

Foreign Direct Investment

Korea's FDI hits all-time high in 2023 on improved environment

Foreign direct investment (FDI) in S. Korea reached a record high last year amid a decline in the number of workdays due to fewer strikes in recent years.

According to the Ministry of Economy and Finance and the Ministry of Trade, Industry and Energy, FDI in the country reached an all-time high of USD 19.1 billion in 2023, up 4.9 percent from the previ-

ous year.

The amount of capital outflow, represented by the difference between overseas direct investment (ODI) by domestic companies and FDI, stood at USD 44.2 billion in 2023, down from USD 63.2 billion in 2022.

The upturn in FDI comes amid a more stable business environment in Korea, particularly fewer strikes.

Germany's Merck breaks ground on KRW 430 bln production line in Daejeon

Germany-based biotech giant Merck KGaA held a groundbreaking ceremony to build a new production line in the central city of Daejeon with a budget of KRW 430 billion, the industry ministry said on May 29.

The event came around a year after the biotechnology company signed a memorandum of understanding with the government in May last year to build the bioprocessing production center, according to the Ministry

of Trade, Industry and Energy.

The production line is anticipated to be completed in 2026, employing some 300 workers, it added. The company will supply essential biotech products, including dry powder cell culture media, to clients in the Asia-Pacific region.

Merck entered the S. Korean market for the first time in 1989 and currently operates 13 facilities across the country, employing 1,730 workers.

Toray Group to invest USD 365 mn to expand Gumi plant complex

Toray Industries Inc. will invest KRW 500 billion (USD 365 million) to expand facilities at the Gumi National Industrial Complex by next year.

Toray Industries and Toray Advanced Materials Korea Inc. signed a memorandum of understanding with the Ministry of Trade, Industry and Energy, North Gyeo-

ngsang Province, and the city of Gumi to invest in fields of high-performance carbon fiber, aramid fiber, and eco-friendly materials.

Last year, Toray Advanced Materials Korea decided to scale up fiber production at Gumi Plant 4. Following the expansion, the plant's annual capacity will increase from 3,300 tons to 8,000 tons.

Industry

Online shopping hits record high in April on rising food demand

Online shopping sales in S. Korea jumped more than 10 percent in April to reach an all-time high for any April on rising sales of food items amid inflation, data showed on Jun. 3.

The value of online shopping transactions stood at KRW 19.83 trillion (USD 14.41 billion) in April, up 10.5 percent from a year earlier, according to the data from Statistics Korea, marking the largest amount ever for any April.

The growth was led by rising demand for food and beverages, which jumped 18 percent on-year to KRW 2.77 trillion, as retailers launched various promotional campaigns.

Sales of agricultural, livestock and fisheries products also soared 26.2 percent on-

year to KRW 990.9 billion in April as the government provided discount coupons and subsidies to help people struggling with high prices.

Online shopping for home appliances and other electronic devices jumped 13.1 percent to KRW 1.27 trillion amid early hot weather, the agency said.

Demand on online platforms for travel and transportation services also advanced 14.7 percent and that for culture and leisure services went up 18.9 percent in April.

Purchases made through smartphones, tablets and other mobile devices increased 11.9 percent on-year to KRW 14.8 trillion, accounting for 74.8 percent of the total online sales, the data showed.

Trade & Commerce

Korea, UAE ink comprehensive economic partnership pact

S. Korea and the United Arab Emirates (UAE) signed a bilateral comprehensive economic partnership agreement (CEPA) on May 29, as President Yoon Suk Yeol and his UAE counterpart Sheikh Mohammed bin Zayed Al Nahyan held a summit in Seoul to explore expanding bilateral trade and economic partnerships.

The two countries also signed a total of two agreements and 17 memorandums of

understanding to solidify bilateral economic cooperation.

The UAE is the first Arab nation to sign a CEPA with Korea, as well as Korea's 14th largest trading partner as of 2023 and a logistics hub connecting the Middle East, Africa, and South Asia, which is expected to help Korean companies expand their presence in these regions.

Korean instant noodle exports top USD 100 mn in monthly sales

According to trade data from the Korea Customs Service on May 19, instant noodle exports totaled USD 108.6 million in April 2024, or a 46.8 percent increase year-on-year. This increase is the highest figure in 1 year and 11 months since May 2022, when the figure recorded a 49.3 percent rise thanks to a Korean food craze which was

then at its beginning stages.

The April figure also significantly surpassed the previous record of USD 92.91 million in February. With this trend, this year's annual instant noodle exports may break the record annual exports of USD 952.4 million set in 2023.

Government & Policy

Yoon unveils USD 19 bn support program for chip industry

S. Korean President Yoon Suk Yeol unveiled a KRW 26 trillion (USD 19 billion) support plan for the country's semiconductor industry on May 23, as the global competition to attract high-tech industries intensifies.

The comprehensive chip support package includes establishing a KRW 17 trillion low-interest loan program via investments from the state-owned Korea Development Bank (KDB), as well as the creation of a KRW 1.1 trillion semiconductor ecosystem fund to support investment and research

and development (R&D) in areas that are considered weak points of the Korean industry, such as materials, components, equipment, and fables (design) sectors.

The government will also invest more than KRW 5 trillion in fostering semiconductor talents over the next three years and allocate at least KRW 2.5 trillion to ensure the rapid construction of the Yongin Semiconductor Mega Cluster by accelerating support for road, water, and power infrastructure.

Gov't to shift renewable energy system

S. Korea's government announced it will revamp its renewable energy system that disproportionately favors solar power generation, with the plan likely to focus on offshore wind power.

The plan was part of a government strategy initiative released on May 16 by the Ministry of Trade, Industry, and Energy in the presence of executives from the renewable energy industry.

As part of its overhaul of the energy system, the government plans to adopt an

auction-bidding approach in which it sets annual renewable energy targets to encourage power generators to offer bids at their lowest prices.

The Ministry of Trade, Industry and Energy is also aiming increase offshore wind power's share in the Korean renewable energy market and is requesting the prompt processing of the Special Act on the Promotion of Wind Power Generation Supply' that is currently pending in the National Assembly.