

Lotte World Tower may be abandoned by Chinese tycoons

Since the Lotte Group is expected to sign a land-swap deal with the South Korean government to deploy the THAAD missile defense system, the future of its Lotte World Tower looks bleak. The share price of affiliates of the Lotte Group plunged on February 21, as the stock market is worried about possible sanctions from the Chinese government.

According to Edaily, a financial news website from South Korea, the Lotte World Tower is a 123-floor, 556-metre skyscraper currently under construction in the second-generation Lotte World complex in Seoul. Once completed, it will be the tallest building on the Korean Peninsula as well as the fifth-tallest building in the world. Its observation deck is expected to be the world's tallest. Chinese tycoons are its main potential clients, and it is expected that at least half of the clients will be from China.

The Lotte Group promoted the Lotte World Tower in Shenzhen, Shanghai and Beijing from last October to last December. Hundreds of Chinese tycoons were interested in the Lotte World Tower project during the promotion. However, with growing tension between China and South Korea due to the THAAD issue, many potential Chinese buyers have decided to abandon their purchases. "We will start the sales from the middle of March officially, and Chinese buyers will make up no more than 30% of buyers according to our expectations," said by a salesman from Lotte World Tower.

Chinese media has criticized the Lotte Group for its expected land-swap deal with the South Korean government recently. According to a survey from the Chinese media, 95% of Chinese netizens will boycott the Lotte Group. The Lotte Group is confronted with a dilemma between its business and the South Korean government.

Lotte Group is not the only one facing pressure. The amount of Chinese investment and Chinese tourists to Jeju Island has reduced sharply. According to statistics from Jeju Island local government, the property area purchased by foreigners in Jeju Island dropped 24% in 2016.

According to Edaily, the Chinese IT giant Baidu has stopped a cooperation negotiation with the South Korean banking industry because of the THAAD deployment issue.

It is estimated that the Chinese government will pose comprehensive sanctions to South Korea once the THAAD missile defense system is deployed.