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Korea Business Services, INC. or (KBSI) aims to serve our clients by offering the latest updates on trends and information regarding the Korean market.

Our bi-weekly newsletter will summarize and provide context on the news and data most relevant to business opportunities in the Korean market. We will also provide an audio version on our website and Youtube.

[Trade]

U.S. to Seek to Expand Car, Beef Exports to S. Korean Market

Washington's top trade negotiator said there is still room for growth in the Korean market for U.S. cars and agricultural products, namely beef, as the two nations marked the 10th anniversary of their free trade pact.

"We have much further to go and we will continue to focus on expanding opportunities for U.S. auto exports to Korea," said U.S. Trade Representative Katherine Tai in a speech to mark the two nations' landmark deal at a ceremony held at SK Siltron CSS, a wafer fab in Auburn, MI, acquired by South Korea's second-largest conglomerate SK Group in 2020.

"There is still room to grow the market in Korea for U.S. agricultural products, including more beef, and creating a regulatory environment that facilitates access to agricultural biotechnologies," the ambassador said.

Last year, U.S. automakers shipped \$3.2 billion worth of passenger cars and trucks to Korea – making the Asian nation its fifth largest export market. U.S. exports of agricultural products to Korea also expanded by 35 percent in the past decade to \$9.4 billion in 2021, making Korea its fifth largest buyer.

Korea is the U.S.' sixth-largest trading partner, with goods and services exports growing by more than 17 percent to nearly \$70 billion since the agreement went into effect in 2012.

[EV Batteries]

LG Energy Solution to Pour Over \$5B into EV Battery Plants in U.S., Canada

LG Energy Solution, a manufacturer of batteries for electric vehicles, announced that it will pour a combined 6.5 trillion won (\$5.3 billion) into expanding its facilities in the U.S. and Canada, in a bid to overtake China's CATL and corner the world's EV battery market.

The unit of South Korea's fourth largest conglomerate LG Group on Thursday announced plans to build a 4.8 trillion won lithium-ion battery plant in Ontario, Canada with carmaker Stellantis and a 1.7 trillion won cylindrical battery plant in Arizona, a first of its kind in the U.S.

LG Energy Solution signed a binding agreement with Stellantis, a multinational automaker with brands such as Dodge, Maserati, Fiat, Chrysler, Citroën and Peugeot. The two will build an electric vehicle battery manufacturing facility in Windsor, Ontario, home to Canada's largest automotive cluster. LG will hold a 51 percent stake in the new joint venture.

The new plant will have an annual production capacity of over 45 gigawatt-hours to make lithium-ion battery cells and modules and create some 2,500 new jobs. Canadian Prime Minister Justin Trudeau touted the deal as critical to “creating new jobs and putting Canada on the cutting edge of a clean economy.” The partners will break ground for the plant later this year, aiming to begin operation in the first quarter of 2024.

That same day, LG Energy Solution announced plans to invest 1.7 trillion won to build its own cylindrical lithium-ion battery factory in Queen Creek, Arizona. The 11 gigawatt-hour facility anticipates a mass production in the second half of 2024, as its construction is set to begin in the second half of 2022.

[Airlines]

Korean Flights Ramp Up International Routes Amid Eased Restrictions

South Korean passenger flights, which suffered the brunt of a pandemic-induced economic downturn, are slowly expanding their routes and frequencies, cautiously optimistic about a rebound in international travel this year.

Airlines are increasing international services as South Korean authorities begin to ease quarantine rules for incoming passengers. Korea dropped its mandatory seven-day quarantine for vaccinated people arriving in Korea starting March 21. Inbound passengers will no longer be required to isolate themselves if more than 14 days and fewer than 180 days have passed since their second shot, or if they have received two shots and a booster.

Jeju Air, for example, saw its international passenger tally plunge last year to less than one percent of its total of 8.36 million passengers in 2019. The nation’s largest budget carrier will resume its twice weekly Busan-Saipan service starting on March 30.

Korean Air plans to boost its Incheon-Narita flight to seven times a week from the current six starting in April. Starting next month, Asiana Airlines is resuming its Incheon-Nagoya service, which was suspended in April last year.

Currently, 29 countries allow conditional entry of vaccinated people, according to the Ministry of Foreign Affairs on Friday. The conditions include submitting a PCR negative test and a document that proves vaccination. Countries that allow vaccinated travelers to enter without quarantine include the U.S., Oman and Uruguay. The exemption does not apply to travelers from Pakistan, Uzbekistan, Ukraine and Myanmar.

[Consumer Trends]

Online Shopping Malls Jump into Overnight Fresh Produce Delivery Services

South Korea’s major online retailers such as Naver are beefing up their services for overnight deliveries, trying to catch up with e-commerce firms Coupang and Market Kurly with a firm standing as specialists on overnight deliveries of online fresh produce and meal kits.

Online shopping platform giants such as Gmarket and Interpark are making inroads into overnight delivery services, a market with a value of some 9 trillion won (\$7.3 billion). Even offline retailers such as GS Retail, which specialize in convenience stores and neighborhood supermarkets, as well as organic produce specialist The Choroc Maeul Co. are trying to venture into the world of overnight delivery services.

Such deliveries of agricultural products have recently seen an unprecedented boom as customers feel

more comfortable about ordering deliveries amid a protracted pandemic, and as Coupang and Market Kurly have been consistent about the quality of produce they deliver.

Market watchers say there's room for growth in the overnight delivery market for fresh produce, as online sales of such goods still only make up for 28 percent of market revenue as of last year. The sector has seen exponential growth from a meager 1 trillion won to 9 trillion won this year and is expected to grow to 11.9 trillion won next year. Coupang's share in the market stood at 2.3 trillion won, while that of Market Kurly stood at 2 trillion won as of last year.

[Retro Snacks]

Retro Pokémon Snack Craze Sweeps Through Nation

Pokémon Bread has taken South Korea by storm for the second time.

Confectionary giant SPC Samlip has hit the jackpot with its rebranded re-release of a 1990s snack that's similar to a mini sponge cake containing random Pokémon character collectables inside the packaging.

SPC Samlip said it has sold more than seven million rolls of Pokémon cake over the past month. It has been running its manufacturing lines at full capacity trying to meet an influx of orders with an average of 2.7 rolls flying off the shelf every second.

The pastry, usually stocked in neighborhood supermarkets and convenience stores, was a mega hit among millennials when it was first released in 1998, but was discontinued in 2006. Each package comes with a sticker or seal depicting random characters from the global hit anime and video game series Pokémon.

The latest release of the once hugely popular pastry has prompted endless queues of eager buyers and collectors waiting in line at supermarkets, with some stores limiting purchases to three rolls per person. Adults in their 20s and 30s share their nostalgia about their childhood snack, are uploading details of their agonizing search and gleeful success of their prize on social media.

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