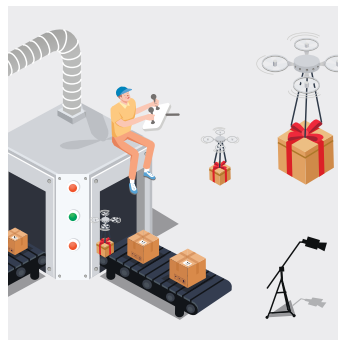


HITTING NEW HEIGHTS

By pushing the boundaries of creativity,
DJI is redefining the entire drone industry

Moon Tae-hyun Country Manager **DJI Korea**



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Dear Readers,

Those of you who have been keeping up with KOTRA Express for some time might be familiar with me, but to our new readers, I'm Yong Kook Kim, Head of Invest KOREA (IK), and it's my pleasure to welcome you. But whether you're new to our magazine or have been following us for a while, I want to thank you for your support. I also want to

keep you updated on the latest things going down at IK. IK is the foreign investment promotion arm of KOTRA and we make sure that Korea is an ideal business destination for foreign investors.

If you haven't heard, Korea's startup scene is incredibly vibrant and promising. Just last year, venture capital firms invested nearly \$1.9 billion in Korean start-ups. And to keep this going, we'll be holding a number of investor relations events overseas—first in Singapore, then in Hong Kong. Korean startups specializing in the ICT and cultural content sectors will not only meet with potential investors to pitch their latest projects, but showcase their technology on a global scale.

IK is also doing its part to prepare and adjust to the changing global climate, most notably in the United States. In response to the new administration in the U.S., I'll be meeting with companies from the American Chamber of Commerce to discuss "Trumponomics" and how we can better prepare ourselves in this shifting political and economic environment.

Finally, IK, the Office of the Foreign Ombudsman and the Investment Consulting Center (ICC) are working to make the investor support system more efficient and far-reaching. As such, we've been holding monthly meetings to come up with ways we can better address your needs. Should you have any suggestions or comments on what we can do to make Korea a more comfortable place for you, please feel free to let us know.

We're only three months into 2017, but there are already so many changes taking place in Korea and overseas. As we expect more change this year, we'll keep you updated on the latest news on Korea's trade, economy and investment environment through KOTRA Express.

Sincerely,

A handwritten signature in black ink, appearing to read 'Yong Kook Kim'.

Yong Kook Kim / Head of Invest KOREA

INVESTOR RELATIONS EVENT HELD IN UAE TO SPUR COOPERATION

From Feb. 6 to 9, KOTRA, along with the Ministry of Trade, Industry and Energy (MOTIE), public organizations and small and middle businesses hoping to attract foreign investment held an investor relations event titled 'Toward a New Industrial Era with Korea' in the United Arab Emirates, the largest foreign investment country in the Middle East.

The UAE investor relations event was held to expand investment opportunities

by providing information on investing in Korea, individual consultation services on investment projects and consultation services for sovereign wealth funds.

Considering the rapid industrial shuffle taking place in the Middle East, the event focused on attracting investment by introducing financial investors with targeted information on the main regional development projects in Korea, as well as projects related to the fourth industrial revolution.

KOTRA PROMOTES KOREA'S HIGH-QUALITY CONSUMER GOODS IN CHINA

From February 14 to 16, MOTIE, KOTRA and Taobao, China's largest e-commerce platform, jointly hosted 'Taobao Consumer Goods Pitching & Demo Day' for the first time ever. A wide range of promising consumer goods were showcased via live stream in Korea and China.

KOTRA promoted Korea's promising consumer goods such as cosmetics, daily

supplies and baby products as well as agricultural and fisheries products. Featuring internet celebrity Wang Hong, the program aired in both countries through a B2B broadcasting channel.

The event was held in relation to the '2017 Global Retail Market Entry Showcase' which will be held on March 30 and convene experts in the global retail and e-commerce market.

KOTRA HOLDS KNOWLEDGE SHARING SEMINAR REGARDING INVESTMENTS IN CUBA

On Feb. 13, the Knowledge Sharing Seminar for Investing in Cuba was held at the KOTRA headquarters in Seoul. Around 80 companies interested in entering the Cuban market attended the event, which was hosted by Korea's Ministry of Strategy and Finance, and organized by KOTRA. 10 officials led by Rosell Guerra Campana, Director of Renewable Energy at the Cuban Ministry of Energy and Mines, also attended the event.

In an effort to lower their foreign dependency on fossil fuels and raise renewable energy usage levels to 24 percent by 2030, the Cuban government has

launched a knowledge sharing program (KSP) last October with their Korean counterpart to benchmark Korea's experience in adopting renewable energy. The Cuban government expressed particular interest in Korea's energy storage system (ESS) technology, use of marine energy, municipal solid waste (MSW) management and electric buses. Through the program, the Korean government shared its experience in the renewable energy sector, discussed ways to work together in each industry and offered policy advice on financing.

BUSINESSES SEEK ADVICE AT 2017 UN PROCUREMENT PLAZA

From Feb. 21-22, KOTRA held the 2017 UN Procurement Plaza at The Westin Chosun Seoul. Some 300 business persons from Korea and abroad participated at the event introducing the United Nation's procurement system, vendor registration procedures and market entry strategies by industry. Participants received one-one-one customized consultations from procurement officers.

With simpler vendor registration procedures introduced in 2013, enabling online vendor registration and submission of proposals, the UN procurement

market has become more accessible to Korean small and medium businesses. Through the event, KOTRA has provided the businesses with an opportunity to review ongoing tenders, and seek advice on how to participate in the bidding process.

Procurement officers from the Economic and Social Commission for Asia and the Pacific (ESCAP) stressed that Korean businesses need to focus more on the Asian region, which accounts for one third of the entire UN procurement market.

Trade News

KOREA AND CENTRAL AMERICAN COUNTRIES NEGOTIATE FTA

Officials from Korea and the six Central American countries of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama met in the Costa Rican capital of San Jose, from Feb. 13 to 17, to process the Korea-Central America Free Trade Agreement (FTA) through legal scrubbing.

Legal review teams from both parties participated in the meeting. The Korean delegation was led by Director Kwon Hyouk Woo of MOTIE's FTA Negotiation Cooperation Division, while Central America sent deputy-level trade representatives in charge of negotiations from

each of the six countries.

Korea and the Central American countries concluded negotiations for the FTA last year on November 16, although in the case of Guatemala, the agreement excluded certain issues regarding market accessibility and place of origin. Follow-up measures are currently in progress for the official signing, set to take place in the first half of this year, including the steps of legal review, initialing, and translations of the agreement from the original English into the national languages of both parties.

KOREA AND INDIA HOLD TALKS TO IMPROVING CEPA

On Feb. 13-14, the second negotiations for improving the Korea-India Comprehensive Economic Partnership Agreement (CEPA) took place in New Delhi, India.

Led by Yoo Myung-hee, MOTIE's Director-General for FTA Negotiations, the Korean delegation consisted of representatives from the Trade Ministry, the Ministry of Strategy and Finance and the Ministry of Agriculture, Food and Rural Affairs. Sanjay Chadha, Joint Secretary of the Indian Department of Commerce, led the Indian delegation.

The first negotiations for improving the Korea-India CEPA took place in

October 2016 in Seoul, where the two countries discussed their basic positions on issues regarding products, place of origin and services.

Building on what was discussed at the first meeting, the upcoming event paved the way for fruitful discussion, including talks on how to improve product concessions and product specific rules of origin (PSR) and market accessibility.

The negotiation came at a meaningful time, as the Korea-India CEPA will offer a more diverse means to trade with India, one of the largest and most promising markets in the world.

Government & Policy

KOREA TO INJECT KRW 17 TRILLION IN 12 NEW INDUSTRIES

Korea plans to invest KRW 17 trillion (USD 15 billion) in 12 new industries, including those involved in making electric and autonomous vehicles, robots, and drones, which are expected to form the future backbone of the Korean economy. The government expects that this will ultimately lead to the creation of 30,000 jobs.

This initiative to find new backbone industries that will sustain the country's

economic future will receive financial backing from both private and public funding. As such, the government aims to improve regulations, provide focused support, build convergence platforms and create entry-level markets. MOTIE expects the new initiative to put exports back on track, and bring the number of smart factories up to 5,000, along with new jobs.

AMENDED SPECIAL TAXATION RESTRICTION ACT IN FULL SWING

Upon announcement of the 2016 Proposed Amendments to the Tax Law on July 28, 2016, the Special Taxation Restriction Act was amended on December 20, 2016, and enforced beginning January 1, 2017. The amended Act contains changes that make new growth industries the focus of tax support to revitalize the economy through various means. This includes bringing stability to the economic structure and creating quality jobs.

The expiration date for the special tax-

ation for foreign workers was extended, while the earned income tax was raised to 19 percent. In addition, qualifications for seven-year tax exemptions for foreign investors were revised from "industry-supporting services and hightech businesses" to "new growth engine industry businesses that are based on a technology prescribed by Presidential Decree". These industries include future cars, intelligent information, next-generation software and security, biomedicine, new energy industries, robots and aviation.

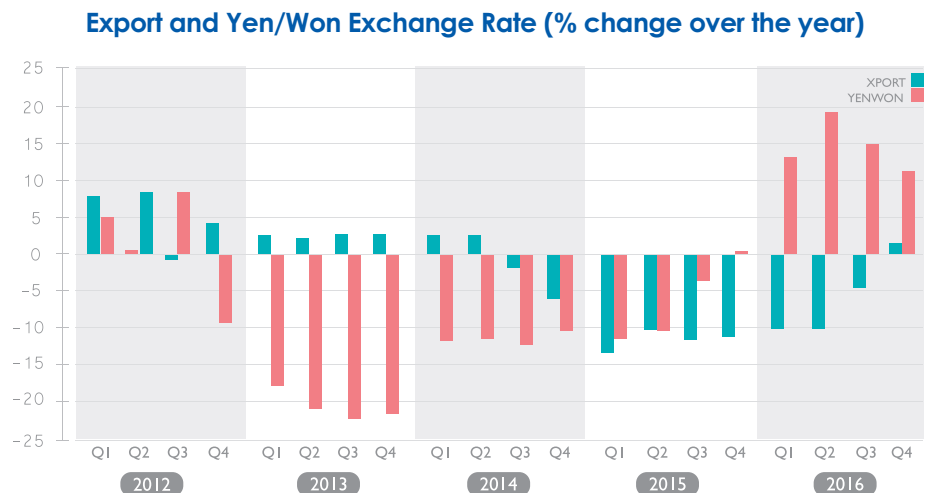
A New Hope for Korea's Exports

With the global economy showing signs of recovery, Korea's export volume has jumped over the last three months

After showing a prolonged lull in growth rates, Korean exports finally began recording positive growth since November 2016. The long streak of sagging exports had stopped and a spike in exports continued for three consecutive months. Though the recent export volume is slightly lower than what it used to be a couple of years back, the jump in exports for more than three consecutive months is encouraging news to the Korean economy. Before making judgments about future export performances, however, it is important to figure out what factors have contributed to the recent improvements.

The major factor behind this export turn-around is the exchange rate—especially the yen/won rate. From mid-2015 and onward, the yen/won rate began to surge from about 9 won per yen to 11.3 won by the middle of 2016, which is about 25 percent the yen appreciation rate against the won. This appreciation implies Korean exports have become more price competitive compared to its Japanese counterparts. As seen in the graph below, the movement of the yen/won exchange rate is closely related to Korean export growth. For example, the yen/won exchange rate began to fall for 12 quarters since Q4 of 2012 until Q3 of 2015, and this period of the depreciating yen matches exactly with the period of declining exports from Q3 of 2014 to Q3 of 2016. Judging from the structural relationship between the exchange rate and Korea's trade, strong export growth will continue this year.

Another major factor is the general improvement in the global economy. As the IMF forecasts suggested this January, the world economic outlook this year seems to be better than last year. The global economy is expected to grow 3.4 percent this year as opposed to 3.1 percent in 2016. The United States is expected to grow 2.3 percent this year, compared to 1.6 percent last year. Emerging



Source: Bank of Korea

market economies are expected to grow 4.6 percent this year, which is a significant improvement from 4.2 percent in 2016. On this note, circumstances are expected to improve throughout the world. If this is the case, then global exports will expand significantly and Korea should be going down the right path.

Of course there are some challenges ahead. First, the U.S. Department of Treasury will decide on its watch list countries this April, and political and financial tensions could erupt. Second, the Federal Reserve is expected to raise the federal funds rate and this would cause the global interest rate to increase, which would discourage spending and investments. Third, the seemingly protectionist policy of the Trump administration, especially the border adjustment tax (BAT), or the re-examination of NAFTA and/or existing multilateral trade frameworks such as WTO might have a dampening effect on global trade. But free and fair trade is what the Trump administration really cherishes and global trade should eventually flourish as long as the notion of fair and free trade is kept intact. Fourth, how fast the Chinese economy will recover from its sluggish growth, and how the UK can continue smooth negoti-

ations with EU are issues that still remain up in the air. Despite all the uncertainties and risks, it is strongly believed that this year seems to be better than the last one. No matter what the decision of the Constitutional Court, sooner or later Korea is going to have a new president and new leadership this year.

In order to accelerate export performances, Korea should fully utilize opportunities arising from the Trump administration's investment in infrastructure. When it comes to the construction of dams, bridges, canals, pipelines, railroads and highways, Korean companies have been one of the most efficient in the field. Also Korea should continue to maintain its strong FTA network with the United States. Minor adjustments to it may be inevitable but the complete scraping of the agreement is unthinkable because the agreement centers heavily on mutual benefits for both countries.

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** The opinions expressed in this article are the author's own and do not reflect the view of KOTRA.*



Cooperation through innovation was a consistent message at the 2017 Korea-China Business Partnering Forum, held on Feb.23-24 at the K-Hotel in Seoul. As the economic relationship between Korea and China continues to burgeon—most notably through the recently implemented FTA—the forum came at a fitting time. Despite their obvious difference in economic size, both the Korean and Chinese governments are actively pushing to generate activity from emerging sectors like ICT.

Hosted by the Ministry of Science, ICT and Future Planning (MSIP) and the Ministry of Trade, Industry and Energy (MOTIE), and organized by KOTRA, Commercializations Promotion Agency for R&D Outcomes (COMPA) and the Public Intellectual Property Association (PIPA), the Korea-China Business Partnering Forum sought to explore new business opportunities for promising Korean companies seeking to enter the Chinese market, as well as introduce Chinese investors who want to do business with Korean enterprises. It also aimed to build on last year's accomplishments made between the two countries, including the K-Startup Summit in Beijing, which introduced Korean startups to Chinese venture capitals and buyers.

Korean participants at this year's event included around 50 startups and 30 research universities and technology com-

panies. Chinese participants, meanwhile, were comprised of 40 companies, including venture capitals and venture accelerators. Prior to the main program, a mentoring session for those wanting to know more about China's latest technology and companies, and a session on Korea-China technological cooperation took place. The main event offered attendees a wide variety of programs, as it was divided into three sessions over the span of two days—a presentation on successful cases of Korea-China joint projects, a business partnering meeting and a seminar on the commercialization of global technology.

"Amid the slowing global economy, cooperation between our two countries is no longer an option but a necessity", said Yongbum Cho of COMPA during the first session. "Korea is a world leader in the fields of ICT, mobile phones, semiconductors and biotechnology. If new projects can arise in these sectors through

Korean and Chinese Companies Seek New Ways for Shared Growth at 2017 Korea-China Business Partnering Forum



mutual cooperation, China and Korea will be able to enjoy great synergy together."

An official from Huizhou echoed the notion of cooperation during his presentation. Huizhou, a city in China's Guangdong Province, is being pushed by the government as the 21st century Silk Road. The region is transforming into a smart city and is working with other cities to carry out a number of policies that promote science and ICT. Some of Korea's largest companies, including Samsung,

are doing business in the region and the Huizhou local government hopes to work more closely with Korean partners.

Representatives from Maker Institute, an international innovation center founded by Nanshan District and Shenzhen Institute of Advanced Technology (SIAT), also attended the forum to talk about the latest health, robotic and IOT projects being pushed by the institute. Maker Institute focuses on the cultivation and assistance for companies in order to improve their innovation capability. It offered a number of suggestions for Korea-China cooperation, including opening a science or IT competition for prom-

ising startups in both countries.

At the one-on-one partnering event, Korean startups and research institutes with highly-advanced technologies held consultations with Chinese investors. Over 200 fruitful meetings took place throughout the event. "I was surprised at how Korean SMEs possess advanced technology," said one investor. "I think there will be a lot of open roads for them if they are trying to enter the Chinese market."

Lee MinHo, KOTRA's Director General of Enterprise Export Division, wrapped up the event, stating, "KOTRA hopes through this event, technologies

that have yet to be commercialized will become more accessible on a global level. We will provide more opportunities for bilateral cooperation between China and Korea in the future."

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Buyer Interview

Please introduce your company for our readers.

H+Lab is a startup incubator established with a CNY 100 billion joint investment between Tsinghua University and Tus-Holdings, which operates the world's largest single university science park. H+Lab runs a startup incubating center, and commercializes the research accomplishments of Tsinghua University's Psychology Department. Currently, we focus on incubating medical and healthcare businesses in China.

Is there an investment field in Korea that currently interests H+Lab?

Our main focus in China is the medical industry, but our investment interests are not limited to medical fields. In Korea, we are especially interested in all technologies and technical applications that are related to the medical and healthcare industries. For instance, all of the industries that participated in the recent KOTRA event, including electronics, e-commerce, machine manufacturing and medicine, fall under the category of potential targets for investment.

How does H+Lab make its investment decisions?

We try to build an ecological environ-

ment in which startups can easily find the resources and information they need. The product itself is only a small factor in the decision process, and by no means the only factor that influences our decision to invest. What's most important in any business is always its human resources, and therefore we believe that human resources and solidarity within the startup are the key factors in making an investment decision.

The few cases in which we decided to invest in Korea had also come out as a result of seeing such potential in the startups.

Tell us about your experience cooperating with Korean businesses.

It was by chance that we decided to invest in Korea. A colleague of mine had introduced me to KOTRA. The projects at KOTRA met the demands of H+Lab, and upon signing a partnership agreement with the Agency, H+Lab was able to meet with many Korean startups. Although only a few ended up being a right match for H+Lab, we thought the overall quality of Korean startups was very high.

At Korea-China Business Partnering Forum, we had a chance to interview Sammi Su, Associate Director of Tsinghua Happiness Technology Lab (H+Lab). Here's what she had to say about the event.

As an investor, do you have any suggestions on how more investments could be made between Korea and China?

The most effective way to promote innovative exchanges, technological exports, and technical convergences between Korea and China is to establish national science park in each other's land. Chinese science park in Korea could help Korean companies adapt to the business environment in China, while Korea science park in China could help Chinese companies throughout their development. Because Korean and Chinese businesses have different strengths in terms of startups and innovation, I believe synergy between the two countries can create new opportunities.

Any final thoughts on the recent KOTRA event?

I believe the recent event held by KOTRA was highly meaningful. As is the wish of H+Lab, I hope there will be an increase in exchanges between the two countries in science and technology, as well as in investments.



The Current State and Outlook of the Korean Drone Industry

Although Korea's drone industry is relatively small, the country is converging its drone technology with different industries to make it accessible for more people

Originally developed for military use, drones were rarely used for civilian purposes in the past. Recently, however, the civilian drone market is showing rapid growth, as the technology continues to evolve through a convergence process that has produced drones for both commercial and recreational use.

So what has sparked this change? First, drones have become highly mobile. By human control, drones can now freely roam across the sky without making a sound. Precise control of its movement in a three-dimensional space has enabled us to utilize the sky at a much closer distance.

Second, drones embody the latest advances in technological convergence. Drones operate on complex systems that bring together hardware and software, telecommunication technology and cultural content. The technological convergence necessary to create such systems is expected to benefit other industries, leading the world economy toward a new model of growth.

According to Teal Group's 2016 World Civil Unmanned Aerial Systems Market Profile and Forecast, the civil govern-

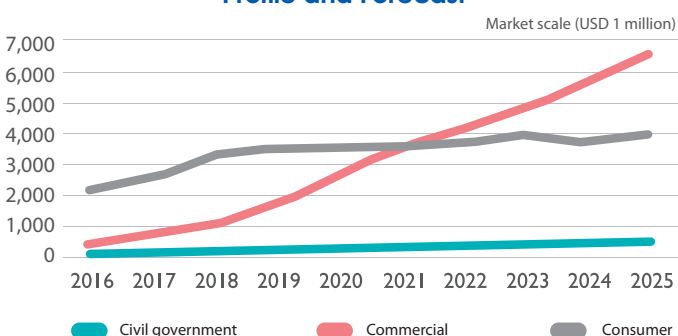
ment drone market, although still small, is showing slow but steady growth, while the commercial drone market is expected to grow at a rapid pace of 32.6 percent/year, reaching USD 6.5 billion in 2025, 17 times the scale of the USD 390 million in 2016. The group expects the market for consumer drones (for general leisure and recreational use) to stop growing in 2019, and be surpassed by the commercial drone market in 2021.

Meanwhile, Euroconsult predicts that while the markets for professional RPAS (remotely piloted aircraft systems) manufac-

No. of drones expected to be used in the world in 2020 by industrial use

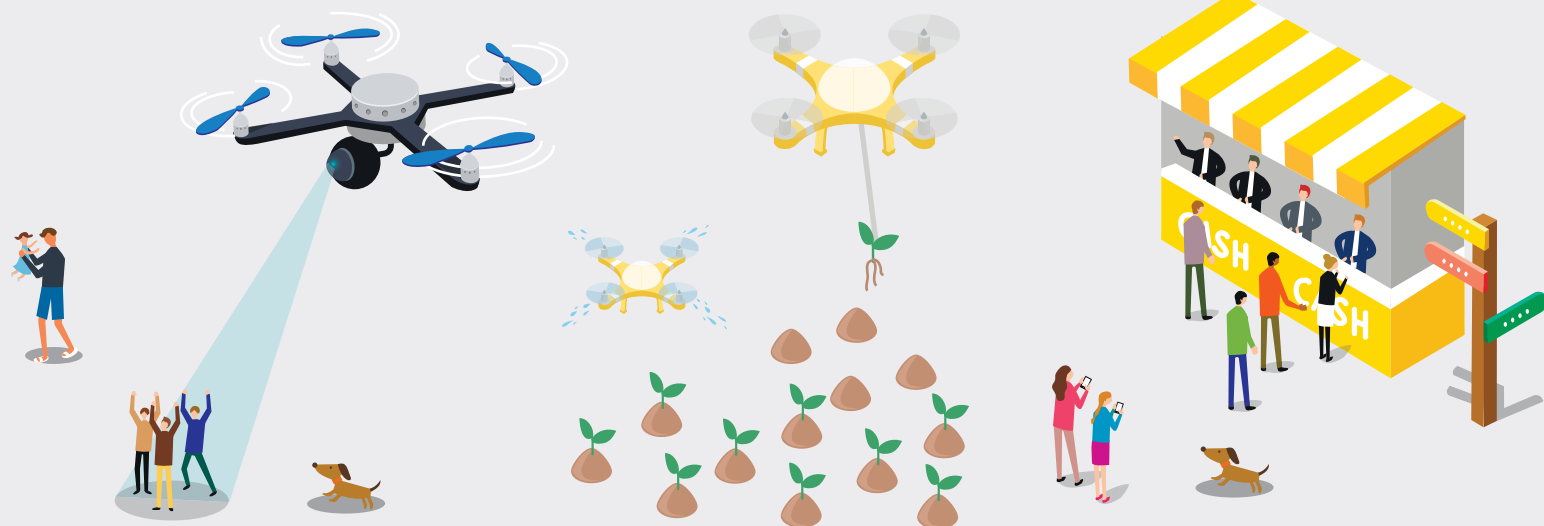
Industrial use	Teal Group	Euroconsult	Market characteristics
Construction	56,000	45,000	Largest potential for commercialization
Energy	26,000	18,000	Swift on-site applications
Agriculture	56,000	130,000	Currently forms the largest market
Communications	400	-	Uncertain prospects
Insurance	75,000	-	Markets yet to be formed outside the U.S.
Photography	130,000	41,000	In early stage of maturity
Transportation	-	-	Strong potential in the long run
Surveillance and disaster prevention	8,000	10,000	High demand in public sectors

Teal Group's 2016 World Civil UAS Market Profile and Forecast



Source: Teal Group

Source: Teal Group, Euroconsult



turing and services will both grow significantly in the next ten years, services will end up accounting for over two to five times the scale of manufacturing.

The commercial application of drones is expected to accelerate at a significant pace, spurred on by further technological progress and greater support from governments across the world.

In terms of industrial structure, Korean makers of finished aircrafts can be divided into companies that develop their own manufacturing technology, and those that assemble foreign-made parts. Those in the former category own original technology, such as navigation and control software, but also use foreign-made general-purpose parts, mostly imported from China.

For software, Korean and foreign products are currently in fierce competition, with Korean companies actively engaged in developing their own core software.

The domestic market for after-sales services is still small, but is expected to grow along with the expansion of the market for drone-related services.

From an industrial diagnosis perspective, companies that manufacture medium to large unmanned aircrafts have a secure pool of research personnel and strong technological capability. Companies that make small unmanned aircrafts, however, still have much room for improvement in scale and in technological prowess.

For drone parts and systems, most companies have reached the level of developing parts necessary to build their own systems, creating a good environment for new parts makers to establish themselves in the industry.

In the software industry, while Korean companies are capable of making software for drone parts, software for processing data collected by drones, indispensable to expanding the commercial drone market, is still in its infancy, with infinite potential for improvement in the future.

Drones have also benefited other industries in Korea, particularly in agriculture, where fertilizer drones are gaining ground as a viable option for spreading manure. The application of drones in other service industries is still in the nascent stage.

It was the semiconductor industry that paved the way for Korea's recent progress in drone manufacturing technology. In 1992, a Korean company developed the world's first 64-megabyte DRAM, lifting the country that year to first place in the global DRAM market. It is not an exaggeration to say that the investment in semiconductors 30 years ago is the reason

Korea maintains its status as an IT powerhouse to this day. What started out as the IT industry evolved into the ICT (information and communications technology) industry, and is now rapidly transforming into an industry for the Internet of Things (IOT).

The drone industry can be summed up as the convergence of different industries. Nurturing expertise in a narrow field, therefore, will not suffice. Support has to be given across different industries, to improve aviation technology, hardware, flight control technology, and manufacturing infrastructure (for higher cost effectiveness). Hence, the drone industry is considered key to the so-called "fourth industrial revolution".

There is one area in which Korea has always led the world: education. Korea boasts the finest education infrastructure for cultivating world-class professionals, which, if properly utilized, could help the country navigate through global economic uncertainty and establish a new industrial backbone for the future.

Active discussions on the drone industry are currently taking place across Korea, with meetings on drones taking place frequently, as well as efforts to draw up a plan for how the industry should develop. The country is also trying to listen to the public, and actively solve any problems that may arise as the industry takes shape. Popular topics at the meetings include the current state of drones in Korea and abroad, the scale of future markets, employment outlooks and measures to promote the drone industry. With discussions on drones advancing at an alarming rate, it is now time for Korea to start building a basic strategy that befits the current state of the Korean drone industry.

Today, China is clearly leading the world in drone manufacturing. However, I am confident that Korea can also become a pioneer in the industry by taking advantage of its own IT and ICT resources.

If Korea cooperates with China, and combines its technology with the latter's high productivity potential and financial power, it won't be long before numerous jobs are created, and companies become industry leaders.

By Park Seokjong
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Moon Tae-hyun

Country Manager **DJI Korea**



Frank Wong, CEO and mastermind behind DJI, the world famous manufacturer of unmanned aerial vehicles (UAV), built a drone empire from humble beginnings. Founded in a dorm room at the Hong Kong University of Science & Technology, what began as a 20-member company transformed into an industry leader with more than 8,000 global employees. In just 10 years, DJI opened up branches in 17 different cities with key offices in Shenzhen, San Francisco, Tokyo, Frankfurt and Seoul.

Last year, the company opened its first overseas flagship store and the first DJI Arena in Korea to foster the local drone culture among the public. And the timing couldn't be more perfect—South Korea's trade ministry announced that it would throw its weight behind the promotion of 12 new industries in 2017, especially drones. Most notably, the country will invest an impressive KRW 500 billion (USD 428 million) to foster the industry by 2019.

In a recent interview with KOTRA Express, Moon Tae-hyun, Country Manager of DJI Korea, talked about why DJI opened up its first overseas flagship store and drone arena in Korea and the company's efforts to spearhead the industry.

What makes DJI rise above the competition?

Throughout the past 11 years, the key differentiator that sets DJI apart from other companies is that it has made flight

experience as effortless as possible. Our key product lines include the Phantom, Inspire and Matrice. At the end of the day, our mission is to make UAV technology more accessible, reliable and convenient to the mass public.

Today, DJI is more than just a drone manufacturer; it's a pioneer in the gimbal market that boasts unrivaled technological expertise. We brought our smooth video technology to the ground with the Ronin and Osmo series, giving creators wider options to implement their creativity.

Why did DJI choose to do business in Korea?

The DJI Korea flagship is our first overseas store which opened in March 2016.

Korea is a highly digital and mobile-first market, fueled by the influence of K-pop, Korean dramas and locally produced content, among others. And with more and more people consuming video content on their mobile devices and the growing community of photographers and content creators, DJI sees Korea as a very important market with strong growth potential. In fact, Korea is known for having a mobile internet penetration rate of

Hitting New Heights

By pushing the boundaries of creativity, DJI is redefining the entire drone industry

88 percent, with 50 percent of people in the country watching videos online. Every second, more than 400 people watch a video on their smartphones.

In your opinion, why do you think drones have experienced explosive popularity in the country?

The growing interest in drones is the result of two important factors—drones are becoming increasingly easier to use and every day, people are seeing more possibilities of drones in different industries.

While the trend is the same globally, we've learned from the Korea flagship store that local customer interest spans across different demographics—from teenagers to the elderly, and from recreational users to those seeking to start their own business using our aerial technology.

At this stage, educating the public is an important aspect to any kind of technological advancement/adoption. As the leading UAV manufacturer, we strive to educate consumers with safety guidelines, best practices and video tutorials which can be found on our social media channels, website (<http://www.dji.com/flysafe>) and in our product packaging. We also

have a global education and safety program called the NPE (New Pilot Experience) at the DJI Arena and flagship store, which aims to provide new pilots the technical knowledge, operation skills and best practices before they lift off. We will also organize workshops for those in Korea who are interested to learn about different industrial applications, products and app usage.

DJI is working closely with the aviation authorities around the world to promote the development of UAVs in ways that won't compromise the growth and adoption of the technology. DJI is an active participant in the Ministry of Land, Infrastructure, Transport and Tourism's UAV policy committee in Japan as well as the Federal Aviation Administration in the United States, where we provide recommendations on best practices and advocate for policy outcomes to ensure safe UAV flights and innovative use of our technology. As we continue to strengthen our brand in Korea, we look forward to exploring strategic partnerships with local content partners, other brands, the public sector, and together, explore the future of possibilities with our aerial technologies.

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

What DJI is doing now no one has real-

ly done before and because UAV development (both hardware and software) is such a new and niche category, we have to look harder to find the right talent. We want to go after people who think critically and do things differently. We want people who are able to push boundaries.

But overall, there are more possibilities than there are challenges as this is one of the most interesting industries to be in right now. We are already changing the way people see the world and we are seeing huge commercial implications with the use of our aerial technology. Some of these local trends in commercial applications include search and rescue, surveying and mapping, real estate and construction, inspection, agriculture, sports events and broadcasting, all of which will create positive economic and social impacts.

What are some of the goals or vision that your company has for Korea?

Our focus still remains on our flagship store and the DJI Arena to provide a good experience for people who want to learn how to fly. In both places, we're offering workshops for different audiences (from creators to industry experts) to use our space for creativity.

We'll continue to explore new ways on how our technology can be used for various industries and businesses, such as expanding the use of DJI's SDK (Soft-

ware Developer's Kit) and GS Pro (Ground Station Pro).

GS Pro is an iPad app designed by professional operators to plan and control autonomous flights for DJI aircrafts. Through the app's concise and easy to use interface, complex flight missions can take place with just a few taps. GS Pro was designed to improve workflow and dramatically increase efficiency in a wide range of industries, especially those in aerial mapping, architecture, precision agriculture and electrical inspections.

DJI's SDK has opened up new business opportunities globally, and we look forward to seeing the same in Korea. For example, a logistics company in South Africa used the SDK program to automate DJI's developer's drone 'Matrice 100' to autonomously scan products in the warehouse, flying through the programmed path. This not only saves time but cost.

With the SDK platform, drones and industries have become even smarter and easier to fly, and they're playing a key role in building the UAV ecosystem.

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Upcoming KOTRA Events

Asia-EU Cartoon Connection 2017

KOTRA and CARTOON (European Association of Animation Film) will be holding the Asia-EU Cartoon Connection 2017 from April 19 to 21 at Jeju Lotte Hotel in Korea. The event combines conferences on the distinctive markets and one-on-one meetings between animation professionals from Europe, Korea and other Asian countries. The purpose of Cartoon Connection is to encourage cooperation at large in a number of sectors, including coproduction, transmedia

development and distribution of features and TV series. Along with one-on-one meetings, there will be a number of forums and project pitching events, providing the perfect opportunity for animation companies to build solid overseas networks.

Global Distribution Market Showcase 2017

From March 29 to 30, the Global Distribution Market Showcase 2017 will take place at InterContinental Seoul COEX. The event targets Korean con-

sumer goods companies and connects them to global platform companies so that they can expand their business network. The first day of the showcase will be comprised of a seminar given by representatives from international companies, while the second day will consist of pitching events and one-on-one business meetings between Korean and foreign companies. Domestic businesses will also be able to showcase their latest products throughout the event.

Acting President and Foreign Investment Ombudsman Offer Support to Foreign Investors at Roundtable

On February 13, the Roundtable for Foreign Investors 2017 was held at the Four Seasons Hotel in Seoul in a bid to listen to the grievances and suggestions of foreign-invested companies and seek ways to swiftly resolve challenges. Through this roundtable, the Korean government strived to show its encouragement and support towards foreign investors doing business in Korea. So far, foreign direct investment (FDI) in Korea has reached a record high of over USD 20 billion in 2016.

The roundtable was hosted by the Ministry of Trade, Industry and Energy (MOTIE) and organized by the Korea Trade Investment Promotion Agency (KOTRA). It stands as the nation's first roundtable with foreign investors in Korea.

A total of 22 participants from foreign chambers of Korea and CEOs of foreign-invested companies took part in this event. Attendees also included the Vice Minister of MOTIE, officials from the related government ministries and agencies, and KOTRA. Notably, Acting President Hwang Kyo-ahn met with foreign investors and called for sustained FDI in Korea. He also offered words of encouragement and support to foreign investors.

In his welcoming remarks, Hwang said that there are many challenges ahead due to both external and internal factors, such as the rapidly changing international climate, uncertainty over the global economy and weak domestic demand. He went on to say that the Korean government is making utmost efforts to overcome these obstacles and turn these challenges into great opportunities.

Hwang also emphasized that the gov-

ernment is working tirelessly to stabilize the Korean economy. He introduced various government initiatives of economic stabilization including contingency plans, risk management and a close monitoring of financial and foreign exchange markets. Furthermore, he stressed that the government will actively seek out ways to revitalize the Korean economy through support measures such as overseas market expansion, revitalization of start-ups and regulatory improvement.

The Acting President emphasized the importance of foreign-invested companies in Korea as they generate 13 percent of total corporate revenues, 18 percent of exports and 6 percent of the total employment in the Korean economy. As such, Hwang said he would step up efforts to make things much easier for foreign-invested companies to do business in Korea, thereby creating high-quality jobs in the country.

In his formal response to the Acting President's speech, American Chamber of Commerce (AMCHAM) President and CEO of GM Korea James Kim said that he firmly believed that the Korean government cares deeply about the opinions of foreign-invested companies and will make the business environment more suitable for foreign investors.

Stefan Halusa, President of Korean-German Chamber of Commerce and Industry, mentioned that foreign-invested companies in Korea have contributed significantly to the country's economy, and they helped the Korean industry enhance its global competitiveness. He added that he would look forward to more constructive and open dialogues between the Korean government and foreign-invested companies in Korea.

The meeting continued with a follow-

up session on grievances and suggestions, which was moderated by me, the Foreign Investment Ombudsman, and presided by MOTIE's Vice Minister Taehee Woo. Participants said that they had fruitful discussions on ways to improve unreasonable regulations.

As Foreign Investment Ombudsman, not only attentively listening to foreign investors' grievances, but solving them by working with relevant government ministries is key to improving Korea's investment climate. To this end, the Office of the Foreign Investment Ombudsman (OFIO) aims to conduct, on a regular basis, grievance-resolution meetings with foreign-invested companies by providing more opportunities for effective two-way communication. As a part of the OFIO's efforts, our office will continue to hold more indepth and practical meetings for foreign-invested companies, which are grouped by industrial field. Along the way, government officials from the Office of Policy Coordination (OPC), in charge of regulations, and MOTIE, in charge of investment promotion, will be invited to our upcoming events for foreign investors.

I can strongly assure you that our office will provide an ideal platform for both the government and foreign investors to better communicate with one another through various foreign-investor meetings. Bringing foreign investors' concerns to the government and having their opinions reflected in the law-making process can lay the groundwork for improved business-friendly environment for foreign investors.

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Korea's Drone Sites to Promote Growth in Newly Emerging Industry

Named one of the 12 new growth engines of Korea in 2017, the Korean drone industry and related service sectors are expected to grow to USD 1 billion by 2020 and USD 3 billion by 2025.

In December 2016, the Ministry of Trade, Industry and Energy (MOTIE) announced that Korea would invest a total of KRW 500 billion (USD 428 million) within the next three years as a part of its plans to promote one of the 12 emerging industries. The government also expanded tax incentives on drone R&D projects and established a test bed for drone technology in regions like Daegu and Gangwon Province. The following are some of the regions that are actively promoting the growth of Korea's drone industry.

Goheung County, South Jeolla Province

Located in one of the southernmost areas of South Korea, Goheung County is a seaside area dotted with hundreds of mostly uninhabited islands. Originally a fishing county, Goheung has recently begun garnering attention for the development of its aerospace and drone industry, first marked in 2008 with the establishment of the Naro Space Center.

The space center's integrated facilities, including a launch pad, a control tower, rocket assembly and test facilities, satellite control testing and assembly facilities, an electric power station, a space experience hall (visitor center) and a landing field, have since doubled as a base for drones.

In October 2015, Goheung County was selected as the only regulation-free zone for drones thanks to its vast, unobstructed land and airspace ideal for flying unmanned vehicles. The county, in cooperation with the South Jeolla Province also proposed a KRW 235.2 billion (USD

206 million) budget for six drone-related projects: the operation of a drone academy, the establishment of an exhibition site, demonstration for pesticide drones, inspection of any vulnerabilities, operation of a promotional center and the planning and implementation of public pilot projects.

Yeongwol County, Gangwon Province

Gangwon Province is located northeast of Korea, dominated by the Taebaek Mountain Range. The region is reputed for its agricultural produce, mineral resources as well as its winter tourism.

Running along the Taebaek is Yeongwol County, a remote, snowy area difficult to reach on foot. However, its isolated location and size makes the county an ideal spot to test search and-rescue and transportation drones. Drones will also be commissioned to use during dangerous sites during fires or factories. 15 organizations and companies, including Korea Forest Service, Korea Air, CJ Korea Express, KT and Korea Aerospace University, are already in the process of conducting pilot projects in the area.

Dalseong County, Daegu

In 2015, Daegu was chosen for the Unmanned Aerial Vehicle (Drone) Safety Verification and Test Project. The only metropolitan city in Korea to simultaneously develop the drone industry, drone R&D and drone testing activities, Daegu has been at the forefront of the Korean drone industry.

Dalseong County, a largely rural area located in southwestern Daegu, has since been chosen as the drone test site in Daegu. The county is currently undergoing efforts to build infrastructure for drone-related industries with the help with local universities and research institutes.

Jeonju, North Jeolla Province

The historic capital of the North Jeolla Province is branching out from its cultural tourism industry to drones. Jeonju was designated as a drone testing site and is set to establish special areas for drones by the end of the this year.

The city is currently working with the Korea Land and Geospatial Information Corporation (LX), Hojung Solution, SOKKIA and Sungjin Aero to conduct land surveys and test for facility safety. Wansan Park will be at the center of Jeonju's drone activities—high-altitude flights, long distance flights and night flights will be tested in the area. The city also plans on establishing administration, research and education centers for drones. Drones will also be used to develop virtual tourism to further promote Jeonju's booming tourism industry.

Boeun County, North Chungcheong Province

The North Chungcheong Province is the only landlocked area in South Korea. Located in the center of Korea, it is arguably the most accessible province in the country. North Chungcheong is also a free economic zone, which focuses on biotechnological, pharmaceutical and medical research, airplane manufacturing and maintenance and ecofriendly economic development.

Originally dedicated to eco-friendly agricultural projects, Boeun is making steps towards new growth engines as a test-bed for the drone industry. In addition to the carefully-considered geographical advantages of the drone pilot project sites, South Korea plans to establish drone flight test centers equipped with a control room and a runway for the three sites and is also considering a special operation permit for nighttime drone flights.

Did you know?

KOTRA connects you to Korea's most promising startups!

At KOTRA, we're all about fostering newly emerging startups in Korea. That's why we're connecting promising businesses with foreign partners so that they develop strong and long-lasting networks. Here are just some of the exciting things that we're doing to promote Korea's startups.

Summits

KOTRA selects innovative firms in Korea to provide assistance in their foreign market entry and invites promising VCs to Korea. We're expanding opportunities for foreign VCs and potential investors to learn more about Korean startups by offering consulting services for investors in startup showcase events. We also hold IR pitching sessions to attract investment.

Conferences

KOTRA also encourages Korean startups to join the Korean Pavilion in global startup conferences. We aim to strengthen capacity of Korean startups by increasing their global recognition and helping them establish industry networks and grasp global trends.

Accelerators

KOTRA also connects Chinese accelerators (entities that offer resources and mentoring programs to foster rapid growth of startups) to government-supported Korean startups that plan to go global. We provide them with work spaces and the right tools to help them successfully enter the local market. On that note, we signed MOUs with major Chinese accelerators such as K-Techcode, Galaxy Incubator in Huaqiangbei and Cocoon Networks to benefit Korean startups. We are joining hands to develop startup mentoring programs that include tailored strategies.



Tentative Schedule of Overseas Startup Events

Month	Name	Location
May	K-Startup Summit London	London Tech City (England)
	Ontario Discovery 2017	Toronto (Canada)
	K-Startup Meeting NYC	New York (USA)
	Korea-China Startup Partnering Event	Beijing, Wuhan (China)
June	K-Startup Summit Beijing	Beijing (China)
	Echelon Asia Summit	Singapore
September	K-Startup Summit NYC	New York (USA)
	K-Startup Meeting Stockholm	Stockholm (Sweden)
October	Maker Fair 2017	Shenzhen (China)
	Southeast Asia Startup Partnering Event	Singapore Kuala Lumpur (Malaysia)
November	SLUSH 2017	Helsinki (Finland)
	TechCrunch London	London (England)

Every month, KOTRA Express introduces one Korean SME that seeks to expand its network by working with foreign investors. In the March issue, we take a look at one of Korea's most promising drone companies.



BYROBOT Co., Ltd. is a leading specialist in the field of flying robots. With more than 15 years of experience in R&D and manufacturing, BYROBOT's engineers are passionate about the advancement of robotic technologies in the commercial, industrial and military sectors.

The company was founded in August 2011 by Sangki Ji, who worked several years as a researcher for flying robot projects at KITECH (Korea Institute of Industrial Technology). His team is the first to make a single ducted-fan flying robot with a gasoline engine fly autonomously in Korea. It also developed a patented flight control system for Drone Fighters, the world's first battle drone.

DFR 40, one of BYROBOT's most notable R&D projects, is a flying robot powered by a gasoline engine and equipped with cameras that can send real-time videos. It specializes in surveillance and reconnaissance, and can carry additional lightweight payloads. The flying robot, for example, can be used to deliver life jackets during search and rescue missions.

BYROBOT's key technologies include microprocessors, wireless communication and drone design. It also has numerous years of experience in the fields of mechanical engineering, aerodynamics, digital electronic development and optical flow sensors.



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Economic Indicators

GDP	2011	2012	2013	2014	2015
Nominal (USD million)	1,202,700	1,222,400	1,305,400	1,411,000	1,377,500
PPP (USD million)	1,559,447	1,611,273	1,648,017	1,707,183	1,753,733
GDP Growth Rate (Y-o-Y) (%)	3.7	2.3	2.9	3.3	2.6

Source: The Bank of Korea, February 2017

GDP Per Capita	2013	2014	2015	2016
Nominal	25,998	27,989	27,222	27,633
PPP	33,824	35,436	36,612	37,948

(Unit: USD)

Source: International Monetary Fund, February 2017

Foreign Trade	2011	2012	2013	2014	2015	Jan.-Nov. 2016
Exports	555,214	547,870	559,632	572,665	526,757	495,466
Imports	524,413	519,584	515,586	525,515	436,499	406,060
Trade Balance	30,801	28,285	44,047	47,150	90,258	89,406

(Unit: USD million)

Source: Korea International Trade Association, February 2017

KRW-USD Foreign Exchange Rate	2010	2011	2012	2013	2014	January 2017
	1,156.3	1,108.1	1,126.9	1,095.0	1,053.2	1,185.1

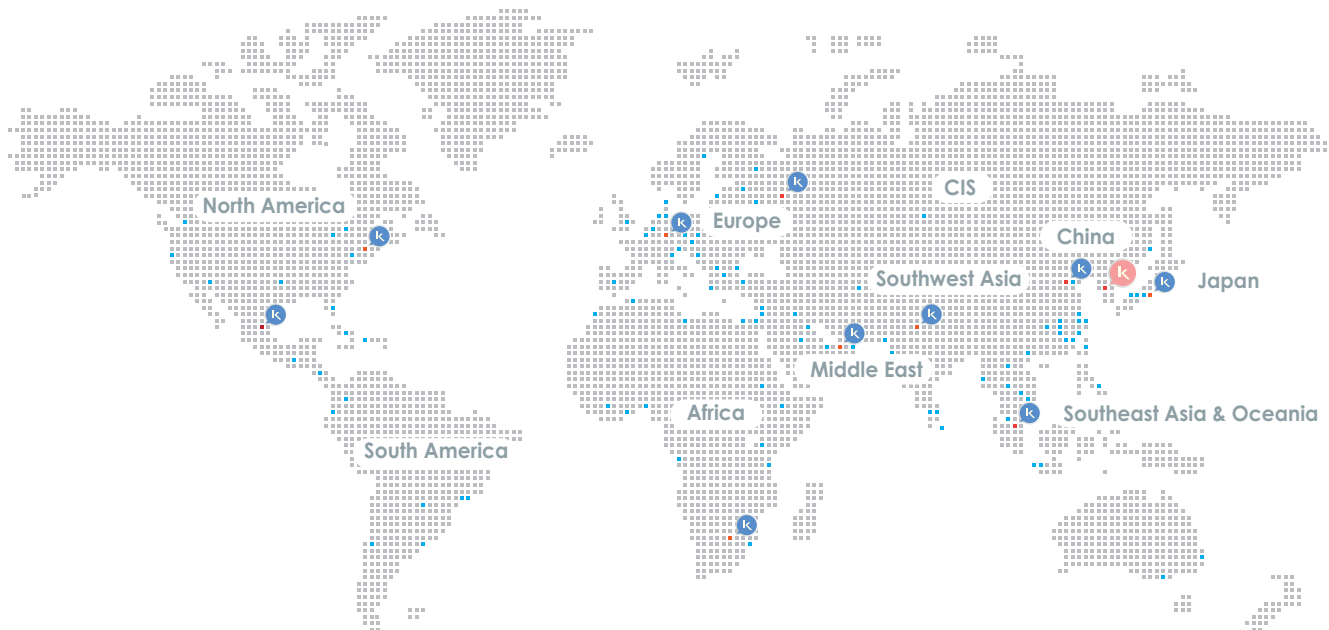
(Unit: KRW)

Source: The Bank of Korea, February 2017

Balance of Current Account	2011	2012	2013	2014	2015	2016
	18,655.8	50,835.0	81,148.2	84,373.0	105,939.6	98,677.4

(Unit: USD million)

Source: The Bank of Korea, February 2017



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Clean KOTRA, Green KOTRA