



Automotive



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South Korea

South Korea is the fifth largest car manufacturing country and the fast growing car producing nation in the world.

South Korea's domestic auto production reached 4,521,429 units in 2013. Passenger cars accounted for 91% of these, with commercial vehicles around 9%. Almost 70% of domestic production goes to export and the market's export volume in 2013 was 3,089,283 units.

The domestic car sales market is dominated by local automaker; Hyundai Motors and its sister brand Kia Motors hold 70% of market share, followed by GM Korea, Ssangyong and Renault Samsung. The overseas production by Hyundai and Kia in 2013 hit a record 4.1million units, triggered by the increase in production of current plants such as US, Turkey, Russia, China, India, Czech and Slovakia, and a new plant in Brazil.

Imported car sales in 2013 (registered) posted 156,497 units, up 20% from the year before and imported car sales accounted for 12% of the domestic passenger car market. One of the major drivers for this increase is the deployment of many small displacement cars as regulations on automobile GHG emissions and fuel efficiencies took effect in 2012. This is demonstrated by the fact that sales of imported cars with an engine displacement of less than 2.0 liters increased by as much as 45.8% from the year before and sales of diesel cars, which feature high fuel efficiency and small GHG emission, also increased dramatically. Diesel cars accounted for 50% of total imported car sales in 2013.

Automakers, including importers, must get approval in accordance with the Ministry of Environment act that states that vehicles are manufactured based on the specific emission regulations and have to be able to remain for the guaranteed period of Emission. Diesel vehicles are subject to EURO-5 standard.

Influence of the FTA

The EU-Korea FTA came into effect from July 2011 resulting in the removal of 97% of all tariffs and 0% import tax is levied on automotive items and auto parts.

Despite the strength of the local supply chain in this sector, Korea still requires foreign expertise in the fields of design & product engineering and the development of new and green vehicles.



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Automotive – Opportunities for UK companies

South Korea

Currently green vehicle development is in high demand. The Korean government has set a vision to be in a global top four position in the green vehicle industry by 2017. It has targeted production of one million units in 2014 with 800,000 of these to be exported. It has begun to put into place the necessary infrastructure to operate one million electric cars by 2020, such as building charging stations. This infrastructure investment is likely to reach around 5 billion US dollars.

The major British companies in the market are;

Jaguar Land Rover, Bentley, Rolls Royce Cars, Ricardo, MIRA, ROMAX and Johnson Matthey.

To compete in South Korea UK companies are recommended to have a capable local distributor, licensee or franchise partner who has an established network in the market and extensive market knowledge. A long-term perspective and a reliable partnership between supplier and their local partner is one of the key factors in achieving success.

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