The Latest on Korea’s Investment Environment

Japan’s Hitachi establishes Hitachi Elevator Korea

On Dec. 4, Japan’s Hitachi Ltd. held a ceremony marking the launch of Hitachi Elevator Korea at Lotte Hotel in Sogong-dong, central Seoul. The company entered the Korean market in 1968 and installed elevators for the nation’s first high-rise building in 1984.

The Tokyo-based conglomerate established its Korean unit on expectations that the Korean elevator market would rapidly grow. An official from the company said Korea is the third biggest market for elevators after China and India, and the recent revision of the elevator safety regulation would further boost demands for elevators.

As part of efforts to broaden presence across the globe, Hitachi set up its overseas subsidiaries in the Philippines in 2011, Myanmar in 2015 and Cambodia and Vietnam in 2016. In April this year, it took over British elevator service provider Temple.

Katayama Tsuneaki, who had worked for Hitachi Building Systems for more than 40 years, was named chairman of Hitachi Elevator Korea and Song Seung-bong, who served at Thyssenkrupp Elevator Korea, was named chief executive officer and president.

Foreign IBs revise up Korea’s growth outlook

Major foreign investment banks (IBs) have forecast Asia’s fourth-largest economy to expand at an average rate of 2.9 percent next year. The forecast, made at the end of last month, is slightly up from the median growth projection of 2.8 percent presented a month earlier. Of the nine foreign institutions, five have revised up South Korea’s 2019 growth predictions, with Barclays and Goldman Sachs offering the highest rate of 3.1 percent.

The IBs have also hiked their 2017 growth forecast for the economy to 3.1 percent from an earlier 3 percent, with Goldman Sachs and JP Morgan presenting the highest projection of 3.2 percent.

Germany’s Miele invests in Yujin Robot to become largest shareholder

Germany’s premium home appliances maker Miele Inc. is set to become the largest shareholder of Yujin Robot Co., a developer and supplier of various service robots in South Korea.

On Dec. 7, Miele said in a press release that it will inject EUR 40 million (USD 47.2 million) into Yujin Robot to buy new shares to be issued by the Korean robotics specialist to increase capital. Miele will invest KRW 8 billion (USD 7.3 million) through its holding company Imanto AG and the remaining KRW 46 billion through Shiman, a joint venture company founded by Imanto and Yujin Robot.

Yujin Robot has been producing Scout robot vacuum cleaner for Miele since the Korean developer of intelligence robots jointly developed the vacuum cleaner with the German premium consumer goods maker.

Did You Know?

South Korea’s economic growth ranked second among major advanced and emerging economies in the third quarter of the year on brisk exports and increased fiscal spending.

Asia’s fourth-largest economy expanded 1.4 percent in the July-September period from three months earlier, according to data from the Organization for Economic Cooperation and Development (OECD).

What’s Trending

S. Korea aims to become global player in drone sector by 2030

South Korea unveiled a long-term plan on Dec. 7 to develop unmanned vehicles, such as first passenger drones, with an aim of emerging as a global leader in the sector by 2030.

Under the road map crafted and announced by the Ministry of Science and ICT, Seoul will concentrate efforts to boost the development of future-oriented drones, self-driving cars, unmanned ships and agricultural machines.

The ministry earlier designated the sector as one of the key strategic industries that is undergoing fast-paced transformation under the Fourth Industrial Revolution.

The long-term plan, which is subject to parliamentary endorsement, will allow South Korea to rank third in the industry with a market share of 10 percent by the target year.

The size of the global unmanned vehicle market came to USD 15 billion in 2015. It is expected to grow to USD 32.6 billion in 2016 and to USD 274.2 billion by 2013, the ministry added.

“Unmanned vehicles is the sector that needs to be focused on the most,” said Lee Jin-kyu, vice minister at the ministry, noting that the government is working closely with leaders from industry and academia to secure core technologies.

Currently, South Korea is said to rank seventh in the world in terms of drone technology, but it relies on a lot of imported core equipment. The key parts of autonomous cars, such as cameras and radar, are imported at present.

First, the ministry will inject KRW 12 billion (USD 11.16 million) into securing core technologies next year and another KRW 550 billion over the following 10 years.

The ministry also forecasts a total of 27,900 jobs will be created in the sector in 2022 and 92,000 by 2030.