

South Korea's President Moon Set to Help Biden 'Build Back Better'

Samsung, SK Group, LG Energy and Hyundai all set to entrench positions in US supply chain with tipped \$33.8 billion of investments

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*South Korean **President Moon Jae-in**, in the midst of a five-day US visit, is being accompanied by a delegation of corporate chieftains pledging up to \$33.8 billion in United States investments.*

Joining Moon [on his five-day US tour](#) are Samsung Electronics vice chairman Kim Ki-nam, SK Group chairman Chey Tae-won and LG Energy Solution CEO Kim Jong-hyun – global titans in electric vehicle (EV) battery and semiconductor production. Hyundai Motor Group president Kong Young-woon is also on the trip.

For the US, which is working to "Build Back Better" after the ravages of Covid-19, these are big names and numbers and are likely to inject real goodwill into Moon's meetings with US leaders.

After meeting US House Speaker Nancy Pelosi and other Congressional leaders on Thursday, Moon will wag chins with Vice President Kamala Harris on Friday morning, then summit with President Joe Biden in the afternoon.

As the world waits to see how Washington's policy toward Beijing plays out, it is abundantly clear that firming up South Korea's position in the US supply chain is a presidential priority for Moon and the blue-chip delegation accompanying him.

The Korean corporate bosses are reportedly set to greenlight US investments worth tens of billions of dollars – albeit, some of these projects have already been announced and uncertainty still hovers over a massive investment anticipated from Samsung.

Multiple media, citing documentation filed in the state of Texas earlier this year, say Samsung plans to construct an additional chip production facility next to its existing plant in Austin, and possibly another one elsewhere in the United States, [worth some \\$17 billion](#).

That would synch very neatly with the policy of the new US administration.

With Biden seeking to rejuvenate America's flagging position in semiconductor manufacturing with some \$50 billion worth of incentives, [Samsung was one of 19 global firms](#) that joined a meeting with the US President in April.

Heavy hitters, big bucks

The Korean company is the number one fabricator of memory chips globally, and the number two producer in foundry – advanced, non-memory chips made to external clients' designs.

However, the shutdown of Samsung's Austin plan due to freak weather in February that killed much of Texas' power generation – losing Samsung an estimated hundreds of millions of dollars in output – has raised uncertainties. Questions also hang over whether there is enough labor in the area to fill the company's demand.

Market watchers will be hoping for some clarity in the days ahead.

LG Energy Solution and SK Innovation are both key players in lithium-ion batteries, a core component in EVs. For two years, the Korean rivals engaged in a US court dispute over intellectual property, which ended with a compromise last month.

That frees SK Innovation to finalize its \$2.6 billion Atlanta, Georgia factory. Moon, along with SK's Chay, will visit the site on Thursday, the last day of the presidential visit, a Blue House official confirmed to Asia Times.

The factory is expected to supply EV batteries to Ford and VW starting in 2022.

LG Energy, a subsidiary of LG Chem, [announced in March that it would invest \\$4.5 billion through 2025](#) to increase its US output. The company runs a lithium-ion battery factory in Michigan and is constructing another plant in Ohio through its JV with General Motors, which is expected to be completed in 2022.

Moreover, the GM-LG joint venture, Ultium Cells, [announced earlier this month a \\$2.3 billion investment plan for a second plant in Tennessee](#).

And it is not just supply chain.

Last week, Hyundai Motor Group's North American arm [announced](#) that it would invest \$7.4 billion in the US through 2025 to produce "future EVs, enhance production facilities and further its investments in smart mobility solutions."

The products will be made by Hyundai Motor and affiliate Kia. "Hyundai Motor Group looks forward to working with the US government and other business partners to expand the US hydrogen energy ecosystem," it said.

More details are expected during Kong's stay in the US. Hyundai already operates a production plant in Georgia, and Kia in Alabama. The group also said it would set up a liaison office in Washington DC.

Spreading the investment, spreading the risk

Global supply chains were massively complicated by the trade and tech wars launched by the Donald Trump administration against China, and the Biden administration has kept up the pressure.

South Korea – like democratic neighbors and fellow manufacturing/export powerhouses Japan and Taiwan – faces a conundrum in this situation as its leading trade partner is China. However, Seoul – like Taipei and Tokyo – is politically aligned with Washington

Last year, information website [Worlds Top Exports](#), found that Korean exports to China were worth \$132.6 billion – or 25.8% of South Korea's total overseas shipments. Exports to the US were just over half that, at \$74.4 billion, or 14.5% of the total.

However, China is not a major investor in South Korea. In 2020, its direct investment totaled just \$1.99 billion, compared with \$5.3 billion from the US, according to website [Business Korea](#), which cited Ministry of Trade, Industry and Energy statistics.

When it comes to Korean overseas investments, in 2019 – the biggest year ever for outbound investment with \$61.8 billion deployed overseas, [according to the Ministry of Economy and Finance](#) – the US took the largest share of \$14.77 billion, 23.9% of the total. Korean FDI in China, by contrast, was \$5.8 billion, or 9.4%.

These robust investment flows reflect solid Korea-US economic interchange.

However, the massive multiple investments planned by Korean firms in the US this year – if confirmed, they would dwarf those of the whole of 2019 – are also very likely a hedge against political risk.

“I always think economic diversity is very, very important and supply chains are more important than ever,” James Kim, CEO of the American Chamber of Commerce in Korea, told Asia Times. “Korea and the US can be partners to establish a more robust supply chain.”

“I would like Moon to know that the US is the most important partner to South Korea....even though China has a bigger share of the export pie,” Kim added.

But Kim, who represents US businesses in Korea, also hoped that Biden would make some demands of Moon.

He cited issues in the Korean regulatory environment that are problematic for US firms – notably taxation, labor market flexibility and some standards that are unique to Korea, including in future-centric areas such as cloud computing,

He also urged the two countries to reach an agreement on vaccination recognition. Currently, visitors to Korea from overseas – even if they have been fully vaccinated – are subject to 10 days mandatory quarantine.

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