BUILDING BLOCKS
As one of the world’s largest toymakers, LEGO is building the future one brick at a time

Bo H. Kristensen General Manager
LEGO Korea Co., Ltd

BANK OF KOREA

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Industry
THE CURRENT STATE AND FUTURE PROSPECTS OF KOREA’S CULTURAL CONTENT INDUSTRY

Ombudsman's Office
MPS SCHOLARS VISIT SEOUL TO PROMOTE FREER TRADE AND INVESTMENT

Zone
SEOUL: THE HEART OF KOREA’S MEDIA AND ENTERTAINMENT INDUSTRY

GLOBAL PROJECT PLAZA 2017

KOTRA News
KOREAN COMPANIES CLINCH PARTNERSHIP DEALS AT GLOBAL PROJECT PLAZA 2017

Introducing Korea’s SMEs
Economic Indicators
April has been a particularly busy month here at Invest KOREA, the foreign direct investment promotion arm of KOTRA. Last week, I flew to Japan to meet with potential investors who wanted to find out about the potential areas of cooperation between our two countries, especially in the shifting landscape of the Northeast Asia region. In Tokyo, I talked about opportunities for collaboration particularly in the fields of energy, display and semiconductors, while in Nagoya, future cars and robots were hot topics of discussion.

But it’s not just major economies that we want to work with. Next week, I’ll be heading to Taiwan and Malaysia to diversify our partnerships in the areas of finance, real estate and leisure. More than ever before, the Korean government, including KOTRA, is dedicated to establishing close relations with new and untapped markets. So this means we aren’t just spreading awareness on Korea’s strengths as an innovative and business-friendly region, but we’re also exploring which industries will see the most return for both the investing country and Korea.

On that note, Invest KOREA recently held a special session for our project managers (or PMs). These managers are experts well-versed in industries and investment promotion. They serve a crucial role to our division, providing customized services to each foreign investor. These individuals are also in charge of following up on the demands of the company. In response to the ever-changing political and economic environment, we’ve assigned PMs to new investment projects so that we can always be one step ahead. If you’d like to find out more about them, feel free to visit our website at www.investkorea.org.

As always, thank you for your support and I look forward to our strengthened partnerships in the future.

Sincerely,

Yong Kook Kim / Head of Invest KOREA
BUSINESS DELEGATION ATTRACTS INVESTMENT FROM JAPAN

On April 10, the Ministry of Trade, Industry and Energy (MOTIE) and the Korea Trade-Investment Promotion Agency (KOTRA) dispatched an investor relations (IR) delegation of 20 businesses and related organizations to Japan. Led by the Deputy Minister for Trade and Investment, the delegation was composed of representatives of conglomerates such as Hyundai Motor Group, POSCO, and Korea Electric Power Corporation (KEPCO), small and medium companies in autonomous vehicles, bio, and IT sectors, Korea Association of Robot Industry (KAR), Korea Automotive Technology Institute (KATECH) and local governments.

In Japan, the delegation met with some 120 local companies, including potential investors in sectors related to the Fourth Industrial Revolution such as Meiji Seika Pharma (biopharmaceuticals), SoftBank (IT convergence), Denso (autonomous vehicle parts), Teijin (secondary batteries) and Yaskawa (robotics).

The delegation actively promoted the advantages of moving into Korea’s key industrial complexes, promising Korean businesses seeking investment or those up for M&A, as well as Korean companies hoping to invest in Japan.

S.KOREA INTRODUCES ADVANCED DRINKING WATER TECHNOLOGIES TO TANZANIA

On April 4, KOTRA and the Korea Institute of Civil Engineering and Building Technology (KICT) jointly held a seminar in Dar es Salaam, Tanzania on the technological cooperation for the development of water supply infrastructure. The event was held to showcase Korea’s water supply technologies and expand its export market.

About 70 people from Tanzania, including the officials of the Ministry of Water and Irrigation, relevant government agencies and companies attended the seminar to learn about Korea’s new water purification systems and have in-depth discussions on their applications in local areas. Specifically, the seminar covered the technological status of water treatment systems in Korea and Tanzania as well as the exemplary applications of Korean drinking water equipment in other countries.

Only 15 percent of Tanzania’s population has access to drinking water sources, and in response, the Korean government is conducting several R&D and commercialization activities in collaboration with the private sector.

GLOBAL INNOVATIVE COMPANIES VISIT KOREA IN SEARCH OF NEW TECHNOLOGIES AND PRODUCTS

MOTIE and KOTRA hosted the Innovation & Technology Business Partnering Event at InterContinental Seoul COEX for two days from March 29.

102 buyers from 26 innovative industry sectors including electric vehicles, smart cars (self-driving cars), drones, Internet of Things, ESS and new medical drugs were invited to one-on-one sessions with 270 relevant Korean companies to enhance cooperation. Based on the preliminary survey of demand, the areas of collaboration were expanded to include not only product supply but also technology transfer, joint product development and industry-academic cooperation.

On the sidelines of the event, various programs such as seminars on the global market entry of consumer goods companies as well as sales pitching events were prepared for the market diversification of promising consumer goods.

KOTRA AND PUBLIC FINANCING INSTITUTIONS JOIN HANDS TO ATTRACT FOREIGN INVESTMENT

KOTRA signed an MOU on cooperation with the Industrial Bank of Korea (IBK), the Korea Credit Guarantee Fund (KODIT), and the Korea Technology Finance Corporation (KIBO) to boost foreign investment in promising domestic startups and SMEs.

According to the MOU, the three policy financing institutions will recommend promising Korean companies in need of foreign investment, while KOTRA’s 36 overseas offices will find the right foreign investors for them. As such, the new agreement will foster collaboration among public institutions in laying the foundation for growth of Korean companies on the global stage.

The MOU will help forge a collaborative system of platforms for inducing foreign investment and bolster foreign investment in Korean startups and SMEs.

“Ideas and technologies are a source of great potential in an era of the Fourth Industrial Revolution,” said KOTRA’s CEO and President Jaehong Kim. “With that in mind, KOTRA and policy financing institutions will provide all-out support for Korean venture companies and SMEs so that they can formulate a variety of business strategies from the very start and ultimately gain ground in the global market.”

KOTRA News
**Korea News**

**Trade News**

**S.KOREA’S COSMETICS EXPORTS TO EUROPE JUMP TENFOLD IN 7 YRS**

Exports of South Korean beauty and cosmetics products to Europe have expanded by tenfold over the past seven years, largely driven by surging demand for locally made facial care and makeup items, according to a report published by KOTRA.

The outbound shipments of Korean beauty products to Europe reached EUR 92.5 million (USD 98.6 million) last year, compared with EUR 9.2 million (USD 9.8 million) tallied for 2009.

**S.KOREA AND MALAYSIA AGREE TO ACCELERATE TRADE NEGOTIATIONS**

South Korea and Malaysia’s trade ministers have agreed to speed up the negotiations on the Korea-ASEAN FTA and the Regional Comprehensive Economic Partnership (RCEP) during a meeting held on April 14 in Seoul.

Given that an additional round of negotiations on trade liberalization was officially agreed upon at the economic ministerial meeting held last August, Korean Trade Minister Joo Hyunghwan asked his Malaysian counterpart Dato’ Sri Mustapa bin Mohamed for enhanced cooperation to make progress on this issue.

The two leaders also saw eye to eye on the need for accelerated RCEP negotiations to boost trade and investment in the Asia-Pacific region amidst rising protectionism.

In particular, they shared common views on the importance of exchanging follow-up concessions regarding goods and services among all RCEP member states so that negotiations on market access are facilitated in the upcoming RCEP meeting in May. Additionally, the two governments will work together to reach a final agreement to allow the access to the goods, services and investment markets in sensitive areas.

**Government & Policy**

**GOV’T TO NURTURE MANPOWER IN BIO INDUSTRY**

South Korea is set to release a set of support measures, including nurturing talented manpower, to help local pharmaceutical companies make further inroads into the global market, said Health Minister Chung Chin-yeob on April 11.

The remarks were made during the opening ceremony of biopharmaceutical firm Celltrion Inc.’s new plant. He added that the ministry is currently mapping out long-term measures and fine-tuning details after getting input from experts. The measures will be announced by the end of year.

The Korean government has been making efforts to nurture the bio sector, which is viewed as the nation’s next growth engine after IT. South Korea aims to become a global biotech and medical industry hub going forward.

According to government data, the number of people working in the industry jumped to 760,000 in 2015 from 620,000 in 2011. The government forecast that 940,000 new jobs will be created by 2020 in the industry.

**GOV’T ANNOUNCES SUPPORT MEASURES FOR STARTUPS**

On April 5, South Korea announced a set of measures to nurture startups and venture firms in the science and technology sectors to secure new growth engines and to eventually create more jobs for the country’s young people.

Under the comprehensive plan announced by the Ministry of Science, ICT and Future Planning, the government will assist young entrepreneurs from startups to gain access to the global market.

First, the government will establish a KRW 3 trillion (USD 2.7 billion) fund to help young job seekers launch 50,000 new startups. The fund will focus on establishing infrastructure for basic sciences, promote new-growth sectors and assist venture firms.

The ministry also said it will allow big conglomerates to make further investment into the startups by easing regulations. In addition, it will help international entrepreneurs from across the world pitch their business ideas in South Korea. Last year, the ministry hosted the accelerator program K-Startup Grand Challenge, the first of its kind, to help foreign startups begin their businesses here.
Two of the most renowned economic research institutes in Korea have recently modified their economic forecasts for 2017. Led by the Bank of Korea (BOK), which adjusted the country’s growth projection from 2.5 percent to 2.6 percent for 2017, the Korea Development Institute (KDI) has also upgraded its projection levels from 2.4 percent to 2.6 percent. In a span of just three to four months, both institutions changed their views of the 2017 Korean economy and upgraded growth rates by 0.1 to 0.2 percentage points, making their forecasts identical at 2.6 percent. But despite this similar action, the reasons behind their hike are quite different.

For the BOK, the prime reason for its projection growth comes from the rise of equipment investments. In the previous projection published in January 2017, the BOK expected equipment investments to grow by 2.5 percent. But in the April, it modified it to 6.3 percent, rendering an increase of 3.8 percentage points. Equipment investment, which takes up about 30 percent of the GDP, would have contributed to an increase of 1.14 percentage points in the GDP growth rate.

On the other hand, KDI’s revision of its economic forecast is mostly due to the export sector. Previously, KDI projected that exports would grow 1.5 percent for 2017, but now changed it to 4.9 percent—equivalent to almost 1.7 percentage points. Equipment investment, which takes up about 30 percent of the GDP, would have contributed to an increase of 1.14 percentage points in the GDP growth rate.

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But there are some issues that the Korean government should pay close attention to in order to accelerate export growth in the future. First, recent prices of semiconductors and petrochemical products have been declining, creating a strain on two of Korea’s most powerful export markets. Second, the yen has been depreciating since Brexit. Last June, it hit JPY 101 per dollar, rebounding back to JPY 116 by December. Although fluctuating early this year, it still remained above the JPY 110 mark, which is still 10 percent higher than last year. Third, the Korean won has been appreciating quickly from around KRW 1200 per dollar to KRW 1100. Fourth, retaliatory measures by China after the decision to deploy THAAD (Terminal High Altitude Area Defense) are casting a cloud over Korea’s export environment.

Considering these challenges, Korea’s growth engine should be sought after in two areas: investment and consumption. There, the expansionary fiscal policy of the central government should play a key role. On this note, the IMF and the US Treasury Department suggested that the Korean government should expand its fiscal policy function to encourage economic growth.

Taking this into mind, the Korean government should think about which fields to focus its fiscal expenditures on. The primary area of fiscal action could be on welfare expenditures, supporting the unemployed, the elderly or the disabled. Other options include renovating old towns and villages, educating the youth and enhancing the competitiveness of industries through investments. With the new administration soon to take office, political leaders must find a consensus on which areas need fiscal action first.

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*The opinions expressed in this article are the author’s own and do not reflect the views of KOTRA
What do Marina Bay Sands, Keangnam Hanoi Landmark Tower and Telekom Malaysia have in common? Aside from being the most iconic landmarks in Asia, these famous buildings were all constructed by South Korean companies. As such, Korean companies have long been known for their building prowess, but with orders for overseas construction projects having plunged by 58 percent during the past two years in Korea, the government is setting out to help related companies develop new export markets.

The Korea Trade-Investment Promotion Agency (KOTRA) is also doing its part to support Korean companies clinch deals this year, kicking off Global Project Plaza (GPP) 2017 on April 18. Held in Lotte Hotel World in Seoul, the three-day event was hosted by the Ministry of Trade, Industry and Energy and organized by KOTRA. Since its launch in 2008, GPP has helped 3,700 Korean companies build close partnerships with over 1000 foreign project owners and government officials. This year’s plaza introduced projects worth KRW 111 trillion (USD 96.8 billion) and was comprised of forums, project seminars and one-on-one project consultations. The event helped solve some of the questions Korean companies had about overseas projects, and increased the chances for achieving tangible results.

“Up until recently, we focused heavily on doing business in the Middle East and Asia, but we’re diversifying our export markets by partnering up with companies in South America and Africa as well,” said KOTRA’s Vice President Seog Ki Sun during his welcoming remarks. “Events like GPP provide opportunities for us to strengthen cooperation, especially as Korea is home to the world’s most advanced construction technology.”

To help both foreign and Korean companies get a better understanding of the world economy, KOTRA invited Rajiv Biswas, Asia-Pacific Chief Economist of IHS Markit, a global consulting firm. According to Biswas, the global growth is expected to pick up from 2.5 percent in 2016 to 2.9 percent in 2017 and 3.1 percent in 2018, led by the United States and commodity-exporting regions. In regards to the Asia-Pacific region, he emphasized the emerging Asian consumption growth will be the key global growth engine. His presentation also took a closer look at Korea’s smart cities with Songdo being a key example. Songdo, built from scratch on reclaimed land in Incheon, is being hailed as the world’s first smart city. Biswas predicts that innovative cities like Songdo will serve as a major model for other regions that want to become just as eco-friendly and sustainable.

Unlike previous GPP events, major U.S. and European EPC (engineering, procurement, construction) companies participated in two roundtable discussions this year. In particular, leading construction companies from Spain participated in the Korea-Spain roundtable discussion and partnering meetings, talking with Korean companies on how they might together enter markets in the Middle East and Central and South America.

One company that was able to strengthen cooperation with a number of Korean businesses through one-on-one
meetings was Saudi Arabia's Saline Water Conversion Corporation (SWCC). SWCC is responsible for the desalination of seawater producing electric power and supplying various regions in the Kingdom with desalinated water. "Korean companies have a competitive price advantage," said SWCC Manager Ali Al Shuqair. "Korean companies generally offer lower prices than European companies and have great technological skills."

Meanwhile, to help plant equipment SMEs expand their overseas export market, large EPC firms have stepped forward. At a meeting organized by the Korea Plant Industries Association (KOPIA), Daelim Industrial, Daewoo Engineering & Construction, Doosan Heavy Industries & Construction and SK Engineering & Construction offered consulting services for Korean plant equipment SMEs.

As mentioned by many GPP presenters and participants, technology is increasingly making its way onto the agendas of construction companies and city-planners as they realize that innovative and eco-friendly technology is as much a part of a city’s appeal as its flashy buildings. Deputy Prime Minister Inho Lee echoed this sentiment, saying, “Korea’s design, procurement and construction companies have excellent technologies in the fields of smart city, water treatment and renewable energy. We will seek to strengthen strategic partnerships on an international level through more events like GPP.”

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Korea Trade-Investment Promotion Agency (KOTRA)
estheroh@kotra.or.kr

GPP Success Story

Thanks to GPP, Korean businesses were able to strike major construction deals overseas. Here’s just one of many GPP’s success stories.

A consortium led by Korean SMEs and large construction firms, including Dong-Ah Geological Engineering, Sambo E&C, Eunsung O&C, and Chosuk Construction & Development, swept the biddings in 2016, carrying out the ground improvement construction in a total of four areas in the three-stage runway expansion project of Hong Kong International Airport.

This achievement was made possible by strong support from KOTRA, the Ministry of Land, Infrastructure, and Transportation and the Korean consulate in Hong Kong. In April 2015, KOTRA worked with the land ministry and Korean Specialty Contractors Association (KOSCA) to form a delegation of specialty construction contractors, and arranged a meeting with Airport Authority Hong Kong. That June, Airport Authority Hong Kong was invited to the Global Project Plaza 2015 organized by KOTRA, and representatives from Airport Authority Hong Kong toured Incheon International Airport and met with 16 Korean specialty contractors.

As a result, Dong-Ah Geological Engineering won the KRW 133.4 billion (USD 118 million) order to improve the ground of the first zone, together with Japan’s Penta Ocean and China’s China State. The consortium consisting of Samsung C&T, Eunsung O&C and China’s Build King, won the order to carry out the ground improvement work worth KRW 281.7 billion (USD 249.3 million) in the second zone. Sambo E&C has won orders for two sections, partnering with Chosuk Construction & Development for the third zone (KRW 307.4 billion or USD 271.7 million), and China Road and Bridge Corporation (CRBC) for the fourth (KRW 260.9 billion or USD 230.6 million).

Together, the four sections are worth a total of KRW 983.4 billion (USD 869.3 million), the third largest amount for construction orders won by Korean companies in Hong Kong.
Introduction
The “cultural content industry” refers to the industry involved in the planning, development, production, distribution, and consumption of cultural products and services. “Cultural products” refer to tangible or intangible goods and services, or any combination thereof, which create added economic value based on a system of cultural elements with artistic, entertainment and recreational value, as well as originality and popularity. The cultural content industry is also commonly referred to as the culture industry, the creative industry, or the media and entertainment industry.

The cultural content industry ecosystem is composed of content creation (planning), production (commercialization), distribution (marketing) and consumption (use), and works in close connection with various industrial fields up and down the value chain. Compared to other industries, the cultural content industry characteristically has a low intermediate input rate and creates high added value.

The so-called “Korean Wave” is responsible for much of the popularity of Korean cultural content overseas, resulting in more Korean consumer goods being sold in regions affected by the Korean Wave.

Current state of the industry
Despite the global economic slowdown, cultural content markets across the world are expected to keep growing by about 5 percent, led by the emerging economies of China and India as standards of living and network infrastructure continue to improve.

The United States holds an unrivalled position in the global cultural content industry, accounting for one-third of all global markets, while China continues to grow at an alarming rate.

Korea’s cultural content market, meanwhile, grew by an average 4.2 percent in 2014, and ranked 8th. For the past 5 years, Korean cultural content markets have been growing at an annual average of 5.7 percent in sales, and 8.3 percent in exports. In particular, as the Korean Wave spreads throughout Southeast Asia, Southwest Asia, Europe and South America, raising the popularity of K-pop in those regions, Korean cultural content markets are expected to see continuous growth.

The Korean government has already designated the cultural content industry as a future growth engine, and is providing appropriate support. Throughout the years, the Korean government designated the cultural contents industry as a major industry for the 21st century (Ministry of Culture and Sports, 1997), a key industry for the 21st century (inauguration speech of President Dae-jung Kim, 1998), and a next-generation growth engine industry (Ministry of Finance and Economy, 2003). With its history of striving to make up for lack of natural resources with human creativity, Korea considers the cultural content industry as a key area that will lead the national economy in the future.

Current FDI in the industry
Currently, foreign direct investment (FDI) in the Korean cultural content industry is limited to the categories of movies,
broadcasting, games and entertainment. Due to the characteristics of the industry, FDI is generally made in the form of content manufactured entirely in Korea being exported, while in some categories, such as broadcasting, the export of program and show formats is also increasing.

In recent years, Chinese businesses and capital have been actively making investments in the Korean cultural content industry. Internet value-added services provider Tencent Holdings Ltd., for example, acquired shares in leading Korean game companies in 2014 through an FDI worth about KRW 700 billion (USD 612.5 million). Since then, other Chinese businesses, such as Zhejiang Huace Film & TV Co. Ltd., Wanda Group and Alibaba Group, have also stepped forward to invest in Korean film, broadcasting and entertainment companies.

Increasing demands for Korean cultural content in China are encouraging more Chinese companies to make their investments early on in the production process, beginning in the planning phase and all the way through to the acquisition of equity shares, rather than merely importing finished products.

Netflex, the largest video content distribution company in the United States, strives to secure high-quality global cultural content in advance, not only by collecting existing content, but by directly investing in the production process for content that have strong potential for success. It invested USD 50 million in Okja SPC and Plan B Entertainment, covering the entire production cost for Okja, the latest film by Director Bong Joon-ho, who received global recognition with Snowpiercer in both cinematic quality and box office sales. In return, Netflex has the exclusive screening rights for the film.

### Employment trends

As of 2014, the number of employees in the entire cultural contents industry was 616,459, which was a 0.5 percent decrease from the previous year. Employment opportunities in print media have continuously decline, but the number of employees in publishing was 191,033 persons, accounting for the largest proportion among all cultural contents industries (31 percent).

Recent progress in technology has caused the number of employees in games and film industries, to decrease as well. But knowledge information and content solutions industries are witnessing a continuous increase in employment numbers thanks to the growth of digital media.

### Locational competitiveness & policies

More than 90 percent of cultural content companies are located in the greater Seoul area. This is because consumers, human resources, as well as manufacturing and distribution facilities are also concentrated in Seoul and neighboring areas. But the Korean government is designing policies to attract cultural businesses to different regions, establishing industrial complexes, as well as promotional districts and facilities specifically targeted for the cultural content industry. In particular, film and game companies are concentrated in Busan, broadcasting in Goyang, and animation in Bucheon and Chuncheon.

In addition, the Korean government establishes a Basic Plan for the Promotion of the Cultural Industry under the Framework Act on the Promotion of Cultural Industries every three years. Various government departments also work together establish and carry out an implementation plan every year.

The Second Basic Plan for the Promotion of the Content Industry (2014–2016) set its vision as transforming Korea into a leading creative force in the global content industry. Some of these implementation strategies include building a foundation for investment, loans and technology; promoting content-related start-ups and train creative talent; support the entry into global markets; promote the development and use of a health ecosystem; and reinforce content competitiveness and build a cooperation system for industrial growth.

### Future prospects

Korea’s electronic device industry, supported by an excellent platform environment based on abundant ICT infrastructure and outstanding technology, acts as an important basis for future growth in the cultural content industry. Since the late 1990s, the government has tried to promote the cultural content industry by lifting many related regulations, such as foreign investment restrictions.

A global test bed for cultural content, Korea often is the country of choice for Hollywood movies to have their world premieres. The recent expansion of the Korean wave across the world in the form of K-pop and K-dramas proves the value and marketability of Korean cultural content products.

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**Source:** Kim, Gyu Chan. Cultural Content Industry, Seoul: Invest Korea, 2017

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### Cultural Content Industry Employment Trends

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<td>198,262</td>
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Over the last year and a half, I’ve done countless interviews with companies in every industry imaginable, ranging from cosmetics and chemical materials to AI and automobiles. But no company has brought about such strong feelings of nostalgia like LEGO. In an era where people are glued to their cellphones (including yours truly) and everything is becoming digitized, LEGO Group’s brightly colored toy bricks continue to appeal to kids and the kids at heart. LEGO bricks are part of a “universal system”, meaning that regardless of the year it was made and the set it belongs to, each piece is compatible with existing pieces. So a LEGO brick from 1965 would still interlock with one made in 2017. It’s this kind of connection with the past, present and future that brings about endless possibilities and creative expression for the consumer. LEGO lovers have let their imagination fly over the years, building everything from real houses and life-size forests to even a braille printer for the blind.

LEGO Korea’s General Manager Bo H. Kristensen hopes to continue this tradition of challenging both young and old consumers to think outside the blocks. As the most innovative country on earth, Korea provided an ideal business and consumer environment for the company. Here’s what Kristensen had to say about the company’s success in Korea.

Bo H. Kristensen
General Manager
LEGO Korea Co., Ltd

How was LEGO founded?

Our company name LEGO derived from the Danish phrase ‘leg godt’, which translates into ‘play well’.

The LEGO Group is a privately held, family-owned company with headquarters in Billund, Denmark, and main offices in the United States, United Kingdom, China and Singapore. Founded in 1932 by Ole Kirk Kristiansen, and based on the iconic LEGO brick, it is one of the world’s leading manufacturers of play materials.

Guided by the company spirit: “Only the best is good enough”, the company is committed to the development of children and aims to inspire and develop the builders of tomorrow through creative play and learning. LEGO products are sold worldwide.

LEGO Korea Co., Ltd. was founded in 1984 currently focusing on sales, marketing and customer service. Think of us as the LEGO Group being in Korea. We operate at the same level as we do in Denmark.

What made LEGO want to establish a business unit here in Korea?

Korea is one of the most important markets in Asia due to its unique environment—a great market to learn from and apply globally within the LEGO Group. When it comes to toys, Korea is a highly advanced and dynamic market that requires companies to adapt to its speed. In our view, this is mainly driven by Korean consumers as they are more attracted to quality contents.

In addition, the educational aspect for kids plays an enormous role within Korea—an area where LEGO can support and...
help in the long-term. When elaborating a bit more on quality, the retail space is more than developed compared to other developed markets. One of our key executives visited Korea at the end of last year and he was shocked with the high retail standards.

All this is only possible thanks to the high level of workforce in Korea. I have the privilege of working with exceptional team members here in Korea as they have the ability to assess and view any situation from various perspectives, especially cross-culturally. They also bring broad business acumen and understanding, as well as an open-minded perspective that serves Koreans as well as non-Koreans equally.

When it comes to Korean toy companies, they have an enormous potential of cultural impact outside of Korea. Their recent moves are a great way to influence other markets backed by unique and fun stories in relation to their products.

LEGO also has its unique characteristics of unlimited play—only limited by your own imagination. Its expandability goes beyond just products. It can expand to other sectors such as movies, exhibitions, cultural content, education and many more.

Were there any challenges that the company faced while trying to expand its business in Korea?

The key challenge was and still is delivering the true value of LEGO. LEGO is beyond toys as we try to convey the true play culture—imagination, creativity, fun, learning, caring and quality.

Korean consumers are aware of the LEGO brand and its educational values. But awareness on the social aspect—creating something together and sharing them—of LEGO is still missing. We want to change it.

Let me give you an example. I have heard that Korean parents laminate our building instructions so that their kids can rebuild our LEGO sets over and over again. But the core value of LEGO is not about just following the instructions in a LEGO set. It’s about putting all the bricks in one box and creating something totally new based on your own imagination.

Does your company closely work with any Korean companies to strengthen its business partnership?

We have a very close relationship with our local retail partner. Our relationship goes years back with strong foundation that mutually benefits both parties. Based on the LEGO Group’s brand framework, we uphold our highest respect towards our local retail partner. Our relationship comes to working together, trust is crucial and this goes both ways.

What is the main vision of LEGO Korea?

Our primary goal is to reach out to as many kids as possible to inspire and develop the builders of tomorrow. To reach our goal, it is important to promote the joy of building and pride of creation. Again, the key values that we envision for the future of kids in Korea are imagination, creativity, fun, learning, caring and quality.

By Esther Oh
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Upcoming KOTRA Events

2017 Korea Consumer Goods Showcase

From June 15 to 16, the MOTIE and KOTRA will hold the 2017 Korea Consumer Goods Showcase at COEX in Seoul, South Korea. The event provides global business leaders and their Korean counterparts the opportunity to explore cooperative business opportunities in the fields of cosmetics, fashion, home appliances, food and medical services.

The showcase consists of two parts: the K-Consumer Goods Exhibition and one-on-one business meetings. During the exhibition, Korean suppliers will display their outstanding merchandise and high quality consumer goods. In the Business Meeting Hall, booths will be set up so that global retailers can meet Korean companies through pre-scheduled one-on-one meetings. Approximately 300 buyers and 1,000 sellers will participate in the event.

LED & OLED Expo 2017

MOTIE and KOTRA will jointly host LED & OLED EXPO 2017 will be held on June 27-28 at the Korea International Exhibition Center (KINTEX) in Goyang, South Korea. The event will invite about 70 Korean companies and 50 foreign buyers in the fields of lighting products, LED components, electrical accessories and more. The event will offer export consultations, one-on-one business meetings for domestic companies and an awards ceremony for premier businesses that have successfully developed new technologies in this sector.

Korea Brand & Entertainment Expo, Hong Kong

To help Korean SMEs enter the overseas cultural market, especially the Greater China Region, the Korea Brand & Entertainment Expo (KBEE) will be held on July 12-14 in Hong Kong. The meeting will invite 400 companies from Korea and abroad to establish close partnerships and improve their brand recognition. A number of events will take place on the sidelines, including K-pop performances, product showcases and one-on-one consultation services. Various pavilions and booths will also be set up so that participants can learn more about Korea’s beauty products, fashion and cultural content.
On May 7-10, more than 200 world-renowned scholars are visiting Seoul to attend the Korea Mont Pelerin Society (MPS) Meeting. The MPS meeting was jointly established by Prof. Friedrich von Hayek, Professor and Austrian economist Milton Friedman of the University of Chicago in April 1947. Its founding members consist of 39 professors, lawyers, journalists, and businessmen, but most of them were economists by training.

The goals of the MPS are to facilitate an exchange of ideas between like-minded scholars; strengthen the principles and practice of a free society; and study the workings, virtues, and defects of a market-oriented economic system. The MPS has produced nine Nobel Memorial Prize Winners. They are Friedrich Hayek (Austria), Milton Friedman (USA), George Stigler (USA), James Buchanan (USA), Maurice Allais (France), Ronald Coase (USA), Gary Becker (USA), Vernon Smith (USA) and Mario Vargas Llosa (Peru).

The MPS meets regularly, with the general meeting held every two years and the regional meetings held annually. At times the Society holds special meetings. In September 2014, the board members of the MPS unanimously voted for Korea’s hosting of the 2017 MPS Regional meeting in Seoul in May.

In fact, the hosting of an MPS meeting by Korea is long overdue. All economic power countries in Asia have already hosted the MPS meetings except the Republic of Korea. Japan hosted the MPS Conference in 1988 and 2008. Hong Kong organized the meeting twice in 1978 and 2014. Even Taiwan hosted the MPS meeting two times in 1978 and 1988. Hosting an MPS conference requires two to three years of preparatory work. Inviting the speakers, deciding the venue, and funding the expenses are all challenging work.

During the first week of May, more than 300 people are coming to the Seoul conference. The main theme of the Seoul meeting is “Economic Freedom: the Road to Prosperity.” According to the MPS program schedule, there are 10 sessions. The sessions will cover a number of topics, including free market capitalism, growth and inequality, welfare and taxation, global financial economy, free market and entrepreneurship, Korean economy in the world and Korean national security and unification.

There will also be special speakers like Dr. Vaclav Klaus, former president of Czech Republic. He is going to speak on the significance of the Mont Pelerin Meeting in Korea. In addition, there will be two Nobel laureates, Prof. Peter Hansen of the University of Chicago and Prof. Vernon Smith of Chapman University. Most of the participants had long admired Korea’s economic success. They are coming to Korea with great excitement to see and feel the remarkable progress Korea has made. In the plenary sessions, the speakers and panelist will discuss various issues including the conceptual relationship between political inequality and income inequality. They argue that economic inequality per se is neither good nor bad and that if the government aims at more political equality, it will raise economic inequality.

Another issue that will catch the attention of the audience is the adoption of a new macroeconomic indicator, the GO (Gross Output) or GDE (Gross Domestic Expenditure). The idea is to remedy the weakness of the conventional GDP (Gross Domestic Product) indicator which fails to measure entire business activities within a specified period. They argue that supporting business activities rather than household consumption would be a lot more effective in expanding jobs. They will specifically demonstrate how to construct a new times series for the GO or GDE.

The 2017 MPS Seoul Conference overlaps with Korea’s presidential election. The participants understand that Korea is now at a crossroads. Depending on the result of the presidential election on May 9, the Korean economy will be able to maintain steady growth or will fluctuate with great volatility under increased political uncertainties.

Although the MPS Seoul Meeting has not started yet, many participants are telling us that whoever becomes the next president, they hope Korea will prosper economically and they will try their best to help us achieve economic affluence under free enterprise capitalism.

At this point, I strongly believe that the MPS speakers will bring special messages for Korean people. As the Foreign Investment Ombudsman and co-chair of the Organizing Committee for the MPS Seoul Meeting, I would like to extend my heartfelt welcome and gratitude to them for providing us with insight, wisdom and policy suggestions for Korea’s continued economic growth.

By Dr. Jeffrey I. Kim
Foreign Investment Ombudsman
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Among the major players of the cultural content market, which include Europe, North America and Africa, South Korea consistently ranks high despite its geographically small size. In fact, in 2010, the domestic market stood at KRW 72.12 trillion (USD 61 billion), increasing by an average of 4.7 percent annually since 2005. The hit 2016 Korean drama Descendants of the Sun alone generated more than KRW 3 trillion (USD 2.5 billion) worth of economic effects for the nation. The previous 2014 hit, My Love from Another Star was estimated at USD 2.8 billion.

At the heart of Korea's media and entertainment (M&E) industry is Seoul, the nation's capital city and the epicenter of the country’s economy and culture. Seoul is one of the largest cities in the world and accounts for a whopping 45 percent of the country's population and economic activity. Here is a closer look at Sangam-dong and Gwanghwamun, two of the most culturally rich areas in the city.

Sangam-dong
Steel and glass monuments attest to Korea's cultural industry at Sangam-dong, located northwest of Seoul. Known as the center of the Korean Wave, Sangam-dong is home to major production and broadcasting companies, including MBC, SBS and CJ E&M. As of 2002, it has also been home to Digital Media City (DMC), a state-of-the-art M&E cluster stretching across a 569,925 m² area. The DMC is the center of the new Sangam Millennium City Plan along with the World Cup Stadium, World Cup Park and Eco Village (the restored Nanjido landfill). The high-tech complex aims to become the hub of Korea's entertainment and digital content industry, fostering the broadcasting, movies, games, music, e-learning and related industries. Visitors can also learn about the history and value of Korean films at the Korean Film Museum or view films from around the world at the Korean Film Archive's Cinematheque. Attractions and facilities at the DMC also include the DMC Promotion Room, DMS (Digital Media Street), DMC Artopia, Digital Pavilion and the Korean Cultural Contents Center (Korean Movie Museum).

Current tenants include technological heavyweights like Samsung SDS smart prism, Woori Technology, LG CNS Sangam IT Center and major media companies like KBS Media Center, YTN Media Center, JTBC, Hankook Ilbo and Joongang Ilbo. The Seoul Metropolitan Government also constructed a city-wide IT broadband and wireless networks and provides tax incentives and favorably-priced land. Amenities targeting foreign companies are also one of the benefits of the DMC, including foreign schools, hospitals staffed by English-speaking workers and an apartment complex for long-term foreign rentals.

Gwanghwamun Square
If Sangam-dong is the center of modern M&E in Korea, Jongno District is the crown of Korea's more traditional assets. Gwanghwamun, located in the center of the district, is one of Seoul's most symbolic tourist attractions. The main gate to Gyeongbokgung Palace and an important piece of Korea's history, the 20,000m² area surrounding the gate, known as Gwanghwamun Square, has become the city's centerpiece.

The square stretches out from Gwanghwamun to the Sejongno Intersection. Once the center of Hanyang, Korea's capital city during the Joseon Dynasty, the square was also home to most of the Korean government's major administrative departments. It's no wonder that it also became the epicenter of Korea's major media and telecommunications companies. Chosun Ilbo, Dong-A Ilbo, Kyunghyang Newspaper, Hankyoreh and Maeil Business News, some of the largest newspaper companies in Korea are based in area, along with television stations like Dong-A TV, Channel A and Joongang TV. Academies dedicated to media like the SBS A&T Beauty School as well as conglomerates like SK Group, Kumho Asiana Group, Lotte Group, SK Group, Hyundai Engineering & Construction, Daewoo E&C and Daelim Group are also located in the area. Stretching across Gwanghwamun is the Cheonggyecheon Stream, and a part of the Jongno Cheonggye Special Tourist Zone. The entire 3.4 km stretch of the zone is a major attraction, offering a glimpse into Korea's traditional cultural scene including narrow alleys, fully intact traditional hanok buildings and palaces. Gwanghwamun also houses many of Korea's finest art at historic museums like Artsonje Center, Art Center Nabi, Bukchon Art Museum and National Folk Museum of Korea.
Established in October 2009, KODITS consists of specialists from the private and public sectors. This pan-governmental organization provides a variety of support related to defense and security trade, including business matchmaking, government-to-government (GtoG) contract support, offset trade, package deals and Homeland Security (HLS) industry support.

For more information, please visit http://kodits.kotra.or.kr

Main Activities of KODITS

- Assumes the status of a contracting party on behalf of the Korean government when concluding a G2G contract with another government, in order to enhance the transparency and credibility of the contract

- Collects and analyzes information on major purchasing countries’ offset trade regulations and supports the preparation and implementation of draft for package negotiation

- Prepares a draft for package deal negotiations after developing and reviewing cooperation programs in the field of industrial resources, etc, to satisfy the purchasing country’s demands

- Provides financing schemes to help Korean defense enterprises increase their export opportunities amid unfavorable conditions such as the increase in large-scale defense export deals and intensifying market competition.

- Performs export marketing activities such as hosting the Korea Defense and Security Week (KODAS) to expand defense exports, supporting defense enterprises’ participation in overseas exhibitions, organizing programs for nurturing export pioneer enterprises and operating defense industry-supporting KBCs
Economic Indicators

Keyring Co., Ltd. is an entertainment company specializing in the creation of 3D animation and new media content, video advertising and character licensing. Its animation department is staffed with experienced animation creators and renowned studio supervisors from the United States and Canada.

Keyring’s core capacity lies in the development, merchandising, manufacturing and distribution of physical and digital cartoon character products. Most notably, it handles every step of the 3D animation process, from visual and story development to advertisements for corporate branding. It operates a broad range of character businesses based on its major animation characters Spookiz, a high-quality comedy series for kids. Keyring has also created a variety of video advertisements for CashBee, 120 Dasan Call Center, Bus Safety Awareness Campaign, Baseball Tonight and the Ministry of Environment.

Keyring works with clients from all over the world. Because the company focuses on one project at a time, it reviews and makes adjustments to suit the demands of the client, ultimately offering a creative and original product. Due to such dedication, Keyring has won a number of awards, including the Cartoon Network Award at the Web Animation Festival.

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Introducing Korea’s SMEs

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Every month, KOTRA Express introduces one Korean SME that seeks to expand its network by working with foreign investors. In the May issue, we take a look at one of Korea’s most promising cultural content companies.

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<tbody>
<tr>
<td>Nominal (USD million)</td>
<td>1,222,400</td>
<td>1,305,400</td>
<td>1,411,000</td>
<td>1,377,500</td>
<td>1,411,000</td>
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<tr>
<td>PPP (USD million)</td>
<td>1,611,273</td>
<td>1,644,777</td>
<td>1,706,689</td>
<td>1,749,804</td>
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<td>GDP Growth Rate (Y-o-Y) (%)</td>
<td>2.3</td>
<td>2.9</td>
<td>3.3</td>
<td>2.6</td>
<td>2.8</td>
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Source: The Bank of Korea, April 2017

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<th>GDP Per Capita</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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<tr>
<td>Nominal</td>
<td>27,811</td>
<td>27,105</td>
<td>27,539</td>
<td>29,115</td>
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<td>PPP</td>
<td>35,211</td>
<td>36,390</td>
<td>37,740</td>
<td>39,447</td>
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Source: International Monetary Fund, April 2017

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<th>Foreign Trade</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>March 2017</th>
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<tbody>
<tr>
<td>Exports</td>
<td>547,870</td>
<td>559,632</td>
<td>572,665</td>
<td>526,757</td>
<td>495,426</td>
<td>132,332</td>
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<tr>
<td>Imports</td>
<td>519,584</td>
<td>515,586</td>
<td>525,515</td>
<td>436,499</td>
<td>406,193</td>
<td>116,217</td>
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<td>Trade Balance</td>
<td>28,285</td>
<td>44,047</td>
<td>47,150</td>
<td>90,258</td>
<td>89,233</td>
<td>16,116</td>
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Source: Korea International Trade Association, April 2017

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<tr>
<th>KRW-USD Foreign Exchange Rate</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>March 2017</th>
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<tr>
<td></td>
<td>1,126.9</td>
<td>1,095.0</td>
<td>1,053.2</td>
<td>1,131.5</td>
<td>1,160.5</td>
<td>1,134.8</td>
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Source: The Bank of Korea, April 2017

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<td></td>
<td>50,835.0</td>
<td>81,148.2</td>
<td>84,373.0</td>
<td>105,939.6</td>
<td>98,677.4</td>
<td>8,400.2</td>
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Source: The Bank of Korea, April 2017
KOTRA Express is your source for all things related to Korea’s economy, trade and foreign direct investment. Find news, interviews with investors and buyers, site spotlights, industry introduction and much more, every month.

To subscribe e-mail: ikonline@kotra.or.kr