ONE-ON-ONE WITH JEAN-MARIE HURTIGER
Honorary Ambassador of Investment Promotion for Korea / Senior Executive, ERG-Europe

EVENT OVERVIEW
KOTRA HOSTS 2019 CONFERENCE ON GLOBAL MARKET EXPANSION STRATEGIES

KOTRA'S SERVICES
GLOBAL PARTNERING

KOREA & THE WORLD
KOREA AND FRANCE

KOREA NEWS
TRADE NEWS, GOVT AND POLICY

SMES & ECONOMIC INDICATORS
WOOLIM ENGINEERING CO. LTD.
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February 2019

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KOTRA OPENS SIXTH OFFICE IN INDIA

The Korea Trade-Investment Promotion Agency (KOTRA) has opened its sixth office in India to better help South Korean companies penetrate deeper into the country’s vast market.

The new office is located in Ahmedabad, the economic hub of the Indian state of Gujarat. KOTRA also operates offices in New Delhi, Mumbai, Chennai, Bengaluru and Kolkata.

“Despite India being a very large market with growth potential, the country accounts for only 1.9 percent of South Korea’s entire trade,” KOTRA President Kwon Pyung-oh said, expressing hope in that more local companies can set their eyes on the northwestern region of India through the Ahmedabad office.

KOTRA said Gujarat boasts an outstanding business environment, with 29 headquarters of India’s top 500 firms being located in the region. There are currently around 10 South Korean companies in the region, including top steelmaker POSCO, Shinhan Bank, Lotte Confectionery Co. and Hyundai-Rotem Co.

CES 2019: KOTRA-KEA OPERATES KOREAN EXHIBITION BOOTH

From Jan. 8 to 11, KOTRA, along with the Korea Electronics Association (KEA), jointly operated a Korean exhibition booth with at this year’s Consumer Electronics Show (CES) in Las Vegas, Nevada in the U.S.

CES 2019, hosted by the Consumer Technology Association (CTA), was regarded to be the largest ever in its history with participation by 4,500 companies from 165 countries and more than 190,000 visitors.

At the event, participating companies exhibited various products reflecting the latest trends, attracting interest from buyers and visitors. KOTRA’s Vice President Kim Jong-choon said, “We will do our best to publicize buyers and provide business opportunities to help the innovative products presented by Korean companies in the era of the Fourth Industrial Revolution produce favorable results in the global market.”

KOTRA PUBLISHES GUIDEBOOK TO SUPPORT OVERSEAS MARKETING

On Jan. 6, KOTRA published a book entitled, “Practical Overseas Marketing Not Taught in Textbooks,” to serve as a guide for individuals in charge of overseas marketing at exporting companies.

13 KOTRA staff members supporting overseas marketing for small but competitive companies participated as co-writers. The book contains their experiences and know-how accumulated over the years, as well as 30 global business case studies.

Park Jong-geun, Director General of the Middle-Standing Enterprise Department, said, “The know-how of KOTRA staff, including export specialists with more than 25 years’ worth of experience in working closely with SMEs on the field are all in the book. I hope the book will provide support for Korean companies seeking to enter the global market.”

KOTRA SUPPORTS KOREAN INFORMATION-SECURITY STARTUPS IN NEW YORK

As a part of efforts to help Korean startups in the information security sector attract investment and enter overseas markets, KOTRA is taking part in the NYCx Cybersecurity Moonshot Challenge to encourage participation by Korean companies.

The Challenge, jointly hosted by the City of New York and the Korea Information Security Industry Association (KISIA), aims to identify outstanding startups by providing funds and business opportunities while developing information security solutions that can be used by SMEs and entrepreneurs in New York.

If selected as a finalist, Jerusalem Venture Partners (JVP) will provide USD 1 million in investment and New York City will support the commercialization of the winning technology to be available for local SMEs and small entrepreneurs.
midst the spread of neo-protectionism and the Fourth Industrial Revolution leading to decoupling in the global economy, KOTRA, along with other experts, determined that the key to doing successful business abroad would be to establish tailored strategies for expanding overseas with consideration to the characteristics of the target markets and industries.

Against this backdrop, KOTRA hosted the 2019 Conference on Global Market Expansion Strategies on January 9 at the Grand InterContinental Seoul Parnas, inviting the agency’s 10 regional director generals along with Wonsik Choi, Managing Director of McKinsey & Company Korea to deliver the keynote speech.

As one of the country’s largest business conferences, this year marked the event’s 20th year in session with approximately 900 participants from local companies and related organizations gathering together to find a breakthrough in the current business environment where crises and opportunities coexist. Following the event in Seoul, the same conference was held in other regions throughout the country including Busan, Daegu, Gwangju, Daejeon, Wonju, Jeonju, Ulsan, Cheongju and Changwon, bringing the total number of participants to 2000, the highest figure to date.

Event speakers, each with expertise in their respective regions, suggested guidelines to exporters, providing information and insight to help them cope with potential hurdles in the global market this year. 10 regional director generals from KOTRA’s overseas offices in North America, Europe, Japan, China, Central and South America, Africa, Middle East, Southeast Asia, Southwest Asia and CIS regions shared their knowledge based on experiences at the frontline of their respective markets. They said local exporters can increase their sales despite the potential slowdown of the global economy by focusing on high-end technologies and setting their sights on meeting the needs of the younger generation.

KOTRA President and CEO Kwon Pyung-oh said, “Despite global protectionism and the concern over slowed growth, we can still find new growth opportunities and possibilities if we roll out customized strategies for different industries and keep a watchful eye on markets with potential.”

By Grace Park
Executive Consultant
Investment Public Relations Team
Korea Trade-Investment Promotion Agency (KOTRA)
gracepark@kotra.or.kr
Upcoming KOTRA Events

**2019 TEXWORLD PARIS SPRING**
- **Date:** February 11-14, 2019
- **Location:** Paris Le Bourget, France
- **Host:** Messe Frankfurt France
- **Organizer:** KOTRA (Korea Pavilion)
- **Industry:** Textiles, fabrics
- **Main Programs:** Conferences, workshops, exhibitions
- **Participation:** Industry participants from 25 countries including China, India, South Korea and Turkey
- **Website:** texworld-paris.fr.messefrankfurt.com
- **Contact:** indofrance.messefrankfurt.com (+33 01-55-26-8989)

**MWC19 BARCELONA**
- **Date:** February 25-28, 2019
- **Location:** Fia Gran Via, Barcelona, Spain
- **Host:** GSMA Association
- **Organizer:** KOTRA (Korea Pavilion)
- **Industry:** Mobile, information and communications technology (IoT, 5G, AI, automotive, health, FinTech)
- **Main Programs:** Conferences, seminars, Global Mobile Awards, exhibitions
- **Participation:** Over 2,400 companies; approx. 107,000 attendees
- **Website:** mwcbarcelona.com
- **Contact:** hyojeun@kotra.or.kr (+82-2-3460-7288)

**BATTERY JAPAN 2019**
- **Date:** February 27-March 1, 2019
- **Location:** Tokyo Big Sight, Japan
- **Host:** Reed Exhibitions
- **Organizer:** KOTRA (Korea Pavilion)
- **Main Programs:** Conferences, seminars, exhibitions (exhibited products: rechargeable batteries, capacitors, materials, dry room/humidity regulators, AC/DC converters, etc.)
- **Participation:** Industry participants from 9 countries
- **Website:** batteryjapan.jp
- **Contact:** baeks@reedexpo.co.jp (+81-3-3349-8519)
KOTRA’s Services

Global Partnering

Since 2010, KOTRA has been conducting Global Partnering (GP) projects with the purpose of helping Korean SMEs enter the global market. Through the GP program, KOTRA first identifies the demands of global companies, matches them accordingly to Korean companies, which in turn strengthens the capabilities of those Korean companies, allowing them to enter the global value chain (GVC).

KOTRA’s overseas offices located all over the world play a critical role in sourcing global companies available for partnering as well as in identifying overseas demand for technology cooperation in major markets including North America, Europe, Japan and China. Once such demands are identified, consultations are held in Korea and abroad to match the global companies to smaller Korean parts and materials companies.

For Korean companies that are lacking in capability to fully meet the standards of the global companies, KOTRA provides customized follow-up services such as consulting and training as well as lease offer matching services year-round to Korean parts and materials companies that are seeking investment.

Furthermore, the GP program offers IR consulting and investor matching services year-round to Korean parts and materials companies that are seeking investment.

Throughout the entire process, KOTRA offers tailored support to the Korean companies from the product development, investment attraction and production stages all the way to the marketing and distribution stage.

Introducing Invest Korea Plaza

Invest Korea Plaza (IKP) is the first business incubation complex in Korea for foreign investors. Designed to meet 21st century business needs, IKP offers furnished offices and conference facilities, in addition to on-site comprehensive services ranging from investment consultation provided by representatives of Invest KOREA and numerous government agencies.

IKP Offices for Lease

A. Office exclusively for foreign investors
• Long-term lease: Office lease by a foreign investor seeking to establish a domestic company in Korea
  - Lease period: Up to two years, on a yearly basis (lease can be extended after deliberation)
• Short-term lease: Short-term lease of an office by a foreign investor seeking to enter the Korean market
  - Lease period: Up to two months (lease cannot be extended)

B. Office for related organizations
• Organizations and administrative entities for attracting and supporting foreign investors

Qualifications for Occupancy

A. Long-term lease for foreign investors
• Companies that completed FDI notification: Companies with FDI of USD 300,000 or more that have completed foreign investment notification in accordance with the procedures prescribed by the Foreign Investment Promotion Act
  - Required documents: IKP occupancy application form, overview of company and business, FDI notification form
• Companies that plan to notify foreign investment: Companies that are expected to notify FDI of USD 300,000 or more within six months of moving in
  - Required documents: IKP occupancy application form, overview of company and business, letter of recommendation by KOTRA’s KBC
• Companies that have executed foreign investment: A foreign-invested company with notified subsequent FDI of USD 200,000 or more
  - Required documents: IKP occupancy application form, overview of company and business, FDI notification form

B. Short-term lease for foreign investors
• For foreign investors conducting market research and business feasibility study to enter the Korean market
  - Required documents: IKP occupancy application form, a letter of recommendation by KOTRA’s KBC or documents certifying the planned business and market research

* Occupancy counseling is required as lease may not be permitted depending on the type and content of the business.
The Latest on Korea’s Investment Environment

Foreigners scoop up shares of 10 biggest biz groups

Foreign investors increased their holdings of shares of South Korea’s 10 biggest business groups this year amid higher volatility in the financial market.

According to data provided by corporate tracker Chaebul.com, 38.73 percent of the top 10 business groups by asset was owned by foreigners as of mid-January.

The percentage rose 0.18 percentage point from 32.55 percent tallied at the end of 2018.

The combined value of their holdings rose 2.7 percent to KRW 308.6 trillion (USD 276.5 billion) from KRW 300.5 trillion over the cited period.

Samsung Group, the largest business group in South Korea, was the No. 1 pick of foreign investors, who owned 51.5 percent of shares, worth KRW 207.9 trillion.

Foreigners held 35.92 percent of Hyundai Motor Group, worth KRW 31.4 trillion, while foreign ownership in No. 3 SK Group came to 26.4 percent, worth KRW 29.9 trillion.

BNY Mellon, State Street to open office in Jeonju

The world’s top custodian banks, The Bank of New York Mellon Corp (BNY Mellon) and State Street Corp. (State Street), will each open an office in Jeonju, a city in Southern Korea where the country’s biggest institutional investor, the National Pension Service (NPS), is headquartered.

Charles W. Scharf, CEO of BNY Mellon and David Cruikshank, BNY Mellon’s Asia Pacific chairman visited NPS headquarters in Jeonju, Korea on Jan. 24 to sign an agreement to open the bank’s new office in the regional city, according to NPS. The custodian bank plans to open the Jeonju office in March. It is also reported that State Street is readying to open an office in Jeonju in March.

BNY Mellon and State Street are the world’s No. 1 and No. 2 custodian banks that specialize in safeguarding financial assets for clients such as mutual funds and public pension funds. It would become the first time for a global bank with a worldwide network in 100 countries to open an office in areas outside of Seoul in Korea.

Both BNY Mellon and State Street already have an office in the Korean capital.

NPS, the world’s third largest pension fund with USD 570 billion in assets under management, hopes the two global custodian banks’ new offices in Jeonju will help it tap deeper into new asset classes and other parts of the globe.

Tencent, KKR, Carlyle enter bidding war for Korean game giant Nexon

A blockbuster deal worth more than USD 6 billion over the ownership of South Korea’s top game publisher Nexon is gaining heat, with big names like Chinese tech giant Tencent and global private equity funds KKR, TPG and Carlyle Group pledging entries in the race.

Teaser letters have been sent out to possible buyers including U.S. PE giants KKR, TPG, Carlyle and Korea’s largest PE firm MBK Partners, according to investment banking sources.

The list of potential strategic buyers includes American game firms Activision Blizzard Inc. and Electronic Arts Inc. China’s Tencent has reportedly recruited Goldman Sachs as its advisory firm to package an offering. Walt Disney Co. is also said to be interested.

Nexon has reportedly started an investor road show in San Francisco and Hong Kong. Deutsche Bank’s New York branch has been picked to oversee the deal, people familiar with the matter said.

Fitch maintains ‘AA-’ sovereign rating for S. Korea

Global rating agency Fitch has reaffirmed its “AA-” rating for South Korea with a stable outlook.

“Korea’s AA- rating reflects robust external finances and a solid macroeconomic performance compared with peers, as well as evolving geopolitical risk from the relationship with North Korea, and longer-run challenges of rapid population ageing and low productivity,” Fitch said in a report posted on its website.

Fitch has maintained the same grade for Asia’s fourth-largest economy since it upgraded it to the fourth-highest level on its sovereign ratings table in 2012.

Source: www.investkorea.org; Yonhap News Agency; Pulse by Maeil Business News Korea

What's Trending

KT showcases 5G-equipped trial bus in Seoul

KT Corp., South Korea’s largest Internet service provider, highlighted its capability to deliver fifth-generation (5G) mobile network service with a specially equipped bus in central Seoul.

The 10-seater bus allows passengers to experience next-generation technologies, such as virtual reality (VR) and augmented reality (AR), through the 5G network, which is up to 20 times faster than the existing 4G network or long-term evolution.

KT kicked off the bus service on Jan. 14, with the bus traversing an eight-kilometer route leaving from Gwanghwamun Station five times a day.

The bus experience was aimed at providing a real glimpse of the latest technology to the general public as KT and the country’s other wireless carriers are set to launch the world’s first 5G business to customer (B2C) service in March.

“Customer response has been tremendous as the trial bus was operated to relieve the curiosity over what can be done during a 5G era,” a company representative said.

The bus was equipped with VR headsets that provided live multi-channels in real-time with a 360 degree viewing angle. Contents ranged from K-pop dramas to music.

Users were also able to check out various contents without any concern over interruption in streaming or a slowdown in Internet speed on a moving vehicle.

Industry watchers said that VR and AR services are very sensitive to network performance, citing the importance of stability in 5G network to support these kinds of applications.

The bus ran until Jan. 24 and operated another route in Gangnam, southern Seoul, between Jan. 25 and Feb. 2, KT said, adding that all the tickets for the seats were sold out.

“Customers will be able to experience better 5G when KT officially kicks off 5G B2C service in March,” the company official said.
Hailing from France, Jean-Marie Hurtiger, Honorary Ambassador of Investment Promotion for Korea, started his career as an engineer, earning his degree from Ecole Nationale des Ponts et Chaussées. He then spent 10 years in the oil industry as an engineer before joining Groupe Renault to work in the auto industry. During his 25 years there, he was in charge of conducting various projects and international development for Renault, spending time in China, Malaysia, Russia and the South American region. He was then called back to head the Logan Project, when Renault had acquired Automobile Dacia in July 1999. Afterwards, Hurtiger was sent to Korea as CEO of Renault Samsung Motors for six years. He has now returned to Paris, advising companies mostly in the car industry who want to enter the global market. Read on to find out his experience doing business in Korea as well as his insight on ways to help more French companies invest in Korea.

**How did you become interested in Korea?**

Because of the nature of the activities I was involved in, I was very international and had the opportunity to be in many Asian countries in the past. Korea was a country that I had not yet been working with, and it was an interesting country from a professional and cultural point of view.

**What about Korea appeals to you the most?**

What’s interesting with Korean culture is the fact that it belongs to a relatively small country with a smaller population, having achieved independence during the 19th century, and endowed with a unique culture within Asia—different from China, different from Japan—with very particular aspects regarding lan-

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**Interview**

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**ONE-ON-ONE WITH JEAN-MARIE HURTIGER**

Honorary Ambassador of Investment Promotion for Korea / Senior Executive, ERG-Europe

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**Strengthening Korea-France Ties**

Jean-Marie Hurtiger shares his experience as CEO of Renault Samsung Motors Korea and his insight on ways to help more French companies invest in Korea.
guage, food, and some of its customs as well. The country is interesting from a geographical sense, too. It’s quite pleasant to live in Korea because of its plentiful mountains and seashores.

You’ve been doing business in Korea for many years. How has Korea changed over the last decade?

Korea has definitely changed, but the changes I experienced myself during my stay were part of a continuous process, dating back to the Olympic Games in the ‘80s, which really marked the beginning of modernization of Korea from a rather closed and controlled society, to a more open, modern and dynamic society. I was able to see how these changes were really transforming the Korean society.

It became easier and easier for companies to do business in Korea. Foreign companies were accepted before I came, but with some limitations. For instance, Renault had difficulty working with suppliers of Hyundai Group because, as you know, they didn’t like to see their suppliers working with Renault. But towards the end of my stay, we could invite all the suppliers, have discussions with them, without any restrictions.

Also, during my stay, Korea joined most of the international organizations and signed a free trade agreement with Europe among many other FTAs, which brought about a huge change. So really, Korea’s desire to open up to the world and join the international community was much stronger when I left than when I came.

Moreover, it showed in the increase of Korean travelers abroad—I’m not talking about the days when traveling was limited and controlled—but I could see that more Koreans were taking trips all around the world. At the same time, Koreans were starting to invest more, and Korean companies were starting to be localized in other countries, following the trend of the big chaebols (conglomerates) which were becoming bigger and more international.

How interested are French companies in investing in Korea and what kinds of sectors are they most interested in?

For the most part, every somewhat large and international French company considers Korea as an important country in Northeast Asia. Most of them will look to Korea first as a market, and see how they can leverage the performance, technology and competence of the company in Korea to work and expand in Asia.

I think most of the French companies that are already invested in Korea realize that Korean performance in industrial and logistical activities are usually outstanding, and they can see by themselves that, very often, their Korean plant or Korean operation is among the top in the world in terms of quality and performance. So that’s important. Market, strategic localization, local performance—these are really the key success factors.

I would add that nowadays, I’m seeing companies interested in Korea’s R&D potential, which was not something as sought after in the past. But now, companies are coming to Korea and saying, “Can we find R&D companies to invest in?” Also, in the service field, I’m witnessing more companies that are interested in, for instance, the medical sector and pharmaceuticals. Companies providing medical services are interested in Korea because the country’s medical system is now at a very good level internationally with very high performance.

What advice would you give investors from your country seeking to do business in Korea?

Well, this is what I do as an honorary ambassador, and my advice is always the same. Asia is different from Europe, so you have to understand them and spend some time with them. In other words, it’s not wise to think that you’ll be able to do business here by coming to Seoul for two days and meeting a few people. That will get you nowhere. You need to spend more time because you need to build a relationship with the people you want to do business with to become business partners. And in Asia, that takes a little time. So please consider this.

Second of all, you have to be quick. It seems contradictory to say on one end, you have to patient, but on the other end, you have to be quick. If you find a company or a business partner in Korea that seems interested in your business proposal, they will very often ask you for answers to their proposals or for suggestions. You have to be quick in your answers with that because otherwise, they will feel you’re not interested or serious, because Koreans like “pali-pali,” they like to be fast. So, please make sure to give them answers quickly and on time.

Third, you will realize that, most of the time, you will need a Korean partner, because it’s very difficult to do everything by yourself. You have to choose a good partner—a good partner, meaning somebody serious, but also someone you work with well, and get along with well. Again, you have to be patient and careful in your selection of a partner.

For such investors from France, what can the Korean government do to make the business environment better for them?

I’ve been working very closely with KOTRA, so I’m aware that the Korean government is doing a lot to facilitate the work of foreign investors. I think usually, there is good communication here compared to many other countries. KOTRA and the Korean government are providing clear and complete information about what you need to do to invest in Korea, whether it may be concerning incentives or the contact channels for you to use to invest in Korea. I think this already exists.

Now, in spite of that, the Korean legal system as well as various regulations, without being extraordinarily complex, are still difficult to grasp, because it is a big country. Companies often realize that they can’t figure it out all by themselves, and the options in Korea today are limited. We have to help companies understand that fact and give them advice and support. KOTRA is actually providing these kinds of services to some extent. However, with these services being free, they’re somewhat limited.

Companies do have the option of going to the national chambers of commerce in Korea if they exist—there’s a good one for the French, for the Germans, AM-CHAM is doing their job, as well as the British Chamber of Commerce—but for the rest of the world, there’s no chamber of commerce with services for companies. Then, there’s the European Cham-
ber of Commerce, but it is more focused on lobbying, although they do provide some services.

When companies come here and are in the process of investing—looking for sites, looking for partners—very often than not, they feel the need for support. And the only solution for them is to rely on big law firms and lawyers which have experience with foreign companies; they’re limited in number and are quite expensive. There are also a couple of foreign companies with offices in Korea that can offer this support, but there are very few. This is the main problem for investing companies. We usually spend the most time explaining this to them.

I don’t exactly know what the solution is. For large companies, this is not a problem because they have enough money and resources to purchase the services they need. For smaller companies, however, it may pose some issues. Also, the Ombudsman is very useful in helping foreign companies in Korea resolve any grievances they may have while doing business here.

**What are the main goals you want to accomplish as Honorary Ambassador of Foreign Investment Promotion for Korea?**

I’ve been honorary ambassador now for a couple of years and enjoy what I’m doing, and I want to continue. I’ve realized that when we talk to the major French companies, they do explain to us the little problems they have—everyone has little problems—but those little problems, they’re able to address by themselves. They can make investment decisions by themselves, and very often, those companies already have international structures, which means that they have a regional headquarters somewhere in Asia, mostly in Hong Kong, Japan, or Singapore. In that sense, they don’t really need us much.

So, I’m trying to address more of the medium-sized companies in France which are already doing business internationally and can possibly expand to Korea. Along with KOTRA-Paris, we’ve started to talk to those companies, with some good results, because we find good companies that are already interested in Korea, and they’re the ones we can push to actually make their way over here. When they start to really consider it, they may hesitate if they’re unsure, so we come in at the right time to tell them, “Yes, you can go,” “Yes, we can help you,” and “We can answer the questions you may have.” I think this is critical, because we’ve discovered there are a lot of medium-sized companies in France that are already very international, are world leaders in their niche products, and have potential to do well in Korea.

**What are your hopes for future relations between Korea and France?**

Well, we always like to say France and Korea have a unique relationship. In some ways, it’s true; it is true that France has been one of the first countries to establish diplomatic relations with Korea; France participated in the Korean War; Koreans usually appreciate French culture, food and wine; and the French appreciate Korean culture as well. So, there’s a strong cultural relationship between the two countries. In that context, I think France could contribute to supporting Korea’s desire to play a bigger role as a developed nation, which it is now.

I also think more French companies could be based in Korea. Like in many developed countries, you have a lot of companies whose management is close to retirement age, or even past retirement age. So, that means that those companies have to change hands. This is true in France, and this is true in Korea. So, this brings lots of opportunities for cross investment between the two countries, more than there are today.

Finally, I believe that the special relationship between France and Korea will give us a role in supporting peaceful development on the peninsula. We should contribute as much as we can to establish a settlement of the inter-Korean situation and by doing so, we would promote growth in both North and South Korea, ultimately bringing more business opportunities for everybody.
IKMP Intro

Invest KOREA Market Place (IKMP) is a project designed to help discover and support new investment projects for Korean SMEs, start-ups and local governments seeking foreign investment. Invest KOREA aims to use the IKMP platform to promote the globalization of Korean companies and institutions by utilizing KOTRA’s 36 overseas offices devoted to attracting foreign investment.

Every year in March, June and September, the project notice is available on KOTRA’s website at www.kotra.or.kr. Additionally, project information detailing investment opportunities in Korea is available on the Invest KOREA website at www.investkorea.org.

Investment Opportunities

Below are two Korean companies currently available to receive foreign investment. (some information remains confidential)

1. ICT Company: Smart Factory & Test Automation

**Investment Highlights:** Smart factory- With the continuous operation of semiconductor/display equipment, compliance with SEMI standards is fundamental and reliability is critical. The company is devoted to developing and supplying products that feature proven stability, reliability and performance. Test automation- Scenarios used by different users can be tested by using equipment interoperation, image and object technology, as well as character and sound recognition technology. Moreover, the company’s products offer outstanding technology, price competitiveness (compared to its global competitors), and support for diverse functions.

**Company Profile:** The company was founded in December 2003 and has registered three patents. Its major clientele consist of local companies like Samsung Display, Samsung Electronics, SEMES, LG Display, SK Hynix, as well as overseas companies including Cimetrix, TORAY and TES.

**Investment Requirements:**
- Investment method: All available
- Amount: USD 10 million
- Region: China, Japan and Taiwan

2. Pharma/Healthcare Company: Sleep-aid Bluetooth Speaker (Neuro Beat)

**Investment Highlights:** The local smart healthcare market is expected to grow annually by an average of 15 percent from USD 410 million in 2015 to USD 840 million in 2020. The company offers a sleep-aid Bluetooth speaker which converts sound sources selected by users on their mobile phones into real-time sleep music. The speaker has been developed over a period of three years of research and development based on the company’s original technology. A joint clinical trial conducted with Seoul National University Hospital has shown that the speaker is effective in relieving insomnia and helping users stay asleep.

**Company Profile:** The company was founded in October 1998, and is one of the world’s first to register patents for RBS technology. It also holds local and overseas patents related to approximately 20 sounds along with six healthcare patents.

**Investment Requirements:**
- Investment method: All available
- Amount: USD 9 million
- Region: North America, China, Europe and Japan

For more details, please contact Seo Dong Hyun, Senior Investment Consultant of the New Industry Investment Promotion Team, at dhseo@kotra.or.kr.
The mobility revolution is facilitated by the convergence of cutting-edge information and communications technologies including artificial intelligence (AI), Internet of Things (IoT) and big data, and is likely to bring about various changes to people’s daily lives. Vehicles are no longer simply regarded as a means of transportation. As showcased at this year’s Consumer Electronics Show (CES), the largest consumer electronics show held annually in Las Vegas, auto makers have recently paid more attention to what drivers can experience inside the vehicle and how to improve safety. Self-driving cars, which drive autonomously while observing traffic regulations without a driver’s control, and connected-cars, which are equipped with internet access offering various infotainment services, have emerged as a mainstay of the future auto industry.

Against this backdrop, the Korean government identified the autonomous vehicles industry as one of the five new industries to support research and lower regulatory hurdles in May last year. As such, self-driving technology is expected to drive the Fourth Industrial Revolution, and the Korean government strives to secure autonomous car technologies by developing its own key auto...
parts, standardizing relevant technologies, and training experts and professionals. Global attention to this technology also stems from its promising potential for opening new industries and markets. Nagivant Research, a market research and consulting firm, predicted that the autonomous vehicle market will grow to KRW 210 trillion by 2020 and to KRW 1,300 trillion by 2035. In reflection of this global trend, the Korean government and private sector are planning to invest more than KRW 35 trillion in the future car industry until 2022.

The Ministry of Trade, Industry and Energy (MOTIE) unveiled a roadmap for the development of the future car industry in February last year. According to the roadmap, the Korean government and private sector will cooperate on developing core technologies for autonomous vehicles and building smart traffic systems to roll out the infrastructure necessary for completely self-driving cars by 2022. As an effort to this end, the Korean government opened “K-City,” the world’s first 5G-based autonomous vehicle testing center, in Hwaseong, Gyeonggi Province on December 10, 2018. The Ministry of Land, Infrastructure, and Transport (MOLIT) invested KRW 12.5 billion (USD 11 million) to build this 320,000-square-meter mock urban area at the Korea Transportation Safety Authority (KOSTA).

K-City has five major testing environments—a highway, downtown road, suburban street, parking lot and community facilities—for autonomous vehicles. The city also has toll gates, intersections, child protection zones, tunnels, and trees along the streets so that self-driving vehicles can be tested in real road conditions. In particular, it is the world’s first autonomous vehicle testing site connected through a 5G network. Thanks to the city’s own localized 5G network, advanced technologies for autonomous vehicles such as infotainment features can be tested at the site. This network will also allow companies, universities and research institutes to test a variety of connected car services. At its opening ceremony, mobile carriers like SK Telecom and KT showed off their technologies applicable in the auto industry utilizing 5G.

As a testament to the government’s objective to commercialize Level 3 autonomous vehicles by 2020, the government held a test-drive event on June 17, 2018 to provide the general public a first-hand experience of autonomous vehicles and to see the technologies at work. A Level 3 car, if fully developed, will allow lane changes and other autonomous driving functions to work without intervention by the driver. A classification of self-driving cars can be broken down to six-levels from no automation of Level 0 to full automation of Level 5, according to the US Society of Automotive Engineers. At the event, the cars were able to recognize nearby cars or passersby on the road, taking the necessary steps to avoid collision. Regarding the infrastructure that enables self-driving cars to hit the road, the government will establish a three-dimensional, high-precision navigation map that will cover 5,000 km of highways by 2020 and will also establish a “smart road” system that allows sensors built into roadways to communicate with autonomous vehicles on the roads.

The government will review regulations and ready a safety system before putting autonomous vehicles on the roads in the near future. During a state affairs review meeting presided over by the country’s prime minister in November last year, the government announced a roadmap that proactively tackles regulations on self-driving cars. Under the guidelines, the government will establish an insurance system for autonomous vehicles and improve regulations on observation and location information collection. It will also introduce a simplified license system for self-driving cars and expand driver targets. The guidelines for self-driving vehicles, in particular, introduces 30 regulatory issues in four areas—driving subject, vehicle and equipment, operations, and infrastructure—and provides improvement plans.

In line with various efforts to promote autonomous vehicles, MOLIT plans to invest an additional KRW 31 billion in K-City by 2021 to create a testing environment for autonomous vehicles in severe weather conditions. In addition, it will build an industrial complex that is designed to support the Fourth Industrial Revolution in the southern part of K-City by 2021. It aims to expand the complex from 30,000 sq. meters at phase 1 in 2019 to 230,000 square meters at phase 3 in 2021.

According to a global market researcher HIS Markit, more than 51,000 autonomous vehicles are estimated to be sold globally in 2021, 1 million units in 2025, and 33.7 million units in 2040. Upon such predictions, K-City and related government policies are expected to lay the foundation for Korea’s auto industry to take another leap forward.

Source: Yonhap News Agency; The Ministry of Trade, Industry and Energy (MOTIE); The Ministry of Land, Infrastructure, and Transport (MOLIT); Newsis; Pulse by Maeil Business News
Economic Analysis

A New Hope in the Hydrogen Economy

Once again, South Korean President Moon Jae-in has instilled a new hope within the Korean people on his New Year journey to the industrial outpost of Ulsan. In the midst of the severe cold filled with micro dust, President Moon put extra emphasis on the hydrogen economy for the revitalization of the Korean economy. As he has inspired a hope for peace and reunification on the peninsula by inviting North Korean delegates to the PyeongChang Winter Olympic Games a year ago, his new aspiration for a hydrogen economy is a refreshing economic agenda eager to reconstruct trust and faith in his government.

The concept of a hydrogen economy is not an entirely new idea. Already proposed by a number of scientists in the 1970s to diminish the negative effects of hydrocarbon fuels emitting harmful carbon compounds such as carbon dioxide, carbon monoxide, or unburnt hydrocarbons, former U.S. President Bush, Jr. also mentioned the importance of a hydrogen economy in his 2003 State of the Union Speech. Iceland and Australia have already adopted a series of national policies to utilize hydrogen energy. And yet, President Moon’s anointing of the hydrogen economy for the future of the Korean economy with silver lining remarks are so unprecedented and unparalleled as to be taken lightly.

A key element of the hydrogen economy is to use hydrogen instead of hydrocarbon fuels such as petroleum as a prime source of energy for the entire society. Traditional hydrocarbon fuels (oils and coals) have two critical handicaps: they create pollution and they are scarce. Hydrogen can be an environmentally cleaner source of energy to end-users without releasing pollutants such as particulate matter or carbon dioxide at the point of end use, and the supply of hydrogen is as bountiful as water. Although hydrogen has less volume energy density than other competitors, it has very high weight energy density, meaning it creates higher energy by weight than other fuels.

There is no doubt that hydrogen has a very strong merit as a clean energy source. But there are a number of fundamental technical and economic barriers to be overcome for the practical use of hydrogen: technical and economic aspects of its production, carriage and storage, transportation, as well as safety.

The first challenge is related to the production of hydrogen. Hydrogen molecules are not available on earth in convenient natural forms because it is bonded to oxygen in water. Therefore, extraction or manufacturing hydrogen does require a hydrogen carrier such as a fossil fuel or water. Basically, hydrogen can be produced in four different ways: the reforming or refining of carbon-fuels (the so-called brown hydrogen), water-electrolysis (green hydrogen), and as a byproduct from oil wells or industrial processes (grey hydrogen). Hydrogen is already being massively produced for commercial use. But it is produced either for producing fertilizer, usually called the Haber process producing ammonia, or for the hydrocracking process facilitating extraction of lighter fuels from heavier sources. Almost all hydrogen for these uses come from fossil fuels, creating environmental hazards. But these uses are not included in the hydrogen economy.

The hydrogen economy refers to the production of hydrogen for the sole purpose of clean energy use, most notably for vehicles and local electricity. So, the most desirable way to produce hydrogen is through an electrolysis process, decomposing water into hydrogen molecules and oxygen with electricity. But so far, it seems economically less than 80 percent efficient, making it economically so unfeasible that it takes up only 4 percent of the world’s hydrogen production.

The second challenge refers to the storage and transportation of hydrogen. Hydrogen is very light and requires an enormous amount of energy to be pressurized or liquefied (requires –250°C). Besides, hydrogen causes metal containers to be easily broken and corroded. Hydrogen can be simply stored and carried by making hydride (i.e., hydrogen-compound), but all of these methods require the reverse process of making hydride into hydrogen, which necessitate additional energy and costs.

The third challenge is the infrastructure problem. A hydrogen infrastructure refers to an industrial hydrogen pipeline system and hydrogen filling stations like those found on a hydrogen highway. Hydrogen stations which were not situated near a hydrogen pipeline would get the supply through hydrogen tanks, compressed hydrogen tube trailers, liquid hydrogen trailers, or liquid hydrogen-tank trucks. Bringing hydrogen to individual consumers would require a massive over-haul of the fuel infrastructure.

The fourth challenge is linked to the fuel cell. Much of the interest in the hydrogen economy is associated with the use of hydrogen fuel cells to power electric cars. Current hydrogen fuel cells suffer from a lower power/weight ratio. If a practical method of hydrogen storage is developed and fuel cells become cheaper, they can be economically viable to power hybrid fuel cell/battery vehicles, or purely fuel cell-driven ones. The economic viability of fuel cell powered vehicles will inversely depend on the price of the hydrocarbon fuels. Safety is another important concern. Hydrogen is very explosive, and ignitable with the air of almost all gases. So a hydrogen leak will most likely lead to an explosion, not a mere flame, when a flame or spark ignites the mixture. This makes the use of hydrogen particularly dangerous in highly populated and enclosed areas such as tunnels or underground parking. Pure hydrogen-oxygen flames burn in the ultraviolet color range and are nearly invisible to the naked eye, making human lives more vulnerable.

All of these well-known challenges are ahead of Korean economy. Many are either hesitating or dubious about its success. But it should be remembered that in the early 1980s, Samsung ventured into the then untried world of semi-conductors. Almost everyone objected to the project except for the company’s late chairman Byung Chul Lee, who insisted on investing in the new venture. It surely is not easy, but is well worth giving a try.

By Professor Se Don Shin
Dean, Sookmyung Women’s University
seshin@sm.ac.kr

*The opinions expressed in this article are the author’s own and do not reflect the views of KOTRA
S. KOREA GETS NOD TO EXPORT PEARS TO AUSTRALIA IN 2019

South Korea’s agricultural ministry said its Australian counterpart agreed to allow the country to continue exporting pears in 2019, which was earlier suspended due to fire blight.

South Korea, which first shipped pears to Australia in 2004, was required to stop shipments of the fruit in early 2015 due to the outbreak of fire blight, which has the capability to destroy a whole orchard in a single growing season.

While the ban was lifted later that year, the Ministry of Agriculture, Food and Rural Affairs has been holding talks with the Australian ministry every year to renew the approval.

This year, the government said it has reached an agreement to ship pears from three regions, Sangju, Hadong and Naju, which are well known for producing quality fruits under the condition that Seoul can prove that the areas are free from the outbreak.

S. KOREA’S PARTS EXPORTS UP 11.8 PCT IN 2018

According to official data, South Korea’s parts exports increased 11.8 percent on-year in 2018, helped by robust performance of semiconductor products.

Outbound shipments of parts and materials reached USD 316.2 billion during the one-year period, the Ministry of Trade, Industry and Energy said.

Imports of parts and materials rose 5.3 percent to USD 177.2 billion last year, with the trade surplus hitting a record high of USD 139.1 billion, the ministry added.

Exports of electronics parts soared 19.6 percent on-year to USD 138.6 billion on the back of the strong demand of chips, accounting for 43.8 percent of the total. Chemicals followed at USD 49.4 billion.

PRESIDENT MOON DECLARES MOVE TOWARD ‘HYDROGEN ECONOMY’

On Jan. 17, President Moon Jae-in officialized a move to build a so-called hydrogen economy, one day after the finance industry announced an ambitious plan to increase the number of hydrogen-powered vehicles in the country to 80,000 in less than four years. There are currently only about 2,000 hydrogen FCEVs in South Korea.

Moon unveiled plans to increase the number of hydrogen-powered vehicles in the country to 1.8 million by 2030. “Our government’s determination to (build) a hydrogen economy is firm,” the president said during a visit with leaders from hydrogen-related businesses, including Hyundai Motor Co.

To this end, the government will start providing subsidies for fuel-cell electric taxis and trucks, he said. It will also work with local government to increase the number of fuel-cell electric buses to 2,000 by 2022 and start replacing all 820 police buses with fuel-cell electric buses from 2021.

VENTURE MINISTER VOWS TO EXPAND SUPPORT FOR STARTUPS

South Korea’s venture minister announced that the government is committed to expanding support for startups, which eventually would jack up employment.

Venture investment in South Korea is estimated at KRW 3.4 trillion won (USD 3.04 billion) last year, which marks a hike of over 40 percent from a year earlier, according to Minister of SMEs and Startups Hong Jong-haak.

“For this year, state-involved venture investment funds will be boosted, and the government will encourage private investors to spend more for startups,” Hong said in an interview with Yonhap News Agency. He said total investment will top 4 trillion won.

South Korea’s government has been seeking to nurture venture companies and startups, a part of its policy to support smaller businesses and reduce the youth unemployment rate.
Exports Trends and Prospects of Korea’s Automotive Industry

South Korea’s Automobile Exports at USD 40.9 million in 2018, a 1.9% Drop Year-on-Year

In 2018, auto exports declined by 5.6%. The growth of auto exports has been slowing since 2011. While South Korea’s total exports have shown a recovery trend in 2017-2018, auto exports continued to display poor performance, recording a lower growth rate than that of the total exports since 2016. The trade balance of automobiles, with imports growing faster than exports, has been declining since 2014. The number of cars shipped abroad in January through November 2018 edged down 5.2% year-on-year, to 2.229 million units. In particular, global protectionism, expansion of overseas production, and the shutdown of Korea’s GM plant resulting in discontinuation of some models have led to sluggish exports of small and mid-size cars and commercial vehicles. By comparison, the unit value has been on the rise due to the growth of electric vehicles and SUVs which have a relatively higher unit value. Electric vehicle (EV) exports in 2018 registered USD 1.09 billion in 2018, an increase of 159.4% from the previous year.

Korea’s Auto Export and Import Trends

<table>
<thead>
<tr>
<th>Year</th>
<th>Auto exports</th>
<th>Auto imports</th>
<th>Balance</th>
<th>Total exports</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Exports</td>
<td>Exports</td>
<td>YoY</td>
<td>YoY</td>
</tr>
<tr>
<td>2014</td>
<td>48,400</td>
<td>9,000</td>
<td>44.7</td>
<td>39,400</td>
</tr>
<tr>
<td>2015</td>
<td>45,238</td>
<td>10,699</td>
<td>18.9</td>
<td>34,538</td>
</tr>
<tr>
<td>2016</td>
<td>40,155</td>
<td>10,472</td>
<td>-2.1</td>
<td>29,683</td>
</tr>
<tr>
<td>2017</td>
<td>41,690</td>
<td>10,902</td>
<td>4.1</td>
<td>30,787</td>
</tr>
<tr>
<td>2018</td>
<td>40,888</td>
<td>12,099</td>
<td>11.0</td>
<td>28,789</td>
</tr>
</tbody>
</table>

Note: MTI 741-based, YoY for 2018
Source: Korea International Trade Association (KITA)

Sluggish Exports Excluding Europe and Russia

By region, automobiles shipped to Europe recorded a two-digit growth, continuing the growth momentum from the previous year (37.0%). Demand from Russia also increased on the back of economic recovery. However, exports to other regions, including the U.S., (-6.9%), Middle East (-10.9%), and Latin America (-15.1%), has diminished. In particular, exports to the U.S., accounting for a third of Korea’s auto exports, have fallen due to a change in consumers’ purchasing preference from sedans to RVs. The reasons for slowdown include: financial instability in Latin America; and plunging demand from Saudi Arabia and the UAE due to reforms in the consumption tax regime, as well as sanctions on Iran in the Middle Eastern region.

Drop in Global Export Market Share and Ranking

South Korea’s automobile exports have been lagging behind the growth of global auto exports since 2013, resulting in a fall in the global export market share as well as global ranking. While the global auto export market has made a turnaround from a decline in 2015 to an expansion in 2016, signaling a recovery trend, Korea’s exports further dropped in 2016. Korea’s market share in the global auto export market has shrunk from 5.6% in 2013 to 4.6% in 2016, pulling down Korea’s ranking from the fifth to eighth in the same period.

Comparison of Korean and Global Export Trends

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate of change</th>
<th>Global auto export amount (b)</th>
<th>Share (a/b)</th>
<th>Korea’s ranking in the global auto export</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(YoY)</td>
<td>(USD billion)</td>
<td>(YoY)</td>
<td>(YoY)</td>
</tr>
<tr>
<td>2013</td>
<td>5.6</td>
<td>862,201</td>
<td>3.3</td>
<td>5.6</td>
</tr>
<tr>
<td>2014</td>
<td>5.4</td>
<td>897,150</td>
<td>4.1</td>
<td>5.4</td>
</tr>
<tr>
<td>2015</td>
<td>5.3</td>
<td>851,755</td>
<td>-6.6</td>
<td>5.3</td>
</tr>
<tr>
<td>2016</td>
<td>4.6</td>
<td>872,145</td>
<td>-11.2</td>
<td>5.3</td>
</tr>
</tbody>
</table>

Note: Include all-passenger car, bus, truck, and special car based on HS code 86 'PL
Source: Calculated by KITA’s Institute for International Trade using UN Comtrade materials

Auto Exports Expected to Increase Slightly in 2019

Korea’s auto exports in 2019 are projected to move up 0.5% to USD 41.1 billion. A recovery in vehicle sales is expected, led by the U.S. market and SUVs, thanks to a continued economic recovery in the U.S. and the release of new models (KONA EV, Santa Fe, Large SUVs by Hyundai/Kia). Such development and release by Korean automakers in response to an increase in global demand for eco-friendly and SUV vehicles, contribute to a better export forecast. Furthermore, with a drop in international oil prices from approximately USD 70 per barrel in 2018 to about USD 60 per barrel in 2019, the stabilization of fuel prices is expected to encourage demand for vehicles. In terms of export volume, not much is expected to change from the previous year. However, an increase in the export unit is likely to drive up the export amount. Risk factors in the export forecast include global protectionism, an interest rate hike in the U.S., and the expansion of overseas production. If the U.S. applies Section 232 of the Trade Expansion Act which would impose 25% of tariffs on imported finished cars, the retail prices of Korean cars would rise by 23.9%, the widest compared to competitors, and
exports to the U.S. would drop by 22.7%. Downward pressures on exports include possible economic instability in emerging countries due to an increase in the U.S. benchmark interest rate (speculated to occur twice in 2019), export discontinuation due to economic sanctions on Iran, and ongoing trade conflicts between the U.S. and China.

2019 Export Forecast

(USD 100 million, YoY %)

<table>
<thead>
<tr>
<th>Items</th>
<th>2017</th>
<th>2018</th>
<th>2019 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automobiles</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exports</td>
<td>417</td>
<td>409</td>
<td>411</td>
</tr>
<tr>
<td>YoY</td>
<td>(3.8)</td>
<td>(-1.9)</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Auto parts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exports</td>
<td>231</td>
<td>231</td>
<td>235</td>
</tr>
<tr>
<td>YoY</td>
<td>(-9.5)</td>
<td>(-0.1)</td>
<td>(1.7)</td>
</tr>
<tr>
<td>Combined</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exports</td>
<td>648</td>
<td>640</td>
<td>646</td>
</tr>
<tr>
<td>YoY</td>
<td>(-1.4)</td>
<td>(-1.3)</td>
<td>(0.9)</td>
</tr>
</tbody>
</table>

Source: Institute for International Trade of KITA

**Shift in Global Auto Market Trends and the Response by Korean Automakers**

<table>
<thead>
<tr>
<th>Trend</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expansion of retail market in Europe, shrinkage in the U.S.</td>
<td>The share of exports to Europe increased (11.6% in 2014 to 18.1% in 2017)</td>
</tr>
<tr>
<td>Emergence of eco-friendly vehicles</td>
<td>The sales amount is insignificant yet, but laying the ground in major markets (The export amount in 2017 was USD 900 million, 186.8% growth)</td>
</tr>
<tr>
<td>Decline in demand for diesel vehicles in Europe (increase in demand for gasoline cars)</td>
<td>The share of gasoline car exports to Europe jumped from 44.6% in 2015 to 72.0% in the first half of 2018</td>
</tr>
<tr>
<td>Stronger preference for small and midsize vehicles (gasoline-powered)</td>
<td>The share of compact and small &amp; midsize vehicles increased (71.6% in 2010 to 81.4% in 2018)</td>
</tr>
<tr>
<td>Growth in the SUV market</td>
<td>Its share in export expanded, but total sales amount (The share of SUV in vehicles shipped abroad rose from 39.8% in 2015 to 53.8% in 2017)</td>
</tr>
<tr>
<td>Increasing U.S. protectionism</td>
<td>If high tariffs imposed, slowing export and increasing production in the U.S. expected</td>
</tr>
</tbody>
</table>

Share of Korean Cars Produced Abroad Exceeds 50%

The share of vehicles produced abroad by Korean automakers has steadily risen since 2000, hovering around 50% in 2018. The share of cars produced abroad rose from 3.2% in 2000 to 50.6% in January to October in 2018, recording an increase of 2.8%p per annum on average. Recently, this localization of production has expanded to ward off tariff and non-tariff barriers aimed at protecting local automotive industries in major countries like the U.S., Russia and India. The number of cars sold abroad by five Korean automakers in 2018 reached 6,675,814 units, marking a 0.6% increase, and the total number of cars sold reached 82.3 million units, indicating 0.4% increase.

Need for Strengthening Competitiveness by Preemptively Responding to Global Market Trends

With Korea’s auto exports failing to catch up with the growth of the global auto export market, it is imperative to conduct a diagnosis on the competitiveness of Korea’s auto export industry and hammer out response measures. For context, trends in the global auto market can be summarized as: the expanding European retail market and shrinking U.S. retail market; emergence of eco-friendly vehicles; plunging demand for diesel-powered vehicles in Europe (jump in demand for gasoline-powered vehicles); strong preference for small and mid-size cars; growth in the SUV market; and intensifying U.S. protectionism. Korea’s auto industry has shown weakening competitiveness in the U.S., but improved competitiveness in the European market and small car sector. The share of Korean automakers in the U.S. imported car market dipped from 10.4% in 2015 to less than 8% in 2018, but jumped from 1.9% in 2015 to about 3% in 2018 in the European market. By engine size, the competitiveness of small and mid-size vehicles made by Korean automakers in the U.S. imported gasoline car market has abated, while it has been improved in the European market, led by compact cars.

Going forward, the Korean automotive industry needs to find a growth engine and break free from the sluggish export trend by identifying the changing trend in the global auto market. Building on that, it should strive to incorporate the changing trend to create new demands. Thanks to improving economic feasibility and convenience of electric and hybrid vehicles, demand for such vehicles has increased. With intensifying competition expected in the global eco-friendly vehicle market, Korean automakers are encouraged to secure the upper hand in this market by developing new cars and improving quality, targeting the European and Chinese markets. In addition, it is important to play a leading role in the global auto market by developing new convergence materials, parts and products, taking advantage of superior technology in semiconductors, a core material in the Fourth Industrial Revolution. Meanwhile, considering the significant market size of internal-combustion engine vehicles, it is advisable to sophisticate gasoline-powered small and mid-size vehicles and reduce the share of diesel-engine vehicle exports reflecting dwindling preference for diesel cars. Also, the private sector and government must come together to strengthen trade diplomacy in the face of increasing protectionism; diversify export markets, eyeing off from the U.S. towards fast-growing Europe and emerging markets (China, India, etc.); and utilize the network of free-trade agreements to create an environment conducive to exports.

By Mun, Byungki
Senior Researcher
Analysis & Forecasting Department
Institute for International Trade
Korea International Trade Association (KITA)
bkmun@kita.net

*The opinions expressed in this article are the author’s own and do not reflect the views of KOTRA
Korea and France: Trade and Investment Status

In his interview with KOTRA Express, Honorary Ambassador of Foreign Investment Promotion for Korea Jean-Marie Hurtiger described the special relationship that exists between South Korea and France. On that note, let’s take a closer look at the trade and investment status between the two countries.

01 Korea-EU FTA

The free trade agreement between South Korea and the European Union was provisionally applied in July 2011, and was formally ratified in December 2015. This was the EU’s first trade deal with an Asian country, going further than any previous agreement in lifting trade barriers.

02 Korea-France Trade

Total trade between Korea and France stood at USD 8.74 billion in 2017, and was at USD 8.61 billion in 2018 as of November.

Imports

In 2018 (as of November), imports from France to Korea stood at USD 5.37 billion. Main import items included aircraft parts, passenger cars and miscellaneous fine chemical products, as well as new import items like natural gas and uranium.

Exports

In the same period, Korean exports to France stood at USD 3.24 billion. Main export items were passenger cars, storage batteries and auto parts.

03 Korea-France Investment

In 2017, investment from France to Korea was USD 279 million, and USD 686 million in 2018, primarily in the electric/electronic, transport machinery, wholesale/retail, R&D and science and technology sectors.

Investment from Korea to France in 2017 was USD 195 million, and USD 404 million in 2018, mainly in science and technology related services, as well as in the finance/insurance, manufacturing, wholesale/retail, and information and communication sectors.

*All figures in declared amount

Woolim currently produces a wide range of special purpose vehicles such as fire fighting vehicles, cargo cranes, self-loaders, tanks, lorries/trucks, ground power supply trucks, riot control vehicles, as well as environmental vehicles like water sprinkler trucks, sewer cleaner trucks and food garbage trucks. In addition, the company manufactures related equipment including construction equipment, as well as half finished products and finished products (OEM).

The company is newly headquartered in Cheongju Oksan Industrial Complex, and has received KCS certification for various types of machinery consisting of its vehicle-mounted small crane and fixed column jib crane. It has also developed numerous items, such as its food service truck for airplanes, water wagon, road sweeper truck, self-loader, and has worked with the Korea Aerospace Research Institute and Hanwha to co-develop the first ground power supply truck (jet fuel) for the Naro rocket.

Woolim strives to be a top notch global company by utilizing its technical skills and know-how while respecting the values of growth, creation and co-existence.

Contact Info:
Woolim Engineering Co. Ltd.
Tel: +82-43-234-3105
Fax: +82-43-234-3101
Website: www.woolimeng.com

Economic Indicators

<table>
<thead>
<tr>
<th>GDP</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal</td>
<td>1,305,400</td>
<td>1,411,000</td>
<td>1,382,400</td>
<td>1,414,700</td>
<td>1,530,200</td>
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<tr>
<td>PPP</td>
<td>1,644,777</td>
<td>1,704,458</td>
<td>1,824,332</td>
<td>1,877,123</td>
<td>1,998,130</td>
</tr>
<tr>
<td>GDP Growth Rate (YoY) (%)</td>
<td>2.9</td>
<td>3.3</td>
<td>2.8</td>
<td>2.9</td>
<td>3.1</td>
</tr>
</tbody>
</table>

Source: The Bank of Korea, January 2019

<table>
<thead>
<tr>
<th>GDP Per Capita</th>
<th>2016</th>
<th>2017</th>
<th>2018 (Estimate)</th>
<th>2019 (Estimate)</th>
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<tbody>
<tr>
<td>Nominal</td>
<td>27,608</td>
<td>29,938</td>
<td>32,046</td>
<td>32,766</td>
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<tr>
<td>PPP</td>
<td>37,810</td>
<td>39,548</td>
<td>41,416</td>
<td>43,212</td>
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Source: International Monetary Fund, October 2018

<table>
<thead>
<tr>
<th>Foreign Trade</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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</thead>
<tbody>
<tr>
<td>Exports</td>
<td>559,632</td>
<td>572,665</td>
<td>526,757</td>
<td>495,426</td>
<td>573,694</td>
<td>659,169</td>
</tr>
<tr>
<td>Imports</td>
<td>515,586</td>
<td>525,515</td>
<td>436,499</td>
<td>406,193</td>
<td>478,478</td>
<td>535,172</td>
</tr>
<tr>
<td>Trade Balance</td>
<td>44,047</td>
<td>47,150</td>
<td>90,258</td>
<td>89,233</td>
<td>95,216</td>
<td>69,997</td>
</tr>
</tbody>
</table>

Source: Korea International Trade Association, January 2019

<table>
<thead>
<tr>
<th>KRW-USD Foreign Exchange Rate</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,095.0</td>
<td>1,053.2</td>
<td>1,131.5</td>
<td>1,160.5</td>
<td>1,130.8</td>
<td>1,100.3</td>
<td></td>
</tr>
</tbody>
</table>

Source: The Bank of Korea, January 2019

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>50,835.0</td>
<td>81,148.2</td>
<td>84,373.0</td>
<td>105,939.6</td>
<td>99,243.0</td>
<td>78,460.2</td>
<td></td>
</tr>
</tbody>
</table>

Source: The Bank of Korea, January 2019
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Headquarters

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

Karachi, Dhaka, New Delhi, Colombo, Mumbai, Kolkata, Bengaluru, Chennai, Ahmedabad

Southeast Asia & Oceania
Tel: (84-24)3946-051
E-mail: kotrahanokbc@gmail.com

Singapore, Yangon, Auckland, Manila, Melbourne, Sydney, Vientiane, Jakarta, Surabaya, Kuala Lumpur, Bangkok, Hanoi, Ho Chi Minh City, Phnom Penh, Danang

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

Fukuoka, Nagoya, Tokyo, Osaka

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

Hong Kong, Taipei, Dalian, Guangzhou,

Xiamen, Chengdu, Wuhan, Qingdao, Xian, Shenyang, Nanjing, Changsha,
Zhengzhou, Hangzhou, Beijing,
Chongqing, Shenzhen, Tianjin, Shanghai

CIS
Tel: (7-495)258-1627
E-mail: info@kotra.ru

Moscow, Vladivostok, Novosibirsk,
Saint Petersburg, Tashkent, Baku,
Ulaanbaatar, Almaty, Kiev, Minsk

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

Amsterdam, Beograd, Brussels,
Copenhagen, Paris, Helsinki, Prague,
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Middle East
Tel: (971-4)450-4360
E-mail: ktcdxb@emirates.net.ae

Istanbul, Tel Aviv, Kuwait, Tripoli,

Casablanca, Muscat, Riyadh, Dubai,
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Africa
Tel: (27-11)784-2940
E-mail: kotra@kotra.org.za

Maputo, Nairobi, Lagos, Accra, Khartoum,
Abidjan, Dar es Salaam, Johannesburg,
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South America
Tel: (55-51)5514-3173
E-mail: mexico@kotra.or.kr

Guatemala, Lima, Mexico,
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North America
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E-mail: kofrany@hotmail.com

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