**FOREIGN COMPANY NEWS**

**GM Korea to Invest USD 7.3 Bn in 5 Years**

GM Korea Co. plans to invest KRW 8 trillion (USD 7.3 billion) in the next five years in an effort to become more competitive.

The company said in February that it will double the size of the design center at its Bupyeong headquarters by the end of the year. The expansion would make it GM's third largest facility globally.

GM Korea also plans to produce six next-generation GM global vehicles and powertrains. The company has five manufacturing facilities domestically and an assembly facility in Vietnam. Last year, it sold a record 145,702 vehicles in Korea.

**Seagate Korea Design Center Opens in Gyeonggi Province**

Seagate Technology held a completion ceremony in February for the Seagate Korea Design Center in Yongin, Gyeonggi Province.

The design center will be responsible for developing 2.5-inch hard drive solutions and compact form factors, targeting the mobile computing market. Seagate invested a total of KRW 142.3 billion to build the 26,000 square meter design center, where 360 researchers and scientists are to work.

Founded in 1979, Seagate is a global manufacturer of hard drives and storage solutions with a presence in Europe, Asia, and North America.

Since signing an investment memorandum of understanding with Seagate in December of 2011, Gyeonggi Province has strived to streamline administrative procedures for the early construction of the center.

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**Emerson Electric to Invest USD 40 Million in Yongin**

Emerson Electric, an American manufacturer of automatic measuring and controlling systems, will invest USD 40 million in Jukjeon Digital Valley in Yongin, Gyeonggi Province.

The Gyeonggi Provincial Government entered into an investment agreement with Emerson Process Management Korea, a subsidiary of Emerson Electric, at the Daou Digital Square of Jukjeon Digital Valley in February. Under the agreement, Emerson Process Management Korea will invest USD 40 million to construct a research and development (R&D) center and manufacturing facilities on a 3,815m² site in Jukjeon Digital Valley by January of 2016.

The investment agreement is expected to lead to the creation of 200 jobs and development of related domestic industries, such as shipbuilding, power plants and the plant sector. Jukjeon Digital Valley is also expected to become a hub for the information technology (IT) industry.

Jukjeon Digital Valley, situated on 142,037m² of land, is an industrial complex created by Daou Tech in 2010. It is also home to Veezo, an American manufacturer of light-emitting diode (LED) equipment, built an R&D center with a USD 17 million investment in 2010. It is home to the Dongbu Insurance Data Center, Shinhan Financial Group Data Center and Hanwha Data Center as well.

**Invest KOREA Holds Investor Relations Session in Japan**

Invest KOREA (IK) held an investor relations event last month in Osaka, Japan for Korean electric and electronics companies.

IK led an investment promotion delegation of representatives of the North Chungcheong Provincial Government and Poje City Government. The session addressed the trends and investment environment of Korea’s materials industry as well as successful investment cases of Japanese companies. Business meetings followed.

“In this digital era, end product manufacturers lead parts and materials businesses based on their global supply networks and market dominance. It is necessary to actively introduce Korea’s investment environment to Japanese electric and electronic firms, which require collabora-
Invest KOREA joins JV signing ceremony between Shin Poong Pharm and LFB

Invest KOREA participated last month in a signing ceremony for a joint venture investment between Korea’s Shin Poong Pharm and LFB, a French pharmaceutical company.

Fleur Pellerin, Minister Delegate of Small- and Medium-Sized Enterprises, Innovation and the Digital Economy of France, and Invest KOREA Commissioner Kiwon Han were among those in attendance. Under the strategic alliance agreement, Shin Poong Pharm and LFB will establish a joint venture with an investment of USD 42 million to construct a biopharmaceutical manufacturing plant in Osong Biovalley of North Chungcheong Province by 2015.

LFB develops, produces and distributes plasma-derived medicines used to treat rare high-risk diseases. This is the state-owned company’s first time investing in Korea. The joint venture will serve as a conduit to generate value in LFB’s Asian pharmaceutical business.

Invest KOREA has been supporting LFB in the process of establishing the joint venture, which will bring about the first biopharmaceutical manufacturing plant in Osong Biovalley. BK will continue to support LFB as it pursues certification as an advanced technology-owning company, in negotiations for incentives from the Korean government including cash grants and through other steps of the investment process.

The agreement is expected to contribute to improving Korea’s expertise in biomedicine refinement and production through technical cooperation between the two companies and to generate 110 jobs by 2016.

**Regional FDI News**

South Jeolla Province Signs MOU With SCHOTT to Develop Area Into Infrared Industrial Hub

South Jeolla Province entered into a memorandum of understanding (MOU) with the Germany-based SCHOTT. SOMO Holdings & Technology and Korea Photonics Technology Institute (KPTI) in February.

SCHOTT, boasting the world’s best technology in infrared rays, and SOMO Group agreed to invest KRW 15 billion to expand manufacturing facilities in Danyang County, South Jeolla Province for infrared products. KPTI will support R&D on infrared technology and necessary equipment while the province will streamline administrative procedures for the expansion.

Infrared products allow users to recognize objects at night or in smoke without a light source. Most such products are currently used in the military, but their use will be expanded to automobiles, CCTVs, disaster prevention equipment and vessels. The market for infrared products is forecast to grow more than 30 percent annually.

**Construction of Jeju Airest City Begins with KRW 2.5 Trillion Investment**

A groundbreaking ceremony for the resort-type residential complex Jeju Airest City was held last month. The city will be constructed in Seongsipo, Jeju Special Self-Governing Province, with a total investment of KRW 2.5 trillion. Tan Sri Vincent Tan, Chairman of Berjaya Group, Jeju Governor Woo Gyun-min and Byon Jong-il, Chairman of the Jeju Free International City Development Center, (JDC) attended the ceremony.

Berjaya Jeju Resort Limited is a joint venture company established by Malaysia’s Berjaya Group (operator of Jeju Airest City) and JDC.

The Gajawal Village, the first area for development in Jeju Airest City, will include a condominium complex. The 92,022m² village will be completed by 2015 with a KRW 210 billion investment and units will be sold from the latter half of this year.

In the second phase, Berjaya Jeju Resort Limited plans to start building a five-star hotel, casino town and villa-type condominium “art valley.”

**Medical Tourists in Korea Last Year Spent KRW 350 Billion**

Medical tourists in Korea last year spent KRW 350 billion, according to a survey of 1,319 foreign patients conducted by the Korea Tourism Organization (KTO).

About 150,000 medical tourists visited Korea last year, up 30,000 from 2011. Notably, the number of Chinese medical tourists increased 76.5 percent compared to 2011.

According to KTO’s estimation, the expenditures of foreign medical tourists reached KRW 350.9 billion, with medical expenses accounting for 57 percent.

“The government is also seeing medical tourism as a new growth engine. We will conduct a survey annually to set up a detailed investment promotion strategy,” said Kim Se-man, Director of KTO’s Medical Tourism Division.

The company will build a spa resort and landmark tower by 2014, a medical center by 2015 and a spa auditorium and museum by the end of 2017. The aggregate investment will reach KRW 2.3 trillion.

Once the project is completed, the city will consist of 1,531 condominium units and 935 hotel rooms.

Jeju Airest City was designated an investment promotion district in 2009 under Jeju Special Law, a Foreign Investment Zone in 2009 and a Tourism Complex in 2010. It has received considerable and various tax benefits and development charge discounts.

The Ministry of Trade, Industry & Energy (MOTIE) is taking bold measures to shift the focus of foreign investment policies from large-scale investments to investments that create decent jobs.

MOTIE is analyzing the local and international best practices of job creation to turn such practices into law. It is also considering benchmarking countries, which have enacted the Act on Special Measures for Promotion of Research and Development by Certified Multinational Enterprises. This stipulates tax incentives for investment by multinational companies. Based on this, the ministry plans to provide incentives for service companies, which could create a large number of jobs.

Main targets will include global R&D centers, tourism and leisure industries and high-value-added services.

The government aims to host the regional head offices of global companies or international organizations, such as the Green Climate Fund, which will be located in Sogdo, Incheon. As for investment in tourism and leisure, it plans to draw more projects to locations like Alpensia in Pyeongchang, as such investment is concentrated in Jeju Island and Sogdo. The government will also provide incentives for regional logistics and medical development projects, including the development of New Busan Port.

Differentiated incentives will be provided in accordance with a foreign-invested company’s contribution to job creation. Foreign investment in innovative start-ups, small but strong companies and new growth engine industries will receive preferential treatment even in the event that they don’t create a large number of jobs.

As of 2010, foreign-invested enterprises in Korea accounted for 13.6 percent of domestic revenues, 13.2 percent of added values and 6 percent of employment.

Korean President Park Geun-hye unveiled her plans to “ease regulations and remove barriers” in order to revitalize the country’s economy at a ceremony marking the 41st Commerce and Industry Day at COEX in Seoul last month.

She showed her commitment to establishing a creative economy based on science and technology, adding that there will be a second miracle of the Han River through economic democratization.

The president also emphasized that the government will ease regulations and remove barriers, so that any individuals or businesses with good ideas can translate those ideas into products and services. She added that the removal of barriers between government agencies would provide businesses with more convenient one-stop services, which would eliminate the hassle of going back and forth between agencies or between central and local governments for approval.
The Logistics of It All
Korea’s growing logistics market makes for convenient getting around

Wether by air, land or sea, Korea’s logistics infrastructure is internationally competitive and continues to get faster and better by the day. The fact that Korea is located at the center of air and maritime transportation networks in Northeast Asia gives it an inevitable edge. Seoul is within a 3-hour flight from 63 cities with a population of more than 1 million. With Northeast Asia being one of the world’s three major economic pillars, these make for some powerful connections.

When it comes to air transport, Korea’s biggest claim to fame is Incheon International Airport, the world’s best airport according to Airports Council International for eight straight years. We’ve got nine airports total, eight of them being international, and 11 civil airfields.

A peninsula country, Korea has plenty of sea ports as well. The Busan Port is Korea’s largest, not to mention, the fifth largest container port in the world.

We’re also well connected in terms of railways and road networks. The Korea Train Express, or KTX, is the world’s fifth bullet train system and can reach the farthest point in the country within three hours. It has increased Korea’s passenger transportation capacity by 340 percent and its cargo transportation capacity by 770 percent. When it comes to roads, Korea has 29 highways and well-maintained national and regional roads.

With continued growth expected for the Asian logistics market due in large part to the growth of the Chinese economy, the Korean government has selected the building and operating of port terminals and major distribution centers in logistics complexes as the key to investment promotion in an effort to boost the competitiveness of our logistics industry. Plus, with its 45-country free trade agreement (FTA) network drawing the attention of global manufacturers and distribution companies to its air and sea ports, Korea is well on its way to becoming a global logistics hub.

Below is a look at some of Korea’s biggest ports and at Incheon International Airport.

Air and Sea Port Close-Up

Busan Port
The Busan Port lies on a major global shipping route linking Korea to North America, Asia, the Middle East, Europe and Latin America. With throughput of 17.06 million TEU in 2012, the port serves as a Northeast Asian center of transhipments, with feeder networks connecting most of the ports in Japan and the coastal area of China. Located on the global trunk line, it is directly connected to 45 ports in China, 60 ports in Japan and five ports in Russia.

The North Port has five operators and 20 berths while the Busan New Port has 22 berths, 15 million TEU of throughput and water depth of 15-17 meters. Ports produced in China and Japan can be re-processed in the hinterlands of the New Port and exported to Korea’s FTA partners without tariffs. The Busan Port handles 75 percent of national port container cargo.

Yeosu Gwangyang Port
The Yeosu Gwangyang Port is the 15th largest container port in the world. With container volume of 2.14 million TEU (other cargo 2.37 million tons) in 2012, it provides easy access to China. Major facilities include a total of 83 berths, including the Gwangyang container pier, Yeosu petrochemical pier and the materials pier of POSCO Gwangyang Iron & Steel Co.

Incheon International Airport

Incheon International Airport and Port of Incheon
As the gateway to the Seoul Metropolitan area, Incheon International Airport ranks second globally in terms of cargo throughput. Its fast and meticulous cargo-handling system and simplified customs clearance process help make it the best airport in the world. It also facilitates ferries on Korea-China and Korea-Japan routes.

In addition to duty free shops and restaurants, the airport boasts a culture museum, craft gallery, gardens, an observation deck and much more.

Its accolades include more than its distinction as the world’s best airport. Incheon International Airport is also one of three airports globally to have received a five-star rating by an aviation research organization called Skytrax.

The Port of Incheon, meanwhile, is Korea’s third largest container port (as measured by container throughput) and specializes in sea and air inter-modal transport. An industrial port with industrial complexes, it has contributed significantly to national economic and industrial development. As Korea’s second largest trade port, it is one of the world’s busiest international ports.

Both the Incheon International Airport and the Port of Incheon encourage the construction of global distribution centers based on research and development capability, abundant human resources, geographical proximity to relevant companies and easy access to the air and sea ports of the hinterlands.

Pyeongtaek Port
As Korea’s fourth largest port, Pyeongtaek Port has the largest pier for the exports and imports of automobiles. It processes as a processing and distribution base for automobiles and to provide a connection between remanufacturing and after-sales services.

Ulsan Port
As Korea’s largest port for industrial support, Ulsan Port recorded cargo throughput of 198.87 million tons in 2012 and export/import handling volume in 2012 of 171.52 million tons. It is the world’s fourth largest liquid cargo port and records Korea’s largest throughput for liquid cargo. It aims to serve as a Northeast Asian hub for liquid cargo and as Korea’s southeast logistics hub.
Better Than Jerky

Barbecued meat manufacturer and retailer Bee Cheng Hiang has won over the hearts — and stomachs — of Koreans in just a couple of years.

“When most of us think ‘elevator,’ we think of a box that takes us from one floor to another. When Wayne Park, CEO of ThyssenKrupp Elevator Korea (TKEK), thinks ‘elevators,’ he ponders a mode of transportation with infinite potential for innovation, speed and style. In fact, he thinks of BWAs.

The CEO of about a year has introduced a project called “BMW” in Elevators” at his Mok-dong office. He wants to develop the equivalent of BWAs for the elevator world, to cultivate an instantly recognizable brand and to have not just an industrial product, but one that is “fancy like the BMW.” At a time when TKEK is coming up with strategies for growth, Park realizes that differentiation for the thoroughly commoditized elevator is difficult to achieve.

“But without differentiation, there is no future in TKEK’s point of view,” he said.

Having entered the Korean market in 2003, TKEK supplies passenger and freight elevators, escalators, moving walks and more. Its main businesses involve production, domestic sales, maintenance of the 60,000 elevator units installed in Korea and the export of products to more than 60 countries. In addition to its headquarter in Mok-dong, TKEK has a factory in Cheonan, 12 branches nationwide and 1,300 subcontractors for service and installation.

Korean landmarks equipped with TKEK’s elevators, escalators and moving walks include Shinsegae Centum City in Busan, the CI E&M Center in Seoul and Haeundae T’Park in Busan. The Federation of Korean Industries building in Yuseong will soon have high-speed ThyssenKrupp elevators that travel about seven meters per second.

Following a period of negative profit due to turbulence in the elevator industry related to price fixing scandals — a period that has completely changed the market and its strategies, according to Park — TKEK last year sold 4,500 elevator units domestically, achieving a 3 percent return on sales. In terms of sales to customers in the Asia-Pacific region, Korea ranked third for the 2011/2012 fiscal year.

TKEK entered the Korean market at a time when elevator demand was high, when developers were dealing with limited land by building up. The Germany-based ThyssenKrupp acquired Dongyang Elevator in 2003, establishing ThyssenKrupp Dongyang Elevator. ThyssenKrupp wholly acquired the Korean company in 2008.

 “[Korea’s] elevator industry was relatively mature and [more advanced] than other Asian countries,” said Park, who was the president of Sigma Elevator in China, a subsidiary of Otis Elevator Korea, before joining TKEK.

One illustration of ThyssenKrupp’s innovation is the twin elevator, which has been installed in seven office buildings in Korea. While elevator systems typically have one car per shaft, this system has two cars and requires high technologies to keep the cars at a safe distance from each other at all times. The lower and upper cars can travel at different speeds, making the system time-and-space efficient.

Another innovative ThyssenKrupp technology found in Korea is the Destination Selection Control system, which offers elevators with controls outside the car, not inside. This sort of elevator is found mostly in corporate buildings with regular passengers. You can see which car is going to which floors and choose your ride accordingly.

“Passengers have high expectations,” said Park, who has some freshly designed elevators coming out this month. “Living standards are high, so [ThyssenKrupp] is trying to change with this product. We say it’s a synergy brand, one that no one in Korea or other countries has ever experienced in terms of value, aesthetics and function.”

As for the CEO’s expectations of TKEK, he aims to increase exports from 25.30 percent of the company’s production volume to about 50 percent in the next few years. When it comes to mindset, Park strives for TKEK to think like a leader, not a follower.

“One way, thinking differently,” this kind of concept,” he said. “I don’t want the same approach.”

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ThyssenKrupp Elevator Korea seeks differentiation in its pursuit of growth
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Accurate and Authoritative Interpretation of Regulations Needed

The Foreign Investment Ombudsman helped a city and company obtain the authoritative regulatory interpretation it needed.

Despite the city’s intention to construct a conference center, a hotel and a convention center in the Ulsan Petrochemical Complex, a Korean company responded that the construction of hotels would require much more time and effort. Instead, the company decided to build a hotel that would be occupied by residents, thereby reducing the cost of the project. However, the city of Ulsan rejected the proposal, arguing that the hotel would not be able to accommodate the needs of residents. The company then filed a complaint with the Foreign Investment Ombudsman, which led to the city of Ulsan to reconsider its decision. The city of Ulsan eventually approved the project, which is now underway.

New Tax Rules Beneficial for Foreign Investors

This month we present Part 1 of a two-part series on Korea’s amended Presidential Decree under the Law for Coordination of International Tax Affairs. The amended Presidential Decree amends Section 3 of the Law under the Presidential Decree under the Law for Coordination of International Tax Affairs (PD-LCITA). The amended rules include changes to the tax treatment of foreign investors in Korea.

Guarantee Fees

- **Background**
  - The National Tax Service (NTS) has imposed a substantial amount of tax assessments against Korean multinational enterprises on grounds that the level of guarantee fees charged by the Korean parent company to their foreign subsidiaries was insufficient to meet the arm’s length principle stipulated in the Law for Coordination of International Tax Affairs (LCITA). A substantial number of cases were appealed by the taxpayer and are still pending at the Tax Tribunal.

- **Main points of the amendment**
  - The newly amended Article 6-3 of the PD-LCITA stipulates a set of methods for determining arm’s length price, specifically applicable to guarantee fees. The methods stipulated are (i) benefit approach (i.e., benefits derived in the form of the reduced cost of raising capital), (ii) cost approach (i.e., an expected loss to the guarantor), and (iii) cost-benefit approach (i.e., a reasonable compromise between (i) and (ii)). The PD-LCITA defines the details of these approaches and the requirements would be deemed arm’s length.

In the process, it has come to the attention of both the Ministry of Trade and Finance (MOF) and taxpayers that there is no clear statutory guideline for determining the arm’s length guarantee fee, creating vast uncertainties. In an effort to reduce further confusion between the NTS and taxpayers, the MOF has enacted new rules setting forth the standards of determining arm’s length guarantee fees in the Presidential Decree under the LCITA (PD-LCITA).

- **Implication for foreign-invested firms**
  - Although the amendment was motivated by the need to address the ambiguity concerning guarantee fees for Korean multinationals, the same principle also applies equally to foreign multinational enterprises having affiliates in Korea. This may provide a tax-saving opportunity for foreign multinationals with Korean operations. The charge of payment guarantee fees to the Korean affiliates usually subjects them to very strict documentation requirements, which, in the absence of a specific statutory guideline on what constitutes arm’s length guarantee fees, could be overbearing. The amendment could substantially ameliorate the burden by its clear stipulation of arm’s length guarantee fees and adoption of a safe harbor. As part of the tax-saving consideration, however, potential additional costs emanating from the charge of guarantee fees (such as withholding tax and proxy VAT) should be carefully weighed against the benefits to be gained. That is because guarantee fees to be paid to a foreign parent company may need to be withheld by an affiliated company in Korea in accordance with Korean income tax law as well as Korean tax treaties. Further, if the payer of guarantee fees is a VAT-entitled entity, such as financial institutions; it should collect proxy VAT from the provider of the guarantee (i.e., foreign parent company in most cases) and pay it to NTS.
An Introduction to the Global M&A Center

In January 1, the Korea Trade-Investment Promotion Agency (KOTRA) launched the Global M&A Center to address the increase in global mergers and acquisitions (M&A), growing desire among Korean small- and medium-sized enterprises (SMEs) to pursue cross-border M&A transactions and the new government’s pledge to activate the M&A market in Korea. The Center will assist Korean companies pursuing small- to medium-sized cross-border M&A transactions not covered by global investment banks or other firms.

As interest in expanding into foreign markets through M&A grows, so do the needs of Korean SMEs struggling in the pursuit of M&A transactions. They face a lack of information regarding targets, difficulty obtaining accurate valuations of foreign assets, a lack of capability to complete M&A transactions, and more. The Global M&A Center aims to assist Korean companies with cross-border M&A transactions.

The Global M&A Center’s network consists of KOTRA’s 10,000 annual clients in addition to other domestic databases. We are in a unique position to build off of KOTRA’s reputation for reliability in the private sector. We will collaborate with other KOTRA teams and Korean companies to assist their overseas M&A needs, and we will use the overseas branches, called Korea Business Centers (KBCs), and an international network of foreign financial firms to deal source. We plan to hire global experts as well.

Our operational plan involves multiple stages and two parties: domestic SMEs and advisors from the private sector. The first stage, identifying potential buyers and their needs, will be handled by our Center. In the second stage, deal sourcing, we will work with domestic SMEs to search for and screen promising targets. We will also be able to support the retainer fees of private sector advisors. In the next stage, deal execution, we will support pre-validation and introduce due diligence institutions and M&A financing firms, as well as support due diligence fees.

In the final stage, post-merge integration, we will provide local law and regulation information, introduce PIMI consulting firms and support local marketing through our KBC network. We will serve as an M&A mentor, leading Korean companies through all aspects of a cross-border M&A transaction.

Korean companies are very interested in overseas M&A deals. According to a recent KOTRA survey of 1,366 SMEs, 12 percent of them were interested in overseas M&A. We currently support 165 M&A-centered firms, which are divided into three tiers: companies with a clear target and capital to complete M&A transactions within the year (tier 1); companies that intend to carry out M&A transactions but lack a clear target or strategy (tier 2); companies that want to pursue M&A but have done little research and are not prepared to execute a transaction (tier 3). Our goal is to increase the number of M&A-interested firms to 300 by the end of this year, with 100 of them being from tier one.

With Han at our helm, we are confident we will achieve these goals. Prior to joining KOTRA in 2012, Han led a distinguished 25-year career as an investment banking expert in Japan and Europe. He has successfully executed a number of deals as the head manager of more than 500 equity transactions out of Japan, Asia and Europe and as the lead advisor in cross-border M&A transactions.

The Center will build a systematic deal sourcing structure through six key locations — Tokyo, Hong Kong, Singapore, London, New York and Silicon Valley — and 36 supporting KBCs. Over time, our operation will expand to include local M&A experts in London and Silicon Valley.

Throughout 2013, we will host and attend a variety of events around the world targeted at domestic SMEs, domestic PE/VC firms and foreign investors. Coming up in May is the Global M&A Forum. The PEVC Forum, which is our largest event and attracts hundreds of domestic and foreign firms, advisors and institutions, will be held in Seoul in June.

By Kim Seung-wo
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Q&A

Tax Reduction Eligibility Requirements for FEZs

Our consultants tackle your frequently asked questions, one inquiry at a time

What are the eligibility requirements to receive a tax reduction in an FEZ?

The Korean government allows various businesses to receive tax reductions in a bid to boost foreign investment inflows into free economic zones (FEZs). Since a revision of the relevant law last year, a number of service businesses have been added to the list of businesses eligible for tax reductions. That list is below.

- Businesses with foreign investment of USD 10 million or more and establishing new plant facilities to run a manufacturing business
- Businesses with foreign investment of USD 10 million or more and establishing new facilities to run the following businesses: - Tourist hotel, hotel (floating hotel), traditional Korean hotel - Special recreation service, resort complex, amusement park - International conference facility - Resort condominium - Youth training facility
- Businesses with foreign investment of USD 5 million or more and establishing new facilities to run the following: - Integrated freight terminal - Businesses that establish and operate via joint collection and delivery centers - Businesses that run port facilities or logistics businesses in the port hinterlands - Businesses that run airport facilities or logistics businesses in an airport zone
- Businesses with foreign investment of USD 5 million or more and establishing new medical facilities

- Businesses establishing new or expanding research facilities for the R&D activities of industry-supporting service businesses or high-technology businesses and meeting the requirements below:
  - With foreign investment of USD 1 million or more
  - Having 10 or more employees with master’s degrees relevant to the field of business and with a minimum of three years of research experience
  - Businesses with foreign investment of USD 10 million or more and establishing new facilities for one or more of the purposes below:
    - Engineering
    - Telecommunications
    - Management and integration of computer programming systems
    - Information service
    - Other advanced technology service
    - Production of broadcast programs such as movies and videos / service businesses related to the production of movies, videos and broadcast programs / operation of recording facilities / production of other audio-related content such as music
    - Development and production of game software
    - Management of performance facilities, performance group-related service businesses and other creative work/art

April 2013

Meet the Teams

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A Convergence Cluster for the Food Industry

The Korea National Food Cluster, or FOODPOLIS, is a government-supported food industrial complex focused on Northeast Asia. The complex is being developed by the Korean government in Iksan, North Jeolla Province with a KRW 535.5 billion (USD 496.5 million) budget and will be complete by 2015.

Located close to China, the fastest-growing food market in the world, FOODPOLIS is poised to become the new center for Northeast Asia’s food market, which caters to a population of 1.5 billion.

The cluster plans to attract 160 domestic and international food companies and research institutes, with a new industrial complex of 2,320,000m² and residential area of 1,260,000m² to serve as both a platform for the food industry and a cultural hub.

Considering its geographical location, the cluster is expected to accelerate the formation of a food industry cluster in Northeast Asia, enhancing its competitiveness in the world market.

The cluster will attract 50 food companies to the region, creating 4,000 jobs.

Korea’s economic development has been cited as a model case of economic growth due to its vibrant trade with other countries. Today, it remains essential for Korea to continue to expand its trade relations. The Korean government has concluded free trade agreements with 45 countries, with represented areas including the EU, ASEAN and USA and with the FTA network accounting for 61 percent of the global GDP.

FOODPOLIS promotes to establish a one-stop export support system to provide tenant companies with comprehensive assistance, covering the entire export process. It will provide a trade education program to help tenant enterprises gain a basic understanding of the market as well. Also, with international recruitment activities expected to attract overseas talent, FOODPOLIS will maintain a human resource database from universities to help companies hire highly skilled employees. After all, Korea’s economic success is a result of its outstanding human resources. The country has been ranked 5th globally for manufacturing productivity and the OECD has benchmarked the Korean workforce for its high level of collaboration, work ethic and higher education rate.

FOODPOLIS will also operate various research and development support systems that will enable tenant companies to take care of administrative procedures such as application, contract signing and process management at a one-stop venue. The program will support matching services, a domestic and overseas specialist database and an industry-university network to provide the technology needed by tenant companies.

Once a business has begun operations in FOODPOLIS, the cluster can offer one-stop comprehensive services that will include the assignment of a project manager to each case. In short, FOODPOLIS will serve as an ideal business partner, every step of the way.

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Korea by the Numbers

Korea is predicted to be the world’s 4th richest nation by 2050, according to the Wealth Report 2012 by Knight Frank and Citi Private Bank, with an estimated GDP per capita of USD 107,752. The United States is expected to fall to, number 5.