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

Microsoft

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, 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 transfer,” said Yoon. “The ministry will keep up the work to attract quality foreign investment.”

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.

Thirty-three percent of the respondents named competitive labor costs as the most appealing factor of the industrial park, which is located just north of the demilitarized zone separating South and North Korea.

Low 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.

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 Godsick, 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.
“We will provide the company’s contents along with exclusive rights, and participate in the investment consortium to lead the Jinhae & Ung-dong global theme park development project,” said the group. It also promised to submit a letter of intent for investment soon and prepare measures to push ahead with its plan to build Fox World Korea in the region.

“If Twentieth Century Fox will participate in the development project, the province will offer its full support and cooperation under the relevant laws and regulations to help the company smoothly invest in the project,” said Hong.

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 1.87 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 to accommodate an increasing number of tourists from China and Japan. Phase 2 is scheduled to be completed in 2020 and would create Korea’s largest leisure town.

Incheon to Welcome Global Leisure / Tourism Hub

Korea’s Auto Parts Exports Hit High in 2013

Korea’s exports of auto parts reached a record high of USD 26 billion last year. The auto parts industry has set new records every year since 2009 and become one of the country’s leading export industries, along with the auto industry.

According to MOTIE and the Korea International Trade Association last month, Korea’s outbound shipments of auto parts reached USD 26.085 billion in 2013, up six percent from USD 24.61 billion a year earlier.

Exports of car parts in 2013 were equivalent to the combined imports of raw materials, including coal, iron ore and chemical products, during the same period.

The growth rate of auto parts exports was shown to be more than three times higher than the country’s overall export growth rate of 2.2 percent. It also surpassed the growth rate of auto exports, which inched up about 3.1 percent to USD 52.77 billion, in 2013.

The industry’s trade surplus passed the USD 20 billion mark for the first time, as imports of auto parts fell by 0.6 percent to USD 4.888 billion, resulting in a trade surplus of USD 21.197 billion.

Auto parts were also ranked 7th among the country’s top 10 export items.

Looking at export volume by country, exports to the United States rose by 9.2 percent, to USD 6.16 billion, compared to last year, making it the largest importer of Korean products. Exports to China and Brazil rose dramatically — by 25 and 34.8 percent, to USD 5.57 billion and USD 1.5 billion, respectively. Exports to Russia and India, however, were USD 1.63 billion and USD 1.25 billion, down by 0.4 and 21.3 percent.

Govt. to Develop Medical, IT & SW Cluster in Daegu

Suseong Medical Zone in the Daegu Gyeongbuk Free Economic Zone will be developed as a stay-type medical tourism complex connected with other knowledge-based industries, including the medical and information technology (IT) industries.

The Korean government held the 65th Free Economic Zone Committee meeting last month and approved a revised development initiative for Suseong Medical Zone, according to the Ministry of Trade, Industry & Energy (MOTIE).

The government plans to connect the zone with specialized hospitals and develop it as a stay-type medical tourism complex. It also aims to strengthen its competitiveness by adding knowledge-based infrastructure such as IT and software.

“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 evaluation results announced in January by the Ministry of Science, ICT and Future Planning (MSIP).

The country saw an improvement in quantitative 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. To assess this capability, 13 indicators in five areas — resources, environment, network, activities and outcome — are evaluated. A Composite Science and Technology Innovation Index (COSTII) is 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.

Korea’s National Brand Value Ranking Up One Spot to 16th

Korea’s national brand value ranking moved up a notch to 16th globally in 2013.

According to the “Annual Report on Nation Brands 2013” published by the British brand valuation consulting firm Brand Finance last month, Korea’s national brand value was estimated at USD 775 billion, up seven percent from 2012.

Since the company’s first report on nation brands in 2010, Korea has remained at 16th place except in 2012, when its ranking dropped to 17th.

The evaluation was conducted through calculating each nation’s Brand Strength Index (BSI), a measurement of input, throughput and output in the four segments of Investment, Tourism, Products & Services and People & Skills, with the three indicators each accounting for 33 percent of the overall BSI.

Brand Finance used statistics, consensus forecasts and analysts’ diagnosis to quantify a nation’s labor force, foreign investment attraction capabilities, quality of life, GDP growth, etc. into the BSI.

According to the 2013 national brand value results, the U.S. ranked the highest, followed by China, Germany, the U.K. and Japan.

GOVERNMENT & POLICY

Park Urges Measures to Boost Domestic Tourism

Korean President Park Geun-hye called for measures to boost domestic tourism, which could, in turn, boost domestic demand and create jobs, at a meeting earlier this year with ministers, agency heads and industry representatives.

Park noted that compared to countries with advanced tourism industries, Korea depends relatively highly on international tourism. Overseas travel has grown while domestic tourism has not seen much change, she said.

The president said domestic tourism should be promoted through the introduction of alternative holiday systems at companies, the development of tourism programs and tourism policies that are customized to regional and visitor characteristics.

Park also instructed the Ministry of Culture, Sports and Tourism to devise ways to develop and support those in the tourism sector by working with high schools and vocational colleges that specialize in tourism.

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.

It will establish “local regulatory reporting centers” in major cities and provinces to identify problematic regulations, and organize a preliminary review panel on the regulatory improvements advisory committee.

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.