ECO-FRIENDLY FASHION

By creating eco-friendly apparel and working with the community to preserve the environment, Patagonia is setting the new industry standard.

*Tony Choi* Country Director
*Patagonia Korea*
Dear Readers,

As you may know, Seoul is an exciting city but it can also be a hectic place to live. Time seems to move much faster here and sometimes we forget to stop and smell the flowers. That’s why in May, Invest KOREA (IK) held this year’s Get to Know Korea (GTKK) program at Jinkwansa Temple. GTKK is an annual event that helps members of Korea’s foreign business and press community, along with their families, get familiar with the country’s rich history and culture.

Under the theme ‘Serenity in Seoul’, GTKK participants learned about traditional Buddhist teaching and etiquettes. They also had a chance to try a delicious temple meal and engage in conversation with monks over tea. IK fully recognizes the contribution that foreign-invested companies make to the country on a daily basis, and we want to make Korea a more comfortable place for investors to call home through such events.

On another note, KOTRA and IK will be holding the Pinpoint Investment Meeting-Future Vehicle on June 8 to promote cooperation and spread awareness of Korea’s future vehicles, a key driver of the upcoming Fourth Industrial Revolution. Participants will include 100 representatives from Korea’s automobile, auto parts and vehicle system companies and local governments, as well as 30 prospective investors in the future vehicle industry. The event will provide participants an in-depth look at the status and trends of the domestic automobile market. It will also host consultation sessions for participants interested in M&A or Korea’s Free Economic Zones (FEZ). A tour of the country’s automobile clusters and its promising companies will be made available for those interested.

I ask for your continued support and should you have any suggestions on how we can improve our programs to better suit your needs, please let us know. Thank you.

Sincerely,

Yong Kook Kim / Head of Invest KOREA
On May 10, the Korea Trade-Investment Promotion Agency (KOTRA) and the Korea Electric Engineers Association (KEEA) jointly kicked off Power-Tech Korea 2017 in Seoul. About 60 foreign buyers attended the event held on the sidelines of the Global Electric Power Tech 2017, and had business meetings with 150 Korean SMEs. The buyers consisted of mainly electric companies and engineering, procurement and construction (EPC) contractors from 24 countries involved in power generation projects. In particular, Indonesia Energy Group and six other Indonesian firms paid their first visit to the event. They came to purchase Korean electric equipment and materials to carry out the government’s ten-year plan for the development of power generation systems. The national plan aims to dramatically increase the country’s electricity supply by 2025. President Director Ari Rahim of the Indonesia Energy Group explained that he participated in the event to learn from Korea’s premier electricity system and to buy a wide array of Korean products in power transmission and distribution, as well as renewable electricity generation.

Seoul Career Vision 2017 kicked off on May 11 in Goyang-si in a bid to promote employment and help the Korean youth enter the global market. KOTRA and the Human Resources Development Service of Korea co-organized the two-day event hosted by the Ministry of Employment and Labor. About 200 renowned multinational companies from 13 industries and 18 countries attended the job fair. A total of 505 jobs were available in participating companies including Nissan, Amazon Japan, Bloomberg Hong Kong and the Bank of Montreal.

The event provided comprehensive support for those who want to work abroad, from one-on-one mock interview sessions to a speech contest where job candidates could evaluate their capability.

"KOTRA helped some 476 people to land a job overseas, which is a 15.8 percent increase from the previous year,” said KOTRA’s CEO and President Jaehong Kim. He added that the agency will further cooperate with a greater number of foreign companies in more diverse sectors so that Korean youth can fulfill their potential on the global stage.

On May 15, KOTRA opened its Korean Pavilion for promising domestic startups at OCE Discovery 2017, the largest of its kind in Canada. 10 startups armed with advanced technologies including Analogue Plus (wearable bluetooth headsets), 12cm (smart stamps), and Globepoint (VR software), participated in the pavilion jointly run by the Gyeonggi Center for Creative Economy and the Gyeonggido Business & Science Accelerator.

Various programs were provided at this year’s event to support startups, including showcases, business meetings, seminars and lectures. KOTRA also provided Korean startups with tailored consultations on attracting investment and signing export deals to help them make inroads into the global market.

Five out of the 10 participating firms went to the New York-based ERA, a renowned venture incubator, to join mentoring and IR pitching sessions with 20 local venture capitalists and accelerators.

Seok-Gi Seon, Executive Vice President for SME Support of KOTRA, stated that KOTRA will expand support for greater engagement of Korean startups in international startup conferences and continue to provide a platform for their global market entry.

At Export Gateway Biz Plaza 2017 held on May 18, KOTRA’s 127 overseas offices identified global buyers wanting to import the products of Korean SMEs. Communications including video conferencing between Korean vendors and foreign buyers were supported by KOTRA so that they could have one-on-one business meetings at the event. The event offered about 1,600 export consultation sessions engaging 661 Korean vendors and 217 foreign buyers from 51 countries. A total of 30 export deals and MOUs were signed during the event.

In particular, the cutting-edge technologies of Korean SMEs were well received by participating buyers, leading to an increase in export deals. In the showcasing rooms, new products based on technological innovation as well as Korean pop culture were introduced by 48 Korean companies.
South Korea will come up with recall and examination standards for autonomous vehicles by 2020 so as to allow everyday operations of driverless cars.

At a global conference on autonomous vehicles held in Seoul on May 16, Kim Chae-gyu, Director General of the Bureau of Motor Vehicles Policy at the Ministry of Land, Infrastructure and Transport (MOLIT), said the government plans to also formulate an insurance policy that can cover self-driving vehicles by that year.

For autonomous vehicles to become viable, there should be an ultra-precise electronic map system in place, along with a cooperative-intelligent transport systems (C-ITS) and a host of other related standards to cope with accidents, he said.

MOLIT has allowed 19 autonomous vehicles to run the streets in pilot projects after being created by companies and universities. They include the country's biggest auto parts maker Hyundai Mobis Co., mobile phone and computer chip giant Samsung Electronics Co., the country's biggest portal service provider Naver and the Seoul National University.
The inauguration speech by President Moon Jae-in on May 10 was more than just moving. The new president proclaimed that all conflicts among regions, income classes and generations will be removed. He also pledged to usher in an era of zero irregular employment and zero discrimination, creating equal opportunities for all. He promised to make South Korea a better country by being transparent and fair.

Throughout Moon’s presidential campaign, fairness, reform and unity were three heavily emphasized points in his economic vision for 2017, more widely known as ‘J-nomics’. Referring to the Constitution, he pinpointed the dignity and value of human beings (Article 10), the right to work (Article 32) and the right to enjoy a dignifying life (Article 34). He also stressed the respect of liberty and creativity of the private sector (Article 119 (1)) and balanced and stable growth with equitable income distribution (Article 119 (2)).

After his inauguration, Moon’s first executive order was to launch a special presidential committee on creating jobs. This administration, not unlike all the others, is expected to put employment policies as its top priority. But the difference is very clear this time—the new government is committed to directly being involved in allocating resources related to job creation. The government is expected to hire more than 10,000 public employees, including fire fighters, policemen, public health experts and education specialist in just this year alone. 810,000 and 174,000 jobs are expected to be created in the public field during the five-year administration. The work environment in the private sector is also likely to improve by reducing the maximum legal work hours.

Amid criticism from various sides, however, we can’t deny that more capable public workers are desperately needed to make Korea safer and more secure. In that respect, his action of creating a wide range of public jobs is more than justified. The president’s first action was to promise to regularize all non-regular workers at Incheon International Airport by the end of this year. President Moon’s action symbolizes his dedication to abolish injustice in Korean society, especially when it comes to employment.

No doubt, the removal of non-regular workers from Korean economy is one of the most crucial and immediate tasks of the administration. But the regularization process of public workers requires very careful planning and preparation. More challenging is the regularization of private sector employees. The government has little authority to forcefully intervene in private hiring practices. This is one of the most cumbersome and controversial areas in government policy. No matter how legitimate it may be, government intervention in private sector employment practices could easily be deemed unconstitutional, causing tense legal battles for both sides. So, the success of President Moon’s pledges hangs heavily on how quickly and actively the private sector will choose to be on the same page. This is why his leadership and capability in getting private sectors to voluntarily follow his agenda is so important.

In addition, Korea’s economy was more focused on growth and output while not paying as much attention to the social aspects of such rapid growth. Making Korea an equal country for all of its people is important not just for the sake of fairness but also for efficiency. Removing unfairness and unequal practices generate social trust, also known as social capital, which makes an economy more productive and fruitful.

After experiencing the Miracle of the Han River in the 1980s and 1990s, Korea is on the verge of undergoing a new miracle caused by the wave of candlelight vigils held on October 2016. This time around, the new economic miracle won’t just produce shimmering skyscrapers and raise GDP, it’ll be a major transformation for human welfare and justice. Spearheaded by the new president, all eyes are on Korea as it moves toward a brighter future.

By Professor Se Don Shin
Dean, Sookmyung Women’s University
Former Senior Economist, Bank of Korea
seshin@sm.ac.kr

* The opinions expressed in this article are the author’s own and do not reflect the views of KOTRA
It was an exciting week for culinary connoisseurs, as Seoul Food 2017 kicked off from May 16 to 19 in the city of Goyang, Gyeonggi-do. Seoul Food is Korea’s largest international food industry exhibition and the fourth-largest of its kind in Asia. The four-day event celebrated its 35th anniversary, satisfying the palate of over 50,000 participants from around the world. The large turnout was testament to the growing popularity of Asian and Korean cuisine.

According to the country’s Ministry of Agriculture, Food and Rural Affairs, the global food industry is growing annually by 2 percent, and is expected to reach USD 7.3 trillion in 2019, a significant increase from USD 6.3 trillion in 2016. And behind this rapid growth lies the Korean food market. Korean food exports have increased rapidly since 2006 at an annual average rate of 10 percent to about USD 4.1 billion in 2015.

In a bid to help Korean food companies enter the global market and further boost demand, Seoul Food 2017 provided an opportunity for 660 overseas buyers and 740 promising Korean companies to establish close network through its one-on-one business meetings, showcases and seminars. Visitors had the chance to witness the latest technological developments in the food industry, as well as taste some of the hottest food products in Korea.

New to this year’s event was the Global Food Trend & Tech Conference, which offered participants in-depth analyses and market strategies. Most notably, the conference took a closer look at food innovation and the impact of early start ups on the food industry, the future of the industry and recent market trends in Asia. “The convergence of pharmaceuticals and biotechnology has given birth to a wide range of functional foods, and the surging single-person households have caused rapid changes in the food market,” said KOTRA’s CEO and President Jae Hong Kim during his opening remarks. “All of these factors are transforming the food industry into high value-added one.”

The Startup Assistance Seminar was of particular interest to SMEs, with some of Korea’s most successful startups in the food industry presenting on their experience. One of the presenters was Sophie Kim, founder and CEO of Market Kurly, a website that delivers high-quality and eco-friendly ingredients to consumers. Since its launch in 2015, the company’s has recorded KRW 3 billion (USD 2.7 million) in sales every month. The key to Market Kurly’s success isn’t just its fresh and organic products or fast delivery service, but also the company’s ability to take full advantage of mobile technology, big data and social media. “About 80 percent of our customers place their order through their cellphones and we’re also utilizing

Korea’s Largest International Food Industry Exhibition Satisfies Palates Worldwide

Gourmands and global businesses alike gathered at Seoul Food 2017 in a four-day event packed with food tasting exhibitions, business meetings and cooking contests.
big data to predict the purchasing patterns of our customers”, said Kim.

Turnout was also high at the Seoul Food Awards, held on the sidelines of Seoul Food 2017. Five food items were selected each in the three categories of ‘Healing’, ‘Innovation’ and ‘Dessert’. Award winners were granted diverse benefits, including certificates, public relation support, on-site special exhibitions and exclusive meetings with buyers. Equally popular was the Seoul Food Culinary Challenge, a cooking contest where renowned chefs and students and graduates from culinary schools competed head-to-head.

“We prepared a variety of programs that are more diverse than ever so that more Korean food companies can make inroads into the global market,” said Kim Doo-young, Executive Vice President for Strategic Marketing at KOTRA. He also expressed his future hopes for greater participation and increased exports of Korean food suppliers.

By Esther Oh
Executive Consultant/Investment Public Relations Team
Korea Trade-Investment Promotion Agency (KOTRA)
estheroh@kotra.or.kr

Buyer Interview

On the occasion of Seoul Food 2017, KOTRA Express sat down with one foreign buyer, Mr. Paul J Kim, Director of International Operation & Strategic Sourcing at Purity Wholesale Grocers, Inc. Here’s what he had to say about the event.

Please introduce us to your company.

Purity Wholesale Grocers was founded in 1982 in Boca Raton, Florida by Jeff Levitetz. We distribute grocery products and general merchandise in the United States. We service retail chains like Stater Brothers, Walmart, Safeway and Lucky Supermarkets. We’re a market leader in diverting distribution, which essentially is a different angle of distribution that is much more cost effective for the retailer.

What companies are you looking to find at Seoul Food 2017?

This is my third time participating at Seoul Food. I’m looking to see both innovative and high-quality products on the international market. I’m currently in the works of talking with a cosmetics company and a seafood company.

What kind of advantages do Korean products have in the U.S. market?

We mostly distribute Korean products to stores in the west coast and the east coast. Although it is a bit difficult to promote Korean products on a wide scale in the United States, they are very promising.

The Asian food industry is definitely growing and you can see new trends emerging due to the influence of Korean culture, like K-pop. Especially in the United States, which is a multicultural country, Korean dramas and songs have helped promote Korea’s products.

Do you have any suggestions for how Korean SMEs can partner up with American companies?

I think each manufacturer should come to the United States to spend a lot of time learning about the American market so they can further develop their products. A lot of companies just want to sell the product, but they should instead spend more time on market research because the Korean and American market are very different. They should also conduct product comparisons with similar items that are already in the market. I highly advise Korean companies to see for themselves what is going on in the U.S. food industry.
Introduction

Consumer demands in the fashion market are growing more complex and diverse by the day due to increased consumption caused by higher incomes and rational consumption caused by the economic recession. Other reasons include the demand for individuality and personalized fashion, the expansion of life-enriching consumption such as leisure and cultural activities, the increase in online purchases, the aging population and the shift of core consumers.

With this polarization, a variety of fashion brands are expanding into the global market, from high-end luxury brands like Burberry and Louis Vuitton, to mid to low-end fast fashion brands, such as Zara, H&M and UNIQLO, which have a strong advantage in design, planning and distribution.

While global brands are competing in domestic and overseas markets, the competition in global production is intensifying through strengthened production and technological prowess. This is a result of increased foreign investment into China and Southeast Asian countries. Fashion products are also highly susceptible to seasons and trends, thus making their life cycle short while bringing in continuous demand. This creates sustainable growth for the industry as consumers and preferences diversify, so new products are developed to meet the changing needs of customers.

Current state of the industry

The global fashion market has achieved an average annual growth rate of 4.2 percent between 2009 and 2013, reaching USD 1.54 trillion in 2013. The market is expected to grow at approximately 4 percent annually until 2020.

By clothing type, the womenswear market is worth USD 638.1 billion, accounting for the largest share in the total market at 41.5 percent. Menswear accounts for 27.6 percent and children's clothing for 14 percent. Furthermore, products with newly converged technology are growing at a rapid rate. The “smart” trend is not only being developed in clothing which integrates IT technology but also in the production and fashion distribution process as well.

By region, the fashion market in America is worth USD 560.6 billion, accounting for 36.3 percent of the total fashion market, while Europe accounts for 33 percent with USD 507.6 billion, and the Asia Pacific region for 27.2 percent with USD 417.8 billion.

By country, the market size of the United States stands at USD 445.7 billion (29 percent), China at USD 194.1 billion (12.6 percent), Japan at USD 116 billion (7.6 percent), Russia at USD 82.7 billion (5.4 percent) and South Korea at USD 31.8 billion (2.1 percent).

In Korea, the domestic fashion market continues to grow despite uncertainties like sluggish domestic demand. This growth is attributed to the rise of online and mobile shopping, the diversification of new distribution channels and the diversification of consumers. The focus of the fashion market is also shifting from the sportswear market to the casual wear market, while casual wear, menswear, womenswear and underwear are showing consistent growth.

Production in the domestic fashion industry increased between 2010 and 2014 because of the continued growth in domestic demand and export volume. However, in the short term, production volume has been on the decline since 2012 because of worsening domestic production conditions and weakening demand for locally produced goods.

As a result, ever-changing local fashion trends, the continued growth of fast fashion brands and increased exports of hallyu (Korean Wave) content serve as positive factors for domestic production. But production has somewhat dwindled as the growing demand in the domestic market is involved more with imported products than domestic ones.

Looking at the changes in the production structure of fashion apparel, the share of shirts/workout clothes increased the most.
with 28 percent of the total production in 2014. This is due to the rise in the number of consumers who are interested in leisure and health, as well as changes in lifestyle. In addition, the boundary among the types of clothing such as casual style in sportswear and outdoor wear has blurred.

While the export of fashion apparel increased by 4.4 percent since 2010 because of the rising popularity and recognition of Korean brands brought about by hallyu and improved product competitiveness, clothing materials like textiles and fabrics, showed a downward trend.

The increased export volume of such fashion apparel was attributed to export growth in countries influenced by hallyu such as Vietnam (24.2 percent), Taiwan (16.0 percent), Indonesia (10.8 percent), Myanmar (9.34 percent) and China (3.2 percent).

In particular, exports to Japan, which accounted for the largest portion of fashion apparel in 2010, grew by 1.5 percent between 2010 and 2016, while exports to Vietnam surged by more than 20 percent during the same period.

Foreign Direct Investment in the industry

Foreign direct investment (FDI) in the Korean fashion industry has somewhat slowed down since 2013 but remains stable. Unlike in the past when global fashion companies preferred Japan or Hong Kong as their base for entering the Asian market, they recently preferred to go straight to the Korean market for Chinese and Korean consumers.

FDI, however, tends to be concentrated more on the distribution of global fashion brands than on apparel manufacturing, and it mainly includes joint ventures with global fast fashion brands such as UNIQLO and Zara. Burberry and Gucci are among the luxury brands that have directly entered the Korean market to benefit from the sustained growth in the Korean fashion industry and attract foreign tourists.

Locational competitiveness

The most concentrated locations for the fashion industry in Korea include Seoul, Incheon and Gyeonggi-do, which are leading the trend and distribution sector and possess the largest consumer market. The knitting industry is concentrated in the northern part of Gyeonggi-do and Jeollabuk-do.

The northern part of Gyeonggi-do is the world’s top knitting production area, and accounts for about 40 percent of the world market for high-quality knitwear (golf wear, sportswear/leisure wear, etc.), while accounting for about 90 percent of the domestic knitting production. It is also the largest consumer of yarn, consuming 60 percent of the locally produced yarn.

Jeollabuk-do is home to various producers, from the spinning industry to the sewing and clothing manufacturing industry. It also has a production structure mainly based on natural fibers such as cotton yarn, knitting yarn and sewing, among others. In terms of products, knitwear (which mainly includes underwear and kids wear) is the mainstay of the textile industry in the region.

In Busan, large-scale apparel companies, such as Parkland, Indian, Colping and Greenjoy, operate a sewing factory equipped with automation facilities. Facilities for OEMs are located within a 50 km radius of Busan. The city’s geographical characteristics, its proximity to the sea, ports and an international airport allow the fast introduction of global trends, giving Busan strong logistics competitiveness and ease in promptly responding to global demands. It has an abundant source of technology personnel on standby and new skilled workforce with its universities.

Industry outlook

The global fashion apparel market volume in 2013 was estimated to be worth USD 1.33 trillion, and it is expected to show an annual growth rate of about 4 percent by 2020. As the market boundaries between countries fall and the online-to-offline (O2O) business strategies link online and off-line shopping, the globalization and centralization of the supply chain from production to distribution will accelerate.

The Korean fashion industry is also expected to grow steadily. The country possesses world-class synthetic fiber materials companies and infrastructure, and has the potential to utilize convergence technologies such as information technology and new technology.

As fashion apparel shifts to a small-quantity production structure, the markets for fashion apparel are expected to be diversified and converged with the growth of highly functional, design-oriented and smart clothes. Meanwhile, the increasing demand for high performance and eco-friendly textiles and the diversification of apparel consumption are expected to be a driving force of the fashion market in the future.

By Im-Ja Rhee
Research Fellow
Korea Institute for Industrial Economics and Trade (KRIET)
ijrhee@kiet.re.kr
When it comes to being fashion-forward, outdoor clothing brands usually don’t come to mind. For many years, outdoor performance apparel has been associated with being durable but bulky, sacrificing fashion for functionality. But Patagonia is breaking down these stereotypes. Founded in 1973 in California by rock climber Yvon Chouinard, this American-based apparel brand caters to both traditional and trendy outdoor adventurers. And if there’s one country that knows anything about trends, it’s Korea. So it comes as no surprise when the company opened up its Korea branch in July of 2016.

With Koreans becoming more health conscious, “well-being” products and exercise apparel are always in high demand. Although Korea’s overall fashion market has fluctuated in recent years, the outdoor clothing industry has shown relatively steady growth. Thanks to such demand, Korea boasts the second largest outdoor goods market in the world despite the country’s diminutive size.

“Korean consumers are very interested in outdoor culture,” says Tony Choi, Country Director of Patagonia Korea. “Awareness of environmental issues is also growing. Patagonia’s philosophy of creating environmentally-friendly and durable products combined with Korea’s interest in outdoor activities meshed together really well.”

In a nutshell, Patagonia’s vision is to make high-quality apparel without harming the environment. Most notably, it transforms used plastic water bottles into polyester fabrics and uses organic cotton free of pesticide or chemicals. The company also works closely with the local community, including grassroots groups to protect the environment. Last year, the company launched the ‘Worn Wear’ campaign, fixing worn out shoes and frayed clothes for customers to minimize the effect that unnecessary spending has on the environment.

But it’s not just nature that Patagonia is passionate about. The company knows well that Korean consumers are heavily driven by trends. To meet the ever-changing demands, Patagonia released an exclusive line of limited edition products from its ‘Pataloha’ (a combination of the words ‘Patagonia’ and ‘aloha’) collection for the Korean market. Due to its deft eye for style, Patagonia recorded a 15 percent growth in the first quarter of this year alone. On average, each of the 31 stores in Korea saw sales rise by 20 percent. Following an intricate step-by-step strategy, Patagonia opens three to five stores every year. In 2017, the company plans to expand the total number of stores to 35.

Another reason for Patagonia’s success in Korea is the appeal it has to consumers from all walks of life. Choi says that most Korean consumers used to buy outdoor products related to light activities like hiking. The trend is changing, as Koreans are showing a growing interest in more extreme sports, like mountain biking, climbing and surfing. And to meet such...
Astana, Kazakhstan. Under the theme the Korea Pavilion at Astana Expo in KOTRA and MOTIE will jointly operate Astana Expo 2017 made available for those interested. 

Due to the opportunities and its promising companies will be covered in the domestic automobile market, and discussing the status and trends of the future vehicle industry.

The event will provide participants an in-depth look at the status and trends of the domestic automobile market, and discover new modes of technological cooperation. It will also host consultation sessions for participants interested in M&A for domestic companies. Choi emphasizes that Patagonia actively plans on establishing long-term partnerships with them to help Korea’s economy grow.

When asked about the company’s vision beyond Korea, Choi says Patagonia has already entered the Japanese and Australian market. It is also actively doing business in other Asian countries like China, Hong Kong and Taiwan. Considering that Asia makes up a significant portion of the global market, it plans on actively engaging and investing in the Asia region. And with its unwavering passion for creating green fashion, Patagonia Korea is sure to help the rest of the fashion industry clean up its act.

By Esther Oh
Executive Consultant
Investment Public Relations Team
Korea Trade-Investment Promotion Agency (KOTRA)
estheroh@kotra.or.kr

Upcoming KOTRA Events

Pinpoint Investment Meeting-Future Vehicle

In a bid to promote investment and spread awareness of Korea’s future vehicles, a key driver of the upcoming Fourth Industrial Revolution, KOTRA will hold the Pinpoint Investment Meeting-Future Vehicle on June 8 at the InterContinental Seoul COEX in South Korea. Participants will include 100 representatives from Korea’s automobile, auto part and vehicle system companies and local governments, as well as 30 prospective investors in the future vehicle industry.

The event will provide participants an in-depth look at the status and trends of the domestic automobile market, and discover new modes of technological cooperation. It will also host consultation sessions for participants interested in M&A or Korea’s Free Economic Zones (FEZ). A tour of the country’s automobile clusters and its promising companies will be made available for those interested.

Astan Expo 2017

From June 10 to September 10, KOTRA and MOTIE will jointly operate the Korea Pavilion at Astana Expo in Astana, Kazakhstan. Under the theme ‘Future Energy, Smart Life’, the pavilion seeks to promote Korea as an innovative country with technological prowess in the field of future energy. It will also showcase some of Korea’s most advanced technologies in the areas of wind power, solar panels and energy storage systems.

AStan Expo 2017 is an international exposition which aims to create global debate on future energy among countries, nongovernmental organizations, companies and the general public. The expo will share knowledge on solutions tackling social, economic and environmental challenges. Approximately 5 million people from over 100 countries are expected to attend.

Korea Brand & Entertainment Expo 2017

On June 22 to 24, Korea Brand & Entertainment Expo (KBEE) 2017 will be held in Taipei’s World Trade Center. The event seeks to foster cooperation between Chinese-speaking countries and Korea in the fields of cosmetics, fashion, household goods and other high-quality products related to the Korean Wave. Now in its 8th year, KBEE will provide the perfect opportunity for interested companies to see the hottest trends in Korean cultural sector. This year’s event in particular will look at the convergence of new media and marketing through product placement. Over 400 Chinese companies and 80 Korean companies will participate.

Global Mobile Vision 2017

Organized by KOTRA and hosted by MOTIE and the Ministry of Science, ICT and Future Planning (MSIP), Global Mobile Vision 2017 (GMV) will kick off from September 13 to 15 in the South Korean city of Goyang.

As South Korea’s leading ICT industry exhibition and business meeting event, this year’s GMV will focus on cutting-edge technologies and businesses that will lead the Fourth Industrial Revolution. Since its launch in 2008, GMV has played a vital role in the global ICT industry as an international marketplace for both foreign and domestic companies. Along with large-scale exhibition and conferences showcasing mobile and IoT technology, one-on-one business meetings and startup events like GMV Creative Startup Korea will take place throughout the three-day program.
With President Moon Jae-in’s administration having just launched on May 10, foreign investors might be wondering what will be the major changes to South Korea’s social and economic policy—particularly those related to foreign direct investment (FDI) policy.

Moon has not yet appointed all of his new cabinet members and we cannot tell exactly how different the new policies are going to be. It seems that there may be some changes in priority among the various policies.

During the election campaign, policy advisers in each of the presidential election camps disclose a package of their policy promises. Once their candidate is elected, however, they tend to make reasonable policy adjustments in order to accommodate better plans proposed by other election camps.

The new government will implement a good variety of policies in the areas of diplomacy, security, welfare and the economy. These four areas are all important for the nation as a whole. But ordinary people pay more attention to the issues of welfare and the economy because these issues critically affect their everyday life. So the new administration tends to make greater efforts to design the best possible social policies as well as economic policies.

Social policy refers to guidelines, principles and legislation that affect the living conditions of the people. These policies aim to meet human needs such as education, health care, housing, pensions, child protection, urban development and criminal justice, among others. Compared to the previous governments, the current government places a heavier weight on social policy as it seeks to improve the quality of life for ordinary people. Social policy is usually pursued by the non-economic ministries.

Economic policy, meanwhile, refers to government actions undertaken in the economic field. It involves changing taxation and spending, money supply and interest rates, trade and market liberalization. Economic policy aims to attain five economic goals—three macroeconomic goals and two microeconomic ones. The macroeconomic goals refer to full employment, price stability and sustained economic growth. The microeconomic goals are production efficiency and equitable distribution.

The government should bear in mind that the pursuit of one goal often restricts attainment of other goals. For instance, policies that promote the microeconomic goal of production efficiency by tightening up the hiring of new workers might obstruct the attainment of full employment which is a macroeconomic goal. By the same reasoning, policies that improve another microeconomic goal of income distribution might interfere with the attainment of higher growth and greater employment.

Again compared to previous governments, the new government would place greater weight on equitable income distribution. So there would be some readjustments to the weights assigned to the five economic goals. But steady growth and greater employment should not be put on the back burner. It would need to strike a balance by setting proper targets for the five economic goals.

These days Korea’s FDI policy has been drawing the world’s attention. International organizations such as the World Bank Group, the IMF and the UNCTAD have long urged that developing countries ought to attract foreign direct investment because it expedites industrialization and enhances their growth potential. They quote Korea as a success story for FDI and advise that the foreign-investment hosting countries provide incentives to the foreign companies that bring in advanced production technology. Recently even the advanced countries are trying to attract FDI to increase domestic employment.

It may take a while before the new government reveals its entire policy package. So far as economic policy is concerned, basic economic policy would not be drastically different from what they used to be. Senior economic advisers to the president are known to be top-notch economists who have been trained in prestigious universities in the United States. They fully understand the merits of foreign direct investment so the new government is very likely to strengthen FDI policy.

Based on these compelling reasons, the new government would emphasize FDI more than ever before. Therefore, FDI policies should be strengthened to improve the investment environment. More effective FDI incentives, proper reforms and strengthened deregulation will have to be pursued.

By Dr. Jeffrey I. Kim

Foreign Investment Ombudsman

jeffkim@kotra.or.kr

Who is the Ombudsman?

The Foreign Investment Ombudsman and his grievance resolution body collect and analyze information concerning problems facing foreign firms, request cooperation from relevant government agencies, propose new policies to improve the foreign investment promotion system and carry out other necessary tasks to assist foreign-invested companies in resolving their grievances.
The 2017 Fall Winter Hera Seoul Fashion Week attracted some 280,000 visitors, attesting to South Korea's burgeoning fashion industry. Coupled with the Korean Wave, the country's innovative approach to fashion has taken the world by storm. As a future growth engine tapped by the Korean government, the country's apparel and textile industry promises to grow tremendously in the coming years.

At the heart of the industry's incubation process is Gyeonggi-do. Literally translated into "the area surrounding the capital," Gyeonggi-do is located next to the nation's capital of Seoul. It is also the most populous province in South Korea with more than 12 million people as of 2014.

With the recent shift of the country's focus from heavy manufacturing to soft power industries like service and retail, Gyeonggi-do has stepped up to the task of becoming the hub of the textile industry. Over 2,800 textile-related factories are located in the province, which produces 59 percent of Korea's textile exports and 83 percent of the country's knit exports.

Yangju-si
Located northeast of Gyeonggi-do, Yangju-si is poised to become the mecca of the textile industry. Tapped to become the base of the textile industry complex by the government, Yangju broke ground for the G-Textopia in 2011 and is now home to the Korea High Tech Textile Research Institute (KOTERI), the Textile Startup Business Incubation Center, the Green Knit Research Center and the Gyeonggi Textile Center (GTC).

The G-Textopia's KOTERI is a unique government organization fully involved in everything from textile manufacturing to distribution. It is the only institute of its kind to have a research and development (R&D) sector. The institute is especially known for its Cold Pad Batch (CPB), an innovative eco-friendly dyeing process and the world's first liquid ammonia process technologies to produce knit textiles. KOTERI signed a memorandum of understanding (MOUs) with major textile and apparel companies like Kolon Fashion Material and Huvis, and more recently with Korea Mingbao Textile and CHTC HELON.

The GTC was also established to promote the provincial Gyeonggi textile and apparel industry in the United States following the Korea-US free trade agreement. Its operations and services include trade promotion, new product sourcing and development, vendor introduction and consultation. It also set up an office in Los Angeles to further promote trade.

Thanks to its ideal business environment, Yangju-si is already teeming with textile, apparel and textile manufacturing companies, including Daejin Textile Co, Dowel International Co. Ltd., Elzion, Heasung Textile, Kwang Il Textile Co. Ltd., Nam Kwang Textile Co. and Young Shin Textile Co.

Pocheon-si
Bordering Yangju is the mountainous, up-and-coming city of Pocheon. Home to roughly 2,166 small and medium-sized manufacturers of textiles and metal products, including Hyesung Knitting Machinery Co., Ltd., Seong Shin Textile Co., Ltd. and Samheung Co., Ltd., Pocheon is quickly developing into an industrial powerhouse.

The city is currently focusing on developing industrial complexes for the fiber and furniture industries, including the Jangja Industrial Complex and the Pocheon Eco Development Co. Ltd. (Yongjeong Industrial Complex), both of which are expected to revitalize the local economy by forming a system of knitting and dyeing factories, deregulation and incentives. The Jangja Industrial Complex alone is expected to produce an economic effect of KRW 166.5 billion (USD 148.02 million) and a USD 167 million increase in exports. The provincial government is also working to further deregulate and amend ordinances to develop a more business-friendly ecosystem.

In 2015, Pocheon also landed the K-Design Village Project, a joint operation with the Gyeonggi Province, the Ministry of Land, Infrastructure and Transport and the Korea Fashion Designers Association. The project, a combination of a 500,000 m² industrial complex and a 300,000 m² park, will foster the region's textile and furniture industry as well as promote tourism. A total of KRW 700 billion (USD 622.3 million) will be invested in the project, including KRW 200 billion (USD 177.8 million) in government spending and KRW 500 billion (USD 444.5 million) in private capital. Pocheon is currently focusing on creating transportation networks by creating and expanding roads and is expected to be completed by the year 2022.

Gyeonggi-do Thinks Fashion-Foward
KOTRA’s Services

Did you know?

Find an easier and cheaper way to import quality products from Korea through KOTRA’s FTA Support Center!

About KOTRA’s FTA Support Center

To help global buyers take full advantage of Korea’s free trade agreements, KOTRA has nine FTA Support Centers—seven in China (Beijing, Shanghai, Qingdao, Chengdu, Guangzhou, Dalian, Tianjin) and two in Vietnam (Hanoi, Ho Chi Minh). We plan to launch two more in Bogota, Colombia in June and Jakarta, Indonesia in September 2017. The new centers will support companies in their utilization of the Korea-Colombia FTA and the Korea-ASEAN FTA.

FTA, a gateway to success

FTA reduces tariffs and enhances the price competitiveness of your products. It also opens up the service market and contributes to trade facilitation, dramatically improving business environments in FTA partner countries. Factoring in the impact of FTAs is now mandatory, and not an option, in formulating your business strategies. Let KOTRA be a reliable partner connecting you to Korea’s FTA network.

KOTRA’s full-fledged support

KOTRA’s FTA Support Center provides counseling services not only for Korean companies but also for local buyers to help you tackle non-tariff barriers and make the most of Korea’s free trade agreements. We offer a full range of support, from issuing a certificate of origin to addressing any grievances in the customs and certification procedures. You can also apply for seminars and on-site counseling services. Please feel free to contact a center near you for further information.

Contact Information

<table>
<thead>
<tr>
<th>Location</th>
<th>Telephone</th>
<th>Email</th>
<th>Homepage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beijing</td>
<td>(86-10) 6410-6162</td>
<td><a href="mailto:pekktc@kotra.or.kr">pekktc@kotra.or.kr</a></td>
<td><a href="http://www.kotra.or.kr/KBC/beijing">www.kotra.or.kr/KBC/beijing</a></td>
</tr>
<tr>
<td>Shanghai</td>
<td>(86-21) 5108-8771</td>
<td><a href="mailto:shanghai@kotra.or.kr">shanghai@kotra.or.kr</a></td>
<td><a href="http://www.kotra.or.kr/KBC/shanghai">www.kotra.or.kr/KBC/shanghai</a></td>
</tr>
<tr>
<td>Qingdao</td>
<td>(86-532) 8388-7931</td>
<td><a href="mailto:qdl_kotra@daum.net">qdl_kotra@daum.net</a></td>
<td><a href="http://www.kotra.or.kr/KBC/qingdao">www.kotra.or.kr/KBC/qingdao</a></td>
</tr>
<tr>
<td>Chengdu</td>
<td>(86-28) 8672-3501</td>
<td><a href="mailto:ctuktc@kotra.or.kr">ctuktc@kotra.or.kr</a></td>
<td><a href="http://www.kotra.or.kr/KBC/chengdu">www.kotra.or.kr/KBC/chengdu</a></td>
</tr>
<tr>
<td>Guangzhou</td>
<td>(86-20) 2208-1600</td>
<td><a href="mailto:canton@kotra.or.kr">canton@kotra.or.kr</a></td>
<td><a href="http://www.kotra.or.kr/KBC/guangzhou">www.kotra.or.kr/KBC/guangzhou</a></td>
</tr>
<tr>
<td>Dalian</td>
<td>(86-411) 8253-0051~3</td>
<td><a href="mailto:kotradlc@kotra.or.kr">kotradlc@kotra.or.kr</a></td>
<td><a href="http://www.kotra.or.kr/KBC/dalian">www.kotra.or.kr/KBC/dalian</a></td>
</tr>
<tr>
<td>Tianjin</td>
<td>(86-22) 2329-6631-3</td>
<td><a href="mailto:tianjin@kotra.or.kr">tianjin@kotra.or.kr</a></td>
<td><a href="http://www.kotra.or.kr/KBC/tianjin">www.kotra.or.kr/KBC/tianjin</a></td>
</tr>
<tr>
<td>Hanoi</td>
<td>(84-4) 3946-0511</td>
<td><a href="mailto:kotrahanoikbc@gmail.com">kotrahanoikbc@gmail.com</a></td>
<td><a href="http://www.kotra.or.kr/KBC/hanoi">www.kotra.or.kr/KBC/hanoi</a></td>
</tr>
<tr>
<td>Ho Chi Minh</td>
<td>(84-8) 3822-3944</td>
<td><a href="mailto:kotrasgn@hanmail.net">kotrasgn@hanmail.net</a></td>
<td><a href="http://www.kotra.or.kr/KBC/hochiminh">www.kotra.or.kr/KBC/hochiminh</a></td>
</tr>
<tr>
<td>Bogota</td>
<td>(57-1) 637-5099</td>
<td><a href="mailto:ktcbog@kotra.org.co">ktcbog@kotra.org.co</a></td>
<td><a href="http://www.kotra.or.kr/KBC/bogota">www.kotra.or.kr/KBC/bogota</a></td>
</tr>
</tbody>
</table>
Alice Martha

Alice Martha is a brand synonymous with the finest quality products for women. Since its launch in 2014, the company has quickly been recognized as a leader in the global leather handbag industry. By successfully utilizing both the online and offline marketing strategies, it has clinched major distribution contracts with both domestic and international companies, especially those in China and Europe.

Alice Martha is currently preparing to export its high-quality bags to Australia and Hong Kong. Most notably, it participated in the 2017 Hong Kong Fashion Access Exhibition, a semi-annual international fashion trade fair for bags, shoes, leather goods and a wide selection of accessories. Additionally, it won an award at the ‘Best of APLF Awards’ at APLF, the world’s leading leather trade show.

Alice Martha’s extensive product line is also available through major fashion retail stores, including Lotte Department Store.

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

Economic Indicators

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal (USD million)</td>
<td>1,222,400</td>
<td>1,305,400</td>
<td>1,411,000</td>
<td>1,382,400</td>
<td>1,411,000</td>
</tr>
<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>
<td>1,822,162</td>
</tr>
<tr>
<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>
</tr>
</tbody>
</table>

Source: The Bank of Korea, April 2017

<table>
<thead>
<tr>
<th>GDP Per Capita</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal</td>
<td>27,811</td>
<td>27,105</td>
<td>27,539</td>
<td>29,115</td>
</tr>
<tr>
<td>PPP</td>
<td>35,211</td>
<td>36,390</td>
<td>37,740</td>
<td>39,447</td>
</tr>
</tbody>
</table>

Source: International Monetary Fund, April 2017

<table>
<thead>
<tr>
<th>Foreign Trade</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>April 2017</th>
</tr>
</thead>
<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>183,092</td>
</tr>
<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>154,218</td>
</tr>
<tr>
<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>28,874</td>
</tr>
</tbody>
</table>

Source: Korea International Trade Association, April 2017

<table>
<thead>
<tr>
<th>KRW-USD Foreign Exchange Rate</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>April 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source: The Bank of Korea, April 2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Source: The Bank of Korea, April 2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
KOTRA Worldwide
-KOTRA has 126 overseas offices and 10 headquarters worldwide

Headquarters

CIS
Tel: (7-495)258-1627
E-mail: moscow@kota.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: kotra@kotra.jp

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

North America
Tel: (1-212)826-0900
E-mail: kotra@kotra.org.kr

KOTRA Express

Subscription

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

Clean KOTRA, Green KOTRA

www.investkorea.org | www.kotra.or.kr | LinkedIn.com/company/invest-korea