

Policies and Incentives

Support for Developing and Investing in Next-Generation Display Technology

The Korean government has set aside KRW 30 billion to support next-generation display technology development projects between 2017 and 2021.

The Top 10 World Premier Materials (WPM) project (2010–2017) supports the development of plastic substrate materials for flexible displays, as well as transparent barrier films by small or medium makers of materials and equipment.

The OLED Innovation Center project, set to begin in 2018 (worth approx. KRW 280 billion), will support R&D for processing technologies and commercialization, as well as the operation for prototype development and small-scale productions.

The Project to Cultivate Talent for the Display Equipment and Parts Industry (2016–2020) strives to promote industrial competitiveness by supporting the continuous cultivation of display equipment and parts experts through industry-academy cooperation.

Government Support for Display Companies

<p>Tax exemptions</p> <ul style="list-style-type: none"> - Acquisition tax: 100% - Property tax, composite land tax: 50% for five years from the first day of acquisition 	<p>Support funds for Gyeonggi-do SMEs</p> <ul style="list-style-type: none"> - Subject: A person who leads a promising new business - Support Fund: KRW 200 million to KRW 1 billion by business <p>Paju</p>
	<p>Fund for competitiveness</p> <ul style="list-style-type: none"> - Building plants, installing manufacturing equipment - Limit: KRW 1.5 billion (facility: 1.2, operation: 0.3) <p>Fund for innovation</p> <ul style="list-style-type: none"> - Commercializing new technology and INNO-BIZ developments - Limit: KRW 0.5 billion <p>Tangjeong</p>
<p>Financial support</p>	

Success Case

Ulvac Korea (Ulvac / Japan)

Since its first factory opened in Pyeongtaek in 2000, Ulvac Korea has been running its production lines on a full scale, making vacuum deposition systems (sputtering systems, vacuum evaporation systems) for manufacturing semiconductors and LCDs, among others.

Ulvac Korea was recognized as an innovative and outstanding partner company by LG Display and Samsung Display for helping them improve their competitiveness over the course of the company's growth since the initial investment, and was awarded the USD 100 Million Export Tower by the Korea International Trade Association (KITA) in 2015.

KOTRA WORLD WIDE

As Korea's Trade-Investment Promotion Agency, KOTRA has 127 overseas offices and 10 headquarters worldwide.

* Invest Korea(IK), Korea's national investment promotion agency, was established as part of KOTRA to support the foreign businesses in Korea.



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KOREA'S LEADING INDUSTRIES

DISPLAY



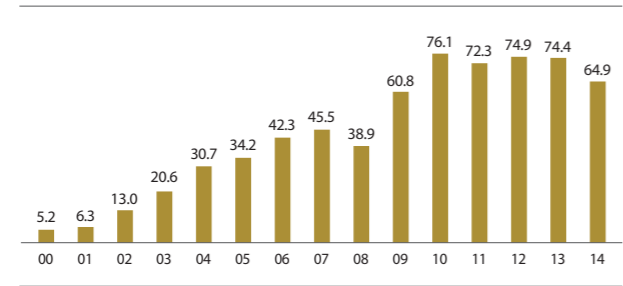
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Korea's Display Industry

Robust Market Growth

Korea's display industry started to grow rapidly in 2002, propelled by surging global demand. Display production peaked in 2010, until which output increased by an impressive annual average rate of 32% since 2000.

Korea's Display Industry Output by Year (USD billion)



Source: Statistics Korea

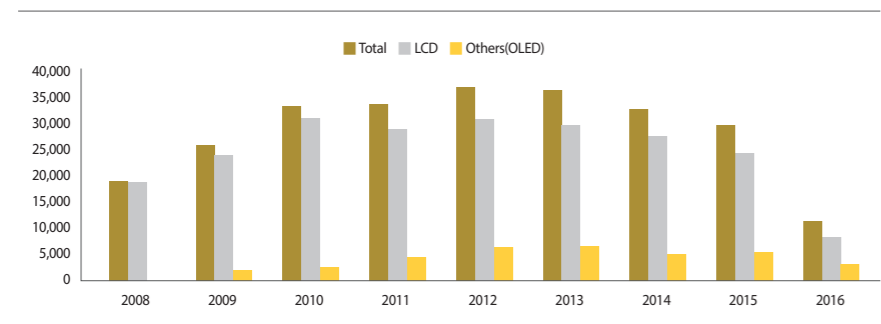
Korea's Biggest Export Industry

From 2005 to 2012, display panel exports grew by an annual average of 33.5%, the highest rate of growth among all Korean industry exports during that period, maintaining its status as one of Korea's biggest export products.

Highly dependent on exports, the display industry sells approximately 85% of products made in Korea to major countries, such as China and Mexico, where global companies assemble and produce most of their TVs, smartphones, PC monitors, and other products that require display devices.

Korean Display Industry Exports by Year

(USD million)



Source: Korea International Trade Association (KITA)

Rapid industrial growth has also led to a surge in the number of new businesses and jobs, expanding its share of the domestic manufacturing market. Currently, approximately 95,000 employees work for 270 display companies in Korea.

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Competitiveness

No. 1 in Global Display Manufacturing

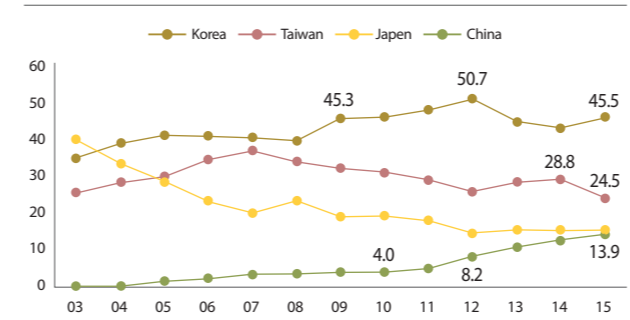
Since 2002, Korea has led the world in electronic display devices. Samsung Display and LG Display, the world's largest and second-largest makers of displays, have led the industry through sustainable growth by aggressively investing in new technology, enhancing energy efficiency, and developing thinner and more lightweight products.

Dominates over 95% of the Emerging Global OLED Market

Surging demand for OLED displays has enabled related markets to enter a stage of full-scale growth. In both 2015 and 2016, OLED exports grew by an annual rate of 30%. The growth rate is expected to exceed 20% in 2017.

Global Display Market Share by Country

(%)

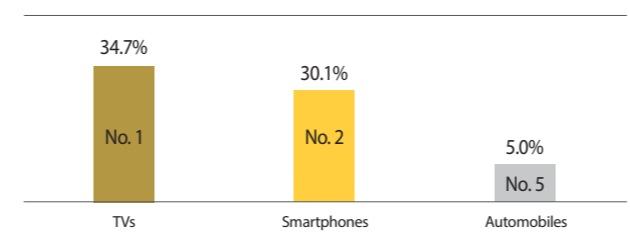


Source: IHS

Competitiveness of Related Industries

In addition to the display industry, Korea also maintains a competitive edge in related industries, such as TVs and smartphones, which account for most of the current demand for displays, as well as automobiles, which are thought to have a greater demand in the future.

Korea's Share of Global Display-Related Product Markets (2015)



Source: Korea Institute for Industrial Economics & Trade (KIET)

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Industry Clusters

Display production facilities were concentrated in Giheung, Cheonan and Gumi until 2004, when the focus shifted to Tangjeong and Paju as Samsung and LG began to expand their production lines.

Paju Industrial Complex

Paju Industrial Complex is home to LG Display, in addition to 80 other display-related companies. Within the Paju location exists a separate complex for LG Display affiliated companies specializing in high-tech parts and materials, such as LG Chem (glass substrate) and LG Innotek (LED, BLU).

Tangjeong Industrial Complex

Tangjeong Industrial Complex, a leading display manufacturing cluster, is responsible for 54% of the total domestic output, or approximately 27% of the total global display production. A total of 210 companies call the complex home, with Samsung Display at its center.

The two clusters form a greater industrial belt with the semiconductor industrial complexes nearby, such as Cheonan Valley, creating synergy between the numerous parts/materials and equipment tenant companies.

The cities of Paju and Tangjeong are located near Seoul allowing the companies in the technology-intensive industry to hire professionals of the highest caliber, along with local talent with degrees from neighboring universities and high schools.

Korea's Two Major Display Industry Clusters

