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INNOVATION AT ITS FINEST

Quality and innovation lie at the heart of Brose Korea’s success

Stefan Halusa
President of Brose East Asia

In 1908, Max Brose, founder of the German automobile supplier Brose Group, opened up a trading company for automobile accessories in Berlin. But dealing in vehicle parts was not enough—eleven years later he started developing and producing his own automotive products in the city of Coburg in Northern Bavaria.

Since then Brose has emerged as the world’s fifth-largest family-owned automotive supplier. Today, the company has 24,000 employees working in 60 locations in 23 countries, including Korea. The main goal of Brose is to guarantee quality and innovation to increase comfort, safety and efficiency for drivers. It’s because of this vision that the company has become so successful; its mechatronic systems for doors, seats or electric motors and drives can be found in every second new vehicle around the world today.

As the world’s fifth-largest automobile market in terms of vehicle production, Korea proved to be an optimum market for the company, which established Brose Korea in 2002. In a bid to further expand its international motor business, Brose also set up a joint-venture with Mando Corporation, one of Korea’s leading automotive suppliers, to form Mando-Brose in the Incheon Free Economic Zone.

To find out more about the company’s activities in Korea, we talked to Stefan Halusa, President of Brose East Asia, on the occasion of Foreign Investment Week (FIW) 2016.

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Greetings From Invest KOREA

Dear Readers,

It was a whirlwind week, but I’m happy to say that Foreign Investment Week (FIW) 2016 has wrapped up successfully thanks to your support! As Korea’s largest annual event for international investment promotion, FIW 2016 provided the perfect opportunity for global CEOs, investors, policymakers and the foreign press to come together and learn more about Korea’s economic environment and where it’s headed.

This year’s event gathered the most participants in its 10 year history with over 1,300 people in attendance. The number of requests for one-on-one business consultations between foreign investors and Korean companies also jumped 50 percent compared to that of last year. Participants were able to get an in-depth look about Korea’s economic and creative landscape, including its global FTA platform, emerging industries and promising startup scene. There was also a separate program planned for members of the foreign press, including site visits and a forum on the Korean government’s response to the recent changes in the world.

Aside from the official program, I had a chance to meet investors, dignitaries of various embassies and Chambers of Commerce, as well as our distinguished Honorary Ambassadors. By getting to know them on a personal level, they provided me with suggestions on what Invest KOREA and the Korean government can do as a whole to make Korea a better place for business. One thing that I know for sure is that FIW would not have been possible without all of your help. Due to your overwhelming support, I’m confident that Korea’s economy is on the right track.

FIW might have come to a close, but that doesn’t mean that our work is over yet. We at Invest KOREA will continue to work right beside you to improve the investment environment here in all aspects.

Sincerely,

Yong Kook Kim
Head of Invest KOREA
**Invest KOREA News**

**INVEST KOREA & KFEZ ATTENDS CITYSCAPE GLOBAL**

On September 5-9, Invest KOREA (IK) and the Korean Free Economic Zones (KFEZs) jointly participated in Cityscape Global held in Dubai.

At the event, representatives from IK and the KFEZs participated in a seminar to spread awareness on Korea’s real estate and investment opportunities in the country.

Cityscape Global is the world’s largest real estate fair, held annually around the world in nine regions, including Dubai, Korea, Kuwait, Brazil and Egypt. Attended by about 150 companies, government agencies and investors, it has become one of the world’s most important real estate development projects and investment networking events.

**IK PARTICIPATES IN CHINA INTERNATIONAL FAIR FOR INVESTMENT AND TRADE**

On September 8, representatives from IK, the Daegu-Gyeongbuk FEZ and regional governments participated in the China International Fair for Investment and Trade (CIFIT) held in Xiamen, China for its 3-day run. The agency operated a promotional booth during the event to promote Korea’s investment environment and identify potential Chinese investors.

About 1,400 organizations and companies from 50 different countries as well as tens of thousands of visitors from 100 different countries participated in this year’s event, which focused on attraction of foreign capital and overseas expansion.

IK also attended the International Investment Forum, which was conducted on the sidelines of the CIFIT to explain the Chinese government’s two-way investment policies and share investment information.

**Foreign Company News**

**KEPCO DRAWS ELECTRIC POWER IOT INVESTMENT FROM ALPS ELECTRIC**

State-run Korea Electric Power Corp. (KEPCO) drew the country’s first foreign direct investment in Bitgaram Energy Valley, a state-sponsored energy cluster, from Japan’s Alps Electric Co.

In a ceremony held in Tokyo on September 9, KEPCO and Alps Electric agreed to work on projects for the energy cluster including those dealing with the Internet of Things (IoT). The Japanese firm will also set up a research and development (R&D) center for IoT by the end of this year. From there, it plans to set up a production facility for new energy industries in cooperation with KEPCO.

Founded in 1948, Alps Electric is a Japanese maker of home appliances, office equipment and automotive electronics equipment.

**Government & Policy**

**S. KOREA RELEASES COMPREHENSIVE STRATEGY ON BIO INDUSTRY**

On September 8, the Korean government rolled out a set of measures to fuel the growth of the country’s bio-health industry, aiming to become a global powerhouse in the sector and add nearly 1 million new jobs.

The comprehensive plan for the next four years was finalized in a meeting presided over by Prime Minister Hwang Kyo-ahn and announced by the Ministry of Health and Welfare.

Under the plan, the government will invest more in R&D in the fields of medicine, medical devices and cosmetics. It also forecasts that 940,000 new jobs will be created by 2020 in the industry that is widely viewed as the nation’s next growth engine.

Most notably, Korea aims to more than double the number of foreigners visiting South Korea for medical purposes from 300,000 in 2015 to 750,000 in 2020.

**GOV’T TO CREATE FUNDS FOR VR, AR INDUSTRIES**

South Korea will create KRW 40 billion (USD 34.5 million) in special funds to foster the virtual reality (VR) and augmented reality (AR) industries.

On September 7, the Ministry of Science, ICT, and Future Planning said funds are aimed at bringing more investment in the fields and to catch up with other global powerhouses.

The ministry said it will invest KRW 12 billion (USD 10.8 million) annually into the fund for the next two years and the rest of the KRW 20 billion (USD 17.9 million) will be supplemented from private funds.

The fund will be established in the form of the Korea Venture Fund, officials said, noting that the ministry will soon select a company to operate the funds.
Foreign Investment Week 2016 Draws Record-Breaking Crowd in Seoul

Korea’s largest annual event in investment promotion successfully wraps up after three-day run

“The Korean miracle isn’t something that happened from the end of the Korean War until today; it’s an ongoing process that is only just beginning,” says Jamie Metzl at the opening ceremony of Foreign Investment Week (FIW) 2016. Metzl, a partner for the global investment company Cranemere LLC, is one of the Honorary Ambassadors of Foreign Investment for Korea representing the United States. During his speech, Metzl actively engages a crowd of 1,300 people, pointing out what makes Korea a great place for investment—its workforce, its government and its strategic location.

The UK’s Honorary Ambassador and Chairman of New Nuclear Watch Europe, Tim Yeo also echoes these same sentiments in his speech: “Korea’s tremendous economic progress over the last 60 years to its current position as the 11th largest economy in the world is one of the great, remarkable success stories of the late 20th and early 21st century.”

FIW 2016, which took place in Seoul on September 27-29, is hosted annually by the Ministry of Trade, Industry & Energy (MOTIE) and organized by the Korea Trade Investment Promotion Agency (KOTRA) and Invest KOREA, the foreign investment promotion arm of KOTRA. It stands as the nation’s largest international investment attraction event.

This year’s FIW saw a 30 percent rise in the number of attendees with a total of 1,323 participants taking part in the event. Under the theme, ‘Strengthening global partnership in emerging industries of the future’, the event invited foreign investors in the newly emerging industries and service industries, namely those from the new energy, ICT convergence, biohealth, advanced new material and high-end consumer goods sectors.

At the opening ceremony, Yong Kook Kim, Head of Invest KOREA, introduced Korea’s investment environment and how the country could be the link to global success. Kim highlighted its stable credit rating, extensive FTA network and innovative technology as some of the reasons to invest in Korea. He emphasized that Invest KOREA and KOTRA are committed to working together with current and prospective investors so they can transform their business opportunities into success stories.

Programs
FIW 2016 was comprised of forums covering various topics, including promising areas of investment cooperation with Korean companies, success stories of existing foreign-invested companies and expert strategies to succeed in the Korean market. As such, the programs were designed to provide tangible support to foreign investors and provided opportunities for Korean companies to network with foreign companies.

Unlike other investment conferences, FIW also provided a more intimate, multifaceted approach to investor relations by holding business round-tables, one-on-one consultations and site tours to Korea’s burgeoning regions. Namely, 670 one-on-one consultations took place throughout the three-day event. Thanks to this
 approach, participants had direct access to high-level officials from the Korean government, academia and private sectors.

**Strengthening Korea-China investment cooperation**

Despite concerns over China’s declining investment towards Korea after its decision to deploy THAAD (Terminal High Altitude Area Defense), a number of Chinese investors have shown great interest in investing in Korea. 82 Chinese investors from 73 companies, more than double the number from last year, participated in the event.

CIPA (China Investment Promotion Agency), an investment promotion arm of the Ministry of Finance of the People’s Republic of China, also suggested establishing a body focusing on joint investment cooperation in a bid to strengthen bilateral ties.

On this note, this year’s FIW featured an IR event that introduced promising investment areas of the Saemangeum Korea-China Economic Cooperation Zone and the government’s support measures to promote more investment in this region, as agreed by the Korea-China FTA and state-level meetings.

**Working together for CSR**

Companies did more than just talk about investment and finances at FIW; corporate social responsibility (CSR) was also a key word at this year’s FIW. The CSR Forum, held on Sept. 28, increased awareness about social responsibilities of foreign-invested companies and foreign investors visiting Korea.

Foreign Investment Ombudsman Jeffrey Kim, who resolves grievances facing foreign-invested companies in Korea, started off the forum with an opening speech. The session continued with the importance of corporate social responsibility and current trends in Korea.

Most notably, Solvay Asia Pacific, Intel Korea and GM presented their activities and plans in Korea, and held fruitful discussion on ways to strengthen CSR implementation in the future.

**Foreign Press Forum**

On September 27, Invest KOREA hosted a familiarization (FAM) tour for members of the foreign press in conjunction with FIW. 19 foreign journalists from 11 countries attended the FAM tour, which promoted Korea’s next-generation ICT development policies.

This year’s tour took place at the Gyeonggi Center for Creative Economy & Innovation (GCCEI) and the Samsung Innovation Museum (SIM). Journalists were able to talk to representatives of leading startups of Korea’s future industries and learn about the Korea’s ICT industry and convergence technologies at the GCCEI.

Established in September 2014, the GCCEI currently operates 18 innovation centers in 17 regions throughout the country, which are designed according to the industrial characteristics of each region and specialized businesses. The manager of the public relations team, Baek Sae Hyun, introduced Korea’s startup and foreign investment environment while journalists were able to interview the CEO of ulalaLAB (IoT), an IoT technology startup which provides various platforms using a smart sensor called Wicon, a convergence technology that analyzes the pattern of people, objects and animals. They were also able to meet with the head of Voler Creative, a startup specializing in artificial intelligence (AI) and virtual reality (VR) development, and Madorca, a mobile game development startup.

The Foreign Press Forum explored the long-term challenges facing the Korean economy, while also looking at the country’s policy direction for the future. Presenters from the public sector talked about a number of key issues, including Korea’s reform regulations on the Internet of Things (IoT), as well as the ways the Korean government is responding to changes in the global trade and commerce environment.

Perhaps the most highly anticipated session was the session on Korea’s reunification plan and South Korea’s policies towards North Korea. This particular section covered the government’s vision for gradual reunification and its trust building process while continuing to emphasize its zero tolerance policy to North Korea’s nuclear weapons. This session was of particular interest to foreign journalists, as it provided a rare opportunity for participants to directly ask questions to an official from the Ministry of Unification.

The press event wrapped up with more site visits to Korea’s promising regions, including Ulsan, Energy Valley in Naju and Eco Delta City in Busan.

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On May 18, 2016, the 5th Meeting on Deregulation and Private-Public Joint Meeting in Charge of Regulatory Reform was held in the Blue House and the event was attended by the public, and representatives from the government and the private sector.

During the meeting, corporate representatives talked about unreasonable regulatory challenges they faced while operating business in Korea, and related ministers (government regulators) spoke in response about how they will reform such regulations.

In order to quickly respond to the government’s deregulatory drive, the Office of the Foreign Investment Ombudsman within the Korea Trade-Investment Promotion Agency (KOTRA) worked tirelessly to address unreasonable regulatory issues raised by foreign-invested companies in a bid to improve the country’s business environment. In this regard, we offer one such example of grievance resolution that has led to the improvement of unjustifiable customs regulations.

The Korea Customs Service (KCS) tightened up regulations on domestic transportation of express deliveries and the Customs Act Newly inserted paragraph (6), Article 254-2 (Special Customs Clearance for Consignments) on July 1, 2013. The newly inserted paragraph (6) stipulates that the head of a customs office shall clear a consignment through customs at a designated storage place that is separately determined in accordance with the procedure prescribed by the Commissioner of the KCS. Effective as of July 1, 2013, the newly inserted provisions prohibit the express delivery of such goods into any bonded warehouse.

Such tightened regulations the KCS set on the domestic transportation of express delivery can be viewed as the preventive measures against the domestic inflow of ‘goods threatening public security’ via other means of transportation such as general goods or mailing goods. The related logistics industry points out such restrictions on bonded transportation of express delivery would have limitations in preventing the inflow of ‘hazardous substances’ into the country.

So far the KCS has designated the entirety of express deliveries as items subject to customs control, requiring all of them to be subject to X-ray screening. This customs control of express deliveries has been conducted more thoroughly than general deliveries.

Domestic logistics companies using express delivery are operating across all industries in Korea, and are providing goods and services produced by businesses all over the world through the global networks. This restriction on bonded transportation would lead to the complicated process of logistics companies and increased inefficiency as it is much more time-consuming and costly.

Domestic businesses’ logistics needs can be boiled down to just five things: speed, simplicity, cost, global distribution and compliance.

This means that businesses want their goods and services to be provided in a speedy, simple and price-competitive manner in the global market while complying with customs regulations of each country.

Transportation services of express deliveries that satisfy the needs of such businesses can play a key role in boosting competitiveness of logistics.

Multinational express carriers in Korea such as DHL, UPS, Fedex, and TNT raised some issues of such customs regulations for transportation of express deliveries and requested that Foreign Investment Ombudsman provide assistance in regulatory improvement.

The Ombudsman visited the Commissioner of the KCS on July 27, 2015 to resolve such issues filed by the foreign-invested companies, and requested that relevant customs authorities review and reconsider measures to allow for bonded transportation of express deliveries. The Ombudsman also suggested that the KCS and the foreign-invested companies involved attend the Meeting for Foreign-invested Companies hosted by KOTRA.

As a result, both sides attended the meeting organized by the Ombudsman on Aug. 19, 2015. During the event, the head of KCS listened attentively to the issues related to prohibition on transportation of such goods. On April 6, 2016, the Ombudsman attended the Private-Public Joint Committee Meeting for Regulatory Reform hosted by the KCS where he repeatedly explained problems of the current system and strongly requested that the system be improved quickly.

On Aug. 7, 2016, the KCS accepted the requests by the foreign-invested companies for regulatory improvement and amended the ‘Notice of disposal: Import Clearance of Express Deliveries’ stipulating that ‘bonded transportation such as bonded warehouse for private use shall be approved for domestic businesses using express services provided by express carriers’.

With this amendment, domestic logistics companies using express delivery services are expected to boost their global competitiveness through improved logistics.

By Dr. Jeffrey I. Kim
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*Bonded transportation means transporting cargos imported form a foreign country into another bonded area in the original form of foreign goods after filing a declaration with or obtaining approval from the head of the relevant customs office without clearing them through customs in the port of entry.*
Korea’s new anti-bribery law, the Improper Solicitation and Graft Act, will take effect September 28. The purpose of this act is to secure public confidence in public institutions by forbidding the bribery of government officials and other relevant people including journalists and teachers.

The most controversial part of the new act, first proposed in August 2012 by former chief of the Anti-Corruption and Civil Rights Commission Kim Young-ran, was to limit the value of meals, gifts and congratulatory or condolence money. Under this act, if people in power or of social influence receive meals priced higher than KRW 30,000 (USD 27), gifts valued above KRW 50,000 (USD 45) or marriage or funeral money beyond KRW 100,000 (USD 90), they will be indicted for bribery even though there was no quid pro quo. There has been hot debate on this law. Some say it is too harsh and others say it is still not enough to stop bribery.

Amid the voices of pros and cons, the new anti-bribery law has been through various stages. First, the Kim Young-ran bill was approved in the National Assembly on March 3, 2015. President Park promulgated the new law on March 26, 2015, and Korea’s Constitutional Court ruled on July 28 this year that the new law was constitutional, allowing the controversial law to take effect as scheduled. On August 29, the ordinances of the anti-bribery law, including the limits of KRW 30,000, KRW 50,000 and KRW 100,000, were critically reviewed at a vice ministerial meeting. It was finalized at the Cabinet meeting.

The Kim Young-ran Act will apply to domestic citizens as well as foreign nationals by the principle of national treatment. Foreign businesspeople have shown much interest in Korea’s new anti-bribery law. Foreign investors may fear that the Kim Young-ran Act would impede their business significantly.

Bribery has been a part of human society since the oldest of times. A bribe is money or a favor given in order to influence the decision of someone who is in a position of political power or social influence. The U.S. and other Western countries had been lenient toward the offer of bribes to foreign officials by their businessmen until the late 1990s. When operating a business in less developed countries, they often see bribes as greasing the wheels. But this practice had to be stopped after the occurrences of huge bribery scandals committed by multinational companies including Lockheed Martin. In November 1997, the U.S. Congress enacted the FCPA (Foreign Corrupt Practices Act) to stop the giving of bribes to foreign officials and to restore public confidence in the integrity of the American business system. After the U.S., other advanced countries in Europe followed suit and enacted strict anti-corruption laws one after another.

Under these circumstances, Korea’s new anti-bribery law will help foreign-invested companies to become more competitive in the domestic as well as global markets. Now, the set of three numbers, 3-5-10 which symbolizes the budget limit for meal cost, gift price and congratulatory or condolence money, is the target for criticism. But these numbers will certainly change as inflation increases and the living standard advances. In any event, the Kim Young-ran Act is very likely to work in favor of foreign investors.

By Dr. Jeffrey I. Kim
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Please tell us about Brose and its business activities in Korea.

We specialize in mechatronics systems for vehicle doors and seats as well as electric motors and drives. Most of our products may not be visible to the driver because they’re located somewhere under the hood or in the door, but our solutions enhance safety, comfort and efficiency. Our customers include around 80 car brands and over 40 suppliers. More than 24,000 employees generate 6.1 billion (USD 6.85 billion) in turnover.

On that note, Korea is home to the fifth-largest global car manufacturer, Hyundai Motor Group. That was more than a good reason to expand our business to Korea. We set up a local team close to the customer in order to react quickly and provide the best service, whether that is during the development phase of our products or during serial production.

We want to localize as many of our components in Korea as possible and that’s why we set up a joint venture and established Mando-Brose Corporation, which develops and produces steering motors. As you know, Mando Corporation is one of the leading suppliers for steering systems, brake systems and suspension systems in the automotive industry. These products require electric motors, so in 2011 we teamed up to supply motors to Mando.

Were there any challenges that Brose faced while trying to expand its business in Korea?

In our case, the biggest challenge was that Korea has a very well-established and cost competitive supply base. The business structure is different in Korea than it is in Europe because its economy is largely influenced by big conglomerates and they’re very well-integrated in the complete supply and value chain. Since strong customer-supplier relationships have been developed, it can be difficult for newcomers to be a part of the country’s supplier pool and penetrate the local market.

How can Korea become a more ideal investment destination for foreign companies?

When it comes to doing business in Korea, an important factor for multinational and foreign companies is openness. They want an open, non-discriminatory regulatory environment so that they can get the chance to develop sustainable businesses. Unrestricted capital inflow and outflows are important to us as well.

Aside from these aspects, it’s essential for us to be able to bring in the right people to support and develop our business in Korea. We need flexibility on working permits so that we can bring in overseas technical experts; by doing so, we’ll be able to also bring in their knowledge and technical expertise to Korea. At our headquarters in Germany, we focus on advanced development and technology so that is why it’s even more important to have overseas talent come to Korea.

What are some of the goals or vision that Brose has in Korea and Asia?

Last year, we decided to change our organizational setup and made Korea our headquarters for our Asian business outside of China. This is because Korea is by far the second biggest market for us after China. So it’s likely that there will be additional investment flowing into Korea to increase our business with car manufacturers in the region.

But we’re not just working on projects with Korean car manufacturers. We’re supporting our teams in Japan and ASEAN countries by further developing engineering resources and infrastructure in Asia.

Do you have any last words for foreign companies interested in extending their reach to Korea?

Foreign companies should definitely look into Korea as a location for investment, especially because of its FTA network. These FTAs make it very easy for companies here to export their products to other countries. In our case, we’re able to easily export our products from Korea to Europe, India and North America. I hope Korea will continue to improve their business environment by establishing new FTAs with more countries.

By Esther Oh
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Are Korea’s Export Markets Really Recovering?

According to Professor Shin Se Don, Korea's public and private market must work together to put the country's export market back on the right track.

At last, Korea’s monthly exports showed a positive growth rate (vis-a-vis last year) of 2.6 percent last August. Export growth rates have been in the negative territory for 25 consecutive months since July 2014. Never before has it shown such a prolonged decline. The previous record of consecutive negative growth rates were 13 months from March 2001 to March 2002 and 12 months from November 2008 through October 2009. This 2.6 percent growth in August 2016 has put an end to the longest streak of negative growth in the export market, and there are high expectations that Korea’s exports are finally back on the right track. But are we sure Korea’s exports have regained their momentum?

Before answering that question, one point should be made clear to avoid possible confusion and misjudgment. Usually, monthly statistics are too erratic to base long term forecasts upon. For example, monthly export statistics could easily be distorted by the number of working days or holidays, which could differ by two or three days, and sometimes up to four or five days for months with longer holidays. One way to correct this deficiency may be to convert the monthly export data to daily equivalent statistics by adjusting the amount of non-working days. To calculate daily export statistics, Sundays and holidays are usually excluded and Saturdays are noted as half days. When applying this method, August 2016 had 22 working days and four Saturdays, while there were 20 working days and four Saturdays in August 2015. Because there were two more working days in August 2016 than in the same month the previous year, the daily equivalent of exports in August 2016 is actually USD 1.67 billion, while that of August 2015 was USD 1.78 billion. With this modification, exports in August 2016 did not see an increase of 2.6 percent, but rather a decrease of 6.2 percent. Another way to overcome this pitfall of month-to-month irregularity is to use quarterly statistics. The diagram below shows the recent trends of quarterly export growth rates, which has been in the negatives for eight consecutive quarters (from the third quarter of 2014 until the second quarter of 2016). The surprising fact about the diagram is that quarterly exports showed double-digit negative growth rates for six consecutive quarters (from the first quarter of 2015 until the second quarter of 2016). With this prolonged decline in exports and the daily equivalent export growth statistics still in the negatives, it might take some time before Korea’s exports markets see more positive growth.

A number of incidents in Korea, including the recent Hanjin Shipping crisis and the massive recall orders of the Samsung Galaxy Note 7 have become stumbling blocks for the Korean economy. Knowing that export is a critical element of Korea’s economic growth, what should then be done?

First, Korea has to rebuild its competitiveness. Domestic firms have to try hard to successfully outperform their main competitors like Apple, Toyota or Merck. They need to be constantly looking out for what their competitors are researching on and find out how they are marketing their products, instead of meddling with domestic issues. When the cost of labor was the main source of competitiveness, Korea was at an advantage because of its low wages. But it’s a different story now. In an era of highly advanced technologies, corporate executives, employees, governments and bureaucrats all have to come together to make the economy competitive and creative. This is exactly why Germany and China have been so deeply concerned with the fourth industrial revolution, and Korea is no exception. I believe Korean firms and entrepreneurs are wholeheartedly dedicated and committed to doing so. The real challenge, however, is how seriously and actively public entities would take part in this endeavor.

Secondly, the country’s business regulatory environment should be renovated entirely. Fierce competitiveness in the global markets, along with unreasonable and unfair domestic regulations can serve as obstacles for companies. Without deregulation, domestic companies could lose their competitive edge in the long run and eventually move their plants overseas. Whether you want to call this overhaul ‘restructuring’ or a ‘reformation’, no one can dispute their importance.

By Professor Se Don Shin
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Ulsan Metropolitan City: The Link to Asia

As Korea’s largest industrial city, Ulsan provides an optimum place for foreign companies to call home.

Ulsan Metropolitan City
Located in the southeastern coast of South Korea, Ulsan Metropolitan City is the seventh largest metropolis with a population of over 1.1 million and gross regional domestic product of USD 56,000 per capita. It is also one of Korea’s biggest industrial cities, accounting for 15.2 percent of the country’s industrial output and a product export equivalent to USD 97.3 billion. In addition, Ulsan is the largest shipbuilding city in the world, accounting for 16 percent of the world’s shipbuilding output. The city is also home to major Korean companies like Hyundai, Daewoo and SK, along with big names in the automotive, shipbuilding and petrochemical industries.

Ulsan Port Hinterland & New Ulsan Port
As the largest industrial logistics port, Ulsan Port treats the highest amount of liquid cargo in Korea, processing 190 million tons of cargo a year with a berthing capacity of 110 berths. Ulsan New Port, to be completed in 2020, will have a capacity of 89 million tons of cargo per year and an annual port handling capacity of 253 million tons. The city currently accounts for 34.9 percent of petrochemical production in Korea, and the port is expected to handle 19.2 percent of the world’s petroleum consumption.

Its strategic seaside location, as well as the city’s accessibility to the KTX (South Korea’s high-speed railroad), the Gyeongbu Highway and the Gimhae International Airport, also provide an extensive transportation network.

Ulsan Free Trade Zone
A free trade zone (FTZ) is a specific class of economic zone designated by the national government to promote foreign investment, trade and regional development through deregulation of foreign trade laws, along with customs laws.

The Ulsan Free Trade Zone Administration Agency (UFTZAA), which covers 837,000 square meters of the city, has been designed especially for foreign-invested and export-oriented companies. Located close to existing large-scale industrial complexes, it aims to become a hub for new industries and act as an outpost of the East-Sea Rim Economic Zone.

The UFTZAA provides a number of incentives for investors, including low rent, tax reductions and special regulations. For foreign invested manufacturing or export-oriented manufacturing companies, UFTZAA offers a competitively priced monthly rent at KRW 930-1,030 (USD 0.83-0.92) per m² for standard factories and KRW 134 (USD 0.12) per m² for private factories. Companies in advanced technology industries and industry-support services with new investments of more than USD 1 million get a 100 percent waiver on rent, while new investment of more than USD 5 million can receive a 75 percent exemption.

Foreign-invested companies investing more than USD 10 million are also eligible for 100 percent corporate, income and local tax exemption for three years and 50 percent for an additional two years. Companies can also receive tariff breaks on capital goods, raw materials and construction materials imported for business purposes, and zero percent VAT rate on foreign goods or services exchanged among tenants and domestic goods carried into a free trade zone.

For more information, visit the Ulsan Metropolitan City website:
http://www.ulsan.go.kr/english/index
**Introducing Korea’s SMEs**

Each month, Invest Korea Express introduces one Korean SME that seeks to expand its network with foreign investors looking to do business in the country. In the October issue, we take a look at one of Korea’s most promising renewable energy companies.

**ODIN ENERGY**

Recently, the challenge of renewable energy development has become a global issue in the midst of global warming. In 2015, total investments in the clean energy sector reached a recordbreaking USD 329 billion, up 4 percent from 2014. Among the different types of renewable energy, wind power in particular has drawn attention as the most efficient, cost-effective and eco-friendly energy source, and ODIN Energy has been a key player in this field.

Patented in 47 countries, ODIN Energy system’s innovative hybrid technology combines wind, solar and ESS power to generate four times more power than traditional methods. Its multi-floor tower structure also takes up 1/80 of the area required for standard wind power systems. Moreover, it is a noise-free alternative to high voltage power lines of traditional transmission towers, which are detrimental to people’s health and the landscape.

As of May 2016, ODIN has already established 12 MOUs in the United States, Kenya, England, Egypt, Nigeria, Indonesia and Jordan. It has also participated as an economic mission delegate to the Korea-Africa Presidential Summit.

**Economic Indicators**

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<td>1,685,033</td>
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</tr>
<tr>
<td>GDP Growth Rate (Y-o-Y) (%)</td>
<td>3.7</td>
<td>2.3</td>
<td>2.9</td>
<td>3.3</td>
<td>2.6</td>
</tr>
</tbody>
</table>

Source: The Bank of Korea, October 2016

<table>
<thead>
<tr>
<th>GDP Per Capita</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<tbody>
<tr>
<td>Nominal</td>
<td>25,998</td>
<td>27,970</td>
<td>27,195</td>
<td>25,989.9</td>
</tr>
<tr>
<td>PPP</td>
<td>33,829</td>
<td>35,379</td>
<td>36,511</td>
<td>37,699</td>
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</table>

Source: International Monetary Fund, April 2016

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</thead>
<tbody>
<tr>
<td>Exports</td>
<td>555,214</td>
<td>547,870</td>
<td>559,632</td>
<td>572,665</td>
<td>526,757</td>
<td>322,305</td>
</tr>
<tr>
<td>Imports</td>
<td>524,413</td>
<td>519,584</td>
<td>515,586</td>
<td>525,515</td>
<td>436,499</td>
<td>261,152</td>
</tr>
<tr>
<td>Trade Balance</td>
<td>30,801</td>
<td>28,285</td>
<td>44,047</td>
<td>47,150</td>
<td>90,258</td>
<td>61,053</td>
</tr>
</tbody>
</table>

Source: Korea International Trade Association, October 2016

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>1,156.3</td>
<td>1,108.1</td>
<td>1,126.9</td>
<td>1,095.0</td>
<td>1,053.2</td>
<td>1,102</td>
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</table>

Source: The Bank of Korea, October 2016

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>18,655.8</td>
<td>50,835.0</td>
<td>81,148.2</td>
<td>84,373.0</td>
<td>105,870.7</td>
<td>64,055.5</td>
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</tbody>
</table>

Source: The Bank of Korea, October 2016
## IK Worldwide
- 36 Korea Business Centers Supporting Foreign Investors Worldwide

### NORTH AMERICA

<table>
<thead>
<tr>
<th>City, USA</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York, USA</td>
<td>(212) 826-0900</td>
<td><a href="mailto:kotrany@hotmail.com">kotrany@hotmail.com</a></td>
</tr>
<tr>
<td>Los Angeles, USA</td>
<td>(323) 954-9500</td>
<td><a href="mailto:info@kotrala.com">info@kotrala.com</a></td>
</tr>
<tr>
<td>Chicago, USA</td>
<td>(312) 644-4323</td>
<td><a href="mailto:info@kotrachicago.com">info@kotrachicago.com</a></td>
</tr>
<tr>
<td>Dallas, USA</td>
<td>(972) 243-9300</td>
<td><a href="mailto:info@kotradallas.com">info@kotradallas.com</a></td>
</tr>
<tr>
<td>Washington D.C., USA</td>
<td>(202) 857-7919</td>
<td><a href="mailto:washington@kotra.org">washington@kotra.org</a></td>
</tr>
<tr>
<td>Silicon Valley, USA</td>
<td>(408) 432-5000</td>
<td><a href="mailto:info@kotrasv.org">info@kotrasv.org</a></td>
</tr>
<tr>
<td>Detroit, USA</td>
<td>(248) 619-1601</td>
<td><a href="mailto:detroit@kotradtt.org">detroit@kotradtt.org</a></td>
</tr>
<tr>
<td>Vancouver, Canada</td>
<td>(604) 683-1820</td>
<td><a href="mailto:kotra@kotrayvr.com">kotra@kotrayvr.com</a></td>
</tr>
<tr>
<td>Toronto, Canada</td>
<td>(416) 368-3399</td>
<td><a href="mailto:info@kotra.ca">info@kotra.ca</a></td>
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### EUROPE

<table>
<thead>
<tr>
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<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frankfurt, Germany</td>
<td>(49-69) 2429-920/9</td>
<td><a href="mailto:frankfurt@kotra.or.kr">frankfurt@kotra.or.kr</a></td>
</tr>
<tr>
<td>Hamburg, Germany</td>
<td>(49-40) 3405-740</td>
<td><a href="mailto:info@kotra.de">info@kotra.de</a></td>
</tr>
<tr>
<td>Munich, Germany</td>
<td>(49-89) 2424-2630</td>
<td><a href="mailto:munich@kotra.or.kr">munich@kotra.or.kr</a></td>
</tr>
<tr>
<td>Paris, France</td>
<td>(33-1) 5535-8888</td>
<td><a href="mailto:paris@kotra.or.kr">paris@kotra.or.kr</a></td>
</tr>
<tr>
<td>Madrid, Spain</td>
<td>(34-91) 556-6241</td>
<td><a href="mailto:madridktc@kotra.or.kr">madridktc@kotra.or.kr</a></td>
</tr>
<tr>
<td>London, UK</td>
<td>(44-20) 7520-5300</td>
<td><a href="mailto:kotra@kotra.co.uk">kotra@kotra.co.uk</a></td>
</tr>
<tr>
<td>Brussels, Belgium</td>
<td>(32-2) 203-2142</td>
<td><a href="mailto:kotrabru@kotra.or.kr">kotrabru@kotra.or.kr</a></td>
</tr>
<tr>
<td>Milan, Italy</td>
<td>(39-02) 79-5813</td>
<td><a href="mailto:kotramil@kotra.it">kotramil@kotra.it</a></td>
</tr>
<tr>
<td>Zurich, Switzerland</td>
<td>(41-44) 202-1232</td>
<td><a href="mailto:ktc@kotra.ch">ktc@kotra.ch</a></td>
</tr>
<tr>
<td>Stockholm, Sweden</td>
<td>(46-8) 30-8090</td>
<td><a href="mailto:kotra.sto@kotra.ru">kotra.sto@kotra.ru</a></td>
</tr>
<tr>
<td>Copenhagen, Denmark</td>
<td>(45) 3312-6658</td>
<td><a href="mailto:info@kotra.dk">info@kotra.dk</a></td>
</tr>
<tr>
<td>Amsterdam, Netherlands</td>
<td>(31-20) 673-0555</td>
<td><a href="mailto:info@koreatradecenter.nl">info@koreatradecenter.nl</a></td>
</tr>
<tr>
<td>Vienna, Austria</td>
<td>(43-1) 586-3876</td>
<td><a href="mailto:kotravie@kotra.at">kotravie@kotra.at</a></td>
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### ASIA & OCEANIA

<table>
<thead>
<tr>
<th>City</th>
<th>Phone</th>
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</tr>
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<tbody>
<tr>
<td>Tokyo, Japan</td>
<td>(81-3) 3214-6951</td>
<td><a href="mailto:kotratky@kotra.or.jp">kotratky@kotra.or.jp</a></td>
</tr>
<tr>
<td>Osaka, Japan</td>
<td>(81-6) 6262-3831</td>
<td><a href="mailto:osakktc@kotra.or.jp">osakktc@kotra.or.jp</a></td>
</tr>
<tr>
<td>Nagoya, Japan</td>
<td>(81-52) 561-3936</td>
<td><a href="mailto:nagoya@kotra.or.jp">nagoya@kotra.or.jp</a></td>
</tr>
<tr>
<td>Fukuoka, Japan</td>
<td>(81-92) 473-2005/6</td>
<td><a href="mailto:fukuoka@kotra.or.jp">fukuoka@kotra.or.jp</a></td>
</tr>
<tr>
<td>Beijing, China</td>
<td>(86-10) 6410-6162</td>
<td><a href="mailto:712467@kotra.or.kr">712467@kotra.or.kr</a></td>
</tr>
<tr>
<td>Shanghai, China</td>
<td>(86-21) 5108-8771/2</td>
<td><a href="mailto:shanghai@kotra.or.kr">shanghai@kotra.or.kr</a></td>
</tr>
<tr>
<td>Guangzhou, China</td>
<td>(86-20) 2208-1600</td>
<td><a href="mailto:713161@kotra.or.kr">713161@kotra.or.kr</a></td>
</tr>
<tr>
<td>Qingdao, China</td>
<td>(86-532) 8388-7931/4</td>
<td><a href="mailto:qdkbc@kotra.or.kr">qdkbc@kotra.or.kr</a></td>
</tr>
<tr>
<td>Hong Kong, China</td>
<td>(852) 2545-9500</td>
<td>kotra.org.hk</td>
</tr>
<tr>
<td>Taipei, Taiwan</td>
<td>(886-2) 2725-2324</td>
<td><a href="mailto:kotra.tpe@msa.hinet.net">kotra.tpe@msa.hinet.net</a></td>
</tr>
<tr>
<td>Singapore</td>
<td>(65) 6426-7200</td>
<td><a href="mailto:e-mail@kotrasingnet.com.sg">e-mail@kotrasingnet.com.sg</a></td>
</tr>
<tr>
<td>Melbourne, Australia</td>
<td>(61-3) 9860-0500</td>
<td><a href="mailto:info@kotramelbourne.org.au">info@kotramelbourne.org.au</a></td>
</tr>
<tr>
<td>Sydney, Australia</td>
<td>(61-2) 9264-5199</td>
<td><a href="mailto:info@kotra.org.au">info@kotra.org.au</a></td>
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### MIDDLE EAST

<table>
<thead>
<tr>
<th>City</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dubai, United Arab Emirates</td>
<td>(971-4) 450-4360</td>
<td><a href="mailto:ktcdbx@emirates.net.ae">ktcdbx@emirates.net.ae</a></td>
</tr>
</tbody>
</table>

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Clean KOTRA, Green KOTRA