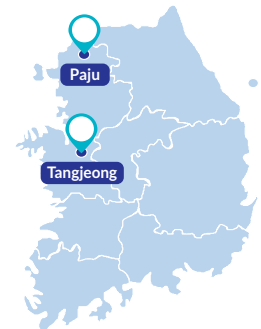
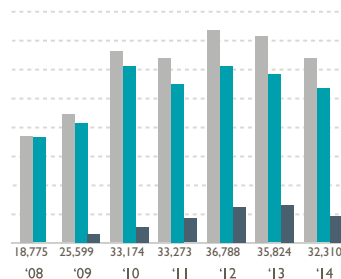


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ONE-ON-ONE WITH JAMIE METZL

As an Honorary Ambassador of Foreign Investment Promotion, Jamie Metzl is working tirelessly to strengthen relations between Korea and the United States



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Did You Know?



Dear Readers,

It's my pleasure to greet all our readers through *KOTRA Express*.

Despite the global economic recession and rising protectionism, Korea remains as an attractive investment destination and here are a few reasons why. First, Korea has a vast FTA network that links 73 percent of the global market. Second, the country offers business-friendly environments. With its reliable and affordable electricity and water supply, well-established ICT infrastructure and premier workforce, Korea ranked fourth in the World Bank's 2015 Doing Business Index. Third, it is the logistics hub of Northeast Asia, located in the heart of the world's third largest economic region. Lastly, Korea boasts leading-edge competitiveness in the IT, semiconductor, display and automobile sectors.

Thanks to such key strengths, foreign direct investment pledged to Korea surpassed USD 20 billion for the last two years. Foreign investment plays a crucial role in Korea's economic growth, as foreign-invested companies account for 6 percent of national employment and 21 percent of exports. KOTRA will continue to work closely with the Korean government and local municipalities to create even more favorable environments for investors.

This month, *KOTRA Express* takes a closer look at the country's display industry and the latest economic issues. We also had a chance to interview Mr. Jamie Metzl, who currently serves as one of our Honorary Ambassadors of Foreign Investment Promotion. In addition, we added more news covering the latest business and cultural trends taking place throughout the country. I hope that through *KOTRA Express*, you will get a better understanding of all the wonderful things Korea has to offer.

Sincerely,

Taisik Lee

Vice President of KOTRA

KOREAN MEDICAL DEVICE MAKERS GEAR UP TO ENTER THE AMERICAS

From August 8 to 10, the Florida International Medical Expo (FIME) 2017 was held in Orlando, Florida. At the event, KOTRA launched the Korean Pavilion, consisting of 46 Korean small and medium medical device manufacturers. Welcoming 1,650 exhibitors from over 40 countries, the largest medical trade fair across the Americas offered networking opportunities for global buyers and Korean suppliers wanting to enter the North, Central and South American markets.

KOTRA hosted seminars and side events including an exhibition showcasing Korea's cutting-edge products, which were well-received by local buyers.

The United States is the world's largest medical device market valued at about USD 149.1 billion (KRW 159.9 trillion) as of 2015. Demand for medical devices has been steadily growing in Latin America, due to its aging demographics and rising income as well as the expansion of large-scale hospital construction projects.

JOB FAIRS HOSTED IN AUSTRALIA AND NEW ZEALAND

On August 9, KOTRA kicked off a major job fair in Australia and New Zealand. During the event, Korean job seekers were able to engage in video job interviews and find jobs in the wider Oceania region. The job fair was also comprised of informative seminars on visa issues, employment processes and strategies to land a job overseas. Around 270 Korean jobseekers attended the event, and a total of 88 job vacancies from 40 companies were available at the

recruitment fair.

According to officials, Australian companies were highly interested in Korean applicants. Such a high demand for Korean workforce was attributed to Asia's growing population, the surge in global popularity of Korean culture and the high reputation of Korea's workforce. Currently, there are over 22,000 Koreans who are working in Australia as part of the working holiday program.

KOTRA EXPLORES NICHE MARKETS FOR CONSUMER GOODS EXPORT

On August 16 and 17, KOTRA held a series of seminars and consultation sessions on entering the overseas online and offline retail market. To find a niche market and increase exports of consumer goods, the agency invited buyers from China, 25 major vendors from Oceania and 150 Korean small and medium enterprises (SMEs) to its Seoul headquarters.

The event provided opportunities for domestic SMEs to deepen their understanding of the retail markets in China and Oceania and explore new business partners. The seminars consisted of informa-

tive sessions about rising consumer trends and popular Korean products, including cosmetics.

"Despite rosy prospects for China and Oceania markets, their potential is yet to be discovered by Korean companies," said Dooyoung Kim, KOTRA's executive vice president for strategic business. He explained that KOTRA will continue to explore new prospective markets and strengthen networking with local distribution chains so that Korean suppliers can make inroads into new markets.

KOTRA COMMISSION ON JOB CREATION SETS SAIL

KOTRA launched the Committee on Job Creation consisting of 20 executive members, union representatives and heads of overseas offices. Under the leadership of President and CEO Jaehong Kim, the Commission held its first meeting on August 17 where its key direction and major agendas were mainly discussed.

Officials announced that KOTRA needs to press with its plan to create 110,000 direct job opportunities by helping SMEs find talent and export opportunities. Various ideas were also shared on how KOTRA can take full advantage in the fields of market entry and investment promotion to create more jobs. KOTRA predicts that over 1 million jobs can be

generated in the next five years through its existing export assistance services, and plans to develop its own performance metrics to make progress.

In line with the new administration's economic agendas focusing on tackling unemployment, Jaehong Kim stated that the agency will make efforts not only to boost direct employment but also to build an export-friendly business environment. "We need to take bold action to share information with the private sector and carry out more public-private joint projects. The Commission will play a crucial role in transforming the agency from a global business platform into a global platform for job creation," said Kim.

Trade News

S.KOREAN EXPORTS TO VIETNAM SURGE NEARLY 50 PCT IN 2017

South Korea's exports to Vietnam surged nearly 50 percent in the first seven months of 2017, an increase that is likely to put the Southeast Asian country among the top three shipment destinations for locally made goods.

According to Korea Customs Service, exports to Vietnam for the January-July period totaled USD 26.95 billion, up a sharp 49.8 percent from the same period a year ago and roughly three-times higher than the 16.3 percent increase for South

Korean exports as a whole.

Growing industrial demands in Vietnam and the implementation of a free trade agreement between the two countries also helped to push South Korea's exports to the country.

Vietnam has been steadily climbing up the ladder of South Korea's export destinations, up from 21st place in 2000 to 13th in 2007 and to fourth in 2015. It presently replaced Hong Kong this year to make the top three.

S.KOREA'S AUTO EXPORTS UP IN JULY

South Korea's auto exports continued to grow for six months in a row in July on rising demand from North America and Europe. The total value of vehicles shipped overseas reached USD 3.65 billion last month, up 7.5 percent from a year earlier, according to the data compiled by the Ministry of Trade, Industry and Energy.

The figure has remained in positive terrain since February when it rebounded to a 5.3-percent rise from a 4.8-percent fall in the previous month.

Total vehicles shipped abroad also

climbed 5.1 percent on-year to 228,229 units in July, turning around from a 0.6-percent drop in the previous month.

Some USD 1.5 billion worth of Korean vehicles were sold in North America in July, up 4.1 percent from a year earlier, while shipments to the European Union surged 26.3 percent on-year to USD 653 million.

Meanwhile, total output by five local automobile companies, including industry leader Hyundai Motor Co., gained 3.1 percent on-year to 371,343 units last month fueled by increase in local sales.

Government & Policy

S.KOREAN GOVERNMENT TO ACTIVELY HELP STARTUPS

On August 15, South Korea's government announced that it will provide KRW 100 billion (USD 87.6 million) in special credit guarantees to young entrepreneurs that are setting up new companies and hiring workers.

The plan made possible by the passage of the extra budget through parliament last month, is being pushed forward by the Ministry of SMEs and Startups, and aims to create good jobs by launching competitive venture businesses.

The ministry said business owners who are 39 years old and younger, and have

hired workers within the last six months are eligible for the credit guarantee. Those that have launched a business within five years can also avail themselves to the program.

The system offers a good guarantee rate of 95 percent, which is 10 percentage points higher than conventional credit arrangements, with users being able to gain access to upwards to KRW 50 million (USD 44,050) worth of funds for use. Loans taken out with the guarantee are subject to favorable interest rates that are lower than the market norm.

S.KOREA'S R&D POLICY TO FOCUS ON LONG-TERM VISION

South Korea is seeking to focus on a long-term vision that can raise the overall competitiveness of the country as it utilizes its research and development (R&D) budget.

In accordance with the goal, the Ministry of Science and ICT will now have the right to conduct a prefeasibility study related to the R&D budget, and be less dependent on the Ministry of Strategy and Finance. Also, both ministries will now have the right to decide the spending limit of the budget they control.

The ICT ministry said it will map out detailed plans to create new jobs to capitalize on the changes as the world is

transformed by the Fourth Industrial Revolution.

The Moon administration has been advancing various projects to deal with the latest revolutionary changes that are characterized by a fusion of cutting-edge technologies, such as big data and the Internet of Things (IoT). The government hopes that innovative ideas will become actual businesses through science and technology, while generating new opportunities by converging different industries.

The ministry said technologies, such as IoT and AI, are forecast to generate business opportunities and profits worth KRW 560 trillion (USD 484 billion) by 2030.

Moon Administration Remains Steadfast on Carrying Out Job Creation and Welfare Policies



President Moon Jae-in's commemorated his first 100 days in office on August 17. Despite not having enough time to prepare his transition into office, the Moon administration has shown incredible aptitude in creating and implementing policies. Day after day, numerous new policies have been announced by the administration. His major policies can largely be grouped into two basic categories: policies dealing with welfare and policies dealing with job creation.

In the first category, one of the most controversial decisions was regarding the minimum wage. The Minimum Wage Committee raised the minimum wage by 16.4 percent to KRW 7530 (USD 6.63) an hour, causing SME owners to protest and sparking heated debates in academic circles. Some may argue that the decision will actually raise inflation and reduce employment, causing local factories to move abroad to find cheaper labor. But the Committee believes that higher income caused by rising minimum wages would stimulate consumption, making the economy grow faster and create new job opportunities.

Another noteworthy welfare policy introduced by the Moon administration is the expansion of the basic monthly pension program from the current KRW 200,000 (USD 176) to KRW 250,000 (USD 220) to 70 percent of the elderly population. Furthermore, a new subsidy of KRW 100,000 (USD 88) will be provided to every child under the age of five starting next year. The two programs would cost an additional total of KRW 5.7 trillion (USD 5.02 billion). President Moon further promised to reimburse major hospital expenditures. The success of these welfare policies critically depends on how fast the Korean economy grows to sufficiently finance the high price tag of these programs.

In that regard, the second category of policy, namely job creating policies, deserves more careful scrutiny. As Moon emphasized a number of times, all these welfare policies depend on job creation for their success. Jobs provide income for people and tax revenues for the government. So far, the job creation policy of the administration has taken a two track approach: one public, one private.

In the public sector, the administration plans to hire more than 810,000 public workers in five years. About 170,000 new policemen, fire fighters, teachers and other social workers are scheduled to be employed. Although opposition party members are vehemently discrediting this move, the president and his administration remain steadfast. If this unprecedented public hiring project succeeds in making people's income and the economy grow faster, then macroeconomics textbooks might have to be revised from the orthodox Keynesian growth perspective to the heterodox 'Moonian' perspective.

Putting public hiring projects aside, the more practical and appealing parts of Moon's job creation policies are the three

part tax exemption programs. The first is called 'Job Creation Tax Exemption'. If a company hires one additional full time employer, then the tax authority allows a tax exemption of KRW 10 million (USD 8800). The second program is the 'Increased Income Tax Exemption'. According to this program, the authority allows tax credit to 10 percent of the specified wage increase. The specified increase in income is defined as the gap between the actual increase in wage and the average wage increase in the industry. The third program is the tax exemption plan to speed up the transfer of non-regular workers to a regular position. If a non-regular worker is transferred to a regular position, the tax authority allows between KRW 5 million (USD 4,445) and KRW 7 million (USD 6,223) in tax exemptions. Also, new FDI firms are allowed bigger tax credits, as they will receive 100 percent tax exemptions in the first five years, and 50 percent in tax credit the following two years.

Everybody knows that it is the private sector that creates jobs. And the administration has a lot of work to do in order to support the private sector on this issue. That is why the role of foreign firms are especially crucial. Korea wants foreign firms to continue to create innovative technology and foster talent. The Moon administration clearly understands the importance of global cooperation and will no doubt work closely with foreign companies for shared prosperity.

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** The opinions expressed in his article
are the author's own and do not reflect
the views of KOTRA*



It may seem rather unusual for a group of artists, illustrators and graphic designers to step foot inside KOTRA's headquarters, but that's exactly what happened at the 6th Art Collab Matching Day. The event, held on August 23, gathered 19 of Korea's most promising artists and enterprises, providing an opportunity for both groups to work together on designing consumer products. Under the theme 'Korean Wave (*hallyu*)', companies specializing in everything from citrus tea and clothing to cosmetics and cellphone cases were eager to work with artists who would best capture the essence of their brand. If a company and artist are successfully matched up, the artist will then provide the artwork for the product's design.

"Some of the products from previous matching day events were showcased or sold to the public during major international events, including the Astana Expo," said Sangmook Kim, head of KOTRA's Service Industry Support Center. "We expect the collaboration between artists and companies to not only create visually pleasing designs but also enhance Korea's image as a producer of high-quality products."

Kim added that Korea's first Art Collab Expo will take place in Seoul during the first week of December. 200 companies that received collaboration support from KOTRA and 200 international buyers are expected to attend. The expo goes beyond being a business-centered event, as the

public will be able to directly purchase the products.

"I once traveled around Europe wearing traditional Korean *hanbok* so that people overseas could see how pretty our country's clothing can be," said installation artist and designer Song Song. "Through

this matching day event, I hope to design something that could really embody the beauty of Korea."

The final designed products from the 6th Art Collab Matching Day will also be on display at the Art Collaboration Gallery inside KOTRA's Seoul headquarters.

Art Meets Business at KOTRA's Art Collab Matching Day

What is the Art Collaboration Gallery?

To celebrate the 54th anniversary of KOTRA, KOTRA transformed its office lobby into an 'Open Gallery', an innovative space that combines art with function, as of June 2012. A number of leaders, including the President of Korea, visited the gallery including one titled '54 Years of Korea International Trade, 54 Years of KOTRA'. Overseas leaders, such as the President of Myanmar and the Prime Minister of Lao PDR also visited this exhibition as well to learn more in detail of Korea's trade history.



The Latest on Korea's Investment Environment



WeWork to invest USD 500 mln in S. Korea, Southeast Asia

WeWork, a global shared office space provider, will invest a combined USD 500 million in South Korea and Southeast Asia as it attempts to expand its presence in the Asian market.

Under the expansion plan, the New York-based company has appointed Matt Shampine, currently head of Marketing and Revenue for Asia, as the General Manager of Korea.

Miguel McKelvey, co-founder of WeWork, said in a press release that that announcement reaffirms WeWork's commitment to scaling its business across Asia. WeWork, established in New York City in 2010, currently has over 163 offices in 15 countries, including three in Seoul after the first Korean WeWork office opened last year.

Biogen opens branch in S. Korea

The U.S.-based pharmaceutical company Biogen Inc. has launched a branch in South Korea, as it takes steps to tap deeper into the local market.

According to the sources, the U.S. firm, which posted USD 11.4 billion in sales last year, registered Biogen Korea LLC in South Korea on July 14.

The company established Samsung Bioepis Co. jointly with Samsung

Biologics Co., an affiliate of South Korea's No. 1 conglomerate Samsung, in 2012.

Earlier this year, Biogen sought to win approval for the domestic sale of its SPIN-RAZA, a treatment for spinal muscular atrophy, from South Korea's Ministry of Food and Drug Safety.

More foreign companies seek to invest in Jeollanam-do Province

A number of foreign companies are seeking to invest in Jeollanam-do Province including Japan's Sumitomo Seika Chemicals which plans to make an additional KRW 80 billion (USD 70.32 million) investment in Yeosu.

Other chemicals companies like Lotte Versalis (Italy), LG MMA (Japan) and Kumho Mitsui Chemicals (Japan) are also planning to invest in the region.

Cultural content firms Pole To Win Korea Inc., Ltd. (Japan) and Valhalla Networks (Japan) are pushing forward with investments in Naju's Bitgaram Innovation City worth a total of KRW 350 billion (USD 307.65 million).

Analysts believe this recent trend is based on global chemicals companies finding it convenient to secure necessary supplies for production in the province due to the concentration of large Korean chemicals companies in Yeosu.

What's Trending



Source: Monster VR

Korea's largest VR theme park opens in Incheon

South Korea's largest urban virtual reality theme park, Monster VR, opened its doors to the public on August 4. The 1,320 m² entertainment center, which boasts over 40 virtual reality (VR) attractions, is located in Incheon's posh Songdo district.

The launch of the new VR theme park is part of the '2017 VR Content Experience Zone Establishment Project' jointly led by the Ministry of Culture, Sports and Tourism and the Korea Creative Content Agency. In order to develop cultural and tourism-related content and foster new engines for growth, Monster VR enables a growing number of people to become familiar with VR content and nurture the overall industry. Corporations that have the capacity to create VR content can apply to be a part of the park, and selected companies receive government subsidies of up to 50 percent in building a 'VR Experience Zone'. As for Monster VR, about KRW 1.12 billion (USD 985,600) was granted by the government.

While conventional theme parks require huge investments to establish facilities and a physical space of at least 30,000 m², urban VR theme parks do not necessarily need the same amount of investment. On top of that, it is much easier to install or replace attractions in VR theme parks than in traditional amusement parks. Visitors can also spend quality time in VR entertainment centers without waiting in long lines. Monster VR operates every day from 10:30 a.m. to 10 p.m.

Did You Know?

SOUTH KOREA RANKED 2nd AMONG EMERGING MARKETS IN STOCK PURCHASES BY FOREIGNERS IN H1



South Korea ranked second among emerging economies in the amount of stocks purchased by foreign investors during the first six months this year.

Foreigners net bought USD 9 billion worth of South Korean stocks during the January-June period, the second largest only after Taiwan's USD 9.4 billion, according to the statistics by Yuanta Securities.

The benchmark Korea Composite Stock Price Index (KOSPI) jumped 18 percent to 2,291.79 as of June 30 from the end of last year, marking the highest rise among emerging economies.

Current Status and Outlook of Korea's Display Industry

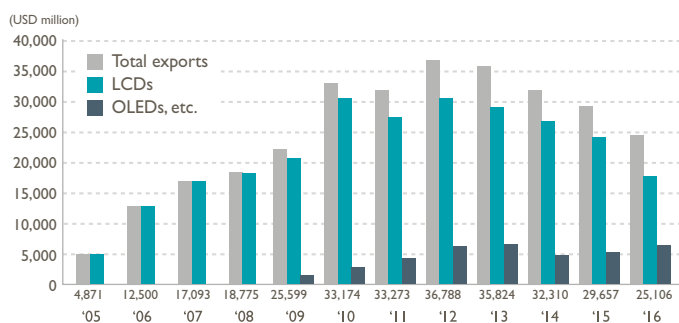
Introduction

The display industry has grown swiftly in recent years, powered by rapid development of television and smartphone makers. During this time, Korea has maintained its position as the largest display manufacturer in the world. Thanks to growing demand from television and its related industries, the world's display industry also quickly expanded until 2012. The following year, however, it began to contract due to the global economic recession, shrinking an average of 4.5 percent annually from 2012 to 2015. As the Korean display industry is number one in the world, it is highly affected by such changes in the global market.

Contribution of Exports to Korea's Economic Development

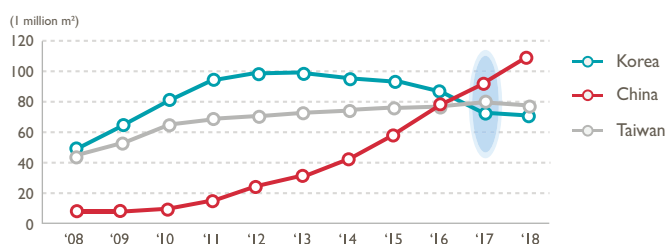
From the 2000s, displays started to emerge as a new export-driven industry, contributing to the country's economic growth. Exports grew exponentially, recording an average annual rate of 27.7 percent from 2006 to 2010. In 2013, however, the global economic downturn and oversupply pushed export growth down to -2.6 percent, and the figure has remained in the negatives until 2016.

Korea's Display Exports



LCD (liquid crystal display) panel exports—the main driver of the display industry—reached USD 18.2 billion in 2015, a 14 percent decline from the previous year, and fell further by 24.6 percent in 2016. Exports managed to recover slightly in the first half of 2017, with a 11.7 percent year-on-year increase. In contrast, OLED (organic light-emitting diode) exports increased by 24.1 percent to USD 6.9 billion in 2016. With OLEDs being applied to an increasing number of smartphone screens, the global demand for OLEDs has surged. OLED exports increased by an annual average of 26.3 percent from 2014 to 2016, and continue to grow at about 20 percent this year. Thus, the OLED industry is highly likely to lead the growth in exports for the entire industry.

Current and Future Global Share of Display Production Capacity by Country



Source: IHS (2016, Q3)

Maintaining No. 1 Market Share

Korea first emerged as the world's largest display manufacturer in 2002, a title formerly held by Japan. By actively responding to the changing environment through technological expertise and bold facility investments, Korea quickly succeeded in taking the No. 1 spot in the global flat panel display market. Despite the recent slowdown in production and exports caused by the global economic recession and oversupply, Korea still holds the largest share of the global display market thanks to its industrial competitiveness.

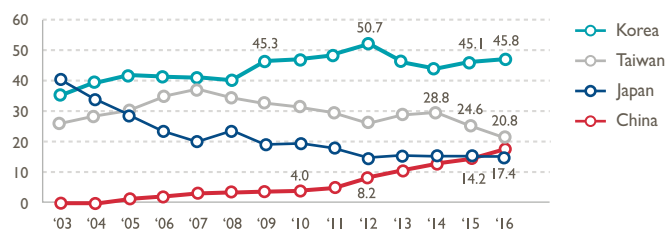
In an effort to secure production hubs targeting China's local market and other export destinations, Korean companies have initiated mass production at their LCD panel factories in China (Samsung in Suzhou, LG in Guangzhou) in 2013. But the greatest obstacle for Korean display exports is the rise of China, as the country is producing its own products and relying less on Korean displays. This trend is expected to continue for the foreseeable future. Since China started to focus on expanding its display industry, it is expected to overtake Korea in terms of LCD production capacity in 2017. China's LCD production capacity was 10.5 percent of the global total in 2013, but is expected to rise to 35.1 percent in 2017, and 40.1 percent in 2018.

A noteworthy change in China is that local companies are actively investing in 10.5th-generation panels, a field Korea has yet to invest in. China's BOE Technology Group has commenced construction of a 10.5th-generation LCD panel production line in 2015, and expects to gain a competitive edge for ultra-large TV screens. In the second quarter of 2018, the company aims to begin operations at the 10.5th-generation factory, where it plans to make large panels for 65-inch or wider TV screens. China Star Optoelectronics Technology (CSOT), a subsidiary of large home appliances maker TCL Corporation, has also decided to invest in the world's largest 11th-generation LCD panel production line and begin production in 2019. Other

Chinese companies such as HKC Electronics and CEC Panda Crystal Technology have started to invest in 11th-generation facilities and equipment. As such, Korea and China are soon expected to compete on an equal footing in the global LCD industry.

In contrast, for OLEDs, which are currently emerging as a new type of display for the post-LCD era, Korean companies have already secured a dominant 95 percent of the global market. As such, it is very likely that Korea will continue to lead the global display industry for some time. Korean panel companies have started to replace their main LCD products with OLEDs, and have established plans to focus their investments on related technology.

Global Display Market Composition by Year (%)



Source: Korea Display Industry Association (KDIA)

Characteristics of Korea's Display Industry

First, the scale of Korea's domestic display market is relatively small, and approximately 84 percent of all its manufactured products are exported. Estimates for 2016 show that exports account for 91 percent of LCD and 70 percent of OLED products made in Korea. As the rapid rise in OLED exports partially offset the poor performance in LCD exports, the emergence of the new product is confirming the strengths of displays as an exports industry.

Second, the fact that the world's largest and second largest display manufacturers are based in Korea is probably the greatest advantage of the country's display industry. With the world's two largest display manufacturers—Samsung Display and LG Display—being based in Korea, the domestic display industry's highly competitive structure has been driving development. It is also contributing to the establishment of a favorable business environment. The competition between the two companies has accelerated investment in new product and technological development, thus contributing to the industry's continuous growth.

Third, the presence of a strong network of upstream and downstream industries in the country offers companies the stability to carry out production activities and strengthens their competitiveness. Supported by a network of smartphone, television, home appliances, automotive and other highly-developed industries with a demand for displays, as well as the rapid development of key parts and display equipment fueled by the panel industry's high level of competitiveness, Korea boasts an optimum environment.

Challenges remain, however, including the need to strengthen the country's technological prowess in display materials and equipment. While the rate of domestically produced materials

and equipment has radically improved, the country still struggles to develop technologies for key materials and equipment, relying heavily on imports from Japan and other technologically-advanced countries.

Future Prospects

With global display markets projected to witness modest growth until 2020, OLED products are expected to drive growth in the entire industry due to the soaring demand for OLED screens for smartphones. Currently accounting for 95 percent of the newly emerging global OLED market, Korea is expected to enjoy the fruits of the global surge in demand for some time. This is because it will take at least several years for its competitors in countries such as Japan or China to be able to mass produce OLEDs.

In 2015, OLED panels accounted for 10 percent of the global display market, but the figure is projected to reach 25 percent by 2022. Currently, most OLED displays are used as smartphone and TV screens, but the market is expected to expand greatly as technology evolves to enable the production of flexible and transparent OLED displays.

On the other hand, the share of LCDs is expected to continue to decline, as the expansion of China's LCD output acts as a major obstacle to growth. While China is the world's biggest market for LCD panels, Chinese companies account for over 70 percent of the local TV market. Therefore, as the country continues to raise its LCD output, it seems there will be increasingly fewer opportunities for Korean companies to supply LCDs to Chinese TV companies.

Korea's Strong Leadership in OLED and Next-generation Display Markets

In conclusion, although Korea's display industry is expected to encounter difficulties due to competition with China in LCDs, if OLED panels start becoming a popular option for TV screens and demand for OLEDs rises in the field of new convergence technologies, Korea is expected to enjoy an even greater number of opportunities for growth. As OLED markets continue to expand, rival countries such as China, Japan and Taiwan will also expand their investments. But because Korea has a clear competitive advantage in mass production capacity and product development over its rivals, it is expected to maintain a significant lead over its three key competitors until 2020.

The shift in the global industrial paradigm during the fourth industrial revolution is expected to create new opportunities in the display industry, as the demand for displays increases not only for flexible screens, but also for wearable devices, smart cars and smart homes. Should Korea's display industry focus on expanding OLED markets and accumulating related technology, it is expected to strengthen its global dominance even in the new markets of the future.

By Seo Dong-Hyuk
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Jamie Metzl

Honorary Ambassador of
Foreign Investment Promotion
for Korea



Since being appointed Honorary Ambassador of Foreign Investment Promotion for Korea in 2013, Jamie Metzl has been actively promoting Korea's optimum investment environment in the United States. With Korea-U.S. ties becoming more complex than ever, Metzl is determined to strengthen bilateral relations during his second term as honorary ambassador. We talked with the novelist, commentator and expert in Asian affairs on what American companies should look out for when doing business in the country.

Please tell us about yourself

I'm a Senior Fellow of the Atlantic Council, novelist, blogger, syndicated columnist, media commentator and expert in Asian affairs and biotechnology policy. I previously served as Executive Vice President of the Asia Society, Deputy Staff Director of the U.S. Senate Foreign Relations Committee, Senior Coordinator for International Public Information at the U.S. State Department, Director for Multilateral Affairs on the National Security Council and as a Human Rights Officer for the United Nations in Cambodia. I'm also a former Partner and current Advisory Board member of a New York-based global investment firm and am on the Advisory Council to Walmart's Future of Retail Policy Lab.

One-on-one with Jamie Metzl

As an Honorary Ambassador of Foreign Investment Promotion, Jamie Metzl is working tirelessly to strengthen relations between Korea and the United States

I appear regularly on national and international media discussing Asian economic and political issues and my syndicated columns and other writing on Asian affairs, genetics, virtual reality and other topics are featured regularly in publications around the world. I've written four books, the last two of which are my science fiction novels *Genesis Code* and *Eternal Sonata*. I hold a Ph.D. in Asian history from Oxford, a JD from Harvard Law School, am a graduate of Brown University and, for whatever it's worth, have completed 13 Ironman triathlons, 29 marathons and 15 ultramarathons.

How did you become interested in Korea and what about the country appeals to you the most?

I've always been fascinated by Korea, so when I joined the Asia Society I pushed hard for greater engagement with the country. It was my great honor to work with people like Lee Hong Koo, Ban Ki Moon, Richard Holbrooke and Shin Dong Bin to help bring the Asia

Society Korea Center to Seoul. The more we did with Korea and Koreans, the more enthralled I became with the history, culture, vitality, passion and sheer determination of the Korean people. Since then, my passion for Korea has only deepened.

Korea has come such a long way from being one of the world's least advanced countries in the 1950s to becoming one of the most today. I always tell people that the smartest bet a person can make is to bet on the Korean people. If there is a task to be done, Koreans will stop at nothing to get there. It is telling that so many Koreans lined up to give their gold to the central bank during the 1997 financial crisis.

What would you like to accomplish during your term as Honorary Ambassador of Foreign Investment Promotion for Korea?

My biggest goal is to help deepen the economic and social relationship between Korea and the United States. Our two countries have been joined at the hip for

almost eight decades but there is still a great deal of work to be done, especially in such challenging times as today.

How interested are companies from the United States in investing in Korea and what sort of opportunities/sectors are they most interested in?

American companies have a growing interest in Korea, but their focus is shifting. As China plays a greater role in traditional manufacturing, American companies look increasingly to Korea for innovation in the technology, culture and beauty industries. Because of its strong work culture, empowered workers, spirit of innovation and rule of law, Korea can also be a safe platform from which to engage the broader Asian market.

What advice would you give

American companies seeking to do business in Korea?

Spend time getting to know the people and culture of Korea. Once you do, you will see that Korea's tremendous potential is only beginning to be unlocked.

U.S. investors know a lot about Korea's *chaebol* but less about the many small and medium sized enterprises beginning to emerge in Korea, so introductions to these companies are extremely useful. For U.S. companies seeking to potentially make larger industrial investments in Korea, the Korean government has some superb incentive programs designed to make the economics of locating to Korea as enticing as possible. Ask for what you need and there's a decent chance you'll get it.

The Korea-U.S. relationship is a strong but also complicated one.

What are your hopes for economic/political relations between the two regions?

The United States is undergoing a difficult and uncertain political phase, but the Korea-U.S. relationship is greater than any individual leader and will endure. When the American political situation becomes more normalized, there will be an unparalleled opportunity for our two countries to work far more closely together to further build our economies, spur global innovation and address some of the greatest challenges of the 21st century.

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Upcoming KOTRA Events

GP USA 2017 in Chicago

GP USA 2017 kicks off from September 19 to 20 in Chicago, United States, to bolster partnerships between North American firms and Korean parts manufacturers. Hosted by the Ministry of Trade, Industry and Energy (MOTIE) and organized by KOTRA, the event offers diverse programs, including one-on-one business meetings for North American buyers and Korean suppliers, individual consultation sessions and tours of buyers' production and R&D facilities. While U.S. President Donald Trump's "Made in America" policy has recently surged demand for American-made parts, GP USA 2017 will open up opportunities for Korean firms to enhance cooperation with major players in the North American market, enter their global value chains and explore new markets.

K-Beauty Expo Bangkok

From September 21 to 23, KOTRA will host its annual K-Beauty Expo in Bangkok, Thailand. As Thailand is

Korea's top export destination for cosmetics among ASEAN countries and a gateway to the Southeast Asian market, the event is expected to lay the foundation for Korean small and medium enterprises to break into the regional market. The exhibition will offer a wide variety of events featuring Korean celebrities. Visitors will also have the chance to experience Korean food and pop culture at K-Beauty Expo.

Job Fair for Foreign-Invested Companies 2017

The Job Fair for Foreign-Invested Companies 2017 will be held in Seoul from October 12 to 13 to promote foreign-invested companies in Korea, help them hire premier talent and ultimately boost national employment. The two-day event hosted by MOTIE and organized by KOTRA celebrates its 12th anniversary this year. Keeping up with the new administration's job creation policy schemes, this year's event will gather the largest number of participants ever. The job fair will house pavilions for recruiting seminars and CSR

promotion activities. It aims to convene a total of 120 foreign-invested firms.

Invest Korea Week 2017

Invest KOREA, the foreign investment promotion arm of KOTRA, will hold Invest Korea Week (IKW) from November 7 to 9 in Seoul. Formerly known as 'Foreign Investment Week', IKW proudly stands as Korea's largest international investment promotion event. The event will bring together key players from across the globe and serves as a platform for participants to share insights on Korea's investment environment.

Under this year's theme, 'Foreign investment's impact on job creation and the Fourth Industrial Revolution', IKW will provide information on new investment opportunities amid the rapid pace of industrial transformation. Along with investment conferences, one-on-one business meetings, site visits and networking events, IKW will also host a job fair linking promising Korean talent to foreign businesses.

Developed and Developing Countries Vie for FDI Attraction

The United Nations Statistics Division classified countries into two major groups: “less developed countries (LDCs)” and “developed countries (DCs).” This classification is based on the country’s economic indicator, GDP and per capita income. However, this designation received some criticism because it implies that less developed countries are inferior to developed countries.

However, the UN explains that the country designations “LDCs” and “DCs” are simply intended for statistical convenience and do not express judgment about a member country’s economic state. A less developed country is also called a developing country.

To name a country according to its special economic features, a new term, “an emerging market economy” was created in the 1980s. An emerging market refers to a country that has some characteristics of a developed market but does not meet the standards of a developed market economy.

In the aftermath of the Asian financial crises in 1998 and 1999, developing and emerging countries began to strengthen their policy to attract foreign direct investment (FDI). They had strongly believed that FDI inflow was the short cut to achieving sustainable growth.

In recent years, these countries have learned that not only should they attract foreign firms with advanced technology to accelerate industrialization, but they should also try to keep the FDI in the country for a longer period of time. This is why developing countries have to provide aftercare services for foreign-invested companies operating business in the host country.

On that note, Korea is cited as one of very few countries that has adopted the Foreign Investment Ombudsman system in 1999. This system was established by the Foreign Investment Promotion Act. The Office of the Foreign Investment



Ombudsman focuses on preventing and settling various grievances facing foreign investors. The team is comprised of professional specialists, including lawyers, accountants, financial analysts and labor counselors.

On August 25, a delegation of 14 high-ranking officials from Pakistan visited our office. The delegates, who wanted to learn about the Foreign Investment Ombudsman system, were from the Ministry of Finance and the Department of Planning and Development and Economic Coordination of Presidential Office. They were amazed to learn that foreign investors in Korea have influence in the process of enacting new laws and regulations related to foreign investment.

Similarly, on August 29, another delegation of 10 government officials from Uzbekistan visited our office to learn about the Korean Ombudsman system and the benefits available in the country’s Free Economic Zones.

In the aftermath of the global economic recession, a new phenomenon has prevailed. Even developed countries began to attract FDI to increase their GDP and employment rate. They have started offering incentives for FDI from any country, regardless of whether it has an economy that is developed or still developing.

According to the OECD’s recent publication, the inflow of FDI into developing countries in Asia was USD 410 billion in

2012. This amount has been on the rise since then, recording a 5.3 percent increase in 2013, an 8.5 percent increase in 2014 and a 15.6 percent increase in 2015. A similar phenomenon has occurred in developed countries. The total amount of FDI in the European Union was USD 250 billion in 2014, increasing by 93 percent in 2015 and 14 percent in 2016. In contrast, the total FDI inflow into the OECD and G20 member nations in 2014 was about USD 440 billion. The amount increased by 64 percent in 2015 and 30 percent in 2016.

The competition for FDI attraction will continue to increase in the coming years. So the importance of FDI inflows for developing countries and Korea must not be overlooked.

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Who is the Ombudsman?

The Foreign Investment Ombudsman and his grievance resolution body collect and analyze information concerning problems facing foreign firms, request cooperation from relevant government agencies, propose new policies to improve the foreign investment promotion system and carry out other necessary tasks to assist foreign-invested companies in resolving their grievances.

Driving Korea's Display Industry: Paju and Tangjeong

Two clusters in South Korea are leading the success of the country's display industry

Home to the world's largest display manufacturer, Korea has long been the driving force of the display industry. Even as the global display market is experiencing rapid changes, Korea has maintained its top position by successfully shifting its focus from LCD to OLED. As a result, the country's market share currently accounts for over 95 percent of the emerging OLED market.

Healthy competition and massive investments are attributed to Korea's success in the industry. The competition between LG Display and Samsung Display, two of the world's largest display manufacturers, accelerated the development of technology and the growth of the industry in Korea. Most notably, in a bid to attract foreign investment, the two companies have established display industrial complexes in Paju and Tangjeong, respectively.

Paju Display Industrial Complex

The Paju Display Industrial Complex is located in the province of Gyeonggi-do. The sprawling complex provides numerous benefits and incentives for the 80 display-related companies, including LG Display. Due to its proximity to the country's capital, the complex boasts a highly talented workforce. In addition, resident companies have quick access to a variety of export routes, including major ports like Incheon Port. Gimpo International Airport, most notably, is located within a 50km distance from the complex and National Highway 1 is only a few minutes away.

The complex currently exports over 90 percent of its products, and to make things easier for companies, the Uijeongbu branch office of the Korea Customs

Service is located within the region. This ultimately reduces the logistics time needed for customs clearance. In particular, the Paju Dangdong Foreign Investment Zone, a high-tech industrial complex exclusively for foreigners, is located in close proximity to the industrial complex.

Thanks to investments from LG and business-friendly government policies and incentives, the Paju Display Industrial Complex is flourishing. This year, LG Display has unveiled its plans to invest KRW 10 trillion (USD 8.75 billion) mainly on building new plants. The local government also offers support that encourages further development. For example, Gyeonggi-do offers financial support for small and medium businesses, ranging from KRW 200 million (USD 175,000) to KRW 1 billion (USD 875,000) per business. Resident companies can also get a 50 percent property tax exemption for five years.

Tangjeong Industrial Complex

To the south of the capital is the Tangjeong Industrial Complex, spearheaded by Samsung Display. As one of the leading display manufacturing clusters, the complex is responsible for 54 percent of Korea's display products, accounting for 27 percent of the total global display production output.

Within the complex, about 210 resident companies cooperate and collaborate to produce high-tech display parts, materials and finished goods. The Tangjeong Industrial Complex provides plenty of benefits and incentives. Since the 1980s, the local government has supported the complex by constructing the display support center and opening 35 universities in the area to strengthen research and development.



Samsung Electronics is also actively investing in the complex, building Samsung Display headquarters, the Samsung SDI Cheonan Factory and the Samsung Display Asan Factory. A new production line is set to be constructed and the project is speculated to be worth KRW 16 trillion (USD 14 billion).

Similar to Paju, the complex offers 50 percent tax exemption for property tax and composite land tax for five years from the first day of acquisition. Financial support is provided for small businesses and startups in various forms, including the Innovation Fund, Corporate Rehabilitation Fund and the Management Stabilization Fund. With such spectacular infrastructure and substantial investments, the Tangjeong Industrial Complex is securing its foothold as the world's producer of high-quality displays.

For more information, please visit <http://www.investkorea.org/en/published/publications.do>.

If you own a small or medium enterprise in Korea, KOTRA can help you expand your business through the Export Voucher Program!



The Export Voucher Program was launched in May 2017 to provide export assistance services for Korean small and medium enterprises. This guideline will help you understand its key functions, which will serve as a stepping stone for success.

Q1 What is the Export Voucher Program?

An "export voucher" is a term that many companies might not be familiar with. The word "voucher" may conjure up the image of food stamps, gift certificates or coupons. Likewise, vouchers are issued for companies to help them gain access to KOTRA's Export Assistance Projects. In this context, these vouchers can be seen as a means of payment for public administration services.

Q2 Who governs the Export Voucher Program?

The Ministry of Trade, Industry and Energy (MOTIE) and the Ministry of SMEs and Startups (MSS) are in charge of the overall management of the program. The export assistance projects under the program are supervised by KOTRA and the Small and Medium Business Corporation (SBC), and operated by KOTRA, SBC, regional offices of the MSS and the Korea Institute for Advancement of Technology (KIAT).

Q3 What makes it different from previous export assistance measures?

In the past, once a company was selected as a participant in an export assistance project, the scope of the services it received was limited to a single project. Under the new program, however, all services listed on the website's service menu are available for all participants regardless of the project it is engaged in. Participants can now easily compare a wide variety of services and effectively choose the one that best caters to them.

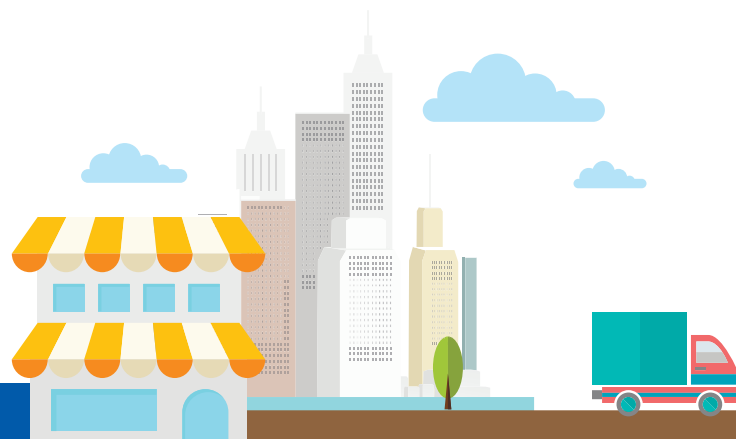
Q4 Who is eligible for the program?

Companies selected as participants in one of the nine Export Assistance Projects (New-to-Export Assistance Project, World Champ Project, Project for Development of Leading Consumer Goods Exporters, Project for Independent Participation in Overseas Exhibitions, Export Success Package Project, Capacity Building Project for Fast-growing Exporters, China Highway Project, Global Hidden Champion Project, Overseas Marketing Project for Middle-standing Enterprises) are eligible. If a company is designated as a participant in a project, it can receive vouchers and select any of the services listed on the website.

Q5 How is the program operated?

Companies who want to participate should submit their application within a month after the announcement is made.

Selected participants then sign agreements with the operators and pay their contribution for each project to receive vouchers (e-money). Participants can sign up and log in to the export voucher website. The list of export assistance services available and the roster of service providers are shown on the project menu. The website works in a similar way to online shopping sites. Participants can choose a service they want and make a payment with vouchers. Service providers then receive the vouchers and offer services to participants.



For more information, visit exportvoucher.com.

Every month, KOTRA Express introduces one Korean SME that seeks to expand its network by working with foreign partners. In the September issue, we take a look at one of Korea's most promising head-up display companies.

kivíc



Established in October 2011, Kivíc manufactures and sells mirroring-based HUDs (Head-Up Displays). Its HUD makes it possible for drivers to use their smartphone's navigation apps while receiving phone's notifications. Most notably, along with the driving speed and current time, text messages, incoming calls and social media notifications will pop up on the screen. All this information is reflected onto the combiner lens and users can re-route the audio from the smartphone to the car's stereo through Bluetooth. Thanks to the company's groundbreaking technology, data on the screen comes out crystal clear during the day or night.

Unlike conventional HUDs, all the features of the display are controlled by the Kivíc HUD app, making it super convenient for users to change display settings. The app is currently available on Android and iOS. In addition, Kivíc's product provides access to a backup camera and 360-degree interface view function.

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Operated by KOTRA, buyKOREA is Korea's premier e-marketplace. If you want to find out more about the products mentioned above, please visit

www.buyKOREA.org



WEB VER.



IOS VER.



ANDROID VER.



Economic Indicators

GDP	2012	2013	2014	2015	2016
Nominal (USD million)	1,222,400	1,305,400	1,411,000	1,382,400	1,411,000
PPP (USD million)	1,611,273	1,644,777	1,706,689	1,749,804	1,822,162
GDP Growth Rate (Y-o-Y) (%)	2.3	2.9	3.3	2.8	2.8

Source: The Bank of Korea, June 2017

(Unit: USD)

GDP Per Capita	2014	2015	2016	2017
Nominal	27,811	27,105	27,539	29,115
PPP	35,211	36,390	37,740	39,447

Source: International Monetary Fund, April 2017

(Unit: USD million)

Foreign Trade	2012	2013	2014	2015	2016	July 2017
Exports	547,870	559,632	572,665	526,757	495,426	328,022
Imports	519,584	515,586	525,515	436,499	406,193	272,783
Trade Balance	28,285	44,047	47,150	90,258	89,233	55,238

Source: Korea International Trade Association, August 2017

(Unit: KRW)

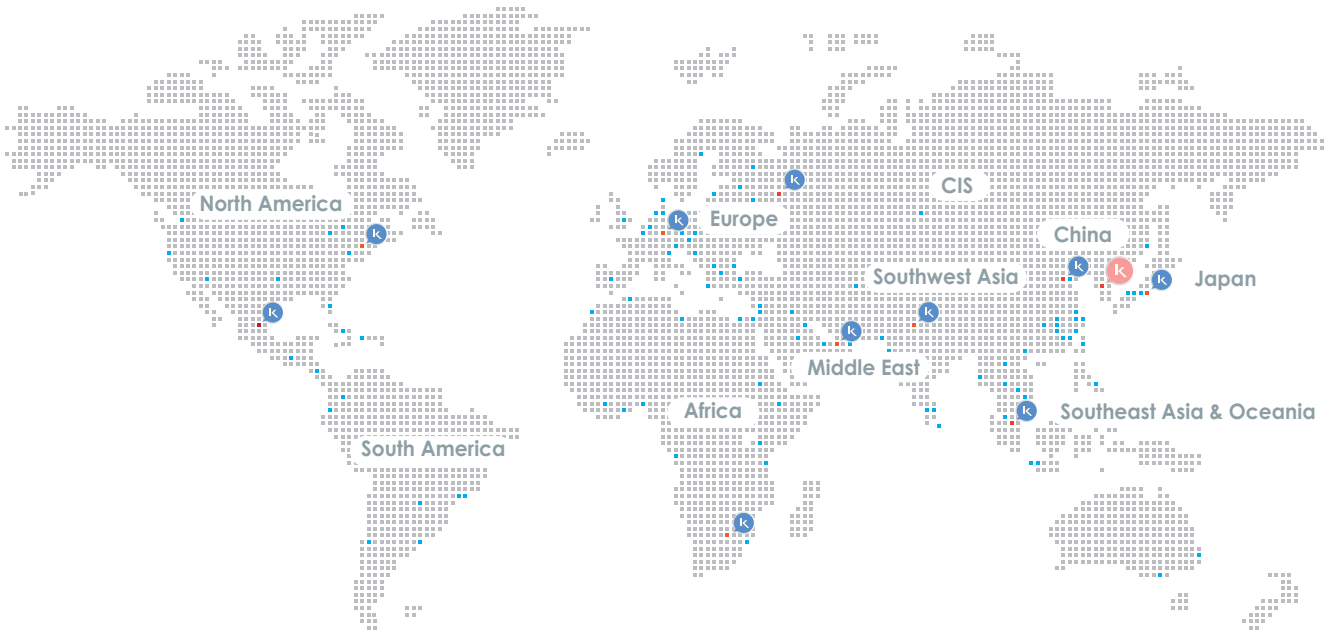
KRW-USD Foreign Exchange Rate	2012	2013	2014	2015	2016	July 2017
	1,126.9	1,095.0	1,053.2	1,131.5	1,160.5	1,134.40

Source: The Bank of Korea, August 2017

(Unit: USD million)

Balance of Current Account	2012	2013	2014	2015	2016	June 2017
	50,835.0	81,148.2	84,373.0	105,939.6	98,677.4	7,007.0

Source: The Bank of Korea, August 2017



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