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Policies and Incentives

Project to Develop Global Expertise

The project aims to develop small and medium-sized companies with the technological innovation capacity to become a global professional enterprise by supporting the development of major short-term industrial technology.

Project to Develop Special Technology for Material Parts

The project promotes the development of new technologies and differentiated products by offering financial aid for technology development to a consortium that plans to jointly implement planning, technology development, production and marketing between textile and fashion stream.

Project to Strengthen Design Innovation Capability

The project fosters specialized global companies and upgrades the design ecosystem by strengthening design innovation capacity of small and medium-sized firms and exploring new design markets.

Applicable Areas

Classification	Purpose and Description
Fostering global companies specialized in design.	Fostering global design (design utilizing) companies equipped with key capabilities to lead the design innovation
Developing professional design technology	Supporting design technology development to commercialize promising technology/products and business ideas of small and medium-sized companies
Developing next-generation key design technology	Supporting the research and development of key and basic design technologies to preoccupy the future market
Building new ecosystem for service design-based manufacturing industry	Discovering-supporting new business areas by integrating service design based on products ※In case of collaborative development among manufacturing companies and design specializing companies*, it is necessary to submit a royalty contract.

Success Case

UNIQLO Korea

UNIQLO entered the Korean market in 2005 as a joint venture of Korea's Lotte Shopping and Japan's Fast Retailing. The two companies hold 49% and 51% of the shares, respectively.

UNIQLO Korea is leading the Korean fast fashion market with its sales surpassing the KRW 1 trillion mark in just ten years.

It has created a new market by simplifying clothing designs, sharply cutting down prices by not engraving the logo, and upgrading the functions of clothing materials.

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.



Headquarters

CIS

Tel: (7-495)258-1627
E-mail: moscow@kora.or.kr

Europe

Tel: (49-69)2429-920/9
E-mail: frankfurt@kotra.or.kr

Middle East

Tel: (971-4)450-4360
E-mail: ktcdxb@emirates.net.ae

Africa

Tel: (27-11)784-2940
E-mail: kotra@kotra.org.za

China

Tel: (86-10)6410-6162
E-mail: 712461@kotra.or.kr

Japan

Tel: (81-3)3214-6951
E-mail: kotratky@kotra.or.jp

Southwest Asia

Tel: (91-124)4628-500
E-mail: ktcdelhi@ktcdelhi.net

Southeast Asia & Oceania

Tel: (65)6426-7200
E-mail: kotrasin@singnet.com.sg

South America

Tel: (52-55)5514-3173
E-mail: mexico@kotra.or.kr

North America

Tel: (1-212)826-0900
E-mail: kotrany@hotmail.com

13, Heolleung-ro, Seocho-gu, Seoul, Republic of Korea (137-749)

Tel: (82-2)1600-7119 Fax: (82-2)3460-7920

E-mail: ikonline@kotra.or.kr

Head Office

KOREA'S LEADING INDUSTRIES

FASHION



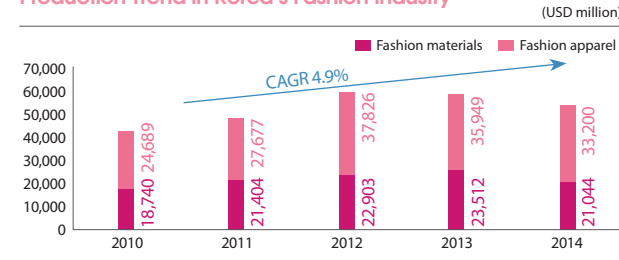
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Korea's Fashion Industry

Korea's Fashion Industry output

Korea's fashion industry output has increased by 4.9% annually since 2010, thanks to the efforts to transform the industry into a high value-added one.

Production Trend in Korea's Fashion Industry

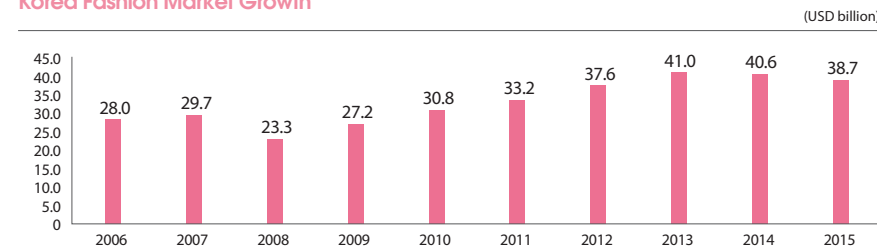


Source: Bank of Korea, Input-Output Statistics

Market Growth

The entire market has steadily grown to reach USD 38.7 billion in 2015. The key growth factors are surging popularity of fast fashion brands; increased consumer preferences for distinct and premium brand clothing; rapid growth of new distribution channels (online and mobile); and diversification of consumer bases to include teenagers, men and the elderly.

Korea Fashion Market Growth



Source: Statistics Korea
Note: From 2007-2008 and 2014-2015, the USD amount decreased due to the exchange rate, but the actual production scale in KRW increased during the period

Exports and Import

Both exports and imports are on an upward trajectory. In particular, the exports of fashion apparel have been growing by 4.4% since 2010 on the back of the Korean Wave. Exports to Vietnam, China, and Taiwan have increased significantly.

Export and Import Trends in Korea's Fashion Industry

Industry	Export			Import		
	2010	2016	CAGR	2010	2016	CAGR
Textile materials	1,109	1,125	0.2	245	203	-3.1
Fibers	1,580	1,314	-3.0	2,238	1,862	-3.0
Textile	8,464	7,821	-1.3	1,647	1,838	1.8
Fashion apparel	1,462	1,896	4.4	4,247	8,331	11.9
Total	12,615	12,156	-0.6	8,377	12,234	6.5

Source: Korea International Trade Association

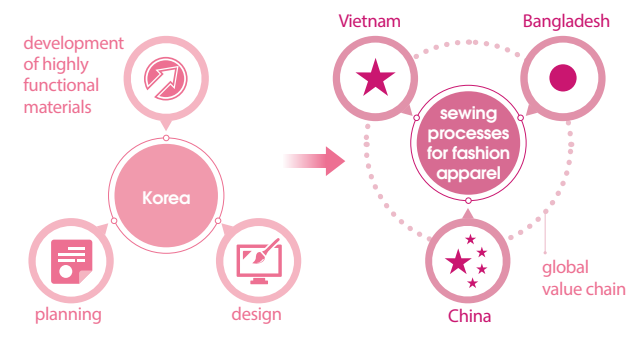
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Competitiveness

Balanced Production Base

Korea has a balanced production base in the upstream, midstream and downstream industries that encompass chemical fibers, yarns, weaving, knitting, dyeing, sewing and distribution. In particular, companies with global competitiveness such as Hyosung, Kolon FnC and Huvis are leading the fashion materials industry.

Global Value Chain Capacity

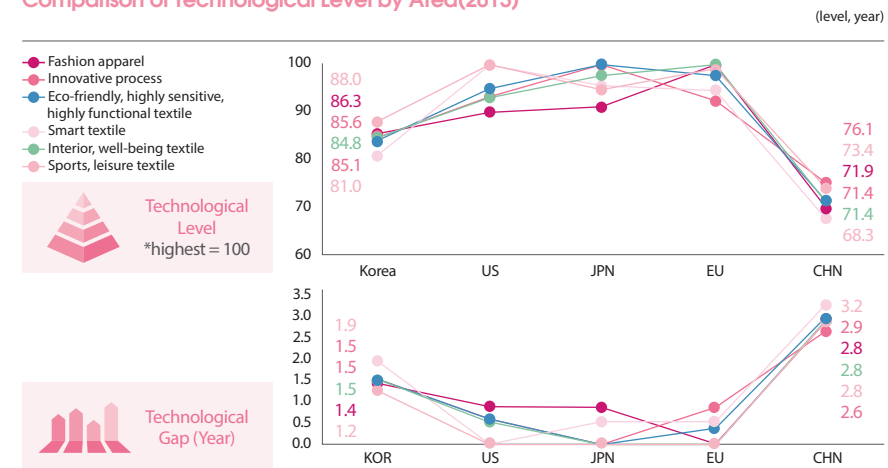


Korea's global apparel vendors, such as Sae-a Trading Co., Ltd., Hansae Co., Ltd., Hansoll Textile Ltd. and Youngone Corporation, have global competitiveness in terms of international sourcing and cost management.

Technological Competitiveness

The technological level of the Korean fashion apparel and materials industry is estimated to be 80-90% of that of advanced countries, and 2-3 years ahead of its major competitor, China.

Comparison of Technological Level by Area(2013)



Source: Korea Institute for Industrial Economics & Trade(KIET), 2013 report



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Industry Clusters

In Korea, fashion clusters are formed in each region, organically linked to each other as a source of competitiveness of the Korean fashion industry.

The largest consumer markets are in Seoul, Incheon and Gyeonggi-do, all of which are at the forefront of fashion trends and distribution network.

The supply chain of fashion materials in Korea spans the northern part of Gyeonggi-do (knit), Gyeongsangbuk-do (textile), Daegu (textile), Chungcheongnam-do (jacquard), Jeollabuk-do (knit), Gyeongsangnam-do (silk) and Busan (wool).

In particular, the northern part of Gyeonggi-do is the world's largest knitting production area, accounting for about 40% of the global high-quality knitwear market (golf wear, sportswear/leisure wear, etc.).

Location of Korea's Fashion Industry

