### New Investors

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<tr>
<th>Company</th>
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<td>PSB INVESTMENT HOLDINGS PTY LIMITED</td>
<td>Australia</td>
<td>Financials, insurance</td>
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### Microsoft Company News

**Microsoft to Build Data Center in Busan**

Microsoft plans to build a data center in Korea, and the location is likely to be Busan.

According to industry sources last month, the global computing giant’s U.S. headquarters announced on its website that it would hire a data center development program manager who will work in Busan. The company said the data center will be operated by the Cloud and Enterprise Engineering Group and used as a cloud data center for the Asia-Pacific region.

The city of Busan has begun efforts to attract global enterprises such as Hewlett-Packard, Microsoft and Siemens in the global cloud center complex at Busan’s Mieum District.

Microsoft Korea could not confirm the report about the construction of the data center.

### Siemens Ltd. Seoul & Govt. to Organize TF

Siemens, a German multinational electronic conglomerate, is looking for more investment opportunities in Korea.

Yoon Sang-jick, Minister of Trade, Industry & Energy, and Kim Jong-kap, Chairman and CEO of Siemens Ltd. Seoul, held a meeting at the Siemens Ultrasound Innovation Center Asia last month and decided to organize a joint task force to strengthen bilateral cooperation to expand investment in Korea.

The plan for the task force was suggested by Kim, and Yoon expressed his support for the proposition. The minister said the task force will help Siemens Ltd. Seoul make investment decisions without any difficulties. The two sides also agreed to expand cooperation in the fields of energy, healthcare and others.

“As we can learn from the case of Siemens Korea, foreign-invested companies in Korea contribute significantly to job creation, exports and technology transfers,” said Yoon. “The ministry will keep up the work to attract quality foreign investment.”

### Foreign Company News

**FOREIGN COMPANY NEWS**

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### IK News

**Low Labor Costs and Rent Key Advantages of Kaesong Complex**

Low labor costs and rent are a couple of the biggest advantages offered by the inter-Korean business complex in Kaesong, according to a poll recently conducted by Invest KOREA on 215 foreign-invested companies in South Korea as well as overseas companies.

This was followed by 22 percent who chose competitive rent and 21 percent who named tax benefits as important benefits that can induce investment. Eleven percent said the complex’s “strategic” location in the heart of Northeast Asia was Kaesong’s best selling point.

By nationality, North American and European businesses said labor costs were the most important investment incentive, while Chinese and Japanese investors said tax benefits and location were the main advantages of the industrial complex.

The survey also showed that when it comes to foreign companies establishing operations in Kaesong, 56 percent prefer a joint venture arrangement and 23 percent would consider investing without a partner. About 9 percent said they would consider investing stakes in a company that would make possible having an indirect presence in the park.

### REGIONAL FDI News

**Fox to Invest in Jinhae Theme Park**

A group of representatives of Twentieth Century Fox visited South Gyeongsang provincial office and revealed its intention to invest in a Jinhae theme park.

Jeffrey Godrick, President of Twentieth Century Fox Consumer Products, and Greg Lombardo, Vice President of global location-based entertainment at Twentieth Century Fox Consumer Products, held a press conference with Hong Jun-pyo, Governor of South Gyeongsang Province, last month at the provincial office to confirm the company’s intent to invest in the southeastern coastal town of Korea.
A new leisure town to serve as a global economic and tourism hub will be built off the west coast of the city of Incheon, according to the Ministry of Oceans and Fisheries last month.

The town, tentatively named Yeongjong Dream Island, will be constructed on reclaimed land between Seoul and Incheon International Airport. The project is estimated to cost a total of KRW 2 trillion (USD 2.17 billion) and generate 18,000 jobs.

Phase 1 of the development plan is slated to begin in the second half of next year and scheduled to be completed by 2018. A private developer will construct hotels, golf courses, a marina resort and an aquarium in the project,” said Hong.

“Suseong Medical Zone will become a center of the knowledge-based service industry,” said a MOTIE official. “We also expect that the medical and tourism cluster will be able to attract foreign investment.”

Construction of Suseong Medical Zone is expected to begin in July.

Korea’s Science & Technology Innovation Capability 8th in World

Korea had the 8th highest science and technology innovation capability in the world in 2013 among 30 OECD member nations, which is up one notch from a year earlier, according to national science and technology innovation capability results announced in January by the Ministry of Science, ICT and Future Planning (MSIP).

The country saw an improvement in qualitative indicators including research and development expenditure, but the protection of intellectual property rights and other qualitative indicators weakened.

The Korea Institute of S&T Evaluation and Planning has been evaluating national science and technology innovation capability every year since 2006. It assesses this capability in five areas — resources, environment, network, activities and outcome — and evaluates a Composite Science and Technology Innovation Index (COSTII) derived based on the scores of the indicators, and the COSTII of 30 OECD member nations is compared and analyzed.

In the overall ranking, the United States ranked first while Switzerland was second and Japan was third.

Govt. to Push Ahead With Local Regulatory Reforms

The Korean government decided last month to carry out major local-government regulatory reforms, set up a new information system and establish reporting centers to revitalize regional investments. It also plans to create a business vitality index of each local government and introduce it to the public.

The Ministry of Security and Public Administration (MOSPA) announced last month that it will set up a “local regulatory information mapping system” by June to sort out local regulations with the most complaints.

The ministry will also create the business vitality index of local governments by September to encourage the local bodies to voluntarily regulate businesses and improve the business environment.

Govt. to Pursue Mass Deregulation

The Korean government plans to announce an economic innovation plan comprising a negative list system for deregulation to encourage investment.

According to the three-year plan, regulations will not be applied to areas that are not on the list.

The government will also set a limit on the total number of regulations where government spending and the economic impact of new regulations must be offset by an equal level of deregulation, according to the Ministry of Strategy and Finance. The scope of deregulation will be enlarged in the medicine, education, tourism, finance and software industries.
The Market

Burgeoning Biotechnology a New Growth Engine

With the growing role of biotech industries, Korea is increasing its support for research, innovation and advancement in related sectors

Paradigms change across the world, the biggest one being the global aging phenomenon. This has raised the growth rate of aging-related diseases, including osteoporosis, arthritis, degenerative diseases, diabetes and hypertension. This, in turn, hiked up medical bills, giving rise to derivative issues such as a shortage of medical insurance finance. Therefore, we should strive to prevent diseases caused by aging instead of focusing on the treatment of diseases. To overcome such changes, the role of biotech industries is growing.

Biotechnology industries, or bio-industries, collectively refer to industries that can produce diverse types of value add, including useful substances or services required for the prevention, diagnosis or treatment of diseases while enhancing human health by directly utilizing biotech or bio-engineering technologies, such as genetic recombination, animal cells and stem cells. Biotech industries have rapidly emerged as core strategic industries that can lead the world market. The bio industry will form an industrial domain that can lead the world market. The bio industry will become a key area of a world-class IT power by proactively deploying extensive IT infrastructure. Biotechnologies have rapidly emerged as a core strategic industry that can vitalize the global economy after the IT revolution. Rapid industrial growth is expected, with biotechnologies having transformed from the bioengineering into industrial sectors. In particular, they have attracted interest as alternative solutions to health, food and environment-related issues. Businesses have started a full-scale competition to occupy the market that hinges on which can create high value-added.

Furthermore, the domain of bio-industries is growing as biotechnologies are being combined with Korea’s efficient medical service structure, well-deployed IT infrastructure. If an open innovation concept is applied to such combinations, bio areas will be developed into powerful biotechnologies. And technological developments in parallel with future government investment are expected to be made in keeping with the creative economy.

When all these efforts are made successfully, the local bio industries will form an industrial hub that can lead the world market. The bio economy, or society wherein biotechnologies deeply permeate services, products and daily life, is believed to arrive soon. Local bio industries will definitely lead such a bio economy and society.

The Korean government has been increasing its support for bio industries by designating them as a new growth engine that will drive the country’s creative economy. Specifically, the government has induced private-sector investment in biotechnologies through its Smart Project while operating a pan-government, whole-cycle, new drug development group to develop new drugs for marketing in the global market. The government has also implemented projects for exploring and supporting the development of core technologies for bio products and medical appliances and equipment.

In addition, the government prepares research projects for the basic field of researchers to contribute to the realization of a creative economy in parallel with future government investment directions by presenting its key investment areas for specific biotechnologies sectors (new drug development, stem cell, brain research, genome and next-generation medical infrastructure). Key investment directions include increased investment in R&D, responding to key issues including diseases and aging, enhanced support for the commercialization of biotechnologies and systems for promoting the enhanced efficiency of investment in biotechnology R&D.

As part of its efforts to promote the global advancement of Korean biotech businesses, the government provides opportunities to explore and support projects for overseas advancement by raising funds while providing policy support to clinical areas requiring massive investment during the promotion of new drugs in foreign markets.

Venture startup support funds — 60 percent or more of which should mandatorily be invested in startups less than three years old — have increased to KRW 180 billion, thus increasing opportunities. In particular, the government is making an effort to promote a creative economy. Five venture capital funds have been newly raised, including the Kakao Youth Startup Fund and Smile Gate Youth Startup Fund.

Korea has successfully secured infrastructure as a world-class IT power by proactively deploying extensive IT infrastructure. Biotechnologies have rapidly emerged as a core strategic industry that can vitalize the global economy after the IT revolution. Rapid industrial growth is expected, with biotechnologies having transformed from the bioengineering into industrial domains. In particular, they have attracted interest as alternative solutions to health, food and environment-related issues. Businesses have started a full-scale competition to occupy the market that hinges on which will create high value-added.

March 2014

By Lee Min-uk
Head of Dept, Strategic Planning Department
Korea Biotechnology Industry Organization
young.chang@kotra.or.kr
Defending Sensitive Data

Data security provider Vormetric is growing in a highly wired Korea

When it comes to data protection, everybody is talking about the next step.

The data theft reported in January of 20 million Koreans made vulnerable the personal information, including identification numbers, addresses and credit card numbers, of 40 percent of the country’s population. Clients of KB Kookmin Card, Lotte Card and Nonghyup Card were most affected in what was Korea’s largest private security breach ever.

Last year, cyber attacks suspected of having been launched by North Korea paralyzed three major Korean banks and two large broadcasters.

And it’s not just in Korea. The breach of data security is a growing problem worldwide in an Internet-of-Things age in which not only desktops and servers, but everything from your car to your refrigerator can be connected online.

“So all of that information, including personal information, is flowing everywhere,” said Moon Hyung Lee, Korea Country Leader of Vormetric Korea, a data-centric security solutions provider for the physical, virtual and cloud environments. “So we have to protect it.”

The California-based company’s products and services include data firewall capabilities, granular access control, advanced encryption & key management, security intelligence integration and deployment & automation tools and capabilities. Vormetric Korea was started a year and a half ago as Vormetric’s only office in the Asia-Pacific region, including Japan, and as one of the company’s five global branches.

While the data protection industry has focused on the endpoint solution — on complete desktop-to-server data protection — recent security breaches have highlighted the need for server-centric security that is more effective than a firewall. That’s why the main business of Vormetric Korea is encryption, a means of translating data into a secret code.

To read an encrypted file, you need a key or password.

With security being a more sensitive issue in Korea than most other countries due to its proximity to North Korea and widespread use of resident registration numbers that make anyone easily identifiable and track-able, encryption is a solution being sought by many local companies.

“Everybody invested much money in the endpoint network, but finally, it doesn’t work. So they’re trying to find the final way to protect their data. Our message is that encryption is the final step,” said Lee.

Sales for Vormetric Korea last year saw 25 percent year-on-year growth and accounted for 5 percent of the global Vormetric’s total sales. With about 200 customers now, Lee’s goal for this year is to increase that figure to 300 and eventually boost the 5 percent sales portion to 10 percent, after which he plans to request additional support from headquarter to conduct research and development in Korea. Vormetric Korea is now working with a local university known for its encryption and security research.

Customers in the finance industry account for a significant portion of Vormetric Korea’s business. Lee plans to target companies in the manufacturing industry and government agencies as well.

One technological trend spurring the need for greater data protection, and therefore Vormetric’s focus on big data, is the prevalence of closed circuit televisions, mobile phone cameras, black boxes and voice recorders. The content caught on these cameras qualifies as valuable and potentially sensitive personal information, and Vormetric Korea plans to provide encryption protection for that type of data as well.

“They’re trying to find the final way to protect their data. Our message is that encryption is the final step,” said Lee.

“Currently we can do it, but actually, the customer is not willing to encrypt all data yet,” said Lee. “But I believe that will soon rise in priority.”

In fact, the way Lee sees it, with the encryption market growing more than 20 percent annually as data becomes increasingly defenseless, data security solutions shouldn’t be considered a luxury or even an expense.

“This is not cost. This is not small money, but anyway it will help your future, and to protect your position also,” said Lee. “This is actually made to protect customers’ assets.”

By Young Chang
young.chang@kakao.com

IFZE, a Global Hub of the High Value-Added Service Industry

The Incheon Free Economic Zone (IFZE) has made a big leap toward becoming a global city with the opening of the Green Climate Fund (GCF) Secretariat and the World Bank Group Korea Office in Songdo. The hosting of the two global organizations has put the spotlight on IFZE as a global investment destination and attracted the attention of investors.

About IFZE

For 11 years, since its designation as a free economic zone in August of 2003, IFZE has played a central role in the government’s strategy to establish Korea as the economic hub of Northeast Asia. Comprising Yeongjong, Cheongna and Songdo districts, IFZE measures a total of 169 km2, which is about three times the size of Manhattan and 70 times that of Yeouido, in Seoul. The population outlook for IFZE is 120,000 by the year 2020. The three districts of IFZE are under development, with the focus on: business, IT and biotechnology in Songdo; logistics and tourism in Yeongjong; and finance and leisure in Cheongna.

5 competitive features of IFZE

IFZE boasts a five-pronged competitive edge over other FEZs around the world. First, IFZE is ideally located at the center of Northeast Asia. Also, 61 cities with a population of 1 million or higher can be reached within a three-hour flight from IFZE, allowing investors greater accessibility to the dynamic Asian market.

Second, IFZE has an advanced logistics infrastructure. The world-class Incheon International Airport ranks first in the world in terms of airport service and second for air cargo processing volume. In addition, Incheon Port is seeing rapid growth in cargo volume and building a state-of-the-art intelligent terminal. As such, the combination of the air and sea transportation network of Incheon Airport and Incheon Port creates an ideal logistical base for IFZE.

Third is high-quality human resources, which is a major reason foreign-invested companies choose Korea as an investment destination. The highly educated talents produced by local universities in the Seoul metropolitan area and the global universities on the Songdo Global Campus provide quality manpower for such knowledge-based industries as IT, biotechnology and nanotechnology.

Fourth, IFZE offers tax benefits and various incentives to foreign-invested companies to create the best business environment in Northeast Asia.

Finally, IFZE has international schools and other facilities that cater to the needs of foreigners, creating a convenient living environment for the employees of foreign-invested companies.

Advantages of IFZE

- Location
  - 61 cities with a population of 1 mil. or higher within a 3-hour flight
- Logistics infrastructure
  - Incheon Intl. Airport (No. 2 globally in terms of air cargo processing volume)
  - Incheon port’s sea & air multimodal logistics system
- IT Infrastructure
  - Best IT and industry infrastructure
- IBRD infrastructure
  - Incheon Free Economic Zone Authority
- Government’s policy support
  - IFZE was established as part of a major government initiative.
  - The Free Economic Zone Act was established to support IFZE.

“If we focus on successfully establishing IFZE as a global business hub, we will stay committed to attracting high-value-added service industries such as education, medical service, distribution, tourism and leisure,” said Lee Jong Cheol, Commissioner of the Incheon Free Economic Zone Authority.

Vision for IFZE

“With the focus on successfully establishing IFZE as a global business hub, we will stay committed to attracting high-value-added service industries such as education, medical service, distribution, tourism and leisure,” said Lee Jong Cheol, Commissioner of the Incheon Free Economic Zone Authority.
Meet the Ambassador

A

and Mahindra was appointed an Honorary Ambassador of Foreign Investment for Korea in 2011. He is the Chairman & Managing Director of Mahindra & Mahindra, a multinational Indian automobile manufacturer headquartered in Mumbai, India and part of the Mahindra Group, a USD 16.7 billion organization and one of India’s top 10 industrial houses. The Mahindra Group acquired a controlling stake in Korea’s SsangYong Motor Company (SYMC) in 2010.

For more than two years, Mahindra has been instrumental in promoting Korea as an investment destination for Indian companies and working to deepen economic cooperation between India and Korea. We talked to Mahindra about his work as an Honorary Ambassador, his views on Korea and his thoughts on Korea-India relations, which he calls economically “symbiotic.”

You’ve been an Honorary Ambassador of Foreign Investment for Korea since 2011. How would you describe your journey as an ambassador thus far?

I feel privileged to have been the Honorary Ambassador of Foreign Investment for Korea since 2011. I became the Honorary Ambassador soon after the Mahindra Group’s automotive business acquired a controlling stake in SsangYong Motor Company and that experience has certainly played an important role in converting me into a vocal advocate of Korea in domestic and international forums.

However, I must admit that the experience of trying to attract investment into a developed country like Korea is very different from attracting capital to a developing country like India. “Brand Korea” is well entrenched in global markets and Korean products are a highly regarded symbol of quality, technology and innovation across the world today.

So, even as fiscal concerns overshadowed the global economy over the past few years, I am optimistic that Korea will be one of the first ports of call as investment activity picks up and as competition intensifies to capture the Asian market. Given its capabilities in research and development, technology and its reputation for quality and innovation, I see Korea as an ideal destination for investment for every global multinational.

What were your goals for Korea-India relations when you were first appointed ambassador more than two years ago? As we embark on a new year, what are your goals today?

Over the last two years, India and Korea have been able to lay a very strong foundation for their relationship.

India’s strategic relationship with Korea focuses not only on the economic sphere, but also encompasses cooperation in cultural, research and development, military and geopolitical arenas.

India-Korea trade is already greater than USD 18 billion, and with the Comprehensive Economic Partnership Agreement signed in 2009, ties between Asia’s 3rd and 4th largest economies are bound to increase even further. The deepening of this relationship was further cemented during President Park Geun-hye’s visit to India in January this year.

As we embark on a new year, I hope to play a role in further deepening the relationship so that the two countries can work together to help make Asia the engine of growth of the world economy.

During your meeting with Korean President Park Geun-hye in January, you expressed your opinions about the potential of the economic relationship between Korea and India. Can you expand on this? How can our countries together help Asia become a growth engine of the global economy?

Korea has made remarkable strides in its economic development over the past three decades. From 1980 to 2010, Korea’s GDP expanded from a mere USD 88 billion to USD 1.46 trillion. In that same timeframe, Korea went from being a recipient of development assistance to becoming one of its major donors. Despite a small population and a paucity of natural resources, Korea was able to achieve this transformation by investing in industries like heavy engineering and high-end technology, which have made it a global export powerhouse. Today, exports account for over half the GDP and Korean companies are constantly on the lookout for new markets for their products.

India, with its large population, offers a large market for these goods and services. India would like to replicate the type of growth Korea saw in the 1980s and 90s. However, on the flip side, the Indian corporate landscape includes large conglomerates (chaebols), the Indian corporate landscape also has a large number of family-managed businesses. In fact, the Mahindra Group itself was founded by my grandfather and grandfather-in-law. In hindsight, probably, it is the similar approaches to business and the longer-term outlook that business groups in India and Korea share that enabled us to cope with the situation at SYMC so well.

In fact, the similarities are so numerous that they extend to the business arena, too. While the Korean economy is dominated by business groups (chaebols), the Indian corporate landscape also has a large number of family-managed businesses. In fact, the Mahindra Group itself was founded by my grandfather and grandfather-in-law. In hindsight, it is the similar approaches to business and the longer-term outlook that business groups in India and Korea share that enabled us to cope with the situation at SYMC so well.

All the more reason why more Indian corporations should be investing in Korea.

I’d like to set the record straight on one thing. The movie I enjoyed immensely is the 2009 movie called “Mother,” or, to use its original title, “Mama.”

Meet the Ambassador

Q&A With Anand Mahindra

President Park Geun-hye in January, you expressed your opinions about the potential of the economic relationship between Korea and India. Can you expand on this? How can our countries together help Asia become a growth engine of the global economy?

And as I said earlier, “Brand Korea” is already well established in global markets whereas “Brand India” can learn some very valuable lessons from Korea and shorten its learning curve. Indian companies can draw from the experience of Korean companies and improve their quality, innovation, processes, etc. Besides understanding new age sectors like technology, heavy engineering, etc., where Korean companies hold a significant leadership position.

Having a presence in Korea for this purpose becomes a necessity, and given the Mahindra Group’s own experience, I would strongly urge Indian corporations to establish a presence and invest in Korea.

As for Mahindra Group, what investments in Korea are on the horizon for the future? The Mahindra Group already has a large investment in Korea through its stake in SYMC. The turnaround in the fortunes of SYMC has been remarkable and speaks volumes about the commitment and hard work of our SYMC colleagues. This also enabled us to rehire some workers who were on unpaid leave due to the company’s financial woes. We remain committed to SYMC and our investment plans in the automotive space will be determined by the long-term strategy considerations required to support SYMC’s business plans.

However, the Mahindra Group hasn’t restricted itself only to the automotive sector in Korea. Our Group company, Mahindra & Mahindra Financial Services Ltd., recently signed a memorandum of understanding with the Seoul-based Woori Financial to evaluate the feasibility of setting up a joint venture to provide financing solutions to the customers of SYMC vehicles.

In even sectors where the Mahindra Group may not be present, we have been encouraging closer business relationships with Korea. For example, I have been promoting the Korean auto components industry within India and the Mahindra Group itself has started sourcing components and encouraging alliances with several Korean suppliers.

What are three words that come to mind when you think “Korea,” and why?

My impressions of Korea have been shaped by the Mahindra Group’s experience with SYMC and my personal experience with Korean culture and Korean brands.

Therefore the three words that come to my mind when I think of Korea are commitment, innovation and adaptability. I will explain why.

My experience with SYMC has shown how meticulous Koreans are in their planning process. Our Korean colleagues at SYMC, for example, are known to stick to the commitments they make, despite any challenges that they may be confronted with.

Similarly, the fact that Samsung is the only true competition to Apple in today’s highly competitive and fast-moving cell phone market is a testimony to the innovative capabilities of Koreans.

And finally, the people of this intelligent, hard-working nation also know how to adapt and keep pace with the times, rather than being restricted by their culture and customs. The success of artists like Psy and his “Gangnam Style” video had not just the Koreans, but the world shaking a leg to its beats.

What are some similarities between Indian culture and Korean culture?

Cultures are formed over protracted periods of time and given that both India and Korea have long histories, one can identify innumerable similarities between the two cultures.

Both cultures place a tremendous importance on the family as a close-knit unit and emphasize the importance of education. Even within education, I was surprised to note the emphasis on memorization and the prevalence of several highly competitive entrance examinations, which I thought were the bane of the Indian education system. I found they are very common in Korea as well.

In fact, the similarities are so numerous that they extend to the business arena, too. While the Korean economy is dominated by business groups (chaebols), the Indian corporate landscape also has a large number of family-managed businesses. In fact, the Mahindra Group itself was founded by my grandfather and grandfather-in-law. In hindsight, it is the similar approaches to business and the longer-term outlook that business groups in India and Korea share that enabled us to cope with the situation at SYMC so well.

All the more reason why more Indian corporations should be investing in Korea.

I’d like to set the record straight on one thing. The movie I enjoyed immensely is the 2009 movie called “Mother,” or, to use its original title, “Mama.”

By Young Chung young.chung@koratra.or.kr

March 2014
Foreign Investment Ombudsman Honored by Gangwon Province

Dr. Ahn Choong Yong, who has long championed cooperation with local governments to support foreign investors, was appointed an Honorary Governor of Gangwon Province to promote FDI into the region.

Most recently, Dr. Ahn gave a special lecture at a celebration of the opening of the East Coast Free Economic Zone (EFEZ). At the event, which was held last November and attended by representatives of Gangwon Province and EFEZ, Dr. Ahn presented his long-term vision for attracting FDI to the region by nurturing the tourism, medical device and bio industries and connecting the region’s infrastructure to that of North Korea, the three northeastern provinces of China and the Russian Far East. He also suggested that Gangwon Province make special efforts to grow into a tourism hub, with its abundant natural sights and winter sport options, taking full advantage of its unique surroundings and the fact that one of its counties, Pyeongchang, will host the 2018 Winter Olympics.

Indeed, a cooperative relationship between local governments and the Foreign Investment Ombudsman is mandated in Korea’s Foreign Investment Promotion Act. According to the Act, local governments shall submit data on the receipt, investigation and handling of grievances or difficulties raised by foreign companies to the Ombudsman every quarter. And since 2010, the grievance-handling results of local governments have been reflected in the Comprehensive Performance Assessment of Local Government by the Ministry of Security and Public Administration. The Ombudsman’s duties also carry over to Korea’s free economic zones (FEZs), of which there are eight. According to the Act, an Ombudsman shall be established at an FEZ to resolve bottleneck situations that may arise in the course of managing foreign-invested companies there and the living conditions of foreign workers, and this FEZ Ombudsman shall cooperate closely with the Foreign Investment Ombudsman. The Act also states that the Home Doctors at the Office of the Foreign Investment Ombudsman (OFIO) shall help each local government resolve the grievances of foreign-invested companies in the region.

Starting this year, the OFIO will carry out projects with local governments to support global companies. To this end, the Office will regularly hold meetings with officers in charge of aftercare services at local governments to share about grievance-handling experiences and find ways to increase mutual cooperation through a joint grievance settlement system.

The OFIO has also held the On-Campus Recruiting Expo for Foreign-Invested Companies two to four times a year since 2011 to address a labor shortage for foreign companies in local areas and to give job seekers opportunities to join multinational companies. This year, the OFIO will hold the On-Campus Recruiting Expo at Sun Moon University in collaboration with South Chungcheong Province this month and at Yeungnam University in April with North Gyeongsang Province. These expos will gradually be expanded to other local governments.

The aim is for close collaboration between the OFIO and local governments to reinforce aftercare services through various channels for foreign-invested companies scattered nationwide.

A recent revision of Korea’s tax laws highlights the need for local governments to fully analyze the potential impact of legal amendments on foreign companies. With the resident surcharge having now become a local income tax, the previously imposed resident surcharge linked to corporate tax will no longer be reduced or exempted. Accordingly, foreign companies that have already implemented their investment plan and done business in Korea for less than five years will be subject to the retroactive application of the revision. Local governments must discern what changes like these could mean for their foreign investors. They should also untangle any issues that may arise with the Foreign Investment Ombudsman.

Through supporting new and existing investors in this way, and considering the fact that Ombudsman’s duties also carry over to Korea’s free economic zones, local governments should establish investment promotion strategies tailored to their own circumstances and regional conditions.

Dr. Ahn Choong Yong was appointed an Honorary Governor of Gangwon Province in January for his efforts to draw foreign direct investment (FDI) to the region.

This honor is a reflection of Dr. Ahn’s ongoing efforts with the local governments of Korea to build and maintain a cooperative mechanism to identify, receive and settle the grievances of foreign-invested companies.

Establishment of a Foreign Educational Facility & Medical Institution Within an FEZ

Q. Are foreigners permitted to establish a foreign educational institution within a free economic zone?
A. Yes, under the condition that the institution is not operated for profit.

Additional Information
• A foreign education foundation is permitted to establish a foreign educational institution in a free economic zone after acquiring the approval of the Minister of Education. The Minister of Education may grant approval after the Free Economic Zone Committee deliberates and reaches a resolution on such approval.
• The term “foreign education foundation” refers to the state government, a local government or a non-profit juristic person who establishes and manages a preschool / elementary/ secondary / higher education institution under the provisions of foreign legislation in a foreign country. In this regard, if a foreign investor is a for-profit foundation, it is not permitted to establish a foreign educational institution in a free economic zone.

Q. Is a foreigner permitted to establish a for-profit medical institution within a free economic zone?
A. Yes.

Additional Information
• A foreigner may establish a for-profit medical institution within a free economic zone if it satisfies the following conditions:
  1) The medical institution is located within a free economic zone.
  2) The foreign investment ratio is no less than 50/100.
  3) The capital amount is no less than KRW 5 billion.

• Foreign medical institutions or foreigner-only pharmacies are considered medical institutions or pharmacies established under the Medical Service Act or the Pharmaceutical Affairs Act. However, they shall not be considered medical care institutions under the National Health Insurance Act.
• Therefore, the national health insurance program shall not be applied to foreign medical institutions or foreigner-only pharmacies.
• Foreign medical institutions are permitted to operate a rest hot spring, a public bath business, a tourist accommodation business, a tourist-use facility business or an international conference business as an affiliated business within a free economic zone.

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James Rhee is an Executive Consultant at the Investment Consulting Center, part of the one-stop service offered to foreign investors by Invest KOREA.

1. Article 3 of the Enforcement Decree of the Special Act on Establishment and Management of Foreign Education Institutions in Free Economic Zones and Jeju Free International City
2. Article 22 ([1] and [2]) of the Special Act on Designation and Management of Free Economic Zones
3. Article 2, item 1 of the Special Act on Establishment and Management of Foreign Education Institutions in Free Economic Zones and Jeju Free International City
4. Article 23 ([1]) of the Special Act on Designation and Management of Free Economic Zones and Article 20-2 of the Enforcement Decree of the Act
5. Article 9 of the Hot Spring Act
6. Article 2 (1) of the Public Health Control Act
7. Article 3 (1) of the Tourism Promotion Act
8. Article 3 (1) of the Tourism Promotion Act

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The Dr. Will See You Now — In Your Language

Korea offers foreigners a range of international medical care options

One of the most daunting tasks for a foreigner in any country is going to the doctor. It’s hard enough to explain impossible-to-pinpoint pains and other sensations in a language you’re comfortable with, much less a foreign tongue.

When it comes to medical care for foreigners, Korea takes great pains (no pun intended) to make the hospital-going experience as easy and familiar as possible. A revision of Korea’s Medical Service Act in 2009 that permitted hospitals to promote programs to draw patients from overseas significantly expanded the healthcare options for foreigners visiting Korea for medical services.

There are three types of medical institutions in Korea — primary care institutions (public health centers and their branches, community health centers, etc.), secondary care institutions (hospitals with a minimum of four medical departments and 30 to 500 sick beds) and tertiary care institutions (public health centers and their branches, community health centers, etc.), secondary care institutions (hospitals with a minimum of four medical departments and 30 to 500 sick beds) and tertiary care institutions (public health centers and their branches, community health centers, etc.), and foreign regions on seven factors including R&D intensity and manufacturing capability, Korea had the highest total score for innovation.

Korea by the Numbers

Korea is the most innovative country in the world! According to Bloomberg Rankings this year, which evaluated 200+ countries and sovereign regions on seven factors including R&D intensity and manufacturing capability, Korea had the highest total score for innovation.

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Tips

• If you’re having trouble communicating at the hospital, write down your symptoms and whatever else you may want to tell your healthcare provider. Your message may get across better in writing.

• Take advantage of the escort service provided by KOTRA’s Investment Consulting Center for foreign residents needing support when visiting the hospital. Escorts speak English and Japanese, and the service is free. Call 82-2-3497-1055 (English) or 82-2-3497-1055 (Japanese).

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Economic Indicators

Korea by the Numbers