



KOREA AHK World Business Outlook Survey Results

Fall 2022



Summary

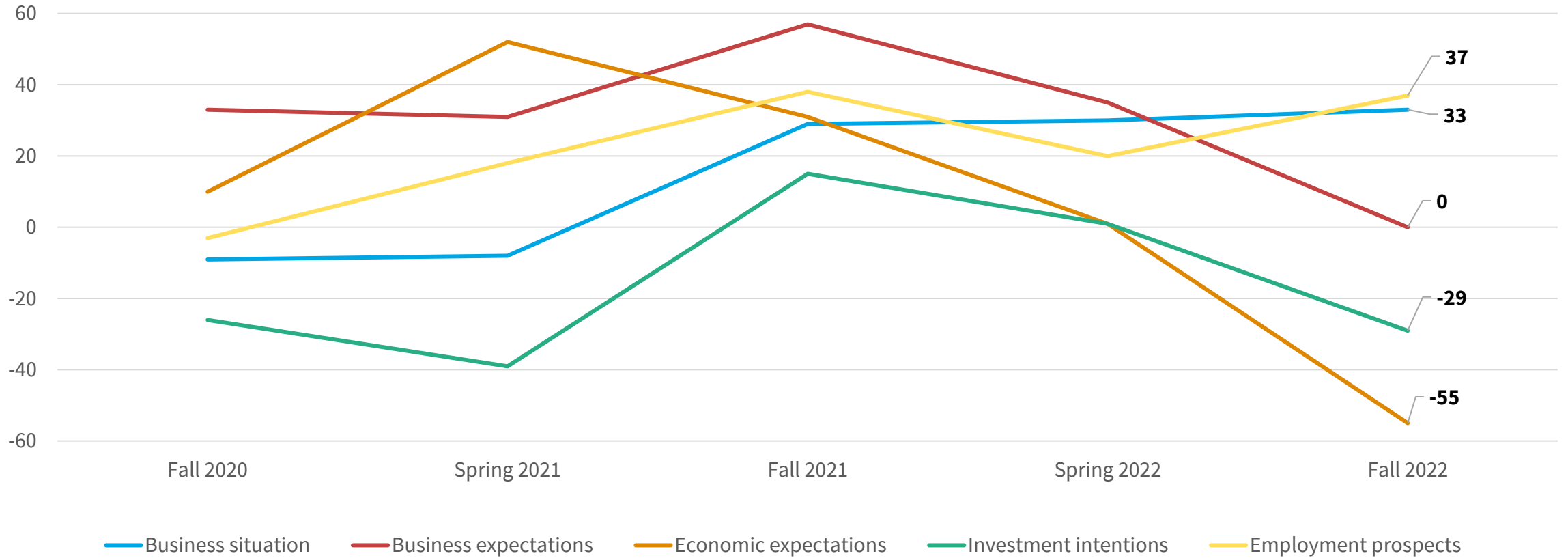
- The feedback of the German companies regarding **their own current business situation is more positive** than 6 months ago. 44% consider their current situation as good (+1%), the same number of companies sees its current status as satisfactory. The saldo (difference between good and bad) even increased to 33 points (+3 points).
- However, the **12-months forecast for the Korean business continued to deteriorate**. While a year ago 60% and 6 months ago still 49% of the participating companies expected growth in business, the number goes down to 30%. While the percentage is even lower than at the height of the global pandemic, the prospect remains quite robust considering the global situation.
- The expectations regarding the **Korean economic development within the next 12 months are bleak**. Almost 6 out of 10 companies forecast a worsening of the economic situation. The saldo drops by 56 points to -55 points.
- The wide gap between what German companies in Korea expect for their own market development and for the general economy shows that **they are relatively confident regarding their own market positioning**.
- The **interest in new investment has dropped significantly**. 44% of the participants anticipate no or lower investment.

Summary

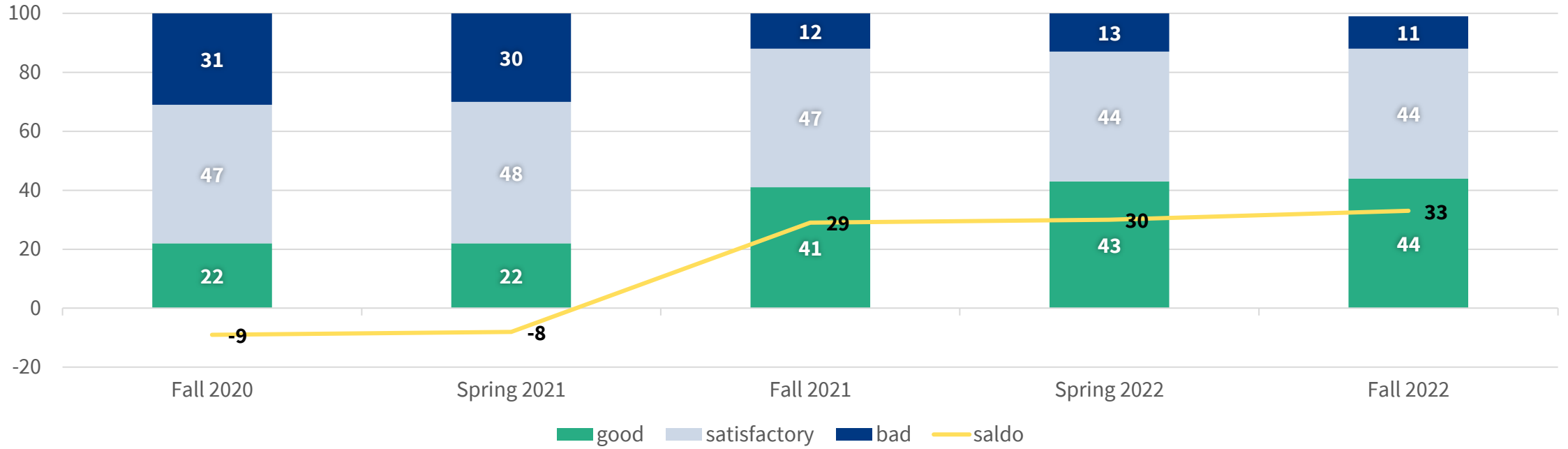
- Despite the headwinds, **more than four out of ten companies intend to grow their workforce** in the coming 12 months, 6% more than in spring 2022. Respectively, a decrease in the number of employees is planned only by 4% of the companies.
- **Supply chain disruptions (56%) and raw material prices (52%) are considered the biggest risks.** It is noteworthy that concerns about the latter lost importance by 11% though, and that energy prices are considered a big risk by “only” one third of the participating companies. Business’ worries about demand with 48% (up by 22%) and labor cost with 44% (up by 23%) follow third and fourth.
- The **orientation towards the APA region** (without China) continues. When looking for **new suppliers**, six out of ten companies do so in the APAC region and more than four of ten companies look there when considering **new locations**.
- **Diversification and risk mitigation is high on the agenda.** It is the reason for more than 80% of the companies when looking for **new suppliers** and 78% of the participants refer to this argument when looking for **new locations**.

Summary: Business Expectations - German companies in Korea

Saldo in points

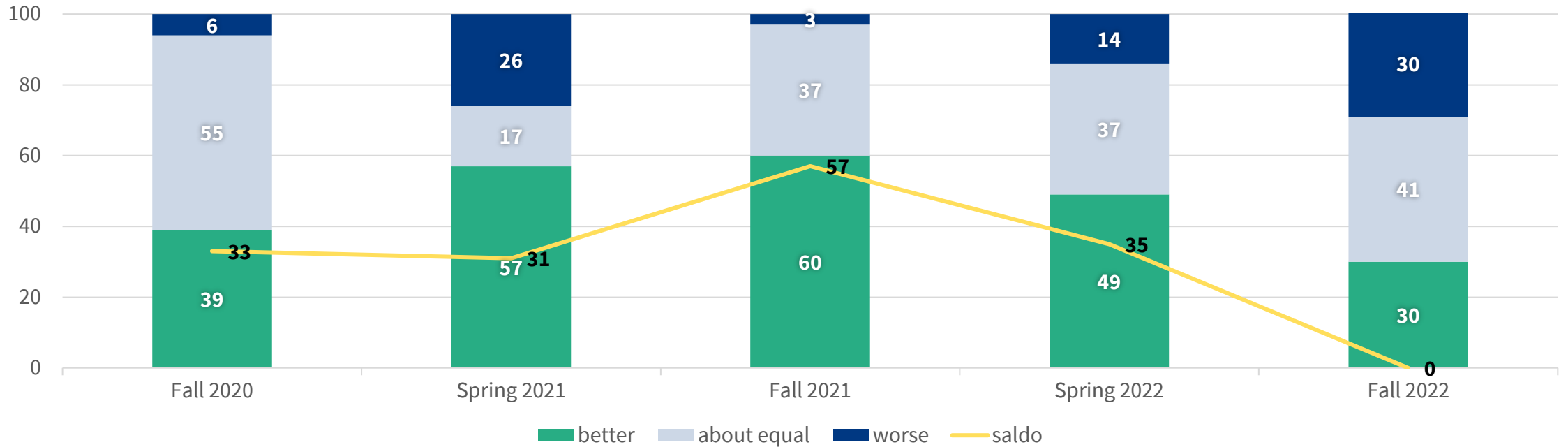


1. How do you assess the current situation of your company?



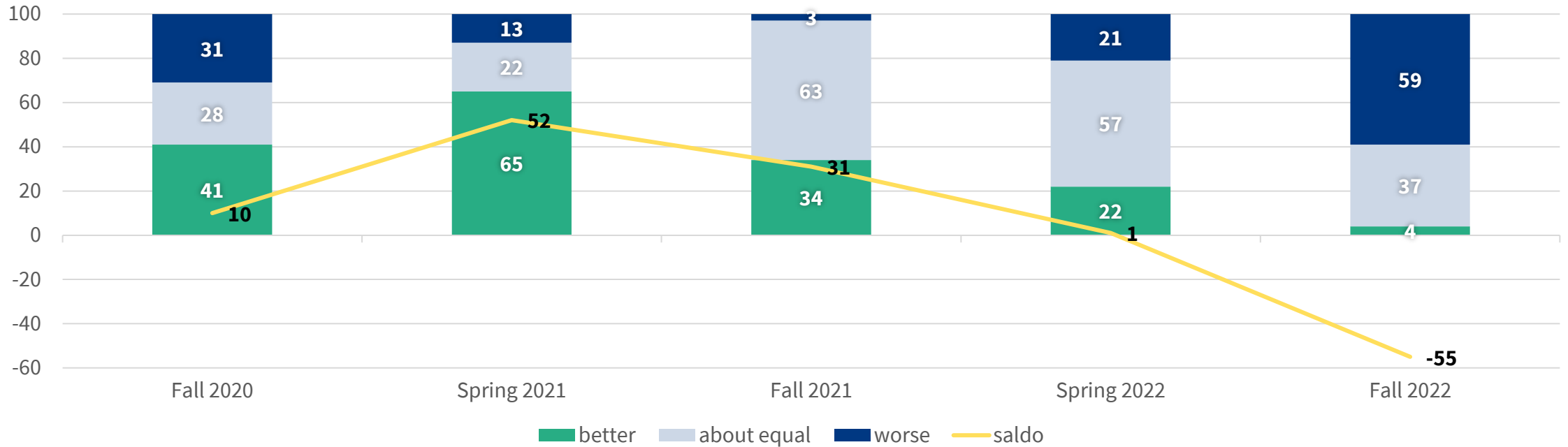
The number of companies assessing the own current business situation as good increased by 1% to 44%, while only 11% (-2 compared to 6 months ago) consider their business situation as bad. With this, the saldo even increased to 33 points.

2. Which business development does your company expect for the next twelve months?



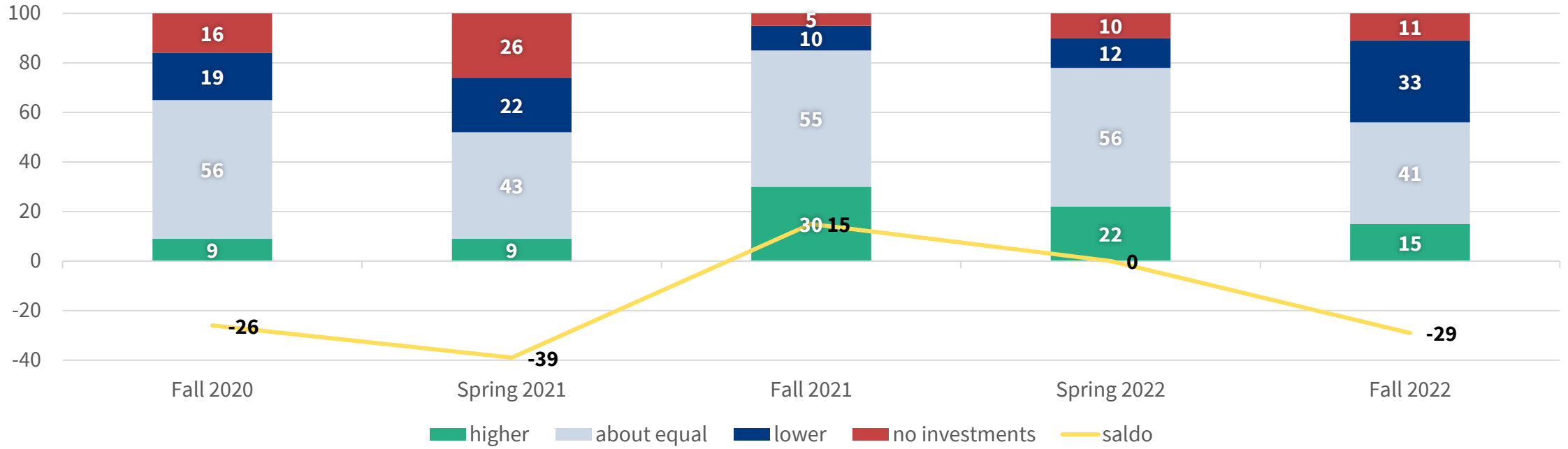
The 12-months expectations for Korean business continued to deteriorate. While a year ago 60% and 6 months ago still 49% of the participating companies forecasted growth in business, this number is down to 30%. While the percentage is even lower than at the height of the global pandemic, the prospect remains quite robust considering the global situation.

3. How do you judge the local economic development in the next twelve months?



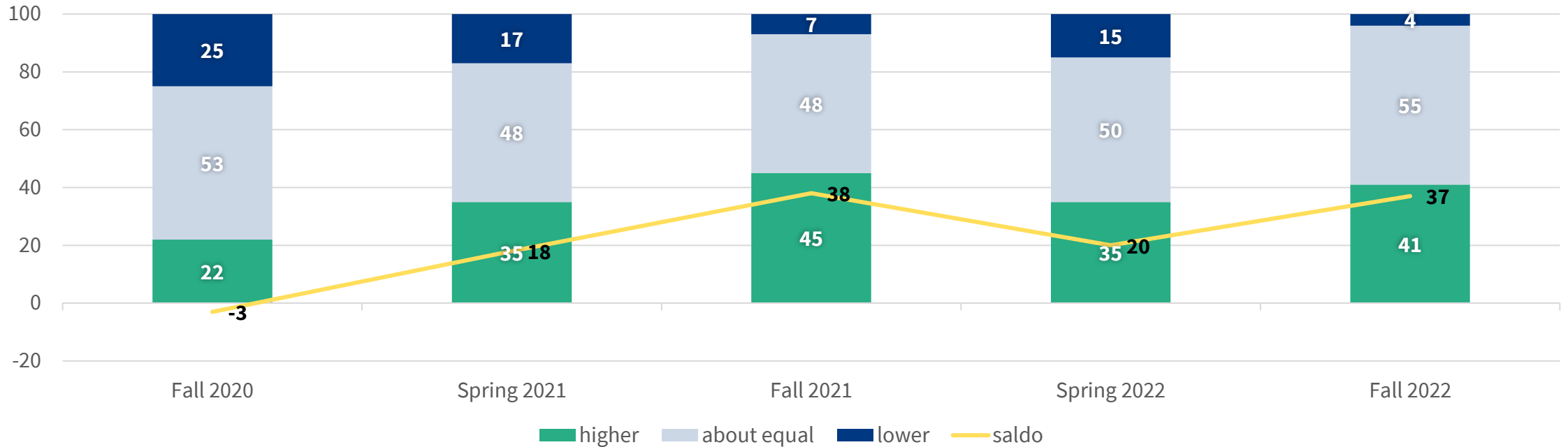
The expectations regarding the Korean economic development within the next 12 months are bleak. The saldo drops by 56 points to -55 points as the number of companies expecting a bettering decreased from 22% to 4%. Almost 6 out of 10 companies forecast a worsening of the economic situation.

4. How do you think local investments of your company are likely to develop in the next twelve months?



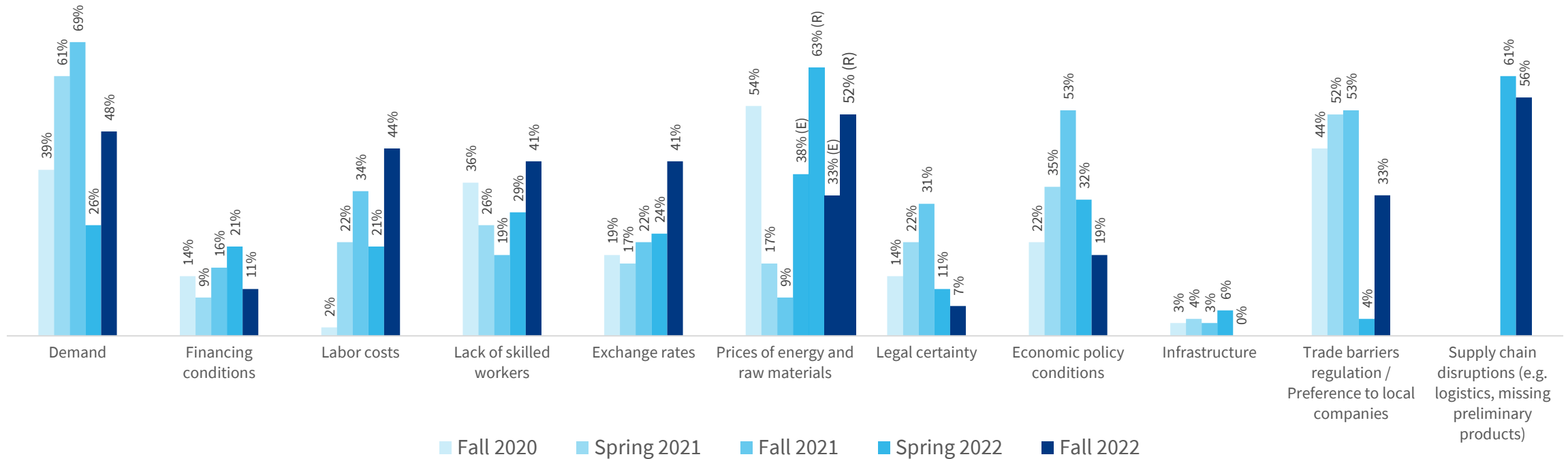
Only 15% of the companies plan with higher investment. 44% of the participants forecast no or lower investment. The number is higher than during the pandemic. The saldo drops to -29 points.

5. How do you think local employment of your company is likely to develop in the next twelve months?



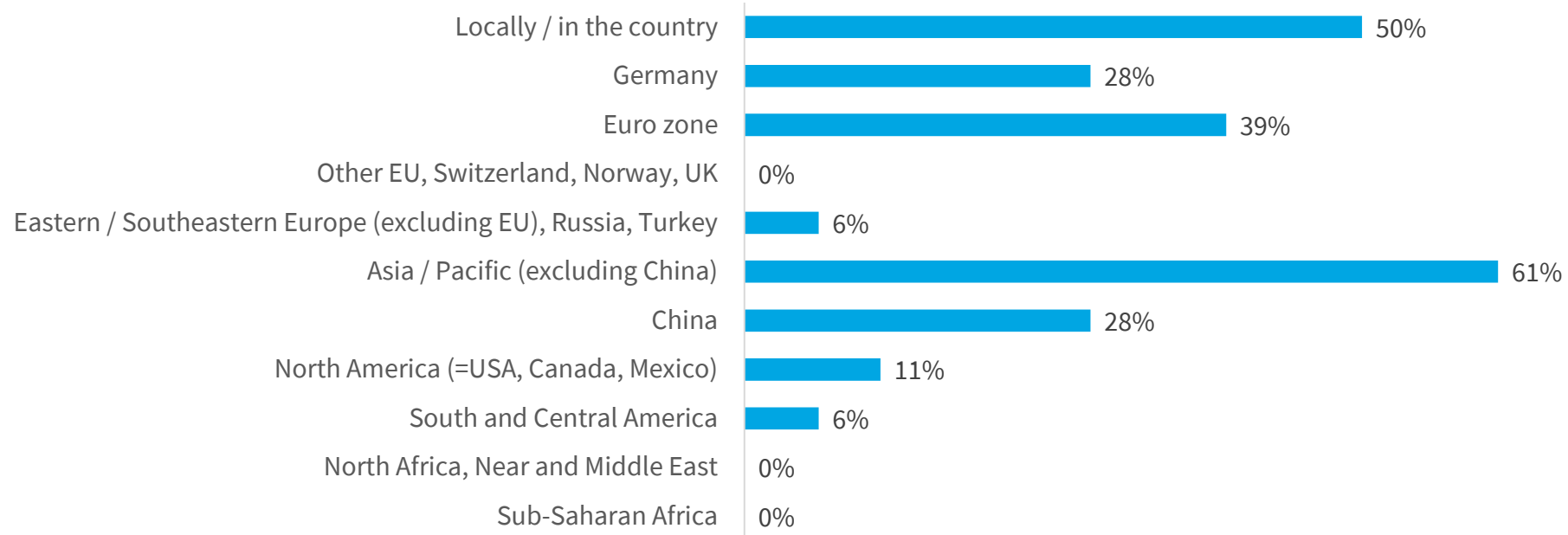
Despite the rather bleak general economic outlook, more than four out of ten companies intend to grow its workforce within the coming 12 months, increasing by 6%. A decrease in the number of employees is planned only by 4% of the companies (down from 15%). Correspondingly, the saldo is up by 11 points to 37 points compared to 6 months ago.

6. What are the biggest risks for your company's economic development in the next twelve months? (Multiple answers possible)



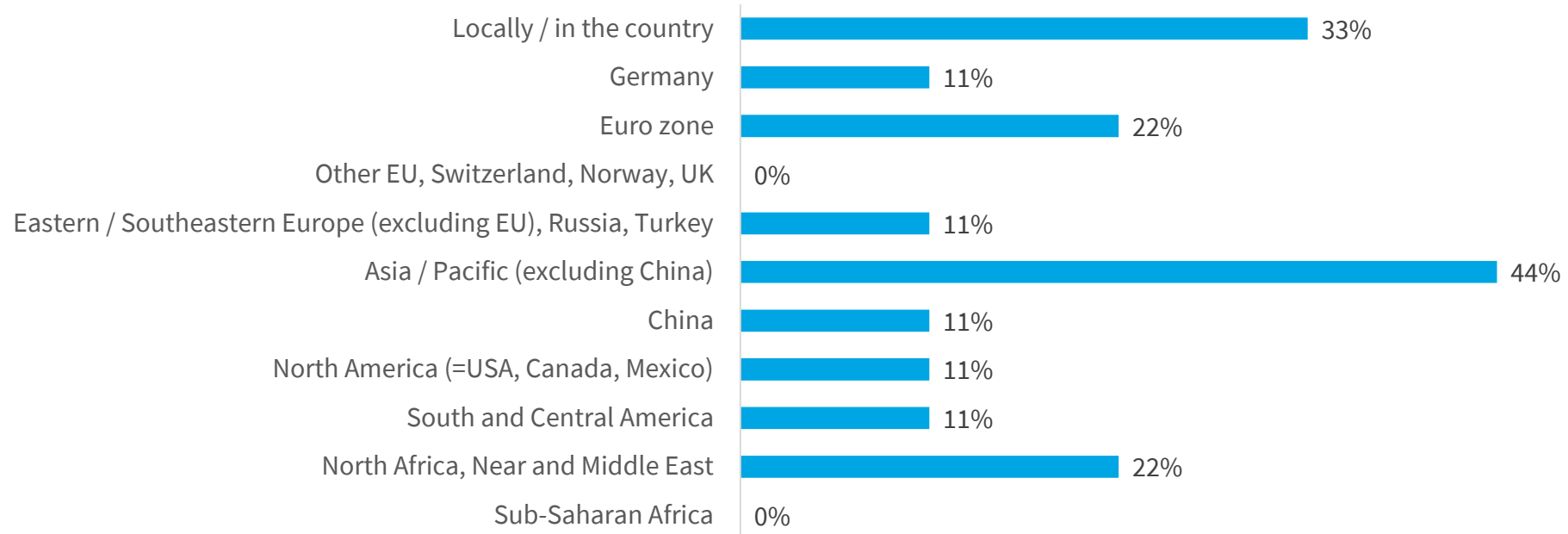
Supply chain disruptions (56%) and raw material prices (52%) are considered the biggest risks. It is noteworthy that concerns about the latter lost importance by 11% though and that energy prices are considered a big risk by “only” one third of the participating companies. Business’ worries about demand with 48% (up by 22%) and labor cost with 44% (up by 23%) follow third and fourth.

7.1 In which regions did you or are you looking increasingly for new suppliers?



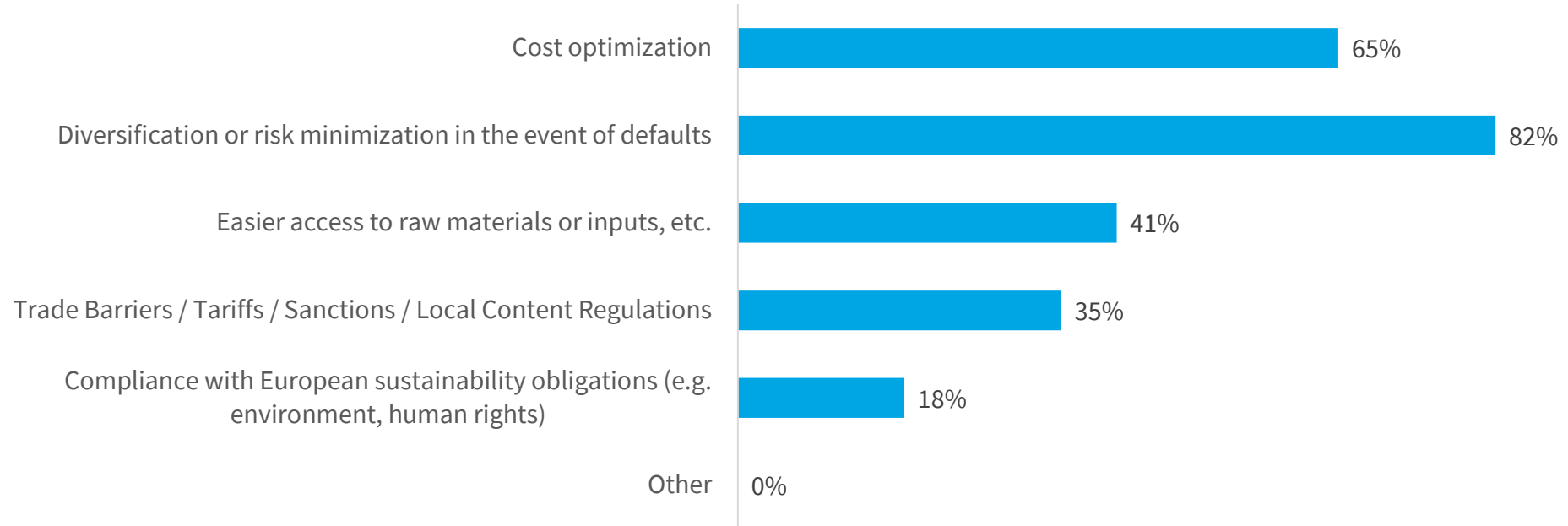
The orientation towards Asia / Pacific (without China) continues. When looking for new suppliers, six out of ten companies do so in the APA region (without China), 50% in Korea and 29% in the Euro zone.

7.2 In which regions did you or are you looking increasingly for new locations?



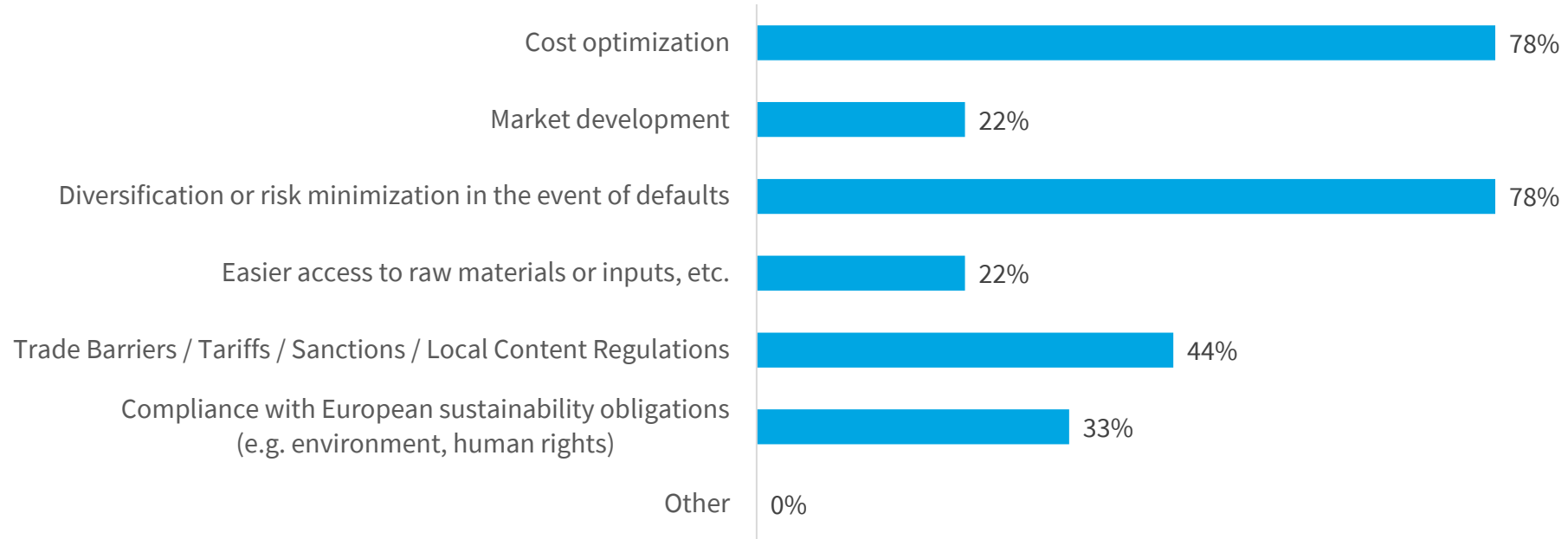
Also, when it comes to new locations, the APA-region (without China) has gained importance as 44% look for new locations there. 33% of the companies planning to search for new locations in Korea.

7.3 What are the reasons for looking for new suppliers?



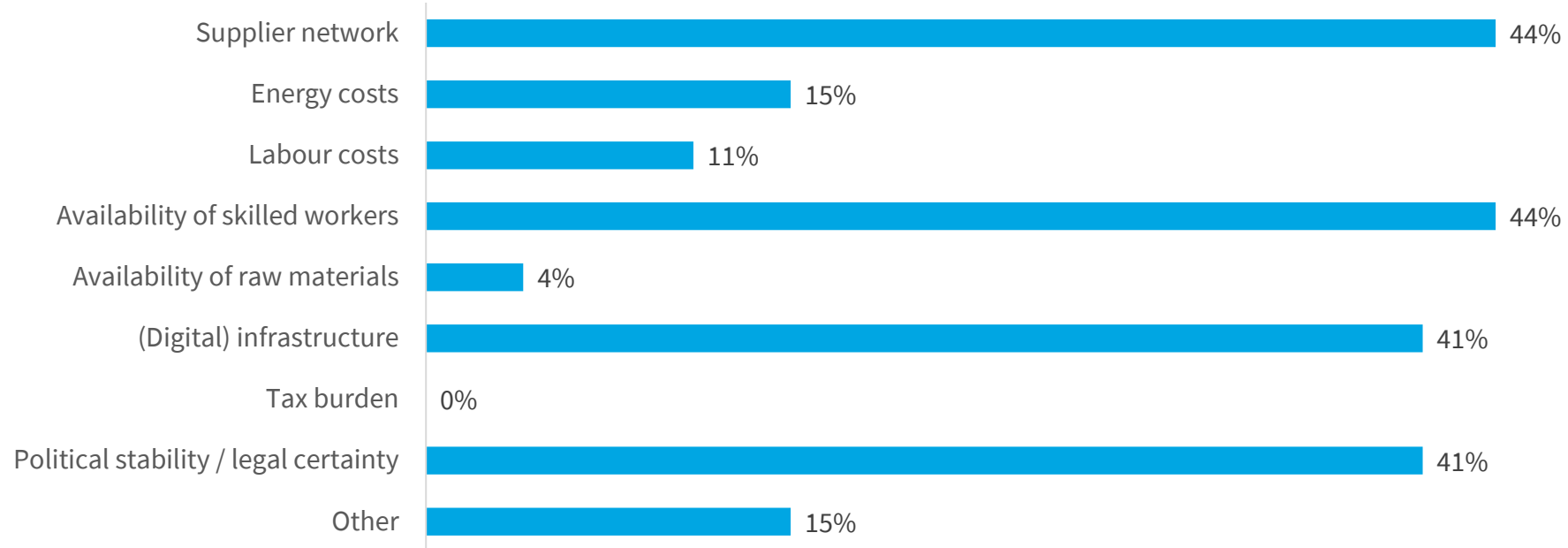
While cost optimization stays an important factor for the search of new suppliers (62%), more than 80% of the companies actually state that the diversification is a reason to look for new suppliers.

7.4 What are the reasons for looking for new locations?



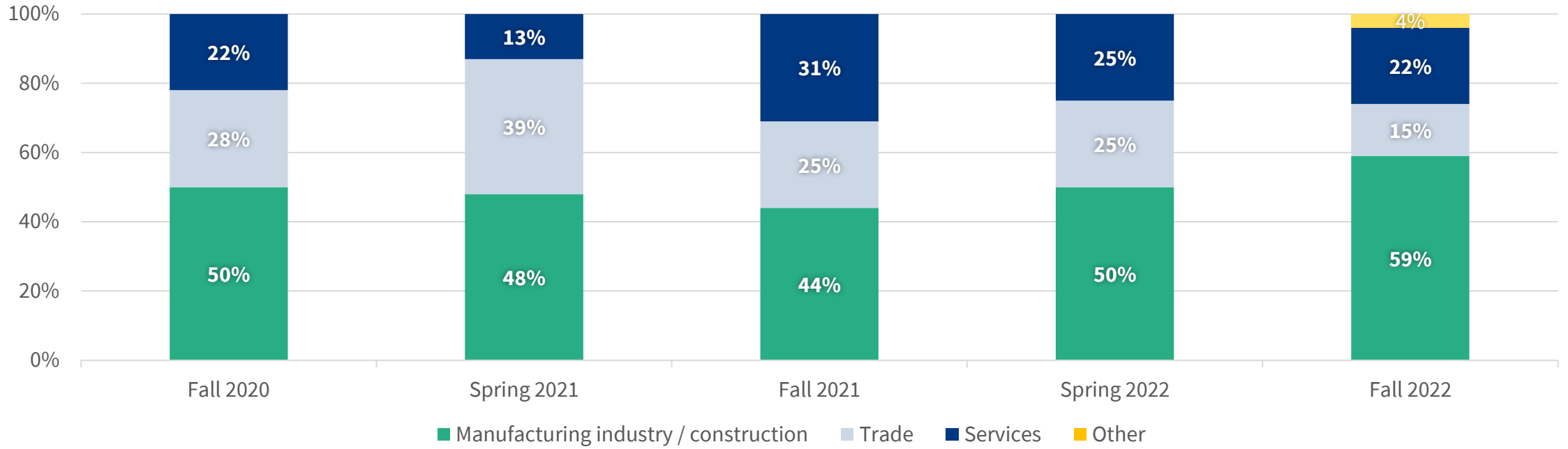
Cost optimization and the diversification are the drivers for companies if they look for new locations (both 78%).

7.5 Where do you currently see advantages at your current locations?

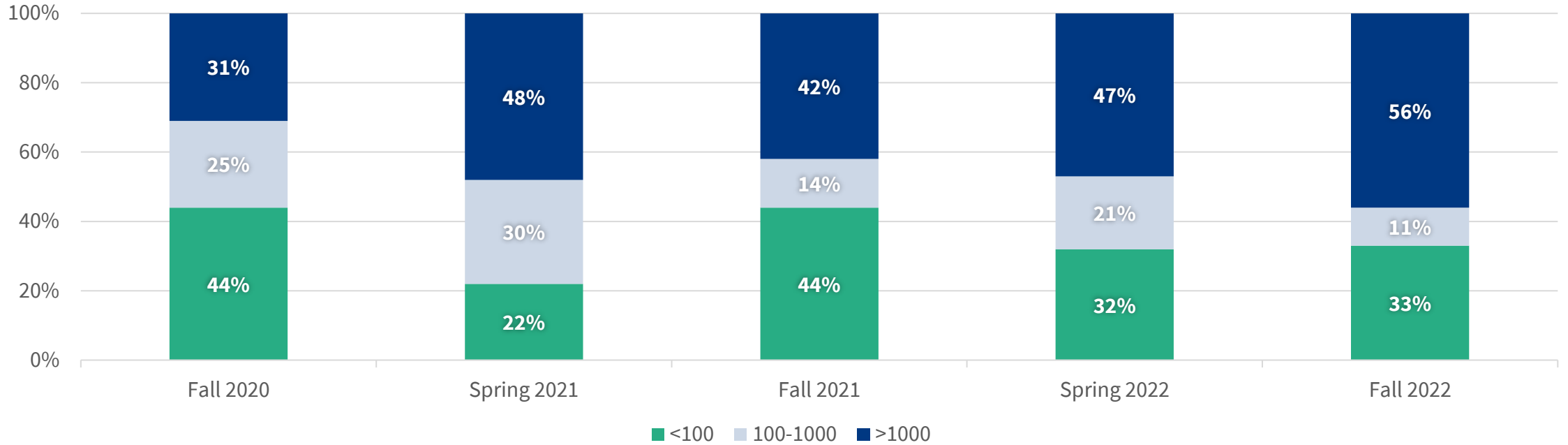


When asked for the strengths of the current locations in Korea, German companies name the supplier network and the availability of skilled workers (both 44%), closely followed by digital infrastructure as well as political and legal certainty.

8.1 Participating companies per sector



8.2 Participating companies per number of employees worldwide



The AHK World Business Outlook is based on a regular DIHK survey of member companies of the German Chambers of Commerce Abroad, Delegations and Representative Offices (AHKs).

This survey collected feedback from more than 3,100 German companies, branches and subsidiaries worldwide as well as companies with close ties to Germany.

The survey was conducted from 4th to 23rd October 2022.

Around 30 companies participated in the survey regarding their Korean business.

The global results are also available on the KGCCI website (<https://korea.ahk.de/en/news>)

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