The Latest on Korea's Investment Environment

Korean govt offers support package to companies investing in the National Innovation Cluster

The National Innovation Cluster Project is well underway as a part of the Korean government’s policy for balanced national development.

The purpose of the project is to connect and attract enterprises to key growth areas such as innovative cities, industrial complexes, special R&D zones and local universities. The government aims to attract 150 companies to core regions around the country.

As such, the Ministry of Trade, Industry and Energy announced it would provide support in terms of finances, subsidies, taxation, special regulations and innovation-projects for companies investing in the project.

Additionally, the Ministry will offer lower interest rates for facilities and operating funds, and up to 100% financing through upcoming financial products of the Industrial Bank of Korea. Subsidies and tax incentives are also available for up to 24% of facility investments and up to 40% of site purchases. There are a total of 73 special regulations available as part of the support package.

Netflix to hire locally, tap deeper into Korean market

Netflix, the U.S.-based video streaming service provider, plans to hire new staff members in South Korea, taking steps to tap deeper into the local market.

According to industry sources, Netflix plans to hire 10 to 15 local employees who will begin working sometime in May. The company has been operating in Korea through its Asia-Pacific headquarters in Singapore.

Industry watchers project the latest move will pave the way for Netflix to officially open a South Korean branch. The U.S. firm already has local branches established in Japan and Taiwan.

“The plan aims to solidify cooperating with local content creators and showcase quality South Korean content to global fans,” an official from Netflix said.

Netflix already provides South Korean content through its platform, such as the movie “Okja,” created by the prominent director, Bong Joon-ho.

BOK: Chipmakers to benefit from global chip industry boom

The global chip industry is projected to enjoy another year of strong demand, according to South Korea’s central bank.

“The industry-wide boom, which started in the second half of 2016 for DRAM products will continue throughout the first half of 2019,” the Bank of Korea (BOK) said in a report. It added that the rising demand from self-driving cars and artificial intelligence segments may prolong the boom further.

The global chip industry was estimated at USD 412.2 billion in 2017, up 22 percent from the previous year. Memory chips accounted for 30.1 percent of the global chip market, with DRAM accounting for 58.7 percent.

The central bank also advised local chipmakers to expand investment of non-memory chip products as the recent boom may not continue for years on end. It said chipmakers should improve their capabilities in the non-memory segment, which is less affected by economic volatilities, by diverting earnings raked in from the latest boom into R&D and facilities upgrades.

According to tech market intelligence company IDC, worldwide revenues generated by the AR and VR market will reach more than $162 billion in 2020, as the two technologies expand their applications across diverse industries and services.

Did You Know?

South Korea has the highest online shopping penetration rate in the world (as of 2nd quarter, 2017)

Source: Statista, Global e-retail market (as of 2nd quarter 2017)

Did You Know?

Purchases made using mobile devices are 13% faster than transactions carried out on personal computers due to the growing number of single-person households.

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What’s Trending

AR, VR to gain bigger presence in S. Korea’s gaming industry

Virtual reality (VR) and augmented reality (AR) technologies are geared to become the top trends in the tech world and particularly in South Korea’s gaming industry in 2018, building upon the landmark developments made in the previous year.

According to industry watchers, VR and AR technologies are sparking new trends and establishing a bigger presence in South Korea’s gaming market, as local developers are widely utilizing them in new titles.

Netmarble Games plans to unveil “Fishing Strike” this month, which is a mobile-based game that provides users with an immersive fishing experience using AR and VR technologies.

Smilegate, another Korean developer, showcased three new titles utilizing VR technology last month, including “Project Y,” where users can participate in a dating simulation. Seoul-based 4:33 Creative Lab is currently in the process of developing “Ghostbusters World,” where users can hunt and collect ghosts from different locations featured in the popular film, television and comic book franchise.

Other smaller developers are following the trend as well, rushing to apply AR technology to their contents, after Apple and Google made their development tools available last year. “The time has come for developers to commercialize the VR and AR contents that have been in the process of development up until now,” an industry watcher said, suggesting that these technologies will provide smaller developers with an opportunity to expand their presence in the market.

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