

## Foreign Direct Investment

### NO. OF FOREIGN-INVESTED COMPANIES IN S. KOREA SURGE IN JULY-AUG.

The number of foreign-invested companies registered in South Korea has risen since July, despite concerns over an economic slowdown prompted by escalating trade tension with Japan, an industry report showed Sept. 15.

The number of overseas firms registered with the Korean government rose from 14,481 on

July 1 to 14,632 as of Sept. 10, a rise of 162, according to data compiled by Seoul-based corporate tracker Chaebul.com.

Notably, China and Hong Kong added 60 and 17 companies, respectively, in South Korea over the last two months, while 17 more American companies registered here, it said.

### FOREIGN INVESTMENT IN PARTS AND MATERIALS GROW 41 TIMES IN 18 YEARS

Amidst efforts to secure core technologies as a response to Japan's exports curbs, it has been reported that investment and entry to the Korean market by foreign materials and parts companies have risen 41 times over the past 18 years.

On September 19, the Ministry of Industry, Trade and Energy (MOTIE) said that foreign investment (as declared) since 2001—when government began implementing policies regarding parts and materials in earnest, including

the enactment of the Act on Special Measures to Promote Materials and Parts—jumped from USD 1.4 billion in 2001 to USD 59.3 billion (cumulative), growing 41 times.

Against this backdrop, there have been efforts to diversify foreign investment in the parts and materials industries, which tended to be reliant on Japan, and intensively attract investment in high-tech components such as nano, polymer, and semiconductor materials.

### S. KOREA TO EXPAND FDI INCENTIVES AMID GLOBAL UNCERTAINTIES

South Korea plans to expand incentives for foreign direct investment as part of measures to cope with growing uncertainties stemming from the escalating trade dispute between the U.S. and China, the industry ministry said on Sept. 5.

South Korea received USD 26.9 billion worth of FDI commitments in 2018, up 17.2 percent from a year earlier, according to the ministry. It was the fourth consecutive year it surpassed the USD 20 billion mark.

To beef up the amount of FDI arriving here

amid the trade disputes, the industry ministry said it will expand cash incentives for companies making investment in the parts, materials and equipment sectors. South Korea will simplify the process for foreign companies to win construction permits for factories as well, according to the ministry.

"We need to guarantee that all foreign firms that made investment pledges here, even those from Japan, face no hurdles in rolling out their businesses," an official from the industry ministry said.

## Trade & Commerce

### S. KOREA, RUSSIA TO FORM JOINT INVESTMENT FUND, ACCELERATE FTA TALKS

South Korea and Russia agreed Sept. 24 (Moscow time) to launch a fund for the industrial materials and parts sectors, and to speed up free trade negotiations, Seoul's finance ministry said.

During the annual meeting on economic cooperation between South Korea and Russia, held in Moscow, South Korean Finance Minister Hong Nam-ki proposed a USD 1-billion joint fund to beef up the supply chain of industrial materials and parts by investing in core technologies, according to the ministry. Russia's delegation was

led by Deputy Prime Minister Yuri Trutnev.

The first batch of funding will amount to USD 400 million and gradually be expanded to invest in other areas, such as healthcare, down the road, the ministry added.

The two nations agreed to speed up free trade negotiations in the service and investment sectors with a goal of striking the deal in 2020, as they seek to broaden partnerships on science, information and communications technology, and medical services, the ministry said.

### KOREA'S EXPORTS UP ON YR EARLY SEPT., RAISING HOPE FOR RECOVERY AFTER 9-MO. LOSS

South Korea's exports raised hopes for a turnaround after a losing streak throughout the year by showing a marginal recovery in the first 10 days of September.

According to data released by the Korea Customs Service on Wednesday, the country's exports totaled USD 15.0 billion in the Sept. 1-10 period, expanding 7.2 percent from the same period last year. Compared with the same period

last month, exports jumped 31.1 percent.

The growth in exports in the first 10 days of September from a year ago period was mainly led by wireless communication devices whose exports more than doubled on year thanks to the launch of new smartphone models. Outbound shipments of home appliance also soared 50.5 percent and automobiles 20.7 percent.

**Industry**

**S. KOREA TO EXPAND TIES WITH AUSTRALIA IN HYDROGEN INDUSTRY**

South Korea's industry ministry said Sept. 23 it has agreed with its Australian counterpart to expand ties in promoting hydrogen as the new main source of energy, in line with Seoul's plan to promote sustainable and green economic growth.

South Korea and Australia inked the letter of intent to join forces in a wide scope of areas related to the hydrogen industry, according to MOTIE.

It marked the fourth deal of its kind signed by South Korea this year, after the government unveiled the so-called hydrogen economy vision in

January. Seoul also signed deals with Norway, Saudi Arabia, and Israel.

Under the agreement, the two countries vowed to draw up the so-called hydrogen action plan to vitalize their industries utilizing the gas through 2030.

"South Korea has a strength in the field of hydrogen cars and fuel cells, while Australia is competitive in terms of the supply of the energy," an official from the energy ministry said, claiming the two countries can cooperate in various areas.

**KAMA SIGNS MOUS WITH ACEA AND SMMT**

The Korea Automobile Manufacturers Association (KAMA) signed MOUs with the European Automobile Manufacturers Association (ACEA) and the Society of Motor Manufacturers & Traders (SMMT) to strengthen cooperation.

On September 9, KAMA visited ACEA in Brussels, Belgium and signed an MOU to step up cooperation between the two associations on current issues including safety, environment, and trade, while seeking for information sharing

and joint response to electric vehicles and autonomous vehicles policies.

It also signed an MOU with SMMT while visiting the UK pavilion at the Frankfurt Motor Show 2019. They agreed to stimulate information sharing on connected and autonomous vehicles (CAV), and alternative fuel vehicles (AFV) including electric and hydrogen vehicles, as well as policies about the market and regulation trends.

**Government & Policy**

**S. KOREA TO INVEST KRW 248 BN IN SMART FARMING IN 2020**

South Korea plans to allocate a whopping KRW 248 billion won (USD 203 million) for next year to nurture the country's smart farming industry, Seoul's agriculture ministry said September 3.

The budget, which must be approved by parliament later this year, marks a more than 50-percent surge from KRW 162 billion earmarked for this year, according to the Ministry of Agriculture, Food and Rural Affairs.

The government plans to provide local farmers with testbeds to try out new smart farming tech-

nologies, including providing smart farms for lease. The budget will also be used to provide education courses to young farmers, especially to cope with the aging population in rural areas.

The ministry will prepare consulting programs to help livestock farms modernize their facilities and adopt information-communication technology (ICT) equipment and robot milking machines.

Other projects include developing self-driving tractors and various robots designed exclusively for agriculture.

**KOREA UPS R&D BUDGET BY 16% IN BIOTECH, BACKS GENOME DATA INITIATIVE NEXT YEAR**

The South Korean government proposed to up budgeting for government subsidy in biotech sector by 16 percent next year and finance a project to secure the genome data of 1 million people.

To further back commercialization of new drugs, it will designate five data-driven hospitals to enable clinical practice data for their R&D programs.

The new measures are key part of the government's drive to promote bio as Korea's future strength, the Ministry of Health and Welfare

announced in its outline to aid innovation in bio and health sector on Sept. 4.

The government will significantly increase its budget spending to help the pharmaceutical sector develop innovative new drugs and medical devices next year. A total of KRW 1.15 trillion won (USD 951.8 million) will be allocated to R&D projects in the sector in 2020, up 16 percent from this year. The spending includes KRW 93.8 billion for the development of full-life cycle medical devices and KRW 15 billion for the creation of state big data.