Mercedes-Benz Korea has decided to invest EUR 70 million in Korea over the next two to three years for the establishment of a research and development (R&D) center and other projects.

Through this investment, the company will initiate four new projects — the establishment of Mercedes-Benz Research & Development, the Parts Distribution Center and the Training Center, and the creation of the Mercedes-Benz CSR Fund, a social contribution fund.

While the Parts Distribution Center and Training Center will be established to better serve Korean customers amid growing sales, the R&D center is considered a more future-oriented investment.

Regarding the CSR Fund creation plan, Mercedes-Benz Korea, Daimler Trucks Korea Ltd., Mercedes-Benz Financial Service Korea and official dealers will jointly create the fund in the second quarter of this year. Mercedes-Benz sold 24,780 units of cars in Korea last year, up 21.5 percent from the year before. It expects sales to reach 26,000 to 27,000 units this year.

Invest Korea and the Ministry of Trade, Industry & Energy (MOTIE) hosted a meeting with the executives of the regional headquarters and R&D centers of global companies in Korea at the JW Marriott Hotel last month.

Participants included the head of MOTIE’s Office of International Trade and Investment, the Commissioner of Invest Korea and the executives of foreign-invested companies including Siemens and BASF. Invest Korea and MOTIE officials presented on government policies on customized incentives for the regional headquarters and R&D centers of global companies, as well as guidelines for recognizing a foreign-invested company as a regional headquarters.

Maxim Shereikin, Deputy Minister for Russia’s Ministry for the Development of the Far East Russian Federation, visited Invest Korea last month to benchmark Korea’s foreign investment attraction policies.

During the visit, Invest Korea officials delivered a presentation on Korea’s investment environment and answered questions on Korea’s investment-attraction process and investment incentives.

The Global M&A Center of the Korea Trade-Investment Promotion Agency (KOTRA), of which Invest Korea is a part, held a one-year anniversary celebration at the Conrad Hotel in Seoul last month. The event included the signing of a memorandum of understanding for cooperation among global mergers and acquisitions (M&A) support organizations. An M&A consulting session and forum on promoting the global M&A activities of domestic companies were also held.
Chungnam to Focus on Resolving Foreign Investors’ Grievances

South Chungcheong Province seeks to strengthen its on-site services to better discover and resolve the grievances of foreign-invested companies and improve the local investment climate.

The service will be provided to 260 companies in the province, and its action plans will be carried out by the province, cities, counties and foreign investment support centers.

The province, which was designated the best non-metropolitan area in which to invest for three straight years, will step up efforts to provide better aftercare services to help foreign-invested companies grow into “native companies.” The province will look for countermeasures for the grievances of foreign-invested companies and introduce financial and administrative support.

Last year, South Chungcheong carried out nine meetings with the officials of foreign-invested companies and provided the on-site service for 63 companies in the region. It also resolved 74 grievances by improving relevant regulations. There are 269 foreign-invested companies in the province.

Chungbuk to Kick Off Construction of Jeungpyeong 2nd Industrial Complex

North Chungcheong Province plans to start construction of the Jeungpyeong 2nd Industrial Complex in June.

The province plans to invest a total of KRW 123.5 billion (USD 116.3 million) (government subsidies of KRW 40.7 billion and private investment of KRW 82.8 billion) in the complex to develop a 707,022 m² industrial site and attract the electronic parts, computer, sound system, communications equipment, medical, optical and other industries. Construction of the complex is expected to be completed in 2016.

The province plans to install pipelines for industrial water and access roads for the industrial complex. Pipelines for 4,045 tons of industrial water will be installed by next December while access roads will be constructed by this December.

Korea to Build Regional Oil Trading Post

Korea will build the fourth-largest oil hub in the world and a key trading post for the region, according to a plan announced last month.

Last year, Korea opened its first commercial oil storage facility, one that can store up to 8.2 million barrels of oil, in the city of Yeosu. According to MOTIE, two facilities under construction in the city of Ulsan will be completed in 2020 and able to store 28.4 million barrels of oil.

The plan announced last month details how these facilities will contribute to creating a regional oil trading post as well as how to draw international oil companies and traders. Plans to develop this oil trading post will include deregulation to permit the production of oil products.

Korea and Canada Conclude FTA Negotiations

Korea and Canada last month concluded negotiations for a free trade agreement (FTA) that is expected to boost bilateral trade.

The trade pact will be reviewed by both sides before it is initialed this summer. Negotiations, which had begun in 2007, had resumed in late 2013 following a five-year hiatus.

With the FTA, Korea would become the first Asian country to have such a trade pact with Canada. The automobile industry is expected to benefit most from the agreement and the agricultural market will likely benefit as well.

Under the pact, Korea would remove 8 percent import tariffs on all automobiles and auto parts from Canada. Canada would reduce 6.1 percent import tariffs on Korean automobiles and parts to about 4 percent within two years of the FTA’s implementation.

Korea’s Exports to United States Up by 10.3 Percent on FTA

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Korea’s exports to the United States have seen a significant increase since the effectuation of the KORUS FTA in March of 2012. Outbound shipments to the country reached USD 121 billion, which is an increase of 10.3 percent from two years before the implementation of the trade pact, according to MOTIE. Korea’s overall exports increased 6 percent in the same period.

The FTA has also helped increase U.S. investment in Korea, which rose 82.5 percent in the two-year period after the effectuation of the trade agreement compared to the previous two-year period.

According to MOTIE, bilateral trade between Korea and the United States is expected to continue growing under the FTA.

Korean President Park Geun-hye pledged to increase the nation’s R&D investment to 5 percent of the gross domestic product by 2017 to strengthen science and technology capacity and establish a solid foundation for a creative economy.

Park announced a three-year economic innovation plan in February, saying that Korea needs to invest for the future to achieve economic innovation.

“The government will establish the Korea Research Fellowship to attract leading scientists from around the world, provide support for young and talented foreign researchers in Korea and strengthen the research capabilities of universities,” said Park. “The government also plans to apply further tax exemptions and reductions for technology transfer revenues to revitalize intellectual property transactions.”

The president also pledged to invest in network infrastructure, such as the development of “giga internet,” which is 100 times faster than the current network system, and 5th generation (5G) mobile communication, in a timely manner to achieve remarkable results in internet-based industrial convergence.

“We need to prepare for important environmental issues facing the world such as climate change, environmental pollution and energy crises, for we may find new business opportunities and create more jobs in such areas,” said Park.

“To this end, the government will increase investment in R&D projects that aim to develop green energy, eco-friendly cars and carbon capture and storage (CCS) in an effort to support private innovation activities,” the president added. “The government will also commence pilot projects to transform unwanted public facilities like incineration plants and landfill sites into ‘eco-friendly green towns’ and gradually expand the scope of projects.”

Govt. to Increase Investment in R&D

The Korean government will support R&D activities and market expansion to help Korea grow into one of the world’s top seven medical equipment powerhouses by 2020, according to Hyun Oh-seok, Deputy Prime Minister and Minister of Strategy and Finance, last month.

Hyun announced the government’s medium-and long-term development plan for the medical equipment industry at an economic ministers’ meeting. The plan will focus on supporting the R&D fields that are dominated by Korea and highly influential, such as the development of mobile diagnostic devices for severe diseases and handheld cerebral hemorrhage visual detectors.

Hyun emphasized that the government will enable the commercialization of R&D outcomes by encouraging hospitals, the end consumers of medical equipment, to take part in the entire R&D process.

The government also seeks to streamline its licensing and evaluation procedures for medical equipment to shorten the amount of time it takes to enter the market and prohibit unfair trading practices, such as kickback payments between medical institutions and vendors.

The government also plans to increase the number of graduate schools that specialize in medical equipment to foster a skilled workforce for the industry.