### New Investors

<table>
<thead>
<tr>
<th>Company</th>
<th>Nation</th>
<th>Sector</th>
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<tbody>
<tr>
<td>B.A.K. HOLDINGS LTD</td>
<td>Canada</td>
<td>Wholesale, retail (distribution)</td>
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<tr>
<td>GN RESOUND A/S</td>
<td>Denmark</td>
<td>Machinery, equipment</td>
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<tr>
<td>AIR LIQUIDE INTERNATIONAL</td>
<td>France</td>
<td>Chemical</td>
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<td>ESSOL INTERNATIONAL S.A.</td>
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<td>HAWA HYDRAULIK SE</td>
<td>Germany</td>
<td>Machinery, equipment</td>
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<td>DAPPIER AG</td>
<td>Germany</td>
<td>Financials, insurance</td>
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<td>FOSUN INDUSTRIAL CO., LTD.</td>
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<tr>
<td>REX PLAZA LIMITED</td>
<td>Hong Kong</td>
<td>Electricity, electronics</td>
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<td>TRUESTAND LIMITED</td>
<td>Hong Kong</td>
<td>Business service</td>
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<td>MAHINDRA &amp; MAHINDRA LIMITED</td>
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<td>India</td>
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<td>Business service</td>
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<td>NOVA RESE INC.</td>
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<td>NET 1 APPLIED TECHNOLOGIES NETHERLANDS B.V</td>
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<td>ZARA HOLDING B.V.</td>
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<td>SAPPELLER (A &amp; A 2) LIMITED</td>
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<td>FE INVESTMENT KOREA, LLC</td>
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<td>Textile, fabric, clothing</td>
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<tr>
<td>LIGHTING INVESTMENT LTD</td>
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<td>Virgin Islands</td>
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### FOREIGN COMPANY NEWS

#### Siemens Establishes Asia HQ for Energy Solution in Korea

**SIEMENS**

The German electrical engineering company Siemens will establish the Asia headquarters of its Energy Solution Business in Korea and foster world-class engineers, announced Kim Jong-kap, CEO and Chairman of Siemens Korea, last month.

Siemens’ Energy Solution Business provides a variety of power supply solutions including gas-fueled, combined cycle and coal-fired power plants and offers comprehensive turnkey solutions.

The Asia headquarters in Korea will be responsible for projects in the Asia-Pacific region and the Middle East. It will focus on improving customer service and strengthening each market. By establishing its Asia headquarters in Korea, Siemens expects to recruit 500 workers. Siemens will hire 100 employees, including professionals from overseas, and increase the number to 500 by 2017, according to Kim.

Korea was selected as the location for the Asia headquarters for its efforts to improve its business environment, free trade agreements with the EU, the United States and other countries, its highly competitive construction companies and outstanding human resources.

#### Renault Samsung Motors Design Center to Lead Design Projects in Asia

Renault Samsung Motors announced in April that its design center has been upgraded in status to and renamed Renault Design Asia and will lead design projects in Asia. With this change, Renault Design Asia will be in charge of developing the next generation of SMS and QMS sport utility vehicles (SUV). Renault Design Asia will propose design ideas and work on new models in the Asia-Pacific region and the Middle East. It will focus on improving customer service and strengthening each market. By establishing its Asia headquarters in Korea, Siemens expects to recruit 500 workers. Siemens will hire 100 employees, including professionals from overseas, and increase the number to 500 by 2017, according to Kim.

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#### Invest KOREA Launches Young Ambassador Program

Invest KOREA launched the Young Ambassador Program, the first young ambassador program at Invest KOREA (IK), started last month with 35 students from 22 countries. The program aims to train students of the undergraduate and graduate levels from 19 Korean universities as effective representatives of the company and of Korea. Students will be educated for five months on the business opportunities and potential of Korea as well as on the services of Invest KOREA. They are to serve as IK representatives in their home countries and beyond through SNS.

The first two-day workshop started last month with lectures at Invest KOREA on the company’s investment environment and strategies to promote foreign direct investment through SNS. The ambassadors then traveled to Paju, Korea, where they visited Paju City Hall, the Paju Sammung Royal Tombs, the foreign-invested company Paju Electric Glass and LG Display’s industrial complex.

#### Alps Electric Korea Invests in Gwangju

Alps Electric Korea Co., Ltd. completed construction of its new research & development (R&D) center in April. The new facility houses a floor for the development and design of products for the automotive and consumer markets, as well as a production line.
In the next few months, the ambassadors will head to Cheonan, Ulsan and Gyeonggi Province to learn about the investment environment and business opportunities there.

Foreign Investment Ombudsman Dr. Ahn Choong Yong presided over the meeting. Kim Chang-yu, Director General for International Trade Policy of MOTIE, presented the investment policies of the Park Geun-hye administration to build a foreign investment-friendly environment. Kiwon Han, the Commissioner of Invest KOREA, the investment promotion arm of KOTRA, spoke about how foreign investment in Korea is not significantly affected by North Korea-related risks and the low Japanese yen.

KOTRA and MOTIE Host Foreign Investment Advisory Council Meeting

The Korea Trade-Investment Promotion Agency (KOTRA) and Ministry of Trade, Industry and Energy (MOTIE) hosted the business Foreign Investment Advisory Council meeting last month.

Representatives of major foreign companies and chambers of commerce in Korea, including Otis Elevator Company Korea, Siemens Korea, Fuji Xerox Korea, the American Chamber of Commerce in Korea, European Chamber of Commerce in Korea and Seoul Japan Chamber, attended to discuss the grievances and difficulties faced by foreign-invested companies in Korea.

Invest KOREA led a group of foreign investors, ambassadors, their family members and others to the Cosmetics & Beauty Expo, Osong, Korea 2013 last month as part of its Get to Know Korea program.

Aiming to help foreigners in Korea become more familiar with the country, the event drew about 80 people for an afternoon focused on the beauty of Korea and Koreans, the cosmetics industry of Korea and more.

Past events have led foreigners to a traditional Korean theater in Seoul, a ceramics festival, a kimchi-making experience and other programs.

Shin Nam-sik, General Manager of Invest KOREA’s Investment Planning Department, said the event served as a great opportunity to show Korea’s strong cosmetics and beauty industry and cultural heritage.

Foreigners Get to Know Beauty of Korea

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REGIONAL FDI NEWS

Cheonan Home to New Advantest Korea Factory

Advantest Korea held an opening ceremony for a new factory in Cheonan last month. Advantest Corporation invested KRW 50 billion (USD 44.3 million) to establish Advantest Korea’s two-story building.

Hee-jung Ahn, Governor of South Chungcheong Province, Matsumo Haruo, President and CEO of Advantest Corporation, Han Chul-hui, President and CEO of Advantest Korea and about 200 others attended the ceremony.

Advantest is a leader in the field of semiconductor testing devices and its testers, handlers, DH interfaces and software are supplied to semiconductor companies globally.

President and CEO Han plans to deliver KRW 50 million to both the Cheonan Sarang Scholarship Foundation and Cheonan Foundation for Arts and Culture, with the funds to go toward fostering talent and developing regional culture.

Pyeongtaek Welcomes KOYO JICO Plant

KOYO JICO Korea last month opened a water pump bearing manufacturing plant for cars in the Hyeongok Industrial Plant, located in Pyeongtaek. More than 150 people participated in the event, including Hwang Seong-tae, the Head of Gyeonggi Province Economic Investment, Kim Sun-ki, Mayor of Pyeongtaek; Yamazaki Teruhisa, CEO of KOYO JICO Korea; Shimatani Hitosi, an executive of JTEKT Japan; Lee Myeong-gun, CEO of JICO Co. Ltd.; and executive members of affiliated companies.

KOYO JICO Korea was established in 2003 by JTEKT Japan, a world-renowned car parts manufacturer, and JICO Korea.

The water pump bearing to be manufactured at KOYO JICO’s new plant is an original design developed by JTEKT. Its patented technology will be applied to the products produced in the new plant. With KOYO JICO’s investment, parts once imported from Japan will be manufactured and exported here in Korea. Cooperation with other companies is expected to stimulate the local economy.

The net investment so far this year by foreigners in the bond market reached KRW 9.7 trillion won, as of the end of April. Of the total outstanding Korean bonds, foreign investment accounted for 7.2 percent.

GOVERNMENT & POLICY

Maximum 5 Percent Profit to Be Allowed for FEZs

The Ministry of Trade, Industry & Energy (MOTIE) announced last month a revision of the Enforcement Decree of the Special Act on Designation and Management of Free Economic Zones to facilitate free economic zone (FEZ) development.

According to the revised act, which will go into effect in August, a developer can make a reasonable profit where it does not exceed five percent of site costs, excluding the cost of capital and advanced payment from customers for industrial lands in land development projects in which the portion of industrial land exceeds 50 percent.

Commercial and industrial land is currently provided as a package. However, insufficient commercial facilities lead to the failure of industrial land to be supplied and therefore the possibility of depressed development, which led to the revision of the Act, according to a MOTIE official. Currently, developers can make a profit on commercial land, having been provided industrial land at low prices. But potential limitations on commercial facility development in some FEZs led to changes in site conditions.

The revision also includes measures to deregulate the requirements for private developers, for them to be at the same level as that of developers of industrial parks, and reduces the minimum reinvestment according to the Restitution of Development Gains Act from between 25 and 50 percent to 25 percent.

There are two ways to make an investment. A foreigner can invest a stipulated amount in a fund created by the Korea Finance Corporation. The deposit is lent to small- and mid-sized companies at low interest rates. Another way is to invest a stipulated amount in projects in under-developed areas designated and publicly announced by the Ministry of Justice for five years.

The Public Business Immigrant Investor Scheme went into effect last month, according to the Ministry of Justice (MOJ). The scheme, part of the national agenda for the Park Geun-hye administration, grants an F-5 visa when a foreigner deposits or invests KRW 500 million (KRW 300 million for retired investors age 55 and over) in a fund or a public business designated and publicly announced by the Minister of Justice for five years.

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The F-2 visa, which allows free economic activities, is given when a foreigner makes an investment exceeding KRW 500 million. An F-5 visa is granted if the investment is continued for five years. When examining permanent residence applications, the MOI plans to use the Real Estate Investment Immigration System and the Public Business Immigrant Investor Scheme.

KOREA NEWS

FOREIGNERS BUY NET KRW 6.2 TRILLION WORTH OF KOREAN BONDS

Despite North Korea-related geopolitical risks, foreigners have continued to increase their investment in the Korean bond market this year, according to the Ministry of Strategy and Finance last month.

The net investment so far this year by foreigners in the bond market reaches KRW 6.2 trillion, which makes for total bond holdings of

June 2013

June 2013
The cultural contents market of Korea is the world’s 10th largest and growing. In 2011, the Korean cultural contents market stood at KRW 82.968 trillion (USD 73.3 billion), accounting for 2.4 percent of global contents market. In 2011, Korea’s cultural contents market grew to USD 1.604 trillion, which marks a 9.8 percent increase from 2007 despite the European economic depression. The market is expected to show a 32.2 percent growth from 2007 to 2011. It is projected that the cultural contents market, as it accounts for 28.8 percent of the global cultural contents market, is expected to show a 32.2 percent growth from 2007 to 2011 to reach USD 2.12 trillion in 2016.

The global cultural contents market grew to USD 1.604 trillion, Asia at USD 85 billion, South America at USD 59 billion and North America at USD 486 billion, followed by advertising at USD 486 billion, broadcasting at USD 446 billion and publishing at USD 355 billion. Character (USD 153 billion), films (USD 85 billion), games (USD 59 billion) and music (USD 50 billion) followed.

Korea’s Cultural Contents Market
In 2011, the Korean cultural contents market grew to 6.4 percent every year on average. The sectors in the Korean cultural contents market are publishing (25.6 percent), broadcasting (15.4 percent), advertising (14.7 percent), knowledge information (10.9 percent) and games (10.6 percent).

Industries that recorded double-digit annual growth between 2005 and 2011 are characters (23.1 percent), knowledge information (19.9 percent), animation (14.6 percent), content solutions (14.5 percent) and music (13.5 percent). The rapid growth of the content solutions market, which includes creation tools, mobile solutions, CMS and CDN and which lays the foundation for digital contents distribution, is expected to lead the growth of not only the digital contents market but also the entire cultural contents market.

Korea’s cultural contents exports in 2011 were USD 4.3 billion, reflecting a rise of 54 percent compared to the previous year, whereas imports stood at USD 1.8 billion, showing a six percent increase and Korea’s strengthened status as an exporter of cultural contents. Cultural content imports exceeded exports until 2007, but exports have surpassed imports since 2008.

As of 2011, Japan was the largest cultural content market for Korea, at 30.1 percent, followed by China (27.0 percent) and Southeast Asia (19.2 percent). Japan has remained the largest importer since 2009. Korea’s exports to China increased drastically to exceed exports to Southeast Asia in 2009, making China the second-largest market for Korea. North America was ranked 4th, at 11.3 percent, in 2011, followed by Europe (7.8 percent).

By Bryan Choi
Director of Creative Contents, Invest KOREA
(C) 2012 KOREA INVESTMENT CORPORATION
+82-2-3460-7525
Successful Investors

Selling contrast agents for medical imaging, Guerbet Korea continues its quest to provide innovative solutions

As a maker of contrast agents, substances that enhance the contrast of elements in medical imaging, it’s no wonder the French pharmaceutical company Guerbet enjoys doing business in Korea. After all, you need good imaging technology and good doctors to get good scans. Korea has both.

“The medical community and radiologists are of a world-class level,” said Mathieu Elle, General Manager of Guerbet Korea. “Hospitals are very well equipped in terms of machinery. So with a lot of machines and a lot of examinations, that makes it interesting for us.”

In this environment, Guerbet Korea has become one of the fastest-growing subsidiaries of Guerbet, with sales nearly doubling in the last five years and reaching KRW 19 billion in 2012. Established in 1998, Guerbet Korea faced a rocky first eight years but began rebuilding operations in 2006. Today a staff of 35, two pharmacists and medical representatives nationwide sell contrast agents in three major categories — MRI and X-ray in the diagnostic field, and Lipiodol in the field of interventional radiology and thoracotomies.

Guerbet Korea sells an MRI product called Dotarem and the X-ray contrast agent Xenetix, which is used to explore pathologies and in particular for the central nervous system, digestive tract, musculoskeletal system and vascular system.

In the interventional radiology and thoracotomies field, the company sells Lipiodol, the pion- neering contrast agent discovered by Marcel Guerbet in 1901 and which is used today mainly in the embolization of malignant tumors (primary cancers of the liver or liver metastasis) or benign conditions (arteriovenous malformations).

The company also recently launched in Korea the Scanbag, a biodegradable, pharmaceutical-grade plastic bag that replaces the glass vial packaging for contrast agents, thereby reducing medical waste. In the next couple years, Guerbet Korea will also start selling an innovative injector for CT that will serve as a safer and more eco-friendly alternative to the current syringe injectors.

“We have a social mission for the sake of public health. We are doing our best to provide healthcare solutions to all our patients and also our Korean patients,” said Elle, who joined the Korea subsidiary in 2007.

Guerbet’s products play a key role in interventional radiology, a promising and growing field of medicine in which doctors operate on patients with the use of scanners and contrast agents with minimal invasive procedures.

“Korea is at the frontier of this new field of medicine. Actually this field of medicine is quite old, but recently it has expanded quite a lot, because of the increase in precision of the X-ray and also of the medicine and things like that,” said Elle.

Guerbet Korea’s customers are mainly big hospitals, including Samsung Medical Center, Asian Medical Center, Seoul National University Hospital and the Yonsei University Health System.

In addition to top-quality equipment, Guerbet Korea is also drawn to Korea’s strengths in research and development and well-trained doctors with whom the company can partner on clinical trials. The company has conducted clinical studies in Korea on Guerbet’s products to gain new indications, to have Dotarem approved in the United States and to solve medical questions — like what the probability is of someone with type 2 diabetes who has suffered a non-major cardiac event called a silent infarction having a potentially deadly heart attack. The idea is to avoid surgery whenever possible for the comfort of the patient and reduce healthcare costs.

“Our aim is to improve the prognosis and quality of life for the patient. That’s the job,” said Elle. “That’s why I’m waking up every morning.”

Mathieu Elle, General Manager of Guerbet Korea

Did you know?

- Guerbet Group founder Marcel Guerbet developed an iodized oil called Lipiodol in 1901. After its opacifying properties were discovered in 1918, it became the world’s first iodized contrast agent.
- Guerbet Group provided 19 million doses of contrast agents last year.

By Young Chang young.chang@kotra.or.kr

ScanBag®

Growing Production & Potential

Glass manufacturer NEG has increased its investment in Korea over the years

At a time when investors may wonder whether pro-political risks related to North Korea pose a real business threat, or whether the plunging Japanese yen changes the investment landscape, for Japan’s Nippon Electric Glass (NEG), it’s a business as usual in Korea. Better than usual, in fact.

Paju Electric Glass (PEG), jointly established in 2005 by the glassmaker NEG and Korea’s LG Display, reported sales of KRW 11.1 trillion (USD 98.27 million) last year.

In May of 2012, NEG established Electric Glass Korea Co., Ltd. (EGKr), a manufacturing subsidiary for flat panel display glass substrates, and started building a liquid crystal display (LCD) glass substrate manufacturing plant in Korea with a first-phase investment of USD 500 million.

NEG’s first such overseas plant, it is located in Paju’s Dangdong Industrial Complex, and expected to begin operations next month.

In January, NEG decided to make a second-phase investment of USD 440 million for a second glass-melting furnace, also in the industrial complex. Construction of the facility began this month and is expected to be completed next June.

Also in the works are plans for a third-phase investment of USD 500 million by NEG, the world’s third-largest LCD glass substrate manufacturer.

“Korea is a very important market for NEG,” said Maeda Shigehiko, President of PEG. “LG Display is one of our major clients, plus Korea’s business environment is ideal for us in many ways. So it makes sense to increase our investment and production in Korea.”

The business factors Maeda refers to include the great growth potential of Korea’s electronics industry, excellent business environment and relatively low costs for raw materials, electricity and labor compared to Japan’s.

More importantly, with Korean companies considering global readjustments, NEG’s strategy is to cooperate with them to rapidly identify market trends and respond to customer demand.NEG’s sales in Korea account for 50 percent of the company’s total sales of LCD glass.

“Expansion in Korea is important for NEG, in terms of responding to market changes and achieving sustainable growth,” said Maeda, adding that NEG is focused on relocating production resources within and beyond Japan to reduce the risks of concentrating on one area and improving business competitiveness.

Since its establishment in 2005, PEG has dealt with the post-production processes of glass substrates used for LCD products. NEG sends raw glass to PEG, which processes and supplies 7th generation (1950mm x 2240mm) and 8th generation (2200mm x 2500mm) LCD glass mainly to LG Display. PEG has six production lines, with each producing 150,000 LCD glass panels monthly.

Located just five kilometers from the border between South Korea and North Korea, NEG has helped activate Paju’s economy and create jobs, employing 220 people.

“We will have a new plant in Paju, which will also grow,” said Maeda. “And the support we’ve received from Paju City in terms of investment incentives and more have been major benefits.”

Once operations get underway in the new plants in Paju, manufacturing and processing will be able to be completed locally without the need to bring in glass substrates from Japan. Increased production capacity will mean an increase in possibilities.

“Developing a new product which can be applied to the next-generation products of panel companies is our long-term goal,” said Maeda.

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THE BUSINESS FACTORS MAEDA REFERS TO INCLUDE THE GREAT GROWTH POTENTIAL OF KOREA’S ELECTRONICS INDUSTRY, EXCELLENT BUSINESS ENVIRONMENT AND RELATIVELY LOW COSTS FOR RAW MATERIALS, ELECTRICITY AND LABOR COMPARED TO JAPAN’S.

By Young Chang young.chang@kotra.or.kr

Maeda Shigehiko, President of Paju Electric Glass

Did you know?

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- Nippon Electric Glass was founded in 1949.
- LG Display is one of our major clients, plus Korea’s business environment is ideal for us in many ways.

Growing Production & Potential

Glass manufacturer NEG has increased its investment in Korea over the years

A Clear Picture for Prevention

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Ombudsman’s Office

Going On Campus to Find Talent

The On-Campus Recruiting for Foreign-Invested Companies 2013 expos help match foreign-invested companies with job seekers outside of Seoul.

The Ministry of Trade, Industry & Energy (MOTIE) and the Office of the Foreign Investment Ombudsman held two on-campus recruitment expos last month. Started in 2011, MOTIE and the Ombudsman’s Office doubled the number of fairs this year, from two to four, in an effort to join the Park Geun-hye administration’s initiatives to create jobs. The other two expos will be held later this year.

The first On-Campus Recruiting for Foreign-Invested Companies 2013 expo was held at Chungbuk National University on May 15, and the second at Chonbuk National University on May 28. The expos aim to help foreign-invested companies find qualified employees and offer students and graduates of universities in regions outside of Seoul the opportunity to work for global enterprises.

About 75 percent of the head offices of foreign-invested companies in Korea are in Seoul or Gyeonggi Province. But with many qualified workers in the provinces, the rural workforce can provide foreign-invested enterprises with tailored solutions to find outstanding employees in local areas and increase their desire to do business there.

Also, many foreign-invested companies in Korea have a hard time finding quality employees due to their relatively weak brand power here, despite in many cases being ranked in the Fortune Global 500 and being global leaders in their field. Expectations for companies like these to find workers through the On-Campus Recruiting for Foreign-Invested Companies expo are high.

The two expos held in 2012, at Kyungsung National University and Chosun National University, drew so many foreign investors and students that the large turnout contributed to MOTIE and the Office of the Foreign Investment Ombudsman’s decision to double the number of expos this year.

Most of the companies that participated last month at the expos at Chungbuk National University and Chonbuk National University sought science and engineering workers in the fields of automobile, electricity and electronics, machines, computers, IT and others. In this light, expos like these are expected to contribute to lessening unemployment among students majoring in science and engineering.

In addition to the On-Campus Recruiting for Foreign-Invested Companies expo, the Office of the Foreign Investment Ombudsman and MOTIE also hold the Job Fair for Foreign-Invested Companies every year. Ninety to 100 multinational enterprises are invited to this job fair, which is the only one for foreign-invested firms in Korea. It aims not only to introduce these companies to Korean job seekers, but also to raise public awareness about their contribution to the Korean economy, thereby raising anti-foreign capital sentiment.

When it comes to attracting foreign invest- ment, one of Korea’s strengths is its excellent manpower. But a lack of information between foreign employers and job seekers has led to severe mismatching in the Korean employ- ment market; foreign-invested companies have trouble finding qualified job seekers and vice versa. Resolving this mismatch situation has become critical for inducing foreign investment. As a result, the government will increase support for foreign investors, as they have proven to contribute to national economic development, and expand incentives for foreign-invested enterprises that hire people.

The Office of the Foreign Investment Ombudsman will also endeavor to better manage the On-Campus Recruiting for Foreign-Invested Companies expo and the Job Fair for Foreign-Invested Companies to maximize opportunities for multinational companies and job seekers to find each other. Furthermore, through building networks with local universities and other measures, the Office of the Foreign Investment Ombudsman will take the initiative in helping foreign-invested companies find qualified employees and adding jobs to the Korean economy. By Ahn Cheong Yong, Ph.D. Foreign Investment Ombudsman Distinguished Professor, Chung-Ang University

Shareholder Activism and Corporate Governance in Korea

Since the financial crisis of 2008, shareholder activism has not only increased at a rapid pace but also diversified significantly across global markets. Typical targets of shareholder activism were seriously underperforming companies, but profitable companies with poor governance structures can be targets of activism. Moreover, shareholder activists start to assert their power not just to increase shareholder value through changes in corporate policy but to put pressure on management to force spin-off of businesses, increase dividends, block takeovers, limit directors’ pay and dismiss certain directors.

Korea is no exception to these global trends. Until the mid-2000s, shareholder activism had been largely led by an activist group named People’s Solidarity for Participatory Democracy, with the primary objective to reform the corporate governance of chaebols. A recent high-profile case involved a battle waged by Sovereign to force reform upon SK Corp.’s management and to remove the company’s chairman from the board in 2004. Another well-known case of shareholder activism in Korea was the battle at KT&G waged by a group of investors led by Carl Icahn. The Icahn-led group succeeded in having one outside director elected to the company board in 2006 and persuaded KT&G to dispose of non-core businesses ranging from real estate to pharmaceuticals. Moreover, proxy advisory firms have started to wield influence on shareholder voting in Korea. In 2013, the International Shareholder Services recommended that the shareholders of KB Financial Group vote against the election of three individuals nominated by the company’s board. The National Pension Service (NPS), holding approximately 5.8 percent of the entire listed shares in Korea, voted against 17 percent of the proposals in 2012. Over the past years, NPS has exercised its voting rights more actively and voted against agenda items more frequently than before. Some liberal scholars mindful of recent developments warned of the advent of “pension fund socialism,” noting that the government may intervene in corporate governance matters through the NPS.

The 2012 Amendments to the Korean Commercial Code are expected to boost shareholder activism to a substantial extent. Notable changes include: (i) requiring the approval of at least two-thirds of the board members for self-dealing transactions, which apply to not just transactions between the company and its director but also those between the company and its major shareholder, certain relatives of such director or shareholder and (ii) making directors liable for using company information and other business opportunities for their benefit to the detriment of the company unless such use of information/opportunity is approved by two-thirds of the board members and lowering the burden of proof that a plaintiff/shareholder is required to bear to prove such case.

In addition, as of April 30, 2013, the Korean National Assembly passed a bill to make the following amendments to the Financial Services and Capital Markets Act, which are likely to significantly affect the practices of the annual general meetings of shareholders. First, the new law abandoned shadow-voting practice, which mandated that the managers of investment funds exercise their voting rights in the same proportion as the votes of other shareholders cast at the annual general meeting of a company, and explicitly imposed fiduciary duty on such managers to exercise their voting rights and to disclose how they exercised the voting rights and the reasons thereof. Second, the new law required a listed company to disclose in its annual report the pay packages for each of the directors and officers earning not less than the KRW 500 million and detailed standards and methods of pay calculation.

Recent regulatory changes and increasing public call for so-called “economic democracy” are also expected to greatly facilitate shareholder activism in Korea. However, the legal framework on shareholder rights should be smartly formulated to increase company value by enhancing the transparency and efficiency of corporate governance and not to assist short-term gain-seekers to extract value from the company.

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**An Introduction to the Service Industry Investment Promotion Team**

Compared to other OECD countries, the service industry of Korea is at a lower level of development in terms of its proportion to GDP, labor productivity and degree of globalization. But that is why the possibilities for growth and investment opportunities are limitless. Invest KOREA’s Service Industry Investment Promotion Team is in charge of attracting investment to this broad area of business.

We support the entire foreign investment process in the service sector, including logistics, retail, regional development, tourism, leisure and creative contents. We also focus on attracting educational and medical institutions from abroad, to ensure the successful settlement of foreign investors in Korea, and experts in each business sector are ready to provide a wide variety of support. Global firms now operating in Korea, including TESCO and Berjaya, have worked with us to take their first step, and this sort of cooperation is still underway with many global firms preparing to enter the Korean market.

Our experts, called project managers, support every step of their projects, from the basic administrative procedures to the actual decision-making. If necessary, they cooperate with other teams at Invest Korea. The purpose of this project manager system is to offer customized support for foreign investors so that they can develop their investment projects without difficulty, despite being unfamiliar with business conditions in Korea.

Our team also focuses on discovering potential investors. We hold overseas investor relations events to promote the excellence of the Korean investment environment and to introduce new investment projects. Also, when a potential investor visits Korea, we support the stay and arrange necessary meetings. Foreign investors who need our help can reach us through the 319 overseas branches, called Korea Business Centers, of the Korea Trade-Investment Promotion Agency (KOTRA) at any time. Invest KOREA is the investment-promotion arm of KOTRA.

Some of our projects deal with attracting foreign investment into some of the strategically important areas of Korea, including Suemangnum and Jeju Island. Suemangnum is a large-scale reclamation project and we are cooperating with related government organizations to search for investors who could be interested in new lands soon to be revealed. Jeju Island has recently drawn much attention from foreign investors not only for its beautiful scenery, but also because of a new law promising green cards to foreigners investing a certain amount of money.

The importance of the service industry in Korea is now greater than ever, as the new Park Geun-hye administration has launched a creative economy initiative. We believe there will be greater opportunities for foreign investors interested in Korea’s service sector. And as industry experts, we are ready to support them in cooperation with the central and local Korean governments and related organizations.

By Seung-Beom Ha
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Seung-Beom Ha is General Director of the Service Industry Investment Promotion Team. He has worked at KOTRA’s Korea Business Centers worldwide, including in the United States (1997-2000), Singapore (2002-2006) and Thailand (2009-2012).

**Statutory Working Hours**

Experts from the Investment Consulting Center tackle your frequently asked questions, one inquiry at a time.

**Q. What are the statutory working hours?**

**A.** According to the Labor Standards Act, working hours shall not exceed eight hours per day and 40 hours per week.

**Extended work wages**

**Q. How much should a worker be additionally paid for extended work?**

**A.** In the case of extended work exceeding the statutory working hours, workers should be paid 50 percent of the ordinary wages. 1 A workplace applying a 40-hours-per-week policy for the first three years pays an additional four hours of extended work for the first three years.

**Additional Information**

As of April 2013, the 40-hours-per-week policy applies to workplaces with five or more workers. Working hours per week shall not exceed eight hours, with a recess period not counted, and working hours per week shall not exceed 40 hours. In the case of a workplace with less than five workers, the provisions about working hours and holidays stipulated in the Labor Standards Act are not applicable, which leaves it not bound by the obligation to implement a 40-hours-per-week policy in principle.

**Q. What is statutory extended working hours?**

**A.** If the concerned parties reach an agreement, working hours may be extended up to 12 hours per week.

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- **Statutory extended working hours**
  - If the concerned parties reach an agreement, working hours may be extended up to 12 hours per week.
  - In the case of the types of work listed below, working hours may exceed 12 hours per week through a written agreement reached with the representative of the workers:
    - Transportation, merchandise and storage, finance and insurance
    - Film production and promotion, communication, educational research and investigation
    - Advertising, medical practice and sanitary services, hotels and restaurants, incineration and cleaning services
    - Barber, social welfare services

**Footnotes:**

1) The term ‘ordinary wages’ means hourly wages, daily wages, weekly wages, monthly wages, or contract wages which are determined to be paid periodically or in lump sum to a worker for his/her prescribed work or whole work. (Art.6 (1) Enforcement Decree of the Labor Standards Act)
South Jeolla Province, Where Opportunities Are Abundant

L ocated at the tip of the Korean peninsula, South Jeolla Province is a region rich in just about everything — cultural and maritime resources, industrial complexes, research and development (R&D) centers and more.

With optimal environmental conditions and a well-preserved natural environment, South Jeolla Province is considered a top Korean supplier of the best eco-friendly fishery products. It is ranked first in Korea for the production of eco-friendly agricultural products and first in the country for marine products originating from clean seawater. It is Korea’s top supplier of eco-friendly livestock products and solar salt of exceptional quality as well.

The province also boasts a sophisticated and extensive logistical and industrial infrastructure, including major cities and seaports, and the province’s free trade areas also allow for growing business opportunities.

Scholastically speaking, the region is also rich in industrial manpower. Forty-one colleges and universities, 78 specialized high schools and 512 vocational training institutions cultivate abundant human resources that are especially valuable considering the opportunities in the province’s three national industrial complexes, 15 general industrial complexes and agricultural complexes. The Gwangyang Bay Area Free Economic Zone and the province’s free trade areas also allow for growing business opportunities.

The core industries of South Jeolla Province are logistics, automobile and shipbuilding. Its key strategic industries are the new and renewable energy, new material and parts, bio, medical, herbal medicine, food and aerospace industries.

Many R&D support centers in the region as well as the Jeonnam Technopark encourage innovation and growth. R&D centers include the Bio Food Technology Center in Naju, the Jeonnam BioControl Research Center in Goseong County and the Jeonnam Marine Biotechnology Center in Wando County.

South Jeolla Province is also a great area for tourism and leisure, with the Southwest Coast Tourism & Leisure City being built as a comprehensive tourism leisure city complete with leisure, sports, housing and educational facilities. Also in development is the Gwangju & Jeollanam-do Joint Innovation City. Both cities are expected to have rich and promising investment sectors.

Offering various tax benefits and incentives for foreign direct investment, South Jeolla Province is ready to support investor companies with diverse administrative services.

**Industrial Land of South Jeolla Province**

- Three National Industrial Complexes
  - Gwangyang National Industrial Complex (1992-2050)
  - Yeosu National Industrial Complex (to be completed in 2013)
  - Hamyangjeong Bitgreen National Complex (to be completed in 2018)

- Fifteen General Industrial Complexes (some are below)
  - Yeosu Yulchon 1 Industrial Complex (to be completed in 2013)
  - Jangheung Bio Food Industrial Complex (to be completed in 2014)
  - Haenam Miren Industrial Complex (to be completed in 2015)
  - Gangjin Environmental Industrial Complex (to be completed in 2014)
  - Yeonggwang Electric Vehicle Industrial Complex (to be completed in 2013)
  - Suncheon Haeryong Industrial Complex (to be completed in 2014)
  - Jangjeong Nano Industrial Complex (to be completed in 2015)
  - Hwasun Biomedical Industrial Complex (2006-2011)

- Agricultural Industrial Complexes
  - In operation: 7 locations
  - Under construction: 8 locations

**Invest Here**

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Korea by the Numbers

Korea is the 8th easiest place in the world to do business, according to the World Bank’s Doing Business 2013 report. The index’s rankings measure the ease of starting a business, dealing with construction permits, getting electricity, registering property and other topics.