Interview

ONE-ON-ONE WITH DR. JONATHAN CHOI

As an Honorary Ambassador of Foreign Investment Promotion for Korea, Dr. Jonathan Choi aims to deepen what he calls a regional relationship between Korea and Hong Kong.

Dr. Jonathan Choi, Chairman of Hong Kong's Sunwah Group, was appointed an Honorary Ambassador of Foreign Investment Promotion for Korea in May. He has contributed to enhancing business relationships between Korea and Hong Kong, especially in the agricultural, tourism and cultural sectors. We talked with Dr. Choi, one of Korea's nine such Honorary Ambassadors, about his goals in the position, Hong Kong-Korea relations and what young people today need to succeed.

Why were you interested in becoming an Honorary Ambassador of Foreign Investment Promotion for Korea?

When the Consul General asked me to be an Honorary Ambassador, I actually didn't know there was such a post. But I thought it was a good idea. Hong Kong is an important place – an international trade and investment hub for all of Asia and even the world. So as a Hong Kong business leader, I felt I could do a lot in terms of promotion for business and investment matching or cooperation between Hong Kong, Korea and Mainland China.
Greetings From Invest Korea

Dear Readers,

Last month, I got to see a number translated into reality. I was in Nanning, China for the China-ASEAN Expo, to which Korea was invited. One of the pavilions drew a huge crowd, possibly the biggest one there. Why? Korean cosmetics.

It's one thing to know that Korea is the world's second largest exporter of cosmetics to China. It's another to actually see the demand, the popularity.

Now more than ever, foreign investors can find plenty of opportunities in Korea's leading industries, which include everything from cosmetics and healthcare to mobile devices and shipbuilding. Korea's 52 partner free trade agreement network, excellent logistics infrastructure, role as an RMB hub and recent membership in the Asian Infrastructure Investment Bank can help you expand your business to the far reaches of Korea's trade and other networks.

This is what I emphasized last month during investor relations sessions in Nanning, the Czech Republic and here at home to a visiting delegation. The gist of my message: Korea is your gateway to China and the rest of Asia.

You'll be hearing plenty more about this next month at Foreign Investment Week (FIW), which is Korea's largest annual foreign investment attraction event — and which we're busy organizing here at Invest Korea. I hope to see you all there, and that you'll tune in to my November column for the post-FIW rundown.

On a lighter note, one of our September highlights was our biannual Get to Know Korea event, for which we enjoyed a day of culture with 60 foreign investors, diplomats and their families. With the Korean harvest festival of Chuseok right around the corner at the time, the group visited a rice cake museum, where they made rice cakes and learned about Chuseok culture. They also visited the new Grévin Museum in Seoul and got up close and personal with Korean and global celebrities in wax. It was a great opportunity to experience the uniquely Korean blend of the old and the new.

Sincerely,

Kiwon Han
Head of Invest Korea
Foreign Investment Week (FIW), hosted by the Ministry of Trade, Industry & Energy and organized by the Korea Trade-Investment Promotion Agency, will be held Oct. 13-15, 2015 in Seoul. Korea’s largest international investment promotion event, the aim is to bridge foreign investors and Korean companies as they seek business opportunities in Korea and beyond.

Last year’s FIW drew more than 900 people, including foreign investors, members of the foreign and local press, executives of Korean companies, local government officials and representatives of free economic zones and other organizations.

At this year’s FIW, participants will be able to:
- Learn about the investment environment of Korea
- Attend various investment conferences and seminars
- Network with executives of foreign and domestic companies and high-level government officials
- Schedule private, one-on-one business meetings
- Sign up to visit industrial sites
- And much more!

October 13-15, 2015 Seoul, Republic of Korea

- **Venue:** Grand InterContinental Seoul Parnas
- **Host:** Ministry of Trade, Industry & Energy (MOTIE), Republic of Korea
- **Organizer:** Invest KOREA, Korea Trade-Investment Promotion Agency (KOTRA)

<table>
<thead>
<tr>
<th>Date</th>
<th>Program</th>
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| October 13 (Tues) | • Korea Foreign Direct Investment Forum  
                       • FEZ Night                  |
| October 14 (Wed) | • Opening Ceremony  
                       • **Foreign Investment Forum 2015** (Sessions)  
                       - How to Use Korea as Your Gateway to China  
                       - Regional Development Investment Forum  
                       - Investment in Korea: Shortcut to China for Japanese Companies  
                       - Global Enterprise Investment Policy Forum  
                       • Cross-Border M&A Forum  
                       • Startup Korea  
                       • Samsung Electronics Global Value Chain Policy  
                       • Networking Luncheon  
                       • FDI Press Conference  
                       • Welcome Reception |
| October 15 (Thurs) | • **FIW 2015 One-on-One Business Partnering**  
                       Pre-arranged 1-on-1 business meetings between foreign investors, potential business partners and representatives of R&D centers, the Korean government and Invest KOREA  
                       • Site Visits (Incheon, East Sea FEZ & Kaesong Industrial Complex) |
In Brief

Invest Korea News

FOREIGN COMMUNITY GETS TO KNOW KOREA

Invest Korea held Get to Know Korea 2015, a biannual cultural event designed to help members of Korea’s foreign business community get better acquainted with their host country, on September 19 in Seoul.

About 60 foreign investors, diplomats and their family members joined the program, which was supported by the Seoul Metropolitan Government and European Chamber of Commerce in Korea. They learned how to make traditional Korean rice cakes at the Tteok Museum and about the culture and customs related to Chuseok, a major holiday in Korea that celebrates a good harvest. At the Grevin Seoul, a wax museum and relatively new foreign investor in Korea from France in the tourism and leisure sector, guests get to meet the wax counterparts of their favorite celebrities.

INVEST KOREA HOLDS PRESS LUNCHEON

Invest Korea held the Meet the Press Luncheon 2015 on Sept. 24 at the Plaza Hotel in Seoul. Hosted by Kiwon Han, the head of Invest Korea, the luncheon included briefings on Korea’s investment environment, what’s to come at this month’s Foreign Investment Week, Korea’s largest annual foreign investment promotion event, and a new regulatory information portal for foreign investors. Twenty-one journalists who are foreign correspondents or from Korea’s English-language media organizations attended.

KOTRA HOLDS 3rd GROW TOGETHER AT IKEA KOREA

The Korea Trade-Investment Promotion Agency (KOTRA), of which Invest Korea is a part, and the European Chamber of Commerce in Korea (ECCCK) held a launching ceremony for the third Grow Together corporate social responsibility program on September 9. Following the ceremony, Grow Together members carried out a campaign at IKEA Korea, a foreign-invested company, to promote an advanced transportation culture.

Grow Together, participated in by 30 Korean university students and KOTRA and ECCCK staff, aims to improve awareness of foreign investment in Korea. Program participants visited IKEA Korea to distribute handouts about foreign investment and show people how to use traffic safety tripods.

KOTRA HOLDS ITALY (EU) M&A DEAL SOURCING PLAZA

KOTRA held the Italy (EU) M&A Deal Sourcing Plaza on September 22 in cooperation with the Ministry of Trade, Industry & Energy (MOTIE), the Embassy of Italy in Korea and the Italian Trade Agency.

Fifteen European mergers and acquisitions (M&A) advisors and 120 Korean companies attended the event. The advisors introduced target companies related to the auto part, energy, fashion, food, and plant construction sectors in 11 countries. Small- and medium-sized enterprises previously lacked information and expertise on executing M&A deals. But in 2013, MOTIE opened the Global M&A Support Office at KOTRA, which has since helped make 19 M&A deals.

Invest Korea Head Kiwon Han and officials from MOTIE last month participated in the Korea Trade-Investment Forum, part of the China-ASEAN Expo in Nanning, China.

The forum aimed to increase Chinese investment in Korea through the Korea-China Free trade agreement (FTA). Han spoke about the future of Korea’s industries and the investment opportunities to be found in Korea. Other presentations focused on major Korean industrial complexes, the Korea-China FTA and Korea’s investment policies and incentives.

Regional FDI News

IPA SIGNS MOU WITH BIZPOST KOREA

The Incheon Port Authority (IPA) signed a memorandum of understanding (MOU) with Bizpost Korea, a subsidiary of Bizpost Group in the United States, last month to promote the Golden Harbor project.

The MOU is a follow-up to the memorandum of agreement signed last April in Beijing, China between Bizpost Group and China’s 7D Capital and Pan-China Construction Group to invest KRW 11 trillion (USD 936 million) in the Golden Harbor development project.

Golden Harbor (759,456 m²), which will be located north of Songdo International City, will be home to a comprehensive tourism complex comprising hotels, condominiums, residetials, a shopping mall, water park, marina center and convention halls.

Government & Policy

GOVT. PLANS TO MAKE FUND FOR FUTURE GROWTH INDUSTRIES

The Korean government will create a KRW 185 billion investment fund to support Korea’s future growth industries, according to MOTIE last month.

KRW 105 billion has been designated for bolstering industrial growth engines that can help bring about sustainable economic development. The fund will also be used for 17 next generation technology fields as well as for sector funds for areas including the manufacturing of Internet of Things and energy security.
One-on-One
With Dr. Jonathan Choi (cont.)

What are your goals as an Honorary Ambassador?

I feel I could do more than promotion because investment goes two ways: to Korea and from Korea. The same goes for trade. Also, I believe three main things are important for the economy — investment, trading products and the service industry. Therefore, I feel we can promote all three at the same time.

With the Korea-China free trade agreement (FTA) and the convenience of cross-border e-commerce, you can send products directly from Korea to China. I feel that Mainland China and Korea can be very close to each other, and that in between, Hong Kong can play a part. Interestingly, in Shenyang, China, one of my staff speaks Korean. I could introduce business to Korean delegations with my Korean-speaking staff.

How do you think the Korea-China FTA will enhance Korea-Hong Kong business?

I think Korea was being smart because the relationship between China and Japan is not very good. Korea seized a good opportunity and advantage and signed the FTA. There will be plenty of trading and investment opportunities. Since Hong Kong is a part of China, Hong Kong will also enjoy some benefits from it.

In what sectors of Korea are Hong Kong Investors most interested?

At the moment, mostly in your K-pop and culture business. We are learning how we could have companies like SM and CJ Entertainment in Hong Kong. Second, IT. Korea is the leader of smartphones. Third, Hong Kong people want to be as beautiful as Korean stars. Therefore, cosmetics. So many SMEs want to buy Korean cosmetics. My wife also buys Korean cosmetics. And I shouldn’t say this, but it’s a fact that plastic surgery is also a huge business. Also, the food. I know some Hong Kong companies have already invested in Busan, Jeju, Seoul and in different industries. There are so many opportunities, and many Hong Kong companies would like to work with Korea.

What sort of support do Hong Kong Investors most want from Korea?

The language is the most important, especially English and Chinese. This is what I always tell KOTRA. My suggestion is, if you want to go international, then use two languages for your products: Chinese and English.

What are some of the social causes most important to you?

I’ve been in Hong Kong all my life, so I want to look good for Hong Kong, my hometown. I value it as a business city. Don’t talk too much about the politics. Hong Kong is only a city, not a country. As citizens of a city, we work on how to promote the best interests of our city to be business, the economy.

Secondly, our strength is internationalization. We are an international city. Therefore, we need to work well with countries all over the world so that our business expertise, capital and connections can help not only Hong Kong, but also mainland China to go global and for the world to enter China. We’re a super connector, and with capital, expertise and business know-how, we’re also a co-investor and business operator.

You became the head of Sunwha Group at age 25. How did you do it?

I just worked hard. I got up at 4:30 a.m., went to the fish market at 5 a.m., worked until night. I took time off only on the Chinese New Year. I did this for 10 years.

Secondly, I learned a lot from my work. In business school, you learn only theory.

Of course, I also had to understand world trends. Back then, China was starting to open up, so I was trained during China’s modernization and reform.

What advice would you give young entrepreneurs?

Young people today, their IQ is excellent, but you also need a high EQ, good communication skills and a high AQ, or adversity quotient. Financial crises and earthquakes happen. How can you survive? The way Korea did in 1997, when the financial crisis came. I really respect what Koreans did. They donated gold necklaces for their country. That is the Korean spirit. That is why Korea could go strong.
The Business of Being Health Conscious

Korea’s biopharmaceutical industry is expected to become increasingly competitive in the global market.

The global biopharmaceutical market has shown steady growth thanks to worldwide population aging and increasing interest in health. Many countries have strategically promoted the growth of the biopharmaceutical industry by expanding investments, as the industry creates high margins and high added value, thereby playing an important role in boosting economic growth.

Korea’s biopharmaceutical industry has also grown rapidly, recording double-digit growth. Spurred by active investments from both the public and private sectors, the industry is expected to become one of the country’s major strategic industries.

Korea’s Pharmaceutical Industry

Korea’s pharmaceutical market stood at KRW 19.291 trillion (USD 17.3 billion) in 2013, up 0.3 percent YoY, and posted a five-year CAGR of 2.3 percent from 2008 to 2013. Given that the market recorded a higher growth rate than the global market until 2010, its growth pace has slowed. However, Korea’s pharmaceutical market continues on a steady growth path despite the global economic crisis.

Notably, Korea’s pharmaceutical production increased by 4.1 percent YoY, to KRW 16.2 trillion, in 2013, despite from a stagnant growth trend since 2010. Korea’s pharmaceutical exports posted a 2008-2013 CAGR of 13 percent driven by Korean pharmaceutical companies with a growing presence in the global market.

In contrast, Korea’s pharmaceutical imports dropped 10 percent YoY, to KRW 5.2 trillion in 2013, contributing to a sharp decline in trade deficits.

Korea’s pharmaceutical industry employed 78,259 individuals in 2013, up 5.1 percent YoY, or 3,782 individuals. This marks an upturn in pharmaceutical employment, breaking from a downward trend since 2010, and indicates that business activities have recently gained momentum in Korea’s pharmaceutical industry. Pharmaceutical researchers numbered 5,437, accounting for 6.9 percent of the total workforce in Korea’s pharmaceutical industry. As much as 70.2 percent of researchers have master’s or doctoral degrees and the research workforce structure was biased mostly on higher-skilled talent.

In a nutshell, Korea’s pharmaceutical industry records modest growth across the board. As Korean pharmaceutical companies have steadily sharpened their competitiveness, the Korean industry has increased exports and production volumes and fast reduced trade deficits.

Recent Developments In Korea’s Pharmaceutical Industry

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (KRW million)</th>
<th>Export (KRW million)</th>
<th>Import (KRW million)</th>
<th>Trade Balance (KRW million)</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>%YoY CAGR 2008-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>11,893,810</td>
<td>14,788,387</td>
<td>15,595,858</td>
<td>15,485,351</td>
<td>15,506,683</td>
<td>16,110,485</td>
<td>41%</td>
<td>1.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>1,205,891</td>
<td>1,771,242</td>
<td>1,702,209</td>
<td>1,946,853</td>
<td>2,056,243</td>
<td>2,316,222</td>
<td>0%</td>
<td>0.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>4,357,685</td>
<td>4,605,811</td>
<td>5,685,911</td>
<td>5,475,853</td>
<td>5,735,875</td>
<td>5,115,830</td>
<td>-10%</td>
<td>1.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>-3,553,035</td>
<td>-5,118,039</td>
<td>-3,530,030</td>
<td>-3,865,340</td>
<td>-2,827,206</td>
<td>-17%</td>
<td>-0.0%</td>
<td></td>
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</tbody>
</table>

Source: Korea Health Industry Development Institute (KHIDI), Analysis of Korea’s Pharmaceutical Industry (2013)

Korea’s Biotech Industry

Korea’s biotech industry stood at KRW 7.52 trillion in 2013, up 5.3 percent YoY, in terms of domestic sales and exports and posted a high CAGR of 8.9 percent from 2009 to 2013.

In terms of production value, the biologically-engineered food segment is the largest contributor, with annual production of KRW 3.21 trillion in 2013, accounting for 40 percent of the biotech industry. The second-largest contributor is biopharmaceuticals, with annual production of KRW 2.78 trillion. Biochemicals and other biotech segments are small in terms of absolute production value but expand at a fast pace, raising expectations that they will represent an increasing share of the biotech industry’s production.

Korea’s Biotech Industry Production (Domestic Sales + Exports) (KRW million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic Sales</th>
<th>Total</th>
<th>Biopharmaceuticals</th>
<th>Bioengineering</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>3,646,806</td>
<td>1,506,309</td>
<td>355,681</td>
<td>1,506,684</td>
<td>716,040</td>
</tr>
<tr>
<td>2012</td>
<td>2,703,895</td>
<td>1,994,912</td>
<td>74,783</td>
<td>1,531,905</td>
<td>961,159</td>
</tr>
<tr>
<td>2013</td>
<td>4,066,441</td>
<td>1,577,272</td>
<td>408,206</td>
<td>1,260,205</td>
<td>621,563</td>
</tr>
<tr>
<td>2014</td>
<td>3,903,865</td>
<td>1,766,880</td>
<td>87,737</td>
<td>1,531,805</td>
<td>711,051</td>
</tr>
<tr>
<td>2015</td>
<td>4,357,395</td>
<td>1,606,492</td>
<td>411,799</td>
<td>1,338,003</td>
<td>590,410</td>
</tr>
<tr>
<td>2016</td>
<td>1,596,435</td>
<td>1,180,862</td>
<td>111,110</td>
<td>1,362,351</td>
<td>521,731</td>
</tr>
</tbody>
</table>

Source: Korea Statistical Information Service (Kosis)
The domestic biotech market stood at KRW 5.87 trillion in 2013, up 6.1 percent YoY, posting a CAGR of 8.5 percent from 2009 to 2013. By segment, the biopharmaceuticals segment posted the fastest growth, at 8.5 percent YoY. Of other biotech segments, the bioelectronics and bioenvironment segments recorded a high growth rate of 53.8 percent YoY and 9.6 percent YoY, respectively, although their respective domestic sales were relatively low, at KRW 37.3 billion and KRW 30.3 billion.

In terms of domestic sales, biopharmaceuticals are the largest segment, accounting for 50 percent of the biotech market. However, biopharmaceuticals record a slower growth rate than other segments, while bioengineered food and biochemicals marked higher growth rates. The biotech market is expected to grow beyond biopharmaceuticals to include diverse segments such as biochemical, bioengineered food and other biotech segments.

The number of companies in Korea’s biotech industry increased by 13, from 958 in 2011 to 971 in 2012, marking an upward trend. By segment, the number of biotech companies increased in the biopharmaceuticals, biochemicals and other segments but slightly declined in the bioengineered food segment.

In 2013, the number of people employed by biotech companies stood at 38,197, marking an increase of 627 individuals from 2012. In other words, the average number of employees per biotech firm stood at 39.3.

The number of researchers amounted to 11,505 individuals, or 30.4 percent of the employees in Korea’s biotech industry. About 60 percent of researchers have master’s or doctoral degrees. The workforce is highly skilled in the biotech industry, as seen in the pharmaceutical industry.

### Industry Outlook

The global pharmaceutical and biotech markets have steadily expanded thanks to an aging population and growing awareness of healthy lifestyles worldwide.

The global pharmaceutical industry expanded 2.4 percent YoY, to USD 959 billion in 2012, and posted a high CAGR of 5.3 percent from 2007 to 2012. The growth rates are relatively low compared to the pre-crisis growth rate of about 8 percent. However, the global pharmaceutical industry has continued on a steady growth path despite a global economic slowdown, as national healthcare spending and demand for healthcare have increased amid aging populations in Asia.

The global biotech market amounted to USD 1.18 trillion in 2012. This global industry is one of the most promising and expected to reach USD 1.57 trillion in 2015, with a 2010-2015 CAGR of 9.7 percent.

The development of the pharmaceutical and biotech industries is expected to be led by technological convergence-driven new industries, such as BIG. The “ubiquitous” healthcare industry has emerged thanks to IT-related innovative technologies, creating new medical device markets such as portable diagnostic devices for remote health monitoring, remote consultation and remote treatment. The personalized healthcare market is estimated to reach USD 63.9 billion in 2015, from USD 33.7 billion in 2010.

Thanks to dramatic technological developments in DNA analysis, key product categories will include chips and diagnosis kits based on DNA sequencing and protein analysis. The preventive medicine segment, such as the introduction of biosensors and biomarkers, is expected to develop thanks to growing demand for products that enable fast diagnosis and early detection, for disease prevention. The development of personalized target therapy and companion biomarkers (companion diagnostics) are expected to emerge as a new business model for the pharmaceutical industry.

Also, the industry shift from one-size-fits-all products to personalized treatment products should be accelerated. Medical treatment and management will take into consideration personal genetic information and physical traits, departing from the practice of applying the same treatment to all patients. In this regard, development of the single-nucleotide mutation search, precision diagnosis and monitoring segments will enable drug response prediction and help establish a system to fend off trial and error and side effects in advance.

Although Korea’s current share in the global biopharmaceutical market is small, the competitiveness of Korea’s biopharmaceutical industry in the global market is expected to grow significantly in the future, as domestic demand and exports are expanding at a faster rate than the global market trend, and as the country’s public and private sectors are firmly committed to expanding investments and boosting industry growth.

Source: IMS Health (2012)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (USD billion)</th>
<th>Growth Rate (%)</th>
</tr>
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<tbody>
<tr>
<td>2010</td>
<td>912</td>
<td>31%</td>
</tr>
<tr>
<td>2011</td>
<td>1,010</td>
<td>6%</td>
</tr>
<tr>
<td>2012</td>
<td>1,165</td>
<td>55%</td>
</tr>
<tr>
<td>2013</td>
<td>1,364</td>
<td>9%</td>
</tr>
<tr>
<td>2014</td>
<td>1,647</td>
<td>10%</td>
</tr>
</tbody>
</table>

By Moon Hey-seon
Research Fellow/KIET
Leading Industry Research Division
hsmoon@kiet.re.kr
Communicating a Message of Support

The Foreign Investment Ombudsman assured potential foreign investors in Hong Kong and China of the aftercare they can count on.

One of my recent highlights as the Foreign Investment Ombudsman was the opportunity to attend a variety of investor relations events in Hong Kong and China.

I was part of a delegation headed by Korea’s Deputy Minister of Trade, Industry & Energy that traveled to Hong Kong and China to introduce potential investors to Korea’s industries and investment environment and encourage them to do business here. Attending events in Hong Kong, Beijing and Shanghai from August 25 to 28, 2015, I communicated the Office of the Foreign Investment Ombudsman’s strong will to support businesses from these areas in the hopes of encouraging the audience to invest in Korea.

At the Korea-HK Economic Business Forum in Hong Kong, I gave a presentation on the role of foreign direct investment in the development of emerging economies, how Korea and Hong Kong are currently engaging in economic cooperation and Korea’s Foreign Investment Ombudsman system. Particularly, with the Convention Between the Republic of Korea and Hong Kong for the Avoidance of Double Taxation signed in July of 2014 and awaiting ratification by the National Assembly, I spoke about how I expect increased economic cooperation between the two countries and introduced the recently launched online Regulatory Information Portal for foreign investors (see the September issue of the Invest Korea Express).

In Beijing, I met with Liu Dian Wen, Director General of the Investment Promotion Agency of the Ministry of Commerce of the People’s Republic of China, and shared about Korea’s experience with providing aftercare services for foreign investors. I believe China will experience similar situations regarding aftercare services for foreign investors, and mutual cooperation between the two countries would help solve problems faced by Korean and Chinese investors, considering the Korea-China FTA has been signed. As such, I recommended that the Director General benchmark Korea’s Foreign Investment Ombudsman system.

At the meeting, we agreed that friendly exchanges between the two countries are growing and will become more vibrant. I spent most of my time in Shanghai at the Korea Brand and Entertainment EXPO 2015. It was a great opportunity to witness the influence of the Korean Wave and expanded exchanges between Korea and China. I also attended the Korea-China Investment Forum in Shanghai and introduced Korea’s Foreign Investment Ombudsman system along with our commitment to supporting Chinese businesses investing in Korea.

Looking back on my three overseas engagements, I feel that it was important to consistently inform potential investors of the presence of our office and how we can support them. After all, it helps increase their confidence in Korea as an investment destination.

By Dr. Jeffrey J. Kim
Foreign Investment Ombudsman
jeffkim@kotra.or.kr
Chungbuk Free Economic Zone: Your Business Partner for the Future

Offering everything from transportation to HR-related advantages, the CBFEZ is an ideal environment for business.

The Chungbuk Free Economic Zone (CBFEZ), or the North Chungcheong Province Free Economic Zone, is a special economic area developed to improve operational environments for foreign-invested companies and living conditions for foreigners.

Offering not only a range of tax relief, financial assistance and deregulatory benefits, but also educational, medical and residential resources for foreigners, the CBFEZ provides a distraction-free business environment for corporations. As such, the zone is drawing global attention.

The CBFEZ is also a strategic point for transportation and logistics that offers ground pathways, putting it within a two-hour distance from anywhere in the country. The area also provides wide-open airways through Cheongju International Airport, a hub airport in the Jungbu region, and is near Sejong City, a new metropolitan area of Korea. The zone’s solid industrial infrastructure caters to the biotech, ICT and solar power industries, interlinking all operations and maximizing synergy. The CBFEZ is a reliable business partner equipped with competitive industrial infrastructure and favorable living conditions.

Top Bio & IT Cluster

The CBFEZ is home to Korea’s Bio-Health Science Technopolis as well as the world’s top bio cluster. About 60 biomedical-related companies, including LG Life Science LTD and CJ Cheiljedang, are located in the Osong Bio-Health Science Technopolis. The Public Health Administration Town in the complex is adjacent to six national organizations, including the Ministry of Food and Drug Safety, Korea Centers for Disease Control and Prevention and Korea Health Industry Development Institute. One-stop services, from production to accreditation, are possible.

Inside the high tech Osong Korea Medical Cluster is a research development cluster. It is near medical corporations, universities and research institutes where research entities, academia and industry can work together. The R&D Support Organization, which includes the New Drug Development Center, Medical Device Development Center, Laboratory Animal Center and Clinical Drug Manufacturing Center, is located in the cluster and provides process-wide support, from research to product development. Occupants can receive diverse administrative and financial benefits.

Of course, the area’s research and development infrastructure is also strong, with 280,000 excellent human resources from 54 universities as well as talents from the IT, HT, NT, aviation and automobile industries.

With a strong business infrastructure, the CBFEZ has everything you’re looking for in an investment partner.

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http://www.cbfez.go.kr
E-mail: daugerich@korea.kr

<table>
<thead>
<tr>
<th>Development Plans by District</th>
<th>Size (ha)</th>
<th>Target Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Osong Biomedical District</td>
<td>1.13</td>
<td>Medical research and development facilities and clinical trial centers</td>
</tr>
<tr>
<td>Osong Biopolis District</td>
<td>3.28</td>
<td>Bioinformatics convergence, medical device manufacturers and biotech education and healthcare providers</td>
</tr>
<tr>
<td>Cheongju Aeropolis District I</td>
<td>0.15</td>
<td>Aviation MRO complex</td>
</tr>
<tr>
<td>Cheongju Aeropolis District II</td>
<td>0.32</td>
<td>Aviation industrial complex</td>
</tr>
<tr>
<td>Chungju Ecopolis District</td>
<td>4.20</td>
<td>Automotive electronics industries, logistics and distribution industries and non-conventional renewable energy industries</td>
</tr>
</tbody>
</table>

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Journey Through Art

Three of the best art museums in Yangju are along the artsy road of Kwonyul-ro.

Why hit one museum when you can hit three?

Follow a street called Kwonyul-ro in the city of Yangju and you can do just that, taking in everything from the works of renowned Korean artists to photos of Picasso.

The street, named after Kwon Yul, one of the most celebrated army generals in Korean history, connects various artistic spaces, including the Jangheung Art Park, Jangheung Sculpture Park, Chang Ucchin Museum of Art Yangju City, Malmeeori (Horsehead) Ridge and Ahn Sang Chul Museum, and finally stops at the Yangju Culture and Art Hall Junction.

The first cultural art space you will encounter on Kwonyul-ro is the Jangheung Art Park. This isn’t a typical art space with paintings on walls meant to be enjoyed at a distance. Rather, it resembles a playground, where you can touch, feel and even ride the art. The Bourdelle Garden boasts the masterpieces of French sculptor Bourdelle, one of France’s three virtuosos of modern sculpture, beautifully scattered on the grass.

The Picasso Museum, painted in alluring blue, is also a must-visit, especially for adults. Yes, the pieces are replicas, but they serve as a guide of sorts to Picasso’s artistic flair and passions. What’s special here are photos of Picasso taken by French photographer André Villers. You can see rare images of Picasso deep in thought or gazing hard at his work. The black and white photos perfectly reflect the artist’s passion for art and life. A row of ceramics, engravings, drawings and more by Picasso are also sure to delight.

Drive a few more minutes, toward the Tomb of General Kwon Yul, and you will get to the Chang Ucchin Museum of Art Yangju City. Chang Ucchin is a representative of modern Korean fine art. Together with Park Sugeun and Lee Joongseop, this uniquely designed museum was inspired by Chang’s Hoyakdo, a drawing of a tiger, and was awarded a Kim Swoo Geun prize for architecture. The museum houses not only original masterpieces by Chang, but also about 230 varied works of art donated by the Chang Ucchin Foundation. Some recommend starting your museum tour on the second floor. This way, you can get to know the masterpieces first and then gain an understanding of the artist’s life and artistic values through watching video clips on the ground floor. A piece called Animal Family on the second floor is one of Chang’s most beloved.

The arts trip along Kwonyul-ro ends at the Ahn Sang Chul Museum. You’ll walk in to see a panorama of pieces by the artist Ahn Sang Chul, followed by his Asian style paintings, in which he specialized. Follow the art path and you’ll reach a piece by Ahn’s wife, Na Hee Kweon.

Source: Korea Tourism Organization
http://english.visitkorea.or.kr

Jangheung Art Park (031-877-0500)
Hours: 10:00 - 18:00 (weekday) / 10:00 - 19:00 (weekend)
Admission: Children KRW 5,000 / Students KRW 6,000 / Adults KRW 7,000

Chang Ucchin Museum of Art Yangju City (031-8062-4245)
Hours: 10:00 – 18:00 (Tuesday through Sunday)
Admission: Children KRW 500 / Students KRW 1,000 / Adults KRW 2,000

Ahn Sang Chul Museum (031-874-0734)
Hours: 11:00 – 17:00 (Tuesday through Sunday)
Admission: Children free / Students KRW 1,000 / Adults KRW 3,000
Economic Indicators

<table>
<thead>
<tr>
<th>GDP</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
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</thead>
<tbody>
<tr>
<td>Nominal (USD million)</td>
<td>1,094,300</td>
<td>1,202,700</td>
<td>1,222,400</td>
<td>1,305,400</td>
<td>1,410,000</td>
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<tr>
<td>PPP (USD million)</td>
<td>1,505,299</td>
<td>1,559,447</td>
<td>1,601,229</td>
<td>1,661,723</td>
<td>1,732,352</td>
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<tr>
<td>GDP Growth Rate (Y-o-Y) (%)</td>
<td>6.5</td>
<td>3.7</td>
<td>2.3</td>
<td>2.9</td>
<td>3.3</td>
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Source: The Bank of Korea. September 2015

<table>
<thead>
<tr>
<th>GDP Per Capita</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
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<tbody>
<tr>
<td>Nominal</td>
<td>24,156</td>
<td>24,454</td>
<td>25,973</td>
<td>28,101</td>
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<tr>
<td>PPP</td>
<td>31,327</td>
<td>32,474</td>
<td>33,791</td>
<td>35,277</td>
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Source: International Monetary Fund. April 2015

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<tbody>
<tr>
<td>Exports</td>
<td>466,384</td>
<td>555,214</td>
<td>547,870</td>
<td>559,632</td>
<td>572,665</td>
<td>315,180</td>
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<tr>
<td>Imports</td>
<td>425,212</td>
<td>524,413</td>
<td>519,584</td>
<td>515,586</td>
<td>525,515</td>
<td>261,226</td>
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<tr>
<td>Trade Balance</td>
<td>41,172</td>
<td>30,801</td>
<td>28,285</td>
<td>44,047</td>
<td>47,150</td>
<td>53,954</td>
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<tr>
<th>KRW-USD Foreign Exchange Rate</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>August 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports</td>
<td>28,850.4</td>
<td>18,655.8</td>
<td>50,835.0</td>
<td>81,148.2</td>
<td>89,220.1</td>
<td>10,114.8</td>
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<td>Imports</td>
<td>291,571</td>
<td>306,402</td>
<td>326,968</td>
<td>346,460</td>
<td>363,593</td>
<td>367,938</td>
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</table>

Source: The Bank of Korea

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