



Achieved \$33.3 Billion on Overseas Construction Orders in 2023

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Increased for two consecutive years by means of summit diplomacy and joint efforts between public and private sectors despite adverse conditions such as economic slowdown and so forth

The Ministry of Land, Infrastructure and Transport (MOLIT, Minister PARK Sang-woo) and the International Contractors Association of Korea (ICAK, Chairman PARK Sun-ho) announced that the overseas construction orders received by Korean companies in 2023 were amounted to be \$33.31 billion.

Last year, 321 Korean construction companies won 606 overseas projects in 95 countries as a result of achievements such as summit diplomacy and strengthening public-private cooperation despite adverse geopolitical factors, including the global economic slowdown and the Israel-Hamas armed conflict, etc.

The annual sum of overseas construction orders, which had decreased in 2021 compared to the previous year (2020), recorded an increase for the two consecutive years (+\$2.33 billion year-on-year) to \$33.3 billion in 2023, following \$31 billion in 2022.

Detailed outcomes for overseas construction orders by region, country, construction type, and business type are as follows.

By region, the Middle East took the highest share (\$11.4 billion, 34.3%), then, North America and the Pacific (\$10.3 billion, 31.0%), and Asia (\$6.8 billion, 20.4%) were followed, while the U.S. had the highest share (\$10 billion, 30.0%) followed by Saudi Arabia (\$9.5 billion, 28.5%) and Taiwan (\$1.5 billion, 4.5%) to be distinguished by country.

In the order of value amount by construction type, industrial facilities (\$15.8 billion, 47.4%), buildings (\$12.1 billion, 36.5%), and civil engineering (\$1.9 billion, 5.7%) were followed, and by business type, contracted projects (\$31.8 billion, 95.6%) was, and investment and development projects (\$1.46 billion, 4.4%) recorded a slight increase from the previous year (\$1.02 billion, 3.1%).

The main features and implications of overseas construction orders achieved in 2023 could be described as below.

First, it is noticeable that orders from the Middle East region, where summit diplomacy was active, have recovered*.

* Orders increased by \$2.41 billion compared to 2022, enhancing the ranking of regional order (2nd place in 2022 → 1st place in 2023)

In particular, it is analyzed that the regaining tendency over the Middle East region was driven by the successful order winnings of mega projects such as the Amiral Petrochemical Plant* (\$5.08 billion) and the Jafurah Gas Plant (\$2.37 billion) in Saudi Arabia, where the efforts were made through shuttle diplomacy between the summits President Yoon Suk Yeol and Crown Prince Mohammed bin Salman.



* The largest project (based on order amounts) that a Korean company has won in Saudi Arabia since entering Saudi Arabia (1973~)

In that regard, the role of public-private cooperation platforms, including top-level diplomacy, is expected to become more crucial in the global construction marketplace, where projects such as NEOM City and nuclear power plants are becoming larger and countries are getting more and more competitive each other.

Notably, the United States ranked first in orders*, and this was due to the increase in the construction of production plants in the country by domestic manufacturers (semiconductors, automobiles, batteries, etc.) in the process of reorganizing the global supply chains. This impact also led to an increase in the share of building construction (27.9% in 2022 → 36.5% in 2023).

* The U.S. orders: (2020) \$290 million → (2021) \$940 million → (2022) \$3.46 billion → (2023) \$9.98 billion

Up to that point, the entry of Korean construction companies into advanced markets such as the U.S. has been weak* because of rather higher entry barriers, however, now it is expected that this could serve as a basis for expanding entry into those of advanced markets in the future, as they will be able to accumulate local know-hows and performance outcomes through building projects of manufacturing facilities, and so on.

* In the case of advanced markets, many of new companies without track records or experience have difficulties entering the markets, due to strict requirements of existing business outcomes, while business performance-related systems such as hiring and subcontracting of human resources are complicated

On the other hand, winning the construction order (\$500 million) for the solar power project in Concho County, Texas, USA, in which the first-stage of PIS Fund (Plant, Infrastructure, Smart City Fund) invested (\$80 million), is also a significant achievement.

The effect of supporting oversea orders is expected to keep expanding as this was one of the results with policy fund* created by the government to support Korean companies' participation in investment and development projects.

* PIS Fund (scale of KRW 1.5 trillion) has been executing sequential investments after discovering investment projects related to Korean companies

Minister of the MOLIT PARK Sang-woo said, “Despite challenging internal and external conditions, overseas construction orders were able to continue to increase thanks to the government’s active supports such as summit diplomacy, and the efforts made by our overseas construction entrepreneurs and workers who have been striving in countries around the world.”

Emphasizing, “As the promotion of overseas construction is a key government task that can revitalize our construction industry and spur the national economy, we will actively support Korean companies in achieving their order goals by establishing customized order winning strategies for each region and project this year as well”.

The more detailed information on the outcomes of 2023 overseas orders can be found in the website of the Overseas Construction Information Service (<http://ocis.go.kr>) operated by the ICAK.