

## Foreign Direct Investment

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### German chip materials firm Merck set to expand investment in S. Korea

German-based semiconductor materials company Merck said on Feb. 2 that it has plans to expand investment in South Korea, which has major chipmakers like Samsung Electronics Co. and SK hynix Inc., as the global semiconductor market is set to make a rebound in 2024, driven by booming demand for artificial intelligence chips.

In 2021, Merck announced plans to invest EUR 600 million (USD 652.4 million) by 2025 and has spent some EUR 300 million so far, acquiring Korean chemicals firm M Chemicals Inc. and expanding facilities in the country.

The exact amount of the additional investment will be decided between this year and next year, given the pace of the market recovery, according to the company.

Samsung Electronics and SK hynix are Merck's key clients to the company, who are leading the memory chip market with a combined market share of 60 percent. Their leadership in the memory chip market, particularly in advanced chips like high bandwidth memory (HBM) for AI applications, positions them as crucial partners for Merck.

### Korea's electronic disclosure system to be upgraded for foreign investors

On Feb. 18, the Financial Supervisory Service (FSS) unveiled its intention to launch the second phase of its development of an English-friendly electronic disclosure system (DART). The initiative aims to broaden the scope of information available in English, which is expected to facilitate more foreign investments in Korean companies.

In the upgraded system, fixed information such as index, table format and optional input values will be automatically translated into

English, allowing system users to access disclosure information in real time.

The FSS expects these improvements to broaden the scope of information available to foreign investors, and to also contribute to better financing conditions for domestic companies.

Meanwhile, the FSS began translating titles of disclosure reports into English starting July 2023, enabling investors to more easily identify and access the files they wish to read.

## Trade & Commerce

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### S. Korea's auto exports rise 25 pct in Jan. on EV popularity

South Korea's car exports advanced nearly 25 percent in January, driven by solid demand for electric vehicles and other eco-friendly cars, data showed on Feb. 21.

The combined value of car exports reached USD 6.2 billion last month, up 24.7 percent from the previous year, according to the Ministry of Trade, Industry and Energy. It was the highest figure for any January ever, beating the previous record of USD 4.9 billion set in January 2023, the ministry said.

In terms of volume, car exports increased 23.5 percent to 245,255 units last month, the highest since January 2015.

Rising auto exports were attributable to

strong global demand for eco-friendly vehicles. The export value of eco-friendly cars gained 15.9 percent on-year to USD 2.1 billion in February.

A total of 62,237 units of eco-friendly vehicles were sold overseas last month, logging a 12.2 percent on-year increase.

By type, sales of electric vehicles (EVs) increased 18.1 percent to 31,350 units, and those of hybrid models advanced 12.5 percent to 26,513 units.

North America was the No. 1 export destination for South Korean cars last month, with sales soaring 53.9 percent on-year to \$3.7 billion.

## Industry

**Korea's online grocery transactions hit \$30 bn for first time in 2023**

South Korea's online grocery transactions surpassed KRW 40 trillion (USD 29.8 billion) for the first time in 2023 amid the ongoing shift to non-face-to-face shopping even after the end of the pandemic.

According to data released by Statistics Korea on Feb. 13, the value of online transactions for food and agricultural products stood at KRW 40.7 trillion in 2023, more than doubling from KRW 17 trillion in 2019 before the pandemic.

The surge comes as consumers opt for fresh food and ingredients through mobile and online platforms that offer same-day or early morning delivery services.

In particular, food and beverage product transactions reached KRW 29.8 trillion last year, up 12.1 percent from the previous year. Transactions of agricultural, livestock, and fisheries products exceeded KRW 10 trillion, up 14.3 percent during the same period.

**Korean companies showcase cutting-edge tech at MWC 2024**

According to the Korea Information and Communication Technology Industry Association, 165 South Korean companies took part in Mobile World Congress 2024, which kicked off on Feb. 26 (local time) in Barcelona Spain. This was the fifth-largest number after Spain, who had 696 participating companies, the US with 432, Britain with 408, and China with 288.

Conglomerates like Samsung, KT, and SK telecom, as well as SMEs and startups,

showcased their latest AI, 6G, IoT, and robotics technology to thousands of visitors at the fair. Under the overarching theme of "Future First," MWC covered some of the biggest topics in tech and showcased major technologies that are anticipated to shape the future.

This year's exhibition attracted about 100,000 attendees, comparable to pre-pandemic numbers, and more than 2,400 exhibitors from various countries around the world.

## Government &amp; Policy

**Korea to grant government aid for Koreans startups overseas**

The South Korean government has laid the legal foundation to extend its existing startup support program, previously limited to companies in Korea, to businesses founded by Koreans outside the country.

The Ministry of SMEs and Startups (MSS) said on Feb. 20 that the Cabinet approved a bill to amend the Small and Medium Business Startup Support Act and its enforcement regulations to allow the government to support

overseas startups.

Under the revised rule, Korean businesses that form foreign entities or become subsidiaries of newly established foreign corporations via a process known as 'flip' will now be eligible for government assistance. This move signifies a departure from the previous policy, which restricted government support to startups founded in Korea.

**Science ministry to invest KRW 121.9 bln in cloud computing industry**

The science ministry said on Feb. 26 that it will invest KRW 121.9 billion (USD 91.5 million) to bolster the local cloud computing industry this year.

The budget marked a KRW 17.2 billion increase from the previous year's allocation, according to the Ministry of Science and ICT.

The ministry said cloud technology plays a key role in advancing artificial intelligence (AI)

as it provides high performance computing capacity and massive data storage capabilities.

In detail, the ministry plans to inject KRW 24 billion into the development and commercialization of innovative cloud services, KRW 7 billion into cloud-based software as a service (SaaS), and KRW 8 billion into the transformation of software to SaaS.