

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

SOUTH KOREA

Asia East

Dialogue | Trust | Partnership

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WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Seoul (capital)	Political, financial and corporate-headquarters capital; Asia's major fintech, services and venture-capital hub	Financial services, corporate headquarters, technology
Pyeongtaek, Gyeonggi	Site of Samsung Electronics's world's-largest semiconductor-fab campus, part of a roughly \$230 billion investment program running through 2042	Advanced semiconductors, foundry manufacturing
Yongin / Icheon, Gyeonggi ("Chip Belt")	SK hynix's mega semiconductor cluster and associated supplier ecosystem, central to Korea's AI-chip export boom	Memory chips, AI semiconductors, supplier ecosystem
Jeolla and Chungcheong provinces	Flagship government-backed projects targeting semiconductors, physical AI and AI data centers, anchored by planned Samsung and SK hynix investment	AI data centers, physical AI, advanced manufacturing
Busan	Korea's largest port and a major shipbuilding and logistics hub serving Northeast Asian and transpacific trade	Port logistics, shipbuilding, trade
Ulsan	Heavy-industry base combining shipbuilding, automotive manufacturing and petrochemicals	Shipbuilding, automotive, petrochemicals
Gyeonggi/Gangwon border region (DMZ-adjacent)	Front-line security-sensitive geography directly exposed to North Korean missile tests and military tension	Defense-adjacent infrastructure, logistics

INVESTOR ENTRY ROUTES

- Advanced-semiconductor and AI-chip investment via Samsung's Pyeongtaek campus and SK hynix's Yongin/Icheon cluster, riding record global AI-chip demand
- AI data-center and physical-AI investment through the government's flagship Jeolla and Chungcheong province projects
- Shipbuilding, automotive and heavy-industry investment in Busan and Ulsan
- Export-manufacturing investment repriced against the 15% US tariff and the \$350 billion Korea-US investment framework agreed under the 2025 trade deal
- Fintech, venture-capital and corporate-headquarters investment in Seoul
- Real-estate and urban-development investment in Seoul, subject to intensifying government price-stabilization measures

MARKET-ENTRY OBSERVATION

South Korea enters this Gateway Guide one year into President Lee Jae-myung's term, following the resolution of the country's most serious constitutional crisis in decades - former President Yoon Suk-yeol's December 2024 martial-law declaration, his impeachment, and Lee's victory in the June 2025 snap election. That crisis is now behind the country, and the economy it inherited is genuinely strong: the government raised its 2026 GDP growth forecast to 3% (from 2% in January) on booming global demand for AI chips, with

nominal GDP growth projected at 12.3% - the fastest since 1996 - and foreign direct investment pledges running at record levels. Samsung Electronics and SK hynix are each expanding flagship fabs, and the government is channeling windfall chip-boom tax revenue into regional development and AI data-center projects in Jeolla and Chungcheong.

Beneath that headline strength, Finance Minister Koo Yun-cheol has himself flagged real structural imbalances: a widening gap between export and domestic-demand growth, between IT and non-IT sectors, and between the capital region and the rest of the country, with the OECD estimating Korea's underlying potential growth has actually fallen to around 1.7%. Seoul housing prices have continued climbing sharply despite repeated government stabilization measures, making real estate the single most-cited public complaint against Lee's administration. President Lee has pursued a policy of renewed engagement and reconciliation with North Korea, a shift from his predecessor's hardline stance, even as Pyongyang has formally dropped reunification as a policy goal and continued periodic ballistic-missile tests - including a test timed to coincide with Lee's early-2026 visit to China - keeping the security relationship a live, closely watched variable rather than a settled one.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
North Korean missile tests and military tension	Pyongyang has formally abandoned reunification as a policy goal and continues periodic ballistic and hypersonic missile tests, including one timed to coincide with President Lee's early-2026 China visit	Monitor Ministry of National Defense and Ministry of Unification statements for shifts in inter-Korean tension levels
Seoul housing-price surge	Seoul real-estate prices have continued rising sharply despite repeated government stabilization measures, making housing the top public complaint against the Lee administration	Track government stabilization-policy announcements and their actual effect on transaction prices before committing to Seoul real estate
Structural growth imbalances	The Finance Ministry itself has flagged widening gaps between exports and domestic demand, IT and non-IT sectors, and the capital region versus the rest of the country, with OECD-estimated potential growth down to around 1.7%	Assess sector and regional exposure rather than relying on headline 3% growth figures
Chip-boom concentration risk	Korea's 2026 growth outlook is heavily dependent on a single AI-chip export cycle; the finance minister has warned the boom could prove temporary rather than a lasting structural shift	Diversify entry across sectors rather than assuming indefinite continuation of current semiconductor demand
US tariff and investment-pledge obligations	A 15% US tariff applies to Korean exports under the 2025 trade deal, matched by a \$350 billion Korean investment pledge into the US economy	Assess export-linked investments against the tariff and monitor the pace of pledge disbursement
Political polarization	President Lee's approval rating has hovered near record lows (44-45%) with the electorate closely split between the ruling Democratic Party and the opposition People Power Party	Track legislative developments relevant to specific sector reforms rather than assuming stable political consensus
Demographic decline	Korea's persistently low birth rate continues to narrow the long-term domestic labor supply and consumer base	Factor long-term workforce and domestic-demand constraints into multi-decade investment planning

INVESTOR RISK NOTE

Waverley views South Korea as one of the strongest fundamentals-driven opportunities in this series a genuine AI-chip-era growth story, record FDI pledges, and a constitutional crisis now resolved through democratic institutions rather than left unresolved but one where the chip boom's concentration, a persistent housing-affordability crisis, and an unresolved North Korea relationship all warrant active monitoring rather than being treated as settled background conditions.

MARKET ACCESS

South Korea maintains a fully open capital account with unrestricted profit repatriation, a network of free trade agreements including KORUS and agreements with the EU, ASEAN and RCEP partners, a 2025 trade and investment framework with the United States, and dedicated investment-promotion support through Invest Korea (KOTRA) alongside sector-specific incentives for semiconductors and AI administered by the Ministry of Trade, Industry and Energy.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
Office of the President (Lee Jae-myung, Democratic Party)	Sets overall economic and foreign-policy direction, pursuing renewed North Korea engagement and chip-boom-driven regional development	Primary reference point for the administration's policy direction
Ministry of Economy and Finance	Manages fiscal policy, growth forecasts, and has itself flagged structural imbalances behind the headline growth figures	Primary channel for verifying fiscal-policy and macroeconomic developments
Ministry of Trade, Industry and Energy (MOTIE)	Tracks and reports record FDI pledges and administers semiconductor and advanced-manufacturing incentive programs	Primary channel for FDI and sector-incentive engagement
Bank of Korea	Sets monetary policy amid elevated nominal GDP growth and inflation running near 2.6%	Monitor for policy-rate decisions and inflation commentary
Ministry of Unification	Manages inter-Korean policy under Lee's renewed engagement approach, operating amid continued North Korean missile tests	Monitor for shifts in inter-Korean policy and diplomatic developments
Ministry of National Defense	Oversees military posture amid North Korean tension and a proposed merger of the three military academies	Monitor for defense-policy developments relevant to security-sensitive investment
Invest Korea (KOTRA)	Korea's principal investment-promotion agency, coordinating inbound FDI support and sector introductions	First point of contact for most inbound investment

CURRENT INTERNATIONAL BUSINESS CHANNELS

Most inbound capital flows through Invest Korea's investor-facilitation services, MOTIE's semiconductor and AI incentive programs, direct engagement with Samsung's and SK hynix's supplier ecosystems for chip-sector investment, and Ministry of Economy and Finance monitoring for macro-sensitive sectors.

INVESTOR PROFILE BEST SUITED

Best suited to advanced-semiconductor and AI-infrastructure investors able to engage with the Samsung and SK hynix supply chains, heavy-industry and shipbuilding investors in Busan and Ulsan, and fintech or corporate-headquarters investors drawn to Seoul's capital-markets depth. Less suited to investors requiring full insulation from North Korea-related headline risk or from Korea's housing-market volatility.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Confirm sector fit

Decide between advanced semiconductors/AI infrastructure, heavy industry and shipbuilding, fintech, or export-manufacturing investment.

STEP 2: Engage the relevant sector institution

Open discussions with Invest Korea, MOTIE's semiconductor and AI programs, or direct supplier-ecosystem introductions depending on sector focus.

STEP 3: Assess structural and concentration risk

Model investment economics against the Finance Ministry's own flagged imbalances and the chip boom's cyclical nature rather than headline growth alone.

STEP 4: Track the North Korea relationship

Monitor Ministry of Unification and Ministry of National Defense signals for shifts in inter-Korean tension.

STEP 5: Structure entry through established incentive programs

Use Invest Korea facilitation and MOTIE sector incentives, particularly for semiconductor and AI-infrastructure investment, to structure entry.

WAVERLEY'S ROLE

- Track the chip boom's sustainability and the structural imbalances flagged by Korea's own Finance Ministry

- Monitor the North Korea relationship and Seoul housing-market trajectory for shifts relevant to investment timing
- Coordinate introductions to Invest Korea, MOTIE's semiconductor/AI programs, and the Samsung/SK hynix supplier ecosystem
- Screen semiconductor, AI-infrastructure and heavy-industry opportunities against current political and macroeconomic conditions

INVESTOR CALL TO ACTION

Waverley Gateway positions investors to capture South Korea's genuinely strong fundamentals record AI-chip-driven growth, record FDI pledges, and a constitutional crisis resolved through democratic process while explicitly tracking its chip-boom concentration, housing-affordability crisis and North Korea relationship engage now through Invest Korea and MOTIE's established channels.

Sector screening -> Structural and concentration-risk due diligence -> Institutional introductions -> Structured entry

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

Near-term opportunities concentrate in advanced-semiconductor and AI-chip investment via Samsung's Pyeongtaek campus and SK hynix's Yongin/Icheon cluster, AI data-center and physical-AI investment in the government's Jeolla and Chungcheong flagship projects, and heavy-industry and shipbuilding investment in Busan and Ulsan.

POSITIONING

South Korea brings a genuine AI-chip-era growth story record FDI pledges, a raised 2026 growth forecast of 3%, and two of the world's leading semiconductor manufacturers expanding flagship capacity alongside a constitutional crisis now resolved through democratic institutions rather than left unsettled.

That strength sits alongside real structural strain: a widening gap between the export-driven chip boom and domestic demand, a persistent Seoul housing-affordability crisis, and an unresolved North Korea relationship that continues to generate periodic missile tests even as President Lee pursues renewed engagement. Waverley frames South Korea as a high-conviction growth entry point best approached through established institutional channels while actively monitoring concentration, affordability and security-relationship risk.

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