

FDI pledges to S. Korea hit record high through Q3: data

Foreign direct investment (FDI) pledges to S. Korea rose 11.3 percent on-year during the first nine months of this year to reach an all-time high on growing investment in chips, batteries and other advanced sectors, the industry ministry said on Oct. 4.

The country received USD 23.95 billion worth of FDI commitments during the January-September period, compared with USD 21.52 billion a year earlier, according to the data by the Ministry of Trade, Industry and Energy.

This year's figure marked the highest amount ever for any nine months of data. The amount of investment that actually arrived in S. Korea also

went up 20.2 percent on-year to a record high of USD 13.92 billion, the data showed.

By industry, FDI pledges in the manufacturing sector grew 15.7 percent on-year to USD 9.02 billion, as foreign investment in the electronics and electric fields surged 27 percent to USD 3.32 billion while that of the chemical engineering field soared 61.1 percent to USD 3.01 billion.

The service sector also saw a 9.0 percent on-year rise in FDI pledges to come to USD 13.8 billion in the January-September period, led by the financial and accommodation fields, according to the ministry.

Amazon bets big on S. Korea's digital transition with new spending

Amazon Web Services Inc. (AWS), the world's largest cloud platform provider, said on Oct. 11 that it will nearly triple its investment in S. Korea to USD 5.9 billion through 2027, compared to the past five years, in what would be its second-largest average annual spending in one country after India.

The investment reflects AWS' determination to gain the upper hand in S. Korea's digital transition, far slower than the average of the Organisation for Economic Co-operation and Development (OECD).

Between 2018 and 2022, it poured a total of USD 2.04 billion into S. Korea to build cloud computing infrastructure.

From this year, AWS will spend USD 5.9 billion by 2027 to build its own data centers, secure generative AI chipsets and offer maintenance services.

If AWS's investment is converted to an annual average, it amounts to USD 1.18 billion, compared with its annual spending of USD 1.59 billion in India on average.

Trade & Commerce

S. Korea, UAE conclude talks for bilateral trade deal

S. Korea concluded negotiations with the United Arab Emirates (UAE) for the Comprehensive Economic Partnership Agreement (CEPA). The agreement is expected to strengthen cooperation with the UAE, a key country in the Middle East, while laying the groundwork for energy security and the development of new export markets. This is the first time Korea has signed an FTA with an Arab country.

According to the Ministry of Trade, Industry and Energy on Oct.15, Trade Minister Ahn Duk-geun and UAE Minister of State for Foreign Trade Thani bin Ahmed Al Zeyouidi signed a joint declaration confirming the conclusion of CEPA negotiations between the two countries on a day prior in Seoul. The Korea-UAE CEPA is the 24th FTA that Korea has signed.

Under the agreement, both countries will open 92.8% and 91.2% of their markets to each other in terms of the number of product items over the next 10 years. The UAE will eliminate tariffs on key Korean exports such as automobiles and automobile parts, home appliances, and weapons, while also removing tariffs on promising Korean export items, including medical devices and cosmetics, as well as agricultural, livestock, and fishery products, including beef, chicken, fruit, and ramyeon.

In the services market, the UAE committed to the highest level of openness out of its CEPA agreements to date for video and music content as well as healthcare. Tariffs on crude oil will also be completely phased out over the course of 10 years.

Industry

S. Korea ranks 6th in global AI competitiveness

S. Korea's prowess in the field of artificial intelligence (AI) has been ranked 6th among 62 evaluated countries.

The Federation of Korean Industries (FKI) on Oct. 12 released the results of the "Global AI Index" study conducted by the UK-based data analysis firm Tortoise Intelligence. The study analyzed AI competitiveness across the seven key domains of talent, infrastructure, operational environment, research levels, pat-

ents, and private investment.

Korea ranked 6th out of the 62 countries evaluated, particularly excelling in the patents and policies domains.

The country's AI-related patents were reported to be the third highest globally after the United States and China. Notably, Samsung leads the pack in terms of the number of patents on hyperscale AI, surpassing industry giants including IBM and Google.

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

Global credit appraiser Fitch Ratings has reaffirmed S. Korea's sovereign rating at "AA-" with a stable outlook, the finance ministry said on Oct. 17.

Fitch has maintained the level of AA- for S. Korea, the fourth-highest level on its sovereign ratings table, since September 2012 when it upgraded the rating by one notch

from A+.

"Korea's rating balances robust external finances, resilient macroeconomic performance and a dynamic export sector against geopolitical risks related to North Korea, lagging governance indicators relative to 'AA'-rated peers and structural challenges from an ageing population," the agency said in the report.

Government & Policy

S. Korea announces principles for digital standards

S. Korea has announced a set of basic principles and guidelines laying down digital standards as a proactive measure to take a leading role in the digital age.

This "digital rights charter," released by the Ministry of Science, Technology, and Information Communication, consist of six chapters and 28 articles, and is similar to a declaration outlining the fundamental direction of digital norms at the national level.

With the charter in place, the government will actively participate in discussions on

digital norms initiated by international organizations such as the United Nations and the Organisation for Economic Co-operation and Development (OECD), as well as those led by the United States and the European Union, based on the Digital Rights Charter.

While addressing the document's five guiding principles—freedom, fairness, safety, innovation, and solidarity—Yoon urged every government body to form AI and digital policies aligned with these principles.

S. Korea to spur startup investments with eased rules

S. Korea will deploy at least 10% of a state-backed fund of funds (FoF) to venture capital investment dedicated to small startups every year, the government said on Oct. 5.

Run by state-owned Korea Venture Investment Corp. (KVIC), the FoF manages KRW 8.2 trillion won (USD 6.1 billion) in assets as of the end of 2022. It was created in 2005 for a 30-year operation to finance VC firms investing in various sectors including tech,

culture, healthcare, agriculture, environment and transportation.

According to the roadmap to boost VC investments, the Ministry of SMEs and Startups will ease application rules for Rookie League, the investment program for small startups.

The Ministry of SMEs will proactively support the private sector's venture investments, which is the basis of Korea's economic growth, said Minister Lee Young.