

## Foreign Direct Investment

**Sumitomo Chemical to build USD 90 million photoresist plant in S. Korea**

Japan's major chemical company Sumitomo Chemical Co. will invest more than JPY 10 billion (USD 91 million) in S. Korea to manufacture photoresists, a light-sensitive material used in making semiconductor chips. This case marks the biggest investment decision by a Japanese company in the sector after the island country has put export regulations on semiconductor materials in 2019.

Sumitomo Chemical said on Sept. 1 that will build a new factory in S. Korea to stably supply photoresists to the country's chip makers including Samsung Electronics Co. and SK Hynix Inc. The Japanese firm added that the

factory construction will kick off within this month, with full operation expected in 2024.

Sumitomo is not the only Japanese company in the semiconductor materials sector to increase investment in S. Korea recently.

Tokyo Ohka Kogyo Co. (TOK), the second-largest photoresist maker in the world, has recently put billions of yen to double the manufacturing capacity of its Incheon plant compared to the 2018 level. Likewise, the hydrogen fluoride maker Daikin Industries Ltd. will invest JPY 4 billion (USD 36 million) to build a new plant in South Chungcheong Province.

**Goldman Sachs to invest USD 2 billion in real estate assets in S. Korea**

Goldman Sachs, a global investment bank (IB), will invest around USD 2 billion in the real estate market in S. Korea, mostly in logistics centers.

According to sources from the financial investment industry on August 26, Goldman Sachs Asset Management has recently set up a real estate due diligence team at the Seoul Office of Goldman Sachs.

Goldman Sachs has said it would make an investment worth approximately KRW 2 trillion in properties in Korea, mostly in logistics and data centers, during the next two years. It is said to have already acquired a property for

logistics center in Icheon, Gyeonggi Province.

The investment will be made through an overseas real investment fund of Goldman Sachs Asset Management. To this end, the Seoul Office of Goldman Sachs added investment support for subsidiary-run overseas funds to its business scope in the Financial Supervisory Service on August 19.

Goldman Sachs has already made active investments in real estate assets in S. Korea, including redevelopment of Gangnam Renaissance Hotel, Samsung Card building in Jongno and Lotte Young Plaza in Daegu.

## Trade &amp; Commerce

**Trade between Seoul, London remains bullish on bilateral FTA**

S. Korea's trade ministry said on Sept. 16 that it has been maintaining robust trade with Britain on the back of their free trade agreement (FTA), which was revamped earlier this year, despite London's divorce with the European Union.

S. Korea and Britain held their first meeting of the trade committee of goods virtually to discuss a wide array of commerce issues and follow up on the bilateral FTA, according to the Ministry of Trade, Industry and Energy.

The two countries implemented the pact in January to maintain the continuity in their business activities, in line with London's departure from the world's single largest economic bloc.

Outbound shipments to Britain jumped 40 percent to reach USD 6 billion in the January-June period, the ministry data showed. Exports plunged 9.6 percent on-year in 2020 to USD 8.8 billion amid the COVID-19 pandemic.

**Chips boost ICT exports to new high in Aug.**

S. Korea's exports of information and communication technology (ICT) products reached a record high last month, data showed on Sept. 14, on the back of continued robust global demand for chips and displays.

Outbound shipments of ICT products stood at USD 20.3 billion last month, up 33.2 percent from a year earlier, according to the

data from the Ministry of Science and ICT.

S. Korea's ICT exports were buoyed by strong demand for semiconductors, with chip shipments jumping 42.2 percent on-year to USD 11.8 billion.

S. Korea's outbound shipments in August grew 35 percent on-year to USD 53.2 billion, underpinning recovery momentum in Asia's fourth-largest economy.

## Industry

## S. Korea top Asian country in global innovation rankings

S. Korea has clinched top spot in Asia in global innovation rankings released on Sept. 20 by a United Nations agency, while ranking fifth globally.

In the Global Innovation Index 2021 rankings of about 130 economies announced by the World Intellectual Property Organization (WIPO), Korea beat Singapore, Japan and China in Asia and globally followed Switzerland, Sweden, the United States and the United Kingdom.

S. Korea, Asia's fourth-biggest economy, went up notably in the innovation results this year from the 10th position last year. This year, the country showed substantial improvements in global brand value, cultural and creative services exports, according to the organization.

WIPO said the jump is helped by the country's K-pop and K-drama scene as well as improvements in the technology sector represented by Samsung Group.

## OECD ups outlook for Korean economy this year to 4%, lowers global forecast

The Organization for Economic Development (OECD) matched other brightening outlooks for the S. Korean economy, raising its 2021 growth outlook to 4.0 percent from 3.8 percent, citing solid export growth and fiscal support boosting the economy.

In the Interim Economic Outlook released on Sept. 21, the OECD named Asia's fourth-largest economy in the select group of four whose growth forecast was raised along with Argentina, Mexico and Spain.

The upgrade from the May projection is in line with other organizations that have lifted their growth outlook for Korea to the 4-percent range. The International Monetary Fund estimated the Korean economy to expand 4.3

percent while the Bank of Korea and the Asian Development Bank forecast a 4.0 percent growth. The Korean government projected 4.2 percent.

The Paris-based organization also revised up its 2022 growth forecast for Korea to 2.9 percent from its earlier estimate of 2.8 percent.

The OECD projected that the Korean economy should continue to pick up down the road once virus containment measures are lifted.

It cited the country's solid exports and its effective containing of the economic impact of the pandemic through an expansionary government fiscal policy despite the latest spike in Covid-19 cases.

## Government &amp; Policy

## S. Korea to spend USD 81.5 million on research of carbon-reduction technologies

S. Korea's industry ministry said on Sept. 9 that it plans to spend KRW 95 billion (USD 81.5 million) to develop new solutions to cut the emission of carbon at local factories, in line with the country's vision to go carbon neutral by 2050.

The budget will be allocated to research projects for the so-called carbon dioxide capture, utilization and storage (CCUS) technology through 2025, according to the Ministry of Trade, Industry and Energy.

S. Korea said it plans to first find ways to

capture carbon dioxide from the cement and petrochemical industries, along with liquefied natural gas plants. The projects also include developing solutions to store carbon dioxide indefinitely.

S. Korea has been making efforts to cut the emission of carbon while promoting the use of sustainable resources, such as hydrogen, as carbon neutrality has emerged as a global agenda item for fighting climate change since the Paris climate accord went into effect in 2016.