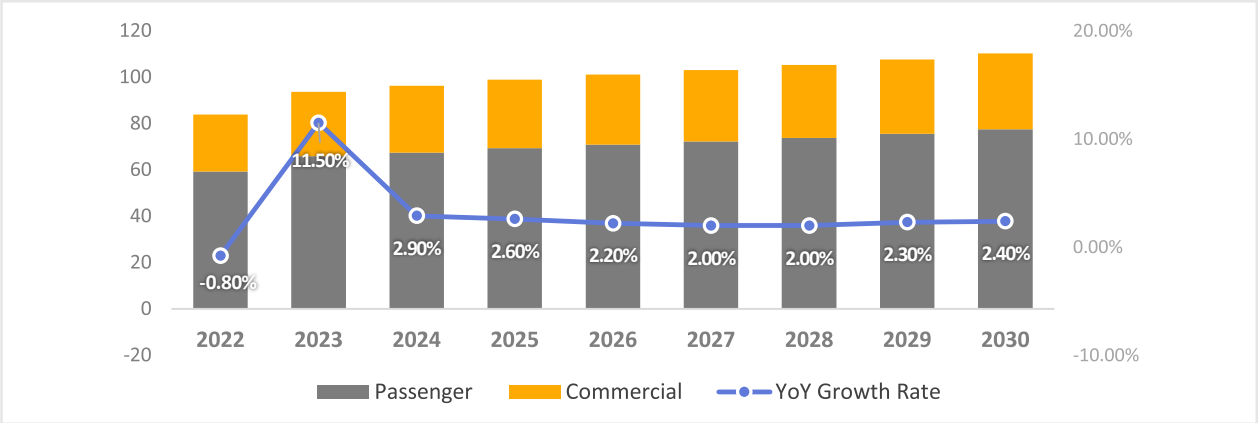
Global Market Size / Forecast

(GLOBAL AUTOMOTIVE MARKET) The global finished vehicle sales market has shown growth since the easing of the COVID-19 pandemic in 2022.

- After 96.37 million units in sales in 2024, the market is expected to grow by more than 2% annually, with 110.21 million units projected to be sold by 2030.

<Global Finished Vehicle Sales>

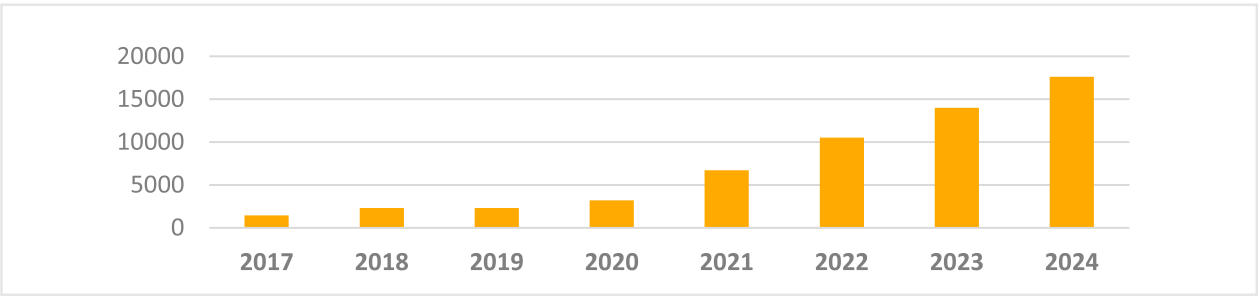


* Unit: Million units / Source: National sources, BMI (Q1 2025)

(GLOBAL ELECTRIC VEHICLE MARKET) In 2024, the global sales market for pure Battery Electric Vehicles (BEV) and Plug-in Hybrid Electric Vehicles (PHEV) was led by BYD from China with 4.137 million units, followed by Tesla and Geely in second and third places, respectively.

- Hyundai Motor Group sold 550,000 electric vehicles in the same year, ranking seventh globally.

<Global BEV and PHEV Sales>



* Unit: Thousand units/ Source : SNE Research (Feb 2025)

Domestic Market Size / Forecast

(KOREA'S AUTOMOTIVE MARKET) After recovering from the COVID-19 pandemic, Korea saw 1.74 million vehicle sales in 2023.

- However, in 2024, sales are expected to decline by 6.5% to 1.626 million units.

<Domestic Finished Vehicle Sales>

Year	2022	2023	2024
Total	1,684	1,740	1,626
Domestic	1,385	1,452	1,344
Import	299	288	282

* Units: Thousand units / Source : KAMA, KAIDA (2025.01)

Sales / Exports / Production Volume

(EXPORTS) Korea's automotive exports have grown by more than 10% annually since 2021, continuing until 2024.

- Exports of automotive parts have exceeded USD 20 billion annually from 2020 to 2024.

<Domestic Finished Vehicle/Automotive Parts Export Scale>

Division	2020	2021	2022	2023	2024
Finished Vehicle	436	514	638	709	708
Automotive Parts	203	214	233	230	225

* Unit: Hundred million dollars / Source: K-Stat

Trends in Foreign Investment in South Korea

(KEY INVESTMENT ITEMS) Investment has recently focused on items and functions related to transitioning from traditional internal combustion engine (ICE) vehicles to future mobility sectors.

- Investments in electric vehicle motor research facilities, production transition, and expansion
- Investments in transition/expansion of advanced parts production (vehicle displays, advanced autonomous driving components, etc.)
- Investments in hydrogen vehicle fuel tanks, hydrogen production, and more

(INCREASED INVESTMENTS) The demand for imported cars in Korea has led to ongoing increased investments by global brands already operating in the country.

- Investments in facilities such as PDI (Pre-Delivery Inspection) centers, parts centers, and service centers
- Capital investments after the establishment of finance corporations to support sales
- Establishment of global research centers by automakers reflecting the importance of the Korean market

Investment Strengths

GLOBALLY COMPETITIVE AUTOMOTIVE MANUFACTURERS

- Hyundai Motor and Kia have established a solid presence in the global market, especially standing out in electric vehicles (EVs) and autonomous driving technologies.

TECHNOLOGICAL INNOVATION AND R&D INVESTMENT

- Korea is focusing on autonomous driving and EV technology development by utilizing advanced technologies like AI, 5G, and robotics.
- Hyundai Motor Group plans to invest KRW 68 trillion from 2024 to 2026 to lead EV, SDV, hydrogen vehicles, and autonomous driving technologies.

GOVERNMENT SUPPORT AND REGULATORY ENVIRONMENT

- The government is implementing various policies and regulatory relaxations, such as training research personnel and securing R&D budgets, to support the development of EV and autonomous driving technologies.

EV MARKET GROWTH

- The EV market in Korea is rapidly growing with active government support.
- There is high demand for Korean-made EVs in North American and European markets.

GLOBAL MARKET COMPETITIVENESS

- Korea has competitive advantages in the EV and autonomous driving technology sectors in the global market.
- Continuous innovation is being pursued to maintain a technological gap with competing countries like China.

Incentives / Regulatory Status

Investments in factory facilities for transitioning to eco-friendly vehicles are eligible for cash support, allowing companies to receive government assistance without expanding their factories (2024 onward).

Incentives/Regulatory Status

EXISTING AUTOMOTIVE CLUSTERS

- West Coast Region: Clusters centered around the Seoul metropolitan area, including Kia's Hwaseong Plant, GM's Bupyeong Plant, Hyundai's Namyang Research Institute, and Hyundai's Asan Plant.
- Southeastern Region: Clusters centered around Hyundai's Ulsan Plant (the world's largest single vehicle factory), Renault Korea's Busan Plant, and GM's Changwon Plant.
- Honam Region: Clusters centered around Kia's Gwangju Plant and GGM (Hyundai subsidiary).

FUTURE MOBILITY INDUSTRIAL COMPLEXES

- Gwangju BIT Green Industrial Complex: An advanced industrial complex supporting future mobility.
- Gyeongnam Gimhae Future Mobility Cluster: Promoting the development of future vehicle components.
- Daegu Future Mobility Cluster: A specialized area for electric vehicle and autonomous driving technology development, with a focus on motors.
- Jeonbuk Wanju Hydrogen Cluster: Concentrating on hydrogen vehicle technology development and component production, centered around Hyundai's Jeonju commercial vehicle plant.
- Gwangju Future Mobility Industrial Complex: An industrial complex dedicated to the development of future vehicle components like EVs and autonomous driving technologies.

Industry Development Policies

EXPANSION OF ELECTRIC VEHICLE AND AUTONOMOUS DRIVING INFRASTRUCTURE

- Electric Vehicles: A target of registering 45,000 zero-emission vehicles by 2030, of which 36,200 will be EVs.
- Autonomous Driving: Plans to commercialize Level 4 autonomous driving buses by 2025 and passenger cars by 2027, with the goal of making more than half of new car sales Level 4 or higher autonomous vehicles by 2035.

EXPANSION OF HYDROGEN VEHICLE INFRASTRUCTURE

- Hydrogen Vehicles: A target of commercializing 30,000 hydrogen-powered vehicles by 2030, with plans to produce 62,000 hydrogen vehicles by 2040.
- Hydrogen Charging Stations: Plans to install more than 450 hydrogen charging stations by 2025.

GOVERNMENT SUPPORT

- EV Subsidies: Plans to expand electric vehicle purchase subsidies by 2025 and encourage EV usage through toll discounts on highways.
- Autonomous Driving Infrastructure: Plans to build real-time communication infrastructure for autonomous driving and develop precise maps for major roads by 2030.

INDUSTRY TRANSITION

- Future Mobility Industry Transition: Over KRW 95 trillion will be invested in the automotive industry from 2022 to 2026 to support the development of EVs and autonomous driving technologies.
- Parts Industry Support: Aiming to transition 1,000 parts companies into future vehicle companies by 2030 with various support platforms.

Key Examples

GERMAN AUTOMOTIVE PARTS COMPANY W

- **W**, a German company, holds a dominant market share in automotive roof systems. As part of its response to the future mobility transition, the company initiated the construction of an EV battery pack manufacturing facility in Korea. The first plant was completed in Dangjin, Chungcheongnam-do, in May 2022, and the second plant was completed in May 2024, establishing an annual battery packs production system for 200,000 electric vehicles. Moreover, the company increased the localization rate of parts to 98.5%, positively impacting domestic 2nd- and 3rd-tier suppliers and the Korean automotive industry.

AMERICAN AUTOMOTIVE PARTS COMPANY B

- **B**, an American automotive parts company, specializes in internal combustion engine powertrains and holds a high global market share. In 2024, B opened an electrification motor research facility for future mobility in Daegu, Korea. This investment has strengthened B's competitiveness in the electric vehicle (BEV) and hybrid (HEV) motor fields in Korea. The company cited Korea's advanced technological capabilities and high demand for electric vehicles as key factors in making this investment, with full support from the central government and local authorities.