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A Platform for Dialogue

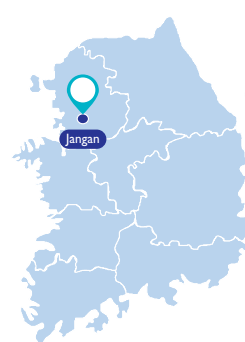
AMCHAM is at the forefront of strengthening the Korea-U.S. alliance by serving as a vital communication channel between the two countries

James Kim
Chairman and CEO

American Chamber of Commerce in Korea



No. of cases declared	No. of new corporate bodies
1,623	542
1,727	509
879	259



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Dear Readers,

Since the establishment of our agency, Invest KOREA has successfully launched projects that connect foreign investors with promising Korean companies and investment opportunities. To start off, there's Invest Korea Week, the country's largest international investment promotion event. Then there's the Job Fair for Foreign-Invested Companies, which helps international companies recruit talent Korean jobseekers. Of

course we have Get To Know Korea, a cultural event where we take members of the foreign business community and their family members around Korea. And we have now proudly added one more achievement to our resume—the launch of Invest Korea Market Place, also known as IKMP.

So what is IKMP? It's a platform that connects investors to over 200 Korean projects looking to receive foreign investment through M&A or equity investments in Korea. It also contains a list of public development projects led by local governments and Free Economic Zones. Each project has been carefully monitored and evaluated by a team of consultants. These experts are well versed in industry trends and have screened each project to make sure that they meet the standards of IKMP. Furthermore, we're working together with external organizations like banks and financial institutions to locate projects with potential so that we can identify 500 projects by the end of the year. Through this process, Invest KOREA is playing a more active role in identifying and responding to current market trends for foreign investors.

If you're interested in learning more about IKMP, you can access the database on Invest KOREA's website (www.investkorea.org) at any time. Through this platform, we hope that you'll find doing business easier than ever. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Yong Kook Kim', written on a light blue rectangular background.

Yong Kook Kim

Head of Invest KOREA

KOTRA HOLDS SEMINAR ON MARKET ENTRY STRATEGIES IN RESPONSE TO NEW SOUTHERN & NORTHERN POLICY

KOTRA held a seminar for Korean companies to discuss significant changes in strategic markets to help them enter the global market. In line with the Korean government's push for the New Southern Policy and the New Northern Policy, Korean businesses need to actively explore emerging economies as a new market. Attended by officials from about 250 Korean firms, the seminar invited former and incumbent director generals of Korea Business Centers (KBCs) in the ASEAN, Indian and CIS regions and trade officials at diplomatic missions of the Republic of Korea.

As of 2016, ASEAN was Korea's second largest trading partner. However, growing competition with Japan and China has increased the need for Korea to set up new cooperation strategies. Chul-ho Park, Director General of KBC in Hanoi and Byungsam Kim, Director General of KBC in Jakarta, noted that local suppliers in Vietnam and Indonesia warrant attention of Korean firms. "Korea will be able to gain a competitive edge over China and Japan by enhancing cooperation with ASEAN in a mutually

beneficial way," said Geun-oh Park from the Mission of the Republic of Korea to ASEAN.

India is another promising market for Korean firms, as the country is actively nurturing the manufacturing sector and boosting investment in infrastructure as part of "Modinomics." Its business environment has remarkably improved with the government's massive deregulation efforts. Such unique characteristics of the market need to be considered in devising market entry strategies. Large companies and SMEs can form a joint project to enter the market.

Russia and CIS also provide plenty of opportunities in trade and investment. The governments have implemented policy measures to bolster their consumer market and strengthen their industrial foundation, particularly by fostering the manufacturing sector. Korean companies can boost technological cooperation with local firms in the machinery and equipment, healthcare and medicine, shipbuilding and materials, information technology, and agriculture and fisheries.

JAEHONG KIM RETIRES AS PRESIDENT AND CEO OF KOTRA

On Feb. 12, the retirement ceremony honoring Jaehong Kim who served as KOTRA's president and CEO for nearly three years was held at KOTRA's headquarters. In his remarks, Kim noted the importance of exploring the global market especially when the domestic economy is faced with several challenges. "I've been abroad for about a third of the last three years," he said. "And I've seen for myself that the answer for Korean firms lies in the global market." He also explained that

export remains as the key driver of economic growth and job creation.

According to Kim, Korea needs to play a greater role on the global stage by enhancing mutually beneficial cooperation with major trading partners. He said that KOTRA must continue its efforts to fundamentally change the country's export structure, create a new cooperation model for sustainable growth in trade, and to effectively carry out the "Make With Korea" strategy.

KOTRA PUBLISHES REPORT ON OVERSEAS ENTREPRENEURSHIP AND JOB CREATION

Starting a business abroad has become the new norm since the late 1990s, when small and medium-sized tech firms began to witness a record level of overseas sales revenues. Many advanced countries including the U.S., China and the U.K. are pushing forward with policies to foster startups and spur innovation as an engine for growth.

In Korea, only a few startups have successfully entered the global market. Systematic assistance is required to help startups raised through various channels survive and thrive on the global stage. KOTRA has launched a 'Nudge Platform' that promotes advantages of globalization among firms in early stages

of business and nudges them into utilizing diverse assistance programs. This will thus create new jobs, respond to the changes caused by the Fourth Industrial Revolution and bolster mutually beneficial cooperation. Through this program, companies that lack capacity for exports can fully tap into online and offline overseas network.

"It is hard for startups to survive the rapidly changing era of the Fourth Industrial Revolution," said Wonsok Yun. He explained that the government and relevant agencies need to actively support them through customized policy measures and to create an ecosystem conducive to entrepreneurship.

S.KOREA'S CHIP EXPORTS FORECAST TO CONTINUE STRONG GROWTH IN 2018:REPORT

South Korean chip exports are expected to continue to post solid growth this year, though its pace may slow down from last year's exponential expansion.

The Korea Institute for Industrial Economics & Trade (KIET) forecast the country's exports will increase 18.6 percent in 2018, lower than the 60.2 percent posted last year.

In 2017, USD 99.68 billion worth of chips were exported, marking the first time

for a single item to surpass the USD 90 billion mark in exports in one year.

Samsung Electronics Co. and SK hynix Inc. have been enjoying sharp increases in their chip earnings due to the global boom in the industry.

"This year's increase rate is expected to slow down as last year's tally was extraordinarily high, but it will still be very high compared to other years," the report said.

FISHERY PRODUCT EXPORTS JUMP 51 PCT IN JANUARY

South Korea's exports of fishery products soared by more than 50 percent in January from a year earlier on strong demand for dried laver and tuna.

Shipments of fishery goods came to USD 201 million last month, 50.8 percent higher than the USD 130 million tallied a year earlier, the Ministry of Oceans and Fisheries said in a statement.

The latest tally marks the second highest for any January figure since USD 210 million reported for the first month of 2013, according to the ministry.

Seafood exports to the United States surged

55.5 percent on-year to USD 26 million, with shipments to Japan and China rising 14.2 percent and 125.4 percent, respectively, to USD 54 million and USD 33 million.

By products, exports of tuna gained 70 percent on-year to USD 59 million last month. Outbound shipments of dried laver, called "gim" in Korean, came to USD 37 million, an increase of 42.1 percent from a year earlier.

Gim is usually roasted with sesame oil and fine salt. It is served as side dish. Snacks made with laver have been gaining popularity among foreigners in recent years.

Government & Policy

S.KOREA TO INVEST 35 TLN WON IN FUTURE VEHICLES IN NEXT 5 YEARS

South Korea will invest KRW 35 trillion (USD 32.4 billion) in developing electric, autonomous and other future vehicles by 2022 to secure a new growth engine in the rapidly changing automobile market, the transport ministry said on Feb 2.

In a seminar with some 50 auto experts from businesses, research institutes and colleges, the Ministry of Trade, Industry and Energy and the Ministry of Land, Infrastructure and Transport outlined the government's plan to develop future vehicles and set up the "smart transportation system" to back up autonomous vehicles, respectively, the transport ministry said in a statement.

In its broad efforts to open an "era of electric vehicles," the government will part-

ner with businesses, such as Hyundai Motor Group, to develop an all-electric car that can travel more than 500 kilometers on a single charge and increase the number of rapid charging stations to 10,000, similar to the number of the nation's gas stations of 12,000, by 2022.

The government said it will continue to offer subsidies to those who purchase an electric vehicle due to their high prices by 2022.

In efforts to promote driverless car technologies, the government will build K-City, a world-class test bed for autonomous technologies, this year. The 320,000-square-meter city is composed of a highway, downtown, outskirts, parking facilities and residential communities, the statement said.

GOV'T PUSHES FOR DEREGULATION, HIGHER SERVICES R&D SPENDING

The government said on Feb. 7 that it will seek drastic deregulation and greater spending on research and development (R&D) to raise service sector competitiveness and find a new growth engine.

The nation's service sector needs to be transformed through innovative growth driven by policy backup, thus creating more quality jobs, the finance ministry said.

South Korea's R&D investment in the service industry accounted for only 8.6 percent of the total spending in 2016, compared to Germany with 13.2 percent in 2013 and Japan with 12.4 percent in 2014.

According to the finance ministry, the

government has earmarked KRW 773 billion (USD 716 million) in R&D for government service this year, and the figure will rise to KRW 5 trillion over the next five years.

The ministry said the increased service sector R&D spending is expected help private firms mark up their services R&D spending as well.

The ministry said the government will also give higher tax rewards and R&D incentives to the service sector in an effort to transform the nation's manufacturing-oriented economy.

The Olympics and Korea's Transformation

Nestled in the Taebaek Mountains, PyeongChang is normally a quaint and sleepy town. But the atmosphere completely transformed last month, as thousands of athletes and spectators from all over the world gathered for the 2018 Winter Olympic Games. Although it only ran 16 days, it provided plenty of dramatic moments.

For Americans, the women's hockey team was finally able to its longtime Canadian rival. The Canadian men's hockey team also lost to Germany and failed to advance to the finals for the first time in 12 years. Meanwhile, the Olympics was largely a disaster for Russia as the country was initially banned from participating by the International Olympic Committee due to a doping scheme back at the 2014 Sochi Games. Furthermore, people were stunned when Russia's Evgenia Medvedeva was unable to take home the gold and had to settle for the silver medal instead.

The cold weather was also a major concern for both athletes and visitors alike. Officials from the Korea Meteorological Service forecasted in advance that it will be colder than the Winter Olympics held in Sochi, Russia and Vancouver, British Columbia. Some predicted that this year's Games would be the coldest since the 1994 Winter Olympics in Lillehammer. Luckily, however, the weather during the opening and closing ceremonies, as well as throughout the Games, did not pose a significant threat. In fact, the opening ceremony surprised the entire world thanks to their brilliance, creativity and integrity. Above all, the entire world was astonished by Korea's 5G technology and its impressive use of drones during the opening ceremony, making PyeongChang the most high-tech Olympics ever.

For the Korean people, the short-track speed skating events have always been at the center of focus. Korea has long been a super power in short-track speed skating, with a majority of its gold medals coming



from this sport. So it was quite shocking when some of the women's team failed to earn gold medals. Winning just three gold medals in this sport was a shock to many Koreans, but unexpected medals from unknown young athletes was a pleasant surprise. Along with a gold medal delivered by Yun Sung-Bin, a male skeleton slider, the women's curling team received the international spotlight for winning the silver medal. Previously ranked 8th in the world, Team Kim (a reference to the fact that all the members share that surname) beat some of the most competitive curling teams before losing to Sweden.

But more suspenseful drama took place outside of the Olympic venues. First of all, South Korean president Moon Jae-in met with the high ranking officials from North Korea, especially Kim Yo Jung, the younger sister of North Korea leader Kim Jong-un, and Kim Yong-nam, the president of the Presidium of the Supreme People's Assembly of North Korea. As demonstrated during the Olympics, the South Korean government wants to continue meaningful and consistent dialogue with North Korea, to guarantee the safety of Koreans and the international community. Although the United States and Japan have been suspicious of North Korea's action, and therefore, skeptical about the two party dialogues, President Moon wants to maintain a series of dialogues not just with North

Korea but serve as a bridge between North Korea and the United States.

North Korea seems like it will engage in dialogue, and the PyeongChang Winter Olympics has been instrumental in making this happen. If the United States joins the dialogues and a nuclear free peninsula can be achieved, this will be the transformation that all Koreans have been dreaming about.

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





The international community has long been focused on ways to tackle climate change through technology and Mexico is no exception. The country is currently looking for ways to collaborate with other nations to adapt to the changing global energy environment. As such, the Mexico government, the Korea Trade-Investment Promotions Agency (KOTRA) and the Korea Development Institute held a seminar on Feb. 2 in Seoul to look for ways to strengthen their cooperation in the fields of energy, biotechnology and IT. The seminar was held as part of KOTRA's Knowledge Sharing Program (KSP), which aims to share Korea's development experience, assist partner countries and reduce the knowledge divide. This year's event invited Mexican government officials, including those from the Secretariat of Economy, and Korean companies seeking to secure their foothold in the Latin American market.

"Mexico is one of the most competitive countries for productive investment because of its macroeconomic and political stability, low inflation and significant structural reforms fostering the country's outlook as an attractive economy to foreign investment," said Cecilia Banuelos Barron, director of the Technological Development Unit of the National Polytechnic Institute of Mexico. "We hope to work with Korea on areas related to biotechnology, energy and information

and communication technologies as these are strategic sectors being fostered by the Mexican government."

Bruno Figueroa Fischer, Mexican Ambassador to South Korea, also echoed this sentiment during his congratulatory speech. "Mexico and Korea have a long history of cooperation and KSP is the most ideal mechanism for sharing knowledge regarding energy and the Fourth Industrial Revolution."

The seminar consisted of four presentations, including one by Min Kyoung Park, research fellow at KOTRA's Global Strategy Research Center. Park presented on successful trade and investment cases in Mexico by Korean companies, stating that although most Korean investment into Mexico has been focused on manufacturing and automobiles, there is great potential for industries like cosmetics, e-learning and medical devices.

Korean companies were given advice

on how to successfully market their brand, as many businesses have fallen into the so-called "positioning trap". "Korean companies need to be careful of this trap or Korean products will be seen as being higher quality than products of developing countries, but still not as advanced as those of fully developed countries," said Park. In order to avoid the positioning trap, she suggested utilizing Korea's marketing program. Through this program, KOTRA's overseas office acts as a regional branch of a Korean company, providing continuous management and follow-up support for foreign buyers.

By Esther Oh
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Mexico seeks to work with Korean partners through KOTRA's Knowledge Sharing Program

The Latest on Korea's Investment Environment



Kakao Games attracts USD 129mn in investment

Kakao Games Corp., the game developing unit of Korea's leading mobile messenger operator Kakao Corp., secured KRW 140 billion (USD 129.2 million) from outside investors including Korea's top game publisher Netmarble Games Corp. to strengthen its gaming business. Other Korean game developers Actoz Soft Co. and Bluehole Inc. added KRW 20 billion and KRW 10 billion, respectively. Chinese tech giant Tencent also injected KRW 50 billion and Premier Growth M&A private equity fund KRW 10 billion.

The proceeds would be used to bolster its game lineup, improve developing capabilities as well as expand global operations and finance future investments for growth, the company said.

The investors are mostly those that have been in a long strategic partnership with Kakao Games. Netmarble Games, a longtime client and partner of Kakao Games, has published all of its blockbuster hits, including *Marble of Everything* and *Seven Knights*, through the Kakao platform. Nam Goong-hoon, chief executive of Kakao Games, reportedly pitched the rights offering plan to Netmarble Chairman Bang Junhyuk at the G-star trade show in November.

Tencent and Bluehole have been partners of Kakao Games' online game *PlayerUnknown's Battlegrounds*. With Actoz Soft, Kakao published *Dragon Nest*, with the mobile version *Dragon*

Nest M to be jointly launched in the first half of this year.

The recapitalization is expected to add weight to Kakao Games' plans to go public in the latter half. Observers estimate its market value to be between KRW 1 trillion and 1.5 trillion (USD 938 million).

Finnish drilling tool maker Robit completes new plant in Korea

Robit Plc, a Finnish drilling consumables manufacturer with global operations, has taken a big stride forward in the Asian market by completing a regional production hub in Korea.

The company said it began operations of its new Hwaseong plant in Gyeonggi Province after a ribbon-cutting event held on Feb. 8.

The plant has a floor space of 21,250 square meters and comprises a production site and a research building. Robit will develop and produce high quality button bits for rock drilling and casing systems for ground drilling for Korean and other Asian markets.

"The new plant is fully automated with solutions provided by Swiss engineering giant ABB, a leading factory automation company," said a company official. Products will be rolled out in a stable and consistent manner with the latest automation systems such as button insertion by a robot and automatic painting lines.

Robit's Korean operation reported KRW 26 billion (USD 23.8 million) in sales last year and expects the new plant to create 94 new jobs and increase rev-

enue by about 20 percent.

In September of last year, Robit signed an MoU with the Gyeonggi provincial government to invest a total of USD 10 million in Korea.

U.K. defense contractor Babcock to set up local entity in Korea

Babcock International Group PLC, the U.K. defense contracting giant, is setting up its first South Korean outpost in the country's southeastern port city of Busan.

Babcock Korea, which will be launched in May, will initially operate under British staff before hiring Korean engineers. The Korean operation will offer comprehensive defense support, design and build marine and naval vessels submarines as well as provide maintenance and repair services.

The 127-year-old company is expected to help upgrade Korea's defense industry by imparting its technical knowhow and experience in naval defense.

Babcock is currently involved in Korea's Jangbogo-III submarine project. The Korean navy had worked with Germany's Howaldtswerke-Deutsche Werft (HDW) for the previous two projects but turned to Babcock as it had more experience in making large submarines of over 7,000 tons. The 3,000-ton Jangbogo-III under construction is Korea's largest attack submarine class.

Founded in 1891, Babcock is a global engineering services organization that generates GBP 5.2 billion (USD 7.19 billion) in annual sales. It offers engineering support services for a range of sectors including defense, marine and aviation. It is one of Britain's top three defense contractors along with Rolls-Royce and BAE Systems.

What's Trending

S. Korea to create 800,000 jobs for seniors by 2022

South Korea plans to create 800,000 jobs for its senior citizens by 2022 in an effort to deal with a fast aging population that may undermine the country's growth.

According to the blueprint announced by the Ministry of Health and Welfare, the government aims to increase new positions for people aged 65 or older from the current 467,000.

The move comes as the country is fast

becoming an aged society, with the senior population surpassing that of very young people for the first time last year.

The number of people over 65 years reached 7.07 million in 2017, accounting for a record 13.8 percent of all citizens, according to data released by Statistics Korea.

"It has become increasingly important for senior people who have the ability and will to work to become actively involved in society," said Lim In-taek, a ministry

official, expressing the hope that the plan will serve as an opportunity to provide quality jobs.

The government will help each senior citizen find a decent position through a customized service.

A recent study showed that seniors complain the most about the difficulties in getting access to relevant information and about the limited options for education and training in order for them to land a job or establish their own business.

Economic exchange and major areas of cooperation between Korea and the United States

Trade Trends

As of the first half of 2017, Korea is the seventh largest export market for U.S. products and its sixth largest source of imports, ranking sixth place in overall trade volume, up one rung since the signing of the free trade agreement (FTA) between the two countries. Korea's trade surplus with the U.S. fell by 39.4 percent from the first half of 2016, as the value of exports to the U.S. declined due to the slowdown in automotive, auto parts and wireless communication device exports, coupled with the 22.7 percent increase in imports of U.S. products, mostly manufacturing equipment, general machinery, automobiles and agro-fishery products.

Korea's Trade with the U.S. from 2015 to H1 2017

(Unit: USD million)

Year	2015	2016	H1 2017
Exports	69,832 (-0.6%)	66,462 (-4.8%)	34,004 (-1.0%)
Imports	44,024 (-2.8%)	43,216 (-1.8%)	26,031 (22.7%)
Trade Balance	25,808 (3.2%)	23,246 (-9.9%)	7,973 (-39.4%)
Total Trade Value	113,856 (-1.5%)	109,678 (-3.7%)	60,035 (8.1%)

Note: Figures in parentheses indicate rate of growth.
Source: Korea International Trade Association

Impact of the Korea-U.S. FTA

Since the Korea-U.S. FTA was ratified in late 2011, Korea's trade volume and balance with the U.S. showed an upward trend until 2014, but declined throughout 2015 and 2016. The total value of Korean exports to the U.S. increased by USD 10.3 billion from the USD 56.2 billion in 2011 to USD 66.5 billion in 2016, but the growth rate has recently started to decline at an increasingly faster pace, falling by 0.6 percent in 2015, and 4.8 percent in 2016.

Meanwhile, Korea's imports of U.S. products, dropped at a rate lower than imports from other countries, and the drop seems to have been tempered by the FTA. Korea's imports of all foreign products plunged from USD 524.4 billion in 2011 to USD 406.2 billion in 2016, but imports of U.S. products went down only slightly from the USD 44.6 billion in 2011 to USD 43.2 billion in 2016.

The U.S. has been seeing its trade surplus in services against

Korea continuously grow from USD 11 billion in 2011 to USD 14.1 billion in 2015. In particular, its surplus of revenue from intellectual property rights appears to have nearly doubled from USD 3 billion prior to ratification, to USD 5.9 billion in 2015.

Both countries were found to have been benefiting from the FTA in terms of exports and imports, while the impact of the FTA was the greatest in the balance of trade for Korea, and in the services account balance for the U.S. Of Korea's 10 major export items to the U.S., passenger cars, auto parts, semiconductor devices and computer memories have been seeing growth. In the case of passenger cars and auto parts, exports continued to increase since the ratification, but has recently seen its numbers drop slightly in 2015 and 2016. As the tariff on auto parts were eliminated as soon as the FTA was ratified, Korea particularly benefited from the FTA through the surge in auto parts exports.

Investment Trends

Korean investment in the U.S. continues to grow. As Korean investment in the U.S. grew from USD 6.19 billion in the first half of 2016 to USD 8.44 billion in the same period of 2017, the annual total for 2017 is expected exceed the number for the previous year. The expansion of Korean investment in the U.S. was influenced by U.S. government incentives, such as tax deductions and establishment of production facilities encouraged by the expansion of protectionism.

On June 2017, an economic delegation of 52 large companies, including Samsung Electronics, LG Electronics, SK, Doosan Group, CJ Group, LS Group and GS Group, as well as middle-standing companies and SMEs, visited the U.S. and announced that it will be investing a total of KRW 12.8 billion (USD 11.78 million) in the U.S. for the next five years.

Korea's Investment in the U.S. from 2015 to H1 2017

(Unit: USD million)

Year	No. of cases declared	No. of new corporate bodies	Amount declared	No. of remittances	Amount invested
2015	1,623	542	10,785	2,244	6,984
2016	1,727	509	18,002	2,350	12,906
H1 2017	879	259	8,640	1,148	10,325

Source: The Export-Import Bank of Korea

In the first half of 2017, Korea attracted investments worth USD 2.45 billion from the U.S., a 35 percent increase from the same period the previous year. Despite the announcement of the tax reform plan for revitalizing investment and interest rate hikes, Korea has managed to overturn the downward trend of the first quarter and witness a surge in investment from the U.S. in the second quarter of 2017.

By industry, manufacturing and services both saw steady growth, while the manufacturing industry in particular, thanks to the positive numbers in chemical engineering and automotive sectors, exceeded USD 1 billion for the first time in history during the first half of a year.

Major Cooperation Areas and Opportunities for Korean Companies

Public Infrastructure Construction

As the Trump administration plans to invest USD 1 trillion in infrastructure across the next ten years to foster economic growth and expand employment, a maximum USD 3 trillion market is expected to be formed in the U.S. Demand is expected to rise for services such as architectural design, construction, maintenance/repair, transportation machinery and parts, heavy equipment, construction materials and equipment/materials such as electric wires and cables.

To revitalize infrastructure projects, U.S. state governments are competitively attracting public-private partnership (P3) projects in which foreign investors and companies may participate.

There is an urgent need to secure comprehensive competence in scale, technology and funding through an advanced consortium of finance (government-run banks), construction companies, IT firms, manufacturing companies, and service providers. As such, Korean companies can win state-government projects through localization strategies, such as by forming partnerships with local construction SMEs or by pursuing M&As.

Cybersecurity

The U.S. president has signed an executive order to strengthen cybersecurity infrastructure and execution capacity. The U.S. has the world's biggest cybersecurity market, which is expected to grow by an annual rate of 7.8 percent and form a USD 34.6 billion market by 2021. The federal government is the biggest investor in the U.S. cybersecurity market, as well as its biggest consumer, and injects about USD 14 billion of related budgets each year, which amounts to 60 percent of the entire market.

Thus, Korea can promote industrial and technological cooperation with the U.S. by proposing to cooperate on early warnings and jointly respond to frequent cyberattacks by the North. Korea should also seek cooperation with government procurement companies (cybersecurity solutions providers) that does business with the federal government, and create opportunities to export human resources with specialized skills.

Biopharmaceuticals

As of 2015, the U.S. biopharmaceutical market amounts to USD 374 billion, a 13 percent surge from the year before, and accounts for 40 percent of the global market. To complete its

round of health care reform, the Trump administration is pushing forward with policies that lower drug prices, and to that end has proposed to accelerate biopharmaceutical approval procedures, and expand biosimilar imports. As U.S. and European biopharmaceutical patents started to expire one after the other since 2015, the advanced biosimilar market is expected to grow by over 170 percent over the next decade. Although still lukewarm, if the U.S. set out to approve biosimilars on a full scale, related markets are expected to undergo rapid growth.

Korea's finished biopharmaceutical product exports to the U.S. started to rise steeply since 2013, led by immune serums (vaccines), antibiotics and insulins. It is necessary for Korean companies that lack technological prowess and local experience to strengthen their competence in the U.S. by forming partnerships with local drug makers and outsourcing through specialized firms. Through open cooperation models such as technology transfers, joint ventures and M&As, they must supplement their capacities in R&D, clinical trials, production, marketing and distribution.

R&D Cooperation

The U.S. federal government's investment in R&D is USD 130 billion, accounting for 27 percent of its total investments, and plays a key role in the development and commercialization of basic technologies in the U.S. The U.S. supplies a colossal amount of research funding to the six major R&D institutes (DARPA, NIH, DOE Office of Science, NSF, NASA, NIST) and supports joint international R&D development projects.

Korea should, therefore, sign MoUs with the six major government institutes and raise the accessibility to U.S. technologies, human resources and R&D infrastructure. To utilize the federal government's R&D support system, Korea needs to look for opportunities in establishing joint ventures with local companies, conducting joint R&D with local institutes and acquiring technology licenses.

Startup Incubation

The U.S., which invests USD 580 billion in startups annually, has built by far the largest startup ecosystem in the world. The Trump administration's anti-regulatory policies are expected to partially contribute to the growth of startups involved in education, health care and financial services. Accelerators, which also provide mentoring services on business planning, starting a business, developing technology and connecting startups with opportunities to attract investment, act as midwives for the U.S. startup industry.

Korea should develop joint projects through technological exchange, joint ventures, etc., with local technology startups. Opportunities should also be sought to commercialize U.S. technologies and attract investment by utilizing local accelerators. Furthermore, Korea should vitalize a government-operated fund matching system for foreign venture (angel) investments.

Source: Entering the U.S. Market in 2018, KOTRA



James Kim
Chairman and CEO

American Chamber of Commerce in Korea

The Korea-US free trade agreement (KORUS FTA) has been a hot topic of discussion over the last year. Amid continued talks of renegotiation, pundits from both the American and Korean side have weighed in about the future of the FTA. And if there's one person who understands both perspectives, it's James Kim. As the first Korean-American to serve as chairman and CEO of the American Chamber of Commerce (AMCHAM) in Korea, Kim acknowledges that the FTA has room for improvement but emphasizes that the agreement is crucial to further strengthening the Korea-U.S. economic partnership. Here's what Kim had to say about the FTA and how AMCHAM has become the go-to organization for enhancing trade and investment opportunities between the two countries.

What is the role of AMCHAM and how is AMCHAM Korea strengthening Korea-U.S. relations?

AMCHAM serves as a solid platform for the U.S. and the international business community to voice their opinion in building a business-friendly environment in Korea. We have been in Korea for 65 years, helping and supporting the business community to succeed and thrive in the market.

As the largest foreign chamber in

Korea, our focus is to foster growth of the U.S. and Korean economies through increased trade and commerce. AMCHAM achieves these goals by serving as a vital communication channel for the U.S. business community and engaging in dialogue with key decision makers in both Korea and the U.S. As an advocate of business, we also assist in opening opportunities for our members while helping to reduce barriers for fair competition.

A Platform for Dialogue

AMCHAM is at the forefront of strengthening the Korea-U.S. alliance by serving as a vital communication channel between the two countries



In addition, facilitating the successful implementation of the KORUS FTA is a primary focus for AMCHAM. We believe it is key to furthering the U.S.-Korea economic partnership, and that it will continue to bring benefits for the vast majority of those American businesses operating in Korea and Korean businesses operating in the U.S.

We have over 30 committees covering virtually all industries in Korea. The committees meet regularly to exchange

ideas and information, and engage in dialogue with relevant stakeholder throughout the government, academia and the business community.

We also collaborate with the Korean government to increase investment. Last year we signed an MOU with the Presidential Committee on Jobs Policy with the aim to promote job creation and foreign direct investment in Korea.

Also each year, AMCHAM visits Washington D.C. to meet with key officials from the White House, Congress and policy think tanks to discuss issues critical to the U.S.-Korea relationship. Last year, we delivered the message that the KORUS FTA is effective on several levels for the continued economic relationship between the U.S. and Korea.

But AMCHAM is not just about business. We operate a charity foundation called Partners for the Future which helps underprivileged students. Since 2000, we have awarded close to 3,000 scholarships to university students in Korea.

Are there particular industries in Korea that are attracting attention from American companies?

Korea is well-known for its vibrant and dynamic industries like the IT sector. It also helps that Korea has a highly educated work force characterized by strong work ethics.

Thanks to home grown companies, Korea leads the world in areas such as semiconductors and display panels. We're seeing a lot of global companies attracted to this kind of environment, not only in manufacturing but also services and innovative startups.

For example, companies like WeWork with its innovative shared space business model, is thriving in Korea and opening up new spaces. Delta Airlines recently decided to locate its Asia head office in Korea. These are all examples of how attractive the Korean market is.

What are some challenges that American companies face when doing business here? What can the Korean government do for foreign companies to make things easier for them?

Some of the biggest challenges of doing business in Korea are the various regulations dubbed 'Korea- Unique



James Kim with Jeffrey Jones (Chairman of AMCHAM Board of Governors) at the AMCHAM Korea office in Seoul

Standards'. These barriers create imbalances in what should be a level playing field, and foreign businesses lose motivation to participate and compete in the Korean economy. Aligning these unique standards with global standards is very important.

However, we are seeing progress. Particularly the government's willingness to engage in meaningful dialogues with the global business community has greatly improved. For instance, recently the Korean authorities decided to delay the implementation of a revised tax regulation designed to widen the taxation base among foreign investors. This was

“ The KORUS FTA has been the platform through which the two nations are able to increase cooperation and resolve potential issues. ”

made after intense discussions with the international finance community, including AMCHAM.

Korea and the United States have been close allies for many years. What are your hopes for economic/political relations between the two regions?

Today, Korea is the 6th largest trading partner to the U.S. and the 2nd largest foreign direct investor to the U.S. from Asia. There is no question that the economic relationship between the two countries is inseparable.

The KORUS FTA has been the platform through which the two nations are able to increase cooperation and resolve potential issues. However, we must acknowledge that the FTA has room for improvement, especially in regards to the implementation of the existing agreement. I am confident that through a constructive and productive process we will have a more stable and sustainable roadmap for the future.

As evidenced by President Moon Jae-in and President Donald Trump's greatly successful state visits in 2017, I remain optimistic that the rock-solid alliance U.S. and Korea have built over the years will only strengthen in the future.

*By Esther Oh
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23

The PyeongChang Winter Olympics is the 23rd Winter Olympic Games to take place since it began in 1924



1,218

Number of drones used during the Opening Ceremony

06

Number of new countries that appeared in this year's Olympics (Ecuador, Eritrea, Kosovo, Malaysia, Nigeria and Singapore)



PyeongChang Olympics in Numbers

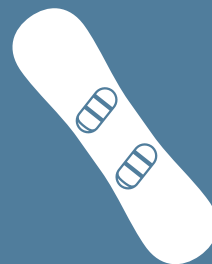


05

Number of gold medals won by South Korean athletes during the 2018 Winter Olympics

2,920

Number of athletes who competed at the event



Upcoming KOTRA Events

UN Procurement Plaza 2018

From March 15 to 16, KOTRA will host the UN Procurement Plaza 2018 to help Korean companies join international public procurement projects. The event will promote emerging public procurement markets among Korean firms and help them enter into contracts with foreign governments and international organizations. The public procurement market offers many opportunities, which is demonstrated by the fact that UN's procurement projects currently seeking foreign capital value at USD 17.7 billion.

UN Procurement Plaza 2018 will particularly focus on the medical device sector, as it is held on the sidelines of Global Medical Equipment Plaza (GMEP). On March 15, a two-hour seminar on supplying the UN and all-day one-on-one business meetings between 15 procurement project owners and 100 potential bidders will be held at Room 307 and Hall E of COEX, respectively. On March 16, foreign vendors will also be invited to the

Equipment Show (KIMES).

Global Medical Equipment Plaza 2018

From March 15 to 16, Global Medical Equipment Plaza (GMEP) will be held at Hall E and Room 307 at COEX as part of the Korea International Medical & Hospital Equipment Show (KIMES). The event is hosted by the Ministry of Trade, Industry and Energy (MOTIE) and organized by KOTRA and Korea E&Ex Inc. A total of 525 companies including 175 foreign buyers and 350 Korean firms will attend the event. Most notably, one-on-one consultation sessions will be provided for medical device manufacturers who are planning to export their products and participate in international public procurement projects.

An MOU signing ceremony, opening ceremony, seminars on market entry strategies and UN procurement market will also be held during the two-day event. The global medical device market is expected to grow by 5.1 percent annu-

ally, and a growing number of Korean manufacturers are successfully entering the global market. GMEP will contribute to promoting Korea's largest medical device exhibition and helping Korean SMEs break into a new market.

KOTRA Product Placement Seminar

On March 6, KOTRA will hold a seminar that provides Korean SMEs with new overseas marketing strategies using product placement (PPL). The seminar will be held from 2 to 6 pm at the Seminar Room at KOTRA's IKP Building with 20 companies in attendance. Promising producers of Korean dramas and TV shows and those interested in PPL strategies will also participate. If a contract is signed between participating companies, further assistance is provided during the process of exploring foreign buyers and performing marketing activities through online and offline channels. The event is expected to offer plenty of opportunities for Korean SMEs who want to make inroads into the global market.

Jangan Foreign Investment Zone proves to be friendly host for high-tech foreign investors

During the opening ceremony of the 2018 PyeongChang Winter Olympics, South Korea showcased its technological expertise by creating an image of a dove with 1,270 LED candles. Throughout the Olympics, South Korea further boasted its high-tech skills by offering innovative services such as 5G technology, self-driving buses and 360-degree VR technology.

Like Korea proudly showcased at the Olympics, the nation's high-tech industry is known to be groundbreaking and competitive as tech giants such as Samsung and LG continue to lead the global tech market. The country is also making various efforts to attract foreign companies to join its high-tech clusters, especially those in Gyeonggi-do, the most populous province in South Korea. So far, Gyeonggi-do has designated eight zones and developments for foreign investment companies and is actively inviting foreign companies to open up new facilities. With its foreign investment zones and Europe Business Center, established to attract and support foreign businesses, Gyeonggi-do has proven itself as an optimal business area.

Jangan Foreign Investment Zone

The Jangan Foreign Investment Zone is located in the city of Hwaseong in Gyeonggi-do. Closely located to Seoul, Hwaseong is the ideal place for those who want to avoid Seoul's high cost of living but still want easy access to the capital. On that note, investors are noticing Hwaseong's growth potential as a growing number of companies are calling this region home. In fact, CNN named Hwaseong one of the world's seven countries that will be rich in 2025.

The city's foreign investment zone is split into two areas. The first zone was

completed in 2008, covering 602,000 square meters of land, followed by the second foreign investment zone, which was completed in 2010, and covers 612,000 square meters. The main targeted industries and companies of these zones are high tech companies whose foreign investment accounts for at least 30 percent of the total investment. Currently, numerous companies such as Kiekert, ATMI, Denso and 3M have moved in, and they are expected to create hundreds of new jobs and large revenues.

Those who move in to Jangan Foreign Investment Zone can expect full support from both Gyeonggi-do and Hwaseong city. In the case of Polus, a biopharmaceutical startup, Gyeonggi-do formed a task force team to reduce the licensing period from 170 days to 70 days. Gyeonggi-do promises to continue its support by connecting businesses overseas through the Europe Business Center and by inducing additional investment.

Aside from the hospitable care of the government, residents of the zone can expect tax incentives—corporate tax, income tax, acquisition tax and property tax will be exempted for the first five years and will be reduced to 50 percent the following two years. Tariffs, special consumption tax and value added tax will also be exempted for three years. The foreign investment zone also offer free legal consultation services, further proving itself as an optimal place for foreign investors and high-tech companies that want to go global.

Industrial activity in Jangan is convenient because it is located in the capital district near Seohaean Expressway and Asan Port. Additionally, to effectively handle the number of goods transported to from the Foreign Investment Zones, Jangan Logistics Complex will be constructed by



2021. Covering 303,750 square meters, the complex will facilitate logistics distribution in the area, reduce logistics cost within Gyeonggi-do, create a nation-wide distribution network and revive the local economy by creating new jobs and promoting balanced growth.

Most of the developments in Hwaseong have been focused in the Dongtan and Hangman area. However, pundits believe that Jangan will be the region's new growth engine. Besides from bringing in hundreds of new jobs and huge revenues from the Foreign Investment Zone, Jangan has the potential to be the center of tourism, leisure and living. It has abundant resources to promote marine tourism since it is located adjacent to Asan Bay; over 320,000 people have visited Hwaseong Marine festival held in a neighboring area. Furthermore, Hwaseong Dream Park, which is the country's biggest baseball complex, opened up in 2017, making Jangan the perfect place for business and leisure.

World Champ Program

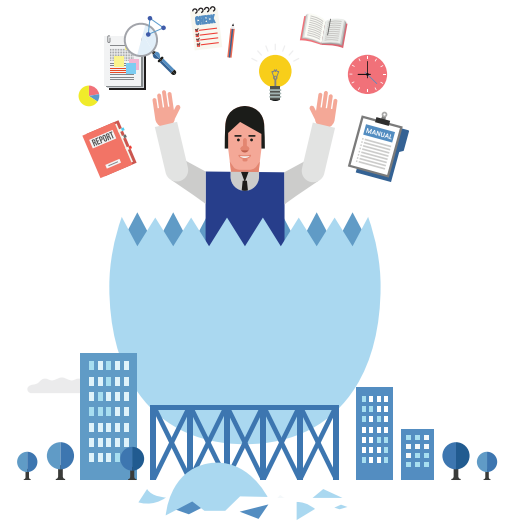
KOTRA's World Champ Program was launched in 2011 as part of efforts of the Ministry of Trade, Industry and Energy (MOTIE) and the Ministry of SMEs and Startups (MSS) to nurture small but powerful companies in Korea. With the objective of strengthening competitiveness of small and medium exporters, the program has offered targeted marketing assistance for 217 companies over the last six years.

The program involves three different actors, including export executive consultants working at the KOTRA headquarters, KOTRA's overseas offices and participating companies. Export executive consultants meet Korean firms, determine a target market in cooperation with overseas offices and set up marketing plans tailored to each company.

Many Korean exporters have seen remarkable achievements in the global market. After years of stagnant growth, for example, an electronics company joined the program and successfully entered the Chilean market. A cosmetic packaging firm also held a roadshow in Thailand for the first time as a Korean cosmetics company, which even allowed the company's small local supplier with only three employees to record sales revenues over KRW 8 billion (USD 7.44 million).

Most notably, the World Champ Program helps Korean businesses build long-term values. A semiconductor component manufacturer came up with a new 10-year goal thanks to the program. It also helped a printer company gain confidence and explore emerging economies such as Kazakhstan and Uzbekistan.

KOTRA currently hosts multiple seminars by industry and region and shares best marketing practices abroad through a talent group of export executive consultants. As such, the World Champ Program will increase the engagement of companies and help them forge a longstanding business network.



Introducing Korea's SMEs

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



Dongbang Electric Industrial Co., Ltd. offers a broad range of transformers, load break switches and C-GIS (gas insulated switchgears). With over 40 years of experience, the company has been a supplier for many large Korean companies including KEPCO (Korea Electric Power Corporation) as well as the U.S. Forces in Korea.

Dongbang has been certified by ISO 9001, ISO 14001 and CE Mark. Most recently, it was awarded the highest quality certificate from KEPCO. In addition, the company worked closely with Japan AE Power Systems Corporation and successfully developed a cubicle-type gas insulated switchgear for the first time in Korea.

The technological competitiveness of its in-house brand EWOX is widely acknowledged in Middle East and South America. The company seeks to diversify its export market through massive R&D efforts and is committed to strengthening the clean power industry.



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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.



Introducing Invest Korea Plaza

Invest Korea Plaza

Invest Korea Plaza (IKP) is the first business incubation complex in Korea for foreign investors. Designed to meet 21st century business needs, IKP offers furnished offices and conference facilities, in addition to on-site comprehensive services ranging from investment consultation provided by representatives of Invest KOREA and numerous government agencies.

IKP Offices for Lease

A. Office exclusively for foreign investors

- Long-term lease: Office lease by a foreign investor seeking to establish a domestic company in Korea
- Lease period: Up to two years, on a yearly basis (lease can be extended after deliberation)
- Short-term lease: Short-term lease of an office by a foreign investor seeking to enter the Korean market
- Lease period: Up to two months (lease cannot be extended)



B. Office for related organizations

- Organizations and administrative entities for attracting and supporting foreign investors

Qualifications for Occupancy

A. Long-term lease for foreign investors

- Companies that completed FDI notification: Companies with FDI of USD 300,000 or more that have completed foreign investment notification in accordance with the procedures prescribed by the Foreign Investment Promotion Act
- Required documents: IKP occupancy application form, overview of company and business, FDI notification form
- Companies that plan to notify foreign investment: Companies that are expected to notify FDI of USD 30,000 or more within six months of moving in
- Required documents: IKP occupancy application form, overview of company and business, letter of recommendation by KOTRA's KBC
- Companies that have executed foreign investment: A foreign-invested company with notified subsequent FDI of USD 200,000 or more
- Required documents: IKP occupancy application form, overview of company and business, FDI notification form

B. Short-term lease for foreign investors

- For foreign investors conducting market research and business feasibility study to enter the Korean market
- Required documents: IKP occupancy application form, a letter of recommendation by KOTRA's KBC or documents certifying the planned business and market research
- * Occupancy counseling is required as lease may not be permitted depending on the type and content of the business.

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	1,704,458	1,795,917
GDP Growth Rate (Y-o-Y) (%)	2.3	2.9	3.3	2.8	2.8

Source: The Bank of Korea, January 2018

(Unit: USD)

GDP Per Capita	2015	2016	2017	2018 (Estimate)
Nominal	27,105	27,534	29,730	30,919
PPP	36,395	37,730	39,387	41,173

Source: International Monetary Fund, October 2017

(Unit: USD million)

Foreign Trade	2012	2013	2014	2015	2016	December 2017
Exports	547,870	559,632	572,665	526,757	495,426	573,717
Imports	519,584	515,586	525,515	436,499	406,193	478,414
Trade Balance	28,285	44,047	47,150	90,258	89,233	95,303

Source: Korea International Trade Association, January 2018

(Unit: KRW)

KRW-USD Foreign Exchange Rate	2012	2013	2014	2015	2016	2017
	1,126.9	1,095.0	1,053.2	1,131.5	1,160.5	1,130.84

Source: The Bank of Korea, January 2018

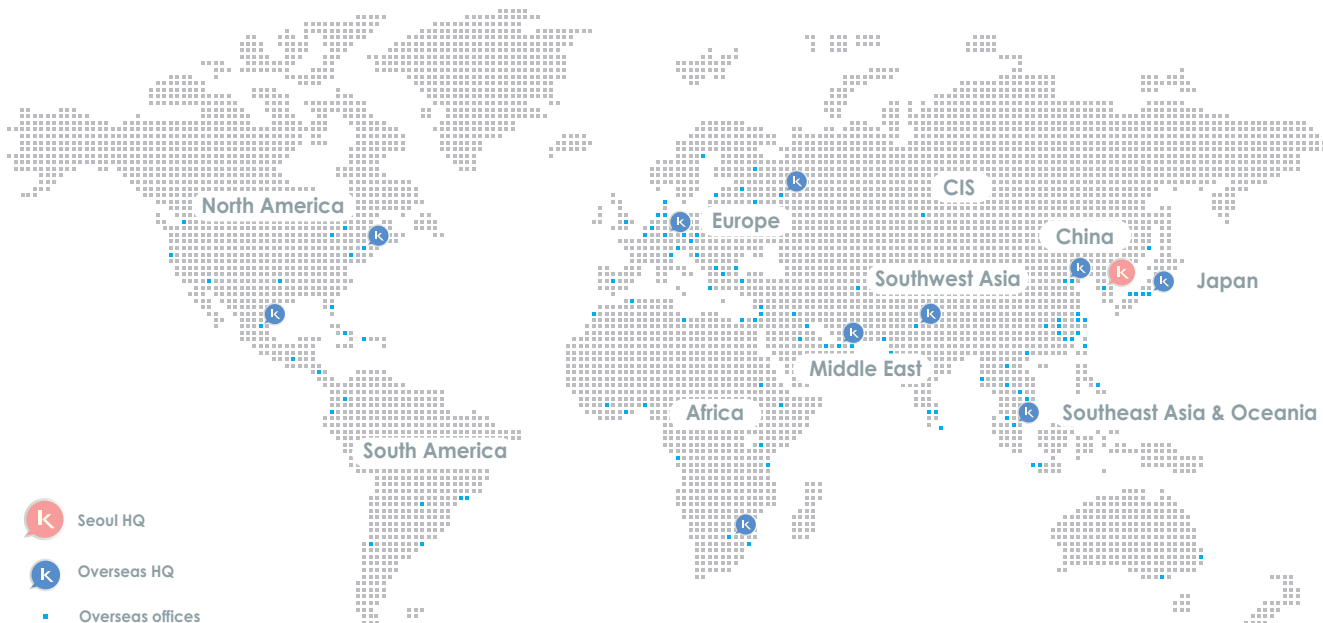
(Unit: USD million)

Balance of Current Account	2012	2013	2014	2015	2016	2017
	50,835.0	81,148.2	84,373.0	105,939.6	99,243.0	78,460.2

Source: The Bank of Korea, January 2018

KOTRA Worldwide

-KOTRA has 127 overseas offices and 10 headquarters worldwide



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