FOREIGN COMPANY NEWS

Foreign Companies to Continue Investing in Korea

Korean President Park Geun-hye said during a luncheon meeting with business leaders of foreign companies in Korea last month that she confidently recommends Korea as the most promising investment destination. Business leaders at the meeting emphasized they will increase investment in Korea.

“The importance of GM Korea as an export base to the global GM is evident, and we will continue our investment in Korea,” said Sergio Roche, President and CEO of General Motors Korea (GM Korea), during the luncheon meeting with the president. Senior presidential press secretary Lee Jung-hyun said Roche also denied the rumor that GM Korea will pull out of the Korean market.

Roche expressed his thanks to the Korean government for creating a business environment of harmonious labor-management relations and swiftly lifting regulations related to car production.

Kim Jong-ap, Chairman of Siemens Korea, said, “We are pushing forward our headquarters relocation process, and no government has ever supported our company like the current government does. It is like we are receiving support from 20 officials of the government and Korea Trade-Investment Promotion Agency (KOTRA), free of charge.”

André Nothomb, Representative Director of Solvay Korea, said, “We built the special chemistry headquarters in 2011 and recently formed a research and development center on the campus of Ewha Womans University. President Park announced a new business plan for the Saemangeum Reclamation Area during her visit to Belgium and we plan to establish a new investment plan.”

Business leaders of Japanese companies also joined the luncheon meeting and called for close economic cooperation amid the tense atmosphere between Korea and Japan.

Mahindra Group to Increase Investment in Korea

Mahindra Group, an Indian company with a controlling stake in the Mahindra Group, signed a memorandum of understanding (MOU) in 2010 for the acquisition of SsangYong Motor, and took over the Korean automaker by investing KRW 570 billion to acquire a 69 percent stake in 2011. Last year, the group increased its stake to 72 percent with an additional KRW 80 billion investment.

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Mahindra Group, an Indian company with a controlling stake in Korea’s SsangYong Motor, pledged last month to invest about KRW 1 trillion (USD 933.9 million) in Korea over the next four years.

Anand Mahindra, Chairman of Mahindra & Mahindra, met with Korean President Park Geun-hye during her visit to India last month and told her that SsangYong Motor is finally back on track. During the meeting, Park asked for more investment in Korea, and Mahindra responded, “The Group will invest about KRW 1 trillion in SsangYong Motor over the next four years to develop new models and hire more employees.”

“The investment in SsangYong Motor is not just for maximizing profits,” said Mahindra. “We hope to promote Korean cars in the world market. We will make the most of ‘made in Korea’ to encourage SsangYong Motor to enter the United States and other markets, and actual negotiations are underway to pave the way for SsangYong Motor to enter the U.S. market.”
Three Leading Foreign Universities to Open Campuses in Sogunda, Incheon This Year

An Incheon-based agency is planning to attract foreign universities to open their campuses in the Sogonda Global University Campus in Incheon’s Sogonda International City. George Mason University in Washington D.C., which ranks among the top 80 universities in the world, said it obtained the Ministry of Education’s approval and will open their campus branch in March. It will offer two majors, management and economics, and recruit 80 students for each major.

In September, the University of Utah and Ghent University in Belgium will also open a campus branch in Sogonda. The University of Utah, which is particularly strong in medicine and nursing, will offer undergraduate degrees in communication, psychology and social work at its Asia campus. The Ghent University in Belgium, one of the top universities in Europe, will offer study programs in food technology, environmental technology and molecular biotechnology at its Sogonda campus. Ghent University is expected to supply skilled manpower to biotechnology companies near the campus. The Ministry of Education is currently conducting the diligence on the home campuses of the three universities and expected to approve their Sogonda campuses soon.

Korea’s Ssodui Construction and China’s Shenyang Wanshunda Group signed an MOU to establish a tourism complex in Jaksan, Anseong at the Gyeonggi provincial government building in the presence of Kim Moon-soon, governor of Gyeonggi Province, Hwang Eun-sung, mayor of Anseong City, and others.

The tourism complex in Jaksan will be constructed on a 1.46 million m² site in Jaksan-myeon, Dangmok-ri. A camping ground and recreational forest will be formed inside the complex, and a healing center, waterpark and 9-hole golf course will also be built in phases. The construction project begin in late 2015 and is scheduled to be completed in 2022. After the opening of the condominums and a healing center in 2016, a water park and golf course will open for business as well.

The project will cost a total of KRW 700 billion, of which Seohai Construction will cover KRW 400 billion and Shenyang Wanshunda Group: the remaining KRW 300 billion.

“We will construct a leisure and tourism complex that offers fun, leisure and relaxation for visitors of all ages — children, adults and the elderly,” said Kim Young-choon, chairman of Ssodui Construction. “Our goal is to attract more than 2 million visitors per year.”

The Shenyang Wanshunda Group is the subsidiary of the largest agricultural product distributor in China. Gyeonggi Province and Anseong City expect the investment to create more than 10,000 jobs and increase annual local tax revenue by KRW 9.2 billion.

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The Market

Striving to Be a Leader in Renewable Energy

The Korean government aims to develop Korea into the world’s fifth-largest renewable energy powerhouse.

**Trends in the Global Renewable Energy Industry**

The increase in the role and importance of renewable energy as a driver of green growth has long been a global trend. Advanced countries strive to dominate the global market by strengthening the competitiveness of their renewable energy industry and to reduce greenhouse gas emissions and environmental pollution more actively adopting the use of renewable energy sources.

**Status and Prospects of Domestic Renewable Energy Industry**

In response to global trends, the Korean government has expanded its relevant budget. In particular, the budget was newly allocated in the establishment of a test-bed for renewable energy powerhouse by 2015 by making public-private joint investments of KRW 40 trillion. Between 2011 and 2015, KRW 7 trillion (KRW 3 trillion for R&D and KRW 4 trillion for comit recalculation support) and KRW 33 trillion (KRW 20 trillion for PV, KRW 10 trillion for wind power, KRW 900 billion for fuel cells and KRW 900 billion for bio-energy) is expected to be invested in the renewable energy industry.

**The government plans to make PV and wind power the next-generation growth engines for the country, with 15 percent global market shares by 2015. The government’s goal is to reach USD 36.2 billion in exports of the renewable energy industry and create 110,000 more jobs by 2015. The government is also pursuing 10 green projects to create a stable market and facilitate the commercialization of renewable energy by establishing relevant facilities in schools, post offices, industrial complexes, factories and logistics centers.**

**The rapid growth of the PV industry is attributable to a stable industrial foundation in each stage of the value chain, large investment by the public and private sectors and the continuous expansion of the global PV market.** However, it is worrisome that private sector investment is expected to decrease by 26 percent, to KRW 3.12 trillion. This drop is attributable to dark prospects in the global economy and the global PV market. The capacity of newly constructed PV power-generation facilities grew from 2.4GW in 2007 and 7.3GW in 2009 to 16.5GW in 2010. Although growth slowed for a while in 2011 and 2012, the industry will see continuous growth in the long term as new markets are being created thanks to Japan’s expansion of supply after the nuclear accident in Fukushima.

**Prospects for Renewable Energy Commercialization**

The government’s goal is for Korea to become the world’s fifth-largest renewable energy powerhouse by 2015 by making public-private joint investments of KRW 40 trillion. Between 2011 and 2015, KRW 7 trillion (KRW 3 trillion for R&D and KRW 4 trillion for comit recalculation support) and KRW 33 trillion (KRW 20 trillion for PV, KRW 10 trillion for wind power, KRW 900 billion for fuel cells and KRW 900 billion for bio-energy) is expected to be invested in the renewable energy industry.

The amount of electricity from wind power generation and its generation capacity are rising dramatically, and its share is also on the rise. Geothermal energy and fuel cells are showing steady increases.

<table>
<thead>
<tr>
<th>Solar</th>
<th>PV</th>
<th>Bio</th>
<th>Waste</th>
<th>Hydro</th>
<th>Geothermal</th>
<th>Fuel cell</th>
<th>Marine</th>
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<td>918.5</td>
<td>32.5</td>
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<td>867.1</td>
<td>59.7</td>
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<td>15.3</td>
<td>370.2</td>
<td>4,319.3</td>
<td>780.9</td>
<td>80.8</td>
<td>11.1</td>
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<td>2009</td>
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<td>2.6</td>
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<tr>
<td>2013</td>
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</tr>
</tbody>
</table>

Note: “Hydro” includes large hydro power generation (since 2003)

The government plans to make PV and wind power the next-generation growth engines for the country, with 15 percent global market shares by 2015. The government’s goal is to reach USD 36.2 billion in exports of the renewable energy industry and create 110,000 more jobs by 2015. The government is also pursuing 10 green projects to create a stable market and facilitate the commercialization of renewable energy by establishing relevant facilities in schools, post offices, industrial complexes, factories and logistics centers.

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Jaguar Land Rover Korea is the fastest-growing car company worldwide for the British automaker Jaguar Land Rover. Considering how much time Koreans spend on the road, the distinction is no surprise. British car manufacturers have a coach-building history that spans more than 200 years and a way of working with leather that differs from, say, the ways of carmakers in Germany. The result is hand-stitched leather interiors that stand apart, said David McIntyre, Managing Director of Jaguar Land Rover Korea.

“Although we’re not American, we are from a time that is very constructively similar,” he said. “I think Korean customers appreciate heur- icy, they appreciate brands very much and I do think that many of them are looking for something different now,” said McIntyre. “And I see Jaguar, in terms of our competitive set, as being the next step up.”

Jaguar Land Rover Korea, seven years after the company started selling cars in Korea.

“Jaguar Land Rover combines the two high-end British car brands of Jaguar and Land Rover. India’s Tata Motors merged the two marques after acquiring both from Ford in 2008. The same year, Jaguar Land Rover set up the national sales company Jaguar Land Rover Korea, seven years after the company started selling cars in Korea.

“We obviously saw the potential in the market, which has been proven over the last few years,” said McIntyre.

Today Jaguar Land Rover Korea has 12 showrooms, 14 service centers and about 750 employees, including those in the company’s dealerships and agencies. With the high serv- ice culture in Korea, and consumers who are accustomed to quick reactions and answers, Jaguar is focusing this year on expanding its after sales service capabilities. It is currently building two new after sales service facilities — one in Daegu and the other in Mapo, which will be its largest such facility — and both are scheduled to be completed in May or June.

“We actually want to grow the after sales before we grow the sales,” said McIntyre. “I’m sure, if we wanted, the market could sustain more Jaguars and Land Rovers, but we want to make sure we can service those cars first before we actually sell them.”

Sales for Jaguar Land Rover Korea grew 61 percent in 2013 — 62 percent for Land Rover and 59 percent for Jaguar — making both brands two of the fastest-growing imported car brands in Korea. Units sold reached 5,004, which is two years earlier and four units more than the goal of 5,000 units by 2015. Last year, the company accounted for 3.2 percent of the imported car market.

New model launches in 2013 included the F-TYPE, Jaguar’s new 2-seat sports car, 4th generation, all-new Range Rover and All New Range Rover Sport, the latter two of which are now made of aluminum and each 420 kilograms lighter than their predecessors, which makes for great fuel economy and sus- tanability.

This year, the company will launch diesel hybrid versions of the Range Rover and Range Rover Sport, which will be the first diesel hybrid sport utility vehicle in the world. The planned 2015 release in Korea of a new compact car for Jaguar will lower the entry level of the brand.

“We’re growing very fast but we’re rela- tively still a small player,” said McIntyre. “So that poses some challenges sometimes in terms of the regulatory requirements that we need to adhere to, but generally Korea is seen as a very positive story at head office.”

By Young Chang
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Meet Jamie Metzl, an Honorary Ambassador for Korea

Dr. Jamie Metzl, the newest Honorary Ambassador of Foreign Investment for Korea, calls his work help- ing Korea and strengthening U.S.-Korea relations “a labor of love.”

An expert in Asian economic and political affairs as well as an U.S. for- eign policy, he has served as the Executive Vice President of the Asia Society, as the Clinton White House, as Deputy Staff Director of the U.S. Senate Foreign Relations Committee and in other distinguished positions. He is a partner at the global investment holding company Cambridge Inc. and lives in New York.

We got to know Dr. Metzl during his visit to Korea in December.

How do you feel about being an Honorary Ambassador of Foreign Investment for Korea?

I am extremely honored. I have been coming to Korea for decades and have always been incredibly impressed with the dynamism, creativity and hard work of the Korean people. Additionally, Korea and the United States have been close partners for many decades because we have worked together to keep the relationship vibrant, reciprocal and respectful.

How did you get to know Korea?

I have many close friends in Korea who have helped introduce me to your remarkable country. When I was at the Asia Society, I organized a number of large international conferences in Korea where I had the honor of working with and hosting Korean heroes like former President Kim Dae Jung. I also negotiated the opening of the Asia Society Korea Center, working very closely with Lotte Chairman Shin Dong Bin and former prime minister and ambassador, Lee Hong Koo. I have so much respect for these people and the other Koreans with whom I have worked and it is truly an honor for me to do what I can to help Korea attain the recognition and investments I strongly believe it deserves.

What is Korea’s greatest advantage as an investment destination, and what would be the best way to promote it for U.S. investors?

Korea has proven a highly adaptable society and economy. Korean industry, technology and culture have become global standards of excellence. Many Americans already know this, but others do not. I plan to fos- ter constructive dialogue between potential business partners in the United States and Korea. Additionally, the Korea-U.S. Free Trade Agreement cre- ates new opportunities for investment and business collaboration, which I plan to support.

By Young Chang
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Meet the Ambassador

What U.S. sector or industry is most likely to invest in Korea?

Technology and culture are two areas where Korea is incredibly dynam- ic and where Korean companies are making tremendous inroads into Asia. Korea also has a tremendous opportunity to grow its market for high-quality foods, particularly for export to China.

How do you envision Korea five years from now?

I have unlimited faith in Korea’s future. The Korean people are smart, creative and incredibly hard-working, and the government has done an excellent job of creating a positive framework for growth. Five years from now, I see Korea continuing to be a technology, shipbuilding and creative industries powerhouse, and creating greater opportunities for its small- and medium-sized enterprises (SMEs) to grow nationally and globally. Everyone knows about Samsung and Hyundai, but I hope five years from now, people will start learning about nascent Korean companies that have the potential to become global equivalents of Google. Long-term investors need to look at human potential and regulatory frameworks when making investment decisions, and believe Korea is well positioned in both areas.

What can Korea improve, to bring in more investment?

Although Korea has benefited enormously from industrial policy and the strong chaebols, it now needs to rebalance its economy to ensure more oxygen for the SMEs that need to be stronger engines for Korea’s growth. Korea will also need to continue to increase women’s participation in the workforce and should consider extending the retirement age.

What are you like outside of the office? Hobbies and favo- rites?


I’m also an endurance athlete (11 Ironman triathlons, 24 marathons and six ultramarathons) and a big skier. My general view is that we all have lots of untapped potential, and, for me, extreme sports helps me push myself to new limits. I also love art and literature, ballet and great food. I keep lists of the most amazing restaurants around the world and am always looking for suggestions and sharing my lists with friends.

Any new year’s resolutions?

A friend recently asked me for my big-picture goals. I came up with: to have the greatest positive impact, leave the strongest legacy and be as hap- py as humanly (or supernaturally) possible. Maybe one of the reasons I’m so drawn to Korea is that so many Koreans share this type of commitment to continuous effort and growth.

By Young Chang
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February 2014
Making Changes at the Legislative Level

The Foreign Investment Ombudsman reached out to National Assembly members to address the flat tax rate issue

TAXATION, ESPECIALLY THE INCOME TAX RATE, IS AN ISSUE OF CONCERN FOR CEOs OF FOREIGN-INVESTED COMPANIES IN KOREA. FOREIGN COMPANIES HAVE ALWAYS HIGHLIGHTED THE IMPORTANCE OF A PREDICTABLE TAX SYSTEM. TO PROVIDE FOREIGNERS WORKING IN KOREA WITH INCENTIVES, THE RESTRICTION OF SPECIAL TAXATION ACT (“THE ACT”) HAS OFFERED VARIOUS TAX BONUSES SINCE 2003. STILL, KOREA’S INBOUND FOREIGN DIRECT INVESTMENT (FDI) HAS BEEN LESS THAN A THIRD OF THE INBOUND FDI OF KOREAN COMPANIES OVER THE PAST SEVEN YEARS.

In the beginning of the year, Korean President Park Geun-hye invited the CEOs of foreign businesses and representatives from foreign chambers of commerce to a luncheon at the Blue House. The president shared the government’s proactive FDI promotion policies, including those aiming to attract large-scale FDI from multinational businesses as well as the research and development (R&D) centers and Asian headquarters of global companies to create jobs and boost the economy.

The income tax act has been revised numerous times. Under the latest amendment, which took effect January 1, 2013, the flat income tax rate applied to foreign workers has increased from the previous 15 percent to 17 percent, and the sunset period was extended for another two years, until December 31, 2014. On August 9, 2013, however, the Ministry of Strategy and Finance (MOSF) announced new legislation to narrow the scope of foreign workers who may be taxed under the flat rate, which would be effective a year ahead of the previously scheduled sunset date. The proposal included new provisions that would waive the application of the flat tax rate for any foreigner who works for a “specially related person” and set the time limit of the applicable period at five years from the date a foreigner started working in Korea. Accordingly, foreigners who have worked in Korea for longer than five years will not be subject to the flat rate from January 1, 2014, instead of from January 1, 2015.

Representatives of foreign chambers of commerce in Korea, foreign financial firms, foreign investors, executives and employees spoke with Foreign Investment Ombudsman Dr. Ahn Choong Yong about the lack of consistency in law enforcement in light of the fact that the Act was revised twice in one year without the consideration of foreign workers’ opinions and will go into effect a year faster than scheduled. Inconsistent amendments would not only deterriorate the business environment for foreign-invested firms but also undermine foreign investors’ confidence in the stability and predictability of Korea’s legal system. So Dr. Ahn set out to resolve the issue.

Before the government proposal went to the National Assembly in September of 2013, Dr. Ahn formally raised the issue with the MOSF through an official document that stressed the need for predictability of law, and the Ombudsman’s experts, called Home Doctors, held meetings with public officials in charge of the matter. The Ombudsman also proposed the problem of the revision bill to the Chairman of the Strategy and Finance Committee, the Chairman of the Taxation Subcommittee and their members through official emails and documents prior to deliberation by the National Assembly. Dr. Ahn even contacted the lawmakers of relevant subcommittees individually.

As a result, a newly revised bill that can improve the predictability of law enforcement was passed in an Assembly plenary session and promulgated on January 1, 2014. The main provisions of the amendment are to apply the previous taxations to foreigner who started working in Korea before January 1, 2014 and to exclude the foreign-invested companies prescribed by Presidential Decree from the scope of “specially related person.”

The situation highlighted once again the need to improve the taxation system and the time and effort that go into persuading the legislative body. The amendment of the Act has provided such new momentum that the Ministry of Trade, Industry & Energy is pushing to apply the flat tax rate benefit to executives and employees of any foreign company that has built a global headquarters or R&D center in Korea. A transparent and predictable tax regime is key to attracting foreign investors. That is why the Foreign Investment Ombudsman has kept in contact with and convinced National Assembly members, not just public officials, about the need to further improve Korea’s investment climate.

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What Constitutes “Ordinary Wage” in Korea?

RECENTLY, THE SUPREME COURT OF KOREA HELD THAT CERTAIN PAYMENTS SUCH AS BONUSES AND ALLOWANCES THAT HAVE BEEN PROVIDED TO EMPLOYEES ON A REGULAR BASIS MUST NOW BE INCLUDED WHEN CALCULATING THE EMPLOYEE’S ORDINARY WAGE. THE DECISION IMPACTS ALL EMPLOYERS IN KOREA, AS ORDINARY WAGES ARE USED TO CALCULATE OVERTIME AND COMPENSATION FOR UNPAID ANNUAL LEAVE, WHICH MAY IN TURN IMPACT SECURITY PAY. THE FOLLOWING IS A SUMMARY OF THE RELEVANT ISSUES.

In Korea, an employer generally provides four types of payments to its employees for their services: base salary, overtime, bonus (fixed or variable) and other allowances (e.g., meal allowances, etc.).

Prior to the Supreme Court’s decision, the Ministry of Labor expressly provided guidelines that recognized base salary and certain fixed allowances paid monthly as being included in ordinary wages. Pursuant to such guidelines, in calculating overtime payment based on ordinary wages, many companies excluded fixed bonuses that were paid every two months, quarterly or bi-annually. Contrary to the guidelines, the lower courts in a few cases had held that fixed bonuses, paid monthly or not, should be included in ordinary wages if such bonus is paid regularly to all employees.

However, in light of the Court’s decision, all fixed payments that are provided to all employees on a regular basis (regardless of regularity) must now be included when calculating ordinary wages. As a result, any fixed payments regularly made to employees, such as fixed bonuses and meal allowances, must now be included in ordinary wages.

The Court, however, excluded bonuses conditional on being employed at the time of payment, and certain seasonal payments (e.g., summer vacation pay) and welfare benefits based on the reason that those individual benefits and bonuses were not necessarily available to all employees on a regular/pro-rata basis.

The Court also ruled that any collective bargaining agreement or labor-management agreement that attempts to exclude regular payments from ordinary wages is void for being in violation of the mandatory provisions of Korean law.

However, the Court expressly noted that if an employer is able to prove that there is an agreement between the employer and the labor union stipulating that the fixed bonus is excluded from ordinary wage, and that paying employees for the past will cause a substantial detriment to management or major threat to the existence of the company due to unexpected financial burden as a result of having to pay employees, employers’ claim for underpayments can be denied based on principles of good faith. Unfortunately, the Court did not provide any further guidance as to what would constitute “substantial detriment or major threat.”

The implications of the Court’s decision will primarily involve employers needing to ensure that ordinary wages are accurately calculated and that payments for overtime and severance payments are adequately paid. Importantly, employers are exposed to potential claims in relation to overtime and compensation for annual leave not having been calculated accurately and paid in previous years. Employers could also claim that any severance that was paid was too low. Relevantly, the statute of limitations applies such that an employee can only make a claim with respect to the three years immediately preceding his/her claim.

In principle, employers are responsible for making good on any underpayments. However, the Court’s limited exception, based on the principles of good faith noted above, is likely to be the source of on-going debate.

As a result of the Court’s decision, potential claims from employees are, in theory, huge in terms of amount and number of claims. Employers should expect tough negotiations with their employees and their respective labor unions, as the employees will feel empowered by the Court’s decision. Further, employers should thoroughly review their pay schemes, internal rules and regulations, employment agreements and labor-management agreements to accurately budget for the maximum liability the company faces for the previous three years and also the likely increase in ordinary wages for all employees and its corollary implications.

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**Incentives for Establishing a Foreign School**

**Q.** Does the government provide incentives for establishing a foreign school?

**A.** Yes. The Foreign Investment Committee decides whether to grant incentives for educational facilities that contribute to foreign investment promotion, and also determines the amount of incentives.

**Additional Information**
- In principle, the Foreign Investment Committee decides whether to grant incentives for educational facilities that contribute to foreign investment promotion, and also determines the amount of incentives.
- Schools eligible for incentives: Foreign schools whose school establishment plan has been approved by the superintendent of education of the city or province.
- Costs covered by incentives: Land purchase cost, facility construction cost.
- Incentive amount: The incentive amount shall be identical to that provided by the local government. (In the event that a local government provides land for lease, etc., the incentive amount shall be determined by the Foreign Investment Committee.)
- In the event that the sum of the incentives provided by the central and local governments is or exceeds:
  - Expense for establishing an additional multinational educational course
  - Expense for introduction of an educational course on international standardization
  - Expense for acquisition of certification by an international certification organization
- In the event that a local government covers one or more of the following expenses in order to enhance the quality of education in a foreign school, the central government may provide incentives equal to the amount of the expense covered by the local government.
  - Expense for acquisition of certification by an international certification organization
  - Expense for introduction of an educational course on international standardization
  - Expense for establishing an additional multinational educational course

**Daegu, Where Creative Convergence Begins**

_Melding traditional culture with cutting-edge industry, Daegu is Korea’s third-largest city, with a population of 2.5 million. Located in the southeastern part of the Korean peninsula, the city boasts the distinction of being the birthplace of Samsung, as the company was founded in Ingyo-dong in 1938 as Samsung Sanghoe._

Daegu was also the first stop on a visit by global investment guru Warren Buffett to Korea a few years ago, as he selected the company TaeguTec, which is headquartered in Daegu, for his first Korean investment considering its sound investment infrastructure and growth potential. His decision gave Daegu global recognition as an attractive place to invest, drawing the attention of multinational companies and investors.

With a mission to create a business-friendly city and revitalize the regional economy, Daegu has been carrying out a policy priority of expanding infrastructure to support new growth engines for knowledge-based, cutting-edge industries.

**Intelligent Vehicle and Robotics Industry**

Daegu is Korea’s third-largest auto parts manufacturing center, with industrial infrastructure that is in a class of its own. In a bid to usher in an era of digitized futuristic vehicles, the city strives to become a reliable global supplier of cutting-edge auto components and to establish itself as a research and development base for commercialization. To that end, it is building the world’s best ITS-based Proving Ground for Intelligent Vehicles & Transportation Systems, which is scheduled to open in the first half of the year.

**Investment Projects**

- **Daegu National Industrial Park**
  - **Location:** Guji-myeon, Dalseong-gun, Daegu (8,548,000 m²) — industrial facility 4,855,000 m², R&D facility 153,000 m²
  - **Period / Cost:** 2009 - 2018 / approximately KRW 800 (3.3 m)
  - **Target Industries:** Machinery & metal, auto parts, electricity-electronics, IT convergence, renewable energy
  - **Facility:** ITS-based driving test area, water industry cluster, support facility for the root industry, foreign investment zone
  - **Incentives:** 1% of purchasing land price for 50 years, tax redemption, other cash subsidies

- **Daegu Technopolis**
  - **Location:** Yuga-myeon, Dalbeong-gu, Daegu (7,269,000 m²) — industrial & research area 2,936,000 m²
  - **Period / Cost:** 2006 - 2013 (groundbreaking in Dec. 2008) / KRW 800 (3.3 m)
  - **Major Industries:** Mechatronics, auto parts, IT convergence, renewable energy

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1. Article 15 (1) of the guidelines for the central government’s monetary support for local governments’ activities to attract foreign investment
2. Article 15 of the regulations on the establishment and operation of elementary, middle and high schools
3. Article 15 (3) of the guidelines for the central government’s monetary support for local governments’ activities to attract foreign investment
4. Article 15 (2) of the guidelines for the central government’s monetary support for local governments’ activities to attract foreign investment
Spotlight on Seorae Village

Move over Itaewon. Seorae Village is the place to go for international eats and more.

I was standing in line the other day at the Paris Croissant bakery in Seorae Village when I noticed the foreigner in front of me having trouble communicating with the cashier.

“Do you need help?” I asked in English. He looked at me blankly and muttered in French.

That is how French Seorae Village is.

Often called “Montmartre,” after the hilly French district, or “Petite France,” Seorae Village is located in Seoul’s Banpo-dong, about a 15-minute walk from the Express Bus Terminal. It is named after a stream in front of the village and best known for a 300-meter stretch lined with cafes, restaurants, wine bars, cute little shops and alley upon alley of more cafes, restaurants, wine bars and little shops.

Surrounding the village is a hilly and high-end residential area of villas, houses and apartments whose inhabitants include about 800 French people, or half the French population of Korea.

The origins of Seorae Village date back to the mid-1980s, when the Lycee Francais de Seoul, the only French international school in the city, moved there from Hannam-dong. With the movement of French people, many of them employees of French companies in Korea, came the sprouting of bakeries, restaurants and more.

Today Seorae Village isn’t just French. With Italian eateries, Japanese izakayas, Chinese restaurants, Korean restaurants and one of the most popular burger joints in Seoul, the village is a close second to Itaewon in international fare.

So what do people do there? They eat and drink, especially when they’re in the mood for brunch or wine. They shop for cheese, plants and vintage accessories. They stroll at the lovely Montmartre Park, take in some jazz at periodically held music festivals and participate in programs organized by the Seorae Global Village Center, like art classes and themed markets.

Most commonly, they pass the hours in open-air cafes, taking in the sun, the cars inching their way down the street and the occasional Frenchman walking home with a baguette sticking out of his bag.

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