

Standard IR 2023

Korea's Investment Climate



Sustainable Growth with Innovative Korea



- 01 Korean Economy
- 02 FDI Trends in Korea
- 03 Strengths of Korea's Investment Environment
- 04 Business Environment
- 05 Living Environment
- 06 About Invest KOREA

01

kotra INVEST KOREA 

Korean Economy

Standard IR 2022

Key Economic Indicators

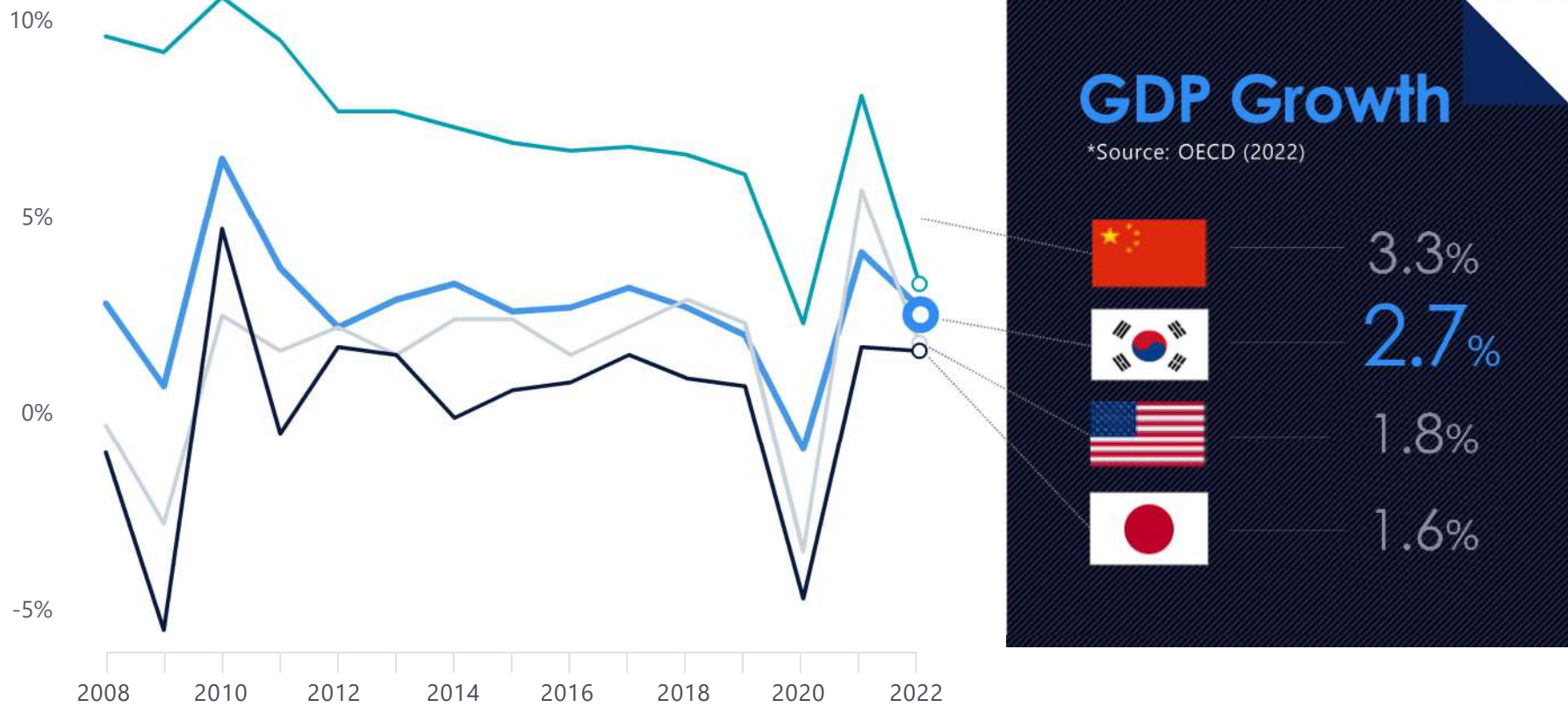
2022



* (Feb. 2023)
**(Mar. 2023)

*Source: International Monetary Fund (IMF), Korea International Trade Association (KITA), Bank of Korea (BOK), Korea Exchange (KRX), Brand Finance

Economic Growth



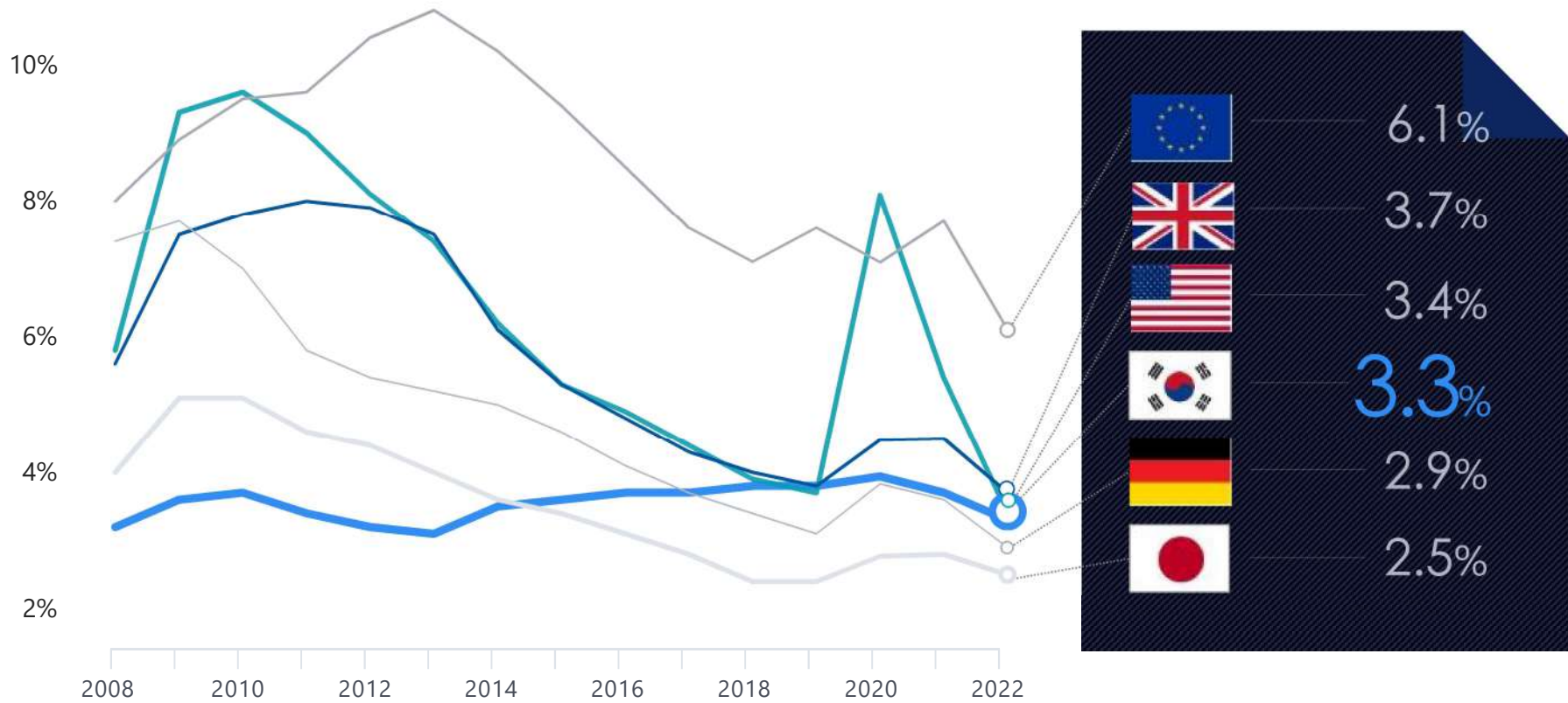
Export Growth



Employment Stability

Unemployment Rate (2022)

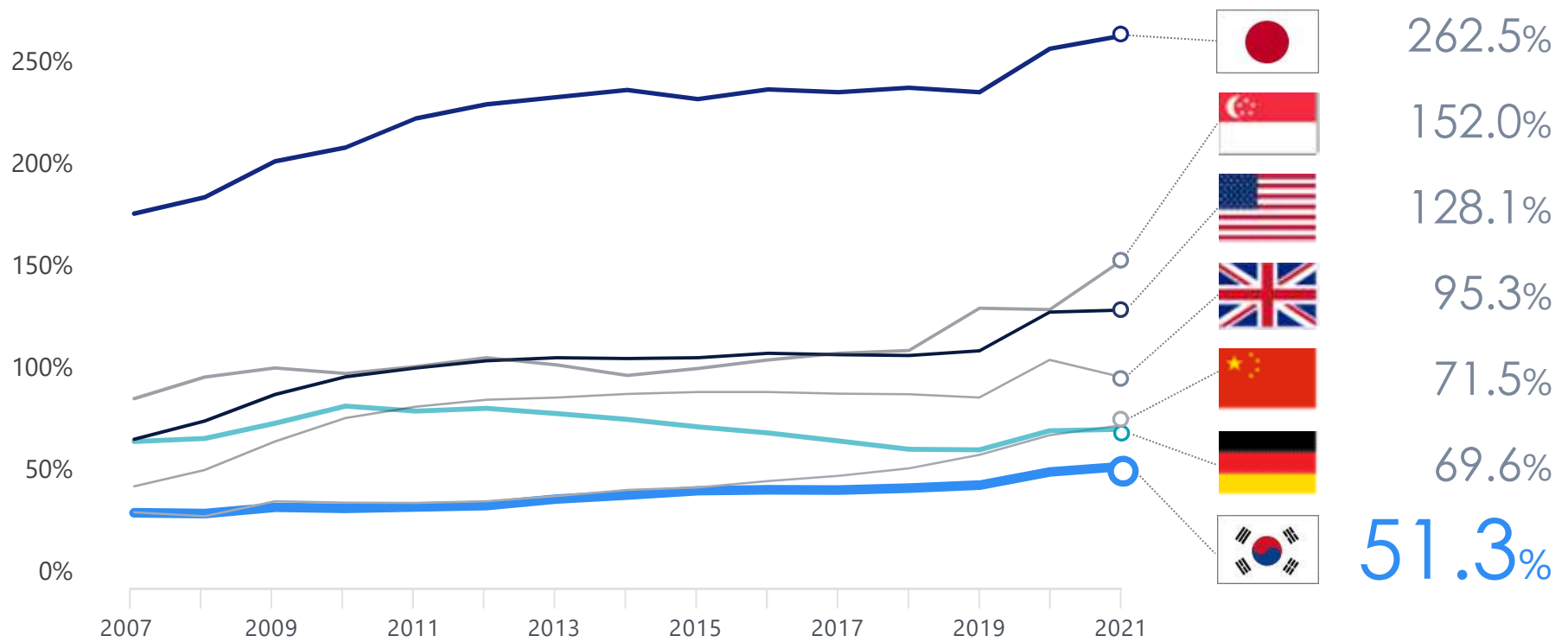
*Source: OECD (2022)



Fiscal Stability

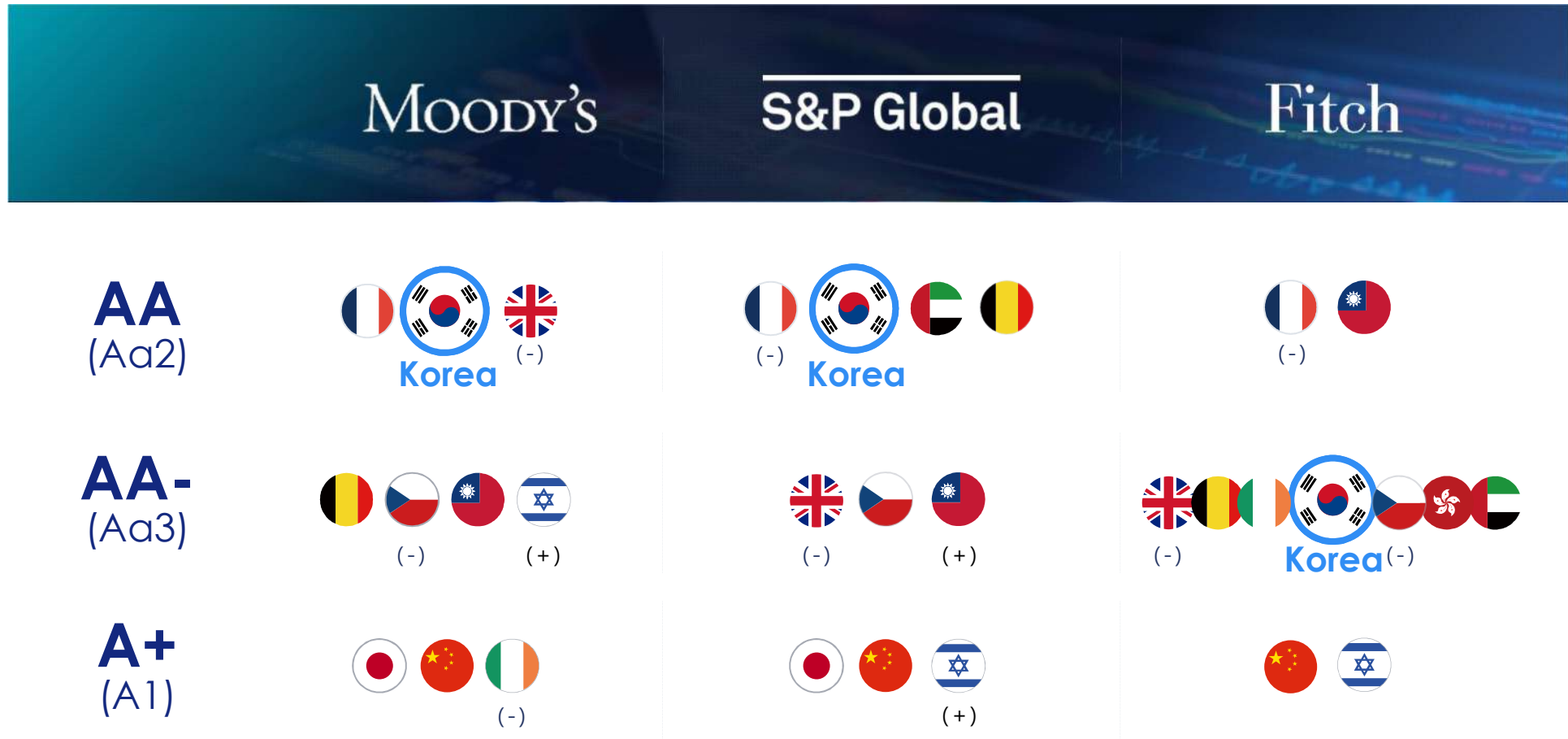
Government Debt-to-GDP Ratio

*Source: IMF (2022)



Stable Credit Rating

*Source: Ministry of Economy and Finance (MOEF, 2023)



*(-): Moody's rating

*(+): Positive rating outlook / (-): Negative rating outlook

02

kotra INVEST KOREA

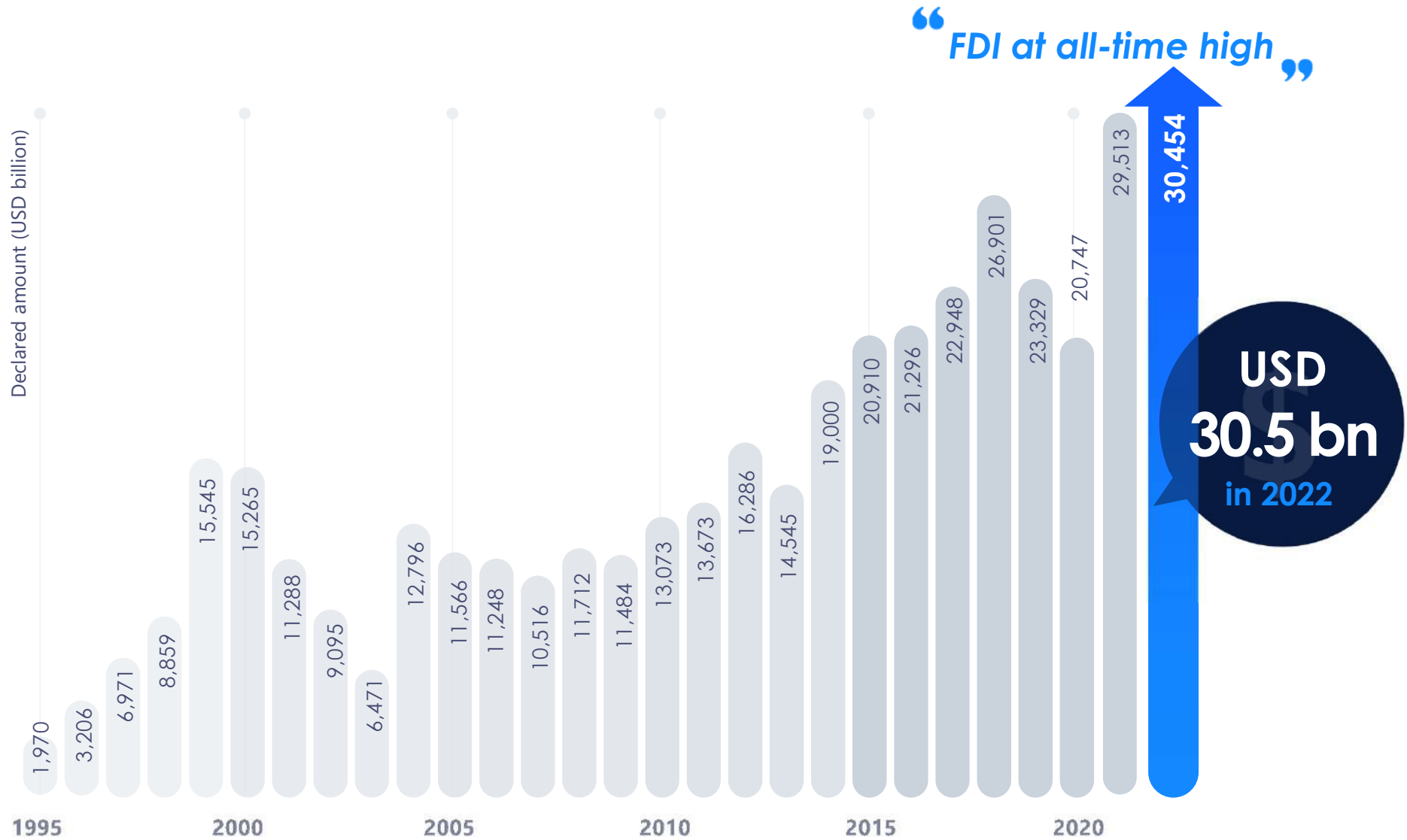
FDI Trends in Korea

Standard IR 2022

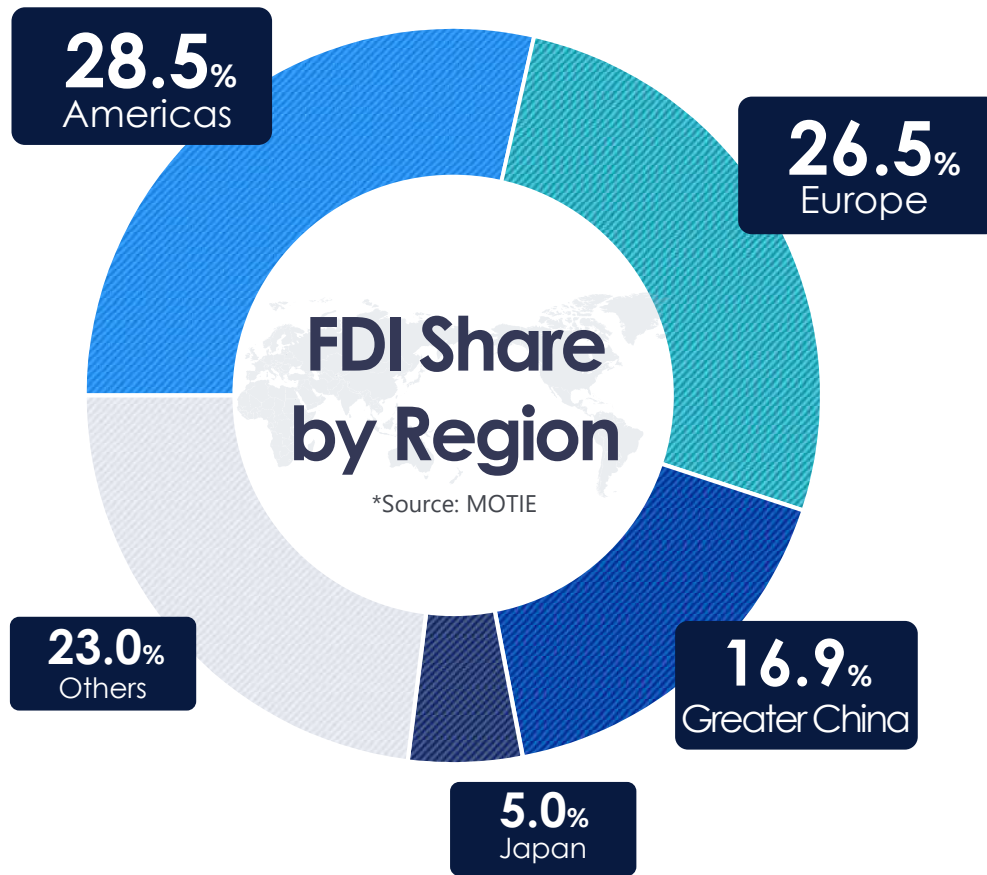


FDI Statistics

*Source: Ministry of Trade, Industry and Energy (MOTIE)



FDI Inflows by Region



- Declared amount (USD million) -

















FDI Inflows by Country



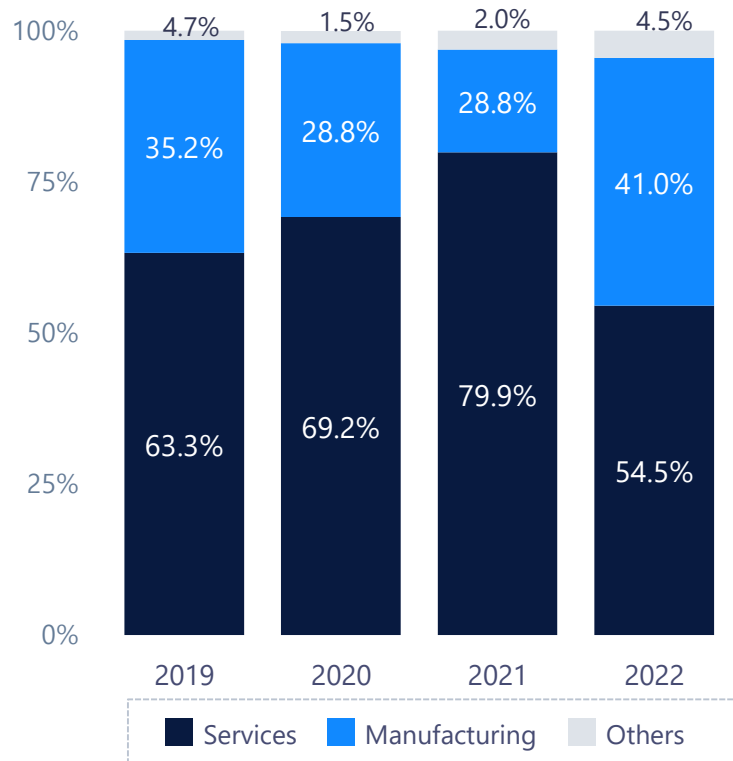
Declared amount (USD million)
CAGR (%)

*Source: MOTIE

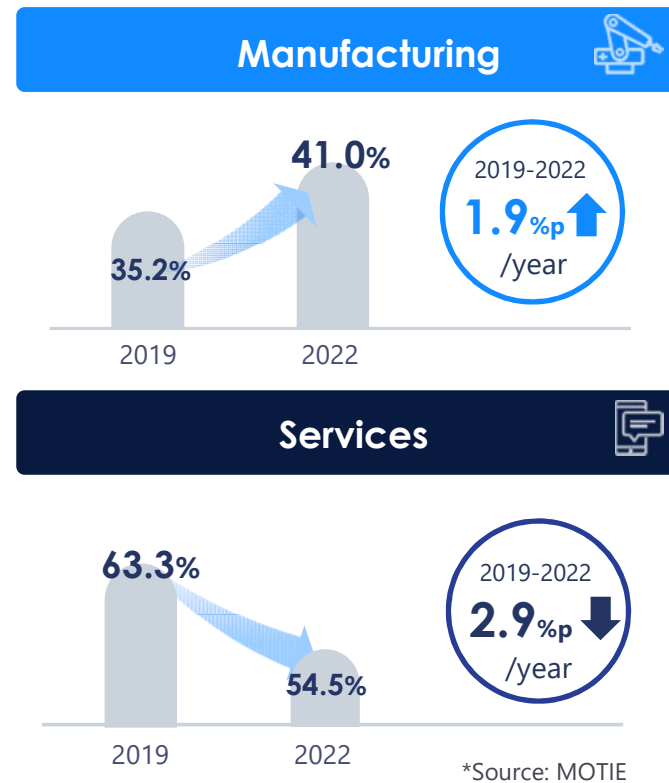
	US	8,685	▲ 65.2%		Canada	508	▲ 1.0%
	Netherlands	4,922	▲ 405.3%		Hong Kong	385	▼ 39.5%
	Singapore	3,248	▼ 22.5%		Switzerland	262	▲ 162.0%
	Japan	1,529	▲ 26.3%		France	215	▼ 3.2%
	China	1,490	▼ 21.1%		Austria	208	▼ 55.7%
	UK	581	▼ 28.8%		UAE	201	▼ 55.0%
	Germany	538	▼ 71.0%		Spain	182	▼ 13.7%

FDI Inflows by Industry Sector

FDI Share by Sector



Changing Trends in FDI by Sector

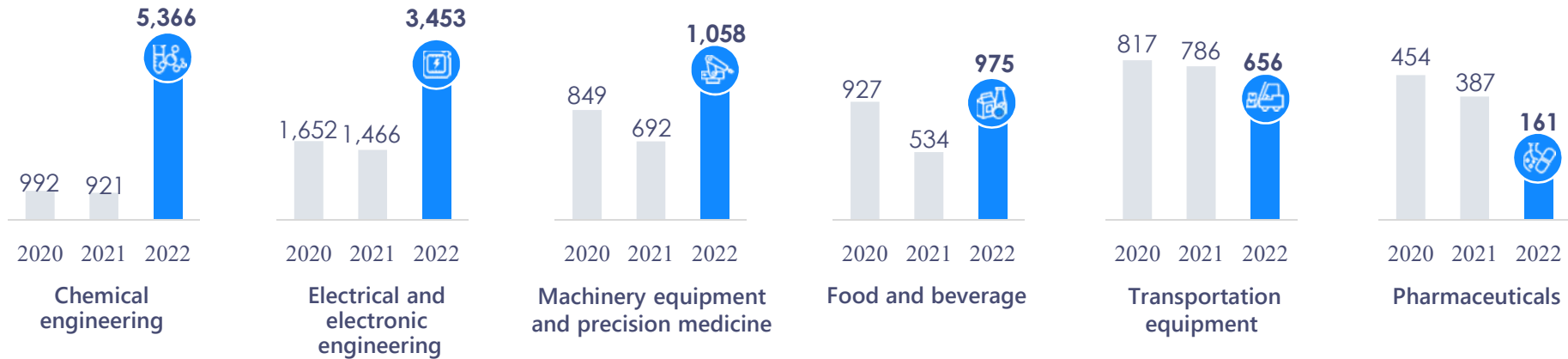


FDI by Industrial Classification

*Source: MOTIE

Declared amount (USD million)

Manufacturing

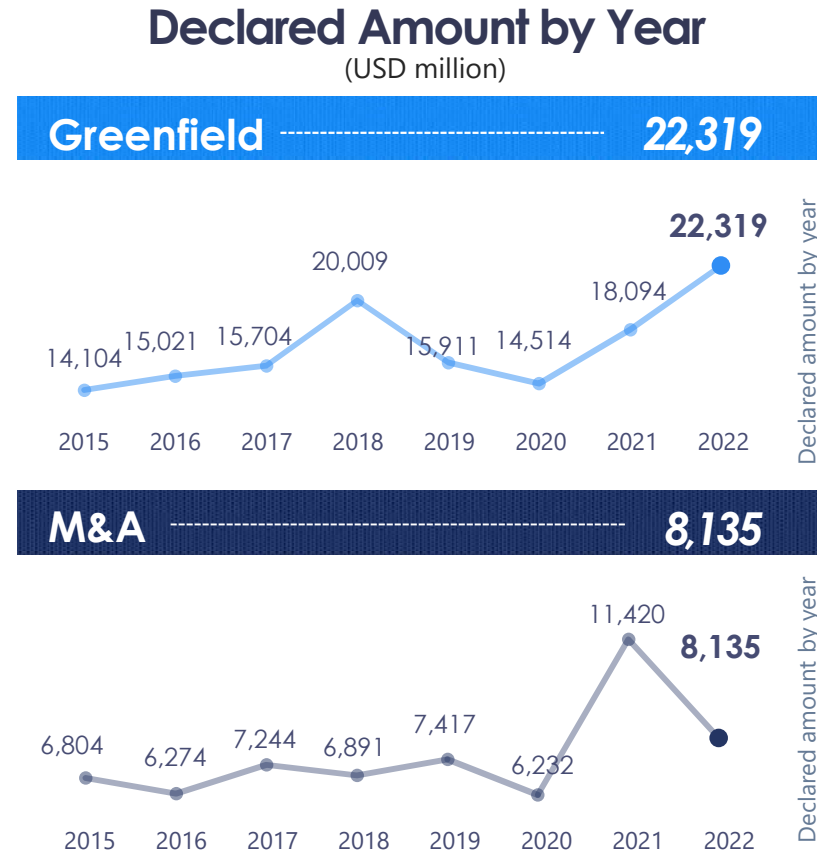
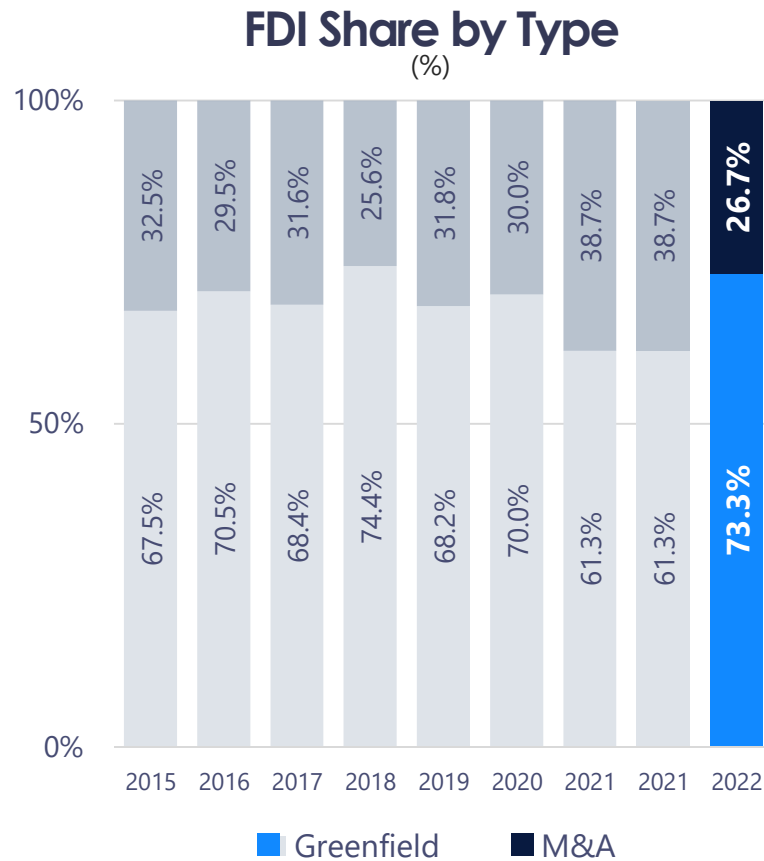


Services

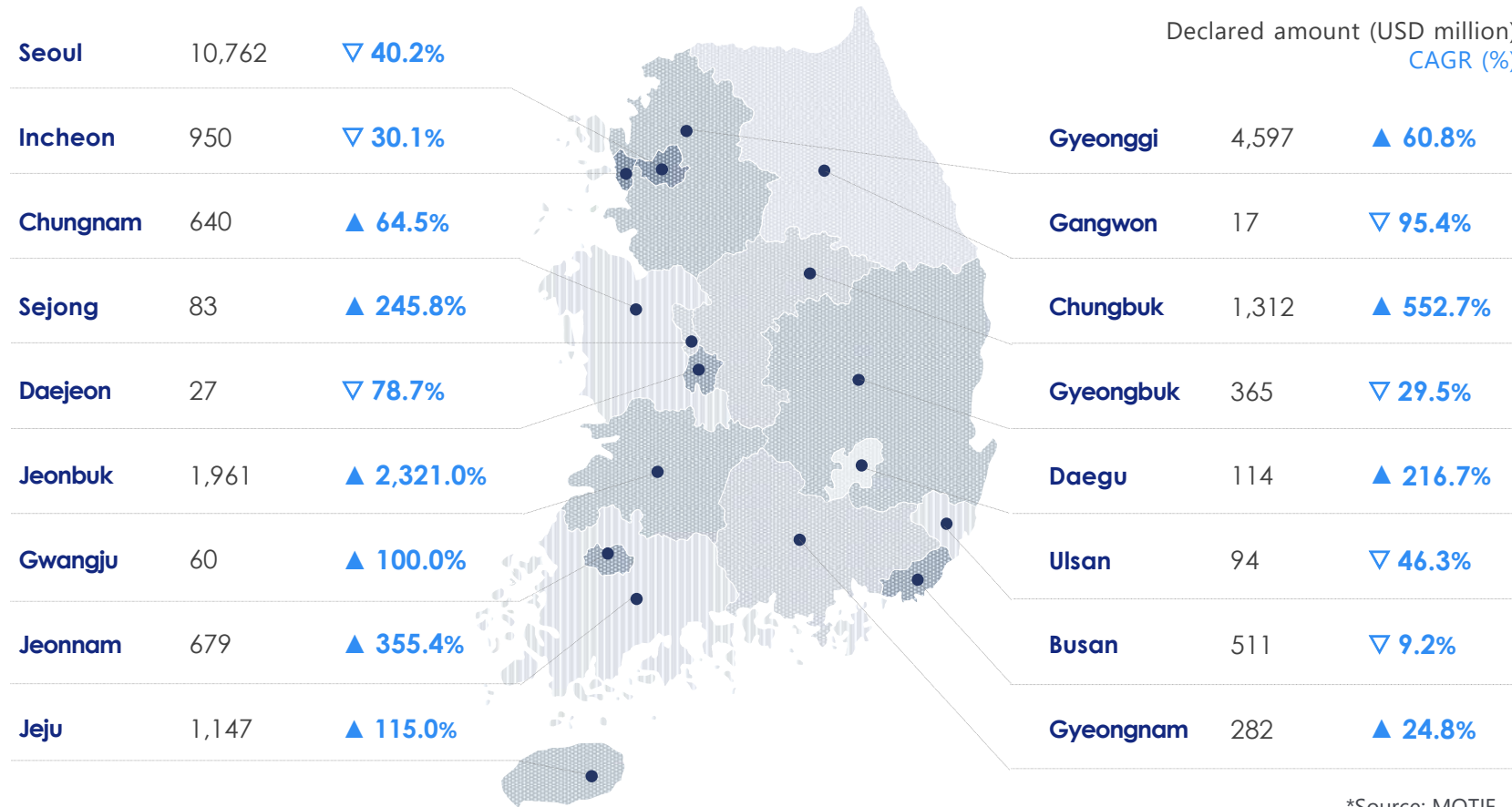


FDI by Investment Type

*Source: MOTIE



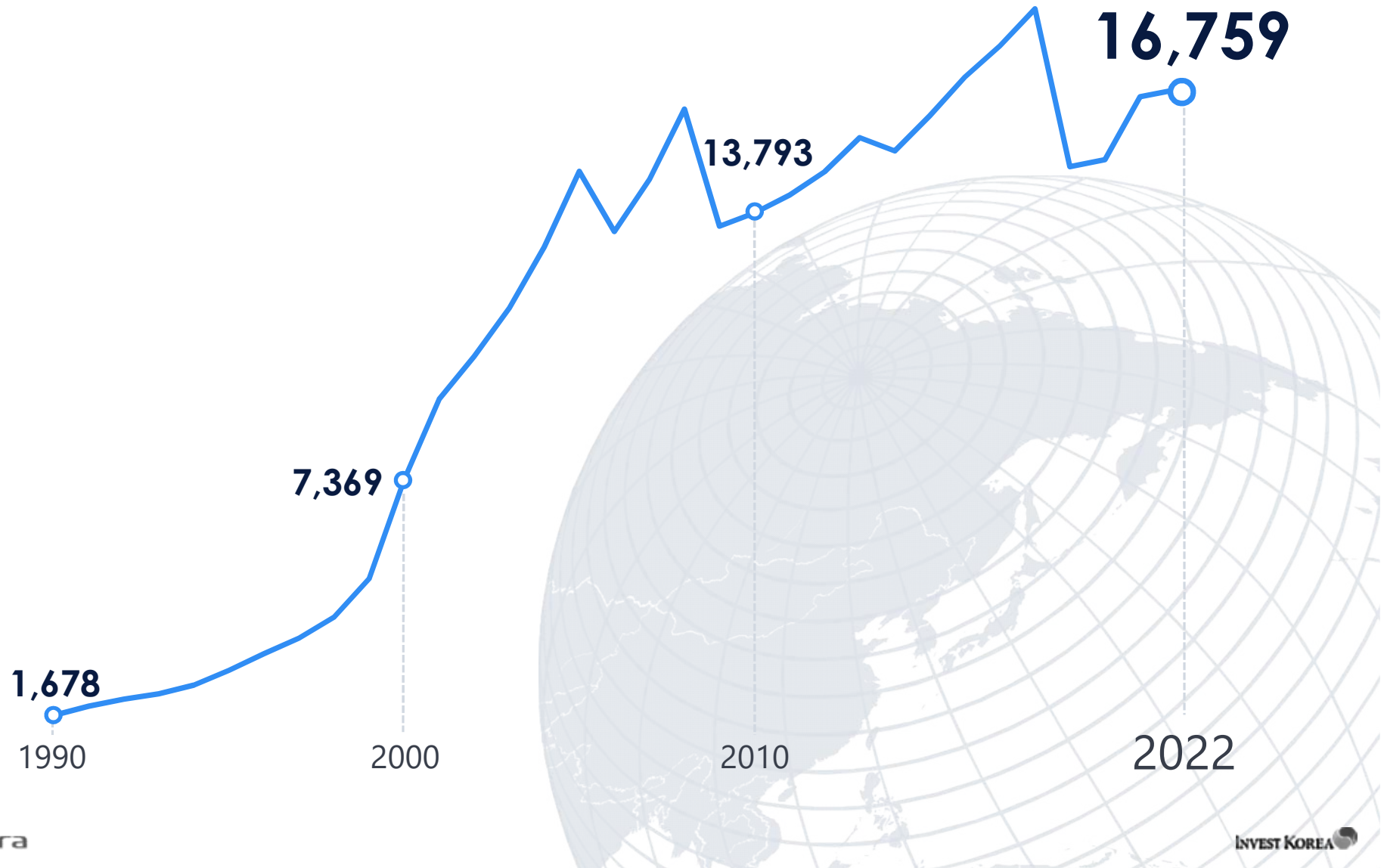
FDI Inflows by Local Government



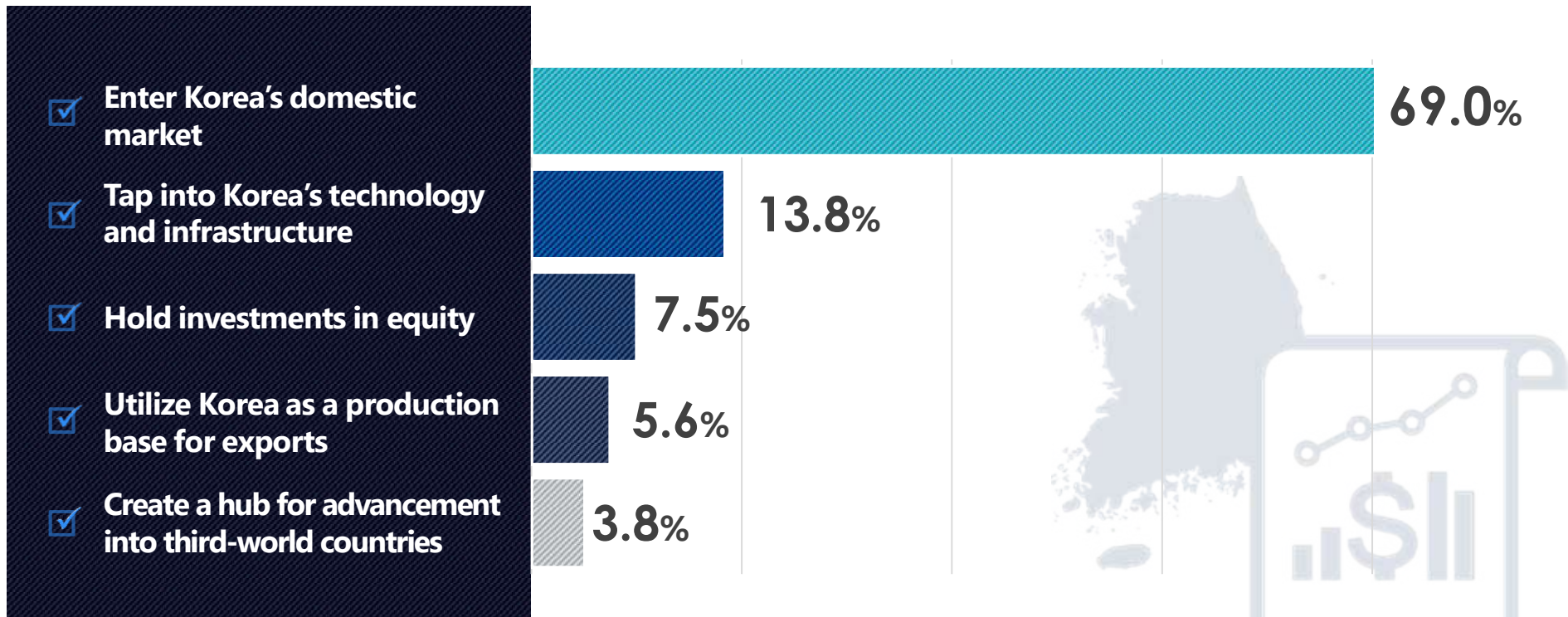
*Source: MOTIE

Number of Foreign-Invested Firms in Korea

*Source: MOTIE (2022)



Characteristics of Investing in Korea



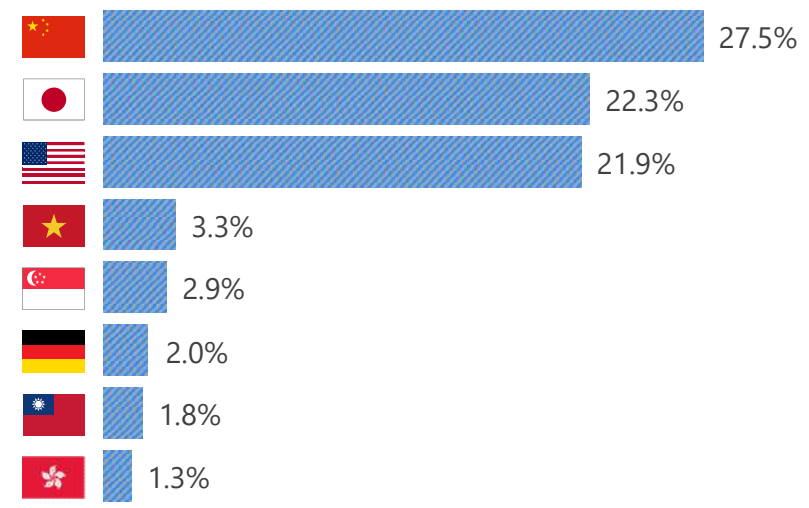
*Source: Invest KOREA "2022 Survey on the Management Status of Foreign-Invested Companies"

Sales of Foreign-Invested Firms in Korea



Exports
27.8%

Key Export Markets



*Source: Invest KOREA "2022 Survey on the Management Status of Foreign-Invested Companies"

An aerial night view of a city, likely Seoul, South Korea, featuring a large suspension bridge (Gyeongju Bridge) spanning a river. The city is illuminated with lights, and the sky is dark blue. The image is used as a background for the slide.

03

kotra INVEST KOREA

Strengths of Korea's Investment Environment

ICT Advancement

ICT Infrastructure (2022)

	1st	Korea
	2nd	UK
	3rd	Denmark
	5th	Finland
	6th	Singapore
	7th	US
	13th	UAE
	14th	Japan
	18th	France
	20th	China

*Source: WIPO "The Global Innovation Index 2022"

ICT Exports (2021)

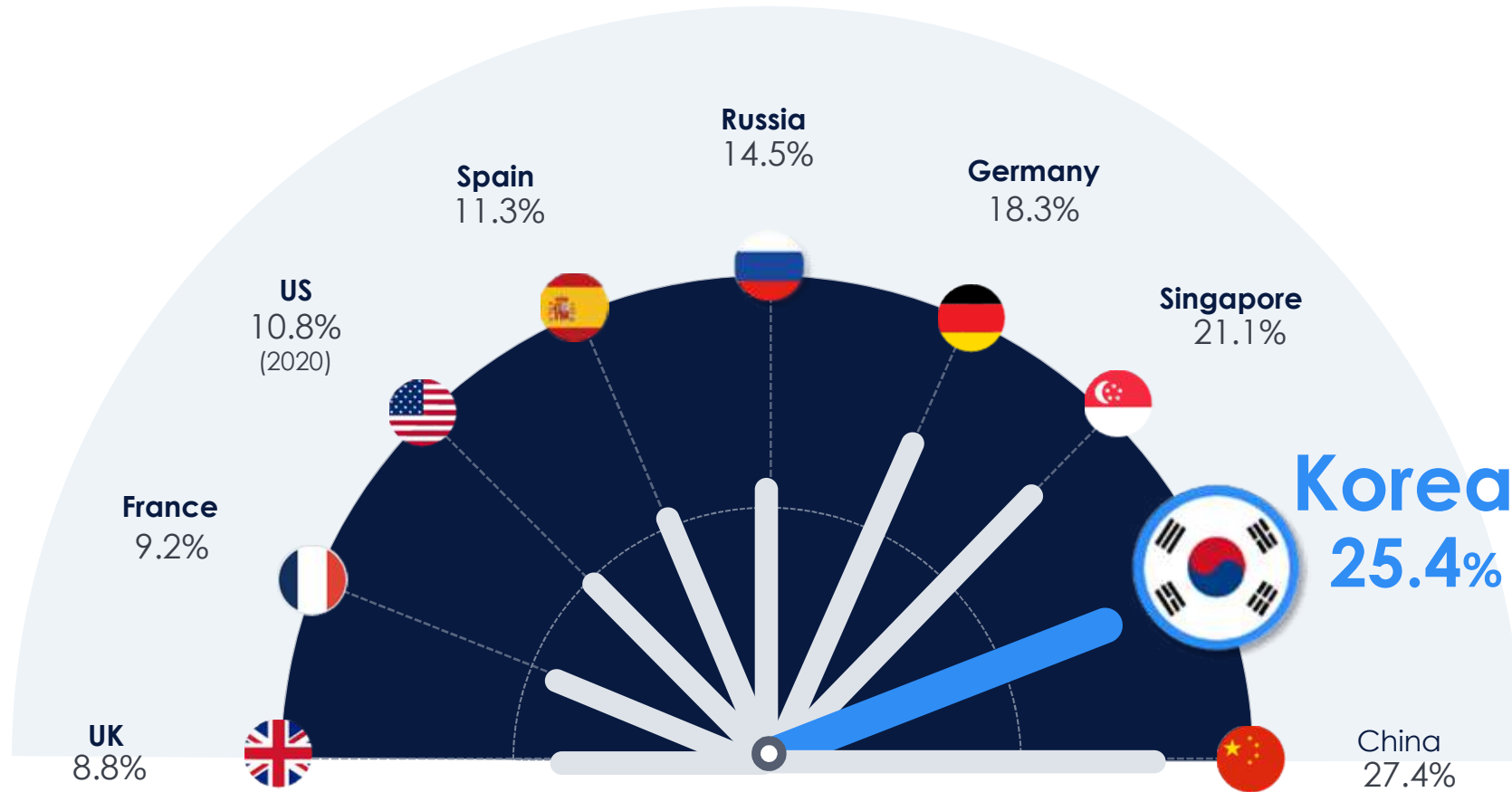
	China	857.5
	Hong Kong	410.5
	Taiwan	230.4
	Korea	\$ 188.0 B
	US	158.9
	Singapore	158.8
	Malaysia	96.3
	Germany	82.1
	Mexico	71
	Japan	65.2

*Source: UNCTAD

Manufacturing Competitiveness

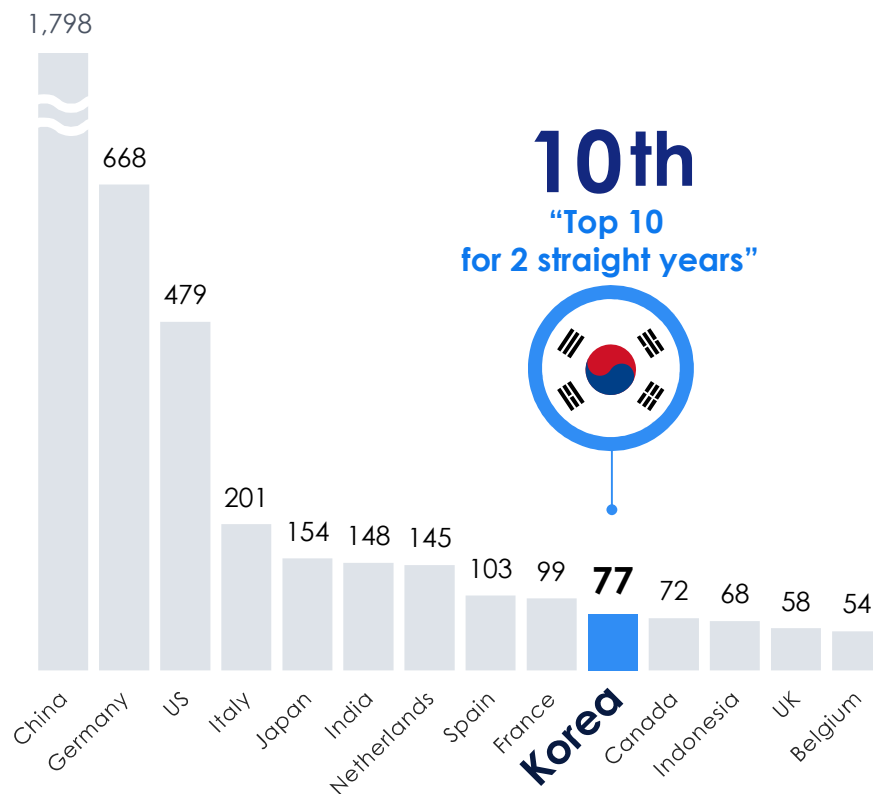
Manufacturing-to-GDP Ratio (2021)

*Source: World Bank (2021)



Export Market Competitiveness

Top Export Items of Major Countries in 2020



*The above shows the latest data.

Korean Export Items Worth Over USD 2 bn in 2021

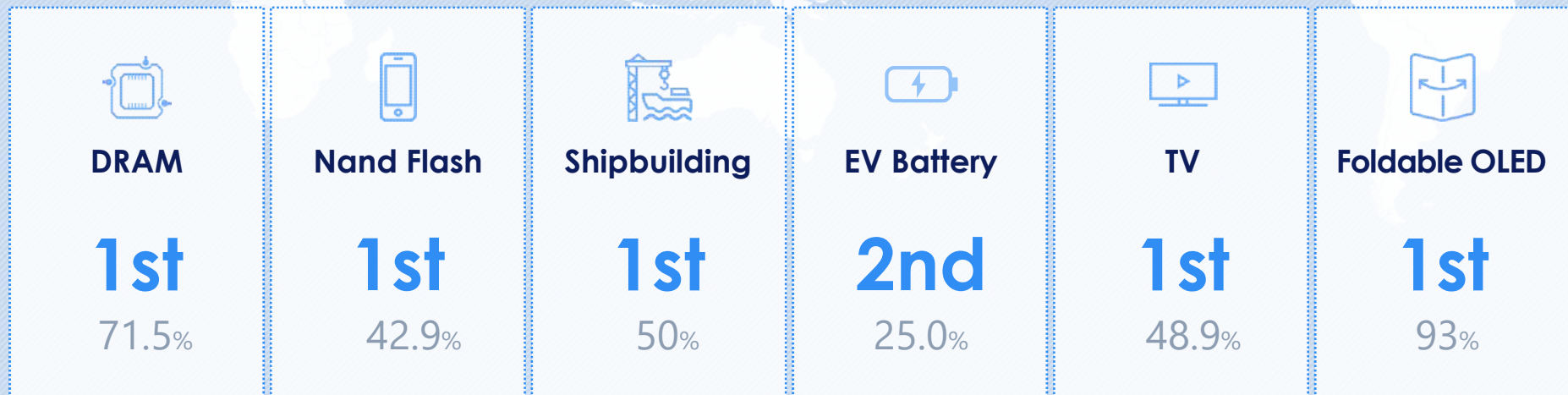
Memory chips	69.17 B
SSD	12.88 B
Tankers	9.60 B
Cargo ship and Cargo-passenger ship	7.12 B
Printed circuit	5.78 B
Lithium-ion battery	5.75 B
P-Xylene	5.14 B
Cameras	3.44 B
Laser devices	3.04 B
Polarizing material and polarizer	3.04 B

*Source: KITA (2022), MOTIE

Korea's Leading Industries



Global Market Share of Korea's Leading Industries



*Source: Revenue (2022 2Q), Omdia

*Source: Revenue (2022 2Q), Trendforce

*Source: Orders (2022 1Q), Clarkson

*Source: Sales (Jan-Aug. 2022), based on cumulative results (Sep. 2022), SNE Research

*Source: Sales (2022 2Q), Omdia

*Source: Sales (2021), DSCC

Korean Companies in Fortune Global 500



16 in total

*Source: Fortune (2022)



World-Class Innovation Capabilities

Bloomberg Innovation Index 2021

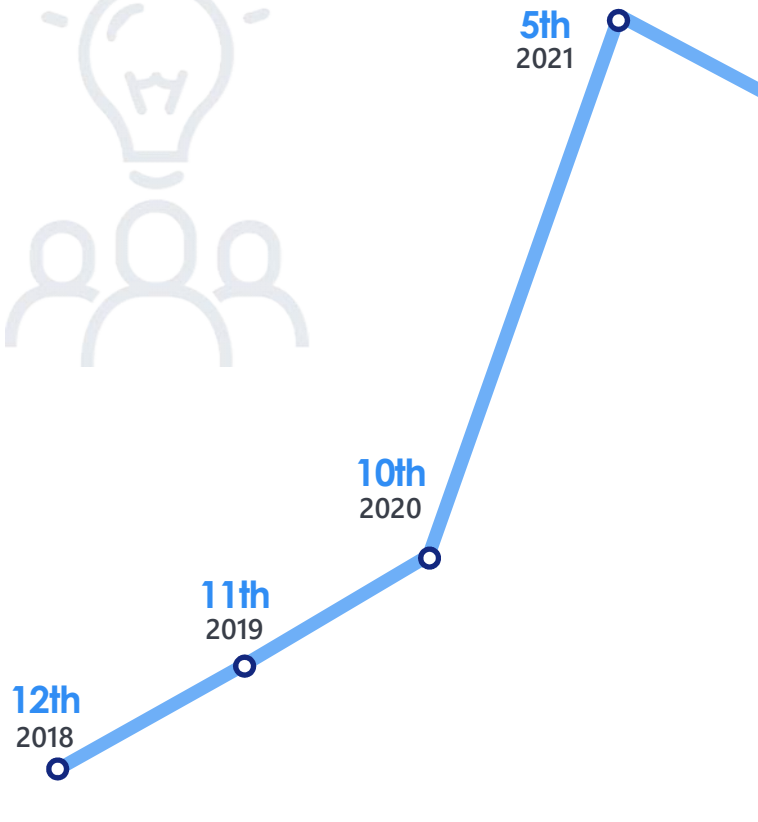
*Source: Bloomberg (Jan, 2021)



Global Innovation Index

Global Innovation Index 2022

*Source: World Intellectual Property Organization (WIPO) "Global Innovation Index (2022)"



6th

2022

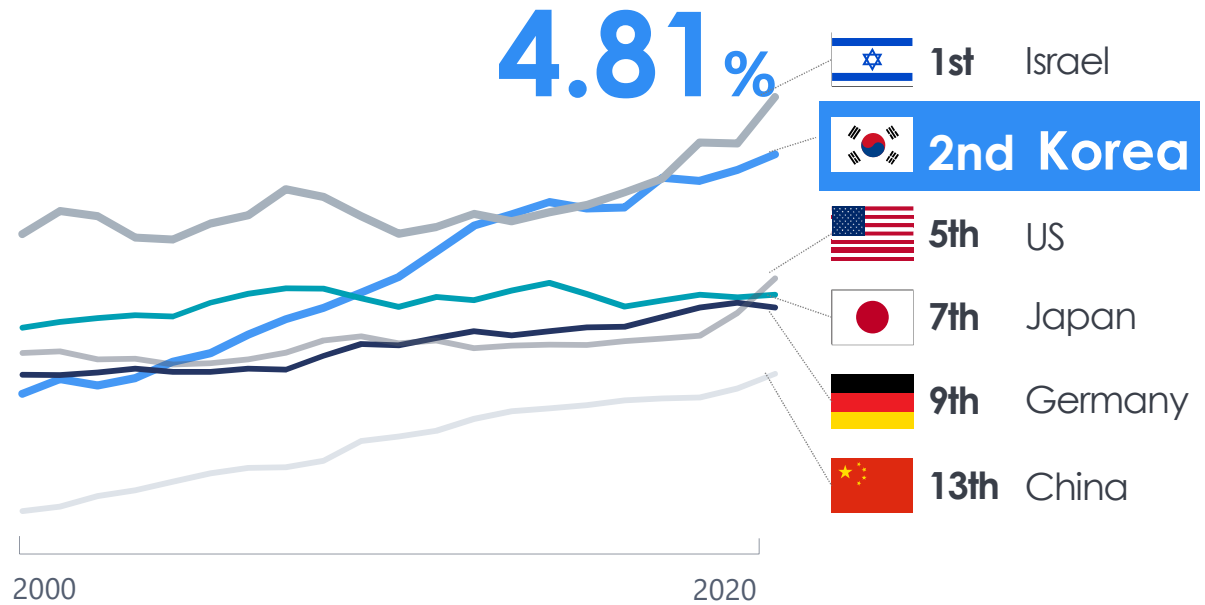
Korea

Rank	Country	Score (points)
1st	Switzerland	64.6
2nd	US	61.8
3rd	Sweden	61.6
4th	UK	59.7
5th	Netherlands	58.0
6th	Korea	57.8
7th	Singapore	57.3
8th	Germany	57.2
9th	Finland	56.9
10th	Denmark	55.9
11th	China	55.3
13th	Japan	53.6

R&D Capacity

Ratio of R&D Expenditures to GDP (2020)

*Source: OECD (2022)



Top 3 Science & Technology Industry for National R&D (2021)

*Source: Ministry of Science and ICT "The 2021 analysis report of national R&D program in Korea" (Sep. 2022)



Machinery

17.4%



ICT

11.2%



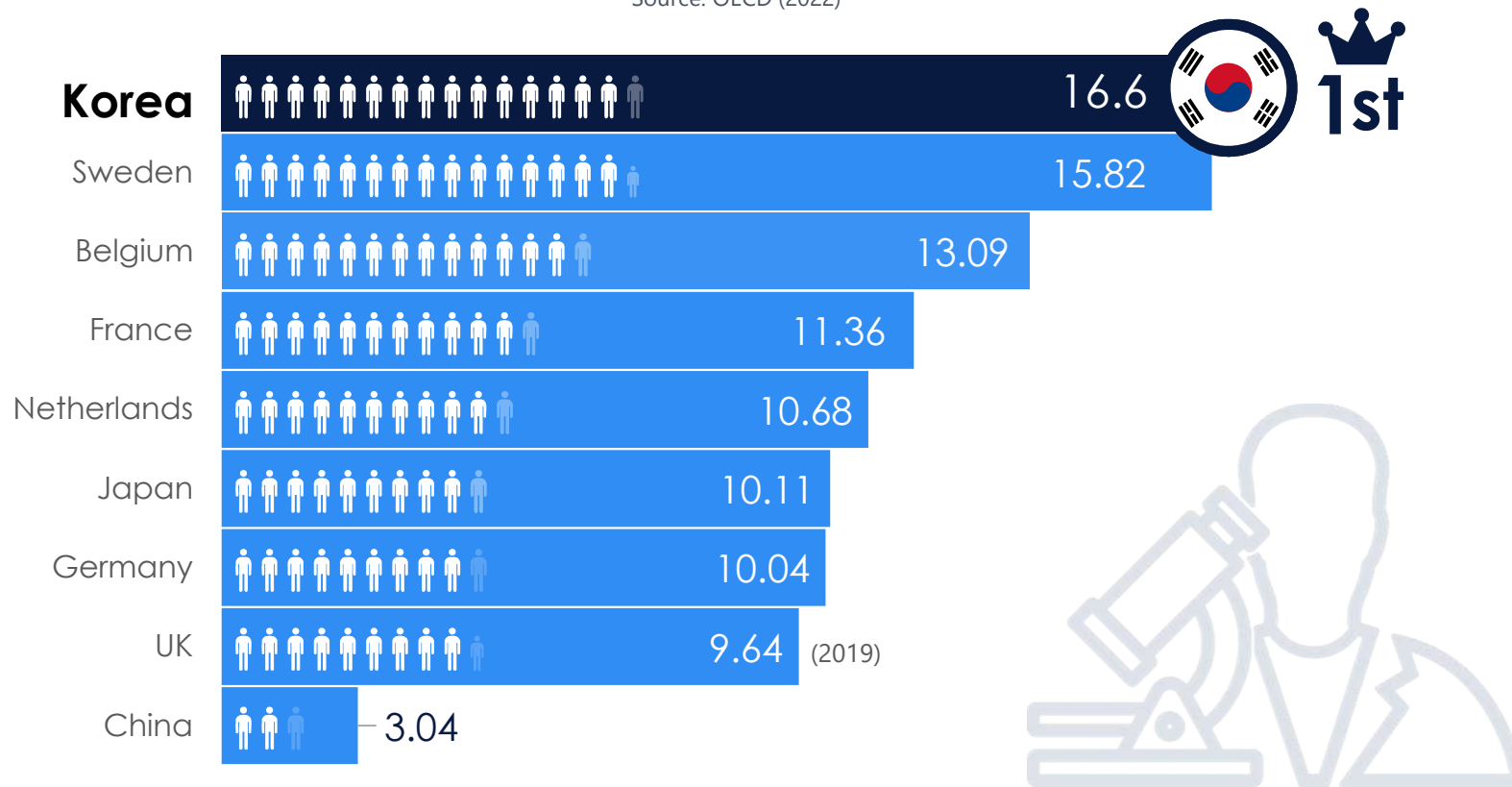
Electrical & electronic engineering

10.1%

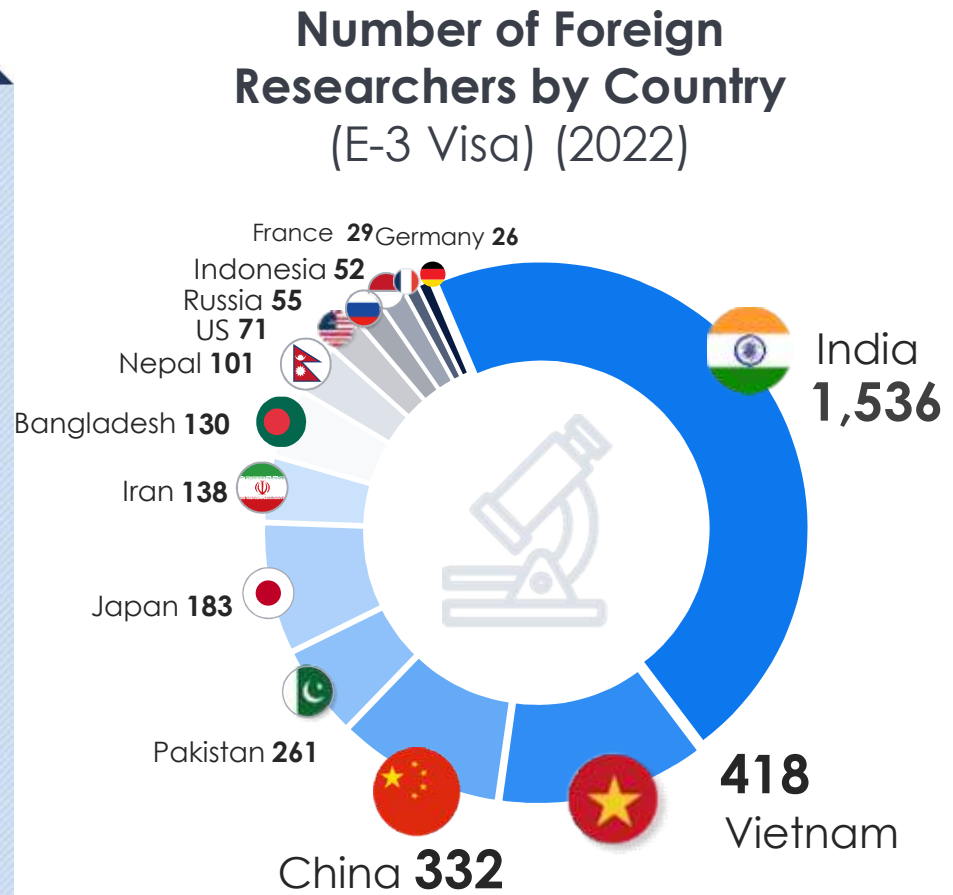
R&D Intensity

Number of Researchers per 1,000 Persons Employed (2020)

*Source: OECD (2022)



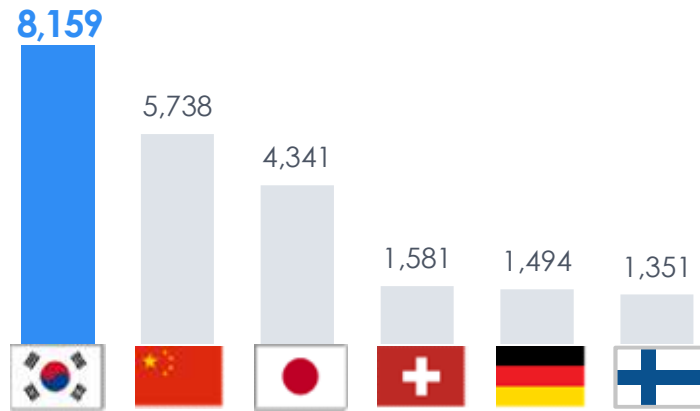
Foreign Researchers in Korea



*Source: Ministry of Justice (as of Sep. 28, 2022)

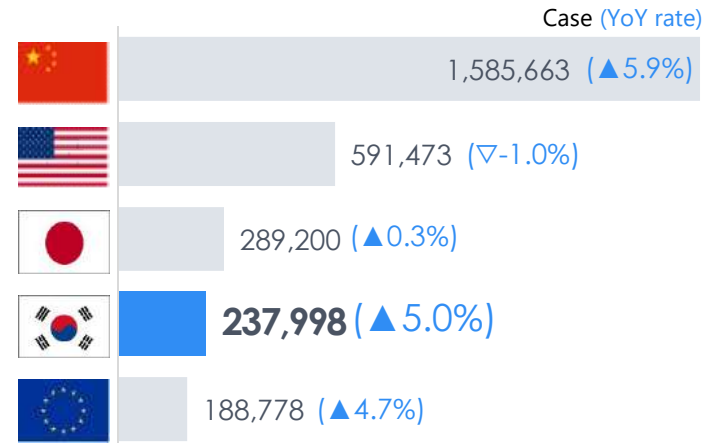
Patent Activity

Resident Patent Applications per Unit of USD 100 bn GDP for Top 6 Origins (2021)



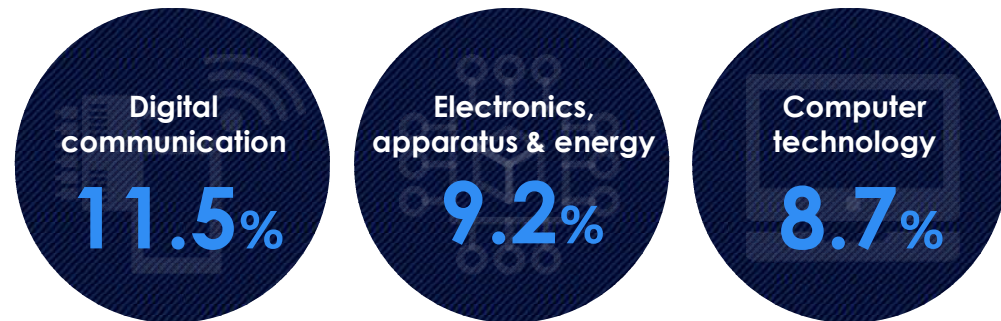
*Source: WIPO (2022) "World Intellectual Property Indicators 2022"

The Number of Patent Application in Major Economies (2021)



*Source: WIPO Statistics Database (Feb. 2023)

Top 3 Patent Applications by Technology Sector in Korea (2021)













*Source: WIPO Statistics Database (Nov. 2022)

E-Government Progress

E-Government Development Index (2022)

1st		Denmark
2nd		Finland
3rd		Korea
7th		Australia
10th		US
11th		UK
12th		Singapore
13th		UAE
14th		Japan
22nd		Germany
32nd		Canada
43rd		China

Online Participation Index (2022)

1st		Japan
2nd		Australia
3rd		Singapore
6th		Finland
6th		UK
9th		Korea
10th		US
13th		China
14th		Canada
32nd		Germany

*Source: The United Nations (UN) (2022)

Contribution by E-Government

*Source: World Bank (2022)



1st Digital Transformation of Public Sector
(World Bank's GovTech Maturity Index 2022)

Gov Tech Maturity Index

Maturity evaluation by state of GovTech, a next-generation digital government defined by the World Bank



1st

Core Government Systems Index (CGSI)



1st

Supporting core government system



2nd

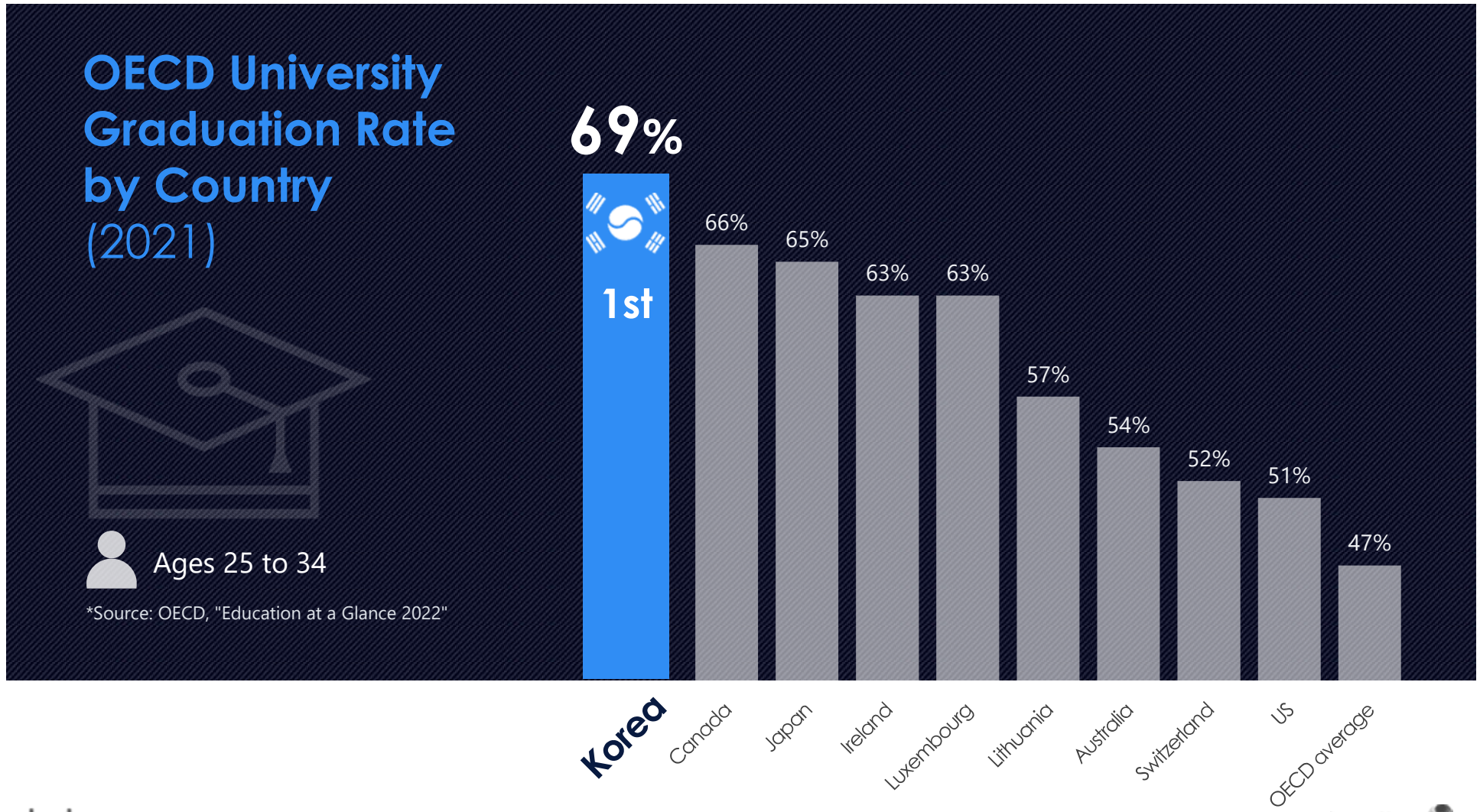
Public Service Delivery Index (PSDI)



2nd

Citizen Engagement Index (CEI)

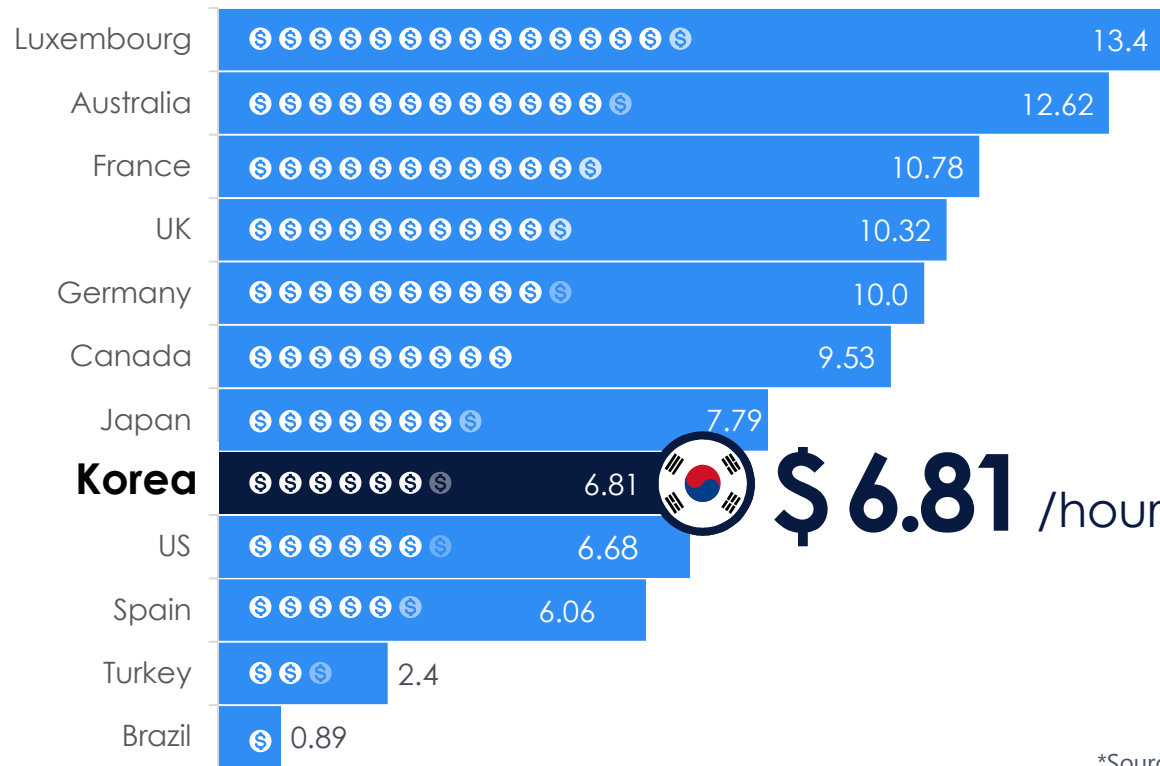
Higher Education Attainment



Statutory Minimum Wage

Minimum Wage in 2021 (USD)

*(exchange rate as of Dec. 12, 2022)



 **\$ 6.81** /hour



*Source: WSI (2021) "WSI Minimum Wage Database 2021"

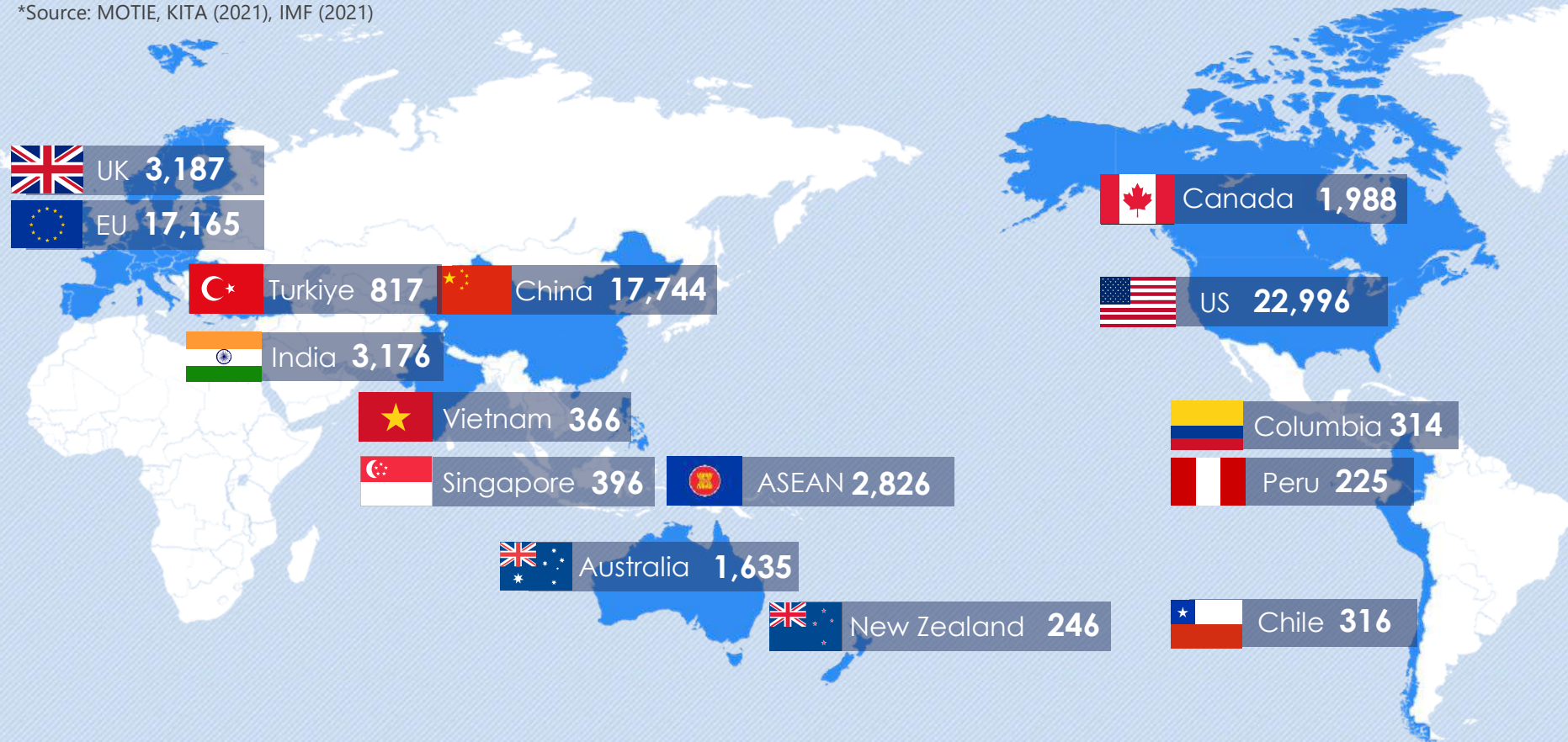
Free Trade Agreements

FTAs with 56 Countries

● Trade volume as of 2021 (USD billion)

75% of global GDP

*Source: MOTIE, KITA (2021), IMF (2021)

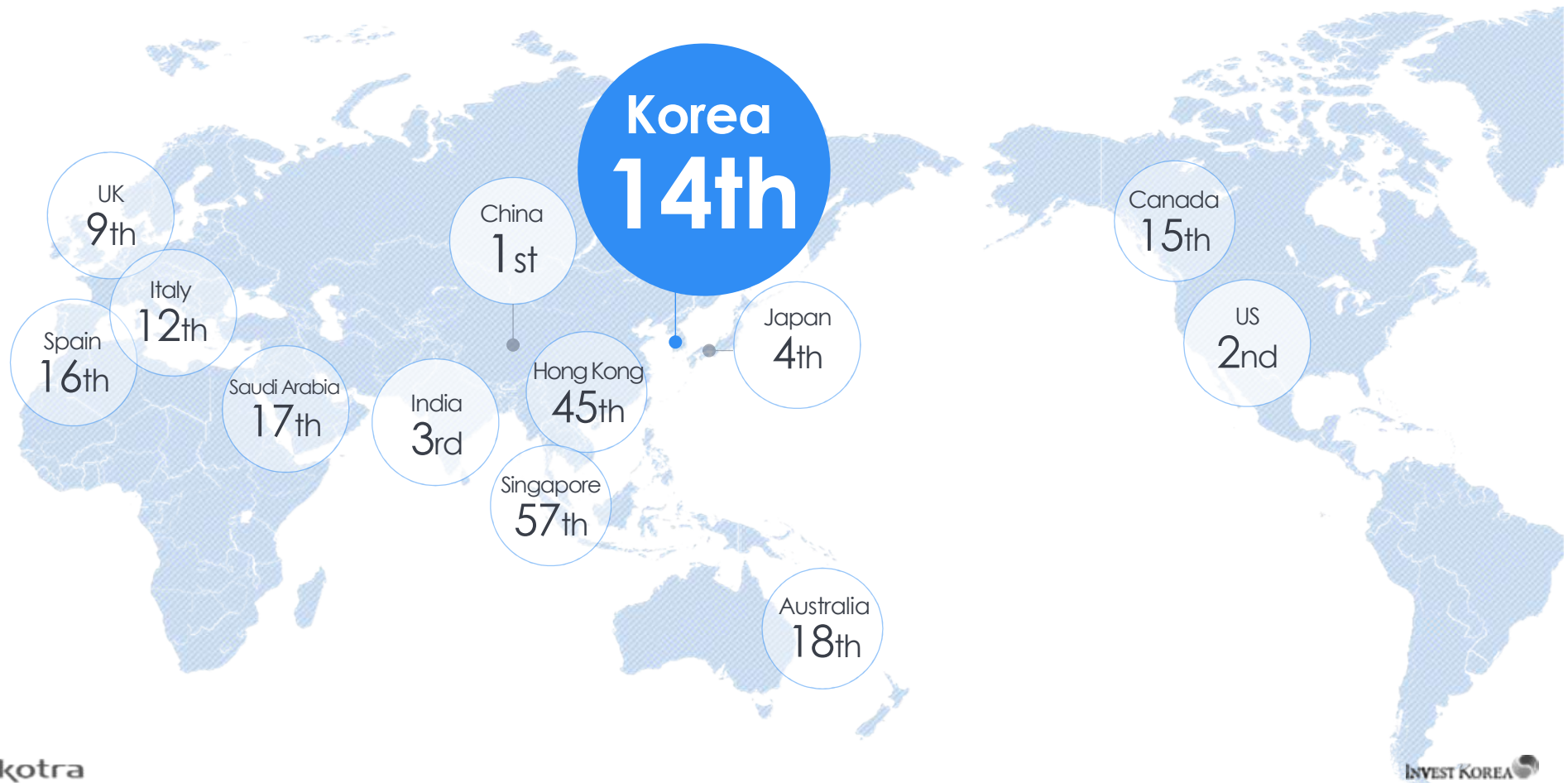


Domestic Market

Size of Domestic Market (2021)

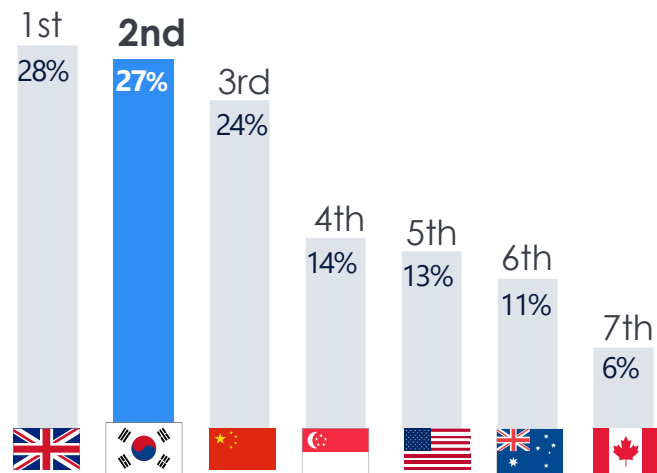
Gross domestic product + Imports of goods and services - Exports of goods and services

*Source: WEF "Global Innovation Index 2021" (2021)



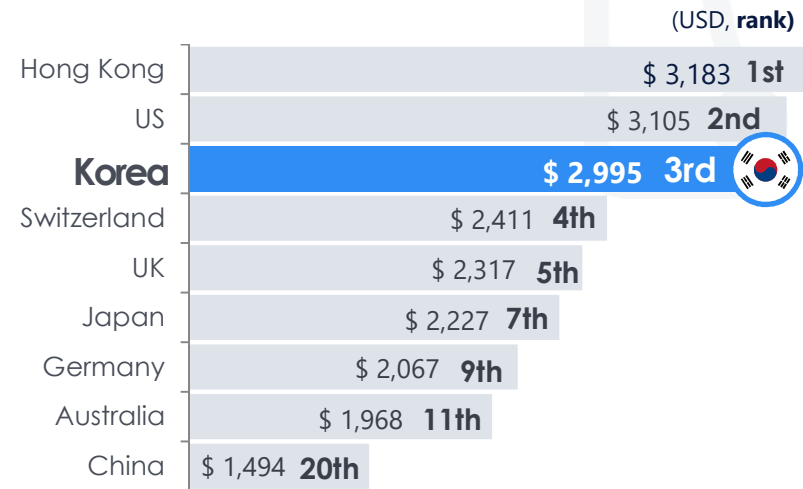
E-Commerce Market

Ratio of E-commerce to Retail Distribution Market (2021)



*Source: UNCTAD

Spending on Consumer Goods by E-commerce User (2021)



*Source: We are social & Hootsuite "Digital 2022: Global Overview Report"

Proportion of Major Online E-commerce Items in Korea

*Source: Korean Statistical Information Service (KOSIS) "Online Shopping Transaction Value by group of commodities (2021)"



Food service

13.7%



Home appliances, electronics, communication devices

11.6%



Household goods

8.5%



Food & beverage

12.9%



Clothing

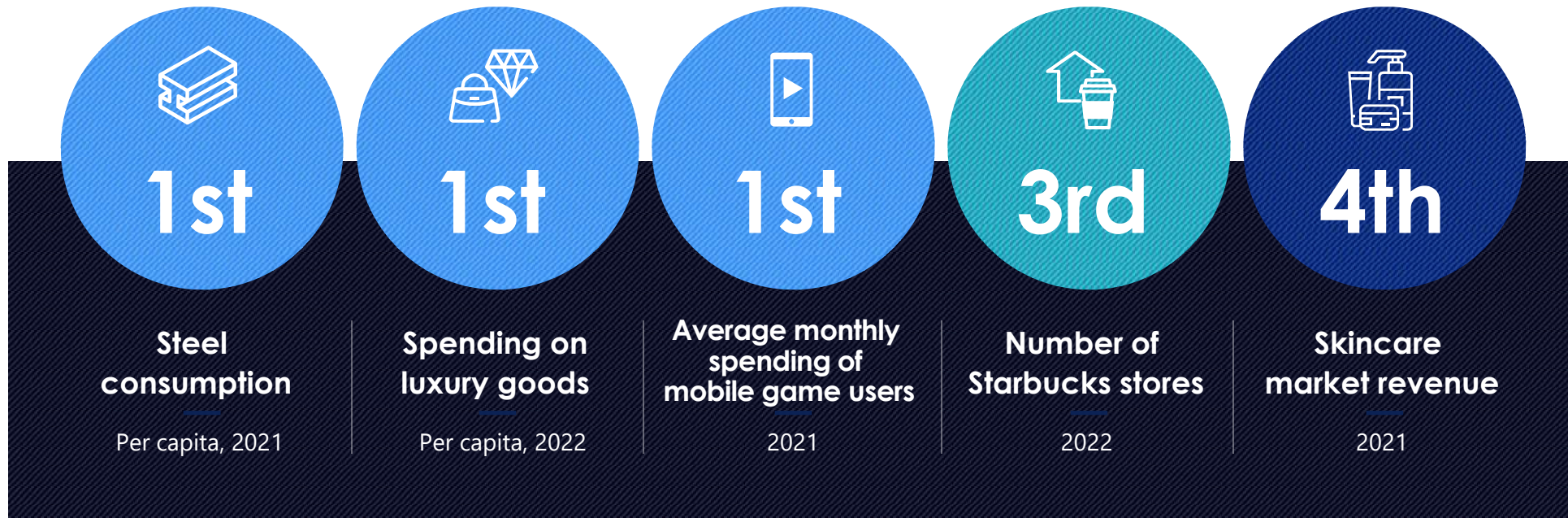
8.8%



Cosmetics

6.5%

Purchasing Power



*Source:
World Steel Association
(2022)

*Source:
Morgan Stanley (2022)

*Source:
App Annie

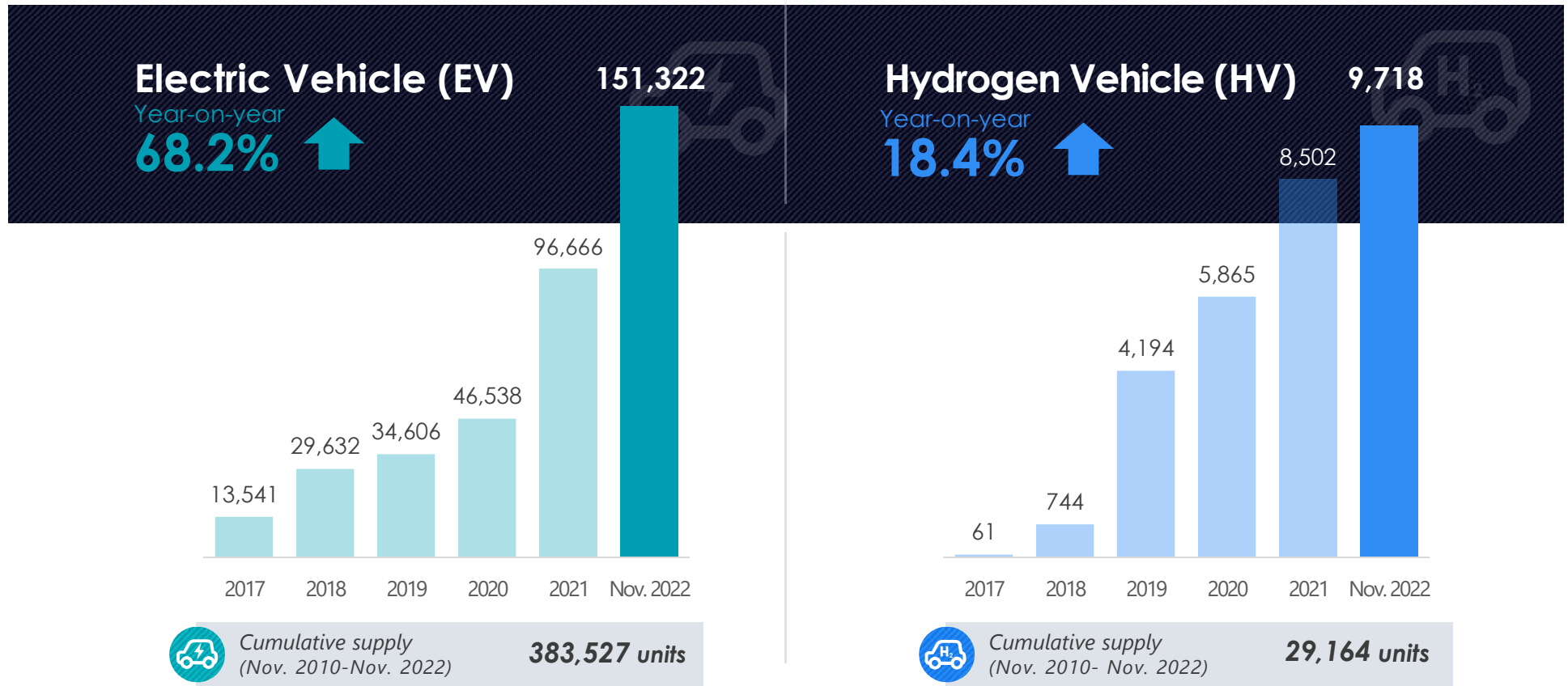
*Source:
Kneoma.com (2022 4Q)

*Source:
Statista

Domestic Sales of Future Cars

Trends in Domestic Sales of Future Cars (Nov. 2022)

*Source: MOTIE



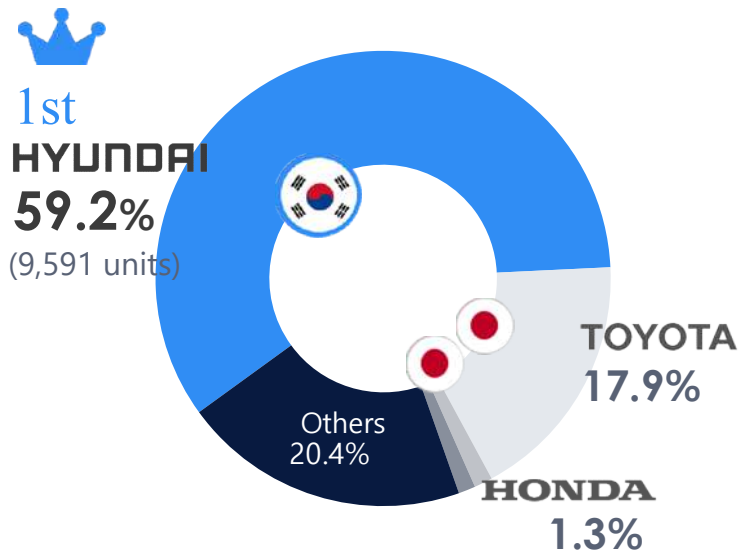
Industrial Competitiveness of Future Cars



2022 Future Car Sales in Global Market

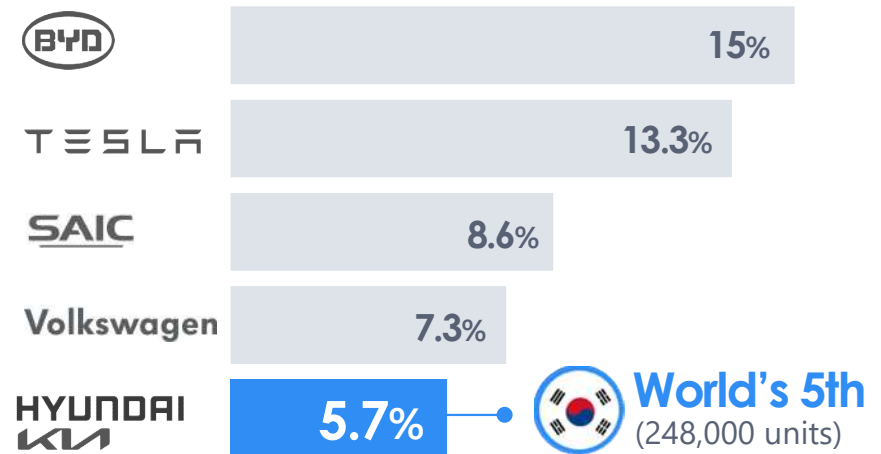
HV Sales and Share 2022

*Source: CNET (Oct. 2022)



Global EV Sales Rank in H1 2022

*Source: SNE Research (2022)



Digital Technology Competitiveness



World Digital Competitiveness Rankings (2021)

*Source: IMD "World Digital Competitiveness Rankings 2022"

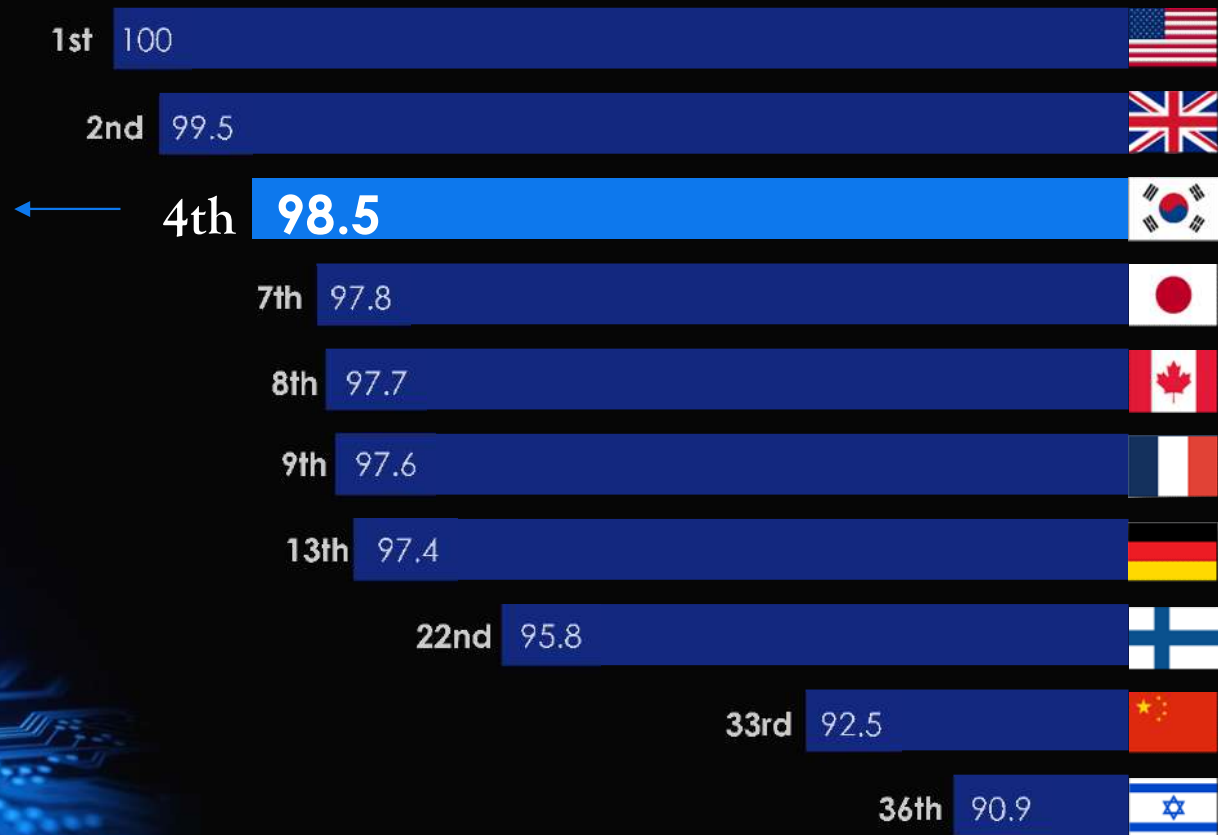


Cyber Security

Global Cyber Security Index 2020

*Source: International Telecommunication Union (ITU) "Global Cybersecurity Index 2020"

(Ranking, Score)



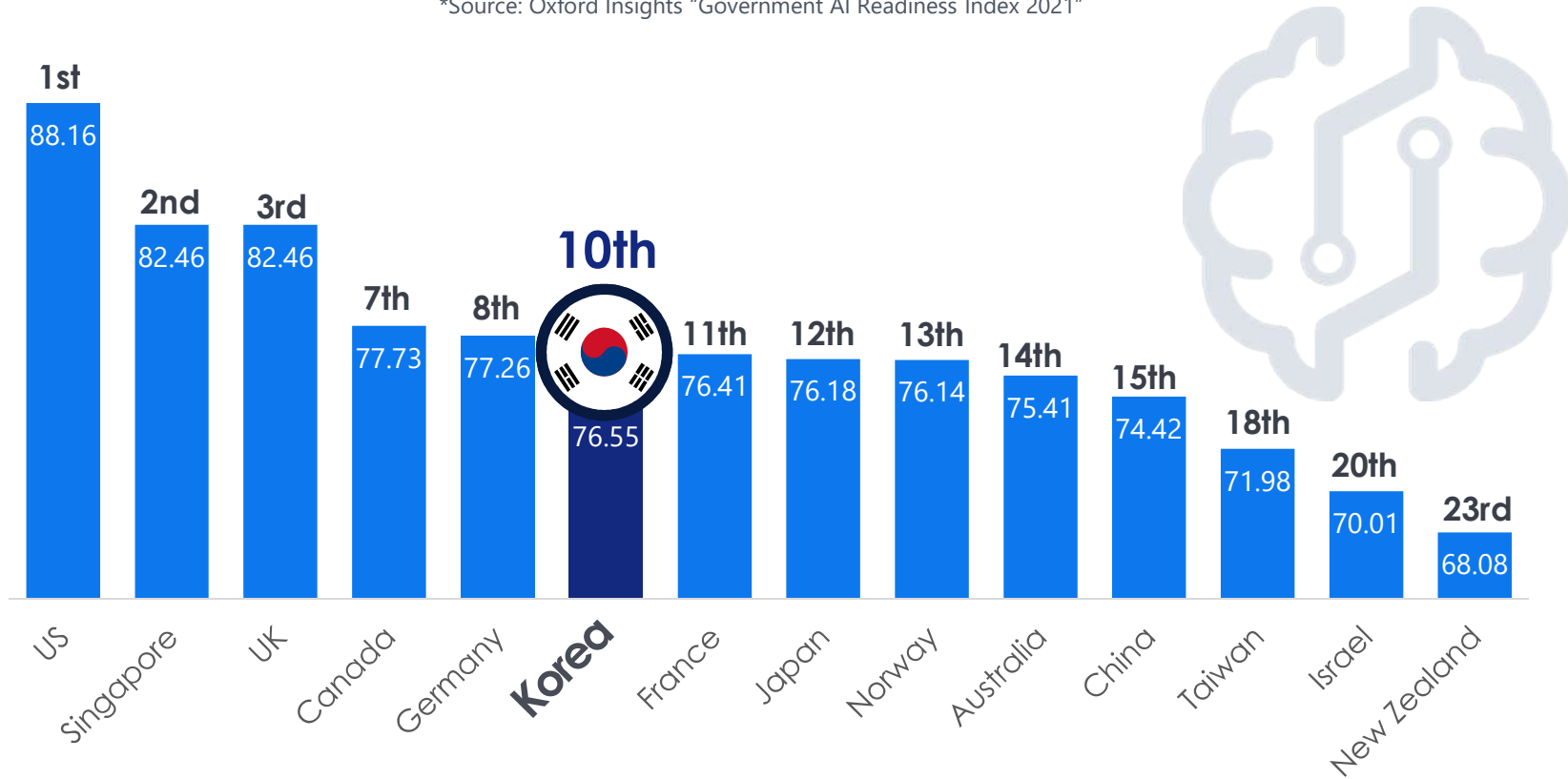
“
Increased
by large margin
from 15th in 2019
to 4th in 2020
”



Level of Artificial Intelligence (AI) Usage

Government AI Readiness Index 2021

*Source: Oxford Insights "Government AI Readiness Index 2021"



Purchasing Power in Domestic Market

Korean Branches with No.1 Global Sales

No.1








































Lamborghini BENTLEY *Kiehl's* SINCE 1851 SHAKE SHACK

BIOThERM HOMME LAB SERIES benefit SAN FRANCISCO ESTEE LAUDER LUSH FRESH HANDMADE COSMETICS

COSTCO WHOLESALE IKEA TOYS R US

*Source: Chosun Biz, Dong-A Ilbo, The Seattle Times, Maeil Business News

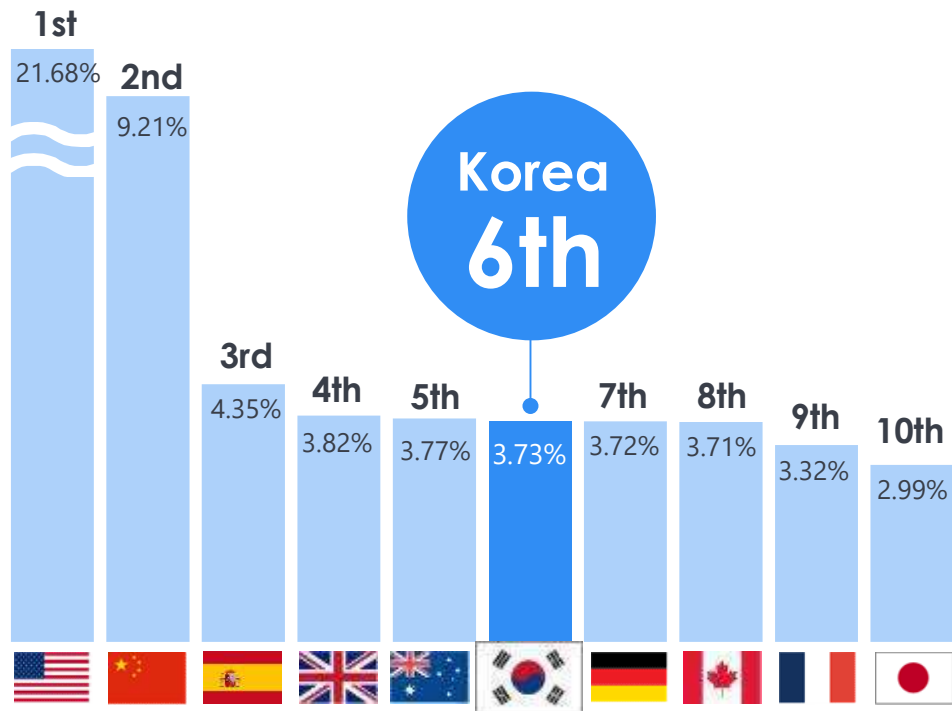
Testbed Market

 F&B	 Automobile	 Contents	 Fashion/ Beauty	 Household Goods	 IT
     	    	    	     	     	    

*Source: Korea Chamber of Commerce & Industry, Invest KOREA

Medical Testbed

Global Medicine Clinical Trial Ranking (2021)



Medicine Clinical Trial Rank by Single Country (2021)

Rank	Country
1st	US
2nd	China
3rd	Korea
4th	UK
5th	Australia
6th	Japan
7th	Germany
8th	Canada
9th	France
10th	Netherlands

*Source: Clinicaltrials.gov, KoNECT

04

kotra INVEST KOREA

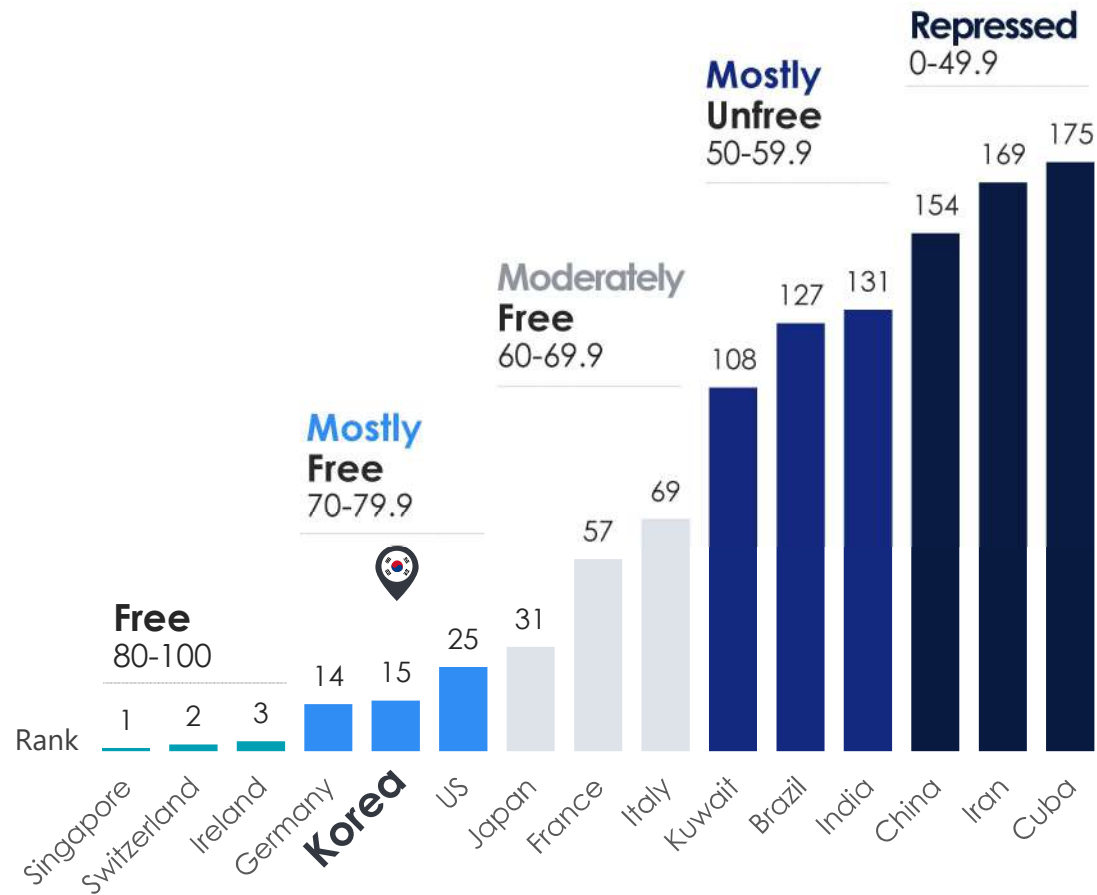
Business Environment

Standard IR 2022

Economic Freedom (2023)

2023 Index of Economic Freedom

*Source: The Heritage Foundation (2023) "2023 Index of Economic Freedom"

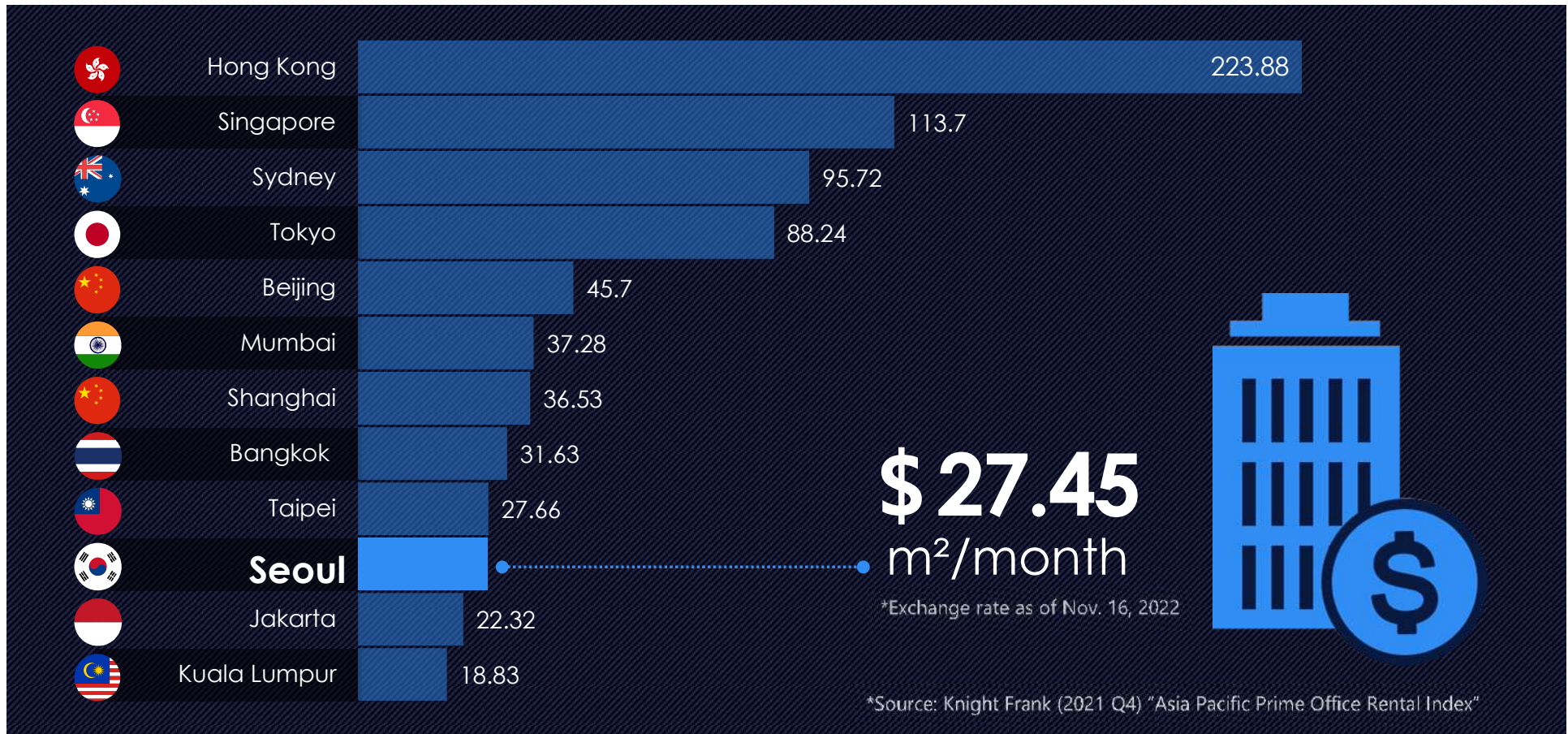


cf. Business Freedom Ranking

Ranking	Country
1st	Norway
2nd	Denmark
3rd	New Zealand
5th	Canada
7th	Singapore
11th	Korea
12th	Sweden
16th	US
19th	Germany
21st	UK
24th	Japan
25th	France
64th	China

Office Rental Prices

Asia-Pacific Prime Office Rental Index (Q4 2021)



Corporate Tax

Local Income Tax Included



*Source: OECD (2022)

2022



Australia
30%



India
30%



Germany
29.9%



Japan
29.7%



Korea
27.5%
26.5% (2023)



Canada
26.2%



US
25.8%



China
25%



Malaysia
24%



UK
19%



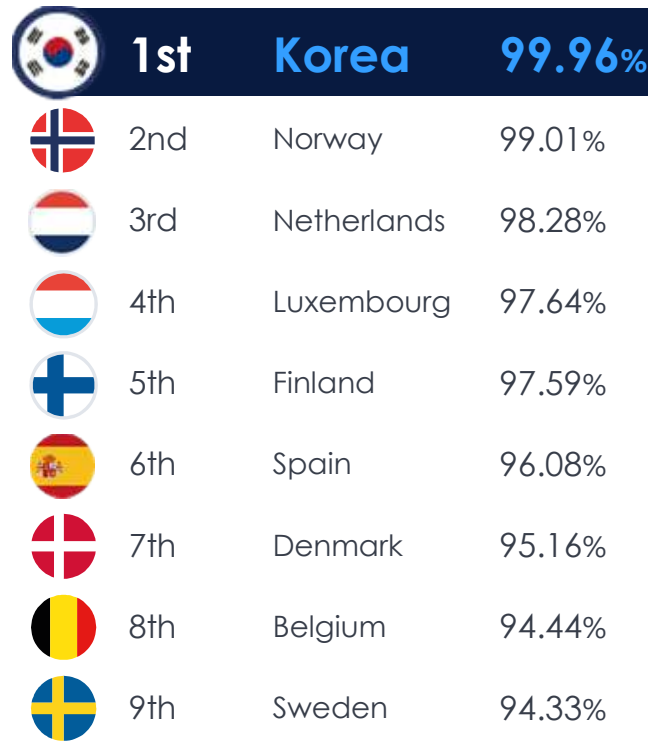
Singapore
17%



Hong Kong
16.5%

Internet Usage

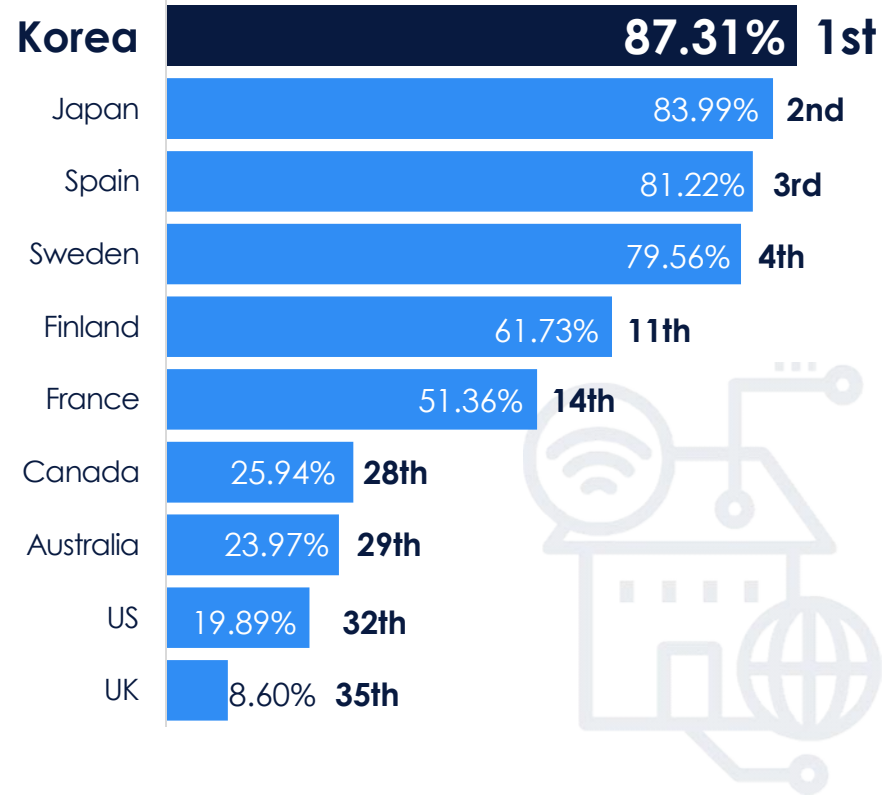
Households with Broadband Internet Access at Home (2022)



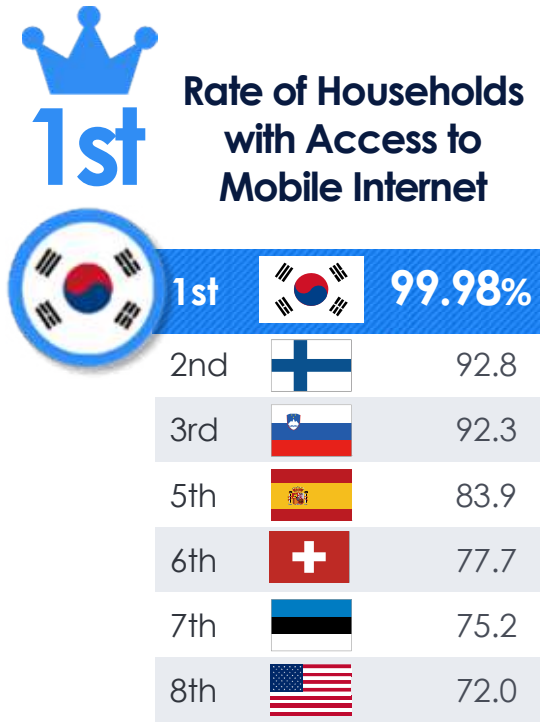
*Source: OECD (2022)

High-Speed Internet Penetration Rate (2022)

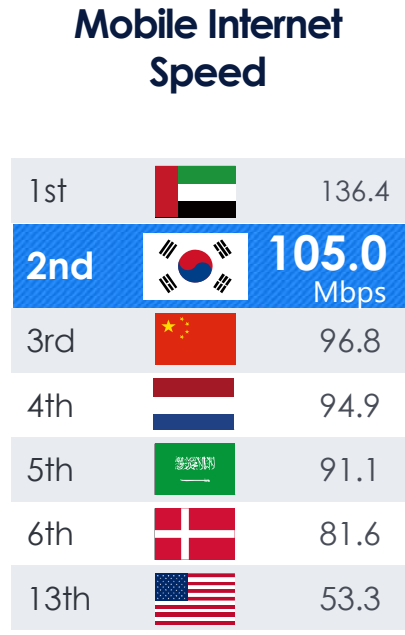
*Based on fiber-optic cable



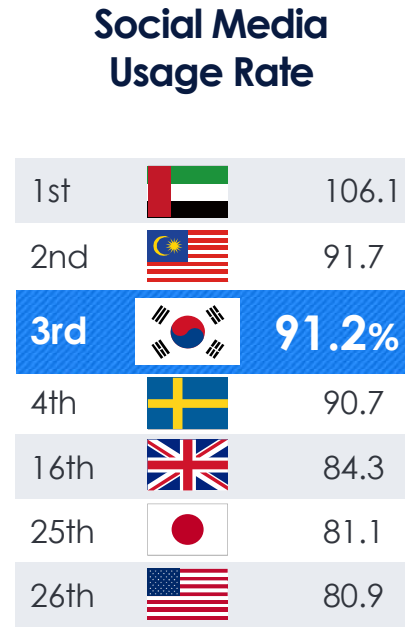
Mobile Environment



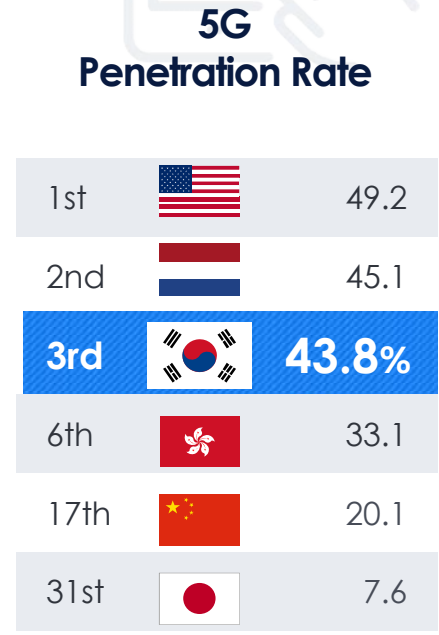
*Source: OECD (2021)



*Source: Kepios (Jan. 2022)



*Source: Kepios (Jan. 2022)

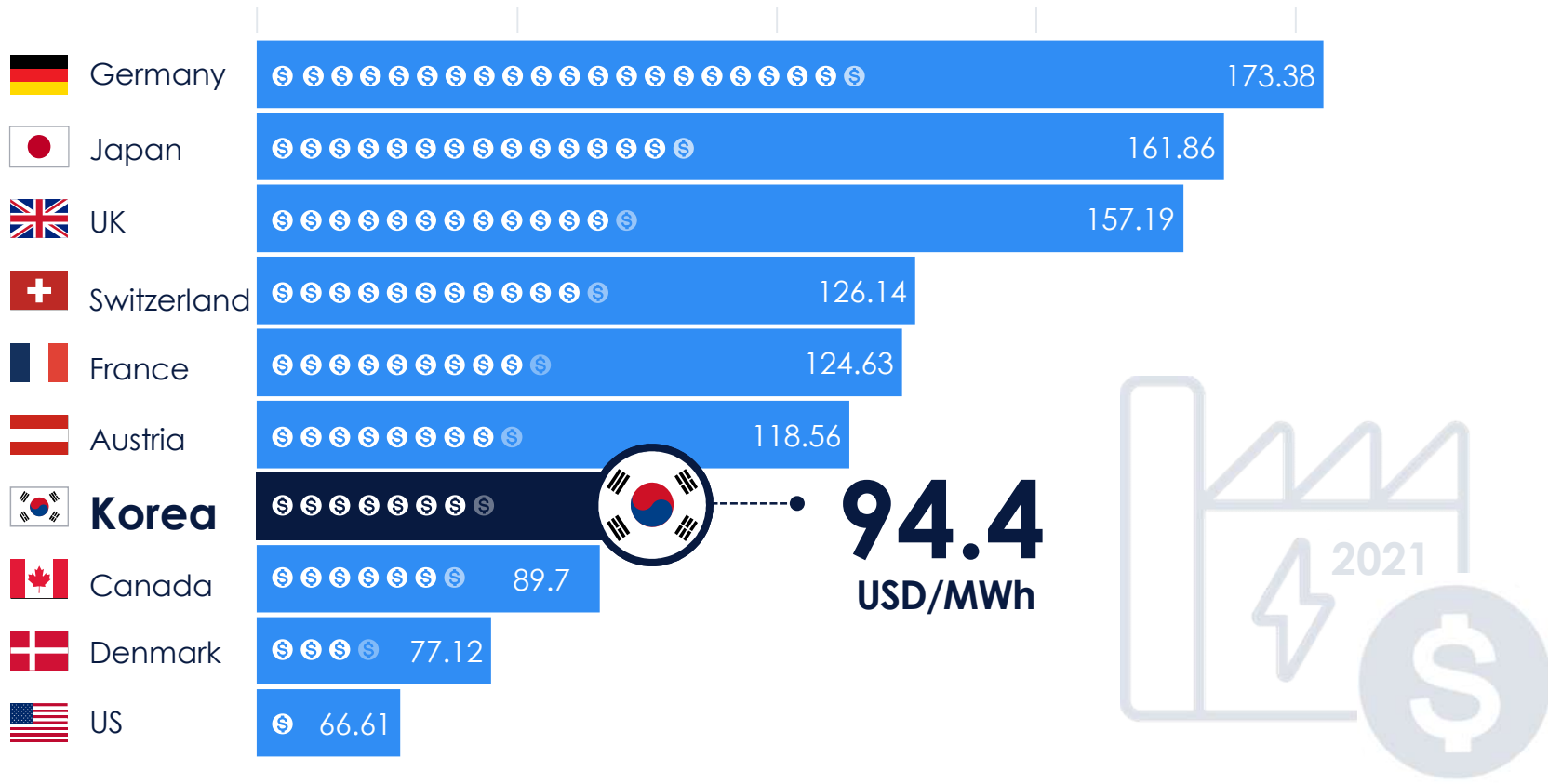


*Source: ookla (Q3 2021)

Electricity Affordability

Electricity Prices for Industry

*Source: IEA (Oct. 2022) "Key World Energy Statistics"



Logistics Infrastructure

Incheon International Airport



*Source: Airports Council International (ACI) (2022)

International Cargo Transportation (2022)

2nd

Total cargo Transportation (2022)

5th

World's First 5-Star Airport (2022)
(ACI Level 5, receiving the highest accreditation)



Busan Port



*Source: Busan Port Authority (2022)

Transshipment rate (2022)

2nd

Cargo volume (2022)

7th



Liner Shipping Connectivity

Liner Shipping Connectivity (Q3 2022)

*Source: United Nations Conference on Trade and Development (UNCTAD) (Q3 2022)



Free Economic Zones

Business Location Support by Type of Foreign Investment Zone

*Source: Korea Industrial Complex Corporation (Q2 2021), Invest KOREA (2022)



Intellectual Property



International Intellectual Property Index (2022)

*Source: US Chamber of Commerce International IP Index (2022)



Patent Pendency Period

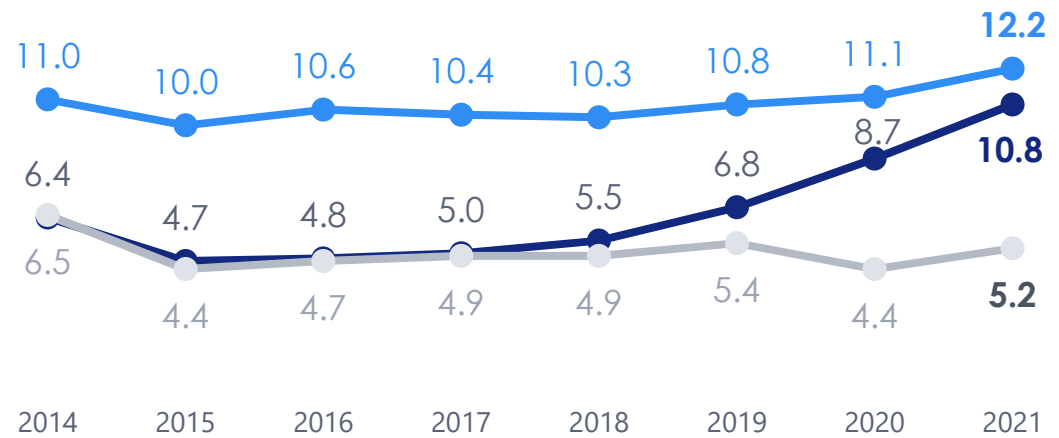
*Source: KIPO, "2021 Intellectual Property White Paper"

Pendency Period for Patent & Utility Model Registration (2020)



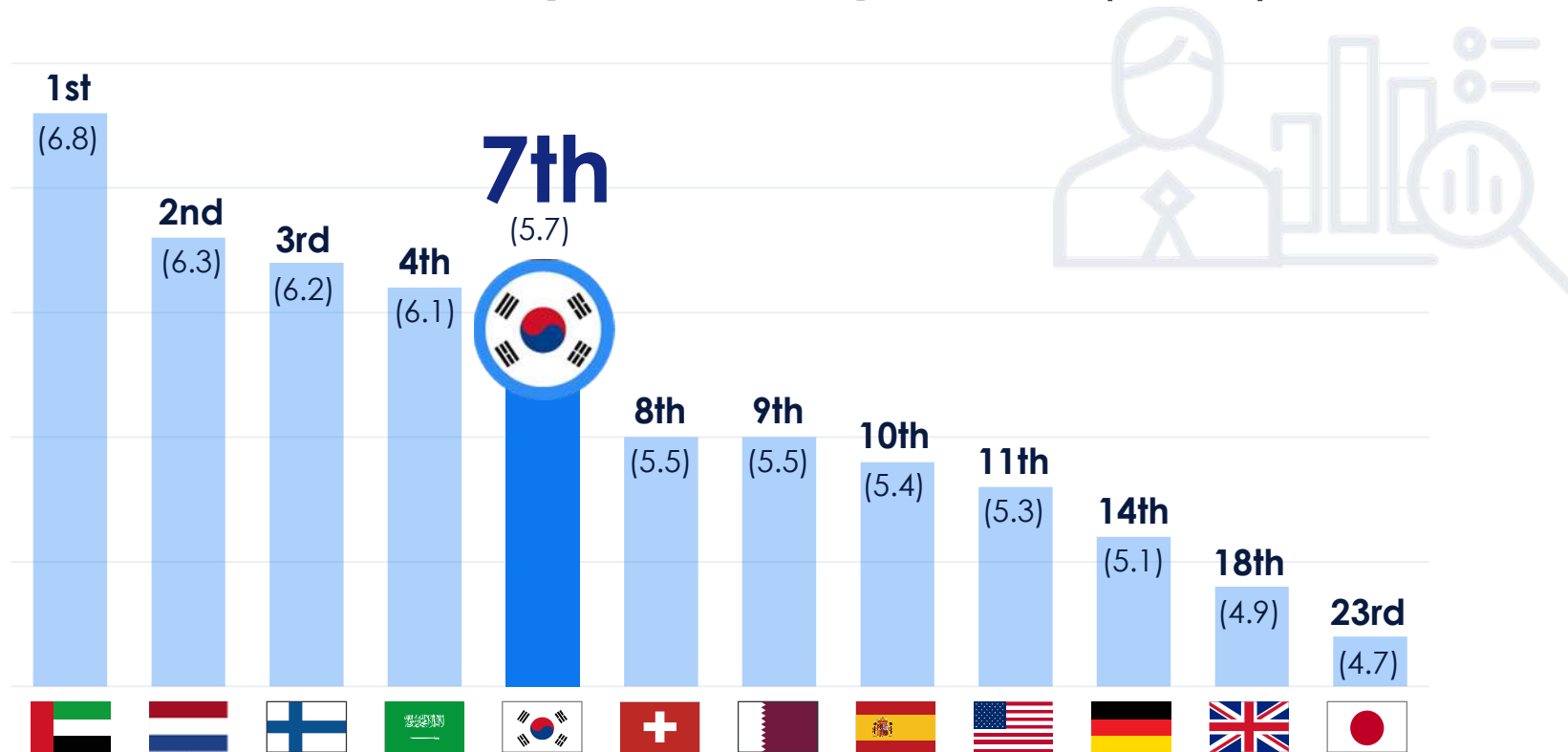
Korea's Industrial Property Right Pendency Period (month)

- Patent & Utility Model
- Trademark
- Design



Global Entrepreneurship

Global Entrepreneurship Index (2021)



*Source: Global Entrepreneurship Research Association (Apr. 2022) "Global Entrepreneurship Monitor 2022"

Government Spending Power



Financing for Entrepreneurs (2021)



*Source: Global Entrepreneurship Research Association (Apr. 2022) "Global Entrepreneurship Monitor 2022"

Government Support Policy



Relevance of Government Support and Policies (2021)



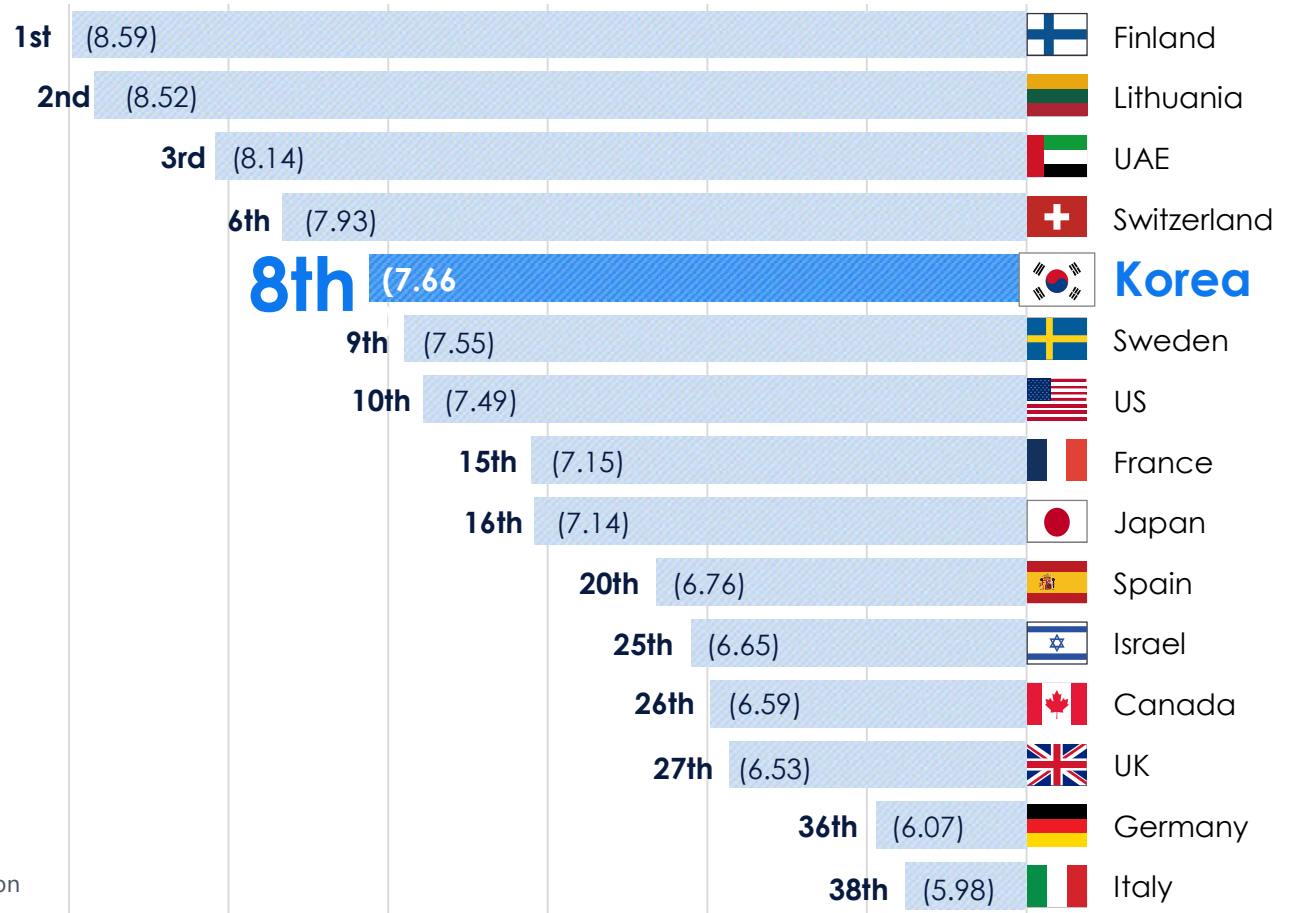
*Source: Global Entrepreneurship Research Association (Apr. 2022) "Global Entrepreneurship Monitor 2022"

Infrastructure

Physical Infrastructure Accessibility (2021)



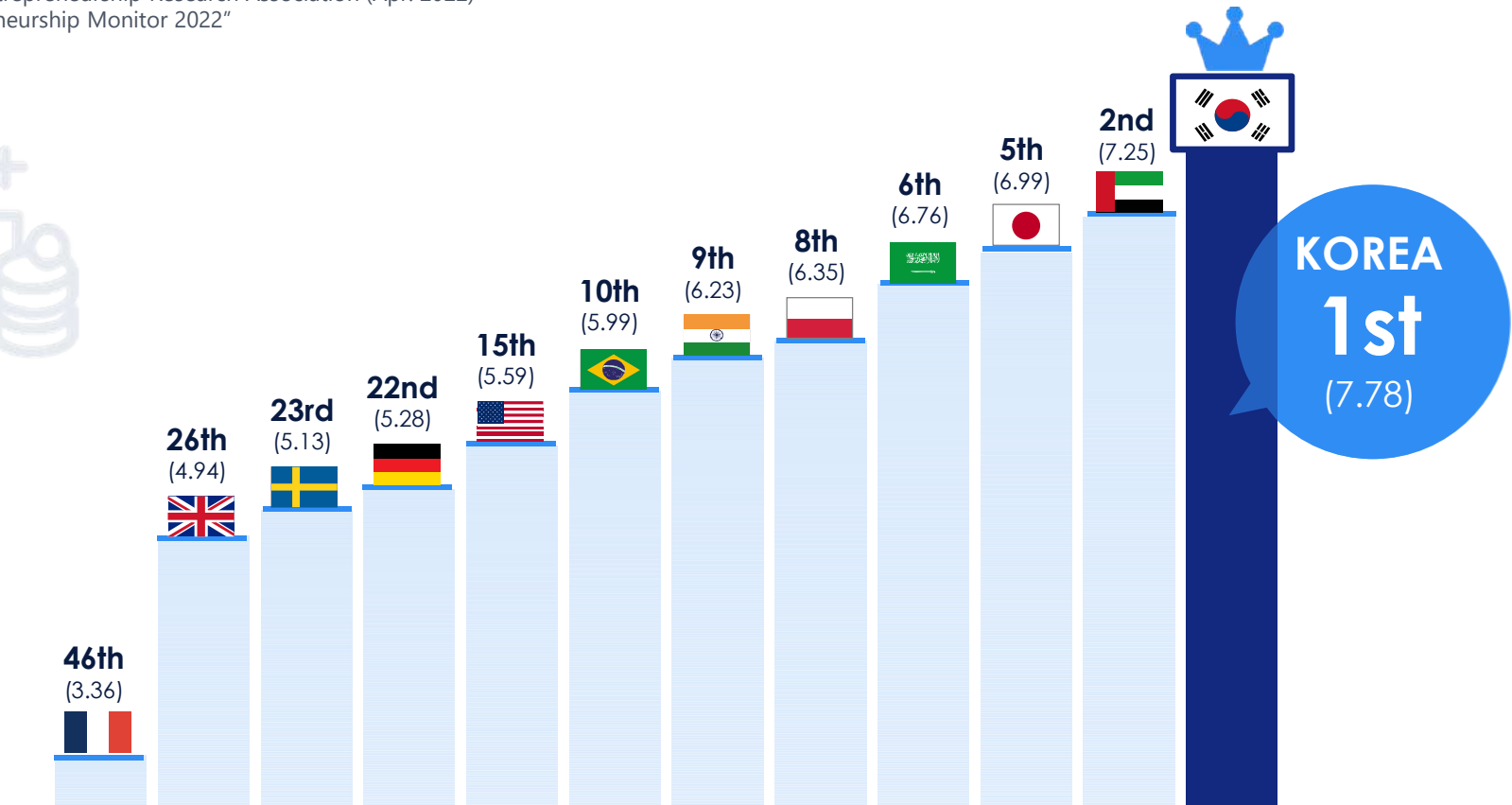
*Source: Global Entrepreneurship Research Association (Apr. 2022) "Global Entrepreneurship Monitor 2022"



Competitiveness in Global Market

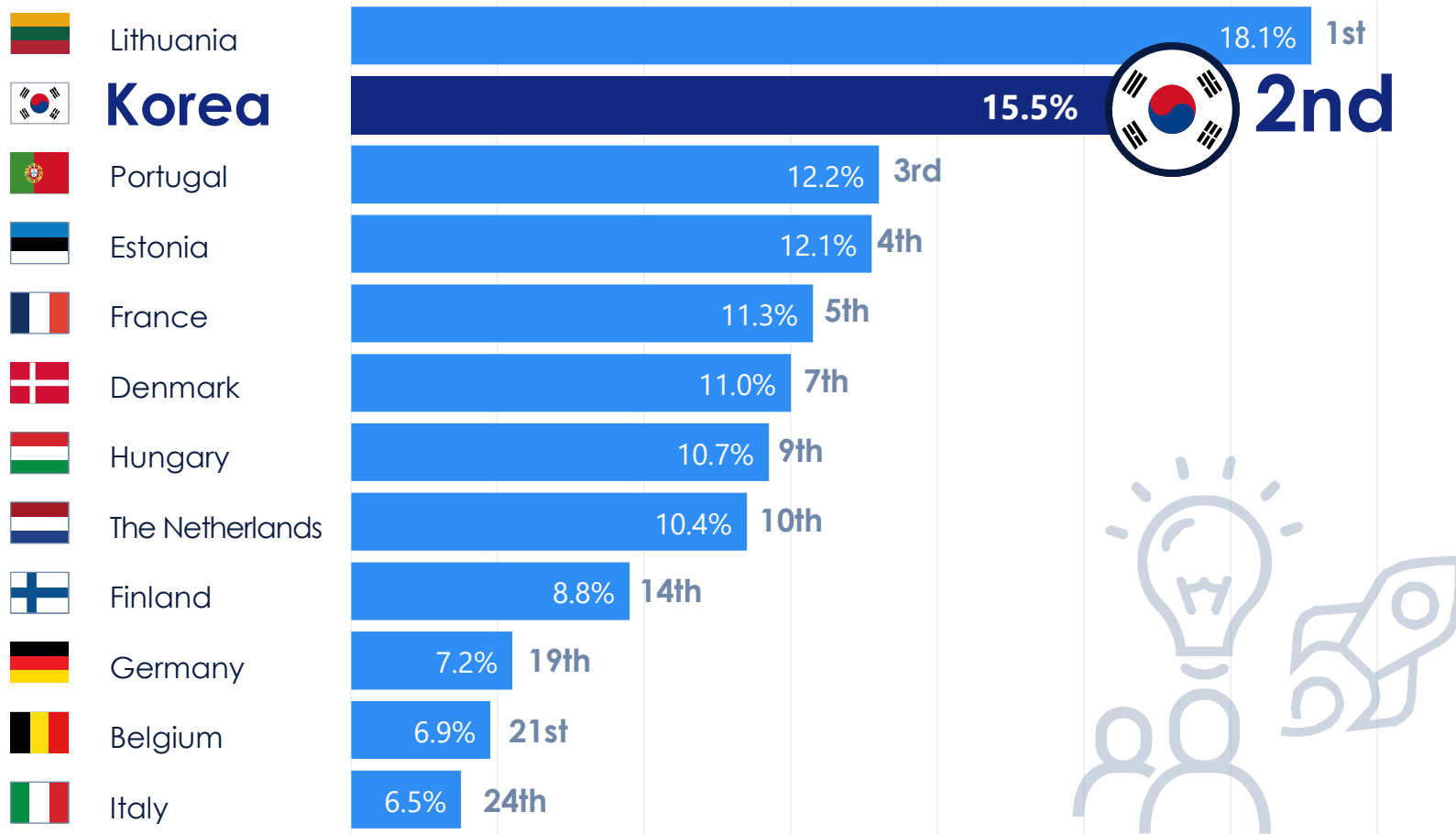
Market Dynamics (2021)

*Source: Global Entrepreneurship Research Association (Apr. 2022)
"Global Entrepreneurship Monitor 2022"



Start-up Rate

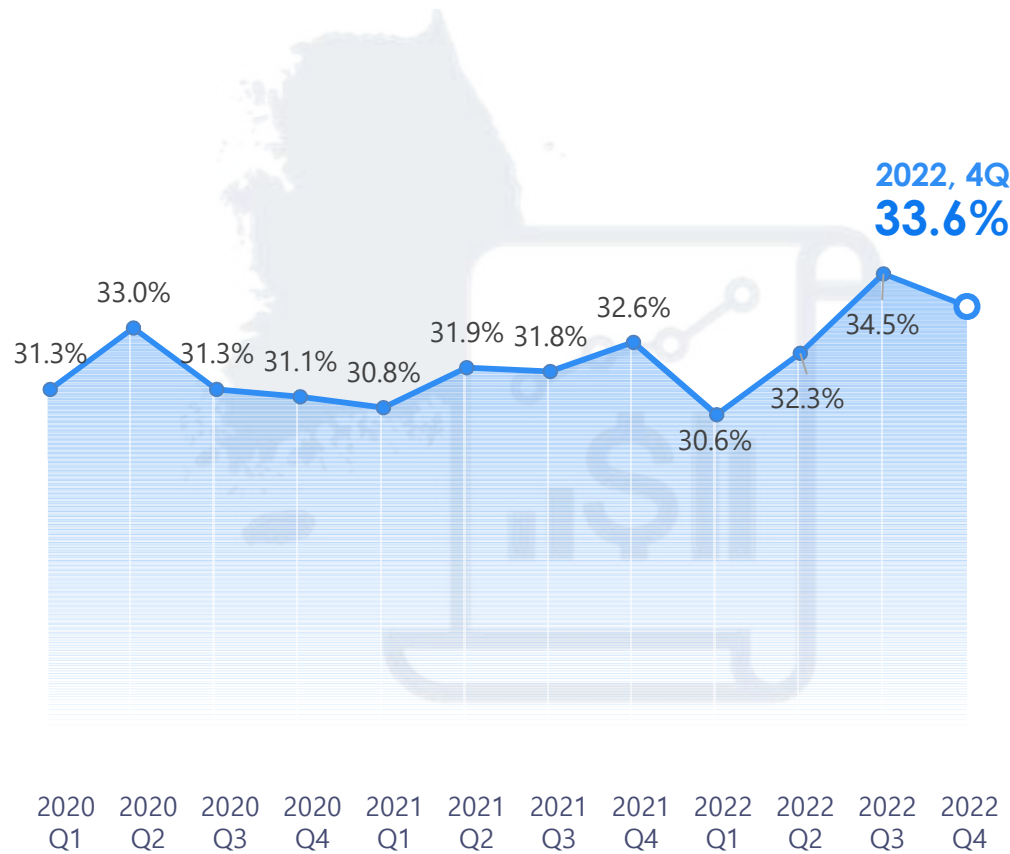
*Source: OECD stats (2020), KOSIS (2020)



Gross Investment Rate

*Source: BOK (2022), World Bank (2021)

Gross Domestic Investment Rate (Q1, 2020-Q4, 2022)



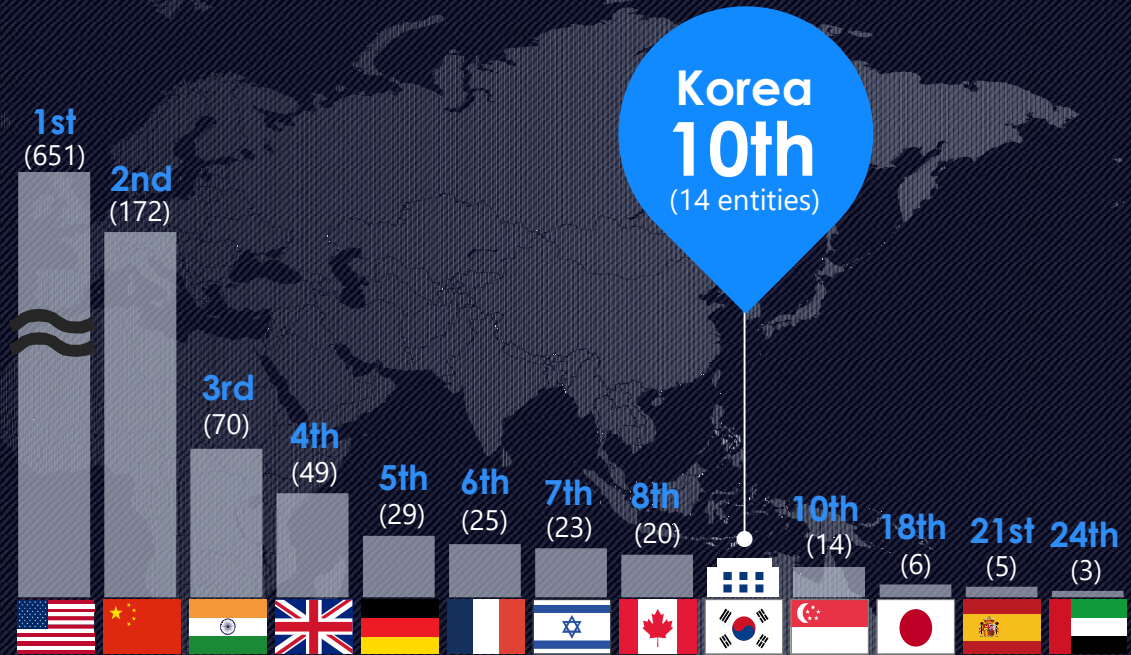
Gross Investment Rate by Country (2021)

	1st	Turkey	31.9%
	2nd	Korea	31.8%
	3rd	Hungary	30.6%
	6th	Austria	27.6%
	8th	Belgium	26.3%
	10th	France	25.4%
	13th	Finland	24.3%
	15th	Canada	23.3%
	20th	Germany	22.7%
	21st	Australia	22.7%
	35th	UK	17.4%
	(2020)	Japan	25.4%
	(2020)	US	21.2%

Number of Unicorns

Number of Unicorns by Country

*Source: CB Insights (Jan, 2023)



Number of Korean Unicorns

*Source: Ministry of SMEs and Startups (Feb, 2023)





05

kotra INVEST KOREA

Living Environment

Standard IR 2022

Fragile States Index (2022)

*Source: The Fund for Peace (2022)

(Rank)



Very Sustainable		Very Stable	More Stable	Stable	Warning	Elevated Warning	High Warning	Alert	High Alert	Very High Alert
 Finland 179	 Canada 172	 France 162	 UK 150	 Hungary 133	 Vietnam 115	 Thailand 86	 Philippines 50	 Lebanon 27	 Chad 9	 Somalia 2
 New Zealand 176	 Germany 167	 Korea 159th	 Italy 143	 Bulgaria 131	 Indonesia 100	 Mexico 84	 Egypt 42	 Iraq 23	 Afghanistan 8	 Yemen 1
 Switzerland 174	 Singapore 165	 UAE 152	 US 140	 Greece 124	 China 98	 India 69	 Iran 39	 Ethiopia 13	 Sudan 7	

Quality of Life (2022)

Social Progress Index

(Ranking out of 169 countries)



*Source: Deloitte, 2022 Social Progress Imperative

Measurement Indicators



Basic human needs

Including nutrition, basic health service, clean air, water, sanitation, shelter and personal safety



Fundamentals of Wellbeing

Including access to basic knowledge, IT, health & welfare, ecological sustainability



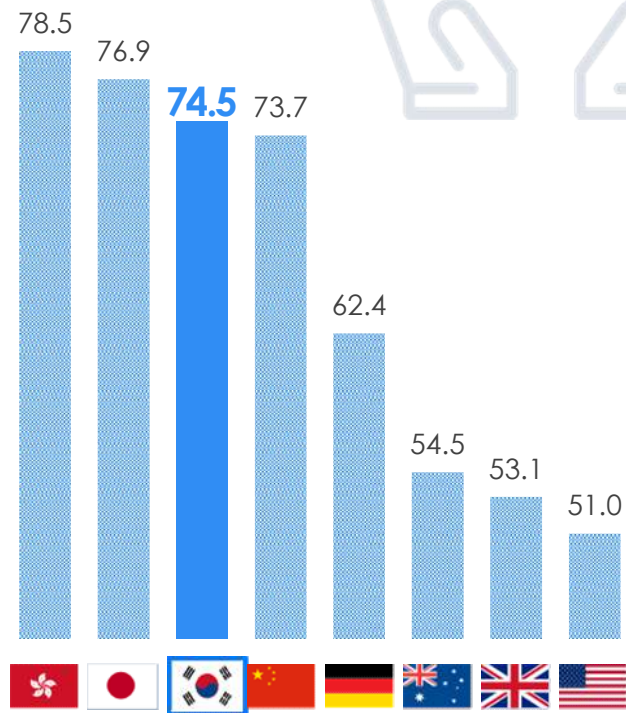
Opportunity

Including individual rights, freedom & choice, tolerance, inclusiveness and access to higher education

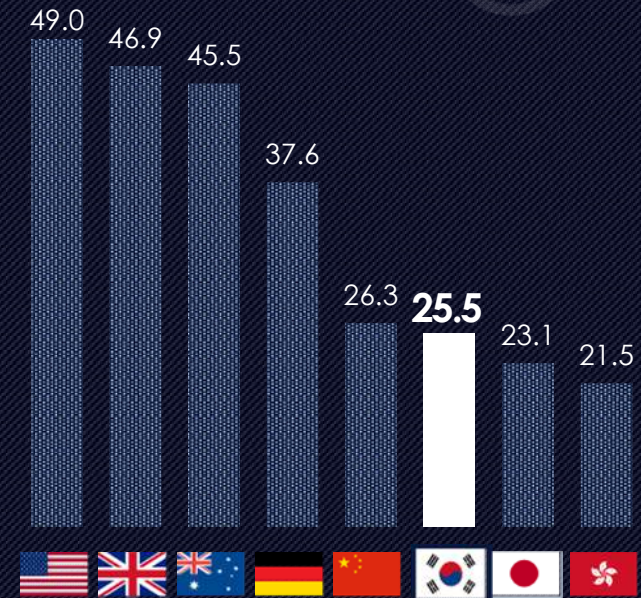
Safe Cities Index 2023

*Source: NUMBEO (2023)

Safety Index by Country



Crime Rate by Country



Medical Security

*Source: The Economist Intelligence Unit, "Safe Cities Index (2021)"

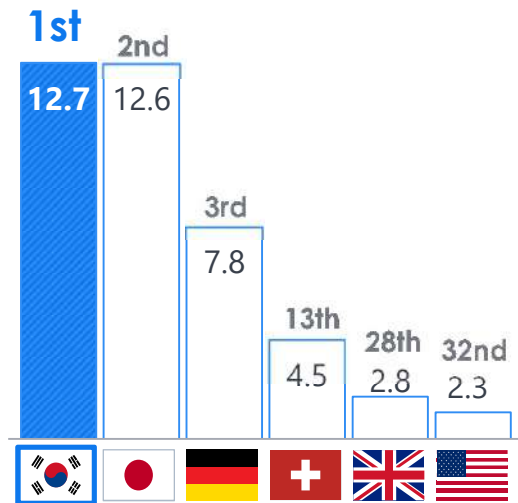


Medical Service Infrastructure

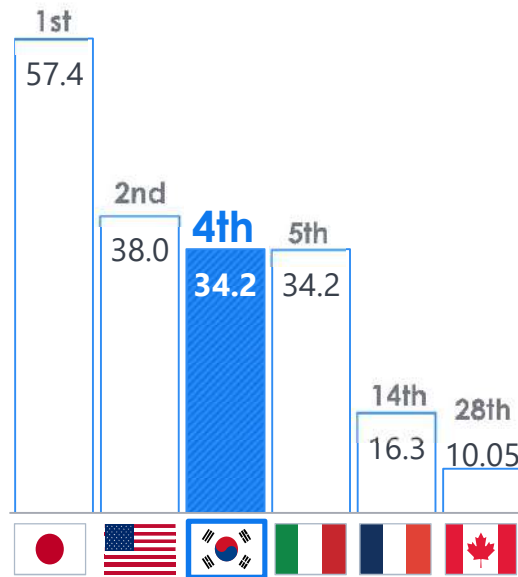
*Source: OECD (2021)



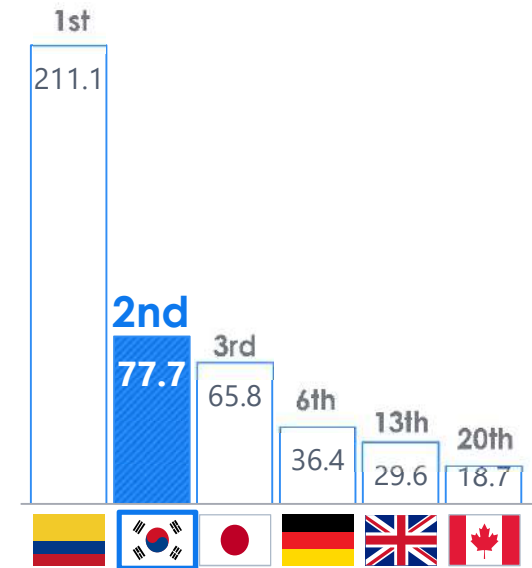
Number of hospital beds per 1,000 people
(2021)



Number of MRI units per 10,000 people
(2021)



Number of hospitals per 1 M people
(2020)



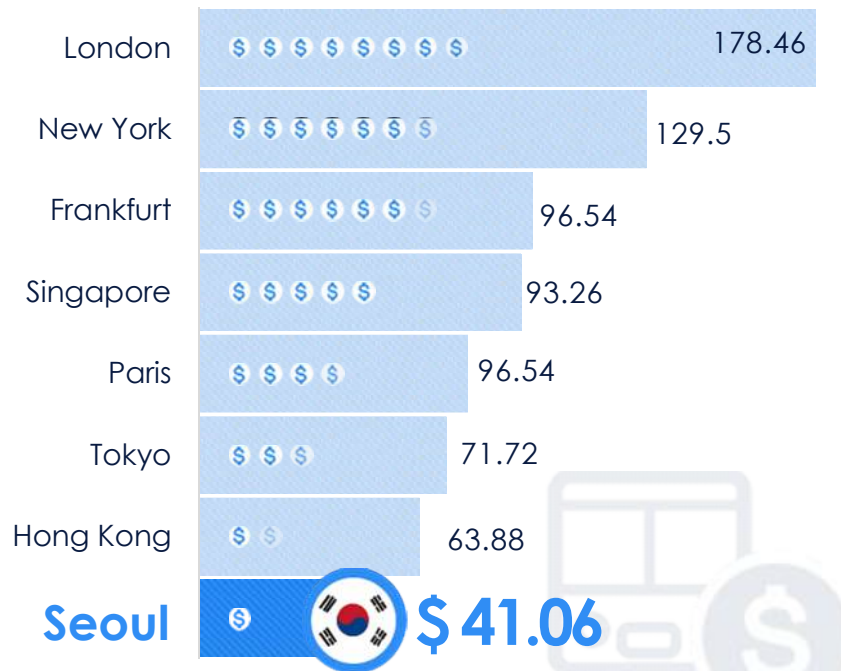
Cost of Living

*Source: NUMBEO (2022)

Public Transportation

*Monthly pass for public transportation

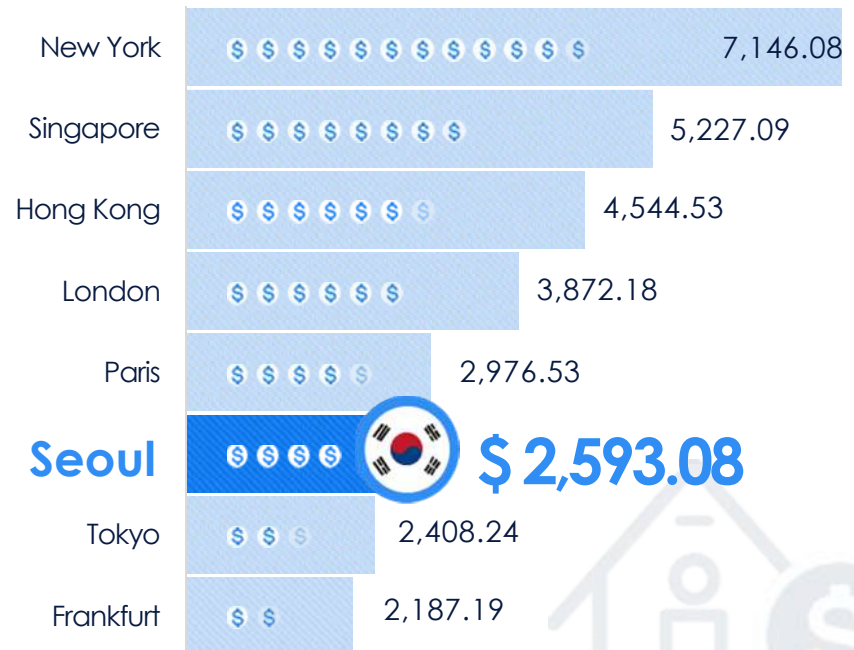
(USD)



Housing

*Monthly rent for 3-bedroom apartment

(USD)



Educational Institutions for Foreigners

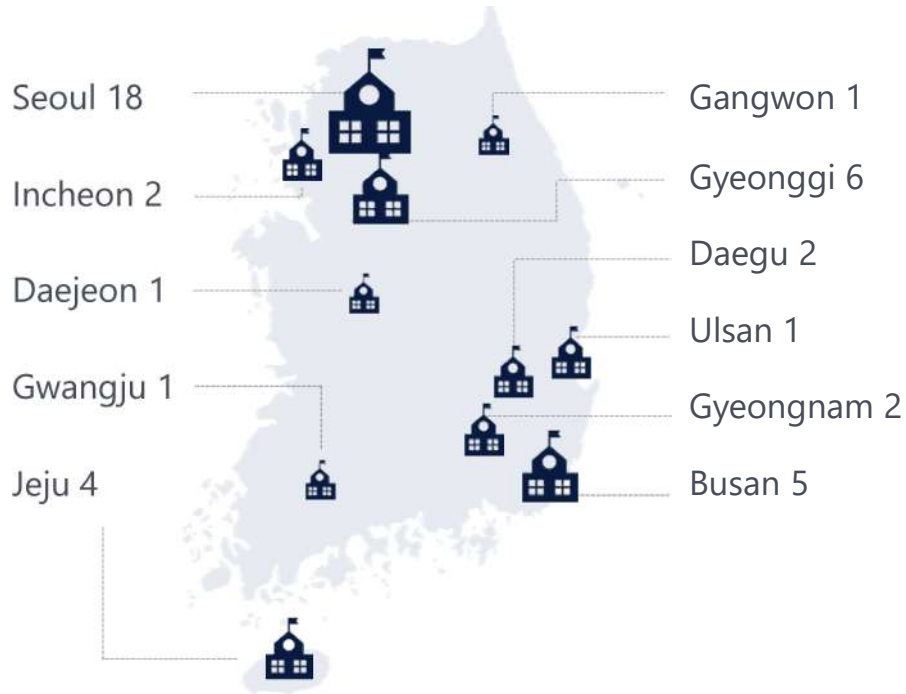
*Source: Korean Educational Development Institute, Korean Educational Statistics Service(Sep. 2022)

Foreign Schools
(Kindergarten,
elementary-middle-high school)

43

**Foreign
Universities**

5



Tourist Attractions in Korea

UNESCO Heritage in Korea

World Heritage	15
Intangible Cultural Heritage	21
Documentary Heritage	16



*Source: Korean National Commission for UNESCO (2021)



06

kotra INVEST KOREA

About Invest KOREA

History

- 2003** ● KISC relaunched as Invest KOREA (IK)
- 1999** ● Foreign Investment Ombudsman Office opened
- 1998** ● Korea Investment Service Center (KISC) established at KOTRA
- 1998** ● KOTRA named Korea's national investment promotion agency
- 1962** ● KOTRA established



Organization

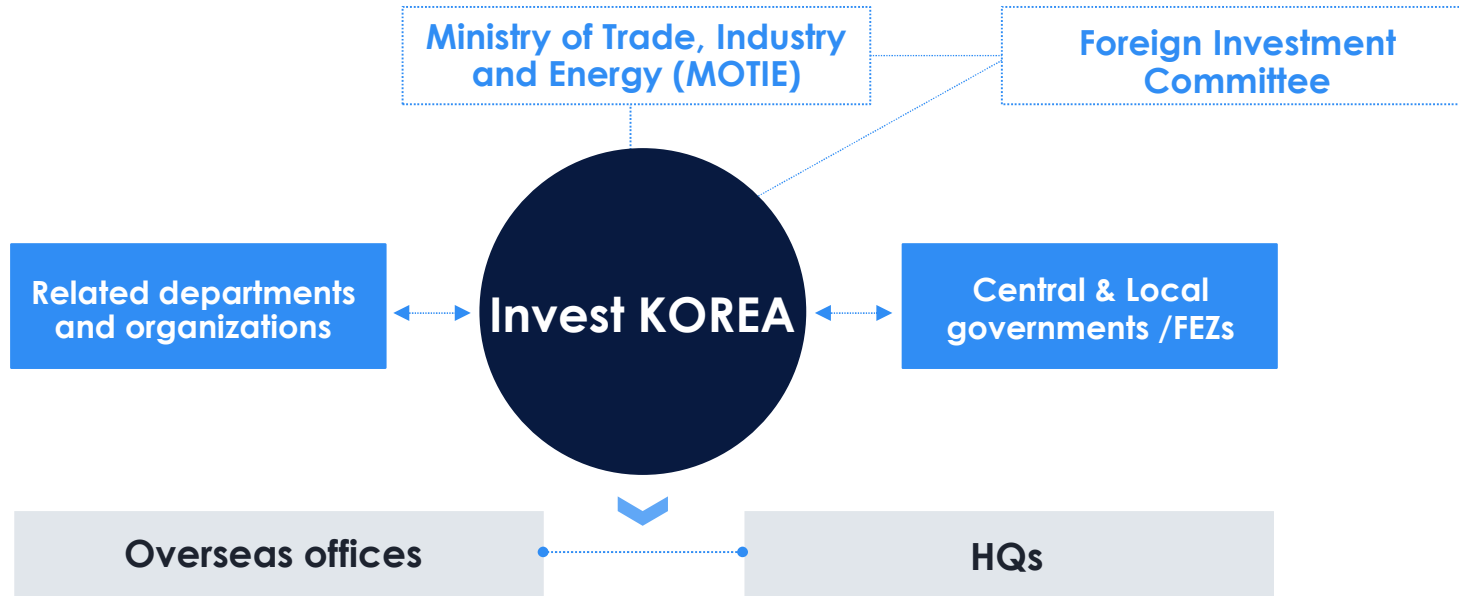


Overseas Investment Offices

36 Overseas Offices dedicated to investment promotion



One-Stop Service



Foreign Investment Ombudsman

Aftercare services

Foreign Investor Support Office (FISO)

Investment Consulting Center (ICC)

- Administrative support
- Consultation on early stage investment
- Settlement support

Office of the Foreign Investment Ombudsman

Foreign Investor Aftercare Office

- Visit in person and submit grievances
- Address business grievances or difficulties



ONE GOVERNANCE

The Foreign Investor Support Center (FISO) and the Office of Foreign Investment Ombudsman provide support in a coordinated manner.

▶ **Closely supporting with one-stop services**

Business Investment Support (Invest KOREA Market Place)



A platform for matching foreign investors to Korean companies

Registered companies (As of Feb. 2023)

The total of 290 companies

Pharmaceuticals/healthcare	77	ICT	76	Machinery/robotics/manufacturing	29
Consumer goods/ advanced manufacturing	20	Business service	18	Cultural content	16
Electricity/electronics/shipbuilding	12	Chemicals/materials	12	Energy/environment	10
Real estate/tour/leisure	7	Semiconductor/display	4	Finance	4
Automobile	3	Logistics	2		

Global Alliance Project Series (GAPS)

Global Alliance Project Series

Global Alliance Project Series (GAPS)



Joint venture, technology transfer, joint R&D with leading global companies,
domestic enterprises and research institutes

Services

Invest KOREA Plaza

Main Services

- Secretarial and reception services
- Dedicated office space
- Administrative support services
- Investment consulting services at the Investment Consulting Center (ICC)

Offices for rent

- 37 offices available to use
- Office size: 21.3m²-53.2m²

Red Carpet Service

- Site visits
- Consulting arrangements
- Transportation services
- Language interpretation
- Immigration assistance



Websites

kotra
Korea Trade-Investment
Promotion Agency

INVEST KOREA 

 www.investkorea.org

 www.linkedin.com/company/invest-korea



KOTRA has been granted the right to use the images, photos, templates, icons, and other contents in this material by formally signing a paid contract with a licensed company.

All employees of KOTRA can modify, edit and use the material for presentation, print, and distribute it at the presentation site. Provided online posting (including website, web/mobile site, newsletter, banner, pop-up, social networking site, blog, online community, etc.) is not allowed.

Also, it is possible to provide third parties outside of KOTRA (clients, investors, domestic and foreign companies, domestic and foreign-related organizations, domestic and foreign embassies, etc.) with the material in the form of printed distribution or e-mail sending. Still it must be in PDF format, in which the KOTRA watermark is inserted, with the <Standard IR Copyright Notice for Third Parties other than KOTRA>.

However, if the presentation material needs to be delivered to external event organizers, it can be sent as a PPT file.

The KOTRA watermark is available in three colors, and you can add the watermark to enhance PPT slide readability.