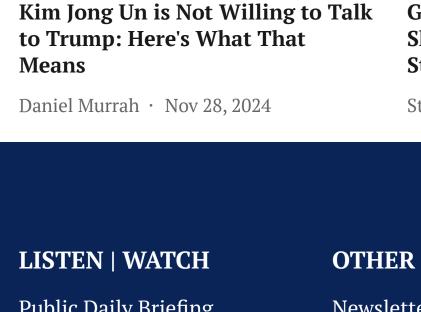
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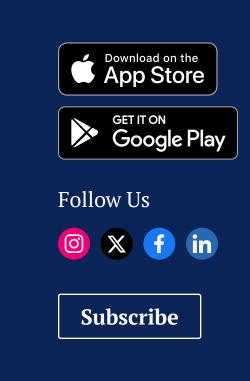
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