

The Latest on Korea's Investment Environment



H1: FDI pledges to S. Korea hit record high

New foreign direct investment (FDI) pledges to South Korea in the first half of 2018 reached an all-time high, in line with rising interest in the nation's high-tech industries and startups in emerging sectors.

According to the Ministry of Trade, Industry and Energy, South Korea received USD 15.75 billion worth of FDI commitments from January to June, which is a 64.2 percent spike from a year earlier. The actual investment made by foreign companies in the six-month period reached USD 9.46 billion, jumping 76.4 percent from the previous year.

By region, investment pledges from the European Union more than doubled to USD 4.57 billion in the first half, while American companies sought partnership and stake acquisition in high-tech industries and tech startups, pledging USD 3.01 billion over the period, a 23.2 percent increase. New FDI pledges from China rose a whopping 350 percent to USD 2.2 billion, the largest-ever amount yet.

By sector, the manufacturing industry drew in USD 7.21 billion worth of investment pledges as offshore investors sought joint venture partners in the driverless car, drone and bio sectors. Service industries attracted USD 8.37 billion of new investment from abroad in emerging technology fields, such as e-commerce, cloud computing, mobile platforms and FinTech.

Doublestar completes acquisition of Kumho Tire

Qingdao Doublestar Co. has completed its acquisition of Kumho Tire Co. by making the payment for the controlling stake in South Korea's second-biggest tiremaker to its creditor bank.

"By acquiring Kumho Tire, Doublestar aims to seek co-prosperity and to become a global top-10 tiremaker through close cooperation. Kumho Tire will focus on mid and high-end tires for passenger vehicles, and Doublestar will focus on mid and low-end tires for trucks and buses," Doublestar Chairman Chai Yongsun told reporters in Seoul in March.

Kumho Tire will operate as an independent business entity in South Korea, as Doublestar has no intention of controlling or intervening in the making of major decisions at the tiremaker, he said.

Foreign car manufacturers see more room for growth in S. Korea

According to industry sources, foreign carmakers are eyeing South Korea as an expanding market, as more local customers are opting for foreign brands that they perceive as prestigious and engaging to drive.

In 1987, foreign carmakers sold a total of 10 vehicles in the country, but 30 years later, they account for nearly 20 percent of the domestic passenger car market, according to data from the Korea Automobile Importers and Distributors Association (KAIDA).

Imported car registrations have been moving up in leaps and bounds, hitting 8,136 units in 1997, 53,390 in 2007 and 233,088 in 2017.

KAIDA Vice Chairman Yoon Dae-sung said, "In the past, usually high-income earners like corporate executives and those holding professional jobs in their 40s and 50s bought imported cars. But these days, young customers in their 20s and 30s who can only be seen as being in the lower- and mid-income brackets are also visiting foreign car dealerships due to declining prices and a wide range of choices."

What's Trending



E-Mart to offer EV charging stations at all of its stores by 2021

South Korea's largest discount store chain operator, E-Mart Inc., announced it will establish charging stations for electric vehicles at all of its outlets in the next three years in line with the government's efforts to boost zero-emission cars.

The charging stations will be available at 140 E-Mart stores throughout the country by 2021, four of which already launched the service in the eastern coastal cities of Sokcho and Gangneung last month. Six more outlets are expected to follow in their footsteps within this year, with each station supplying an average of nine chargers.

According to the company, it takes about 20 minutes to fully charge an electric car using a rapid charger at a cost of roughly KRW 7 thousand (USD 6). It also said a slow-charging option, which takes about four hours, will be available.

Industry data showed that the share of EVs in the sales of eco-friendly vehicles in South Korea has surpassed 20 percent for the first time this year on the back of a wide range of lineups and improved charging infrastructure.

A total of 5,542 electric vehicles were sold in the first four months of 2018, taking up 22.7 percent of the eco-friendly car market, according to data compiled by the Korea Automobile Manufacturers Association.

Sales of electric cars and other environmentally-friendly vehicles are expected to increase in the coming years as the government plans to strengthen regulations on diesel-powered vehicles while establishing more charging stations and continuing subsidies for those driving electric cars.

Meanwhile, global carmakers have been racing to produce more eco-friendly vehicles amid tightened regulations on greenhouse gas emissions that scientists say are to blame for global warming.

Did You Know?



South Korea ranked No. 1 in the world in the number of International Conferences hosted



1,297 gatherings in the one year period.

12.6 percent of the 10,786 events held globally during the year

▲ 3.1% from a year earlier.

According to Belgium-based Union of International Associations