Policies and Incentives

Support Policies for Parts and Materials Industry

The government will promote the development of new technologies in the parts and materials industry by 2025 to respond to the Fourth Industrial Revolution and improve the capabilities of auto parts makers in entering the global market.

Support Policies for Green Vehicle Industry

The government will make investments worth KRW 150 billion over the next five years to develop the six core parts essential to making electric and hydrogen-fuel vehicles.

Six core parts technologies

Battery density improvement systems
Electric power conversion devices
High-voltage power-driving systems
Cooling and heating systems
Lightweight car bodies
Multi-stage transmission driving systems

Support Policies for Self-driving Car Industry

The Ministry of Trade, Industry and Energy plans to pour KRW 77.9 billion for the next five years to develop the eight core parts of self-driving car systems. Korea lacks technological competitiveness in this industry, and is highly dependent on imports.

Eight Core Parts

High-resolution cameras
Vehicle-to-vehicle communication modules
High-precision 3D digital maps
Self-driving integrated controllers
Radar sensors
Vehicle external communication modules
Vehicle position measuring modules

Success Case

Robert Bosch (Germany)

Robert Bosch Korea, a subsidiary company of the world’s largest auto parts maker Bosch in Germany, has a production plant in Daejeon, headquarters and a research center in Yongin.

Robert Bosch Korea supplies a variety of products including fuel injection pumps to Korean finished automakers such as Hyundai, Kia, and GM Korea.

Robert Bosch Korea is aware of Korea’s technological prowess and a strong heavy industry infrastructure. The company is slated to expand investments in the country, especially in the safety technology areas such as driver assistance system (DAS) and adaptive cruise control (ACC).

KOTRA WORLD WIDE

As Korea’s Trade-Investment Promotion Agency, KOTRA has 127 overseas offices and 10 headquarters worldwide.

* Invest Korea(IK), Korea’s national investment promotion agency, was established as part of KOTRA to support the foreign businesses in Korea.

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Korea's Auto Parts Industry

The sales revenue of Korea's auto parts industry has grown by 3.9% annually since 2005, reaching USD 62.9 billion in 2015.

### Korean Auto Parts Exports and Imports by Year (USD million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales Amount</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>41,140</td>
<td>-3,707</td>
</tr>
<tr>
<td>2016</td>
<td>41,092</td>
<td>-3,707</td>
</tr>
<tr>
<td>2017</td>
<td>40,994</td>
<td>-3,707</td>
</tr>
<tr>
<td>2018</td>
<td>40,994</td>
<td>-3,707</td>
</tr>
</tbody>
</table>

Source: Korea Auto Industries Corp. Association (KAIKA)

The industry has become an export-oriented market since the mid-2000s when its exports started to grow faster than sales revenue.

### Export and Import Status of Korea's Auto Parts Industry

<table>
<thead>
<tr>
<th>Year</th>
<th>Export</th>
<th>Import</th>
<th>Trade Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>10,000</td>
<td>10,000</td>
<td>0</td>
</tr>
<tr>
<td>2015</td>
<td>15,000</td>
<td>10,000</td>
<td>5,000</td>
</tr>
</tbody>
</table>

Source: Korea International Trade Association (KITA)

Importance of the Auto Parts Industry

The auto parts industry plays a major role in the Korean economy, representing 6.7% of the country's manufacturing output, 6.0% of added value, and 8.7% of employment.

### Status of Korea's Automotive Industry (2014)

- **Number of Companies**: 4,554
- **Employment**: 212,907
- **Production**: 55,401
- **Added Value**: 26,826

Source: Statistics Korea

### Distinct Competitiveness on the Global Stage

Emerging auto manufacturers such as Mexico and India are scrambling to catch up with Korea in terms of total output. In response, Korea is strengthening its competitiveness through the modularization and sophistication new industry trends led by the introduction of green and smart vehicles.

Korea's auto parts industry has greater price competitiveness than Japan. Its quality competitiveness is also on the rise, narrowing the gap with advanced countries.

### Korean Companies in the Global Top 100

Five Korean companies were included in the global top 100 auto parts makers in 2015 (based on sales amount). In particular, Hyundai Mobis ranked sixth with USD 26.3 billion, in sales.

### The World's Fifth Largest Manufacturer

Korea is the world's fifth largest auto parts manufacturer, following China, Japan, the US and Germany. Its share in the global auto parts production rose from 2.6% in 2000 to 3.7% in 2005 and has remained at over 5% since 2010.

### Annual Foreign Investment in Korea's Auto Parts Industry

<table>
<thead>
<tr>
<th>Year</th>
<th>Finished Car</th>
<th>Value (USD millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>21,800</td>
<td>2,180</td>
</tr>
<tr>
<td>2010</td>
<td>21,400</td>
<td>2,140</td>
</tr>
<tr>
<td>2011</td>
<td>21,900</td>
<td>2,190</td>
</tr>
<tr>
<td>2012</td>
<td>23,000</td>
<td>2,300</td>
</tr>
<tr>
<td>2013</td>
<td>25,000</td>
<td>2,500</td>
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<tr>
<td>2014</td>
<td>28,000</td>
<td>2,800</td>
</tr>
<tr>
<td>2015</td>
<td>30,000</td>
<td>3,000</td>
</tr>
</tbody>
</table>

Source: Ministry of Trade, Industry and Energy