

Foreign Direct Investment

S&P keeps 'AA' rating on S. Korea despite virus woes

Standard & Poor's (S&P) Global Ratings said April 21 it will maintain its 'AA' long-term sovereign credit rating on South Korea due to the country's robust fundamentals.

The global ratings firm also kept the 'A-1+' short-term sovereign rating on Asia's fourth-biggest economy with a stable outlook.

"The COVID-19 outbreak will see the Korean economy contract for the first time since 1998, but we believe the sovereign's robust credit metrics can absorb this temporary shock," S&P said in a statement.

"The stable outlook reflects our expectation

that Korea has the capacity to absorb the adverse effects of the COVID-19 pandemic and its economy will rebound in 2021," the global credit appraiser said.

This year, S&P predicted Korea's fiscal deficit to widen, due to stimulus measures, before returning to modest surpluses over the medium term.

"We would lower the ratings if we believe that geopolitical tensions related to North Korea will intensify to a point that they seriously affect Korea's economic, fiscal, or external performance," it said.

S. Korea's overall financial system appears to be resilient: IMF

The International Monetary Fund (IMF) said Tuesday that South Korea's overall financial system appears resilient, but it warned of growing vulnerabilities.

The IMF said most parts of South Korea's banking system appear prudentially strong, but prospects for banks and insurers are dimming due to growth-related uncertainties, low interest rates, potentially disruptive financial technologies as well as adverse demographic shifts.

"Stress tests suggest that banks and insurers, in aggregate, can weather severe macro financial shocks, although some banks would make use of capital conservation buffers," the IMF said in report on the Financial Sector Assessment Program posted on its website.

The program, a comprehensive and in-depth analysis of a country's financial sector, assessed the stability of financial systems of South Korea, the United States, Italy and nine other countries.

Trade & Commerce

S. Korea's COVID-19 test kit exports jump more than eight-fold in April from March

South Korean exports of coronavirus test kits soared more than eight-fold in April from the previous month as orders poured in from worldwide, customs data showed May 7.

According to the Korea Customs Service, exports of virus detection kits reached USD 201.23 million last month, compared with USD 24.10 million in March.

In terms of volume, such exports amounted to 178.6 tons last month, a 5.5-fold jump from

March. The number of export destinations also increased rapidly, reaching 103 in April.

Brazil topped the list of buyers, importing USD 30.15 million worth of Korean test kits and representing 13.3 percent of the total. Brazil was followed by Italy with USD 22.46 million, India with USD 21.38 million, the United States with USD 7.94 million and Poland with USD 14.86 million.

S. Korea's exports of cosmetics to Russia jump ninefold since 2014: KITA

South Korea's exports of beauty products to Russia jumped nearly ninefold in 2019 from five years earlier on the back of the growing popularity of Korean pop culture, data showed April 22.

South Korea's exports of beauty products to Russia reached USD 137.3 million in 2019, up from USD 15.5 million posted in 2014, according to the data compiled by the Korea International Trade Association (KITA).

Asia's fourth-largest economy was the second-largest player in the Russian market for imported cosmetics products in 2019, while France was the leading country with exports of

USD 329 million.

The association attributed the soaring demand for South Korean cosmetics in Russia to the booming popularity of Korean music and dramas.

Experts said the Korean Wave generated by K-pop and dramas could turn fans in foreign countries into consumers of Korean products.

Outbound shipments of cosmetics products by South Korea reached USD 6.6 billion last year, making the country the world's fifth-largest exporter of such goods, the association said.

Industry

Korean carmakers' Q1 global share up amid virus woes

South Korean carmakers enjoyed an increased market share in global markets in the first quarter as they preemptively responded to the coronavirus outbreak, a local car industry association said April 29.

Korean automakers' global market share rose to 8.4 percent in the January-March quarter, up from 7.3 percent in the year-ago period, the Korea Automobile Manufacturers Association (KAMA) said in a statement.

South Korean carmakers enjoyed an increased market share in global markets in the first quarter as they preemptively responded to the coronavirus outbreak, a local car industry association said April 29.

"Korean carmakers were quick to respond to the COVID-19 outbreak and maintained a relatively high plant utilization rate in the first quarter compared to their global peers. They reported solid sales of their competitive sport utility vehicle models in the United States, Europe and India," a KAMA official said.

Kakao Q1 net jumps nearly 4 times on robust platform, e-commerce businesses

Kakao Corp., the operator of South Korea's top mobile messenger KakaoTalk, said May 7 its first-quarter net profit jumped nearly four times from a year earlier on the back of robust growth of its e-commerce services based on its messenger platform.

Net profit reached KRW 79.9 billion (USD 65.4 million) in the January-March period on a consolidated basis, compared with KRW 17.6 billion a year earlier, the company said in a regulatory filing.

The company attributed the stellar performance to the robust growth of new services,

such as payment and e-commerce, linked to its mobile messenger KakaoTalk.

Kakao said messaging through KakaoTalk surged following the COVID-19 pandemic, as more people stayed home and avoided face-to-face contact, leading to increased content usage and online shopping.

"More people used group calls and video calls mainly on the back of the social distancing campaign," Yeo Min-soo, co-CEO of Kakao, said in a conference call. "This trend continues through the second quarter.

Government & Policy

Moon: S. Korea to lead post-corona era with 'pace-setting' economy

President Moon Jae-in presented an ambitious vision on May 11 for South Korea to take the initiative in the post-coronavirus global economy on the basis of its prowess in the sectors of information and communication technology, and bio-health.

"We will use our relatively rapid stabilization of the COVID-19 outbreak and the transition to a new normal as a turning point for enhancing economic vitality," Moon said in a special address to mark the third anniversary of his inauguration and unveil his top priority policy tasks for his remaining two years in power.

"We will blaze a trail in the post-COVID-19

era with a pace-setting economy," he said.

He vowed full efforts to turn ongoing crises into opportunities in a bold and aggressive way.

Moon emphasized that what matters is the economy. He said the government will strive to turn South Korea into a globally leading "digital powerhouse" with innovative business ventures and startups serving as the main driving force.

On the envisioned Korean version of the New Deal, Moon said South Korea will focus on a "preemptive investment" for the future, designed to establish digital infrastructure and create many jobs.

S. Korea hints at temporarily easing regulations to boost corporate investment

South Korea's finance minister on May 4 raised the possibility of temporarily softening regulations for companies to boost investment as the nation seeks to minimize the economic fallout from the coronavirus pandemic.

Finance Minister Hong Nam-ki told a meeting with senior ministry officials that there is "the need to temporarily ease regulations that have become obstacles to corporate investment." Hong also urged ministry officials to draw up plans to revitalize private consumption.

Last week, the National Assembly approved

a KRW 12.2 trillion (USD 10 billion) extra budget to fund emergency handouts for households to cope with the economic impact of the coronavirus outbreak.

South Korea has promised relief packages worth some KRW 240 trillion to ease the economic fallout from the virus.

To reinvigorate economic growth, the government has started reviewing measures to ease regulations in 10 industrial sectors, including artificial intelligence and mobility.