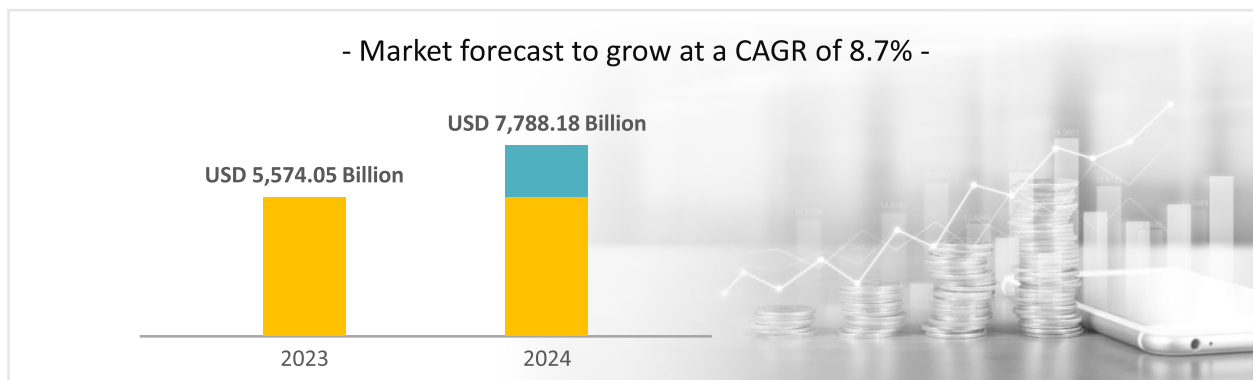


# FINE CHEMICAL

## Global Market Size/Forecast

- ▶ **(GLOBAL MARKET SIZE)** The global chemical industry market has maintained steady growth, increasing by approximately 9% from USD 5.1151 trillion in 2023 to USD 5.5740 trillion in 2024.
  - Despite the global decline in the petrochemical industry, overall growth has been achieved through the interconnection with other sectors of the chemical industry.
- ▶ **(Outlook)** The global chemical industry market is expected to continue growing at an annual growth rate of 8-9%, reaching USD 7.7881 trillion by 2028.
  - Growth is anticipated to be driven by positive factors such as the linkages with other high-value-added industries and the adoption of renewable and bioenergy technologies.

### <Global Private Equity Buyout and Exit Trends>



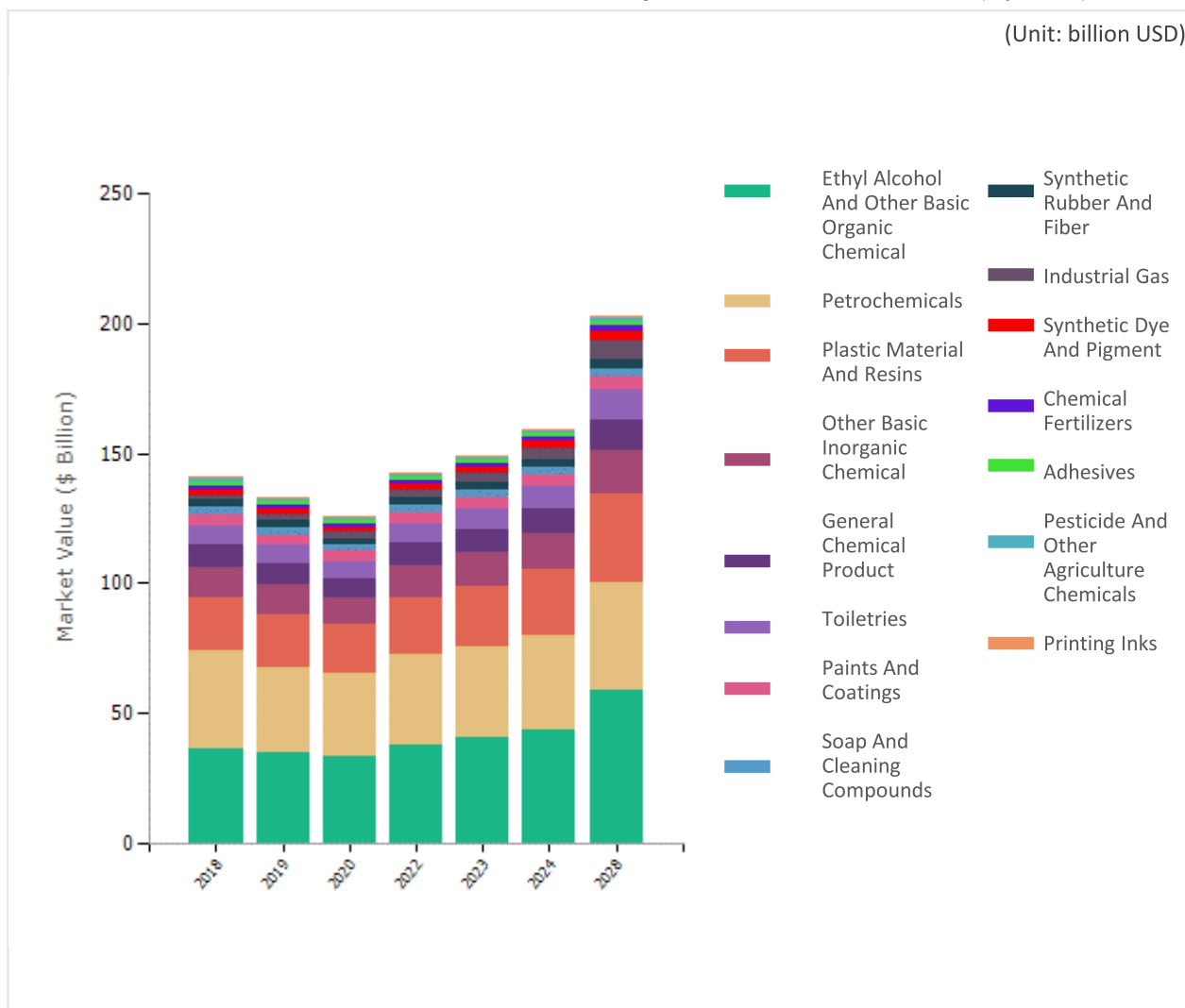
\* Source: Chemical Global Market Report (2024)



## Domestic Market Size/Forecast

- **(DOMESTIC MARKET SIZE)** The domestic chemical industry market in South Korea has resumed growth following the end of the COVID-19 pandemic, with a slight increase from approximately USD 150 billion in 2023 to USD 160 billion in 2024.
- The domestic market is expected to show steady growth, reflecting movements in the global market.

### <2018-2028 South Korean Chemical Industry Market Size and Outlook (By Item)>



\* Source : Market Data Sources, TBRC Estimates, TBRC Analysis

\* Note: Actual data through 2023, estimates for 2024 onwards

## Sales/Exports/Production Volume

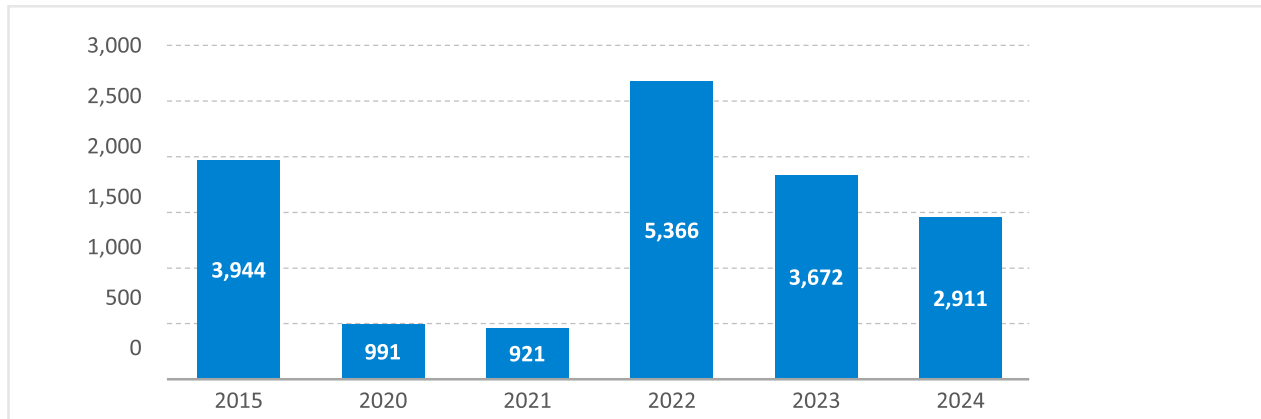
- **(PRODUCTION/EXPORTS)** South Korea ranks 5th in the world in terms of chemical export volume and holds approximately 4.0% of the global chemical market.
- **(MANUFACTURING SHARE/EXPORT SHARE)** In South Korea's manufacturing-centered economy, the chemical manufacturing industry accounts for approximately 14.3% of production.
- Chemicals account for 17% of South Korea's exports, making it a key industry with significant influence across the economy.

\* Source: U.S. International Trade Administration, December 2023 Report

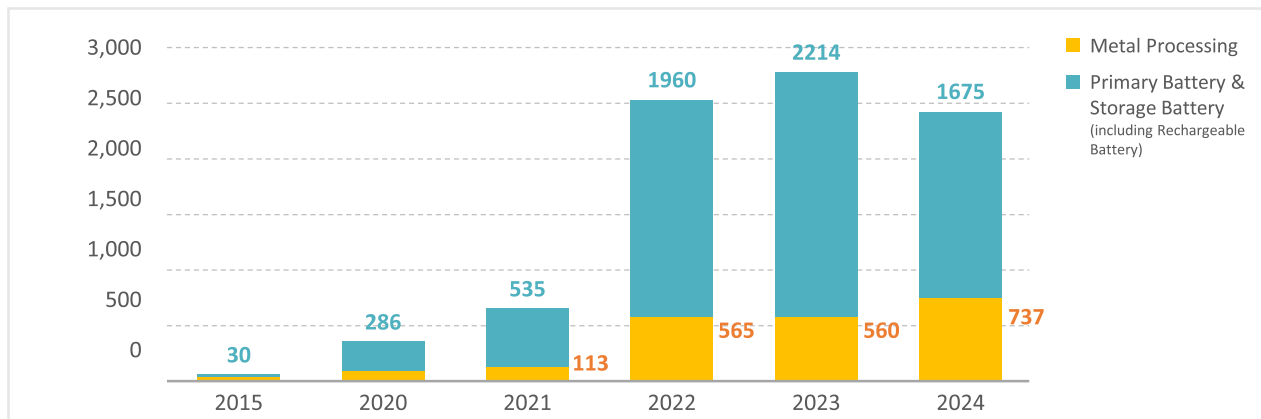
## Trends in Foreign Investment in South Korea

- ❏ **(FOREIGN INVESTMENT TRENDS)** After the end of COVID-19, there was a record level of investment filings in 2022 due to facility expansions. However, in 2023 and 2024, a continued decline was observed, influenced by China's own factory expansion efforts and alignment with the global economic cycle.
- ❏ **(INDUSTRY INVESTMENT TRENDS)** However, by utilizing the extensive upstream and downstream industry linkages in the chemical industry, investment channels are being sought in new sectors such as metal processing and batteries.

<Investment Filing Trends in Fine Chemical (2019-2024)> (Unit: USD million)



<Investment Filing Trends in Related Sectors (2019-2024)> (Unit: USD million)



\* Source: INSC (KOTRA)

## Incentives/Regulatory Status

- ❏ **(INCENTIVE STATUS)** A variety of incentives for foreign investments, including tax reductions, foreign investment regions, cash grants, R&D exemptions, and management support, are being implemented.
- According to the Act on Restriction on Special Cases Concerning Taxation, foreign investments meeting specific conditions are eligible for multidimensional tax reduction benefits, including reductions in acquisition tax, property tax, customs duties, VAT, and income tax.
- According to the Foreign Investment Promotion Act, foreign investments in industries or R&D sectors that apply or manufacture advanced technologies and products are eligible for rent reductions in foreign investment zones.
- Cash grants are provided for eligible investments, considering factors such as applicable technologies, materials, parts, and the employment creation effect.

## Industry Development Policies

- **(CORE STRATEGIC TECHNOLOGIES LISTING)** As of 2024, 15 core chemical technologies are included in the "Top 200 Core Strategic Technologies."
  - Chemical companies involved in core strategic technologies are receiving various forms of support, including "Early Commercialization of Core Strategic Technologies" and "Supply Chain Development for Core Production Base Cultivation."
- **(MINISTRY OF INDUSTRY TF AND LEGISLATION AMENDMENTS)** The Ministry of Industry is pushing forward with several initiatives, such as a task force to enhance the competitiveness of the petrochemical industry and amendments to the Corporate Revitalization Act, to support and promote the industry.

## Key Examples

- **(Aramco's Shaheen Project)** Aramco's Shaheen project is expected to be completed by 2026, with continuous investment and construction underway. "Shaheen" refers to the falcon, the national bird of Saudi Arabia. The project will cover an area of 880,000 square meters and will include a polymer factory, storage tanks, steam crackers, and other high-value-added petrochemical product production facilities. This is the largest petrochemical project in South Korea's history, with total investment reaching KRW 9.258 trillion. The project will also introduce Aramco's advanced TC2C (Thermal Crude-to-Chemicals) technology, which extracts petrochemical raw materials like naphtha and LPG directly from crude oil. This process is simple and highly energy-efficient, expected to offer a significant competitive advantage over existing facilities. Furthermore, the project is expected to create about 14,000 jobs, contributing to significant employment generation.
- The South Korean government is actively supporting LG Chem's joint venture project with Italy's largest oil company, ENI, to produce eco-friendly products. These companies plan to complete a 300,000-ton HVO (Hydrotreated Vegetable Oil) production facility at LG Chem's Daesan plant by 2026. HVO, made by adding hydrogen to vegetable feedstocks such as waste cooking oil, is a next-generation biofuel. Due to its non-freezing properties, it is gaining attention as an eco-friendly energy source. Given the rising global demand for non-traditional fuels due to new renewable energy policies and regulations, this project is expected to revitalize the chemical industry.