RETHINKING GREEN

Eurus Energy Korea is working closely with local governments and private companies to help Korea move toward a brighter—and greener—future.

Koji Tsuchimoto President
Eurus Energy Korea

A LOOK AT THE 100-DAY PLAN FOR JOB CREATION

CURRENT STATUS AND PROSPECTS OF KOREA’S ENERGY STORAGE SYSTEM INDUSTRY

OMBUDSMAN SHARES KNOWLEDGE AT SELECTUSA ROUNDTABLE

GWANGJU’S ECO-FRIENDLY COMPLEXES TACKLE CLIMATE CHANGE HEAD-ON

CUTTING-EDGE PRODUCTS TURN HEADS AT 2017 KOREAN CONSUMER GOODS SHOWCASE

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Economic Indicators
Almost a decade after the global financial crisis, the global economy has entered an era of the “new normal”, characterized by prolonged slow growth. Rising protectionism is shifting the international trade order. As the Fourth Industrial Revolution unfolds, hyperconnectivity and smart technologies are expected to bring about fundamental changes to our world.

To put it simply, nothing is certain except uncertainty. But in order to spur growth during such uncertain times, countries and companies can opt to create a cooperative ecosystem where multiple stakeholders coexist in harmony.

Since 2014, KOTRA’s Economic Diplomacy Support Center has enhanced cooperation among the Korean government, organizations, companies and their foreign counterparts through economic diplomacy in the form of trade and investment, knowledge sharing, official development assistance (ODA), and corporate social responsibility (CSR) activities. By facilitating collaboration between the public and private sectors, the center has played a key role in providing customized support that caters to the needs of each partner country.

Over the last several years, the center has produced many success stories. Building on such accomplishments, it will continue to strengthen close ties among governments, organizations and businesses in line with the UN Sustainable Development Goals.

Coexistence, as opposed to competition, is the key to sustainable growth. Instead of solely focusing on trade, convergence is essential among trade and investment, development cooperation and CSR activities. To this end, strategic public-private collaboration is a must and KOTRA will work hard to achieve this goal.

Sincerely,

Wonsok Yun
Executive Vice President for Business Information & Trade/KOTRA
On May 31, the Korea Trade-Investment Promotion Agency (KOTRA) kicked off Korea Autoparts Plaza 2017 at the British Motor Museum in Coventry, England. The two-day event was held to boost exports of Korean auto parts to Britain’s biggest carmaker Jaguar Land Rover (JLR), amid dwindling exports to China and looming renegotiations of the Korea-US FTA.

A total of 18 Korean SMEs that manufacture auto parts for self-driving cars, engines and powertrains, as well as body exterior and interior parts, participated in KOTRA’s first partnering event with the British luxury automaker. JLR’s CEO Ralf Speth and some 100 buyers from the company’s headquarters in the U.K., Slovakia, India and China also joined the event. Buyers learned about the status of Korea’s automobile industry and auto parts businesses and engaged in one-on-one export meetings with promising Korean companies.

By accessing JLR’s supply chain, KOTRA believes Korean firms will be able to make inroads into the global premium auto parts market.

On June 8, the Ministry of Trade, Industry and Energy (MOTIE) and Invest KOREA (IK), KOTRA’s foreign investment promotion agency, held the Pinpoint Investment Meeting on Future Vehicles at InterContinental Seoul COEX to promote Korea’s innovative technologies and attract foreign investment.

The event was attended by about 120 people including foreign correspondents, foreign-invested companies and foreign investors from Japan’s Mitsubishi Electric, France’s Segula, and Austria’s AVL LIST GmbH. Participants learned about Korea’s future car industry trends, market size, government policies, investment environments and business opportunities.

To induce foreign investment, Yong Kook Kim, Head of IK, emphasized that the agency will actively support Korean firms armed with leading-edge competitiveness and innovative technologies.

On the sidelines of the SelectUSA Investment Summit, KOTRA held the Korea-US Industry Investment Cooperation Forum on June 20 in Washington D.C. The Summit is the largest investment attraction event in America, dedicated to promoting foreign direct investment in the United States. Under the theme “Growth with US”, this year’s event provided a venue for Korean and global companies to learn more about America’s changing investment environment and promising industries.

The Korea-US Industry Investment Cooperation Forum was comprised of presentations on the tax system and trade policy reforms of the Trump administration, as well as the investment environments of different states. Government officials stressed that the new administration’s deregulation and tax exemption measures have made it easier for foreign companies to do business in the country. Korean companies also learned more about various incentives they can receive in the United States. One-on-one investment consultation sessions took place after the forum.

“In response to the ‘America First’ policies and shifting economic environment, KOTRA held this forum to discover new business opportunities for our Korean companies,” said Wonksuk Yun, Executive Vice President for Business Information and Trade at KOTRA. “On that note, KOTRA will do our best to support Korean companies who want to explore new channels of economic cooperation.”

KOTRA kicked off the 2017 Vancouver Job Fair on June 21 in Vancouver, Canada. A total of 23 Canadian companies and 300 Korean job seekers participated in the event. Various companies from the service industry, including finance (TD Canada Trust, RBC, Bank of Montreal), accommodation (Hilton, Sheraton, Sandman Hotel Group), retail and distribution (World Duty Free Canada, Winners) and logistics and transportation (UPS, COSHIP) joined the fair. Along with one-on-one job interviews, career seminars by job market experts were also provided for registered participants.

Thanks to the Korea-Canada FTA, obtaining a work permit in Canada has become easier especially for software engineers, system engineers and business system analysts. The bilateral trade pact, backed by the weakening Canadian dollar, will expand opportunities for economic cooperation and act as a catalyst for Korean job seekers to enter the Canadian market.
On June 16, South Korea’s finance minister Kim Dong-yeon pledged to fully support the Asian Infrastructure Investment Bank’s (AIIB) efforts to build sustainable infrastructure at AIIB’s second annual meeting in Jeju-do. He also expressed hope that such measures will help create jobs and promote inclusive growth.

The multinational lender—set up in 2015 to fund infrastructure projects in Asia—has so far approved 16 projects worth USD 2.5 billion. The bank has focused on building infrastructure that can effectively address challenges, including climate change and regional disparity, in a move that underscored its commitment to meet sustainable development goals.

Still, Kim called for harmony in regards to the allocation of resources for infrastructure development, noting that investment decisions often focused on maximizing economic benefits at the expense of environmental and social impacts. He also said an inconsistency between infrastructure policies and economic policies could diminish the impact of investment.
A Look at the 100-Day Plan for Job Creation

The notable attempt of hiring more public workers by the Moon Jae-in administration was an immediate response to “growth without employment” in the private sector. The president also understands that it is his constitutional obligation to address this problem without hesitation. The constitution proclaims an individual the right to work and maintain decent human livelihood. Not having a job equates to not having enough spending income, further stagnating economic growth. Slow growth then will translate into even fewer jobs in the economy, rendering a vicious circle. Immediate and drastic action was necessary. If there is no employment in the private sector, then the president believes the public sector has to do something right away. By having hired more people in the public sector, he believes more income of the newly employed will be spent on consumption, and the economy will thus grow faster.

Most criticism of the Committee’s 100-day plan has been directed toward the concern about the integrity of the national budget. Although approximately KRW 11 trillion (USD 9.65 billion) in this year’s supplementary budget has not added onto national debt at all, 174,000 new public workers by 2022 will definitely put a permanent denture on the national spending. Assuming the average annual salary of a public worker is KRW 30 million (USD 26,310), the total payroll alone will cost KRW 5.22 trillion (USD 4.58 billion) per year. If all the benefits, social insurance and fund subscription for new public workers are included, then the total burden will easily hit over KRW 10 trillion (USD 8.77 billion) a year. That is the perennial burden for perpetuity. Considering the fact that the Korean national budget has recorded deficits for most of the last decade, and that the national budget should follow the guidelines set by the National Budgetary Soundness Act, this increased public payroll burden will significantly encroach upon the spending of other government projects in the future.

Other critics point out that the salary income of those newly hired public workers will not have as much growth impact as other traditional government spending projects, because most of them have to pay off their previous borrowings or interests thereof, causing workers to spend less on personal consumption.

Concerns about the national budget and the less-than-expected growth multiplier are indeed legitimate concerns regarding the 100-day plan. But we should not forget various critical public services in Korea, including public education, national health services, safety infrastructure, public housing, unemployment insurance and services for children and the elderly, still have room for improvement. Therefore, it is imperative to upgrade the level of these public services, and it is also crucial to hire more people in this sector. The hiring of more people in the public sector goes beyond economic growth or the national budget; it’s about elevating Korea so that it can truly be on par with advanced economies.

As such, the government should carefully design the priority of public services to be implemented and also detail the financial consequences of public works. Only under those premises can the government legitimately take bold actions to provide more jobs and better public services to make Korea a more ideal country. There are challenges and obstacles ahead, of course, but everyone is hoping this audacious 100-day plan is the boost that Korea needs.

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* The opinions expressed in this article are the author’s own and do not reflect the views of KOTRA
The 2017 Korea Consumer Goods Showcase, hosted by the Ministry of Trade, Industry and Energy (MOTIE) and organized by KOTRA, provided global business leaders and Korean companies the chance to explore partnership opportunities in the consumer goods industry. Held in Seoul from June 15 to 16, 1,300 Korean enterprises specializing in convergence goods, fashion apparel, food, health, beauty and baby products attended the event to meet with potential foreign buyers. The event was comprised of two main programs: the K-Consumer Goods Exhibition and one-on-one business meetings.

A total of 1,300 Korean suppliers held business meetings with 330 foreign buyers from 41 countries. 11 global retailers and their 56 vendors were also invited to provide consultation for Korean firms hoping to sell their products to global retailers and promote sales. “We’re excited to have this opportunity to meet innovative Korean companies,” said a representative at Tchibo, a German chain of coffee retailers and coffee shops. “KOTRA has done an outstanding job promoting Korea overseas so we look forward to working with the agency to meet Korean partners.”

The most popular exhibition in the showcase was the convergence consumer goods pavilion. Korean companies in this pavilion pushed the boundaries of smart wearables, displaying smart belts and smart shoes at the exhibition. A sales staff at Welt, a Korean startup and winner of the trade ministry’s most innovative award, pointed to a black leather belt. “Welt keeps track of your waist size and records how active, or inactive, you’ve been throughout the day. It also keeps your pants up, of course.”

Another company under the spotlight was Salted Venture, a spin-off startup from Samsung Electronics. Hailed as the world’s most advanced smart shoes, Salted Venture’s IOFIT, tracks the weight transfer and balance in your golf swing. The pressure sensors inside the insoles send information to your phone, allowing you to check your foot pressure data; the app even offers suggestions to improve your stance.

But it wasn’t only the latest IoT technologies that were turning heads at the Korea Consumer Goods Showcase. Large crowds gathered at the Art Collaboration Exhibition, which provided small and medium enterprises (SMEs) the opportunity to work with Korea’s renewed artists to design their products. All products from the exhibition will be featured in various overseas marketing events to promote the export of SMEs.

Held on the sidelines of the event was a seminar on the latest trends in China’s consumer goods export market. The seminar invited experts well-versed in China’s changing consumer market and provided practical strategies to Korean companies interested in entering the China. One such expert was Kichan Jeon.
of the Korea Agro-Fisheries & Food Trade Corporation. “China’s agro-food market takes up a whopping 17 percent of the entire world agro-food market share,” said Jeon. “As such, Korea’s export volume to China has grown significantly; last year Korea exported USD 1.47 billion worth of agro-food products to China.” According to Jeon, Korean products that are seeing constant demand by Chinese consumers include yuzu tea, dried seaweed and baby formulas.

KOTRA President and CEO Jaehong Kim noted that consumer goods are becoming more important than ever, as they continue to record stable export growth. Kim added that events like this can diversify risks in Korea’s current export structure which is mainly driven by intermediate and industrial goods. By creating more jobs than the traditional manufacturing sector, these industries will no doubt serve as the driving force in Korea’s exports.

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Buyer Interview

On the occasion of the 2017 Korea Consumer Goods Showcase, KOTRA Express sat down with one foreign buyer, Mr. Hidemi Mizuno of Fujiwara Co., Ltd. Here’s what he had to say about the event.

Please introduce us to your company
We are a Japanese textile company based in Osaka. We import textiles and sell them to companies all over the world. Most of our products are sold to companies in Korea, Southeast Asia and the Philippines. We also have a Korean office located in Gangnam-gu, Seoul.

Have you worked with Korean companies before?
Yes, we are currently working with BYC, a Korean clothing manufacturer that exports apparel to the United States, Canada, Japan, Europe and the Asia-Pacific region. We have been close partners of BYC for 35 years. We first worked with BYC because they were looking for special textiles like breathable fabrics. We also work with five or six other smaller Korean companies.

What brings you to the 2017 Korea Consumer Goods Showcase?
Although Korea’s cost of labor is relatively higher than other countries, the country’s knowhow and expertise in the field of textiles and apparels are superior. So we’d like to find innovative Korean companies that boast advanced skills. In particular, we’re looking for Korean companies that have factories overseas.

What do you think about the event?
We have participated in number of one-on-one business matching events organized by KOTRA and we’ve been able to find great companies. But I do hope that the agency can provide information for potential Korean partners beforehand so that we can meet partners that are most suitable for us.

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Current Status and Prospects of Korea's Energy Storage System Industry

Thanks to their low cost and efficiency, Korea’s ESS products have experienced unprecedented growth.

Introduction

Energy storage, or ESS, is the capture of energy produced at one time for use at a later time. It consists of energy storage, such as traditional lead acid batteries and lithium ion batteries, and controlling parts, such as the energy management system (EMS) and power conversion system (PCS). Installation of the world’s ESS has increased from 700 MWh in 2014 to 1,629 MWh in 2016. Battery-type ESS is being actively adopted, especially lithium ion batteries, due to its great potential for growth. This is largely due to its transformation efficiency and environmental friendly traits. Experts forecast the global lithium ion battery market to expand from 1.8 GWh in 2016 to 8.5 GWh in 2020 and 16.2 GWh in 2024. The global ESS market in 2016 was about USD 2.56 billion. This amount is expected to increase to USD 15 billion in 2020 and USD 29.2 billion in 2025.

Korea’s ESS installation status: the second largest in the world

As of 2016, Korea’s ESS installation level increased by 52.4 MWh and reached 291.4 MWh, or 18 percent of the world market share. Its share is slightly over half of the United States’ market share. Considering that Korea’s land mass is only about 1 percent of that of the United States, the volume of Korea’s ESS installation is huge. Even other developed countries such as Japan, Germany and Italy are far behind Korea. Korea’s lithium ion battery production is one of the world’s highest and continues to increase rapidly. In particular, major Korean companies like LG Chem Ltd. produces 591 MWh, while Samsung SDI’s production level is 544 MWh, which is larger than those of other global major companies like China’s BYD (188 MWh) and the U.S.’ Tesla (186 MWh). The domestic ESS market increased to USD 263.1 million in 2016 and the country’s ESS export also grew rapidly to USD 400 million last year.

Relatively low competitiveness overall

Korea’s ESS industry takes up a big share in the global market, but its overall competitiveness is relatively lower than major global companies. In the area of fundamental technology, Korea’s competitiveness level is about 82 to 83 percent of that of the world’s best. Its parts and material competitiveness stands at about 80 percent. But its manufacturing technology is higher, standing at approximately 88 percent. Korea’s ESS industry also boasts strong price competitiveness. The prices of the country’s ESS products are generally 21 to 27 percent lower than those of other global companies.

# Comparison of Competitiveness by ESS Size (2017)

<table>
<thead>
<tr>
<th>Type</th>
<th>Best Companies</th>
<th>Competitiveness of Korea Companies (Top country=100)</th>
<th>Price (USD/MWh)</th>
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<tbody>
<tr>
<td>Global</td>
<td>SMA (Germany), NEC, Kyocera, Panasonic (Japan)</td>
<td>Samsung SDI, LG Chem, LSIS</td>
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<tr>
<td>Domestic</td>
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<td>1,120</td>
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<td></td>
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<td>80</td>
<td>882</td>
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<td></td>
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<td>1.120</td>
<td>21%</td>
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<tr>
<td>Small</td>
<td>ABB (Swiss), Younicos, SMA (Germany) Parker, GE, AES (USA)</td>
<td>Hyosung, LSIS, LG CNS, Woojin Industrial Electric, Destin Power, LG Chem, Samsung SDI</td>
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Source: INI R&C [2017], Supporting policy and strategy for strengthening of industrial ecosystem of ESS Industry, March 2017
Major Korean companies penetrating the global market

Major ESS companies in Korea are active players in the global market. LG Chem and Samsung SDI are front runners. Hanhwa Q Cells and LSIS have developed a new business model that combines photovoltaic and energy management systems. For the successful realization of this project, they are pursuing cooperation with KEPCO, a major electricity supplier in Korea. PCS is a crucial part of ESS installation. PCS can be thought of as a system that receives electricity from a power generating source within the ESS, and converts the form of electric energy for battery storage or sends it to another system. Experts estimate PCS’ share makes up about 25 percent of the value of ESS. Destin Power is the strongest company in this field, while Kokam is chosen as the highest ranked global company by Bloomberg and Navigant Research.

Additional market creation of KRW 200 billion

The Ministry of Trade, Industry and Energy (MOTIE) has introduced many efficient support measures to boost Korea’s ESS industry. These include the mandatory installation of ESS in public buildings and the revision of special ESS price reduction. For public buildings, there are mandatory measures enforcing a minimum of 5 percent ESS installation for electricity contracts over 1 MW. Experts forecast that an additional market worth KRW 200 billion (USD 176.2 million) and 244 MWh of power will be created in 2020 if ESS is introduced to existing buildings.

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U.S. President Donald Trump’s decision to withdraw America from the Paris climate accord shook the world last month, with environmentalists and politicians expressing deep concern. Despite Trump’s decision, world leaders pledged to honor the Paris accord, essentially an agreement between 196 countries to reduce emissions of greenhouse gases. His decision may have raised eyebrows among the international community, but more importantly, it shed some much needed light on renewable energy and energy efficiency. Many private companies are now more vocal than ever to combatting climate change.

But even before the Paris agreement came to life, there’s one company that has been pushing forward with renewable energy projects since the late 1980s: Eurus Energy Holdings. As Japan’s largest wind power business, Eurus is owned jointly by Toyota Tsusho Corporation and Tokyo Electric Power Company Holdings. It has been actively pursuing its wind and photovoltaic power generation business in 11 countries, including the United States, Spain, Italy and Australia. The company, choosing Korea as a base for expanding in the Northeast Asia region, established Eurus Energy Korea (EEK).

Korea proved to be a suitable business environment for companies like Eurus to commercialize eco-friendly ventures, especially with the rapid growth of the country’s photovoltaics and wind power sectors. The two sectors now account for 34 percent of the renewable energy industry’s employment and 80 percent of sales. The Korean government also recently announced that by 2030, it plans to increase its use of renewable energy to 20 percent, a 15 percent increase from today’s proportion.

EEK is working closely with Korea’s public and private spheres to help the country move toward a brighter, greener future. “In an effort to supply renewable energy and lower carbon dioxide levels in Korea, we hired local employees with great insight and a good grasp of the environment,” says Koji Tsuchimoto, President of EEK. “By establishing a subsidiary in Korea, we have greater mobility in domestic markets.”

The company currently manages three wind power sites and two solar power sites in Korea. Most notably, EEK established Gangwon Wind Park in Daegwallyeong in Gangwon-do in 2005. The park was...
authorized by the United Nations as a Clean Development Mechanism Project in accordance with the Kyoto Protocol. Just three years later, Eurus and POSCO, Korea’s leading engineering and construction corporation, completed construction of Taegisan Wind Farm. The complex, located on the ridge of Mt. Taegi, is home to 20 wind turbines. It’s capable of supplying energy to about 25,000 households while cutting down on carbon dioxide emissions by some 60,000 tons a year. EEEK also operates two solar power plants in Jeolla-do: the South-West Sunchang Photovoltaic Power Plant and the Jindo Photovoltaic Power Plant. But that’s not all—EEK works closely with Korea’s power and construction companies through the establishment of joint ventures.

Although EEEK is taking full advantage of Korea’s great business environment, Tsuchimoto says the Korean government can do more. “Korea’s financial market needs to be more open. If difficulties in procurement and various regulations that hinder business expansion can be resolved, I think the country can significantly improve its appeal as an investment destination.” Tsuchimoto mentions that gaining government approval for building renewable energy generation facilities in Korea is a difficult and complicated process. However, the government’s levy exemption certificate system, designed to accelerate the introduction of renewable energy across the country, has encouraged the company to actively pursue further business in Korea. Despite its significant impact on Korea’s renewable energy sector, EEEK is not resting on its laurels, instead choosing to make a mark that goes well beyond the nation’s borders.

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Korea Brand & Entertainment Expo, Hong Kong
To help Korean SMES enter the overseas 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.

Gwangju-Jeollanam-do Industrial Cluster Export Fair
On June 12, KOTRA will hold the 2017 Gwangju-Jeollanam-do Industrial Cluster Export Fair at the Kimdaejung Convention Center in Gwangju, South Korea. The event will invite 100 Korean companies in the Jeollanam-do region, as well as 43 foreign buyers from all over the world, including Dubai and Istanbul. The fair will consist of one-on-one meetings for companies specializing in optical communication, optical integration, smart electronics, automobiles, medical devices and marine parts. KOTRA will also set up a consulting booth for Korean companies facing challenges in exporting their products.

10th International Green Car Korea
The 10th International Green Car Korea will kick off from July 6 to 8 at the Kimdaejung Convention Center in Gwangju, South Korea. The event, the country’s first exhibition specializing in eco-friendly vehicles, seeks to raise awareness on the government-funded Green Car Parts Cluster Establishment Project. The exhibit will showcase cutting-edge technologies and products to deepend the public’s understanding of eco-friendly automotive industries. 200 Korean and foreign firms, along with 300 buyers, will attend the event, which will be held as part of Korea Auto & Robot Week 2017.

K-Global China 2017
In a bid to help promising Korean companies in the ICT field enter the Chinese market, the trade ministry and KOTRA will hold K-Global 2017 at the Hongqiao Jin Jiang Hotel in Shanghai, China from September 6 to 7. The event will be comprised of one-on-one business meetings with Korean companies and potential Chinese buyers, a start-up investor relations presentation with Chinese investors and a Korea-China ICT innovation forum. 40 Korean companies and 200 Chinese buyers in the IoT sensor, wearable devices, 3D printers, smart cars and artificial intelligence sectors are expected to participate at the event.
Ombudsman Shares Knowledge at SelectUSA Roundtable

Last week ‘SelectUSA’ convened its 2017 Annual Investment Summit. The Meeting was held in Washington D.C. during June 18-20 and was attended by more than 2,500 people including government officials and business men. Participants were not only from the United States but also from many other parts of the world.

SelectUSA invited me as a special guest to speak about the role of Korea’s foreign investment ombudsman and its success stories. I talked about Korea’s FDI policy and aftercare services to foreign-invested companies. Also, I argued that any country receiving FDI, regardless of whether it is an advanced or developing country, needs to have an ombudsman system.

Having discussed various FDI issues with the roundtable participants, I have learned some special features about SelectUSA. It is the premier federal investment program designed to promote and facilitate foreign direct investment into the U.S. Its principal aim is to substantially create jobs through increased exports.

SelectUSA was founded in March 2007 under the original name ‘Invest in America’. It was established to promote the U.S. as a destination for FDI. It supports foreign governments, foreign investors and state governments in their efforts to attract FDI into the United States. Additionally, it serves as the ombudsman in Washington, D.C. for the international investment community.

SelectUSA widely publicizes the strong investment qualities of the country and urges global investors to select the U.S. for investment. It proudly points out the nation’s merits such as transparent and stable business environment, predictable legal system treating all companies equally and a huge consumer market with a population of 325 million. Most notably, its workforce is well-educated, productive, innovative and mobile.

Despite all these merits for investment, the U.S. was not the top country in the ease of doing business ranking. According to the World Bank’s 2016 assessment, it ranked 8th. In order, the top 10 countries in the ranking are New Zealand, Singapore, Denmark, Hong Kong, South Korea, Norway, the UK, the U.S., Sweden and Macedonia.

This is a result of using different criteria developed by the World Bank’s research team, which measures the degrees of regulations in 11 areas. These categories include various factors, including starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and labor market regulation. They use data reported from more than 130,000 firms in 139 economies.

Comparing the two approaches taken by SelectUSA and the World Bank, one can see that SelectUSA focuses on the provision of non-discriminatory benefits to investors whereas the World Bank tries to measure the degrees of regulations affecting foreign investors. The World Bank’s assessment of the ease of doing business is critically affected by the host country’s discriminatory incentives and after-care services given to foreign investors.

In general, advanced countries like the U.S. would not provide discriminatory benefits to attract foreign direct investment like developing countries. However, foreign investors should compensate foreign investors going through unjustifiable grievances.

Foreign-invested companies unexpectedly encounter numerous difficulties and problems due to lack of local information, difficult communication and different interpretations of the laws between two different agencies of the same government. It is imperative that while advanced countries should present non-discriminatory benefits to investors, they should provide foreign investors with proper aftercare services to compensate for their grievances.

Nowadays both advanced and developing countries have a number of tasks to focus on, including keeping the GDP growth rate stable and creating jobs. To fulfill this task, they should strive not only to attract foreign direct investments but also to keep them for a longer period. Most of all, building trustworthy human relationships is most important. It is worth remembering, “Programs are programs but programs become successful because of people.” This quote is from the welcoming statement made by Fred Volcansek, Executive Director of SelectUSA. The number of foreign investment ombudsmen in the world is still very small. There is no doubt, however, that their collaboration and cooperation with SelectUSA will bring about much increased benefit to all the countries involved.

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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.
Gwangju's Eco-friendly Complexes Tackle Climate Change Head-on

Since 2004, Gwangju has taken the reigns to become a leader in renewable energy. The Solar, Wind & Energy Trade Fair 2018 is scheduled to be hosted in Gwangju, Korea’s sixth-largest city. And it’s no surprise that the country’s biggest business fair for renewable energy will take place there, as the region boasts the highest level of insulation in the country, making it an ideal test-bed for solar energy companies. Gwangju now aims to be the center of solar power and green vehicles in Korea, even trademarking the phrase ‘Solar City Gwangju’.

Since tapped by the government in 2004 as one of the pioneering leaders of green energy, Gwangju has taken the reins to become a proactive leader in the field. It became host to the Gwangju Innopolis, a group of major government-funded research institutes focused on the development of new energy and industries related to sustainable living, and the Bitgaram Energy Valley, an ambitious project to create “smart cities” run on clean energy.

For investors looking to be involved with the development of renewable energy, here are some promising areas in the city of Gwangju.

**Pyeongdong**

Pyeongdong was designated as an industrial complex in 1993 and completed construction in 2010. Divided into two complexes—the General Industrial Complex and the Weoljeon Foreign Investment Zone. Located within a 50-minute drive to Muan International Airport and two-hours to four different ports (Gwangyang, Mokpo, Yeosu and Gunsan Ports), Pyeongdong is logistically well-balanced.

While the General Industrial Complex is for tenants in traditional industries like food, fiber and textile, chemicals, metal, electronics and shipping, the Weoljeon Foreign Investment Zone was designated as a special area for foreign investors. Preferably for investors in the home appliance industry, design, biomedical and green vehicles, Weoljeon is expected to produce KRW 1.8 billion (USD 1.58 million) in exports.

As of March 2017, a third industrial complex, covering 1,178,000 ㎡ is being built to focus on environmentally-friendly vehicles and clean energy. The KRW 225.3 billion (USD 197.59 million) project will house electronic, metal and automobile manufacturing companies. The project will also further encourage cohesiveness for the industrial complexes involved in KEPCO’s Bitgaram Energy Valley Project. More than 140 companies are expected to move in the complex and create 11,503 jobs and an economic incentive of KRW 2.9 trillion (USD 2.54 billion).

**Jingok Industrial Complex**

The success of Korea Electric Power Corporation (KEPCO)’s massive Bitgaram Energy Valley project is hinged on collaboration with specialized complexes and research institutes. One of these major industrial complexes is the Jingok Industrial Complex, which was designated in 2007 and completed March 2016. Its proximity to the Bitgreen Industrial Complex and the Pyeongdong Industrial Complex also allows easy access to human resources and collaboration among businesses. Jingok Industrial Complex was constructed as the manufacturing engine of the Bitgaram Energy Valley project, and tenants are well underway in building factories in the area. The industrial complex currently houses tenants related to electronic parts, machinery and cars and encourages companies in rubber, metal, medical, electronics and automobile parts industry. Major logistics companies like Nexen L&C and Sunjin SCM have also invested in the Jingok Industrial Complex.

In addition, the Gwangju Solar Energy Service was established in Jingok to help the city install some 11.707 kW of photovoltaic systems, 56,517 ㎡ of solar panels, 9,440 kW of geothermal heat generators, 4,204 kW of bioenergy and 282 kW of fuel cells to become Korea’s first truly eco-friendly city. Meanwhile, in 2011, the Gwangju Green Car Promotional Center was also established to cultivate environmentally-friendly vehicles in the region. The center promotes the advancement of technology and industries related to automobiles and plans new projects to further promote the automobile industry.
Did you know?

The Korea Pavilion at the Astana Expo showcases the country’s most high-tech renewable energy and ICT based energy solutions!

Expo 2017 Astana

Expo 2017 Astana is being held in the Kazakhstan capital of Astana from June to September 2017. Under the theme of ‘Future Energy’, participants will be able to share their ideas on future energy-related issues. A total of 115 countries are participating this year and approximately 5 million people are expected to visit.

Korea Pavilion

Spanning 1,804 m², the Korea Pavilion is the largest exhibition among participating countries. The pavilion introduces Korea’s progress in energy development, offers new possibilities of energy sustainability and gives the audience a chance to directly experience the country’s top-notch technology. K-pop performances, traditional cultural programs and energy-related forums are also expected to take place. A Korean restaurant is located on the second floor of the Korea Pavilion, introducing locals to delicious Korean cuisine.

For more information, please visit www.expo2017-korea.or.kr
Every month, KOTRA Express introduces one Korean SME that seeks to expand its network by working with foreign partners. In the July issue, we take a look at one of Korea’s most promising eco-friendly technology companies.

**KTC Tech**

Founded in 2011, KTC Tech values integrity and prioritizes customer satisfaction above all else. The company mainly produces chargers for smart devices, including smartphones and tablets, as well as eco-friendly solar products.

The key competitiveness of KTC Tech’s eco-friendly solar products is that they use operation circuits that consume less electricity. While chargers from other companies can only be used for IT devices, KTC Tech’s products can also be used for dash cams as well.

Its most well-known product, Dino Tap, can charge two devices at once and is suitable for both Androids and iPhones. Compared to existing models, the company has been able to reduce the average charging time to four hours. And thanks to its portability, the chargers can be used anywhere.

**Contact Info:**

**KTC Tech**

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Fax: +82-(0)2-2233-6387
E-mail: kt-c88@hanmail.net
Website: en.ktctech.co.kr

**Economic Indicators**

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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>1,382,400</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>
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<tr>
<td>GDP Growth Rate (Y-o-Y) (%)</td>
<td>2.3</td>
<td>2.9</td>
<td>3.3</td>
<td>2.8</td>
<td>2.8</td>
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</table>

Source: The Bank of Korea, June 2017

<table>
<thead>
<tr>
<th>GDP Per Capita</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td>Nominal</td>
<td>27,811</td>
<td>27,105</td>
<td>27,539</td>
<td>29,115</td>
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<tr>
<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, June 2017

<table>
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<tr>
<th>Foreign Trade</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>May 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>
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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>
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<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>
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Source: Korea International Trade Association, April 2017

<table>
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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>
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<td>2012</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>
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<td>84,373.0</td>
<td>105,939.6</td>
<td>98,677.4</td>
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Source: The Bank of Korea, June 2017
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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.

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