

## S. Korea attracts USD 1.15 bn investment in chip, battery from seven NA firms

Seven North American companies in the fields of chips, electric vehicles, energy and logistics pledged a combined USD 1.15 billion investment in S. Korea to strengthen cooperation between the two nations to enhance related industries' supply chains amid intensifying competition.

The Ministry of Trade, Industry and Energy announced on Sept. 22 (local time in New York) that it received investment declaration letters from seven North American firms during a North American Investment Reporting Ceremony and Investor Roundtable in New York, the United States on the same day.

The seven names are Applied Materials, DuPont and Entegris in the semiconductor industry, Solid Energy System (SES) and BorgWarner in the EV and battery sector, Northland Power in the onshore wind farm market and EMP Belstar in the logistics field.

## Korea vows favorable taxation for US, foreign firms

S. Korea's National Tax Service (NTS) and the American Chamber of Commerce in Korea (AMCHAM) held a meeting on Sept. 16 to discuss favorable tax policies for foreign companies.

It was the first such meeting in seven years between the tax authority and the US business chamber in Korea.

"Through fair taxation and world-class tax service, Korea will forge an investment environment where foreign companies can

The latest investment pledges by North American firms are mostly for research and development centers and other quality facilities and thus will contribute to the development of advanced technologies in Korea and nurture technology experts at home, the ministry said.

Expectations for positive effects on the semiconductor industry ecosystem and supply chains also are rising as Applied Materials and three other global leaders in materials engineering solutions for chips (ASML, Tokyo Electron and Lam Research) have been active in investment in Korea.

The latest investment pledges are closely related the Korean government's national projects to enhance supply chains and achieve carbon neutrality, said Lee Chang-yang, the industry minister.

operate with little tax burden," NTS Commissioner Kim Chang-ki told the AMCHAM delegation, which included Chairman and CEO James Kim and Chairman of Board of Governors Henry An.

Total foreign direct investment from the US to Korea reached USD 2.95 billion in the first half of 2022, up 39.5 percent from the same period in 2021, according to Korea's Ministry of Trade, Industry and Energy.

## Trade & Commerce

## S. Korea, Ecuador hold new round of talks for bilateral trade deal

S. Korea and Ecuador began a seventh round of talks on Sept. 20 on the formation of a bilateral free trade deal, the trade ministry here said.

The two nations launched negotiations for the strategic economic cooperation agreement, or SECA, a type of free trade pact, in 2016 and held five rounds of talks that year. The sixth round took place in July after a six-year hiatus.

The latest round of talks will continue through Oct. 5, and they will take place vir-

tually, according to the Ministry of Trade, Industry and Energy.

The two sides will discuss a wide range of trade issues involving manufactured goods, services and procurement, as well as ways to jointly respond to supply chain disruptions, the ministry said. The South American nation is rich in natural resources.

"The two nations have complementary trade relations. We will speed up negotiations this time based on the recently renewed momentum," a ministry official said.

## Industry

**Korea ranks No. 4 in global EV sales, doubled from 2019**

S. Korea's electric vehicle exports last year more than doubled from the pre-pandemic year of 2019 to command fourth largest share in the world after Germany, the United States and China.

According to a report published by the Korea International Trade Association on Sept. 8, Korea's EV exports totaled USD 7 billion in 2021, trailing Germany with USD 28.8 billion, the U.S. with USD 10.1 billion and China with USD 10 billion.

Compared to the level before the virus spread two years ago, outbound shipments of EVs expanded 112.2 percent. Of total auto exports, EVs took up 15.8 percent last year, nearly doubled from 8.1 percent in 2019.

"In line with the domestic-favoring state subsidy system in each government, the Korean government also will have to seek for close cooperation with the private sector to help Korean firms maintain their export competitiveness."

## Government &amp; Policy

**Seoul targets half of new vehicles as autonomous ones in 2035**

S. Korea is targeting to commercialize a Level 4 autonomous vehicle in 2027 to release half of newly launched vehicles as Level 4 models in 2035, the transport ministry said on Sept. 19.

This year, Korea aims to become the world's third country to commercialize a Level 3 autonomous vehicle after the United States and Japan, the Ministry of Land, Infrastructure and Transport said in a statement.

"To achieve the aim, the government will overhaul the existing transportation systems, and set up safety standards and insurance pro-

grams for autonomous cars to provide Level 4 autonomous bus services as well (by 2027)," the statement said. Hyundai Mobis Co., a major affiliate of Hyundai Motor Group, introduced Level 4 self-driving automation technology in its concept M.VISION at the Consumer Electronics Show (CES) in January 2020.

At Level 4, a vehicle can drive itself under limited conditions and will not operate if all required conditions are not satisfied. At Level 5, a vehicle's automated driving features can drive under any conditions.

**Financial regulator vows deregulation to meet global standards**

S. Korea's financial regulator is looking to ease or lift regulations that have caused the undervaluation of the local capital market, a senior official said Sept. 15.

"We will find and unshackle the regulations that exist only domestically and not in advanced countries, which have become obsolete and unreasonable, and cannot comply with the latest changes in technology," Financial Services Commission (FSC) Vice Chairman Kim So-young said in a seminar in

Seoul.

The FSC is considering scrapping the registration system for foreign investors, a key hurdle for the country's inclusion on the Morgan Stanley Capital International (MSCI) index.

"We hope that these efforts can help (the S. Korean capital market) receive a worthy evaluation (globally) and generate a new growth paradigm for a lasting advancement," he added.