

## Foreign Direct Investment

### 60% of foreign-invested firms plan to ramp up investment in Korea

According to a survey conducted by the Korea Chamber of Commerce and Industry (KCCI), together with Prof. Oh Jun-seok at Sook-myung Women's University and the Korea Trade-Investment Promotion Agency (KOTRA), it was found that six out of 10 foreign-invested companies in Korea turned out to be considering investment expansion in South Korea.

Among the 95 foreign-invested firms surveyed, 64.2 percent said they intend to increase their investment in the country going forward, and 53.8 percent replied that they, effectively, plan to invest more in the country.

### Korea pledges steps to attract more foreign investment

S. Korea will boost foreign investment in the country through increased incentives and deregulation, Finance Minister and Deputy Prime Minister Choo Kyung-ho said on March 8.

The government will strengthen ties with US investors, Choo said at a luncheon meeting in Seoul hosted by the American Chamber of Commerce in Korea (AMCHAM), the largest such foreign association in the country.

In addition, 89.1 percent were satisfied with their overall investment in Korea.

In terms of investment factors, the following were those taken into consideration: market growth potential (55.1%), investment incentives (53.9%), domestic market entry (49.4%), and securing talented labor (44.9%).

Moreover, top government policy factors such as the attractiveness of investment incentives (68.8%), lack of regulatory issues (64.5%), and convenience of obtaining administrative and regulatory information (61.3%) were among the considerations.

The US continues to be the top investor in Korea, with USD 8.7 billion last year alone. Choo pledged Korea will make the country's investment environment even more favorable to US companies and other foreign firms.

In a bid to attract foreign investment in Korea, the government will expand subsidies for global high-tech firms to be based in Korea and ease regulations for a better business climate, the finance minister said.

## Trade & Commerce

### Korea to seek fast-track customs procedures with Saudi Arabia, Vietnam

The Korea Customs Service plans to speed up the customs declaration process with Saudi Arabia and Vietnam this year as part of efforts to boost exports.

"We will sign an authorized economic operator (AEO) mutual recognition arrangement (MRA) with Saudi Arabia in June and Vietnam in December," said TaeSik Yoon, commissioner of the Korea Customs Service, in a

recent interview with Maeil Business Newspaper. "We will also establish an electronic system that will exchange place-of-origin data with major trading partners."

Under the MRA, an authorized economic operator can get various customs benefits, including the exemption of certain customs inspections.

### Japan's removal of export curbs on Korea to boost supply chain stability, ease biz uncertainties

Japan's removal of export curbs on S. Korea is expected to ease business uncertainties and help ensure stable supply chains of key industry materials amid global supply disruptions and tougher competition in advanced industry sectors, experts said on Mar. 16.

Earlier in the day, S. Korea's industry ministry announced Japan will remove export restrictions on three major industrial materials—fluorine polyimide, photoresist and

hydrogen fluoride—essential for chips and displays, effective immediately.

In response to the lifting of the export curbs, Seoul decided to drop its complaint with the World Trade Organization against Japan over the matter.

The two sides also agreed to close consultations on reinstating each other to their respective "whitelist" of trusted trading partners, according to the ministry.

## Industry

**Korea to create new high-tech industrial complexes in 15 regions**

The S. Korean government plans to build national industrial complexes to foster high-tech industries such as semiconductors, future mobilities and robots in 15 regions across the country in addition to the world's largest semiconductor cluster planned in the Seoul metropolitan area.

The size of the national industrial complexes totals 40.76 million square meters. The government plans to foster high-tech industries customized to each region to promote balanced regional development.

The government has decided the plan to secure a balanced base for high-tech industries, said the Minister of Land, Infrastructure, and Transport Won Hee-ryong, adding that because timing is crucial for business investment, the government will lift regulations such as green belts and agricultural land restrictions in the biggest way possible to expedite the construction of the new national industrial complexes.

Construction is expected to begin in stages from the end of 2026 at the earliest.

**Fitch keeps S. Korea's credit rating unchanged at 'AA-', outlook stable**

Global credit appraiser Fitch Ratings said on Mar. 13 that it has reaffirmed S. Korea's sovereign rating at "AA-" with a stable outlook, while suggesting an economic growth of 1.2 percent this year.

Fitch's rating for Korea has been AA-, the fourth-highest level on the agency's table, since September 2012.

"Korea's rating balances robust external finances, resilient macroeconomic performance and a dynamic export sector against geopo-

litical risks related to North Korea, lagging governance indicators and structural challenges from an ageing population," the credit appraiser said in a release.

"Economic growth is likely to decelerate in the near term, but credit and policy buffers remain sufficient to manage these pressures," it added.

Korea's finance ministry welcomed the latest update, pointing out it reflected the government's efforts to stabilize the market.

## Government &amp; Policy

**Seoul unveils plan for major financial district development to draw foreigners**

Seoul plans to build a 50,000-square-meter international financial facility in the city's financial district and offer tax incentives as part of its measures to attract foreign companies and workers into the area.

At the 2023 London Conference held at the London Stock Exchange, Seoul Mayor Oh Se-hoon unveiled the plan to build the complex, which is equivalent in size to seven soccer fields, in Yeouido and vowed to seek a law revision to grant tax benefits to foreign

financial companies setting up business in the area, including 50 percent cut in acquisition and property taxes and a three-year exemption from corporate income tax.

The mayor also said that the city government will improve cultural and residential facilities for foreign employees in Yeouido by providing financial support facilities and 100 multi-purpose buildings with residential and commercial units.