

Foreign Direct Investment

Alibaba eyes USD 145 mn investment in Korean fashion app ABLY

S. Korean style commerce platform ABLY, which is aiming to attract global investments totaling around KRW 200 billion (USD 145 million), recently received from Alibaba, the parent company of the Chinese e-commerce platform AliExpress, for an investment of around KRW 100 billion.

According to industry sources on Apr. 22, ABLY is currently in discussions for invest-

ments with various entities including the Ontario Teachers' Pension Plan (OTPP) from Canada, global investment firm Permira, and Alibaba.

ABLY is reportedly valued at KRW 2 trillion by investors and if the investment agreement goes through, Alibaba is expected to secure a stake of around 5 percent in ABLY, the Chinese company's first investment in the Korean e-commerce sector.

Trade & Commerce

Korea's Q1 economic growth at over 2-year high on exports recovery

S. Korea's economy grew at the fastest pace in over two years in the first quarter of the year on the back of a continued recovery in exports and a rise in construction investment, central bank data showed on Apr. 25.

The country's real gross domestic product—a key measure of economic growth—increased at a higher-than-expected rate of 1.3 percent on-quarter in the January-March period, according to preliminary data from the Bank of Korea (BOK).

On a yearly basis, S. Korea's economy advanced 3.4 percent in the first quarter, higher than the 2.2 percent growth for the last quarter of 2023.

The country's exports climbed 0.9 percent in the first quarter, slowing from the previous quarter's 3.5 percent gain, while imports declined 0.7 percent from a 1.4 percent increase the previous quarter.

Korea's cosmetics exports hit record USD 2.3 bn in Q1

S. Korea's cosmetics exports soared nearly 22 percent to an all-time high of USD 2.3 billion in the first quarter of 2024, mainly driven by strong demand for skincare products, data showed on Apr. 3.

According to the Korea Customs Service, the country's cosmetics exports totaled USD 2.3 billion in the January-March period, up 21.7 percent from the same period a year ago. It marks the highest figure for the first quarter.

Cosmetics exports hit an all-time high of USD 9.22 billion in 2021, but fell to USD 7.98 billion in 2022 amid weak demand in China.

Exports, however, rebounded to USD 8.49 billion in 2023 and has been continuing its upward trend in 2024.

The customs agency attributed the rise to the global popularity of K-beauty amid growing interest in Korean culture.

Industry

S. Korea's internet industry surpasses KRW 600 in sales in 2022: data

S. Korea's internet industry saw its revenue surpass KRW 600 trillion (USD 435.5 billion) for the first time in 2022, data showed on Apr. 22.

The total sales of the local internet industry reached KRW 622.1 trillion in 2022, up 16.6 percent from KRW 533.7 billion a year ago, according to data compiled by the Korea Internet Corporations Association (KICA).

The internet industry accounted for 13.5

percent of the country's total industry sales of KRW 4.6 quadrillion for the year.

The industry's annual growth pace of 16.6 percent outpaced other key sectors of Asia's fourth-largest economy, such as the manufacturing sector, which posted 16.4 percent, and the wholesale and retail industry with 12.9 percent.

Industry

Korea's IoT market grows by USD 1.5 bn every year: Survey

S. Korea's Internet of Things (IoT) industry is growing by nearly KRW 2 trillion (USD 1.45 billion) every year as the number of Internet-connected devices increases.

According to a survey conducted by the Ministry of Science and ICT on Apr. 21, the country's IoT industry's revenue was estimated at about KRW 25.12 trillion in 2023, up by about 7.7 percent a year ago.

The figure has been growing rapidly every year since 2021, when it surpassed the KRW

20 trillion mark on the back of the increasing number of devices connected to the internet and the growing number of fields applying IoT, such as connected cars and remote metering.

The country's three major telecommunications companies - SK telecom Co., KT Corp., and LG Uplus Corp.- which provide services for businesses such as remote metering, including lines for IoT, are also engaged in competition for the IoT industry.

Government & Policy

Korean gov't launches startup fund to boost venture ecosystem

S. Korea's Ministry of SMEs and Startups launched a startup fund on Apr. 24 in a move to boost venture investments.

According to the ministry on Apr. 24, it held a ceremony to launch the Startup Korea Fund, a fund created jointly by the government and large corporations, financial institutions, and small and medium-sized enterprises.

The fund is characterized by the government providing enhanced incentives such as priority loss coverage, co-growth evaluation bonuses, and government awards to encourage more aggressive venture investments

from the private sector.

In general, government-funded venture capital investments involve the government contributing around 60 percent of the funds, but the Startup Korea Fund operates with 30 percent of government funding and 70 percent of private sector investment.

This year, 21 private investors will invest more than KRW 300 billion (USD 219.4 million) combined, with the government contributing over KRW 200 billion, totaling more than KRW 500 billion in joint public-private investments.

Korea reveals AI, bio, quantum tech roadmap

The S. Korean government identified artificial intelligence (AI) and chips, advanced biotechnology, and quantum technology as the top three game-changing technologies and unveiled plans to strengthen investment and the value chain in these sectors by 2030.

The government's goals are part of the three game-changer initiatives that were formed following a meeting of the Presidential Advisory Council on Science and Technology on Apr. 25.

The AI and chip initiative aims to enhance

national competitiveness in AI to maintain and elevate the brand power of Korean semiconductors.

To foster innovation across all AI and chip domains, the government identified nine technological tasks, including the development of artificial general intelligence (AGI) and lightweight, low-power AI technology.

The government aims to increase the number of quantum technology companies from about 80 in 2022 to 500 by 2030.