Korean Government Pledges to Work Tirelessly for Foreign-Invested Companies

The Office of the Foreign Investment Ombudsman will spare no effort in producing a more business-friendly environment for foreign investors.

As an investment promotion agency, the Korea Trade-Investment Promotion Agency’s (KOTRA) main duties include investment promotion, image-building, investor services, investment generation and policy advocacy. Policy advocacy activities are considered especially important to the Office of the Foreign Investment Ombudsman (OFIO) because we focus on post-investment services for foreign investors by taking measures to prevent future grievances as well as resolving grievances filed by them. We provide a unique interface between foreign-invested companies and the government, identifying challenges that foreign-investors face in their business activities.

Such feedback, when brought to the government’s attention, helps create a better investment climate through systemic improvements and legal amendments. At the same time, government policies on foreign direct investment (FDI) need to be established based on foreign-invested companies’ opinions and should be explained to policy recipients. Building a consensus between the government and foreign-invested companies through communication is key to creating successful FDI policies.

A good example of such efforts was the Semiannual Luncheon Meeting with Foreign-Invested Companies in Seoul on February 18, 2016. The seminar was hosted by Joo Hyung-Hwan, the Minister of Trade, Industry and Energy and moderated by the Foreign Investment Ombudsman. In attendance were more than 50 participants including foreign investors, representatives of chambers of commerce in Korea, and government officials from relevant ministries.

Minister Joo Hyung-Hwan opened the meeting by expressing his gratitude to foreign investors who made it possible for Korea to achieve a record high FDI for two consecutive years (the FDI exceeded USD 20 billion in 2015). He reassured investors that despite recent challenges, Korea remains an attractive investment destination, especially as its GDP stands at USD 1.4 trillion. This number is also expected to grow 3.1 percent this year with its Free Trade Agreement (FTA) platform, which covers three quarters of the global market.

Emphasizing the importance of removing obstacles in the way of investment, Minister Joo shared three priorities of the future direction of the government’s FDI policy for 2016. These priorities include making regulatory reforms by improving the foreign investment zone system and requirements for non-profit foreign-investment and increasing financial support measures for creative industry investments. The third priority is establishing a correspondence channel between investors and the Korean government by making the Minister available at semiannual meetings with foreign-invested companies, and by utilizing existing platforms like the Foreign Investment Ombudsman’s system and Invest Korea.

While speaking highly of the country’s improving investment climate, representa-

tives of the foreign business community in Korea requested 17 changes in the areas of the foreign investor support system, customs regulations, and other compliance issues. The requests also included allowing service industries to move in to a foreign investment zone, revamping foreign investment incentive systems and extending the Real Estate Immigration Investment Scheme.

Furthermore, foreign-invested companies that attended the meeting acknowledged the Minister’s first outreach as timely, considering the recent provocation caused by North Korea and the sluggish economy. In particular, his call requesting relevant ministries to take care of the submitted grievances from the perspective of foreign-invested companies was greatly welcomed by foreign investors.

Moreover, foreign investors appreciated the OFIO for its Regulatory Information Service, which allows them to directly speak out about their concerns so that their opinions are reflected in the lawmaking process. On this note, the OFIO and the relevant ministries will spare no effort to produce fruitful outcomes on the issues and discussions shared at the meeting.

As a follow-up to the meeting, the OFIO seeks to offer platforms for dialogue not only to resolve grievances of foreign companies, but also to help build mutual trust between multinational companies and policymakers. It also aims to enhance understanding of the Korean government’s policies by holding the second-half of the Semiannual Investor-Government Meeting, the Foreign Investment Advisory Council Meeting and the CEO Forum for Foreign-Invested Companies later this year.

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