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Korea's exports rose by 13.4% to \$45 billion in May

The Ministry of Trade, Industry and Energy announced on June 1 that Korea's exports jumped 13.4 percent to \$45 billion from a year ago, marking the fifth consecutive month of a double-digit growth.

Korea's exports grew for the seventh consecutive month for the first time in 65 months since December 2011 and at a double-digit rate for the fifth straight month in 68 months since September 2011. This year, there was a half day

The average daily exports surged 16 percent to \$2.1 billion, marking the sixth straight month of increase for the first time in 30 months since November 2014. The average daily exports excluding ships expanded 15.3 percent to \$2 billion, breaking the \$2-billion mark for the first time since October 2014. They also grew for the seventh consecutive month for the first time in 32 months since September 2014.

< Export and Import Results for May >

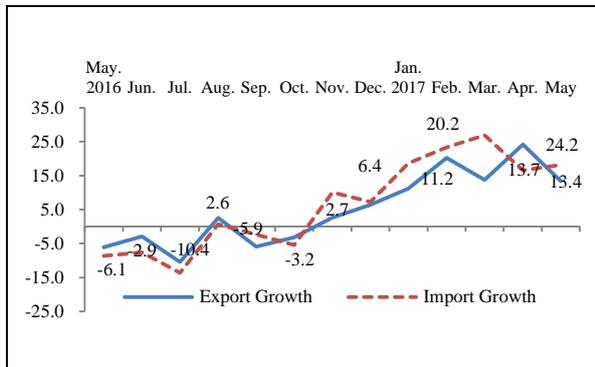
Preliminary Estimates Based on Customs-Cleared Data

(USD 100 Million, %)

	2016		2017		
	May	Jan-May	April	May	Jan-May
Exports (Year-on-Year)	397 (-6.1)	1,960 (-11.7)	510 (24.2)	450 (13.4)	2,281 (16.4)
Imports (Year-on-Year)	330 (-8.4)	1,592 (-14.2)	378 (16.6)	390 (18.2)	1,933 (21.4)
Trade Balance	67	368	133	60	349

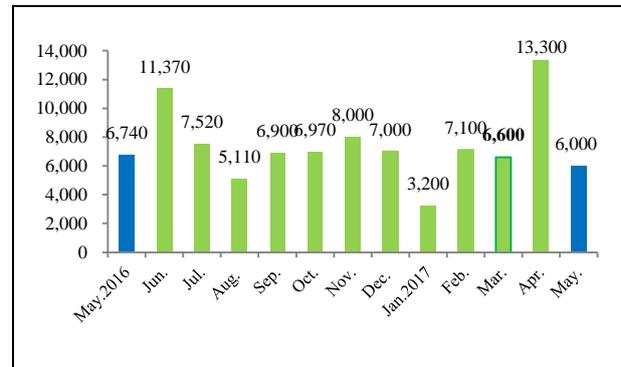
< Changes in Exports and Imports >

(Year-on-year change, %)



< Monthly Trade Balance >

(USD 1 Million)



Won-denominated exports jumped 8.9 percent to 50.7 trillion won, while the won-dollar exchange rate contracted 3.9 percent to 1,125.3 won per dollar from 1,171.5. They rose for seven consecutive months for the first time in six years since May 2011.

Both export volume and prices went up. Export volume returned to growth, rising by 6.4 percent on larger shipments of petroleum products, ships, and flat-panel displays. Export prices jumped 6.6 percent as the prices semiconductors, automobiles, petroleum products, petrochemicals, and steel increased.

Imports grew 18.2 percent year-on-year to \$39 billion. They advanced for the seventh straight month for the first time in 32 months since September 2014 and at a double-digit rate for the fifth consecutive month for the first time 65 months since December 2011. Korea stayed a net exporter for 64 consecutive months as trade surplus came to \$6 billion, according to the Ministry's analysis of preliminary customs data and statistics from the Korea International Trade Association (KITA).

The Ministry evaluates that Korea's exports has continued to recover. For the past four months, exports have increased more than they decreased during the same period last year. The growth rate of exports contracted from 24.1 percent in April to 13.4 percent in May, but this was affected by half a working day less in May this year compared to a year ago and the decrease in exports of ships from \$7.1 billion in April to \$2.4 billion in May.

< Monthly Changes in Export Volume >

(Year-on-year change, %)



Exports would keep growing in June along with the recovery of the global trade and the outcome of the government's policy to help expand exports, the Ministry forecasts. In order to cope with existing downward risks including the rising protectionism across the world, exchange rate volatility and falling oil prices, the government will closely monitor relevant developments and endeavors to diversify export goods and target markets. Furthermore, the government will make efforts to create export-related jobs by help boosting exports by mid-sized companies, oversea sales of consumer goods, and service exports.

The Ministry also plans to develop statistics that analyze exports from a qualitative perspective including high added values of exports and job creation and release them from as early as the fourth quarter this year.

The continued expansion of Korea's outbound shipments was driven by strong performances of main exports. Out of Korea's 13 main exports, semiconductors, steel, petroleum products, ships, petrochemicals, flat-panel displays, computers and peripheral devices, general machinery, and automobiles posted growths in outbound shipments. Six of them recorded double-digit growths.

Semiconductor exports grew at the fastest pace of 63.3 percent to a record \$8 billion as the advancement of smartphones led to the use of higher-capacity memory chips and prices remained stable. The price of a 4-gigabyte DDR4 SDRAM (double data rate fourth-generation synchronous dynamic random access memory) chips soared 111.8 percent to \$3.22 in May this year from \$1.52 in the same month of 2016.

Outbound shipments of steel jumped 36.5 percent to \$3 billion on larger export volume and higher prices, marking the second consecutive month of a double-digit growth. They included the sales of a high-value offshore steel structure worth around \$370 million to Malaysia.

Overseas sales of petroleum products advanced 29.8 percent to \$2.8 billion on higher prices and demand in Asia, marking the seventh consecutive month of growth. Export prices of this product category jumped 20.8 percent to \$61.5 per barrel while the volume expanded 9.2 percent to 46.6 million barrels.

Exports of ships surged 27.5 percent to \$2.4 billion with Korea selling a total of 18 units including a high-value floating production unit.

Outbound shipments of petrochemicals rose by 13.5 percent to \$3.4 billion as production capacity expanded with the operation of newly added facilities. In addition, export prices surged 17.1 percent to \$1,237 per ton, and the volume climbed up 2 percent to 2.9 million tons. Petrochemical exports grew for the eight consecutive months and at a double-digit rate for the fifth straight month.

Flat-panel display exports jumped 13 percent to \$2.3 billion, marking the seventh consecutive month of increase and the sixth straight month of a double-digit growth. This was driven by more demand for organic light-emitting diode (OLED) displays and rising prices of liquid crystal display (LCD) panels. Exports of OLED displays leaped 21.9 percent to \$718 million, the second highest on record, marking the 24th month of growth. The price of a LCD panel for a 19.5-inch monitor, for example rose by 16 percent to \$44, and that for a 55-inch television by 16 percent to \$204.

Outbound shipments of computers and peripheral devices advanced 8.9 percent to \$707 million, marking the second consecutive month of increase. This was led by a 74.7-percent growth in exports of solid-state drives (SSDs) that reached a record \$436 million. Exports of SSDs expanded for 12 straight months.

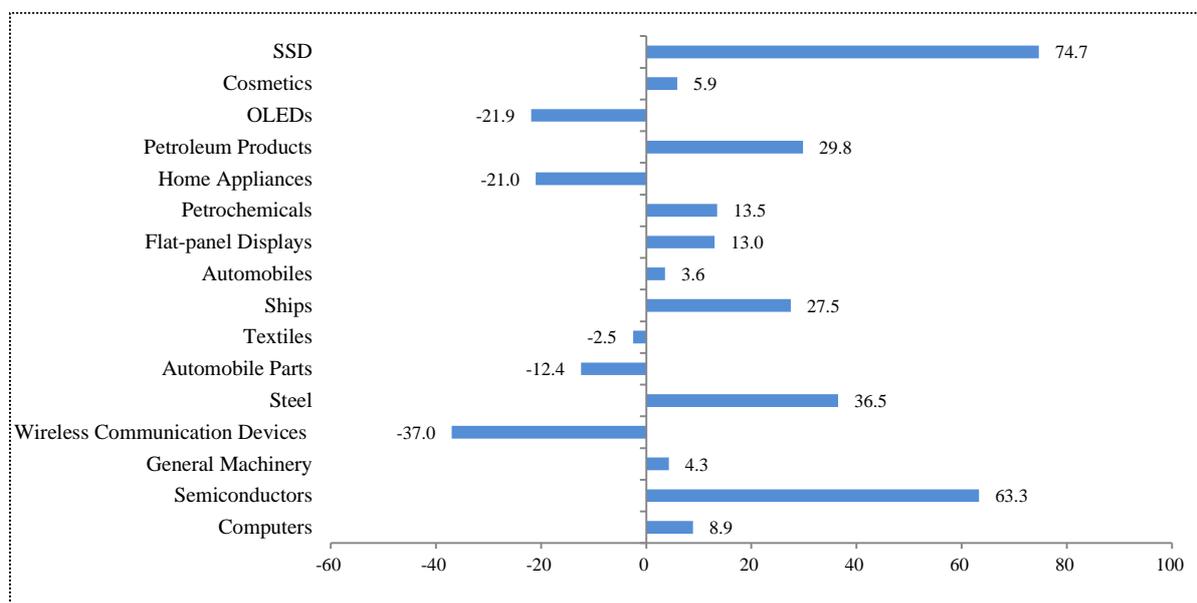
Exports of general machinery climbed up 4.3 percent to \$3.9 billion, marking the seventh straight month of expansion. Shipments of construction machinery to China between May 1 and 20 more than quadrupled from the same period of 2016 as the country's construction industry recovers. Exports of general machinery to Vietnam between May 1 and 20 leaped

66.5 percent to around \$310 million because Korean companies expanded their plant facilities in the country.

Outbound shipments of automobiles went up 3.6 percent to \$3.5 billion, marking the fourth straight month of growth. Strong sales of eco-friendly vehicles including electric vehicles and hybrid cars helped boosted export prices. Between May 1 and 20, Korea shipped out electric vehicles worth \$35 million -- up 159 percent from the same period of 2016.

< Changes in Exports by Product >

(Year-on-year change, %)



* Compiled from monthly export estimates reviewed by the division in charge of each item at the Ministry of Trade, Industry and Energy (MOTIE).

Meanwhile, exports of textile, automobile components, home appliances, and wireless communication devices contracted. ‘

Textile exports inched down 2.5 percent to \$1.2 billion as China’s demand for textile materials contracted, the retail clothing market in the U.S became sluggish, and export prices declined.

Outbound shipments of automobile parts dropped 12.4 percent to \$1.8 billion due to the decreased production at Korean automotive manufacturers’ overseas plants. Exports to China between May 1 and 20, for example, fell 66 percent to around \$120 million, and that to the U.S. contracted 23.4 percent to about \$300 million.

Home appliance exports shrank by 21 percent to \$733 million, partly because increased production at and local procurement of components by Korean companies' overseas manufacturing bases led to a decrease in exports of televisions and television parts. Outbound shipments of televisions and television parts between May 1 and 20 fell 62.7 percent to \$72 million and 76.3 percent to \$32 million, respectively.

Outbound shipments of wireless communication devices declined 37 percent to \$1.6 billion. Exports of both complete products and parts shrank as more complete products are manufactured in Korean companies' overseas plants and those produced in Korea are consumed domestically. Korean companies also procured more components abroad for the production in their overseas factories.

Apart from the 13 major exports, the Ministry tracks exports of five product groups designated as promising consumer products including cosmetics, agricultural and fishery products, medicine and medical supplies, clothing and household goods. Among the five categories of consumer goods, exports of household goods, cosmetics, and agricultural and fishery products advanced.

Outbound shipments of household goods went up 6.9 percent to \$538 million, while those of cosmetics grew 5.9 percent to \$359 . The sales of skincare products that account for 80 percent of the total cosmetics exports increased 8.6 percent. Furthermore, shipments of cosmetics to the Association of Southeast Asian Nations region, the U.S. and the EU rose by 7.4 percent to \$25 million, 23.3 percent to \$22 million, and 51.1 percent to \$7 million, respectively, between May 1 and 20, from a year earlier,

Exports of agricultural and fishery products inched up 2.8 percent to \$670 million, marking the 13th consecutive month of growth. Outbound shipments of seaweed products and beer jumped 79.7 percent to \$16 million and 16.6 percent to \$5 million between May 1 and 20 from a year earlier. Exports to the ASEAN region and the U.S. advanced 1.1 percent to \$69 million and 0.9 percent to \$48 million, respectively, during the same period.

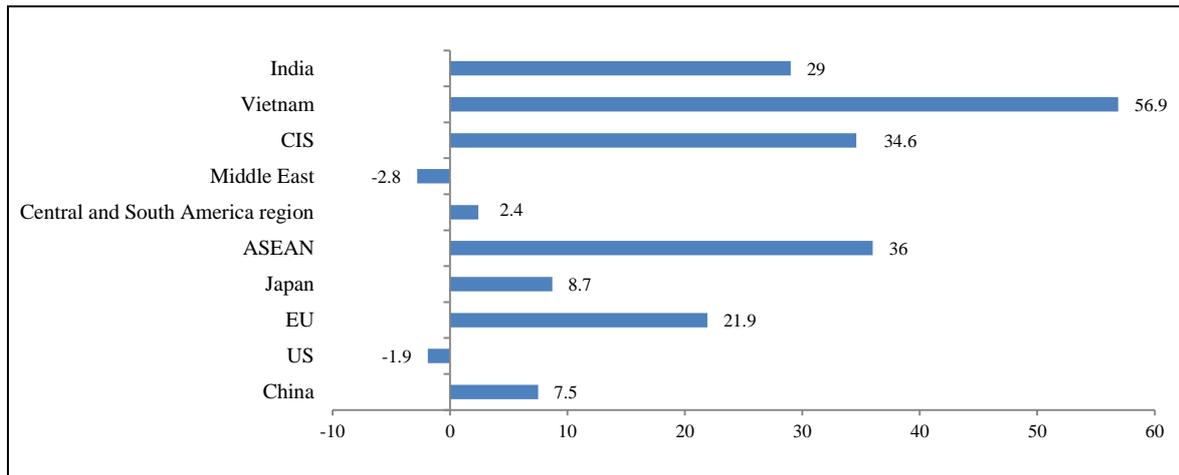
Outbound shipments of clothing contracted 2.9 percent to \$212 million, while those of medicine and medical supplies fell 11 percent to \$198 million. Exports of complete medical products and materials shrank 33.2 percent to \$26 million and 62.3 percent to \$14 million,

respectively, between May 1 and 20 from a year earlier. Shipments to Japan in this product category dropped 32.3 percent to \$12 million during the same period.

The total exports of goods do not include the sales of Korean-produced duty-free goods worth \$130 million in May.

< Changes in Exports by Region >

(Year-on-year change, %)



* Compiled from monthly export estimates based on the preliminary customs-cleared data for the period May 1 – May 20 from the Korea Customs Service.

By region, shipments to Vietnam, other Southeast Asian countries, the Commonwealth of Independent States (CIS), India, the EU, Japan, China, and the Central and South America region (in order of growth rate) expanded, while those to the U.S. and the Middle East inched down.

Exports to China rose by 7.5 percent to \$10.7 billion, marking the seventh straight month of increase for the first time in 37 months since April 2014. Shipments of semiconductors, petroleum products, and general machinery to China increased 56.6 percent to \$1.8 billion, 5.6 percent to around \$300 million, and 118 percent to about \$200 million, respectively, between May 1 and 20, from a year earlier.

Strong sales of semiconductors, steel, general machinery, and flat-panel displays helped boost shipments to the Association of Southeast Asian Nations region by 36 percent. They expanded for eight consecutive months, reaching \$8.1 billion in May. Exports of semiconductors, steel, and general machinery to the region surged 64.7 percent to around

\$910 million, 171 percent to \$620 million, and 34.1 percent to \$480 million, respectively, between May 1 and 20, from a year earlier.

Exports to Vietnam, an ASEAN member, leaped 56.9 percent to \$4.2 billion, marking the 16th straight month of expansion. Shipments of semiconductors, flat-panel displays, and general machinery to Vietnam leaped 137 percent to around \$460 million, 174 percent to \$380 million, and 66.5 percent to \$310 million, respectively, between May 1 and 20, from a year earlier.

Exports to the EU increased 21.9 percent to \$4.8 billion, marking the second straight month of expansion. This was led by strong sales of automobiles, petroleum products, and fine chemicals that soared 83.5 percent to about \$300 million, 55.5 percent to \$120 million, and 21.1 percent to \$100 million, respectively, between May 1 and 20, from a year earlier.

Shipments to Japan went up 8.7 percent to \$2.2 billion on higher sales of petroleum products, steel, and petrochemicals, marking the seventh consecutive month of growth for the first time in 62 months since March 2012. Shipments of petroleum products, steel, and petrochemicals to Japan soared 77.5 percent to around \$200 million, 22 percent to \$200 million, and 37.2 percent to \$90 million, respectively, between May 1 and 20, from a year earlier.

Exports to the Central and South America region climbed up 2.4 percent to \$2.1 billion, marking the fourth straight month of expansion for the first time in 30 months since November 2014. Larger shipments of steel, flat-panel displays, and semiconductors offset the decrease in the sales of ships, general machinery, and wireless communication devices. Exports of ships, flat-panel displays, and semiconductors machinery to the region soared 52.4 percent to around \$120 million, 98.1 percent to \$100 million, and 50.3 percent to \$70 million, respectively, between May 1 and 20, from a year earlier.

Shipments to India advanced 29 percent to \$1.2 billion, marking the seventh consecutive month of growth for the first time in 28 months since January 2015. This was driven by robust shipments of petrochemicals, wireless communication devices, and steel that expanded 11.7 percent to approximately \$90 million, 365 percent to \$80 million, and 25.8 percent to \$30 million, respectively, between May 1 and 20, from a year earlier.

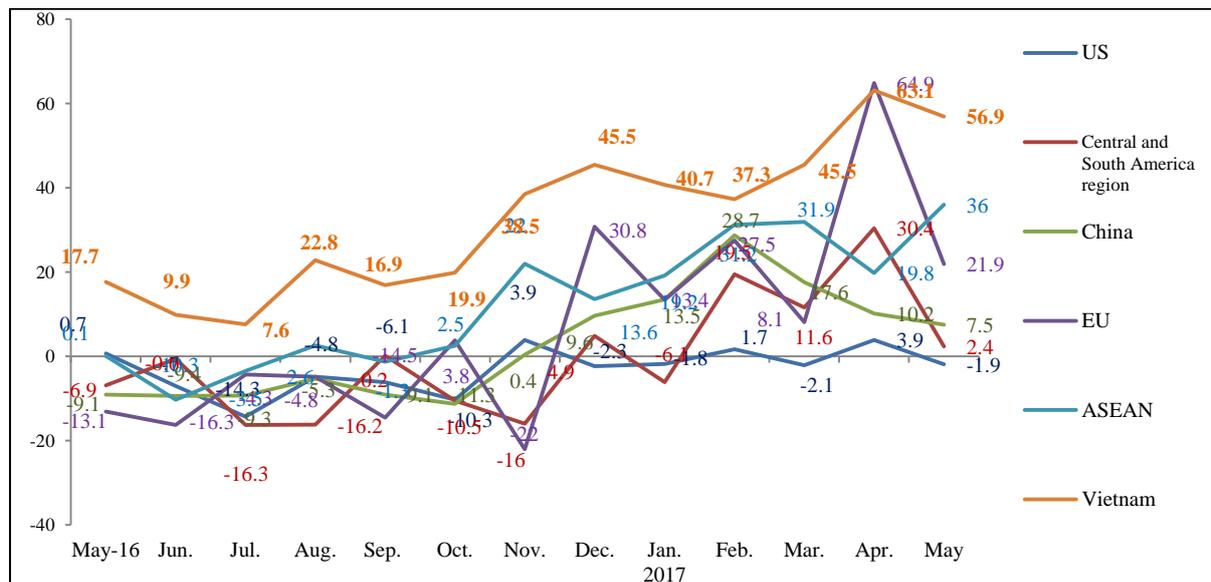
Exports to the CIS region leaped 34.6 percent to \$775 million, marking the seventh straight month of expansion for the first time in 66 months since November 2011. This was led by

strong sales of automobile components, automobiles, and petrochemicals that soared 88.9 percent to about \$90 million, 92 percent to \$70 million, and 35.1 percent to \$20 million, respectively, between May 1 and 20, from a year earlier.

Shipments to the U.S. contracted 1.9 percent to \$5.6 billion as slower sales of automobiles, automobile parts, and wireless communication devices offset larger shipments of general machinery, petroleum products, and computers and peripheral devices. Exports of general machinery, petroleum products, and computers and peripheral to the U.S. increased 7.4 percent to about \$340 million, 70.4 percent to \$200 million, and 115 percent to \$130 million, respectively, between May 1 and 20, from a year earlier. Meanwhile, shipments of automobiles, automobile components, and wireless communication devices contracted 13.8 percent to around \$600 million, 23.4 percent to \$300 million, and 64.6 percent to \$190 million, respectively, during the same period.

< Monthly Changes in Exports by Region >

(Year-on-year change, %)



Imports from the U.S. surged 19.5 percent to \$4.7 billion, marking the seventh consecutive month of growth. This was led by more purchases of semiconductor manufacturing equipment, general machinery, automobiles, and agricultural and fishery products from the U.S. that surged 390 percent to around \$410 million, 27.9 percent to \$220 million, 40.3 percent to \$150 million, and 13.9 percent to \$490 million, respectively, between May 1 and 20, from a year earlier. The increase in inbound shipments from the U.S. reduced the monthly

surplus in the trade with the country by around \$870 million. The accumulated surplus in trade with the U.S. between January and May was \$4 billion less than that of the same period of 2016.

Exports to the Middle East inched down 2.8 percent to \$2 billion on the decrease in the sales of general machinery, automobiles, and steel, despite the increase in shipments of petroleum products and flat-panel displays. Shipments of petroleum products and flat-panel displays to the region soared 912 percent to about \$50 million and 159 percent to \$20 million, respectively, between May 1 and 20, from a year earlier.

< Imports of Major Raw Materials >

(Year-on-year change, %)

Coal	Gas	Petro Products	Crude Oil
103.4	48.3	30.6	27.4

* Compiled from monthly imports estimates based on the data for May 1-31.

< Average Crude Oil Price – Dubai >

	May 2016	May 2017
Unit Price (USD/Barrel)	41.5	54.3
Volume (Million Barrels)	92.7	90.3

< Imports by Use >

(Year-on-year change, %)

Commodities	Intermediary Goods	Capital Goods	Consumer Goods
29.9	9.4	31.5	2.3

* Compiled from monthly imports estimates based on the data for May 1 - 31.

Korea's total imports expanded for the seventh consecutive month for the first time in 32 months since September 2014 and at a double-digit rate for the fifth consecutive month for the first time in 65 months since December 2011. Inbound shipments of semiconductor manufacturing equipment grew at a fast pace amid increased investment by major Korean companies. Purchases of crude oil and iron ore also leaped at double-digit rates.

Inbound shipments of commodities surged 29.9 percent with imports of crude oil and steel rising by 27.4 percent and 46 percent, respectively. Imports of intermediary goods increased 9.4 percent with purchases of light oils and preparations and memory chips growing 24.6 percent and 34.6 percent, respectively.

Imports of capital goods leaped 31.5 percent as those of manufacturing equipment for semiconductors soaring 561 percent. Inbound shipments of consumer goods climbed up 2.3 percent with purchases of mid-size gasoline vehicles (1,500-3,000cc), leather bags, and women's clothing growing 11.2 percent, 12.3 percent, and 16.3 percent, respectively.