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**SOUTH KOREAN ECONOMY AND THE FREE TRADE AGREEMENT WITH CHINA**

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# SOUTH KOREAN ECONOMY AND THE FREE TRADE AGREEMENT WITH CHINA

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## ABSTRACT

South Korea has had a continuous engagement with significant trade, investment and security matters simultaneously in its relations with other nations.<sup>1</sup> South Korea's bilateralism with China is a part of a larger milieu which China has been constructing, that includes the Belt and Road Initiative<sup>2</sup> (BRI) and the Asian Infrastructure Investment Bank (AIIB). South Korea has become a member of the AIIB in December 2015 and it has not joined the BRI. The discussion here also concerns South Korea-China FTA agreement's aftermath. China is a nation with a very broad range of regional, intraregional and global ambitions and strategies.<sup>3</sup> Undoubtedly, the East Asian security framework has an overbearing impact on the trade and investment environment.<sup>4</sup> Moreover, the relations between Seoul and Pyongyang are relevant to the economic and political developments in East Asia.<sup>5</sup> There are earlier discussions of the structure of the US-South Korea and China-North Korea alliances<sup>6</sup> and there is also prior coverage of the effects of China on North Korean economy and the consequences for South Korea, neither of which will not be recapped here due to lack of space.<sup>7</sup> South Korea, together with the US, Japan, North Korea, China and Russia, has been engaged in a long process of negotiations in several 'six party talks'<sup>8</sup> since 2003, to bring a lasting peace to the Korean Peninsula, which have not, as yet, led to a final outcome, as has been the case with the series of the US and North Korean disarmament talks that originated in 1994. While these issues are relevant to the larger context of the topic, in this discussion, the focus is on the South Korean economic model and business systems<sup>9</sup> and its interaction with the Chinese economy and the 2015 FTA and the Chinese business systems.

**Keywords:** South Korean economy, Chaebols, China, FTA, Belt and Road Initiative, global value chains

## SOUTH KOREAN BUSINESS SYSTEMS

The state and chaebols are the two primary factors that have integrated South Korea into the global economy.<sup>10</sup> National economic survival strategies of the South Korean state culminated in a new viable developmental model in East Asia.<sup>11</sup> In the neoliberal globalisation phase of the global economy too, the South Korean state maintained its guidance of the national economy and the chaebols.<sup>12</sup> The South Korean business systems are specific to the conditions and the time they have originated from which makes them arguably hard to replicate elsewhere.<sup>13</sup> The discussion below will first investigate, in stages, the elements of the South Korean business systems. From the 1960s onward, the South Korean state assisted business formations, provided 'how-to' blueprints and supplied finance for targeted investments and industries that

<sup>1</sup> Yul Sohn (2019) 'South Korea under the United States-China rivalry'. *The Pacific Review*. 32(6): 1019-1040.

<sup>2</sup> Seong-hyon Lee (2018) 'The Shift of Security Environment in Northeast Asia'. *Journal for Peace and Nuclear Disarmament*. 1(2): 352-362.

<sup>3</sup> Celal Bayari (2018) 'Economy and Market in China'. *Academy of Taiwan Business Management Review*. 14(1): 13-36.

<sup>4</sup> Kiyong Chang and Choongkoo Lee (2018) 'North Korea and the East Asian Security order'. *The Pacific Review*. 31(2): 245-255.

<sup>5</sup> Christina Kim Chilcote (2018) 'Bridges of Ambition to North Korea'. *Critical Sociology*. 44(3) 437-453.

<sup>6</sup> Muhui Zhang (2018a) 'Institutional Creation or Sovereign Extension'. *International Relations of the Asia-Pacific*. 18: 249-278.

<sup>6</sup> Stephen Blank (2018) 'Korean Denuclearization in the context of earlier Proliferation and Disarmament negotiations'. *The Journal of East Asian Affairs*. 32(2): 1-58.

Audrye Wong (2020) 'Managing Small Allies Amidst Patron-Adversary Rapprochement'. *Asian Security*. 16(1): 107-126.

<sup>7</sup> Balbina Y. Hwang (2019) 'Northeast Asian Perspectives on China's Belt Road Initiative'. *East Asia*. 36:129-150.

Seung-Ho Jung and Byung-Yeon Kim (2018) 'Trade Between North Korea and China'. *Emerging Markets Finance and Trade*. 54(7): 1475-1489.

Tat Yan Kong (2018) 'China's engagement-oriented strategy towards North Korea'. *The Pacific Review*. 31 (1): 76-95.

<sup>8</sup> Seong-hyon Lee (2018) 'The Shift of Security Environment in Northeast Asia'. *Journal for Peace and Nuclear Disarmament*. 1(2): 352-362.

Anthony V. Rinna (2018) 'Russia's Strategic Partnerships with China and South Korea'.

*Asia Policy*. 13(3): 79-99.

<sup>9</sup> The term 'business systems', for the purposes of this discussion, signifies the different clusters or levels of business entities [i.e. state-owned-enterprises, private enterprises, public utilities, etc.] in a hierarchy that is determined by a corresponding share of GDP, with each cluster having a specifically defining membership (see Conceptual Models 1 and 2 below).

<sup>10</sup> Kyung Mi Kim and Hyeong-Ki Kwon (2017) 'The State's Role in Globalization'. *Politics & Society*. 45(4): 505-531.

<sup>11</sup> You-il Lee and Kyung Tae Lee (2015) 'Economic Nationalism and Globalization in South Korea'. *Asian Perspective*. 39: 125-151.

<sup>12</sup> Hyeong-ki Kwon and Kyung Mi Kim (2018) 'Varieties of globalisation and national economy'. *Journal of International Development*. 1-27.

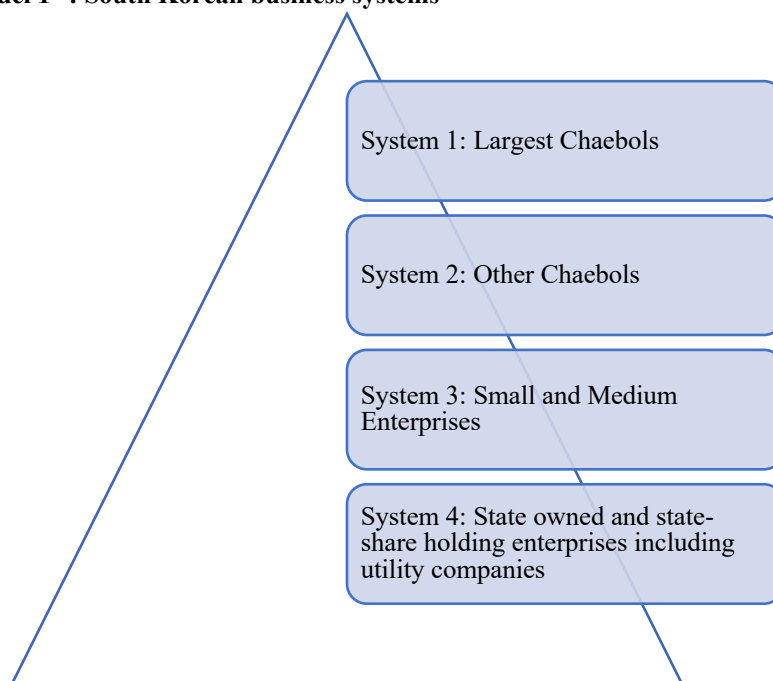
<sup>13</sup> Eun Mee Kim, Pil Ho Kim and Jinkyung Kim (2013) 'From development to development cooperation'. *The Pacific Review*. 26(3): 313-336.

culminated in the present chaebols-led economy that characterises South Korea.<sup>14</sup> Throughout the 1960s and 1970s, in order to develop strategic industries, the South Korean state created ‘quasi state-owned-enterprises’ that matured into chaebols, nationalized the banking sector, and provided foreign lenders with guarantees for loans to chaebols.<sup>15</sup> This is a point of difference from the situation in China where the state developed state-owned- enterprises and has continued to maintain some of them as such and the ones that became privatised cannot really be classified as private capitalist enterprises. The symbiotic relationship between the South Korean state and the chaebols has had a varying balance of power from the start and throughout the Park Chung Hee government, whence they established their monopolistic positions across all industries as the domestic economy that had not yet sufficiently developed markets.<sup>16</sup>

**Table 1: Chaebols value-added share (%) of GDP**

Top 46 chaebols combined: 43% [1978 data] <sup>17</sup>
Top 20 chaebols combined: 13.5%. [1994 data] <sup>18</sup>
Top 4 chaebols combined: 30% [1997 data] <sup>19</sup>
Top 30 chaebol combined: 30% [2000 data] <sup>20</sup>
Top 5 chaebol combined: 48.6% [2010 data] <sup>21</sup>
Top 10 chaebol combined: 80% [2012 data] <sup>22</sup>

**Conceptual Model 1<sup>23</sup>: South Korean business systems<sup>24</sup>**



<sup>14</sup> Seok Hyeon Choi and Pan Suk Kim (2015) ‘Failure and success in South Korea and Taiwan. Philippine Political Science Journal. 36(1): 19-34.

<sup>15</sup> Phillip Wonhyuk Lim (2001) ‘The Evolution of Korea’s Development Paradigm’. ADB Institute Working Paper 21.

<sup>16</sup> Seung-Rok Park and Ky-hyang Yuhn (2012) ‘Has the Korean chaebol model succeeded’. Journal of Economic Studies. 39(2): 260-274.

Tan Aik Seng (2017) ‘The Changing Arena of Power Contestation Between the State and Chaebols in South Korea. Cornell International Affairs Review. 11(1).

<sup>17</sup> Jae-Jin Yang (2017) The Political Economy of the Small Welfare State in South Korea. Cambridge: CUP.

<sup>18</sup> Makoto Abe and Momoko Kawakami (1997) ‘A Distributive Comparison of Enterprise Size in Korea and Taiwan’. The Developing Economies. 35(4): 382-400

<sup>19</sup> Jae-Jin Yang (2017) The Political Economy of the Small Welfare State in South Korea. Cambridge: CUP.

<sup>20</sup> Chuk Kyo Kim (2019) Economic Development of Korea. Singapore: WSP.

<sup>21</sup> Keunsoo Kim (2013) ‘Chaebols and Their Effect on Economic Growth in South Korea’. Korean Social Sciences Review. 3(2): 1-28.

<sup>22</sup> Kwon Eun-jung (2012) ‘Top ten chaebol now almost 80% of Korean economy’. Available at <<http://.english.hani.co.kr>>. Accessed 16 March 2020.

<sup>23</sup> The author’s conceptualization

<sup>24</sup> Samsung Group, Hyundai Motor Group, SK Group, LG are the largest four as per Chae Yun-Hwan (2019) ‘FTC names 59 chaebol to 2019 watch list’. Korea Joong Ang Daily. 15 May. Forbes Global 2000 (2019) provides a ranking of individual companies, not the chaebols.

Chaebols, with their subsidiary firms, have come to define South Korean economy as a result of their high levels of ownership in the economy, their role in the rapid industrialisation, exports, overseas expansion, as the result of which the state-chaebols relationship has developed from more of control to one of coordination.<sup>25</sup> However, chaebols still do benefit from extensive political and legal patronage.<sup>26</sup> The classical chaebol models display complex circular chain ownership structures frequently within a family-centric holding company or simply circular shareholdings by several firms, but among the smaller chaebols, a range of mutual funding and cross-shareholding models have also become increasingly common.<sup>27</sup> Among all the chaebols, the top 30 groups account for two-thirds of shipments in South Korea's manufacturing and mining sector, a quarter of sales in services and 32% of total national sales, while Samsung Group, Hyundai Motor Group, SK Group and LG, account for nearly half of stock market capitalisation.<sup>28</sup> While Samsung Group, Hyundai Motor Group, SK Group, LG are the largest four chaebols<sup>29</sup>, Forbes Global 2000<sup>30</sup> provides a different ranking of the individual companies, as separate from chaebols.

There are power and influence matrixes that exist beyond the contemporary structures of the state-chaebols links. Chaebols have connections with political, economic, judicial and social institutions. From the 1980s financial deregulation till the 1997 Asian economic crisis, vertically integrated chaebols entered into finance and banking sectors, became more independent on investment decisions but still continue to enjoy the assistance of the state.<sup>31</sup> The state, by contrast chose to re-regulate the finance and banking sectors in the post-Asian crisis period.<sup>32</sup> While chaebols were once able to usurp affiliate funds, in the post-1997 crisis regulatory period this practice became untenable.<sup>33</sup> The state investment is also directly relevant to the South Korean economy as state-owned-enterprises have been essential to the economy since the 1950s and despite the privatisations of the 1980s and 1990s, essential services and utilities remain as the property of the state.<sup>34</sup>

**Table 2: Top four nations with large state-owned sectors<sup>35</sup>**

Rank by corporate valuation	Country	Employee Numbers	Value (US\$)
1	China	20.2 million	29.2 trillion
2	India	3.3 million	338.5 billion
3	Korea	147,833	217.8 billion
4	Italy	499,765	207.5 billion

<sup>25</sup> Soyong Kim (2016) 'Global Capital, Business Groups and State Coordination'. *Social Studies*. 11 (1): 145-173.

Jae Yong Shin, Jeong-Hoon Hyun, Seungbin Oh and | Hongsuk Yang (2016). 'The effects of politically connected outside directors on firm performance'. *Corporate Governance International Review*. 26:23-44.

<sup>26</sup> Tan Aik Seng (2017) 'The Changing Arena of Power Contestation Between the State and Chaebols in South Korea'. *Cornell International Affairs Review*. 11(1).

<sup>27</sup> Hong-min Chun (2019) 'CEO pay disparity, chaebol affiliations, and implied cost of equity capital'. *Finance Research Letters*. 31: 480-488.

Jaimin Goh, Wonwook Choi and Jungeun Cho (2016a) 'Changes in chaebol firms' overinvestment after the Asian financial crisis'. *Asia-Pacific Journal of Accounting and Economics*. 23(1): 75-111.

Taeyoon Sung and Doyeon Kim (2017) 'How chaebol restructuring after the 1997 crisis has affected corporate decision and performance in Korea'. *China Economic Journal*. 10(2): 147-161.

<sup>28</sup> OECD (2018a) *OECD Economic Surveys: Korea 2018*. Paris: OECD Publishing.

<sup>29</sup> Chae Yun-Hwan (2019b) 'FTC names 59 chaebol to 2019 watch list'. *Korea Joong Ang Daily*. 15 May. .

<sup>30</sup> Fortune 2000 (2019) [www.fortune.com](http://www.fortune.com).

<sup>31</sup> Jiyoung Kim (2017) 'Corporate financial structure of South Korea after Asian financial crisis'. *Economic Structures*. 6(24): 2-14.

Byung-Kook Kim and Hyug-Baeg Im (2001) *Crony Capitalism in South Korea, Thailand and Taiwan*. *Journal of East Asian Studies*. 1(1): 5-52.

<sup>32</sup> Hong Yung Lee (2008) 'A Comparative Study of Korean, Chinese, and Japanese Traditional Family and Contemporary Business Organizations'. *EAI Working Paper Series*. 14.

<sup>33</sup> Jaimin Goh, Jaehong Lee and Jungeun Cho (2016b) 'A New Relationship between Ownership'. *Asia-Pacific Journal of Financial Studies*. 45: 222-253.

<sup>34</sup> Kyongsun Heo (2018) 'Effects of Corporate Governance on the Performance of State-Owned Enterprises'. *World Bank Group. Governance Global Practice*.

<sup>35</sup> OECD (2017b) *The Size and Sectoral Distribution of State-Owned Enterprises*. Paris: OECD Publishing.

The South Korean state investment in the domestic economy is approximately 5 percent of the GDP and 17 percent of all investment.<sup>36</sup> South Korea has the third global ranking in terms of the value that state-owned-enterprises hold in the national economy. By contrast, the Chinese state ownership in the entire national economy is approximately one-third of all the shares for Chinese listed corporations, including SOEs,<sup>37</sup> plus it also owns the unlisted state-owned-enterprises and the public utility companies, which are the largest in the world. The South Korean state has ownership in many businesses such as Korea Electric Power Corporation (Forbes global rank 588), Industrial Bank of Korea (rank 616), Korean Gas Corporation (rank 984) and Korean Investment Corporation (rank 1441). There are also formerly state-owned but now-privatized enterprises such as Korea Telecom Corporation (rank 940) in which National Pension Service is still a shareholder. To conclude this section, the state ownership in South Korea is not insignificant yet quite minimal in comparison to the Chinese economy.

### CHAEBOLS AND SMALL & MEDIUM ENTERPRISES

Until the end of the 1980s, the South Korean state was less supportive of small and medium size enterprises (SME) and their financial needs.<sup>38</sup> However, SMEs occupy a substantial place in the South Korean economy. The relationship between SMEs and the South Korean state appears to be almost an afterthought, as these are a set of economic agencies the significance of which became apparent in the globalisation phase of the mature-industrialisation period. The state has become aware of the importance of the support for SMEs for them to grow with the rest of the national economy and the global market.<sup>39</sup> Global restructuring in the 1990s and the decline in the labor intensive industries began to reduce the chaebols' employee numbers.<sup>40</sup> Despite the chaebols' dominance of the economy, the value-added share and the employee numbers of SMEs in the national economy began to increase in the 1990s.<sup>41</sup> This structured duality of chaebols and SMEs and their co-dependency forms a primary characteristic of the South Korean economy. Overall, South Korea's domestic supply chain is a massive network of chaebols and SMEs. The South Korean SMEs employ 87.9 percent of the national labor market, create 51.2 percent of the added-value of national output and are responsible for 37.5 percent of the exports.<sup>42</sup>

**Table 3: South Korean manufacturing industry value-added distribution (%) (2014)<sup>43</sup>**

	Heavy Industries	Light Industries
SME	41.3	84.6
Chaebol	58.7	15.4

In 1962-2014, the SMEs contributed nearly half of the value-added production.<sup>44</sup> The significance of these SME figures is apparent in their inclusion of domestic supply chain firms in the country. The origin of this duality lies in the South Korean state and chaebols' coordination to maintain stable domestic supply chains. Chaebols emerged out of the South Korean economy with their domestic supply chain network upon which they remain reliant.<sup>45</sup>

<sup>36</sup> OECD (2017a) Government at a Glance Chapter 2 Public Finance and Economics, Figure 2.48. Government investment as percentage of GDP, 2007, 2009, 2015 and 2016. Available at <www.oecd.com>. Accessed 16 March 2020.

<sup>37</sup> Xiaohong Huang, Rezaul Kabir and Lingling Zhang (2018) 'Government ownership and the capital structure of firms: Analysis of an institutional context from China'. China Journal of Accounting Research. 11: 171-185.

<sup>38</sup> Yong-Chool Ha and Wang Hwi Lee (2007) 'The Politics of Economic Reform in South Korea'. Asian Survey. 47(6): 894-914.

Byung-Kook Kim and Hyug-Baeg Im (2001) Crony Capitalism in South Korea, Thailand and Taiwan. Journal of East Asian Studies. 1(1): 5-52.

<sup>39</sup> Eun Mee Kim (2015) Korea's Evolving Government Business Relationship. United Nations University World Institute for Development Economics Research.

Su-Yol Lee and Robert D. Klassen (2008) 'Drivers and Enablers that Foster Environmental Management Capabilities in Small and Medium-Sized Suppliers in Supply Chains'. Production and Operations Management. 17(6): 573-586.

<sup>40</sup> Keunsoo Kim (2013) 'Chaebols and Their Effect on Economic Growth in South Korea'. Korean Social Sciences Review. 3(2): 1-28.

<sup>41</sup> Cheonsik Woo and Kwang-Eon Sul (2001) Industrial Upgrading of Korea. Korea Development Institute.

<sup>42</sup> Ministry of SMEs and Start-ups (2019) 'Status of Korean SMEs'. Available at

<https://www.mss.go.kr/site/eng/02/2020200000002019110610.jsp>. Accessed 16 March 2019.

<sup>43</sup> OECD (2018b) Enhancing Dynamism in SME and Entrepreneurship in Korea. Economics Department Working Papers No. 1510.

<sup>44</sup> Yong-Hwan Noh (2017) 'Status of Korean SMEs and Policy Tasks for the Implementation of SME centred Economy'. Korea Development Institute Journal of Economic Policy Conference. December.

<sup>45</sup> Su-Yol Lee and Robert D. Klassen (2008) 'Drivers and Enablers that Foster Environmental Management Capabilities in Small and Medium-Sized Suppliers in Supply Chains'. Production and Operations Management. 17(6): 573-586.

Wonhyuk Lim (2012) 'Chaebol and Industrial Policy in Korea'. Asian Economic Policy Review. 7: 69-86.

**Table 4: Korean labor market distribution by company size<sup>46</sup>**

SME	Chaebol
87.9	12.1

The extent of the partnership between the South Korean state and chaebols is still clearly visible as, in 2019, the state made new investments in the domestic industries to create new SME supply chains and revitalize manufacturing.<sup>47</sup> Table 1 provides a brief review of the chaebols' literature, in terms of their value-added production share of the South Korean GDP. The point of this argument is to emphasise the weight of the profit-driven private ownership in the national economy which is geared toward global investment and trade. In terms of manufacturing, South Korean SMEs have a larger share of the light industries but also have a substantial share of the heavy industries (Table 3). The financial structures of SMEs are dependent on the financial sector which chaebols dominate.<sup>48</sup> The increase in chaebols' dominance of the service sector, with the accompanying increase in their economic power after the 1997 crisis, has reduced the percentages of the self-employed and long term employed in the national labor market but increased the percentage of the casual work.<sup>49</sup> That is, the national labor market has become increasingly more directly affected by the strategies of chaebols.

### THE BEIJING CONSENSUS AND THE BRI

China's rapid surge in trade and investment engagements in Asia, Africa and Latin America from the 2000s onward has become informally known as the Beijing Consensus, in contrast to the perceived limitations of the Washington Consensus policies in the same geographies.<sup>50</sup> The Washington Consensus encompasses the institutions of the Bretton Wood system, the United Nations, the IMF, World Bank and WTO all of which China joined over an extended period of time. The Beijing Consensus, and its creation the BRI, massively rely on bilateral trade deals, Chinese state credit system and the AIIB. The Beijing Consensus essentially represents the growth in the Chinese economy and the rapid rise in the Chinese state's international expansion; foreign investment, trade and credit supply. This is arguably a new mercantilist economic system.<sup>51</sup> The critiques of the Chinese mercantilism focus on the institutions and practices of the state-dominated economy, export-driven economic growth, foreign investment-attracting policies with clearly set domestic market benefits such as technology transfer, loose intellectual property regulation, underpaid labor market segments, state-owned and/or state-directed financial system, undervalued currency to cheapen exports, massive foreign reserves accumulation, continuous and targeted strategic acquisition of foreign assets and natural resources.<sup>52</sup> The BRI is viewed, in this context, as the future of the Chinese

Carlos Sakuramoto, Luiz Carlos Di Serio and Alexandre de Vicente Bittara (2019) 'Impact of supply chain on the competitiveness of the automotive industry'. RAUSP Management Journal. 54(2): 206-225.

<sup>46</sup> Ministry of SMEs and Start-ups (2019) 'Status of Korean SMEs'. Available at <<https://www.mss.go.kr/site/eng/02/2020200000002019110610.jsp>>. Accessed 16 March 2019.

<sup>47</sup> Yun-Hwan Chae (2019a) '[Sustainable Future] Local production could be the key to global success'. Available at <<http://koreajoongangdaily.joins.com>>. Accessed 16 March 2020.

Sung-hyun Lim and Lee Eun-joo (2019) 'Korea pledges \$5 bn funding to groom local supply chain for chip industry'. Available at <<https://pulsenews.co.kr>>. Accessed 16 March 2020.

Ju-min Park (2019) 'Supply chain pain'. Available at <<https://www.reuters.com>>. Accessed 16 March 2020.

<sup>48</sup> Jiyoung Kim (2017) 'Corporate financial structure of South Korea after Asian financial crisis'. Economic Structures. 6(24): 2-14.

Solee I. Shin and Lanu Kim (2019) 'Chaebol and the Turn to Services. Journal of Contemporary Asia. 1-24.

Ji-Wan Yun (2010) 'The Myth of Confucian Capitalism in South Korea'. Pacific Affairs. 83(2): 237-229.

<sup>49</sup> Jiyoung Kim (2017) 'Corporate financial structure of South Korea after Asian financial crisis'. Economic Structures. 6(24): 2-14.

<sup>50</sup> Lai Ha Chan, Pak K. Lee and Gerald Chan (2008) 'Rethinking Global Governance'. Contemporary Politics. 14(1): 3-19.

Arif Dirlik (2004) 'Beijing Consensus: Beijing 'Gongshi'. Globalization and Autonomy Online Compendium. Mimeo.

Max Rebol (2010) 'Why the Beijing Consensus is a Non-Consensus: Implications for Contemporary China-Africa Relations'. Culture Mandala. 9(1): 7-20.

<sup>51</sup> Jennifer Lind and Daryl G. Press (2018) 'Markets or Mercantilism'. International Security. 42 (4): 170-204.

Marcel Schroder (2017) 'Mercantilism and China's hunger for international reserves'. China Economic Review. 42 (February): 15-33.

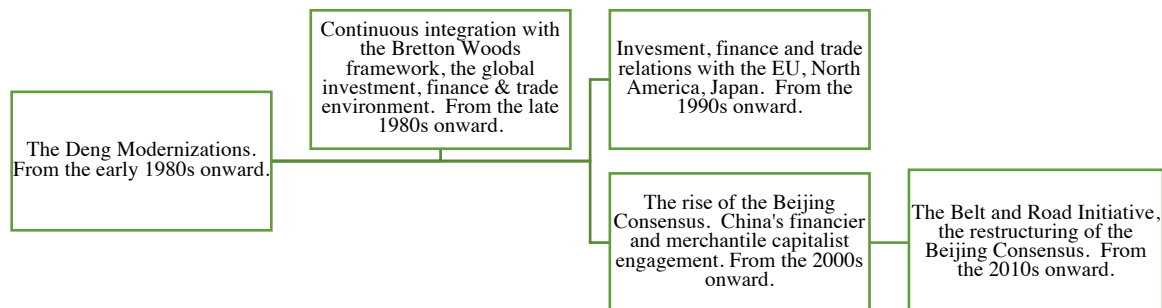
<sup>52</sup> Joshua Aizenman, Yothin Jinjarak and Huanhuan Zheng (2018) 'Chinese outwards mercantilism. The art and practice of bundling'. Journal of International Money and Finance. 86 (September): 31-49.

Dani Rodrik (2010) 'Is Chinese Mercantilism Good or Bad for Poor Countries'. Project Syndicate.

Michael Dooley, David Folkerts-Landau, and Peter Garber (2004) 'The Revived Bretton Woods System'. NBER Working Paper 10332. National Bureau of Economic Research.

mercantilism as it is defined to be a demand creation project for two distinct zones of the state-owned or state-dominated internationalized businesses: the Chinese state finance (that has access to the Chinese state's vast foreign reserves) and the construction, logistics and utilities.<sup>53</sup> Under the BRI, the Chinese state is projected to be the premier creditor.

### Conceptual Model 2<sup>54</sup>: The origins of the Beijing Consensus



## CHINESE BUSINESS SYSTEMS

Since the late 1990s, the Chinese state has pursued global infrastructure projects that have all become integrated into the platform of the BRI.<sup>55</sup> The value of China's overseas investment and construction combined, since 2005, is \$2 trillion and the BRI represents the largest share.<sup>56</sup> There are several emergent critiques of the BRI and its visions.<sup>57</sup> Overall, the Chinese state and companies have been greatly increasing their power in geographies where the BRI projects are built and related to this process is the need to consider how the companies of other nations will fare. For this, it is necessary to understand how the BRI has been structured by the Chinese state. That particular question is the origin of this discussion that focuses on the model of the Chinese international business as built by the Chinese state. The BRI has several facets: market creation, financial system creation, infrastructure construction, land and maritime trade route building, power generation and distribution. The BRI is a structured global extension of the existing Chinese business systems, domestic and international.

Yang Jiang (2015) 'Vulgarisation of Keynesianism in China's response to the global financial crisis'. *Review of International Political Economy*. 22(2): 360-390.

Charles E. Ziegler and Rajan Menon (2014) 'Russia, China, and the United States are Neomercantilism and Great-Power Energy Competition in Central Asia and the Caspian'. *Strategic Studies Quarterly*. Summer: 17-41.

Zhang Xiaotong and James Keith (2017) 'From Wealth to Power: China's New Economic Statecraft'. *The Washington Quarterly*. 40(1): 185-203.

<sup>53</sup> Simeon Djankov and Sean Miner (eds) (2016) 'China's Belt and Road Initiative: Motives, Scope, and Challenges'. Peterson Institute for International Economics. March.

David Dollar (2015) 'China's Rise as a Regional and Global Power: The AIIB and the One Belt, One Road'. Brookings Paper.

David Jones and Hanzhen Liu (2017) 'Management of Chinese Foreign Direct Investment: "One Belt, One Road" across Eurasia to Africa and Europe Amidst Maritime Tensions in the South China Sea Region'. *International Relations and Diplomacy*. 5(8): 486-500.

<sup>54</sup> The author's conceptualization.

<sup>55</sup> Hong Yu (2017) 'China's Belt and Road Initiative and Its Implications for Southeast Asia'. *Asia Policy*. 24: 117-122.

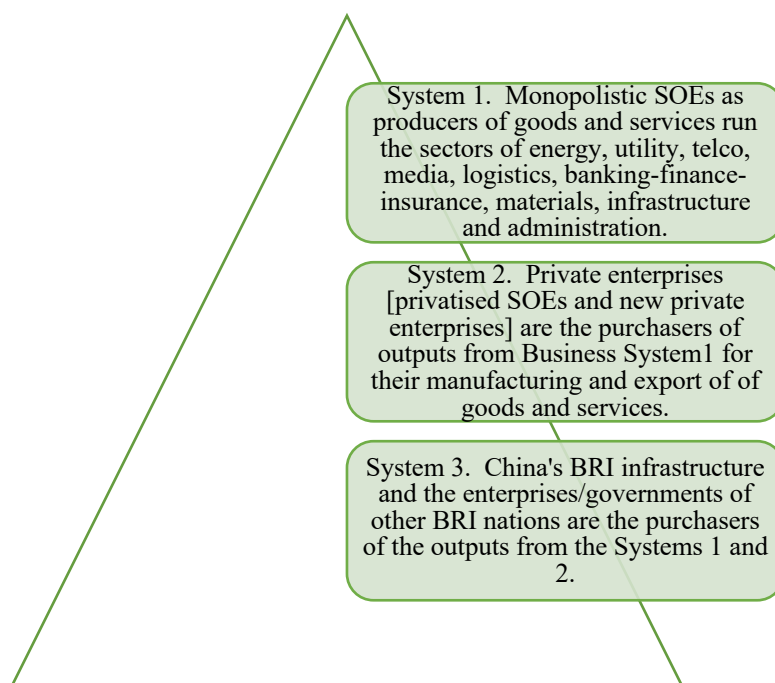
Joel Wuthnow (2012) 'Chinese Perspectives on the Belt Road Initiative'. INSS. *China Strategic Perspectives*. No 12.

<sup>56</sup> AEI, American Enterprise Institute (2019) 'Worldwide Chinese Investments & Construction (2005 - 2019)'. Available at: <<http://www.aei.org/china-global-investment-tracker/>>. Accessed 27 August 2019.

<sup>57</sup> Xue Gong (2018) 'The Belt & Road Initiative and China's influence in Southeast Asia'. *The Pacific Review*. 32(4): 635-665.



### Conceptual Model 3<sup>58</sup>: Chinese business systems



In System 1 (formed in the 1950s-1990s), the Chinese SOEs characterized the domestic economy in the timeline from the Mao's rule throughout the maturation of the Deng modernizations and the 1990s' privatization of the SOEs.<sup>59</sup> In System 2 (formed in the 1990s-Present), at the end of the major privatization phase of many SOEs in the 1990s and with the emergence of private MNEs, the Chinese state gained a clearer *rentier* characteristic. The economy became divided into 'upstream' and 'downstream' domains. The rents that are extracted from the private businesses profits downstream (privately owned corporations and some of the privatized state-owned-enterprises) are being used to finance, partially, the upstream; state-owned-enterprises operating domestically (as monopolies) and internationally (as strategic investors, procurers and traders).<sup>60</sup> System 2 represents the present snapshot of the Chinese international business and the origins of its competitive advantages with a view of its current development into the BRI (System 3). Chinese international business activities have a co-dependence with the Chinese *rentier* state finances. This status is preserved in System 3 which includes the Chinese-owned BRI infrastructure (transport, communication, logistics and technology) as the purchaser, with the enterprises/governments from the BRI members, of the output from the Business Systems 1 and 2. Notionally, System 3 is a type of 'plug-in' point for the BRI membership and while the credit supply comes from the Chinese state, the profits will feed into the upper levels.

<sup>58</sup> The author's conceptualization

<sup>59</sup> Ann Harrison, Marshall Meyer, Peichun Wang, Linda Zhao and Minyuan Zhao (2019) 'Can a Tiger Change Its Stripes?'. NBER Working Paper 25475.

Hongxia Chai and Xiongwei Song (2013) 'The adaptive state, understanding political reform in China'. *Policy Studies*. 34(1): 73-88.

Wanfa Zhang and Feng Sun (2012) 'Resurrection through Adaptation'. *Journal of Comparative Asian Development*. 11(2): 349-378.

<sup>60</sup> Otavio Canuto (2019) 'China's Growth Rebalance with Downslide'. Policy Center for the New South. PB 19 07.

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## SOUTH KOREA AND CHINA FTA

During the Cold War, South Korean and Chinese companies were banned from having direct relations, whereby until 1988, all negotiations took place in Hong Kong, and the two nations did not have diplomatic ties until 1992.<sup>61</sup> In 2015, the two signed a free trade agreement (FTA) which has attracted varying commentary.<sup>62</sup> Tables 6 to 9 present a brief snapshot of South Korea's trade content and bilateralism with China. The bilateral aims and intentions aside, the FTA has not, arguably, provided the South Korean businesses better access to the Chinese market and what appeared to be newly acquired opportunities in China had been actually guaranteed by the Chinese commitments as per the conditions of joining the WTO in 2001, thus the FTA has neither bolstered commerce nor led to further market liberalizations in China.<sup>63</sup> Stand-alone agreements may fare rather poorly in a context that is the playing field of much larger forces. The US and China trade disputes, and the lack of a Pacific and East Asian multilateral trade and investment system (such as the now-defunct Trans Pacific Partnership) have both shown to have a negative impact on the South Korea-China FTA.<sup>64</sup> The FTA's background was that South Korea's export-oriented growth strategy formed the basis of its link to the Chinese economy, which was a situation unsustainable in the long term.<sup>65</sup> In the public sphere, most South Koreans view China as a competitor due several reasons that include to the South Korea's Cold War experiences followed by China's post-Cold War activities to project its hard power in Asia such as the South China Sea militarisation, the *Koguryo* Dynasty issue of the mid-2000s, and the China's economic retaliation, the so called *de facto* sanctions of 2017, as a response to the THAAD system deployment.<sup>66</sup>

The *de facto* sanctions bypassed the bilateral electronics manufacturing trade (thus shielding the Chinese enterprises) but focused on the South Korean service sector thereby showing that there is an inherently asymmetrically reciprocal interdependence between the two nations that can disadvantage South Korea.<sup>67</sup> This made South Korea re-examine the nature of its economic links with China and create its 'New Southern Policy' to further strengthen its ties with South East Asia and India.<sup>68</sup> As its competitive-export-driven economy matured, South Korea had already begun to modify its existing industrial structure that would also lead to a reduction on its reliance on the existing relationship with China.<sup>69</sup> China too has been focusing more on the next stage of its industrial development which may not necessarily eventuate in further liberalization of the foreign investment environment.<sup>70</sup> As such, there is concern in South Korea that China will eventually move toward putting up protective barriers for a range of its industries.<sup>71</sup> Such development would naturally dissolve the FTA substantially, and may make the BRI (or its future version) more significant.

South Korea is the fifth largest export economy globally and occupies the sixth position in Economic Complexity Index (ECI) that measures relative knowledge intensity of an economy by considering the knowledge intensity of the products it exports.<sup>72</sup> South Korea, along with Japan and Taiwan, is exporter of sophisticated components to China which, in turn, assembles them into final products, and all of these activities form the largest segment of the present global value chains (GVCs).<sup>73</sup> Table 5 shows the level of sophistication attained by the South Korean enterprises since 1987. South Korean exports and imports both have China as the prime location, defining the nature of the 'asymmetrically reciprocal interdependence'.

<sup>61</sup> Hyejin Kim (2018) 'Transnational Korean Networks and Business in China'. *Europe-Asia Studies*. 70(7): 1143-1158.

<sup>62</sup> Muhui Zhang (2018b) 'Proceeding in hardship'. *The Pacific Review*. 31(1): 57-75.

<sup>63</sup> Inkyo Cheong (2016) 'Analysis of the FTA Negotiation between China and Korea'. *Asian Economic Papers*. 15(3): 170-187.

<sup>64</sup> Youngmi Choi (2018) 'A middle power's trade policy under U.S.-China FTA competition': South Korea's double hedging FTA diplomacy, *Contemporary Politics*, 24:2, 233-249.

<sup>65</sup> Jong-Wha Lee (2016) 'Korea's Economic Growth and Catch-up'. *China & World Economy*. 24(5): 71-97.

<sup>66</sup> Min-gyu Lee and Yufan Hao (2018) 'China's Unsuccessful Charm Offensive'. *Journal of Contemporary China*. 27(114): 867-886.

<sup>67</sup> Florence (Wen-Ting) Yang (2020) 'Asymmetrical Interdependence and Sanction'. *Issues & Studies: A Social Science Quarterly on China, Taiwan, and East Asian Affairs*. 55(4): 1-39.

<sup>68</sup> Wooyeal Paik (2020) 'The politics of Chinese tourism in South Korea'. *The Pacific Review*. 33(2): 331-355.

<sup>69</sup> Seung Hyok Lee and Wooyeal Paik (2018) 'Is South Korea Leaning Toward China'. *Pacific Focus*. 33(2): 237-259.

<sup>70</sup> Jungmin Lee and Jai S. Mah (2018) 'Korea's Foreign Direct Investment in the Automotive Industry in China'. *China Report*. 54(2):175-193

<sup>71</sup> Hyuntai Lee, Jangho Choi, Hyelin Choi, Yongsun Kim and Joonkoo Lee (2018) 'China's Manufacturing Development and Its Implications for Korea'. *World Economic Brief* 8(18): 1-5.

<sup>72</sup> OEC (2020a) 'Economic Complexity Rankings'. The Observatory of Economic Complexity. Available at <www.oec.com>.

<sup>73</sup> WTO (2020) 'Trade in value-added and global value chains'. Available at <www.wto.org>. Accessed 3 March 2020.

South Korea is the prime import location for China but it is not among China's top five export destinations. Crude petroleum is in the top two imports for both countries that show their external energy dependency. The two nations' integration through the GVCs is also evident in their dependence on the integrated circuit trade.

**Table 5: Economic Complexity Index<sup>74</sup>**

	1987 Rank	1987 Value	2017 Rank	2017 Value
Korea	19	0.92	6	1.78
China	40	0.13	33	0.69

**Table 6: South Korea Top Five Trade Partners<sup>75</sup>**

Exports	% of total	Imports	% of total
China	25	China	21
US	12	Japan	11
Vietnam	8	US	10
Hong Kong	5.8	Germany	4.2
Japan	4.5	Australia	3.8

**Table 7: China Top Five Trade Partners<sup>76</sup>**

Exports	% of total	Imports	% of total
US	20	Korea	9.7
Japan	6.5	Japan	8.8
Germany	4.5	US	8.7
Korea	4.1	Germany	6.2
Vietnam	2.9	Australia	5.5

The Chinese industries have continuously competed on labor cost as they entered into the global trade and investment environment and were served well by the support from the major Western economies.<sup>77</sup> South Korean chaebols, by contrast, have managed to carve out a niche in global markets where they were late entrants, such as the automobile manufacturing in the 1970s and mobile phone manufacturing in the 1990s.<sup>78</sup> South Korean trade content has a certain level of overlap with that of China that shows the matter of the 'asymmetrically reciprocal interdependence' in its present form. It is possible to observe the 2015 FTA as an outcome of the post-Cold War policy direction searches that signified different intentions and perceptions. For China, the FTA was a tactic within a wider strategy.

**Table 8: South Korea Top Five Trade Content<sup>79</sup>**

Exports	% of total	Imports	% of total
Integrated circuits	17	Crude petroleum	12
Cars	6.7	Integrated circuits	8.2
Refined petroleum	5.5	Petroleum gas	3.7
Passenger and cargo ships	4.1	Photo lab equipment	2.9
Vehicle parts	3.2	Refined petroleum	2.8

This is more so, as China is the epicenter of the most of the GVCs and at the intersection of others. China wanted to demonstrate its own way of coping against the (now-defunct) TPP by actively promoting the FTA with South Korea, the 'FTA in Asia Pacific' for the APEC membership the 'One Belt One Road' (OBOR) for Central Asia and the EU, all at the same time.<sup>80</sup> China may have been self-assured that the South Korean FTA would be eventually rolled into the OBOR. Of course, the OBOR, then, mutated into

<sup>74</sup> OEC (2020a) 'Economic Complexity Rankings'. The Observatory of Economic Complexity. Available at <www.oec.com>. Accessed 4 March 2020.

<sup>75</sup> OEC (2020b) 'South Korea'. The Observatory of Economic Complexity. Available at <www.oec.com>. Accessed 4 March 2020.

<sup>76</sup> OEC (2020c) 'China'. The Observatory of Economic Complexity. Available at <www.oec.com>. Accessed 4 March 2020.

<sup>77</sup> Celal Bayari (2018) 'Economy and Market in China'. Academy of Taiwan Business Management Review. 14(1): 13-36.

<sup>78</sup> Joonkoo Lee, Jong-Cheol Kim and Jinho Lim (2016) 'Globalization and Divergent Paths of Industrial Development'. Journal of Contemporary Asia. 46(2): 222-246.

<sup>79</sup> OEC (2020b) 'South Korea'. The Observatory of Economic Complexity. Available at <www.oec.com>. Accessed 4 March 2020

<sup>80</sup> Inkyo Cheong (2016) 'Analysis of the FTA Negotiation between China and Korea'. Asian Economic Papers. 15(3): 170-187.

the BRI with an enhanced significance. China's ambitious path to link several continents does not necessarily include the change of status quo in the Korean Peninsula, as its strategic goals involve the maintenance of extra-territorial stability in the bordering countries such as North Korea.<sup>81</sup> The South Korean and Chinese economies, with their very own respective characteristics and differences from Western models, are two very different domains of global capitalism.<sup>82</sup>

**Table 9: China Top Five Trade Content<sup>83</sup>**

Exports	% of total	Imports	% of total
Broadcasting equipment	9.6	Integrated circuits	13
Computers	6.1	Crude petroleum	9.4
Office machine parts	3.8	Iron ore	3.8
Integrated circuits	3.3	Cars	3
Telephones	2.6	Gold	2.6

**Table 10: South Korean top export industries. Domestic and foreign value-added % share in industry total gross exports<sup>84</sup>**

	Domestic value-added	Foreign value-added
Computer and electronic products	64.1	35.9
Motor vehicles	72.8	27.2
Chemical products	64.8	35.2

There is not sufficient space here to discuss the term of 'Confucian capitalism', which is a significant paradigm that the analysts have applied to the business models of South Korea, Japan, Taiwan, China and Singapore.<sup>85</sup> Indeed, South Korea, Japan, Taiwan and China are the dominant partners of the GVCs. What is unique about East Asian capitalisms is the role of the state in the development, moderation, modification and maintenance of the business systems.<sup>86</sup> In this context, the BRI appears as an 'alternative future' scenario, for East Asia, to the present state of multilateralism that the mature East Asian capitalist models: South Korea, Japan and Taiwan have long been engaged alongside the rest of the industrial world.<sup>87</sup>

There are variety of opinions on the BRI among the South Korean political, business and public spheres.<sup>88</sup> South Korea responded to the unfolding of the BRI and its implications, in October 2013, with the former President Park's *Eurasia Initiative* which was directed as stronger economic ties to connect better with Europe, and, as stated above, following China's April 2017 *de facto* sanctions, with President Moon's *New Southern Policy*, in November 2017, as the nation viewed Beijing's BRI goals as being subordinate components of broader national goals with the BRI itself as an attempt by Beijing's leadership to shape the rules and norms governing the surrounding regions to better reflect Beijing's preferences.<sup>89</sup> In South Korea's neighbouring region, there is consensus over the BRI's role in the expansion of the Chinese business systems even though there are doubts over the feasibility of the initiative itself.<sup>90</sup>

### CONCLUSION: CHAEBOLS, THE GVCS AND CHINA

The above discussion has discussed the significance of the chaebols in the formation of the South Korean markets, in context of multilateralism that characterised the post-Second World War order. In the case of

<sup>81</sup> Balbina Y. Hwang (2019) 'Northeast Asian Perspectives on China's Belt Road Initiative'. *East Asia*. 36:129–150.

<sup>82</sup> Arif Dirlik (1997) 'Critical reflections on "Chinese capitalism" as paradigm'. *Identities Global Studies in Culture and Power*. 3(3): 303-330.

<sup>83</sup> OEC (2020b) 'South Korea'. The Observatory of Economic Complexity. Available at <www.oec.com>. Accessed 4 March 2020.

<sup>84</sup> WTO (2020) 'Trade in value-added and global value chains'. Available at <www.wto.org>. Accessed 3 March 2020.

<sup>85</sup> Seong Hwan Cha (2003) 'Myth and Reality in the Discourse of Confucian Capitalism in Korea'. *Asian Survey*. 43(3): 485-506.

Sun-Ki Chai and Mooweon Rhee (2010) 'Confucian Capitalism and the Paradox of Closure and Structural Holes in East Asian Firms'. *Management and Organization Review*. 6(1): 5-29.

<sup>86</sup> I-Liang Wahn (2018) 'The state—consumer relationship and the instituting of consumer protection in East Asian societies'. *Journal of Consumer Culture*. 19(1): 82-103.

<sup>87</sup> Tristan Kenderdine (2018) 'Death of the East Asian Goose and the Rise of China's Geoindustrial Policy'. *Journal of Chinese Political Science*. 23: 437-453.

<sup>88</sup> David Hundt and Sooyoung Kim (2019) 'Elite Opinion and the "Belt and Road" Debate in South Korea'. *Pacific Affairs*. 92(1): 27-48.

<sup>89</sup> Balbina Y. Hwang (2019) 'Northeast Asian Perspectives on China's Belt Road Initiative'. *East Asia*. 36:129–150.

<sup>90</sup> Xue Gong (2019) 'The Belt & Road Initiative and China's influence in Southeast Asia'. *The Pacific Review*. 32(4): 635-665.

China, the state involvement in the business systems is a ‘strategic going concern,’ and not, yet, in a phase of devolvement to profit-seeking market activity. Chaebols, with the continuing necessity of expanding out of the domestic market, begun, in the 1980s, to join the MNEs that manufacture in several countries.<sup>91</sup> There is earlier coverage of the chaebol integration with the GVCs from the 1990s onward.<sup>92</sup> Tables 11 and 12 present the current engagement of the South Korean economy with the GVCs.

**Table 11: South Korean forward participation in the GVCs. % share in total exports of domestic inputs sent to third countries<sup>93</sup>**

Computer and electronic products	19
Wholesale and retail trade	10.6
Motor vehicles	7.4

**Table 12: South Korean backward participation in the GVCs. % share in total foreign content of exports<sup>94</sup>**

Computer and electronic products	24.4
Motor vehicles	11.4
Chemical products	8.4

The position of chaebols in the GVCs, from the early 1990s onward, has been characterised as, being, primarily, highly export oriented brand manufacturers and, secondarily, as specialised suppliers, in specific niches that are not in direct competition with the matured East Asian business systems of Japan and Taiwan.<sup>95</sup> That is, from the start of the globalisation of investment and trade period, chaebols have strategically attempted to avoid competing with the existing market actors. MNE trade and FDI activities appear as the prime drivers of the GVCs.<sup>96</sup> To state the obvious, MNEs are extensions of the respective nation states’ business systems out of which they emerge and on which they remain reliant.<sup>97</sup> MNEs and their foreign affiliates represent 28 percent of the global GDP.<sup>98</sup> From the mid 2000s onwards, MNEs and GVCs activities have become further synchronized.<sup>99</sup> MNEs have increasingly come to function as networks within the international production networks of GVCs, though sometimes the boundaries and structures of GVCs overlap with those of MNEs and the GVCs’ set-ups as networks across multiple borders provide MNEs with a large degree of strategic and operational flexibility.<sup>100</sup> The entrance of developing nations into the GVCs as suppliers led to high expectations.<sup>101</sup> The GVCs have allowed the integration of

<sup>91</sup> Joonkoo Lee, Jong-Cheol Kim and Jinho Lim (2016) ‘Globalization and Divergent Paths of Industrial Development’. *Journal of Contemporary Asia*. 46(2): 222-246.

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<sup>92</sup> Du Sig Choi, Paul Michell and Dayananda Paliawadana (2008) ‘Exploring the components of success for the Korean chaebol’. *Journal of Business and Industrial Marketing*. 23(5): 311–322.

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<sup>93</sup> WTO (2020) ‘Trade in value-added and global value chains’. Available at <www.wto.org>. Accessed 3 March 2020.

<sup>94</sup> WTO (2020) ‘Trade in value-added and global value chains’. Available at <www.wto.org>. Accessed 3 March 2020.

<sup>95</sup> Joonkoo Lee, Jong-Cheol Kim and Jinho Lim (2016) ‘Globalization and Divergent Paths of Industrial Development’. *Journal of Contemporary Asia*. 46(2): 222-246.

<sup>96</sup> Claes Alvstam, Inge Ivarsson and Bent Petersen (2019) ‘Are multinationals and governments from emerging economies configuring global value chains in new ways? *International Journal of Emerging Markets*. 15(1): 111-130.

In Song Kim, Helen V. Milner, Thomas Bernauer, Iain Osgood, Gabriele Spilker and Dustin Tingley (2019) ‘Firms and Global Value Chains’. *International Studies Quarterly*. 1–15.

<sup>97</sup> Peter Dicken (1999) *Global Shift. Transforming the World Economy*. Third Edition. London: PCP.

Paul Doremus, William W. Keller, Louis W. Pauly, and Simon Reich (1999) *The Myth of the Global Corporation*. NJ: Princeton University Press.

<sup>98</sup> OECD (2019) *Multinational Enterprises in Domestic Value Chains*. OECD Science, Technology and Industry Policy Papers. 63. Paris: OECD.

<sup>99</sup> Charlie Joyez (2019) ‘Alignment of Multinational Firms along Global Value Chains’. GREDEG Working Papers Series. No 2019 05.

<sup>100</sup> Charles Koen De Backer Cadestin, Isabelle Desnoyers-James, Sébastien Miroudot, Ming Ye and Davide Rigo (2018) *Multinational Enterprises and Global Value Chains: New Insights on the Trade- Investment Nexus*. Paris: OECD.

<sup>101</sup> APEC (2014) *Integrating SMEs into Global Value Chains: Policy*. APEC Policy Support Unit. Issues Paper No 6.

many developing nations' domestic companies into the global economy but the increasing cost-cutting activities through automation and the application new digital technologies can shrink the length of the GVCs and widen disparities between regions.<sup>102</sup> The respective business systems of East Asian capitalism, South Korea, Japan, Taiwan and China, each use the GVCs in a different modulation to augment their respective competitive advantages. South Korea's top three exports have high domestic value-added content but their reliance on the GVCs is clear. This is somewhat of a problem.

The GVCs are not neutral mediums of barter nor are they equitable benefit redistribution platforms. They are instruments of the market exchange. Due to the increasing competition between China and South Korea in advanced markets, the industrial configuration between them is morphing into a competitive structure from mutually complementary structure in the GVCs.<sup>103</sup> South Korea has entered the global capitalist order and carved a niche for itself in a very competitive environment and then, from the 1990s onward, it has negotiated the globalization of investment and trade on its own terms, and has advanced its standing in the new order. The question, for future studies, is whether the BRI would provide South Korea with equally malleable groundwork to continue to modify and transform its economy. However, it is certain that the relatively co-operative economic link between China and South Korea will morph into competition. Further, China is less likely to be mindful of the rules of multilateralism, as it expands its markets.

The BRI, in its present form, appears to be a blueprint to absorb a matrix of geographies of physical locations, finance, FDI and trade. It can, if fully realized, form a domain that may pose a competitive challenge to MNEs and GVCs that are placed in its periphery. The primary difference between the South Korean business systems and those of China is that, in the former the top echelon of the economy is occupied by profit-dependent private enterprises, in contrast to China, where the dominators are the state-owned-enterprises that are readily financed and supported with public funds. These are entities that are treated as 'going concerns' with readily available Chinese state credit from the nation's massive foreign exchange reserves.<sup>104</sup> Clearly, the BRI, may then, contain a monopolistic region, with administrative hegemony, while enforcing competitive behaviour for the market actors of other nations.

The relationship of the chaebols and the South Korean SMEs is not equitable but symbiotic. Yet, the global economy is the pace-setter of their relationship. The Chinese business systems, discussed above, have no such disadvantages, due to their clear dominance which is arguably going to be expanded via the BRI. Chaebols have distinct characteristics that are apparent as such that they are able maintain their management styles in their overseas ventures.<sup>105</sup> In the case of the Chinese business systems, the overseas activities are a primary reflection of the national politics governing an economic system. The growth factors behind the Chinese and South Korean models are different. The most important source of South Korean economic growth, for the 1960-2014 period, was annually continuous productivity growth, followed by human capital accumulation.<sup>106</sup> The case of China is quite different as its present economic status is an outcome of the major Western economic powers' willingness to accommodate and integrate it rapidly into the global finance and investment multilateralism, throughout the 1990s and 2000s, which is detailed elsewhere.<sup>107</sup>

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<sup>102</sup> David Dollar (2019) 'Executive summary', pp. 1-8 in WTO (2019) WTO (2019) Global Value Chain Development Report 2019. Geneva: World Trade Organization.

<sup>103</sup> Hyunju Kang (2018) 'The Time-varying Impact of China's Economic Rebalancing on Korea's Exports to China'. *International Economic Journal*. 32(1): 31-42.

<sup>104</sup> Celal Bayari (2018) 'Economy and Market in China'. *Academy of Taiwan Business Management Review*. 14(1): 13-36.

<sup>105</sup> Jaehee Cho (2014) 'Impacts of information-providers' perceived cultural backgrounds on information-seeking behaviors'. *International Journal of Intercultural Relations*. 4: 66-79

<sup>106</sup> Hyeok Jeong (2017) 'Korea's Growth Experience and Long Term Growth Model'. World Bank Group. Development Research Group Macroeconomics and Growth Team.

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