**In Brief**

**Invest Korea News**

INVEST KOREA HOLDS IR SESSIONS IN HONG KONG, BEIJING AND SHANGHAI

Invest Korea Head Kiwon Han traveled to Hong Kong, Beijing and Shanghai late last month to brief investors and others on Korea’s investment environment and how the Korea-China free trade agreement can enhance business with Korea.

Han’s presentation in Hong Kong was part of an economic cooperation forum held there by Korea’s Ministry of Trade, Industry & Energy (MOTIE) and the Korea Trade-Investment Promotion Agency (KOTRA), of which Invest Korea is a part. In Beijing, Han spoke at an investment forum held by MOTIE and Invest Korea, addressing companies looking to do business in Korea. And in Shanghai, the Invest Korea head spoke as part of an investment forum that included the Korea Brand & Entertainment Expo 2015, held by MOTIE, KOTRA and the Korea Creative Content Agency.

**Foreign Company News**

ISOFTSTONE INVESTS KRW 10 BN IN POTENTIAL KOREAN STARTUPS

iSoftStone, a Chinese global IT service company, will invest KRW 10 billion (USD 8.58 million) in developing potential startups (new venture companies) and small- and medium-sized IT companies in Seoul. The company, which also expressed its intention to establish an IT convergence research and development center in Seoul, will prepare a detailed plan with the city.

Sales of the company, which participates in the Chinese government’s smart city project, increased from USD 20,000 in 2001 to USD 440 million in 2014. Seoul City Mayor Park Won-soon visited the Beijing headquarters of iSoftStone last month and signed an agreement with Chairman Tianwen Liu.

“Seoul, equipped with the best infrastructure and skilled workforce, is home to 10,000 IT companies and research centers of global companies, including RSS (Russia), Toray (Japan) and Solvay (Belgium). I hope the investment from iSoftStone will help Korean startups enter the global market,” said Park.

**Regional FDI News**

AMERICAN IT COMPANY BUILDS KNOWLEDGE INDUSTRY CENTER IN YONGIN CITY

Yongin City announced in late July that STG, an American IT
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service company, will invest KRW 500 billion to establish a knowledge industry center in Gugol-dong, Giheung County. STG will build a 40-story knowledge industry center (total floor area: 80,000 m²; three underground floors) to provide space for 500 companies related to the information technology (IT) and information and communications technology (ICT) sectors, including the areas of big data, mobile, wearables and the Internet of Things. Construction will start next July.

“The knowledge industry center will create 3,000 jobs, revitalize the business area and increase tax revenue,” said Yongin City Mayor Jang Chan-min.

STG, whose annual sales reach USD 300 million, handles IT management systems, cyber security, information management and integrated IT solutions.

TORAY INVESTS USD 38 MN IN NORTH GYEONGSANG PROVINCE

North Gyeongsang Province announced last month that Toray Battery Separator Film Korea Limited (Toray BSF) will invest an additional USD 38 million in the province by 2016.

Toray BSF signed a USD 325 million investment memorandum of understanding with North Gyeongsang Province and Gunwi City in July of 2008 and relocated its plant to Gunwi National Industrial Complex No. 4. The company will make an additional investment in the complex by 2016 to create 80 jobs. It currently has 190 employees.

“The additional investment will focus on increasing production facilities and research and development facilities. The battery separators will be supplied to Samsung SDL, LG Chem and Japan. The plant will produce separator films, one of the four core materials for secondary batteries, to contribute greatly to the development of secondary batteries and Korea’s electric vehicle industry,” said a province official.

Japanese companies account for 40 percent (38 companies) of the 94 foreign companies in the province. Established in 2006, Toray BSF recorded sales of KRW 90 billion in 2014.

Government & Policy

GOVT. SUPPORTS COMPANIES RECOMMENDED BY CREATIVE ECONOMY INNOVATION CENTERS

The Korean government will provide maximum support of KRW 300 million for the best start-ups recommended by Korea’s creative economy innovation centers via a commercialization and technology development fund.

The Ministry of Science, ICT and Future Planning (MSIP) announced last month that it will run an idea-technology startup program called “Inno 6+” to invest in the best startups discovered by Korea’s 17 creative economy innovation centers nationwide and support their growth.

Inno 6+, conducted by MSIP, includes a “six-month challenge platform” project and a startup growth support project. The program provides mentoring services to startups discovered by the creative economy innovation centers and a “creative economy town” for six months and helps them benefit from a research and business development fund.

For the startup growth support project, the MSIP has selected seven investment management companies, including Mirae Holdings, HYU Technology Holdings Consortium and Korea Science and Technology Holdings.

SEOUL CITY SUPPORTS FOREIGN-INVESTED COMPANIES THAT CREATE JOBS

Foreign-invested companies that have created jobs in 2014 can apply for employment and training subsidies, Seoul City announced in late July.

The beneficiaries will be Seoul-based foreign-invested companies specializing in one of the city’s eight new growth engines, including IT convergence. They should also have hired at least 11 more workers in 2014 than they did the previous year.

The city will provide companies with maximum support of KRW 200 million for a maximum of six months, with a monthly subsidy of KRW 1 million per worker.

Foreign-invested companies that have created jobs and whose employees have been trained at vocational education and training institutes, including the Korea Management Association and Korea Chamber of Commerce and Industry, will also benefit from the education and training subsidies.

To apply for a subsidy, please contact the city’s Investment Promotion Division (tel: 02-2133-5358) by September 30.
Since 2005, the city has given KRW 3.64 billion to 43 foreign-invested companies for KRW 110 million for 19 new workers in the first half of 2015.

**GOVT. TO EASE FEZ-RELATED REGULATIONS**

The Korean government recently approved measures to ease regulations regarding Korea’s Free economic zones (FEZ). The goal is to make these zones a stronghold for foreign direct investment (FDI) and to improve the work environment.

Among other things, the government will increase the foreign employee to total workforce ratio to 30 percent for companies in FEZs. The current allowed ratio is 20 percent. Regulations will also be revised so as to allow companies in FEZs to electronically submit reports related to imports and exports.

While Korea’s new notified FDI in the January to July period of this year was 5.2 percent less than it was the same period last year, at USD 10.78 billion, the figure was Korea’s second-highest ever for the first seven months of a year.

**KOREA NEWS**

**KOREA’S ICT SECTOR LEADS FOR VALUE ADDED**

The ICT sector of Korea was shown to have the highest portion of value added compared to other areas, at 10.7 percent as of 2013, among member nations of the Organisation for Economic Cooperation and Development (OECD).

According to the 2015 OECD Digital Economy Outlook, Japan followed with 7.02 percent, as did Ireland (6.99 percent) and Sweden (6.81 percent). The report surveyed 29 countries.

Korea’s high portion of value added in the ICT sector was attributed to its advancements in computing, electronics and optical production.

The country’s value added figures for other industries, including software publishing, telecommunications and IT service, were less than average.

**KOREA’S PATENT APPLICATION AT GLOBAL LEVEL**

Korea has ranked third globally for number of patents, according to a patent analysis on Korea’s 13 future growth engines, the results of which were announced by the Korean Intellectual Property Office and Ministry of Science, ICT and Future Planning at the fifth special committee on future growth engines in July.

The analysis looked at 100,000 patents filed by four countries – Korea, the United States, Japan and the European Union – over the last 12 years. Korea ranked third, following the United States and Japan. It came first in the smart Internet of Things (IoT) sector.

In terms of the number of patent applications and patent acquisition rate from major countries, Korea’s technological competitiveness was strong for wearable smart devices and realistic contents but weak for tailored wellness care and convergence materials.

For 5G mobile communications and IoT, Korea’s Samsung Electronics, LG Electronics and the Electronics and Telecommunications Research Institute applied for the most patents. For wearable smart devices, Korea’s Samsung Electronics, Samsung SDI, LG Chem and Samsung Electro-Mechanics were proactive about conducting patent activities.

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**AVCJ KOREA FORUM 2015 TO BE HELD THIS MONTH**

The Hong Kong-based Asian Venture Capital Journal (AVCJ) will hold the Private Equity & Venture Forum Korea 2015 in Seoul on September 15. The annual event is supported by KOTRA’s Global M&A Center. Investors are welcome to register at avcjkorea.com.

Leaders of top venture capital in Asia that have invested in Facebook, Com2Us, Pinterest, Twitter and other game-changing companies, including Tim Chae (500 STARTUPS), Scott Kupor (Andreessen Horowitz), Tea Hea Hahn (Storm Ventures), Aaron Shin (Formation 8), Yinglan Tan (Sequoia Capital), and David York (Top Tier Capital Partners, LCC), will speak at the forum about identifying, investing in and nurturing innovative technology startups.