Fairchild Korea has begun operations in an expanded production line at its Bucheon plant following a construction-completion ceremony last month. The new 8-inch semiconductor line will produce 700,000 wafers annually. Gyeonggi Province and Fairchild signed an agreement in 2010 for the installation of the line.

According to Fairchild Semiconductor CEO Mark Thompson, the company saw the need to enhance its production and research and development (R&D) capabilities to meet increasing demand in Asia. The newly expanded production line is expected to create jobs in the area and enable technology transfer.

Fairchild Korea, which specializes in TV, LCD and mobile semiconductors, is a major business in Bucheon and has 1,600 employees.

Denso Poongsung Electronics broke ground last month for a new plant in an urban high-tech industrial complex exclusively for Denso. The City of Changwon and Denso Group jointly held the groundbreaking ceremony at the complex, located in Woosan-dong, Changwon-si. Denso Poongsung Electronics will build an electronic auto parts plant and R&D center on 82,803 m² of land by June of 2014 and hire 500 new employees.

Denso Poongsung Electronics confirmed that they are planning to start mass production of components for Denso’s vehicles by 2015. The company will also provide support for Denso’s R&D efforts.

More than 400 people attended the groundbreaking ceremony, including Denso Group President Nobuaki Katoh, Denso Poongsung Electronics Representative Director Kim KyungSub, Changwon Mayor Park Wan-su, Gyeongsangnam-do Provincial Council Chairman Kim Ohyoung and local citizens.

Kim KyungSub vowed to establish a high-tech plant using Denso Group’s advanced technology and build an eco-friendly plant. He also expressed Denso’s determination to contribute to Korea’s auto industry as a respected and exemplary company.

Friends of Invest KOREA visited an Air Liquide Korea plant in Dangjin and 3M’s Customer Technical Center in Hwaseong last month as a part of their third workshop. Organized by Invest KOREA, Friends of Invest KOREA is a program through which 34 foreign students from universities and graduate programs serve as ambassadors of Korea. Through visits to foreign-invested companies and various online activities, they promote Korea’s investment environment.

The young ambassadors learned about the Korean journey and success of the France-based Air Liquide, a world leader in gases for industry, health and the environment that invested in Korea for the growth potential of its dynamic market. Air Liquide Korea aims to create synergy for R&D, production and technology in Korea, a leader in the semiconductor market.

The group then visited 3M Korea’s Customer Technical Center, where they learned about the United States-based 3M’s work as a manufacturer of 55,000 products. 3M collaborated with Korea’s Doosan Group in 1977 to establish 3M Korea, with 3M acquiring all shares in 1996. Last year, 3M Korea recorded total sales of KRW 1.35 trillion (USD 1.2 billion), operating profit of KRW 170.1 billion and exports of KRW 350 billion. With its global sourcing capacity, 3M Korea plans to outsource safety gear and tape for industrial use.

Invest KOREA’s Service & Financial Industry Investment Promotion Team hosted an investment consultation session for top Korean mobile content start-ups at the InterContinental Seoul COEX last month.

Participants included 45 top Korean mobile game and application start-ups, eight teams awarded at Start-up Battle Korea 2013 and 21 digital content investors from the United States, Europe and Asia, including Tech Coast Angels, the largest angel investment organization in Southern California; Soft-World, Taiwan’s No.1 game and application
A total of 203 consulting sessions were held at the event.

Global M&A Center Holds Korea PE Insight 2013

As part of its foreign investment promotion efforts, the Global M&A Center at the Korea Trade-Investment Promotion Agency (KOTRA), of which Invest KOREA is a part, held Korea PE Insight 2013 in London and New York City in June. The event brought together representatives from Korea’s leading private equity and venture capital firms, giving participants an opportunity to learn about Korea’s private equity industry, meet with fund managers and investors and make connections with industry professionals.

Korea PE Insight 2013 featured panel discussions by Korean fund managers who shared strategies and talked about recent issues relevant to the industry. In 1:1 meetings, Korean managers and investors candidly discussed their individual investment strategies and insights. Both events featured networking luncheons as well.

Participating firms included Korea’s National Pension Service, Korea Investment Corporation, Aju IB Investment, KTB Private Equity and Q Capital Partners.

Gyeonggi Province recently attracted a USD 20 million investment from Scania for the next five years. The leading Swedish truck manufacturer last year signed a contract to move in to the Dongtan Industrial Complex.

According to Governor Kim Moon-soo of Gyeonggi Province, the establishment of Scania Korea’s headquarters in the Dongtan Industrial Complex and the building of a new shop there could lead to synergistic effects with vehicle makers including Hyundai, Kia and Volvo.

The new facility is expected to create 195 jobs in the province, and Scania’s use of locally made parts is predicted to boost the regional economy.

East Sea FEZ Opens for Business

The East Sea free economic zone (FEZ) held an opening ceremony last month at its office in Donghae-si, Gangwon Province and officially began operations. More than 300 people attended the opening ceremony, including Governor of Gangwon Province Choi Moon-soon, the Ministry of Trade, Industry and Energy’s Vice Minister for Energy and Industry, Kim Jae-hong, Commissioner of the FEZ Kim Dong-soo and local citizens.

“IT takes much more effort to successfully operate an FEZ than to obtain designation as an FEZ,” said Choi at the ceremony. “We will utilize all resources to ensure the success of the FEZ and to get the local economy back on track.”

Vice Minister Kim said, “The Ministry will foster FEZs as the highest-priority economic zone and one where the widest range of corporate activities is guaranteed. We plan to complete every development project within all FEZs by 2022.”

The East Sea FEZ will be in charge of the development of four zones — the Bukpyeong international compound industry zone (advanced materials, logistics business), Mangsang Flora City (tourism), Okgye advanced materials convergence industry zone (new growth driver) and Gujeong zero-carbon city (settlement for foreigners) — that measure a total of 8.25 km². Also, the FEZ will prepare for the
opening of the North Pole Route and lead efforts to relocate the logistics network in the West and South Seas to the East Sea. To be completed by 2023, the FEZ is expected to generate economic benefits worth KRW 20 trillion.

**Incheon Welcomes High-Tech Semiconductor R&D Center**

A large-scale high-tech semiconductor R&D center and manufacturing facility will be established in Songdo International City in Incheon by 2019.

Amkor Technology Korea recently held a groundbreaking ceremony for its global R&D Center and K5 Songdo facility that was attended by more than 300 people, including Incheon Free Economic Zone Commissioner Lee Jong Cheol, other government officials and Amkor Technology’s management, including Executive Chairman James J. Kim and President Stephen D. Kelley.

Amkor Korea’s global high-tech semiconductor R&D Center and K5 manufacturing facility will be established in the High-tech Industrial Cluster (Zone 5) in Songdo, with a phase 1 investment of KRW 1.5 trillion from U.S. parent company Amkor Technology.

The K5 Songdo facility will be Amkor Korea’s 5th manufacturing facility, following those in Seoul, Bucheon, Incheon (Gyeyang) and Gwangju.

The new facility will be completed by the end of 2014 and start production in the first half of 2015.

**Korea Sees Trade Surplus in June**

Korea reached a trade surplus for the 17th consecutive month in June, according to the Korea Customs Service. Exports totaled USD 46.7 billion that month, down 1 percent on-year, while imports dropped 3 percent on-year to USD 40.7 billion, leading to a trade surplus of USD 6 billion.

Total trade volume for the first half of 2013 reached USD 533.2 billion, which is 1.1 percent less than it was for the same period last year. Korea’s cumulative trade surplus for the January-June period reached USD 20 billion, marking a significant increase from the USD 10.9 billion from the same period in 2012.

**Foreign Investment Incentives to Focus on Employment Effects**

The survey found that the value of Korea’s national brand increased by 4.4 percent as K-pop and other elements of Korean culture entered Europe.

The economic value of the Korean Wave on Korean products was calculated at KRW 665.6 billion based on Korea’s exports to Europe, the percentage of consumables in Korea’s exports, an increase in the values of Korean products and effects on Korea’s national brand between 2010 and 2012. The effect of the Korea-EU FTA was calculated based on experts’ answers to the survey.

The growth potential of Korean cell phones, cuisine, movies and dramas was found to be high when awareness and preference for Korean appliances, cell phones, automobiles, clothing, music, movies, dramas and cuisine, which are seven main consumables from Korea, were studied.

Regarding Korean cell phones, 61.8 percent of the respondents said they recognize the products and 67.8 percent said they prefer them.

Preference for Korean cuisine (61.5 percent) was higher than awareness (33 percent), showing large growth potential. Preference for Korean movies and dramas (49.2 percent) was also higher than awareness (24.5 percent).

The economic effect in Europe of the Korean Wave was KRW 665.6 billion and the Korea-EU free trade agreement (FTA) was KRW 392.1 billion, respectively, according to a survey conducted by KOTRA on the Korean Wave. Respondents comprised 249 individuals from the general public and 232 experts in seven European cities, plus 41 Korean entrepreneurs, for a total of 522.

The Korean government will focus on employment effects while drafting a new set of foreign investment incentive improvements within the year. Thus far, employment effects, the introduction of high technology, investment size and more had been granted equal consideration.

“The current incentive system for foreign investment was established in the aftermath of the Asian financial crisis, and has since been modified several times,” said a source from the Ministry of Trade, Industry and Energy. “Although the government does not intend to ignore the effects of high technology and investment scale, it will shift the focus to how many good quality jobs a foreign investment can create when granting incentives.”