

Foreign Direct Investment

KOREA-FINLAND JV CHEMICALS COMPANY TO INVEST KRW 50 BN IN ULSAN

On July 10, Ulsan City announced that Yongsan Kemira Chemicals, a joint venture between Yongsan Chemicals and Kemira of Finland, has decided to make a new investment worth KRW 50 billion in Bugok-dong in Nam-gu, Ulsan.

Yongsan Kemira Chemicals will build a factory for DPAM production by December 2020 within the Yongsan Chemicals Ulsan factory in Nam-gu. The new factory will begin commercial production in earnest in January 2021 after test-operation.

Kemira, a JV partner, is a global chemical company with strength in technology related with water

treatment agents.

Once the factory is up and running, it will be able to produce up to 30,000 tons of DPAM per year, allowing the Yongsan Chemicals production line to operate normally, which has in the past often been troubled by a low operation rate or a supply stoppage of clients.

A city official said, "This JV investment is expected to contribute to revitalizing regional economy, setting an exemplary case of win-win growth between regional companies and foreign-invested companies."

CHINA'S SYNUTRA TO INVEST KRW 20 BN FOR FACTORY IN INCHEON PORT

On July 4, Incheon City announced that Synutra International, Inc., China's leading baby food and formula company, plans to establish a plant to produce baby formula in the free economic zone at Pier 4 of the inner port.

Synutra plans to invest USD 17 million (KRW 20 billion) to commence construction in July, with the completion target set for late October.

Once the plant is built, the company, after a test operation period, will produce 20,000 tons of baby formula annually, including exports to China.

Incheon City expects the investment to generate

40 jobs, and increase freight quantity by 6,000 TEU per annum. (1 TEU: one 20-ft. container)

Synutra is said to have made its decision to build a plant in Incheon port, in consideration of its proximity to China and non-tariff benefits in FEZ.

Kim Ki-hak from Incheon City Government said, "Synutra's investment has set a new business model that adds both jobs as well as freight quantity through FDI," stressing that "We will continue to endeavor to attract investment in connection with the port."

Trade & Commerce

KOREA'S EXPORTS OF ECO-FRIENDLY CARS UP 33% ANNUALLY OVER LAST SIX YEARS

South Korea's exports of eco-friendly cars gained an average 33 percent per annum over the past six years despite overall sluggishness of Korean brands, a local report showed on July 16.

According to the Korea Automobile Manufacturers Association, Korea's outbound shipments of green cars rose 33.1 percent on year from 2012 to 2018, whereas exports of all vehicles fell 4.2 percent over the cited period.

Korea shipped total 196,000 units of eco-friendly cars abroad last year, surging from 35,000 units in 2012 and taking up 8 percent of all auto exports. The volume further added 28.5 percent in the first four months this year to take up a 9.3 percent share.

Shipments to the European Union accounted for the largest 45.7 percent last year, and the U.S. was

the largest export destination as a single nation, KAMA said.

The rapid growth in exports largely owed to expanded vehicle lineups, according to industry experts. As of last year, local carmakers supplied a total of 14 models to overseas including hybrid cars, all-electric vehicles, hydrogen powered versions and plug-in hybrids.

Korean brands also have proved their competitive edge in designing and manufacturing electric vehicles in the global market. Hyundai Motor's Ioniq Electric, for example, was picked as the most fuel-efficient car in the U.S. by the Environmental Protection Agency (EPA) last year, beating its rivaling models built by leading global brands for the third year since its release in 2017.

KOREA'S AUTO EXPORTS UP 2.5% IN FIRST HALF

South Korea's automobile exports rose 2.5 percent in the first half of 2019 from a year earlier on robust demand for eco-friendly cars and sport utility vehicles, according to government data.

The country's five passenger carmakers—Hyundai Motor Co., Kia Motors Corp., GM Korea Co., Renault Samsung Motors Corp. and SsangYong Motor Co.—and two commercial carmakers—Tata Daewoo and Zyle Daewoo—shipped a combined 1.25 million vehicles in the first six months, the

Ministry of Trade, Industry and Energy said in a statement.

In terms of value, vehicle exports increased 7 percent on-year to USD 21.69 billion, according to the data.

The strong result was helped by robust sales of lower-emission vehicles and competitive SUV models in global markets, though demand in China remained weak in the first half.

Industry

MOODY'S MAINTAINS KOREA'S RATING AT AA2 WITH STABLE OUTLOOK

Moody's Investor Service on July 8 reaffirmed South Korea's credit rating at Aa2 with a stable outlook in a show of confidence in the country's strong economic and fiscal fundamentals despite the escalating near-term risks from the external front.

Korea has stayed on the third-highest rank of the

agency's rating scale since December 2015.

"Korea's economy is highly diversified and competitive when compared with rating peers, although its reliance on international trade poses near-term drag from flagging external demand," the agency said in its annual report.

DRAM PRICES REBOUND AMID JAPAN'S EXPORT CURBS: REPORT

Prices of DRAM rose for the first time in 10 months, a price chart showed July 12, partly attributable to increased purchases of memory chips following Japan's strict material export regulations on South Korea.

The average price of 8-gigabit DDR4 DRAM, a benchmark price for the category, stood at USD 3 on Wednesday, up 1.2 percent from the previous day, according to DRAMeXchange, a division of TrendForce.

It was the first hike since the spot price marked a daily gain of 0.2 percent on Sept. 14.

Two South Korean chip giants—Samsung Electronics Co. and SK hynix Inc.—accounted for 70 percent of the DRAM chip market in 2018, followed by Micron of the United States.

IC Insights said supply glut in DRAM capacity and weak prices caused by trade uncertainties will continue to put pressure on chip prices in the latter half of 2019, but it predicted slower than expected declines this year and a recovery next year as major chipmakers are set to cut back their capital expenses.

DOOSAN, CERES POWER TO CO-DEVELOP SOLID OXIDE FUEL CELL POWER SYSTEMS

Doosan Corp., a major fuel cell power systems developer in South Korea, said on July 16 that it has signed an agreement with British fuel cell technology firm Ceres Power PLC to co-develop a solid oxide fuel cell (SOFC) power system.

Under the agreement signed in Seoul, Doosan and Ceres will jointly develop SOFC distributed

power systems.

The agreement includes licensing, technology transfer and engineering services. The two sides will focus on developing a 5-20 kilowatt low-carbon power system over the two years, according to Doosan.

Government & Policy

MOON: GOV'T TO SPEND 849 BN WON FOR INFORMATION SECURITY

President Moon Jae-in said on July 10 that his administration will spend KRW 848.5 billion won (USD 718 million) by 2022 to bolster information security.

"By strengthening the foundation of information protection, (the government) will protect the core infrastructure of the Fourth Industrial Revolution era such as big data, artificial intelligence and Internet of Things," he said in a speech to mark the 8th Information Protection Day.

Moon said the government will "inject KRW

848.5 billion related to information protection from this year till 2022, expand the information security market to the size of KRW 14 trillion and create 10,000 jobs."

He stressed that information security, also called infosec, is the key to the success of the Fourth Industrial Revolution and the sustainability of the data economy.

"The Republic of Korea should become a country that handles data the most safely, not just a country that best uses data," Moon said.

GOV'T TO EARMARK 1 TN WON IN NEXT YEAR'S BUDGET TO SUPPORT MAKERS OF CHIP PARTS

The government will seek to set aside more than KRW 1 trillion won (USD 847 million) in next year's state budget to support companies producing parts and materials used in chips amid Japan's export curbs, a lawmaker said July 25.

In a related move, the government plans to unveil a set of measures to help enhance competitiveness in the chip-making and key material industries in the coming days, according to Rep. Cho Jeong-

sik, policy chief of the ruling Democratic Party (DP).

"Based on the first-half record, the ruling party and the government agreed to keep the trend of expansionary fiscal spending in the second half," Cho said.

His remarks came at a consultative meeting on state budget spending between the government and the ruling party held at the National Assembly.