STATS ChipPAC Korea, a semiconductor packaging service provider headquartered in Singapore, will establish a research and development (R&D) center near Incheon International Airport in Yeongjong Island.

Incheon City recently announced that STATS ChipPAC Korea, based in Icheon, will invest KRW 236.6 billion (USD 220.3 million) to construct a semiconductor manufacturing facility and an R&D center on a 110,000 m² site in the Incheon International Airport Free Trade Zone’s (FTZ) Phase-2 Complex, and that construction will be completed in September of 2015.

STATS ChipPAC established STATS ChipPAC Korea through acquiring a 100 percent stake in the semiconductor division of Hyundai Electronics Industries.

STATS ChipPAC Korea, which generates annual sales of KRW 700 billion, originally planned to relocate to Shanghai after the Shanghai Municipal Government offered incentives such as the free lease of a factory site for 50 years and tax reduction and exemption. However, Incheon Metropolitan City and the Incheon International Airport Corporation convinced the company to move to Yeongjong Island.

According to an official from Incheon Metropolitan City, more than 75 percent of STATS ChipPAC Korea’s sales come from exports, and all of its exports are distributed through air cargo. The company’s move to Incheon Airport Logistics Park is expected to add 300 new jobs annually and generate the direct and indirect employment of 10,000 people.

The Korea Trade-Investment Promotion Agency (KOTRA), of which Invest KOREA (IK) is a part, and the European Chamber of Commerce in Korea (ECCK) held a welcoming ceremony last month for Grow Together, a group of university student volunteers who strive to improve the perception of foreign investment through corporate social responsibility activities with the cooperation of foreign investment promotion agencies. This year, 50 outstanding university students, from the Seoul metropolitan area as well as Daejeon, Daegu, Gwangju, Busan and other cities, were selected.

Grow Together allows students to actively plan and suggest activities, according to Pyo Si-hyung, a student at Dongguk University. In fact, the program required participants to submit volunteer activity plans. The secretariat of Grow Together observed among the students great passion and willingness to contribute socially through document screenings and interviews.

KOTRA, the ECCK and Grow Together will select volunteer activities suggested by the students to support vulnerable groups until November, and IK will provide the students with continuous volunteer opportunities that help grow agencies, companies, students and regional societies.

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Four global companies operating successfully in Korea named outstanding workers and an innovative environment as Korea’s advantages during a press conference held by Invest KOREA last month.

Twenty-five members of the foreign press attended, and the leaders of GE Healthcare, Solvay and other global companies in Korea presented their success stories to promote the country’s excellence as an investment destination.

Andre Nothomb, Chief Financial Officer of Solvay Korea’s Special Chemicals Global Business Unit, noted that the unit relocated to Korea and that its R&D center was also established in Korea, as the country has leading industries with an outstanding workforce. He added that Korea is the optimal place to find an innovative counterplan for future trends in the chemical industry.

ChanWoo Kim, Administrative and Relationship Manager of the Kimberly-Clark Global Innovation Center (GIC) Korea, said the GIC based in Seoul is one of four GICs around the world and the first to be built outside the United States. He also said that Korea’s domestic market may be small, but that Korean consumers are innovative and sensitive to small changes, adding that the Korean government focuses on and supports innovation.

Solvay’s Nothomb also noted that troubled Asian emerging countries will have a limited impact on investment in Korea, adding that two crises, in 1998 and 2008, served as opportunities for his company.
PMC Tech, a joint venture of POSCO and Mitsubishi that produces needle cokes, a core part of advanced carbon products, said it will not be affected by countries at risk, as demand for needle cokes is expected to consistently rise.

Friends of Invest KOREA Visit Foreign-Invested Companies

The Friends of Invest KOREA, a group of ambassadors chosen to represent Korea’s favorable investment environment and Invest KOREA, visited two foreign-invested companies last month during their fourth workshop.

They headed first to the Kimberly-Clark Global Innovation Center Korea in Gyeonggi Province, which was established by Kimberly-Clark, an American company that produces mainly paper-based, personal care products. Their most famous brands include Kleenex, Scott and Huggies. The student ambassadors learned why Kimberly-Clark chose Korea as an ideal site for its innovation center.

Next, the ambassadors headed to Umicore Korea, part of Umicore, a global materials technology group. They learned about the company’s focus on the four business areas of catalysis, energy materials, performance materials and recycling.

The Friends of Invest KOREA program will wrap up with a closing ceremony this month at KOTRA.

REGIONAL FDI NEWS

Jilin Sky-Scenery and S Foods Invest in Foodpolis

The Ministry of Agriculture, Food and Rural Affairs (MAFRA) announced last month that it has signed investment agreement contracts with Jilin Sky-Scenery from China and Japan’s S Foods for their move to the National Food Cluster (Foodpolis).

Foodpolis is an R&D and export-oriented national food industrial complex that will be home to 70 to 100 food companies and research institutes. Investments of KRW 553.5 billion will be made in the cluster by 2020.

MAFRA said that leading Chinese and Japanese food companies are interested in Korean food, adding that the investment was due to Foodpolis’ advantages, including food safety and R&D programs.

Jilin Sky-Scenery has the No.1 market share in the Chinese market with its corn products, showing sales of about KRW 1 trillion. In addition, S Foods, with KRW 1.7 trillion in sales, operates in the field of restaurant business processed meat and fish products. The company plans to build a manufacturing plant and a research institute in the complex.

German Companies Rush to Busan

More German companies are establishing manufacturing plants in Busan.

According to Busan City and the Busan-Jinhae Free Economic Zone (BJFEZ), a total of 38 German companies have a presence in Busan as of August. The city also hosts the campuses of German universities and research institutions.

Although the number of Japanese companies is highest among foreign-invested companies in Busan, the city is seeing increasing investment from German companies, which are drawn to Busan for factors including the city’s superior logistics infrastructure, the active investment attraction efforts of Busan City and the BJFEZ and a highly skilled workforce.

Busan recently attracted an investment of more than KRW 20 billion from Germany’s KSB, the world’s 3rd largest manufacturer of industrial pumps in terms of sales, for the construction of a manufacturing plant in the BJFEZ’s Mieum District.

Also, German pump manufacturer Wilo Pump established a plant in Mieum District in June while the Bosch Group’s Korean branch, Bosch Rexroth Korea, held a groundbreaking ceremony for its plant in the district the same month.
Despite the worldwide decline in foreign direct investment (FDI) last year, Korea’s FDI increased, coming in 13th globally.

According to a report on global FDI trends in 2012 released by the Export-Import Bank of Korea last month, Korea’s FDI outflow in 2012 increased by 13.7 percent YoY to reach USD 32.9 billion.

In 2012, global FDI declined by 17 percent YoY to USD 1.391 trillion, due to the contraction in investor confidence amid the European financial crisis and global economic slowdown.

In the 2012 global FDI ranking, the U.S. topped the list by investing USD 328.8 billion, followed by Japan (USD 122.5 billion), China (USD 84.2 billion), Hong Kong (USD 83.9 billion), U.K. (USD 71.4 billion), Germany (USD 66.9 billion) and Canada (USD 53.9 billion).

Korea’s FDI ranked 16th globally in both 2011 (USD 28.9 billion) and 2010 (USD 28.3 billion). In 2012, Korea’s investment portion by region was 57.1 percent in emerging countries, 41.6 percent in advanced countries and 1.3 percent in transition countries.

Korea’s FDI inflow last year decreased by 3.3 percent YoY to USD 9.9 billion and ranked 31st in the world, moving up five steps from 36th in 2011.

South and North Korea last month resumed operations of Kaesung Industrial Complex, a joint industrial complex just north of the inter-Korean border.

North Korea had pulled 53,000 workers from the Kaesong Industrial Complex in April amid political tensions. The complex is the last inter-Korean joint project that is in operation and a major revenue source for North Korea.

South Korean firms in the complex will be exempt from taxes for the rest of the year.

The two countries have also adopted an agreement for the establishment of a dispute arbitration panel and agreed to ease access to the complex through the use of radio-frequency identification devices.

The Korean government finalized a measure to lift regulations as much as possible to ensure companies free business activities and increase investment at a recent national policy coordination meeting.

The Office for Government Policy Coordination reviewed 1,845 regulations on business activities with the cooperation of related agencies to lift or deregulate laws.

Out of 1,845 regulations, 1,650 were adjusted. The number of lifted regulations reached 597 (32 percent), 228 regulations (12 percent) were deregulated and 825 will be regularly reviewed for maintenance and improvement.

The Korean government will revise related legislations in association with 978 improvement initiatives this year, and the other 176 pieces of legislation will be revised by 2014 to lift unnecessary regulations.

In related news, the Small and Medium Business Administration (SMBA) announced last month that it will alleviate most regulations concerning small- and medium-sized enterprises (SMEs) and apply the sunset law to facilitate the investment of SMEs.

The SMBA will deregulate 18 regulations by 2014 and apply the sunset law with reviews to 42 regulations. The sunset law requires regular reviews of regulations that need to be adjusted considering environmental changes.

To facilitate start-ups, recognition of investment duty for start-up investment companies and start-up investment associations and the expansion of boundaries for solitary start-ups were promoted in the first half of the year.

The deregulation of investment activities by start-up investment associations and criteria for production facilities to confirm direct production will be promoted by the second half of the year.

Korea plans to start a KRW 150 billion private equity fund to strengthen support for SMEs. The government will provide SMEs with support measures as well for marketing, expanding into foreign countries, finding employees and more.

The government will also designate about 200 companies whose exports surpass USD 20 million and come up with a support system customized for their needs.