Siemens Establishes Asia HQ for Energy Solution in Korea

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’s 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 first 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 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 SM5 and QM5 sport utility vehicles (SUV).

Renault Group has transferred its mid-size sedan projects, which were originally developed at the Renault Technical Center based on a new Renault-Nissan Alliance platform, to Renault Samsung’s Technical Center in Korea. Renault Samsung will also take the lead in terms of project management and new model designs in developing SUVs.

Renault Design Asia will propose design ideas and work on new models with design centers in Brazil, Romania and India. Renault Group aims to build its competitiveness in the Korean market with continued investment in Renault Samsung Motors to achieve 10 percent market share, more exports from Korean factories and corporate efficiency.

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.

The aim of the R&D center is to further strengthen functions for developing products for the automotive market and stimulate R&D related to next-generation modules for the consumer market. The facility is expected to make advancements in the development of switches, modules and sensors for incorporation into vehicles, as well as input devices and communication modules for the home and mobile segments.

“Our continued investment promotion efforts made Alps Electric Korea decide to build an R&D center in the city. We expect that the growth of the company and the relevant industry will help Gwangju become an automobile manufacturing base of Korea,” said a municipal official.

Invest KOREA Launches Young Ambassador Program

Friends of Invest KOREA, 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, Korea’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 Samneung Royal Tombs, the foreign-invested company Paju Electric Glass and LG Display’s industrial complex.

Courtesy of Alps Electric Korea
In the next few months, the ambassadors will head to Cheonan, Incheon, Ulsan and Gyeonggi Province to learn about the investment environment and business opportunities there.

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.

The Korea Trade-Investment Promotion Agency (KOTRA) and Ministry of Trade, Industry and Energy (MOTIE) hosted the biannual 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 Club, attended to discuss the grievances of and difficulties faced by foreign-invested companies in Korea.

Foreign Investment Ombudsman Dr. Ahn Choong Yong presided over the meeting. Kim Chang-gyu, 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.

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, Matsuno Haruo, President and CEO of Advantest Corporation, Han Chul-hi, 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, DI 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.

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

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Favorable business environment for foreign investment.

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.

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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 are 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.

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 KRW 97.4 trillion won, as of the end of April. Of the total outstanding Korean bonds, foreign investment accounted for 7.2 percent.

North Gyeongsang Province Attracts Chinese Investment

North Gyeongsang Province signed a memorandum of understanding (MOU) last month with ZR Food for an investment of USD 10 million by the Chinese company to build manufacturing and processing facilities in Sangju.

ZR Food has a competitive network of about 1,300 discount stores including Walmart, Lotte Mart, Carrefour and Tesco across China and imports Korean food, including seasoned laver and citron tea, of USD 5.2 million yearly.

The province expects the MOU to attract more investment from Chinese companies. The investment is also expected to increase price competitiveness in the Chinese market, ensure a stable supply system, promote North Gyeongsang Province in China and help the province play an important role in processing and exporting marine products.

MOJ Grants Permanent Residency for Foreigners Invested in Public Business

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.

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 underdeveloped areas designated and publicly announced by the Minister of Justice.

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 MOJ plans to use the Real Estate Investment Immigration System and the Public Business Immigrant Investor Scheme.