

Foreign Direct Investment

Revision of the Foreign Investment Promotion Act (Effective August 2020)

Re-investment of retained earnings shall be recognized as foreign direct investment (FDI) and incentives will also be provided in accordance with the regulations.

Cash grant incentives for FDI, which were

given to the material, parts and equipment industry and new growth technology industry, will be extended to high-tech sectors under the Industrial Development Act.

Nintendo Switch sales jump 30 pct in Q1 amid coronavirus outbreak

Sales of the Nintendo Switch jumped more than 30 percent on-year during the first quarter of this year in S. Korea amid the novel coronavirus outbreak, industry data showed on June 12.

Sales of Nintendo Switch game titles also skyrocketed 57.4 percent on-year to 287,590 units during the cited period, the data showed.

The increased sales of the console show that more people are turning to video games for entertainment as the COVID-19 pandemic has confined them to their homes.

Daily active users of PC and console games spiked 46 percent on-year during the January-May period, according to a separate report by game software developer Unity Technologies. The corresponding number for mobile gaming was a 17 percent increase.

Before the COVID-19 outbreak hit, there was already a 13 percent on-year increase in mobile app downloads, but the corresponding number skyrocketed as countries entered lockdowns in early March, according to the report.

Trade & Commerce

S. Korea's exports to FTA partners more than double over 15 years

S. Korea's shipments to FTA partners more than doubled over the past 15 years, but the country should clinch more free trade deals to ease its heavy reliance on the world's two largest economies—the United States and China, a think tank said on June 10.

The country's exports to 52 nations it has signed free trade deals with reached USD 438.6 billion in 2018, compared with USD 170 billion in 2004, according to the data compiled by the Korea Institute for International Economic Policy (KIEP).

Over the cited period, imports from the nations also jumped from USD 121.7 billion to

USD 334.6 billion, the data showed.

The country implemented its first FTA with Chile in April 2004. The figures are based on the number of agreements with trade partners as of 2018. On the back of the country's efforts to expand its trade portfolio, S. Korea has implemented 16 FTAs that cover 57 trade partners as of 2019.

The combined amount of foreign direct investment by such nations in Asia's No. 4 economy also increased to USD 211.9 billion in 2017, up from USD 61.9 billion posted in 2005, the KIEP report showed.

S. Korea to push for conclusion of RCEP this year despite pandemic

S. Korea said on June 9 it will spare no efforts to conclude a mega Asia-Pacific trade pact by the end of this year in line with efforts to revitalize an extended slump in its exports amid the new coronavirus pandemic.

S. Korea took part in an inter-sessional virtual meeting of other participants of the Regional Comprehensive Economic Partnership (RCEP) from June 10-11 to flesh out more details, according to the Ministry of Trade, Industry, and Energy.

"The RCEP is expected to play a key role in rekindling trade and investment activities of the

bloc, which has been hurt by the COVID-19 pandemic," the ministry said in a statement.

The deal will also help members to brace for changes in the global value chain in the post-pandemic era, the ministry said, highlighting S. Korea will spare no efforts to have the agreement concluded this year.

ASEAN and its dialogue partners—S. Korea, China, Japan, Australia and New Zealand—effectively reached an agreement on RCEP in November, with the goal of signing the pact within this year.

Industry

Mobile shopping hits record high in Q1, food services continue to rise: report

Purchases made through mobile gadgets like smartphones in S. Korea reached a record high in the first quarter of the year due to the novel coronavirus pandemic, a report showed June 18.

The total value of mobile shopping transactions reached a fresh high of KRW 24.79 trillion (USD 20.3 billion) in the January-March period, up 280 billion won from three months earlier, according to an e-commerce report from market researcher DMC Media.

By product, online food-related services have expanded sharply in recent years, DMC Media said. The percentage of food products out of all

online shopping transactions was 12.3 percent in the first quarter, up 3.8 percentage points from three years ago.

In particular, the portion of the food delivery service nearly quadrupled from three years earlier. It accounted for 9.4 percent of online shopping transactions in the first quarter.

Due to social distancing measures sparked by the COVID-19 pandemic, online purchases for agriculture, fishery, furniture, books and automobile products in the first quarter reached their highest level in three years, according to the report.

Seoul aims to commercialize urban air mobility in 2025

S. Korea aims to commercialize urban air mobility (UAM) services in the domestic market in 2025 as it strives to tackle worsening traffic congestion in major cities, the transport ministry said on June 4.

The government plans to begin offering UAM services initially with one to two routes, or terminals, in the Seoul metropolitan area in 2025 and then to increase the number of terminals to 10 by 2030, the Ministry of Land, Infrastructure and Transport said in a statement.

"The ministry will join hands with Hyundai Motor Group and other local companies to push

forward the UAM commercialization project," a ministry official said, without elaborating on the partnerships.

The ministry expects the UAM market to reach KRW 13 trillion in 2040 and that UAM services will bring customers to their destinations much faster than public transport services, like buses and subways.

The UAM services are designed to travel 30 to 50 kilometers in urban areas, offering transport services in connection with buses, the subway and personal mobility, like electric scooters and kickboards, the statement said.

Government & Policy

S. Korea seeks further deregulation for retailers amid pandemic

S. Korea said on June 10 it will remove unnecessary regulations to help local retail companies to utilize more high-end technologies and keep up with soaring demand for delivery services amid the new coronavirus pandemic.

"Online sales platforms have emerged as the backbone of the so-called non-contact economy (amid the COVID-19 pandemic)," Industry Minister Sung Yun-mo said during his visit to a logistics center of SSG.COM, the online shopping unit of retail conglomerate Shinsegae.

While the COVID-19 pandemic has dealt a harsh blow to most industrial sectors across the globe, online retailers have been considered as among a few winners as more people refrained from visiting offline stores.

S. Korea's online retailers enjoyed a 16.9 percent increase in their sales on-year in April, as people ordered food and daily necessities from home. Over the cited period, the country's major offline retailers saw their sales fall 5.5 percent, the data showed.

To further promote the growth of the industry, S. Korea said it will join forces with related businesses to establish a database of products, with a goal of building a system that can provide customized data to retailers.

The country will also help smaller online businesses establish a comprehensive logistics center equipped with state-of-the-art technologies for all stages of delivery, from packing to shipping.