<table>
<thead>
<tr>
<th>Company Name</th>
<th>Country</th>
<th>Sector</th>
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<tr>
<td>PAUFINGER MARINE-UND BETEILIGUNGS-GMBH</td>
<td>Austria</td>
<td>Business service</td>
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<tr>
<td>CHINA INTERNATIONAL TRAVEL SERVICE LIMITED</td>
<td>China</td>
<td>Transportation, warehouse (logistics)</td>
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<td>TWEE XI XI XI TKUNG KU PUN YUSHENKUNSU</td>
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<tr>
<td>KERN FINE MATERIALS (YANTAJ) CO., LTD.</td>
<td>China</td>
<td>Chemical engineering</td>
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<td>BEIJING MANYOUGU INFORMATION TECHNOLOGY CO., LTD</td>
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<td>Germany</td>
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<td>Business service</td>
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<tr>
<td>FAME HARVEST (HONG KONG) LIMITED</td>
<td>Hong Kong</td>
<td>Food, accommodations</td>
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<tr>
<td>DSP GROUP, LTD.</td>
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<td>Business service</td>
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<td>FURUKAWA-SKY ALUMINUM CORP.</td>
<td>Japan</td>
<td>Metal</td>
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<td>Japan</td>
<td>Electricity, electronics</td>
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<td>NITTAN VALVE CO. LTD.</td>
<td>Japan</td>
<td>Metal</td>
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<tr>
<td>TORAY INDUSTRIES, INC.</td>
<td>Japan</td>
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<td>NICHIKO PHARMACEUTICAL CO., LTD.</td>
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<td>Japan</td>
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<td>Netherlands</td>
<td>Wholesale, retail (distribution)</td>
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<tr>
<td>OFFICE DEPOT (OPERATION) HOLDINGS B.V.</td>
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<td>ABERCRIMBLE AND FITCH EUROPE SA</td>
<td>Switzerland</td>
<td>Wholesale, retail (distribution)</td>
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<tr>
<td>CAMBRIDGE INTERNATIONAL INVESTMENT CORP.</td>
<td>USA</td>
<td>Food, accommodations</td>
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<tr>
<td>INVITROGEN HOLDINGS INC.</td>
<td>USA</td>
<td>Electricity, electronics</td>
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<tr>
<td>THE NICE HOLDINGS INCORPORATED</td>
<td>USA</td>
<td>Wholesale, retail (distribution)</td>
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<tr>
<td>ROUTE ONE FILMS FUND I, LLC</td>
<td>USA</td>
<td>Culture, entertainment</td>
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**Japan’s Toray to Invest in Korea**

Japan’s Toray Industries Inc. and Toray Advanced Materials Korea Inc. will invest KRW 300 billion (USD 280 million) in Korea to build a manufacturing plant in Saeamangum for plastics used in electric cars and aircraft.

Toray Industries will invest KRW 86 billion and its Korean operations will invest the rest for the plant, groundbreaking for which is scheduled for December. The plant will churn out 8,600 tons of polyphenylene sulfide resin starting in 2015. Toray Advanced Materials Korea will increase its annual production capacity of the plastic to 17,000 tons by 2018.

Malaysia and Thailand were also considered as locations for the new plant.

**Siemens Opens Asia HQ for Energy Solutions Business**

Global electronics and electrical engineering company Siemens launched Siemens Energy Solutions in Seoul last month as the Asia-Pacific and Middle East headquarters for its energy solutions business. Rochus Bergmann was appointed president.

The company, which will provide various solutions for thermal power generation, plans to increase the number of employees to 500 by 2017. It will build four combined cycle power plants in Gwangyang, Ansan, Andong and Incheon and supply gas turbines to the plants.

Siemens expects foreign engineers to be able to share their know-how in designing eco-friendly power plants with Korean engineers through the power plant construction, and that the company’s suppliers in the fields of manufacturing, designing and construction will increase employment and enjoy higher annual sales.

**Boeing Holds Groundbreaking for BAMRO**

Boeing, the world’s leading aerospace company, held a groundbreaking ceremony last month for the Boeing Avionics Maintenance, Repair and Overhaul Facility (BAMRO) in Yeongsan, North Gyeongsang Province and started construction.

Joseph Song, Vice President and Managing Director of Boeing’s defense, space and security business in Korea, Kim Kwang-yong, Governor of North Gyeongsang Province, Young Suk Kim, Mayor of Yeongcheon and Byung-Rok Choi, Commissioner of the Daegu-Gyexonk Free Economic Zone participated in the groundbreaking ceremony. BAMRO will be constructed on a 14,000 m² area. Construction is scheduled to be completed in October of 2014.

BAMRO will be in charge of the testing and maintenance of electronic parts for F-15K fighter jets at Daegu Air Force Base. Boeing will invest up to USD 100 million in BAMRO by October of 2017 to nurture the facility as the hub of Asia’s avionics industry.

**The Korea Trade-Investment Promotion Agency (KOTRA) and the Korean Institute of Certified Public Accountants (KICPA) Provide Consulting Services**

KOTRA, of which Invest KOREA is a part, and KICPA held an initial consultation session at the Chungnam NorthernCCI in September for foreign-invested companies and SMEs with grievances in Chungcheong Province.

They will also provide consulting for Korean small- and medium-sized enterprises (SMEs) that plan to expand overseas.

KICPA, which operates Invest KOREA, a program organized by Invest KOREA in which 35 foreign students served as representatives of Korea, drew to a close last month.

The group of university and graduate school students from 22 countries visited foreign-invested companies including Engel Machinery Korea, Rhodia-Silica and the Kimberly-Clark Global Innovation Center.
Korea for five months to learn about Korea’s investment environment. They reported on their experiences to Invest KOREA’s Facebook page and blog to promote Korea’s advantages as an investment destination. The group also participated in a variety of activities, including making posters promoting Invest Korea and videos promoting the country.

Grow Together Leads Volunteer Activity

KOTRA and the European Chamber of Commerce in Korea (ECCK), along with Grow Together, a group of volunteer university students who strive to improve the perception of foreign investment through corporate social responsibility activities, visited Gyeongbok Palace last month for their first volunteer activity.

They picked weeds and tidied the garden of Gyeongbok Palace to clean up the Korean cultural heritage. The activity was extra significant in that the idea for it was raised by a student participating in Grow Together.

Participants said the cleanup was a great opportunity to raise awareness about cultural heritage protection. They added that the event, with cooperation from European companies and families, served as an opportunity to better understand foreign-invested companies and learn how they contribute to the Korean economy.

KOTRA Holds Job Fair for Foreign-Invested Companies

KOTRA held the Job Fair for Foreign-Invested Companies 2013 in Seoul last month. A total of 110 foreign-invested companies, including Siemens, Nestle, Costco, Bosch, Google, IBM, Microsoft and 25 other companies on the Fortune Global 500 list, participated in the 8th annual event.

The companies interviewed job seekers to recruit 1,400 employees with and without work experience. Human resource managers of foreign-invested companies mentioned work experience as the first thing they consider when recruiting. They also noted that high language skills are recommended and that certificates are not necessary.

This year’s fair was the largest in KOTRA’s job fair history in terms of the number of participating companies and recruitment.

Korea Tops ICT Index

Korea ranked at the top of the ICT Development Index this year for the fourth straight year. The index measures 157 countries on ICT access, use and skills.

Korea did especially well for ICT use and skills, outperforming other countries in terms of the percentage of households with Internet access. Korea ranked 3rd for active mobile-broadband and fixed broadband Internet subscriptions.

Sweden ranked 2nd, followed by Iceland and Denmark.

Korea’s Growth Rate to Reach 4 Percent by 2018

The International Monetary Fund (IMF), Organisation for Economic Co-operation and Development (OECD) and other international organizations have forecast Korea’s future growth rate to reach about 4 percent.

According to reports submitted by the Ministry of Strategy and Finance to the National Assembly last month, the IMF expected Korea’s growth rate between 2015 and 2018 to reach 4.0 percent last April. The OECD also forecast last May that Korea will grow by 4.1 percent between 2012 and 2017.

However, in the long term, most expect Korea’s growth rate to drop after 2018. The OECD adjusted Korea’s growth rate between 2018 and 2030 downward to 3.5 percent. The growth rate dropped by 0.8 percentage points from 4.1 percent for between 2012 and 2017. The Korea Development Institute (KDI) also forecast Korea’s growth rate between 2011 and 2020 to reach 3.6 percent, but it will stand at 2.7 percent between 2021 and 2030, according to KDI.

Seoul to Give Incentives to Investors That Create Jobs

The Korean government will revise its foreign investment incentive system to provide more benefits to investors creating more jobs, according to the Ministry of Trade, Industry and Energy.

As of now, foreign-invested areas are considered foreign investment districts, and investors can enjoy various benefits, including reduced rent when the investment exceeds USD 30 million (manufacturing industry) or USD 20 million (tourism industry).

With the revisions, foreign investors investing less than the set amounts can have their production facilities designated as part of a special foreign investment district provided they help create a certain number of new jobs.

Korean Govt. to Facilitate Venture Companies

The Korean government finalized and announced 21 improvement projects in five areas in September to facilitate ventures.

The Office for Government Policy Coordination announced that 21 out of 34 venture-related legislation improvement projects were selected to build a start-up friendly environment.

The five sectors are start-up support, site improvement, investment promotion, operation support and administrative regulation enhancement. The Korean government plans to identify additional industries for start-up support.

Also, to encourage the start-up of venture companies overseas, the government will establish a KRW 150 billion fund to support venture companies expanding globally.

Japan’s Tokyo Ohka Kogyo (TOK), a global manufacturer of semiconductor photoresists, has completed construction of its research and development (R&D) and manufacturing facilities in Songdo International City in Incheon.

The Incheon Metropolitan City government said that TOK Advanced Materials, a Korean subsidiary of TOK, held a ceremony last month marking the completion of the facilities for advanced materials used in semiconductors and LCDs at the Songdo High-tech Industrial Cluster (Zone 5).

The facilities were built with a KRW 200 billion investment from Japan’s TOK, the world’s no.1 manufacturer of photoresists for argon fluoride lithography, which is a semiconductor manufacturing process requiring high technology.

TOK established TOK Advanced Materials in Korea in August of 2012 for joint R&D with Korea’s global market leaders in the semiconductor and LCD industries and to supply its products to such companies in a stable manner.

A Gyeonggi Province investment attraction delegation headed by Governor Kim Moon-soo signed a memorandum of understanding (MOU) with Air Products in San Diego in late September.

With the signing of the MOU, Air Products will invest USD 70 million over the next five years to construct facilities on an idle site at the Neung-dong plant site in Hwasung City.

Air Products is a producer of industrial gases, including high-purity nitrogen and hydrogen. The company initiated plant construction in January of 2011 and started supplying high-purity nitrogen to Samsung Electronics in October of last year.

With the additional investment, the company will be able to contribute to the growth of Korea’s semiconductor industry, which is one of the country’s core industries, by supplying essential materials needed to make high-value added 10 nano-class NAND flash memory chips.

Incheon Welcomes TOK Advanced Materials Facilities

Korea ranked 5th for active mobile-broadband and fixed broadband Internet subscriptions.

Sweden ranked 2nd, followed by Iceland and Denmark.

Korea’s Growth Rate to Reach 4 Percent by 2018

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Current Status and Forecast of Nano-Convergence Industries in Korea

With the growth of Korea’s nano-convergence industries, the convergence of nanotechnologies with industries is key to a Creative Economy.

"Nanotechnology" is defined as "a scientific technology creating material, element or system endowed with new or improved physical, chemical and biological properties by manipulating, analyzing and controlling materials in the nanometer scale category." (Article 2 of The Nanotechnology Development Promotion Act)

One nanometer (nm) equals one billionth of a meter, i.e. equivalent to one ten-thousandth of the thickness of a single human hair.

Manufacturing industries have long been the driving force behind national economic growth, playing a critical role in increasing national incomes since the Industrial Revolution. A 2010 World Bank report indicates that 70 percent of annual GDP growth in 128 countries derives from the growth of manufacturing industries. When considering that the share of GDP of manufacturing businesses is less than 20 percent in the major advanced countries, Korea may be considered a “world champion” in terms of manufacturing businesses, whose share of GDP is about 30 percent.

Recently, U.S. President Barack Obama also announced the promotion of the Advanced Manufacturing Partnership Program to restore the global leadership of manufacturing industries. The core of the program consists of applying nanotechnologies to every industry. The EU, China and United Kingdom are also committed to restoring or innovating their manufacturing industries.

Nanotechnology is a core basic technology of future industries. It is also considered a critical technology capable of contributing to the innovation of major industries and the improvement of quality of life by creating brand new concepts of convergence industries, and of enhancing national competitiveness. Accordingly, major advanced countries, including the United States and EU, have planned development strategies for nationwide nanotechnologies and driven ahead with their nanotechnology development programs.

Promoted the development of nanotechnologies and invested KRW 2.9 trillion (USD 2.7 billion) in the period from 2001 to 2012.

Nanotechnology-based new convergence industry playing key role in Creative Economy

The major reason for the current focus on nanotechnology is the convergence of nanotechnologies with other industries, a new paradigm that is capable of increasing added value by anywhere from 5 to 50 percent. Nanotechnologies have already been applied to various industries to enhance their competitiveness, including automobiles, textiles, semiconductors and smartphones.

Most industry participants, researchers and officials of relevant planning authorities share the view that the effects of nanotechnology on convergence industries in the future will be so huge, they will be inestimable. For example, the proportion of semiconductors comprising nanotechnologies was zero in 2000 but rose to 35 percent by 2010, and is expected to reach 50 percent in 2020. Likewise, the pharmaceutical industry’s use of nanotechnologies soared from zero in 2000 to 35 percent by 2010, and is expected to reach 50 percent by 2020.

The production value of nano-convergence industries in Korea amounted to KRW 92.2 trillion in 2011, accounting for approximately 61 percent of the total production volume of the nation’s manufacturing industries.1 Regarding human resources, the nano-convergence industries employed 130,667 people, a rise of 6.9 percent from the previous year, and 4.9 percent of the total manpower of the manufacturing industries. This figure is much higher than the 2.2 percent rate of increase in the entire manufacturing sector. Korea’s nano industries have now completed the initial phases of research and development and prototype fabrication, and have entered the phases of full-scale production and sales.

The industry is also recognized as one of promising growth, with a per capita productivity 1.6 times higher than that of other manufacturing industries. A recent study by the National Nanotechnology Policy Center forecasts that the contribution of the nano-convergence industries to GDP will be approximately 29 percent (KRW 360 trillion) by 2015, and approximately 35 percent (KRW 502 trillion) by 2020.

It is, however, hard to obtain systematic statistical data for the nano-convergence industries2, as they lack both explicit classification systems and an industrial statistics system concerning the characteristics of their convergence with various other types of industries. To improve this situation, the Ministry of Trade, Industry and Energy (MOTIE) has been working on establishing a classification system for nano-convergence industries together with experts from relevant fields of industry since last March. MOTIE classifies the nano-convergence industries into four major categories: nano-materials, nano-systems and equipment, and nanosystems and equipment, as well as 16 immediate categories and 44 detail categories.

The production and employment status for individual categories of the nano-convergence industry in 2011 are as follows: nano-electronics (85.1 percent, KRW 78.5 trillion), nano-materials (12.1 percent, KRW 11.1 trillion), nano-systems and equipment (2.5 percent, KRW 2.3 trillion), nano-biotechnology and medicine (0.3 percent, KRW 0.3 trillion).

There are 468 nano-convergence-related companies in Korea, 96 percent of which are small- and medium-sized companies. The share of the companies that produce exclusively for nano-convergence products (total revenue of 70 percent or more) increased from 36.3 percent in 2011 to 34.2 percent in 2012.

The top four categories of increases are materials, systems and equipment, electronics, and biology and medicine.

The nano-convergence industries are rapidly growing in Korea. But it is also necessary to converge nanotechnologies with every sector of industry to enhance the global competitiveness of Korean companies and to create new industries with the capacity to survive in a global marketplace characterized by increasingly fierce competition. To that end, government-led activities should focus on establishing a close collaboration system with the civil sectors.

By Chang-Woo Kim
Director General National Nanotechnology Policy Center

2) The nano-convergence industry is defined as “an industry producing nano-convergence products by utilizing nanotechnology.” A nano-convergence product is defined as a “product creating innovative functions through minor/normal operations at a size of 100nm or less.”
Ipsos Korea has been helping clients grow by telling them what consumers think

Richardson describes Ipsos Korea as a “boumble research company” instead of a consulting company, the distinction being that their work is based on fact, on what consumers are saying about a product or service.

“We’re not theoretical in our recommendations,” he said. “What we’re doing is saying, this is what your customers think.”

In the course of conducting market research for companies, Richardson has learned what makes a foreign company succeed in Korea: the right people and knowing what Koreans want. Factors that lead to failure include investing in Korea as a second-tier market and lack of commitment.

“We’re a success story,” said Richardson. “We’re a 100 percent foreign-owned company which Korean companies go to to find out what Korean people think about Korean products. We’re supporting Korea every day, in the way we help them.”

The work of Ipsos Korea’s 240-person staff boils down to asking the right questions. The company conducts market research for product development, exploring market potential and trends and working with clients on brand and advertising strategies. Following the launch of a product or brand, the company researches the market response to it, helping clients further develop strategies and new products.

“Ipsos Korea is definitely one of the most successful businesses in the world for Ipsos,” said Richardson. “It has grown so rapidly and the quality is high.”

Having officially entered the Korean market in 2002 with the partial acquisition of Research Power, Ipsos Korea fully acquired the Korean research company in 2004 and doubled in size with Ipsos’ acquisition in 2011 of a global market research firm called Synovate, which established its presence in Korea in the early 90s. Ipsos has offices in 84 countries.

Following a growth strategy of specialization in research area instead of in industry, Ipsos Korea focuses on innovation, brand & communication and loyalty. About 60 percent of business is with Korean companies operating abroad while the remainder is with those doing business domestically. Main customers include Samsung, Hyundai, Kia and LG.

“Do we have grown together with our clients,” said Hyoungs Oh, CEO of Ipsos Korea. “They are successful in the market and we help them.”

The goal of Ipsos Korea now is to grow its client base from mostly Korea’s large companies to its smaller enterprises, especially those on the cusp of taking their products overseas. The mission is always to help customers grow.

“We’re supporting Korea every day, in everything we do,” said Richardson.

By Young Chang
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Continental Korea boasts an impressive number of firms.

The German-based automotive supplier created Korea’s first smart key for cars in 2004. The company developed Korea’s first super-ultra-low emission vehicle in 2002. The same year, Continental Korea became the first within Continental Group, which has 291 locations in 46 countries, to develop the powertrain control unit, a combination of the engine control unit and transmission control unit. And just last year, Continental Korea created the thinnest card key — 34 mm — in the world.

“We are one of the very, very successful countries [in which Continental operates] because the Korean auto industry has grown so much,” said Hyun Sunwoo, CEO of Continental Korea.

With a history dating back to 1987, when it was Bendix Electronics Korea Ltd. and established by Allied Signal, the company underwent a series of acquisitions until it was bought in 1997 by Continental, one of the world’s top three automotive suppliers. The impetus for the beginnings in the late 80s was the start of the electronic car trend.

Today Continental Korea has six manufacturing locations, seven sales offices, three joint ventures and a total of 2,303 employees across 13 business units. The company’s focus is on automotive and rubber components.

Main customers include Hyundai Motor, Kia Motors, GM Korea, Renault Samsung, Ssangyong Motor and other OEMs, as well as tier 1 clients. Sales last year reached KRW 2 trillion (USD 1.88 billion).

Continental Korea’s strategy is to integrate advanced technologies from Germany with the efficient production of Korea and to localize the entire value chain, from the marketing, research and development and sourcing to manufacturing and customer support.

As was the case in the beginning, Continental Korea is working toward realizing automated driving, which the company as a group considers the key to safer and more efficient future mobility. Last year, Continental became the first automotive supplier to be granted a test license for automated driving on public roads in the United States. The goal is to achieve partial automation by 2016, high automation by 2020 and full automation by 2025.

“As a result, Sunwoo forecasts accelerated vehicle electrification for Continental Korea and continued rapid growth in electronic components.

“We will be the leader in futuristic vehicles,” said Sunwoo. “Our company goal has been [to be] the number one automotive electronics company in Korea.”

The CEO pointed to four automotive megatrends that his company helps shape: safety, the environment (clean power), information (intelligent driving) and affordable cars. Continental Korea has proven so strong in its manufacturing competency that headquarters is trying to double the number of engineers in one of its Korea business units to develop parts not only for Korea, but other areas of the world as well.

“We’ve proved that we are doing so well,” said Sunwoo.

But perhaps the greatest proof is in the parts. Every Korean-manufactured car is equipped with at least one Continental product.

By Young Chang
young.chang@kotra.or.kr
One hundred and ten prominent foreign companies, including 32 ranked in the Fortune Global 500, participated, marking an increase from last year’s 90 companies. They included Google, Microsoft, Bosch Rexroth and BASF.

Foreign-invested companies and job seekers alike responded positively to the job fair. Organizers at the Office of the Foreign Investment Ombudsman attributed the event’s success to the movement of foreign enterprises to increase their investment at home and abroad for economic revitalization, shedding a positive light on Korea’s business environment in the first year of the Park Geun-hye administration despite global economic uncertainties.

Many foreign-invested companies doing business in Korea and located outside of the capital area have difficulty finding qualified employees due to geography-related factors and relatively low recognition among job seekers. This creates a mismatch situation in the Korean labor market, as foreign companies have trouble finding quality job seekers and vice versa. The job fair was part of the Office of the Foreign Investment Ombudsman’s effort to improve the situation by connecting global enterprises with potential employees.

In addition to a research and development section prepared to support science and engineering talents, the recruiting sections were divided by region: the EU (45 companies), North America (29 companies) and Asia (36 companies). The Korea Industrial Technology Association and Korea Electronics Technology Institute invited science and engineering graduates while the Korea International Cooperation Agency drew globally minded individuals with experience volunteering abroad. The National University Recruitment Managers Association and recruitment support centers of local universities actively promoted the event to students as well to help foreign-invested companies in the provinces recruit quality employees. Also, company presentation seminars and sessions devoted to corporate social responsibility helped foreign companies promote themselves to job seekers, so as to ease anti-foreign company sentiment and raise public awareness about their contributions to the Korean economy.

The job fair has been gaining popularity every year as a bridge between foreign enterprises and job seekers. About 17,000 people looking for employment visited this year, with some being recruited on the spot.

By Choong Yong, Ph.D., Foreign Investment Ombudsman Distinguished Professor, Chung-Ang University

Further, such arguments and plans of action should focus more on how best to frame or present the motive behind the alleged illegal act than on downplaying the level of its gravity. It is because the primary determinant for whether the FSS will file a complaint and/or a report with the prosecutors’ office will be its assessment of the alleged motive behind the committing of the alleged illegal act, and once the prosecutors’ office commences an investigation into a charge of fraudulent accounting and decides to prosecute the charge, the probability of acceptance of a company’s defense is effectively reduced to near zero, with resulting large-scale damage to the company.

By Hyeon-Jin Kim

Corporation, Seoul

The job fair was held last month at COEX in Seoul, drawing a record number of participants.

The Office of the Foreign Investment Ombudsman held a job fair last month to address the mismatch between foreign companies and job seekers.

The gravity of an alleged illegal act is measured on the basis of the type and scale of the illegal act concerned. The motive behind an alleged illegal act is categorized as intent, gross negligence or negligence.

The FSS does not provide an express and exhaustive list of selection criteria for sampling inspection targets. These can be inferred from rules disclosed in the past (and now deleted): mandatory targets including any company with the highest debt ratio, the highest inventory asset ratio, or the lowest operating cash-flow ratio in its respective industry, and any company that had not been inspected for five years or longer, had changed its accounting procedures, or had a net profit or loss-sales ratio of less than 1 percent was to be selected in priority to other companies.

Liability for fraudulent accounting is at once the most important and overarching of legal risks associated with corporate accounting practices. The consequences range from criminal punishment for fraudulent accounting itself, or the procuring of an investment, loan or other transaction through window-dressed financial statements, to civil liability for losses claimed by investors or other transaction parties who relied on window-dressed financial statements in entering into an impugned transaction.

Most window-dressing cases are uncovered through accounting inspections of the Financial Supervisory Service (FSS). The FSS conducts three general types of inspections: sampling inspections, charge-based inspections and commissioned inspections, and of these, the sampling inspections are the most predominant.

The FSS determines whether to take administrative measures (imposition of a penalty surcharge, designation of an auditor, etc.) and to file a complaint and/or a report with the prosecutors’ office by applying the “Criteria for Determination of Measures Based on Inspection Results” to its accounting inspection results.

By Ahn Choong Yong, Ph.D., Foreign Investment Ombudsman Distinguished Professor, Chung-Ang University

If your company has not yet had an instance of fraudulent accounting detected internally or exposed externally, the importance of promoting ethical awareness among your corporate officers and employees cannot be over-emphasized. The lack of ethical awareness among the officers and employees of Lehman Brothers has been widely cited by the media as the leading cause of its downfall. If fraudulent accounting has been detected internally but not yet exposed externally, it is of utmost priority to maintain strict confidentiality; this is because any external disclosure may make it virtually impossible to take otherwise possible corrective measures due to the conflicts of interests of numerous interested parties. As soon as appropriate measures to maintain confidentiality have been taken, the fraud and/or errors in accounting should be swiftly and accurately identified, and necessary and corrective legal and accounting measures determined and implemented to contain the situation and minimize the damage to the company.

By Ahn Choong Yong, Ph.D., Foreign Investment Ombudsman

Legal Risks

Countermeasures
An Introduction to the Investment Consulting Center

As part of the one-stop service provided by Invest KOREA, the Investment Consulting Center (ICC) offers consulting and administrative support for foreign investors.

Free of charge for foreigners who wish to invest in Korea, the center’s one-stop consulting services span the entire investment process, from consulting services in the early stage of investment to administrative assistance in the investment implementation stage and post-investment settlement support.

Consulting
Eleven experts provide consulting services on investment procedures (including investment notification, registration and requirements), incentives, taxes, accounting, laws, labor and settlement. Investors can receive ICC services by walk-in or over the telephone and through email as well. All services are available in English and Japanese.

Administrative Support
The ICC is staffed by 18 government officials who provide consulting and administrative support. The services provided by the ministry and government agencies that dispatch officials to the ICC are as follows:

- Ministry of Trade, Industry and Energy
  - Foreign investment notification
  - Registration of foreign-invested companies

- National Tax Service
  - Consultation on tax exemption and reduction programs
  - Business tax ID registration

- Korea Customs Service
  - Issuance of certificate of completion of investment in-kind of capital goods
  - Customs-related consultation

- Court
  - Guidance and support for the application and registration of foreign-invested companies

- Ministry of Justice
  - Issuance of residence permits to investors (D-8 visa) and their accompanying dependents (F-3 visa) and household assistants (F-1 visa)

- Ministry of Employment and Labor
  - Consultation on personnel and labor relations for foreign-invested companies

Also, the Korea Industrial Complex Corp. dispatches a staff member to help foreign investors find the right business location in Korea.

One-day Secretary Service
To support the early settlement of investors in Korea, ICC consultants accompany investors and their families to hospitals, schools or other places to help with lifestyle-related matters in Korea and provide interpretation and assistance.

On-site Consulting Service
ICC experts visit potential investors or foreign-invested companies in Korea and abroad to provide on-site consultations. After collecting inquiries, ICC staff or dispatched officials who can answer the inquiries visit the company or investor and provide one-on-one customized consulting.

Publications

By Nam Kyung Mo
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Nam Kyung Mo is the Director of the Investment Consulting Center. He is dispatched from the Ministry of Trade, Industry and Energy and has worked for the Ministry’s Personnel Team, New and Renewable Energy Division, Petroleum Division and Mineral Resource Division.

Rules of Employment & Establishing a Labor Management Council

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

Q. How many people should be employed at a business for an employer to prepare the rules of employment?
A. An employer that employs ten or more people must have the rules of employment.

Additional Information
- Modification of the rules of employment
  - The rules of employment are regulations on working conditions that are prepared by the employer and applied to the employment contracts of all employees.
  - To prepare or modify the rules of employment, the employer shall obtain the opinion of a majority trade union, or, if there exists no such union, the opinion of a majority of employees. If an employer wishes to modify the rules of employment to the disadvantage of his/her employees, the employer shall obtain consent from a majority of employees.
  - When an employer notifies the local labor office of the rules of employment, he/she shall attach a document containing the above opinion or consent and bearing the signatures of employees.

Q. How many people should be employed at a business for the establishment of a labor-management council?
A. A labor-management council shall be established at a business employing 30 or more people.

Additional Information
- Establishment of a labor-management council
  - The labor-management council shall be composed of 3-10 members each from the employee side and employer side, and shall meet every three months.
  - The members from the employer side shall comprise the representative of the business and those appointed by the representative. The members from the employee side shall include those elected in a direct or secret vote. If there exists a majority trade union, the members shall be the representative of the trade union and those appointed by the union.

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Sunny Lee is a labor consultant at the Investment Consulting Center, part of the one-stop service offered foreign investors by Invest KOREA.
North Gyeongsang Province: The Place for Your Success

North Gyeongsang Province has been playing a pivotal role in the economic achievement of Korea for the last 40 years. It has grown into a wellspring of profit-maximizing businesses and is now ready to invite more enterprises to its business-friendly environment and with its supportive policies.

The industrial complexes in the province have been strategically formed to benefit from the area’s geographical advantages, technological efficiency, research capabilities and easy recruitment.

The most distinguished industries are displayed & IT in Gumi, automotive in Youngcheon and Gyeongju and the East Energy Cluster in the coastal areas, reflecting the region’s emphasis on sustaining green growth with low carbon emissions.

Foreign direct investment into the province reaches USD 8.0 billion due to superb SOC/infrastructure and, more significantly, a force of the Korean economy as well as the global economy. Business opportunities abound in the province, which aims to achieve success together with investors.

Overview
- Location: Southeast Korea (within 170-430 km of Seoul)
- Area: 19,028 km²
- Terrain: Mountainous and high altitudes to the north, great basin to the south
- Population: Approx. 3 million

Sites Available
- About 90 industrial complexes available, including
- Foreign Investment Zone (Gumi)
- Parts and materials exclusive complex (Gumi, Pohang)
- DGFEZ (Gumi, Pohang, Gyeongsan, Yeongcheon)
- Major sites in development
- 5th National Industrial Complex (Gumi)
- Free Trade Zone (Pohang)

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Geographical & Logistical Advantages
Key Location of Northeast Asia

- 5th National Industrial Complex (Gumi)
- DGFEZ (Gumi, Pohang, Gyeongsan, Yeongcheon)
- Major sites in development
- Parts and materials exclusive complex (Gumi, Pohang)
- DGFEZ (Gumi, Pohang, Gyeongsan, Yeongcheon)
- Foreign Investment Zone (Gumi)
- Free Trade Zone (Pohang)

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Foreign Exchange Rate

Source: The Bank of Korea

Korea by the Numbers

11,140,028
This is the number of visitors to Korea who arrived in 2012.