### NORTH AMERICA

- **New York, USA**
  Tel: (212) 625-0800
  E-mail: kotrany@kotra.com
- **Los Angeles, USA**
  Tel: (323) 384-2000
  E-mail: info@kotrausa.com
- **Chicago, USA**
  Tel: (312) 644-0323
  E-mail: info@kotrechicago.com
- **Dallas, USA**
  Tel: (972) 240-9300
  E-mail: jiho@kotradallas.com
- **Silicon Valley, USA**
  Tel: (408) 420-1000
  E-mail: info@kotre sv.org
- **Detroit, USA**
  Tel: (248) 618-0001
  E-mail: detroit@kotradetroit.org
- **Toronto, Canada**
  Tel: (416) 265-3399
  E-mail: info@kotra.org
- **Vancouver, Canada**
  Tel: (604) 682-1920
  E-mail: kkc@kotrawv.com

### EUROPE

- **Frankfurt, Germany**
  Tel: (069) 2429-4209
  E-mail: frankfurt@kotra.or.kr
- **Paris, France**
  Tel: (33-1) 5535-8888
  E-mail: paris@kotra.or.kr
- **Brussels, Belgium**
  Tel: (32-2) 202-2142
  E-mail: kotrebrussels@kotra.or.kr
- **Stockholm, Sweden**
  Tel: (46-8) 30-8099
  E-mail: stockholm@kotra.su
- **Vienna, Austria**
  Tel: (43-1) 586-3876
  E-mail: kotravienna@kotra.at
- **Hamburg, Germany**
  Tel: (040) 3485-740
  E-mail: info@kotra.de
- **Moscow, Russia**
  Tel: (00-49) 258-1627
  E-mail: kotra@kotra.ru
- **Milan, Italy**
  Tel: (02-22) 78-5813
  E-mail: info@kotra.it
- **Copenhagen, Denmark**
  Tel: (45) 3912-6658
  E-mail: info@kotra.dk
- **Madrid, Spain**
  Tel: (34-91) 595-6241
  E-mail: madridkko@kotra.or.kr
- **Munich, Germany**
  Tel: (089) 2424-2503
  E-mail: muni@kotra.or.kr
- **London, UK**
  Tel: (44-20) 7520-5300
  E-mail: kotre@kotra.co.uk
- **Zurich, Switzerland**
  Tel: (41-44) 202-1232
  E-mail: kotre@kotra.ch
- **Amsterdam, Netherlands**
  Tel: (31-20) 673-0555
  E-mail: info@koreaistradecenter.nl

### ASIA & OCEANIA

- **Singapore**
  Tel: (65) 6280-7200
  E-mail: kotrads@singnet.com.sg
- **Tokyo, Japan**
  Tel: (81-3) 351-2455
  E-mail: kotrajk@kotra.or.jp
- **Fukuoka, Japan**
  Tel: (81-92) 472-2005/6
  E-mail: fukukota@kotra.or.jp
- **Osaka, Japan**
  Tel: (06-6263-3831
  E-mail: osakako@kotra.or.jp
- **Beijing, China**
  Tel: (011-6430-1022
  E-mail: pekingko@kotra.or.jp
- **Qingdao, China**
  Tel: (011-6532-8388-79314
  E-mail: qingdaoko@kotra.or.jp
- **Hong Kong, China**
  Tel: (852) 2545-9500
  E-mail: kotrapk@kotra.org.hk
- **Jakarta, Indonesia**
  Tel: (021) 574-1522
  E-mail: jakarta@kotra.or.kr
- **Melbourne, Australia**
  Tel: (61-3) 9847-1008
  E-mail: info@kotramelbourne.org.au
- **Nagoya, Japan**
  Tel: (052) 851-3936
  E-mail: nagoya@kotra.or.jp
- **Shanghai, China**
  Tel: (021) 5508-8771/2
  E-mail: shanghai@kotra.or.kr
- **Hong Kong, China**
  Tel: (0852) 8110-3099
  E-mail: hongkong@kotra.or.kr
- **Taipei, Taiwan**
  Tel: (886-2) 2725-2324
  E-mail: taipekipta@tsm.com.hinet.net
- **Mumbai, India**
  Tel: (91-22) 6831-8000
  E-mail: kтомumbai@kotra.or.kr

### MIDDLE EAST

- **Dubai, United Arab Emirates**
  Tel: (971-4) 450-6300
  E-mail: ktdubai@kotraor.org

---

**Head Office**
Invest KOREA
13, Hyehwamung, Seocho-gu, Seoul, Republic of Korea
Tel: (82-2) 3480-7500
Fax: (82-2) 3490-7520
Kotra.net | kotreinfo@kotra.or.kr | kotracorp.org | Facebook.com/InvestKorea
Publisher: Oh Yong-Ho | Chief Editor: Kim Young | Director: Kim Myung-soo | Contributors: Lee Eun-sook, Chang Young
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SoloPower Korea recently attracted a USD 100 million investment from the United States’ Blue Coast Securities. A joint venture between SoloPower, an American company with thin-film CIGS solar cell development technology, and Korea’s CTI, SoloPower Korea plans to build a CIGS module plant in a foreign investment zone in Gwangju this month and begin production next April, according to Gwangju City.

SoloPower Korea’s investment from Blue Coast Securities is its second, following a previous investment-in-kind of USD 125 million from SoloPower. SoloPower Korea CEO Song Dong-jeong noted that with growing demand for CIGS solar cells from the Middle East and Southeast Asia, where silicon solar cell efficiency is relatively low, the company plans to invest in expanding its facilities in the next five years.

The Ministry of Trade, Industry and Energy will host Foreign Investment Week 2013 (FIW), Korea’s largest foreign investment promotion event, October 29 - 31 at Lotte Hotel Seoul.

The event will be organized by the Korea Trade-Investment Promotion Agency (KOTRA), of which Invest KOREA is a part. Various forums, including the Korea PE/VC Forum, on advanced industries, distribution and logistics, regional development and parts and materials will be held as a part of FIW.

About 350 investment companies from Korea and abroad as well as about 20 members of the foreign media are expected to attend. Potential investors and foreign-invested companies will also participate in one-on-one consultation sessions with Korean companies, local governments and research institutes.

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SoloPower Korea Attracts USD 100 MN Investment

FOREIGN COMPANY NEWS

Volunteers Help Hwacheon Center Prepare for Chuseok

Volunteers from Invest KOREA and Fuji Xerox Korea visited a center for people with disabilities in Hwacheon, Gangwon Province last month to make Korean rice cakes with the approach of Chuseok (Korean Thanksgiving) and to harvest corn and peppers together.

The Friends of Invest KOREA, a young ambassador group of foreign students at Korean universities who aim to promote Korea and its investment environment globally, also participated in the event. Invest KOREA holds joint volunteer activities annually to promote the importance of foreign direct investment to Korean citizens and enhance the image of foreign-invested companies.

IK NEWS

2nd Foreign Investment Promotion Policy Deliberation Committee Meeting Held

Invest KOREA held the second meeting of the foreign investment promotion policy deliberation committee in late July.

Participated in by about 70 officials from 23 government agencies, including the Ministry of Trade, Industry and Energy, local governments and Free Trade Zone authorities, the meeting served as an opportunity to share about difficulties in attracting foreign investment and comments on deregulation. The government agencies agreed to use the ideas suggested in the meeting to make a concerted effort to resolve grievances and create a better investment environment.

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With development of the Yeongcheon Industry District and the Yeongcheon High-tech Park picking up speed, the areas are drawing corporate investments.

North Gyeongsang Province, Yeongcheon City and the Daegu-Gyeryongbuk Free Economic Zone (DGIFEZ) Authority signed an agreement with insulation manufacturer Moreens Corporation and Taiwanese auto parts manufacturer LiH Peng Jie Enterprise last month. The two companies will establish investment company LFJ Korea and invest USD 6 million to build an auto parts manufacturing plant.

Korea to Invest KRW 11.7 TN in Science and Technology

The Korean government will invest KRW 11.67 trillion in science and technology R&D next year. It also allocated KRW 3.91 trillion to build a creative economy and KRW 640.7 billion to enhance the safety and welfare of citizens.

In addition, the government will give researchers who haven’t met their goal another opportunity if the researchers are recognized for the progress of a project or their attitude toward a project.

The Korean government held the second meeting of the National Science & Technology Council last week and finalized the 2014 budget plan for national R&D projects.

The National Science & Technology Council, the highest decision-making body in the field of science and technology, consists of 13 ministers and private members from the fields of science, technology, humanities and social sciences.

Prime Minister Jung Hong-won noted that Korea has achieved rapid economic growth with a fast follower strategy that emulates and improves the technologies of advanced countries, but it has reached a dead end. He stressed that it is important to become a first mover that dominates the global market by developing new technology.

MOTIE Alleviates Regulations for FEZs

The Ministry of Trade, Industry and Energy announced earlier this summer that revisions have been made to the Special Act on Designation and Management of Free Economic Zones. The revised act aims to alleviate regulations that inhibit free economic zone development and investment promotion.

Required investment for project developers, including central / local government and public agencies, of free economic zones when establishing a special purpose company (SPC) was reduced from 100 percent to more than 50 percent.

The revised act is expected to make the establishment of SPGs and participation of private capital easier, leading to facilitated development. In addition, once both the implementation and development plans for free economic zones are changed, the Minister of Trade, Industry and Energy can approve them at the same time.

Previously, it took eight months to obtain approval from both city or provincial governors and the minister when implementation and development plans were changed. However, the time required to receive approval is expected to be shortened to about five months.

Incheon Port Authority (IPA) plans to develop the mixed support site as a “water city” with waterside leisure facilities and will receive consultations from Cunningham Group, an international design firm known for its work in developing world-famous entertainment and leisure destinations including Disneyland and Universal Studios.

Incheon boasts various cultural and tourism resources, including an urban entertainment center, hotels, resorts, shopping districts, outdoor performance halls, terminals, port hinterlands, foreigner settlements from the colonial era and Chinatown, and the IPA will utilize such resources to attract tourists from around the world to Incheon.

In the Yeongcheon Industry District (950,000 m²), 93 percent of the total site area has been sold and more than 40 domestic and foreign auto parts makers and manufacturers of metal processing machine parts and other machinery components will move in. The district has also attract- ed USD 120 million from Japan, Taiwan and France.

Yeongcheon High-tech Park is being developed as an industrial complex specializing in avionics parts. The Korea Institute of Industrial Technology opened an avionics system technology center in June and will invest KRW 33 billion to establish an aviation product function and quality evaluation facility by 2016. Boeing will also start building a maintenance, repair and operations center to supply electronic parts for the F-15K fighter jet in October.

Yeongjong District in IFEZ is the only FEZ district where free investment demand in eight FEZs (a total of 101 districts). Upon receiving the request, the MOJ will grant eligibility for real estate immigration investment after deliberation.

The MOJ will grant permission for real estate investment immigration based on potential for attracting investment and the opinions of MOTIE, local governments and the general public.

The Korean government designated an area last month for the construction of a large tourism district by 2018. About KRW 70 billion in both state and district government spending will go into building what will be Korea’s largest tourism and recreation district, in Muan, which initially proposed the project.

Also, the government will seek more than KRW 90 billion in private investment.

The project aims to build tourism infrastructure in the 39.3 square kilometer special district, which will help develop Korea’s tourism industry.

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Dream Materials, Carbon Fibers

With the growth potential of carbon fibers recognized worldwide, Korean businesses are investing in carbon fiber production.

In 1958, Roger Bacon, working at Union Carbide (USA), first developed carbon fibers based on rayon. In the early 1970s, Japan’s Toray carried out mass production of polyacrylonitrile (PAN)-based carbon fibers to be used for fishing rods, golf clubs, tennis rackets and so on. In 1976, when oil prices soared, Boeing used carbon fibers in airplanes for the first time. Today, the materials reduce the weight of airplanes currently being produced by 50 percent. Demand for carbon fibers for airplanes is expected to continue growing.

Carbon fibers are a type of fiber with more than 90 percent carbon content that are made by heating precursors of organic fibers such as rayon, PAN and pitch. They’re one-fifth the weight of steel but ten times stronger, so carbon fibers are appropriate for use in extreme environments. Therefore, the aerospace, defense, and many other industries are interested in them. Carbon fibers are basic composite materials that are strong and light and can play an important role in raising the competitiveness of Korea’s key industries.

Demand for the fibers is expanding now, 40 years after the first commercialization in the early 1970s. Today the fibers are used in various industries, such as wind power generation and automobiles. However, the market will be centered around supply rather than demand for a while, thanks to entry barriers caused by technological limitations.

The size of the global carbon fibers market grew from 8,600 tons in 1995 and 31,500 tons in 2010 to 40,700 tons in 2012. It is expected to reach 70,000 tons and 140,000 tons in 2015 and 2020, respectively. The share of aerospace is expected to increase steadily, and that of industry materials is predicted to rise more rapidly. However, with carbon fibers for the aerospace sector being mostly dominated by Japanese companies, market growth will be focused more on general industries.

Among general industries, the use of carbon fibers in the wind power generation industry is likely to grow most significantly. As a result, this market is expected to grow 4 to 5 times in size over the next decade. Carbon fibers will likely be used as materials for auto parts as well, so the automobile industry is paying close attention to them. The biggest obstacle in adopting carbon fiber composites is their high prices. They are expensive because production is still a mostly manual, not automated, process. This means that once automation is achieved, carbon fiber composites will be used in not only high-end sports cars, but in a wider range of vehicles.

Since the late 1970s, several carbon fiber companies in Europe, the United States and Japan have gone bankrupt or been acquired by their rivals. As a result, there are few survivors. But with the growth potential of carbon fibers globally recognized recently, an increasing number of companies from emerging countries are attempting to enter the market.

In Korea, Taekwang Industries started commercial production in March of 2012 for the first time. Taekwang Industries is the only local business equipped with vertical integration connecting propylene (main raw material for AN) – AN (main raw materials for precursors) – precursor processing (core technology of carbon fibers) – carbon fibers. The company has production facilities in Ulsan with an annual production capacity of 3,000 tons of precursors and 1,500 tons of carbon fibers and has a plan to increase the capacity two to three fold. Toray Advanced Materials Korea, an affiliate of a Japanese company, plans to produce 2,200 tons of carbon fibers in January in its factories in Gumi and export them to the United States and China. The company also has a plan to build a second factory with a production capacity of 2,500 tons, with the goal of beginning production in March of 2014. As a result, Toray will be the largest carbon fiber producer in Korea, with its capacity amounting to a total of 4,700 tons.

Hysung will also invest KRW 1.2 trillion (USD 1.1 billion) by 2020 in constructing carbon fiber production facilities of 17,000-ton capacity, and the construction (May 2013) of factories in Jeonju with 2,000 tons of annual capacity will mark the beginning of this project. The company is now strengthening its marketing efforts in advanced markets for carbon fiber composites such as the United States and Europe. In December of 2012, SK Chemicals established a joint venture with Japan’s Mitsubishi Rayon to forge a strategic partnership for carbon fiber business (production of thick prepregs for wind turbine blades). Other local players including Kolon and POSCO have reportedly started research and development as well. As companies from India, Russia and the Middle East are expected to enter the carbon fiber market, global competition will also grow fiercer.

However, the competition is not yet balanced, as latecomers are specializing in wind power generation, civil engineering or sports, while top-tier counterparts are mostly specializing in the aerospace sector. To avoid excessive competition with top-tier players and identify niche markets, Korean companies are founding carbon valleys to develop applications and large ton carbon fibers for automobiles and carrying out joint civilian-military projects to develop high-performance composite fibers. In particular, the Ministry of Trade, Industry and Energy has recently been leading initiatives to access the high value added markets. As a part of these efforts, the Ministry selected a “project to develop ultra-high strength composite materials” as one subject to a government-funded preliminary feasibility test. It is currently under economic evaluation by the Ministry of Strategy and Finance.

Many global industries are paying attention to trends in the carbon fiber industry. Recent news about Samsung Petrochemical and Apple’s steps related to carbon fibers surprised the world. In June, Samsung Petrochemical unveiled its plan to launch a carbon fiber business by selling products made by SGL (Germany) based on a partnership with SGL. Apple plans to make its iPhone 6 lighter by using carbon fibers for its body. SGL is actively targeting the high value added market that is mostly dominated by Japanese players.

Japanese companies are producing the largest volume of carbon fibers in the world, but they lag behind their European or U.S. counterparts in terms of practicality. Large global automakers including GM, Honda and Toyota are developing materials and reser- voirs for the storage of hydrogen, with the goal of commercializing hydrogen fuel cell vehicles by 2015. In Korea, Hyundai and Kia are reportedly monitoring 100 vehicles to produce 10,000 vehicles by 2015.

Carbon fibers are “dream materials” that definitely have a bright future. There are obstacles, including mass production difficulties and high prices. However, once these problems are addressed, the market will grow explosively and open a new chapter in the history of new materials.

By Seo Min-Kang, Ph.D.
Carbon Valley Division
Korea Institute of Carbon Convergence Technology
**Creating Chemistry, in the Lab & Beyond**

Alongtime investor in Korea, BASF Korea continues to grow its business with a new R&D center and electronic materials regional headquarters

For almost 150 years, the German chemical company BASF has upheld a business philosophy of verbund, a German word that means “linked” or “integrated.”

You see it in how BASF’s plants generate their own energy by byusing those that produce heat with those that need heat. You see it in how the company’s investments worldwide create interlocking and expanding value chains.

This year, the philosophy of verbund has been nowhere more apparent for BASF than in Korea, where it established the Asia-Pacific headquarters of its Electronic Materials business unit in April and where it has decided to build a new regional research and development (R&D) center for electronic materials early next year.

“Korea is the most important market in the electronics industry,” said Jason WooSung Shin, managing director of BASF Korea. “That’s why we see the importance of Korea in that special field.”

The world’s largest chemical company, BASF produces everything from chemicals, plastics, performance products and crop protection products to oil and gas in more than 80 countries. It posted 78 billion euros (USD 103.9 billion) in sales in 2012, 18 percent of which came from the Asia-Pacific region.

BASF’s investment in Korea dates back to 1954 — next year marks BASF Korea’s 60th anniversary — to when the company started as a trading company here during Korea’s industrial development stage. Today BASF has one wholly owned subsidiary — BASF Korea, established in 1998 — and three joint ventures in Korea, including Heesung Catalysts Corporation.

BASF has long demonstrated confidence in the development and growth of the Korean economy, investing heavily and steadily in the country and taking over shares of joint ventures ever throughout the Asian financial crisis in the late 90s.

“Korea is an important driver for our growth in Asia-Pacific, [and] eventually, globally,” said Shin. “BASF has grown together with the Korean economy even in the difficult times for almost 60 years.”

With six production sites and four technical service labs, BASF Korea posted domestic sales of KRW 1.3 trillion (USD 1.2 billion) and exports reached KRW 1.2 trillion in 2012. The company focuses on producing high-tech specialty products, including raw materials for polyurethanes products, engineering plastics, ultraviolet and pigments.

Next year it will start producing Ultramid®, an amorphous thermoplastic with a wide spectrum of properties, with a manufacturing plant now under construction at BASF Korea’s Yeosu site that will be the first plant of its kind outside Germany.

Total BASF sales to customers in Korea in 2012, including those from joint ventures in Korea, reached 1.6 billion euros, or 2 percent of BASF’s worldwide sales.

The new regional headquarters, previously located in Hong Kong, is responsible for all of BASF’s electronic materials business in the Asia-Pacific. Setting up regional headquarters in Korea allows BASF to be closer to customers and better identify market opportunities.

The electronic materials R&D center, BASF’s first such center in Korea, will focus on innovative technologies and solutions for customers in the region. Korea is an ideal country in which to strengthen BASF’s R&D, said Shin, because it is where such leading Korean customers as Samsung and LG make their R&D decisions.

“So we need to work closely with them,” he added.

With 1,200 employees, BASF in Korea aims to grow its staff by half by the next decade. About 350 of these are BASF employees. They currently provide technical expertise overseas, strengthening Korea’s position as a technical hub. In the short-term, and located in a target area of the fast-growing Asian market, BASF Korea intends to grow 2 percent higher than the market average annually following BASF’s global strategy.

“Korea is the right place to service all the businesses in the Asia-Pacific,” said Shin.

**By Young Chung**

young.chung@kotra.or.kr

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**Going Up**

The ultimate mover of people, Otis Elevator Korea aims to remain a leader in service

A lead indicator of a potential market for Otis Elevator Company is urbanization. In the last 60 years, Korea has experienced rapid industrialization and urbanization. So it’s no surprise that one in every four elevators in Korea today is an Otis Elevator — and that Otis Elevator Korea has the global Otis’ fifth largest service portfolio.

With a mission to “be the leader in moving people to their goals every day,” Otis Elevator Korea has been doing this both literally and figuratively since 1910, when it installed the country’s first elevator, in the Chosun Hotel and for the transport of money. In 1914, the company installed Korea’s first passenger elevator, in the Chosun Hotel.

Otis Elevator Company steadily expanded its presence in Korea over the decades, establishing a joint venture with the lift division of LG Industrial Systems in 2000 and fully acquiring the company in 2006. Otis N’ Korea invested a total of more than KRW 300 billion (USD 288.5 million) in its Korea operation.

“Otis has always been interested in growing in Korea and developing a strong base and market share,” said Kenneth Muller, President & CEO of Otis Elevator Korea.

A unit of United Technologies Corporation, Otis is the world’s largest manufacturer and maintainer of people-moving products, including elevators, escalators and moving walks. It has operations in more than 200 countries, with Otis Elevator Korea running 50 offices nationwide.

The company’s focus here is threefold: Installing units domestically, servicing the more than 100,000 units in Korea and export- ing products to more than 75 countries through a brand called Sigma, which includes five fully owned subsidiaries in China, Thailand, Malaysia, Singapore and Hong Kong that are overseen by Muller.

Otis Elevator Company modernizes aging elevators as well. Otis Elevator Korea also is the only Otis company to make automated parking systems.

By far the largest business in Otis’ Asia-Pacific region, which excludes China, the Otis Elevator Korean group accounts for more than one-third of the area’s total sales. The company has seen single-digit percentage growth every year for more than five years.

Over the years, Otis Elevator Korea has partnered with Korean builders on projects overseas, including in Africa and the Middle East. The company has also played a significant role in shaping key Otis innovations. Much of the development for the company’s energy efficient ReGen drive, which regenerates energy and returns it to the building’s electrical grid for reuse by other systems, was done in Korea. Otis Elevator Korea was also first among Korean elevator companies to establish a 24-hour call center in the 90s.

When it comes to Otis Elevator Korea’s business in Korea, one need look no further than Incheon International Airport, where all transport devices, except for the shuttle train that runs through the airport, were made by Otis.

“I’m very proud, and I’m sure every Otis employee is very proud when they use that airport,” said Muller.

Other landmark buildings with Otis equipment include the NEATT building in Songdo, N Seoul Tower, the new Lotte World Tower that is currently under construction and expected to be the second tallest skyscraper in the world and the International Finance Center (IFC) in Yeoido, which houses 130 pieces of Otis equipment. Coincidentally, Otis Elevator Company will be moving into the IFC this year.

“When we bring our customers there, we just have to walk them through the mall,” said Muller, calling the IFC a showcase of their products. “This is what our people and products can deliver and what you can expect from Otis Elevator Korea.”

**By Young Chung**

young.chung@kotra.or.kr

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**Did you know?**

- BASF products are found in all sorts of everyday items, including the foams in our chairs and beds, the plastic of cell phones and cars, sunscreen and vitamins.
- BASF Korea runs the operations of BASF Mongolia.
- The story of BASF’s founding in Germany in 1861 is one about recycling. A man named Friedrich Engelhorn established a gasworks in 1861, which produced tar needed in the production of dye.
- BASF’s first such center in Korea, will focus on innovative technologies and solutions for customers in the region. Korea is an ideal country in which to strengthen BASF’s R&D.
- BASF has long demonstrated confidence in the development and growth of the Korean economy, investing heavily and steadily in the country and taking over shares of joint ventures even throughout the Asian financial crisis in the late 90s.

**September 2013**
Ombudsman’s Office

Leaving Hazardous Chemicals Management to Chemicals Manufacturers

Companies and governments must work together to ensure that hazardous chemicals are used safely.

With economic and industrial development, the use of specialty chemical products in high-tech industries has significantly grown due to the absolute linkage between chemicals and industries. As a result, the safe handling of these products, which include chemical gases, is more important than ever. The fact that Korea’s Ministry of Public Administration and Security underwent a slight name change under the Park Geun-hye administration — to the Ministry of Security and Public Administration — shows that the government really is putting safety first.

However, another priority is expanding business areas proper for small- and medium-sized enterprises (SMEs) in Korea, and one way the government does this is by limiting the gas-service and safety-control sectors to SMEs only. Large companies of a certain size, despite possessing the expertise required to handle hazardous substances, are not permitted to do business related to gas maintenance or to handle hazardous substances, are not permitted to do business related to gas maintenance or to handle hazardous substances. Solvay, a Belgian chemical company that has long invested in Korea, is one of them.

In June, Dr. Ahn visited Solvay headquarters in Brussels to hear from executives there about the need for chemicals management to be performed by companies with expertise and experience. They emphasized Solvay’s zero-accident record over 45 years. Referring to a series of recent hydrofluoric acid leaks in Korea, Solvay staff pointed out that the main problem is that chemicals are managed by the corporate clients of chemical companies, like electronics companies, and not by chemical manufacturers.

Another issue raised at Solvay dealt with the unregulated use in Korea of nitrogen trifluoride gas (NF3), a potent greenhouse gas with Global Warming Potential (GWP) equivalent to 17,200 tons of CO2. Rapidly growing industries of specialty chemicals are used safely.

As for the Invest Korea homepage, it is offered in four languages — Korean, English, Chinese and Japanese — and contains just about everything you’d want to know about investing in Korea. Five team members run the website and update it with news, industry-specific information and valuable insights on living and doing business in Korea.

Meet the Teams

An Introduction to the Investment Public Relations Team

The Investment Public Relations Team of Invest KOREA promotes both the services of Invest KOREA and the investment environment of Korea. The 13 members of the team accomplish these goals in a variety of ways and through a variety of mediums.

FDI Promotion Events

With everything from press conferences to policy forums for local government officials, the Investment Public Relations Team reaches out through annual events to reporters and people associated with foreign direct investment (FDI). The Foreign Investment Press Conference, held as a part of Foreign Investment Week (FIW), is one of its biggest events. The team invites to Korea members of the media from around the world for a visit that includes a press forum and excursions to foreign and Korean companies.

Of course, in addition to press-related events, the Investment Public Relations Team works year-round with media outlets to coordinate press interviews with the Commissioner of Invest KOREA and other members of the organization.

One of the team’s newest and most popular events is called Friends of Invest Korea, in which 34 foreign students from undergraduate and graduate universities in Korea serve as ambassadors of Korea’s great investment environment and company for five months. From 22 countries and speaking more than 30 languages, they visit foreign-invested companies in Korea to get a firsthand look at the enterprises and regions that make Korea a great place to invest, and they promote the companies through social media.

Publications

The team publishes several publications in multiple languages that are given to investors, visitors to Invest KOREA, and potential investors. The monthly “Invest Korea Bulletin” is the meatiest of the team’s publications this summer are proof. The time has come for the international community, including in Korea, to not only beef up safety policies, but also to engage in cross-border cooperation across domestic companies, multinational corporations and governments to combat climate change.

CSR — Corporate Social Responsibility

The team also organizes volunteer events for the company. The goal is to give back to the community, and the team leads volunteers on excursions to clean up the local neighborhood or assist those in need. The team also coordinates volunteer events with foreign companies that want to get involved. It has partnered with Fuji Xerox Korea for a kimchi-making event in the past.

All in all, the Investment Public Relations Team has one of the most important jobs at Invest KOREA. They are often the face of the organization, not to mention a voice and representative of Korea. Through their varied efforts, they reach people in all corners of the world.

By Kim Myoungsoo

Contact the Investment Public Relations Team

Ms. Jo Eunji / Manager
eunji@kotra.or.kr / +82-2-3460-7532

Ms. Chang Young / Executive Consultant
cyoung.chang@kotra.or.kr / +82-2-3460-7530

Ms. Cho Eunhee / Manager
eunhee@kotra.or.kr / +82-2-3460-7531

Korea’s Ministry of Public Administration and Security underwent a slight name change under the Park Geun-hye administration — to the Ministry of Security and Public Administration — shows that the government really is putting safety first.

As for the Invest Korea homepage, it is offered in four languages — Korean, English, Chinese and Japanese — and contains just about everything you’d want to know about investing in Korea. Five team members run the website and update it with news, industry-specific information and valuable insights on living and doing business in Korea.

Meet the Teams

An Introduction to the Investment Public Relations Team

The Investment Public Relations Team of Invest KOREA promotes both the services of Invest KOREA and the investment environment of Korea. The 13 members of the team accomplish these goals in a variety of ways and through a variety of mediums.

FDI Promotion Events

With everything from press conferences to policy forums for local government officials, the Investment Public Relations Team reaches out through annual events to reporters and people associated with foreign direct investment (FDI). The Foreign Investment Press Conference, held as a part of Foreign Investment Week (FIW), is one of its biggest events. The team invites to Korea members of the media from around the world for a visit that includes a press forum and excursions to foreign and Korean companies.

Of course, in addition to press-related events, the Investment Public Relations Team works year-round with media outlets to coordinate press interviews with the Commissioner of Invest KOREA and other members of the organization.

One of the team’s newest and most popular events is called Friends of Invest Korea, in which 34 foreign students from undergraduate and graduate universities in Korea serve as ambassadors of Korea’s great investment environment and company for five months. From 22 countries and speaking more than 30 languages, they visit foreign-invested companies in Korea to get a firsthand look at the enterprises and regions that make Korea a great place to invest, and they promote the companies through social media.

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Contributing to a Non-Profit Corporation, Establishing a Local Branch & Investment-in-Kind of Patents

Q. Are foreigners permitted to contribute to a non-profit corporation?
A. Yes, provided that certain conditions are met.

Additional Information
- A foreigner may contribute to a non-profit corporation in the following cases:
  1. Where a foreigner contributes to a non-profit corporation pursuant to the Enforcement Decree of the Foreign Investment Promotion Act with the purpose of establishing continuous cooperative relations with the corporation, which is a corporation (including a corporation under establishment) of the Republic of Korea in the field of science and technology and satisfies the following standards regarding research personnel and facilities:
     1. The corporation should have an independent research facility.
     2. The corporation should meet either one of the following conditions:
        - The regular employment of research staff is five persons or more, consisting of persons with a master’s degree or higher in the field of science and technology, or persons with a bachelor’s degree in the field of science and technology having not less than three years of research experience.
        - Research and development activities are conducted for a project that accompanies high technology.
  2. Contributions to a non-profit corporation by a foreigner that meet the following standards on the contribution amount and line of business, and which the Foreign Investment Committee recognizes as foreign investment:
     1. The contribution amount is not less than 50 million won.
     2. The non-profit corporation’s purpose of establishment falls under the following:
        - The non-profit corporation has been established for the purpose of promoting science, art, medical services or education, etc.; and continues to conduct business to nurture professionals in relevant fields and to expand international exchanges; or
        - The non-profit corporation is the regional headquarters of an international organization that carries out international cooperation business between civilians or governments.

Q. Does the Foreign Investment Promotion Act apply to the establishment of a local branch by a non-resident foreign company?
A. Yes, provided that certain conditions are met.

Additional Information
- Types of domestic branches established by a foreign company:
  1. A “branch” that carries out sales activities that generate profit in Korea
  2. An “office” that does not carry out sales activities that generate profit in Korea, but instead undertakes a non-sales function involving business contacts, market research, R&D, etc.
- Notification of branch establishment:
  1. In order for a foreign company to establish a domestic branch, the head of a designated foreign exchange bank should be notified of such establishment.
  2. However, if a foreign company seeks to establish a domestic branch to pursue the following businesses, the Minister of Finance and Strategy should be notified of such establishment:
     - Financial businesses other than banking businesses, including fund loans, brokering and arranging overseas finance, cards, installment financing, etc.
     - Businesses related to securities and insurance
     - Businesses not permitted under the Foreign Investment Promotion Act or other laws

Q. Can a foreigner make an investment by transferring the patents it owns to a Korean company?
A. Yes, provided that certain conditions are met.

Additional Information
- Scope of technologies, etc. falling under a means of investment:
  1. Industrial property rights: patent rights, utility model rights, design rights and trademark rights registered in accordance with the Patent Act, the Utility Model Act, the Design Protection Act or the Trademark Act
  2. Copyrights as defined by the Copyright Act that are used for industrial activities
  3. Semiconductor layout rights
  4. Rights pertaining to the use of such rights or technologies
- Evaluation of technology such as industrial property rights:
  1. Technology evaluation agencies: Korea Institute for Advancement of Technology; Korea Technology Finance Corporation; Korea Environment Corporation (evaluation of environment related technology); Korea Institute of Science and Technology; Korea Institute of Science and Technology Information; and National IT Industry Promotion Agency

By Jay Baek
baekjj@kotra.or.kr
+82-2-3497-1963

Jay Baek is a Senior Consultant at Invest KOREA. He has been working as a Project Manager for foreign direct investment since 2000. He passed the U.S. CPA exam in 1999.
Gangwon Province is the tourism center of Korea and one that offers diverse recreational activities, including sightseeing. A current claim to fame is that the province is set to host the Pyeongchang Winter Olympic Games in 2018.

An important part of the area is the East Coast Free Economic Zone (EFEZ), which was officially designated in February to serve as a new growth engine for the province.

In terms of future investments, there are plans to invest a total of more than KRW 1.3 trillion (USD 1.2 billion) by 2024 to develop the 8.25 km² area of Gangneung and Donghae.

This area will be divided into the Donghae Bukpyeong ICI District, Mangsang Flora city, Gangneung Ogye Advanced Materials Convergence Industrial District and Gujeong Zero-Carbon City.

Bukpyeong District

The Bukpyeong ICI District will be developed into an international business district in Songjeong-dong and Danbong-dong of Donghae, centering on Donghae Port. It will include a ferro-alloy industrial site, distribution facilities, logistics businesses, foreign companies, housing for foreigners and manufacturers of advanced parts and materials. As Donghae Port offers connections to three surrounding countries, this area is expected to quickly emerge as the logistics center of surrounding countries, especially considering the gradual economic growth of Korea, China, Japan, the easternmost region of Russia and the opening of the era of the North Pole Route.

Mangsang District

The Mangsang Flora City District will be founded in Mangsang-dong as an international tourist and leisure area for industrial and business support. This district will be created as a luxury water sport and recreational center for industrial and leisure area for industrial and leisure. To this end, an international recreation complex containing a theme park, luxury Beach. To this end, an international recreation as a luxury water sport and recreational center business support. This district will be created into an international business district in Songjeong-dong and Danbong-dong of Donghae.

Ogye District

The Gangneung Ogye Advanced Materials Convergence Industrial District will be cultivated as a center of the advanced materials industry through the creation of a non-ferrous metals cluster, including facilities for magnesium, titanium and zirconium. Ogye District, established around the Ogye IC, is set to consist of a site for new materials facilities and one for research facilities. POSCO is currently operating a magnesium smelter in the first rural industrial complex and scheduled to construct a zinc smelter in the second rural industrial complex.

Gujeong District

As the key residential area of EFEZ, Gangneung Gujeong Zero-Carbon City will be founded to ensure ease of investment and economic activities for foreigners. It is set to be established in connection with a trial green city in Gangneung. Sites for low-story, low-density single detached houses and public housing have been set aside and there are also plans to create a pleasant living environment by increasing the ratio of green spaces, including a neighborhood park at the heart of the district and a waterfront park. Also, Gujeong District will serve as a center of education, culture and medical services in EFEZ and have foreign schools, a hospital for foreigners and residential and commercial facilities.

We invite you to enjoy various tax benefits, softened regulations for free economic activities, convenient living environments and simple administrative services in the East Coast Free Economic Zone. Your future lies with EFEZ.

East Coast Free Economic Zone Authority, 231, Haean-ro (Cheongok-dong), Donghae-si, Gangwon-do, Korea
Tel: 033-249-4542 Fax: 033-535-8845 http://www.efez.go.kr

Korea by the Numbers

Koreans are known worldwide for their passion for education. Every year, about 470,000 college graduates join the workforce. And in the spring of 2012, Korea’s college admission rate was 72.6%, the highest in the OECD.