



TAPPING INTO KOREA'S COMMERCIAL REAL ESTATE MARKET

Ben Duncan, President, CBRE North Asia, Greater China

KOTRA

KOTRA NEWS

CATCH THE LATEST NEWS ON WHAT'S BEEN GOING ON AT KOTRA



EVENTS

GET INFORMATION ON KOTRA EVENTS IN AUGUST

8

SUN	MON	TUE	WED	THU	FRI	SAT
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

KOTRA'S SERVICES

PROJECT MANAGER SYSTEM



EVENT OVERVIEW

KOREA-INDIA BUSINESS PARTNERSHIP



KOTRA OFFERS SUPPORT TO HELP KOREAN COMPANIES EXPAND TO INDIA



INVESTMENT

INVESTMENT NEWS

- DOUBLESTAR ACQUIRES KUMHO TIRE
- E-MART TO OFFER EV CHARGING STATIONS

INDUSTRY

KOREA'S REAL ESTATE INDUSTRY



IKMP PITCHING ROOM

INVESTMENT OPPORTUNITIES IN KOREA

ZONE

PYEONGTAEK, A CITY ON THE MOVE



CONTENTS

August 2018

KOTRA

- 03 **KOTRA NEWS**
CATCH THE LATEST
NEWS ON WHAT'S BEEN
GOING ON AT KOTRA
- 04-05 **EVENT OVERVIEW**
KOREA-INDIA BUSINESS
PARTNERSHIP
- 06 **EVENTS**
GET INFORMATION ON
KOTRA EVENTS IN AUGUST
- 08 **KOTRA'S
SERVICES**
PROJECT MANAGER
SYSTEM

INVESTMENT

- 07 **INVESTMENT NEWS**
- LATEST
INVESTMENT NEWS
- WHAT'S TRENDING
- DID YOU KNOW?
- 08 **INTRODUCING IN-
VEST KOREA PLAZA
(IKP)**
- 09 **IKMP PITCHING
ROOM**
INVESTMENT
OPPORTUNITIES
IN KOREA
- 10-11 **INTERVIEW**
CBRE: TAPPING INTO
KOREA'S COMMERCIAL
REAL ESTATE MARKET

KOREA

- 12 **ECONOMIC ANALYSIS**
TRADE WAR JEOPARDIZING
NATIONAL SECURITY
- 13 **KOREA NEWS**
TRADE NEWS, GOV'T & POLICY
- 14-15 **INDUSTRY**
CURRENT STATUS OF THE KO-
REAN REAL
ESTATE INDUSTRY AND PLANS
FOR DEVELOPING A MARKET
INFORMATION SYSTEM
- 16 **ZONE**
PYEONGTAEK,
A CITY ON THE MOVE
- 17 **KOREA AND THE WORLD**
KOREA AND INDIA
- 18 **SMES & ECONOMIC INDI-
CATORS**
BIG VALUE
- 19 **AVCJ PRIVATE EQUITY
& VENTURE FORUM**

SMES EXPAND TO CHINA STARTING WITH JINAN

The Korea Trade-Investment Promotion Agency (KOTRA) and the Ministry of Trade, Industry and Energy (MOTIE) held the “2018 Jinan Korean Commodity Fair,” the largest overseas Korean commodity fair, from July 6 to 8 in Jinan, China.

The fair was participated by 143 Korean companies specializing in commodities related to the Korean Wave such as beauty and food, as well as living items and luxury clothing. Companies had one-on-one export consultations with about 1,500 Chinese buyers, and exhibition booths were set

up to help companies that were new to the export market.

Yoon Won-seok, Executive Vice President of KOTRA’s Business Information and Trade Affairs Department, said, “There’s a need to diversify economic cooperation with local governments to usher in a new era of Korea-China economic cooperation,” and that “we will support Korean SMEs in expanding to the Chinese market by forming individual economic relationships with 31 provinces.”

KOTRA, PUBLIC PROCUREMENT SERVICE TO COOPERATE

KOTRA and the Public Procurement Service signed a memorandum of understanding (MOU) to collaborate on supporting SMEs to penetrate overseas procurement markets.

Starting in the second half of this year, the two agencies will jointly host the “Public Procurement Export Seminar” and invite overseas government ordering organizations and procurement vendors to consult with procurement companies.

Also, the two agencies will operate a promotional booth at overseas fairs and expos to connect local procurement

agents with domestic companies, share international bidding information, procurement regulations and expansion strategies, as well as hold joint seminars.

Kwon Pyung-oh, President and CEO of KOTRA, said, “Through customized business and systematic education using KOTRA’s know-how on overseas expansion and the Public Procurement Services’ professional knowledge, we will aid our SMEs to fully tap into their potential which can surpass different procedures and customs of the ordering organizations.”

KOTRA, SINGAPORE AGREE TO COLLABORATE ON SMART CITY

KOTRA and the Korea International Trade Association (KITA) held the “Korea-Singapore Business Partnership” and the “Singapore Employment Fair” on July 12 in Singapore.

These events, in accordance with the New Northern Policy, served as a stepping stone for Korean SMEs to expand into the Southeast Asian market and promoted mutual cooperation through a job fair for job-seekers in Singapore.

In particular, KOTRA signed an MoU with Enterprise Singapore, which is in charge of supporting the overseas expansion

of SMEs and fostering startups, to cooperate on business and expanding the smart city sector into a third country within ASEAN.

Kwon Pyung-oh, President and CEO said, “Although the Singapore’s market size is fairly small, it is a hub in Southeast Asia for smart technologies, logistics and distribution that will be a suitable foundation for our SMEs to enter the ASEAN market,” and that “we will also utilize our companies already in Singapore as well as global companies to lead overseas employment.”

KOTRA HOSTS OVERSEAS M&A PROPERTY INFORMATION SEMINAR

KOTRA and the Korea Financial Investment Association (KFIA) hosted the “Overseas M&A Property Information Seminar” on July 19 with support from MOTIE. About 60 people from fields related to M&A including strategic investors (SI), securities firms, consultants, accounting firms and law firms participated in the event.

This seminar introduced companies from Vietnam, Indonesia and Thailand that are up for sale, as well as some of the properties from India, the U.S., and Europe where there is high potential for the expansion of domestic companies.

Categories of the properties included franchise, petrochemical, hospital, fashion, medical devices and a German legal corporation introduced as a potential property available for an M&A.

Kim Yong-Kook, Head of Invest Korea, said, “M&A aimed at securing emerging markets is seen as an effective way to expand into local markets,” and that “KOTRA will continue supporting M&A to secure emerging markets, and will actively put in efforts towards M&A focused on acquiring technology from advanced countries.”



The Korea-India Comprehensive Economic Partnership Agreement (CEPA) came into effect in 2010, and in 2015, the relationship between the two nations took another leap forward under the Special Strategic Partnership. On the back of such measures, economic cooperation between Korea and India is becoming stronger, with bilateral trade reaching USD 20 billion last year.

To help actualize the Korean government's New Southern Policy, the Korea Trade Investment Promotion Agency (KOTRA), along with the Korea Chamber of Commerce and Industry (KCCI), hosted the Korea-India Business Partnership in New Delhi, India at the Le Meridien Hotel on July 10. The event was comprised of various sub-events with the overarching aim to support Korean companies expand their businesses into the Indian market.

K-Global@India 2018, organized by KOTRA and the Ministry of Science and ICT, provided a platform to focus specifically on supporting Korean ICT companies seeking to make inroads into India. The event took place in the Sovereign 2

KOTRA offers support to help Korean companies expand to India

Hall, where approximately 320 one-on-one business consultations were conducted between 26 Korean SMEs and 133 buyers from Indian and Southwest Asian

countries. Here, companies were provided various types of support such as buyer matching, help with creating exhibition booths as well as translation and interpre-



tation services. The Korean SMEs came from four different categories in the ICT sector, consisting of Internet of Things (IoT)/healthcare, software solutions, telecommunication/security and FinTech/other. IoT/healthcare companies showcased technology related to smart healthcare and solutions for automobiles. Software solutions firms offered products revolving around smart city, ITS, productions management systems and e-learning. Telecommunication/security enterprises exhibited their security control solutions and wireless communications equipment, while FinTech/other companies showcased FinTech solutions, educational 3D printers and games.

In addition, KOTRA worked with B2G to organize an investor relations (IR) event centered on startups in the Desire Hall, which was attended by eight Korean companies, four Indian companies and about 70 Indian investors and members of startup supporting institutions. The event included a pitching session for promising Korean and Indian startups to introduce their business ideas to venture capital firms and local investors, as well as roundtable seminars revolving around the Korean and Indian startup ecosystems, the cooperation model between Korea and India, and startup operations in India. A total of 12 startups participated in the pitching session, where they were each given five minutes to pitch their ideas and products, and another five



minutes for a Q&A session. Out of the 12 young companies, one Korean company and one Indian company were chosen as the most outstanding startups. The IR event came to an end with a networking session for the participants.

Other sub-events during the Korea-India Business Partnership included business consultations between Korean and Indian companies across different industries, a series of MOU signings and a showcase featuring artwork collaborated on by eight social enterprises and eight artists.

*By Grace Park
English Editor*

*Investment Public Relations Team
Korea Trade-Investment Promotion Agency (KOTRA)
gracepark@kotra.or.kr*



AUGUST

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			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
			Investment Attraction Consultations for Core Industries of the 4th Industrial Revolution			
			2018 Pet Fair Asia			
26	27	28	29	30	31	
			2018 Online Business Plaza in Cheongju, Korea	2018 K-Beauty & Cosmetic Show	China (Nanjing) International Software Product and Information Service Trade Fair	
			1:1 Business Meeting with International Buyers at 2018 K-Beauty & Cosmetic Show			

Upcoming KOTRA Events

2018 SME Products-Korean Wave Convergence Contents Commerce Project

KOTRA will carry out “The 2018 SME Products-Korean Wave Convergence Contents Commerce” project to develop a new export route through “contents commerce,” which combines domestic SME products with the Korean Wave.

Product placement (PPL) targeting overseas markets will be utilized and distributed through global online distributors, social media and local channels to build a “contents commerce” marketing support system, combining products with entertainment.

Multilateral marketing support including customized contents, overseas online shopping promotions as well as overseas expo participation will be provided for the selected products.

2018 Medtronic Asia Innovation Conference

KOTRA and Medtronic Korea will host the “2018 Medtronic Asia Innovation Conference” (MAIC) from August 28 to 29 at COEX in Seoul.

The conference will invite medical device industry experts to take a look at the current status and future prospects of medical device innovation technology and provide business cooperation opportunities for domestic companies.

On the 28th, a seminar entitled “Medtech Insights” will be held to introduce various strategies for entering global markets. On the 29th, consultations will be held to help companies find partners in expanding to the Asian market by utilizing Medtronic’s global network.

Export Gateway Biz Plaza 2018

On September 11, the “Export Gateway Biz Plaza 2018” will be held at AT Center in Seoul to boost domestic demand as well as exports of newly exporting companies.

About 400 domestic companies and 150 foreign buyers will participate in this event. One-on-one consultations will be arranged between promising domestic countries and active foreign buyers to maximize the possibility of forging contracts.

Furthermore, KOTRA will conduct an export contract signing ceremony, sign MOUs with affiliated organizations, jointly operate booths to introduce the customized support project for participating export support agencies, and provide consultation services.

The Latest on Korea's Investment Environment



H1: FDI pledges to S. Korea hit record high

New foreign direct investment (FDI) pledges to South Korea in the first half of 2018 reached an all-time high, in line with rising interest in the nation's high-tech industries and startups in emerging sectors.

According to the Ministry of Trade, Industry and Energy, South Korea received USD 15.75 billion worth of FDI commitments from January to June, which is a 64.2 percent spike from a year earlier. The actual investment made by foreign companies in the six-month period reached USD 9.46 billion, jumping 76.4 percent from the previous year.

By region, investment pledges from the European Union more than doubled to USD 4.57 billion in the first half, while American companies sought partnership and stake acquisition in high-tech industries and tech startups, pledging USD 3.01 billion over the period, a 23.2 percent increase. New FDI pledges from China rose a whopping 350 percent to USD 2.2 billion, the largest-ever amount yet.

By sector, the manufacturing industry drew in USD 7.21 billion worth of investment pledges as offshore investors sought joint venture partners in the driverless car, drone and bio sectors. Service industries attracted USD 8.37 billion of new investment from abroad in emerging technology fields, such as e-commerce, cloud computing, mobile platforms and FinTech.

Doublestar completes acquisition of Kumho Tire

Qingdao Doublestar Co. has completed its acquisition of Kumho Tire Co. by making the payment for the controlling stake in South Korea's second-biggest tiremaker to its creditor bank.

"By acquiring Kumho Tire, Doublestar aims to seek co-prosperity and to become a global top-10 tiremaker through close cooperation. Kumho Tire will focus on mid and high-end tires for passenger vehicles, and Doublestar will focus on mid and low-end tires for trucks and buses," Doublestar Chairman Chai Yongsun told reporters in Seoul in March.

Kumho Tire will operate as an independent business entity in South Korea, as Doublestar has no intention of controlling or intervening in the making of major decisions at the tiremaker, he said.

Foreign car manufacturers see more room for growth in S. Korea

According to industry sources, foreign carmakers are eyeing South Korea as an expanding market, as more local customers are opting for foreign brands that they perceive as prestigious and engaging to drive.

In 1987, foreign carmakers sold a total of 10 vehicles in the country, but 30 years later, they account for nearly 20 percent of the domestic passenger car market, according to data from the Korea Automobile Importers and Distributors Association (KAIDA).

Imported car registrations have been moving up in leaps and bounds, hitting 8,136 units in 1997, 53,390 in 2007 and 233,088 in 2017.

KAIDA Vice Chairman Yoon Dae-sung said, "In the past, usually high-income earners like corporate executives and those holding professional jobs in their 40s and 50s bought imported cars. But these days, young customers in their 20s and 30s who can only be seen as being in the lower- and mid-income brackets are also visiting foreign car dealerships due to declining prices and a wide range of choices."

What's Trending



E-Mart to offer EV charging stations at all of its stores by 2021

South Korea's largest discount store chain operator, E-Mart Inc., announced it will establish charging stations for electric vehicles at all of its outlets in the next three years in line with the government's efforts to boost zero-emission cars.

The charging stations will be available at 140 E-Mart stores throughout the country by 2021, four of which already launched the service in the eastern coastal cities of Sokcho and Gangneung last month. Six more outlets are expected to follow in their footsteps within this year, with each station supplying an average of nine chargers.

According to the company, it takes about 20 minutes to fully charge an electric car using a rapid charger at a cost of roughly KRW 7 thousand (USD 6). It also said a slow-charging option, which takes about four hours, will be available.

Industry data showed that the share of EVs in the sales of eco-friendly vehicles in South Korea has surpassed 20 percent for the first time this year on the back of a wide range of lineups and improved charging infrastructure.

A total of 5,542 electric vehicles were sold in the first four months of 2018, taking up 22.7 percent of the eco-friendly car market, according to data compiled by the Korea Automobile Manufacturers Association.

Sales of electric cars and other environmentally-friendly vehicles are expected to increase in the coming years as the government plans to strengthen regulations on diesel-powered vehicles while establishing more charging stations and continuing subsidies for those driving electric cars.

Meanwhile, global carmakers have been racing to produce more eco-friendly vehicles amid tightened regulations on greenhouse gas emissions that scientists say are to blame for global warming.

Did You Know?

South Korea ranked **No. 1** in the world in the number of International Conferences hosted

1,297 gatherings in the one year period.

12.6 percent of the 10,786 events held globally during the year

▲ 3.1% from a year earlier.

According to Belgium-based Union of International Associations

Project Manager System

Invest KOREA, the investment promotion arm of KOTRA, has a project manager system in place to provide foreign investors with services tailored to all of their investment-related needs.

In accordance with Korea's Foreign Investment Promotion Act, experts well-versed in industries and investment promotion serve as project managers (PM) to provide customized services to each investor.

PMs are designated through an extensive process for an investment project, and offer one-on-one services including investment consultations, as well as consultations on areas including taxation, tax reduction procedures and corporate establishment. They also provide on-site support to select and purchase factory sites, to obtain licenses and approvals, and can even offer assistance in miscellaneous matters related to Korea's living environment.

As industry experts, they write investment proposals, publish monthly/quarterly industrial reports, and take part in networking activities with other industry experts.

As accelerators of foreign direct investment (FDI), they conduct project hunting activities like holding roundtables and investor re-

lations (IR) sessions. They identify potential investors and connect domestic partners with foreign investors, and provide consultations on available incentives and government policies.

In addition, Invest KOREA's PMs are actively engaging in investment promotion activities to achieve their own regional and quarterly investment goals.



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

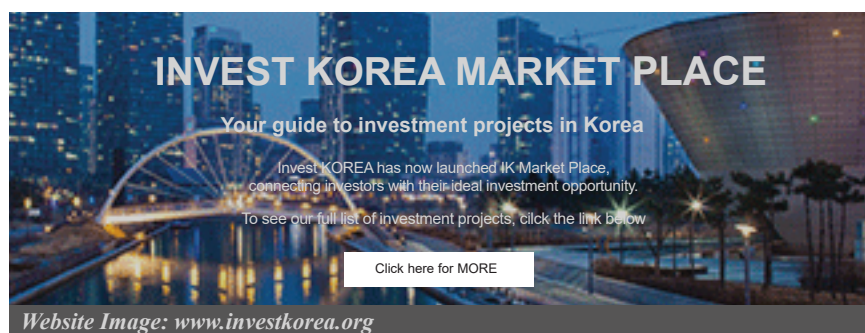
B. Short-term lease for foreign investors

- 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.

IKMP Intro

Invest KOREA Market Place (IKMP) is a project designed to help discover and support new investment projects for Korean SMEs, start-ups and local governments seeking foreign investment. Invest KOREA aims to use the IKMP platform to promote the globalization of Korean companies and institutions by utilizing KOTRA's 36 overseas offices devoted to attracting foreign investment.

Every year in March, June and September, the project notice is available on KOTRA's website at www.kotra.or.kr. Additionally, project information detailing investment opportunities in Korea is available on the Invest KOREA website at www.investkorea.org.



Investment Opportunities

Below are two Korean companies currently available to receive foreign investment.
(some information remains confidential)

1. Electronics Company: Lithium-iron Battery

Investment Highlights: The company is one of the only lithium iron phosphate battery manufacturers (LFP) in Korea. LFP batteries are safe from the risk of explosion and provide high energy density and output, ensuring homogeneity. Thus, LFP batteries are highly suitable for use in two-wheeled electric vehicles.

LFP (lithium iron phosphate) Battery

- Lithium iron phosphate as bipolar materials
- A pouch type cell with a capacity of 30 Ah
- A battery pack, a combination of pouch type cells and the battery management system (BMS)



Category	A Co.	B Co.	CM Partner
Cell Capacity (Ah)	19.5	20	30
Nominal Voltage (V)	3.3	3.2	3.3
Energy Content (Wh)	65	64	96
Specific Energy (Wh/kg)	131	126	141
Energy Density (Wh/L)	247	247	252
Cycle Life	≤ 2,500 (DOD 90%)	≤ 1,000 (DOD 80%)	≤ 2,000 (DOD 80%)

Company Profile: The company was founded in April 1987 and has 132 employees (as of 2017). Two patent applications have been filed, including a method in preparing electrode active materials and a method for manufacturing LFP batteries composed of electrode active materials.

Investment Requirements:

- Investment method: All available
- Amount: USD 10-50 million
- Region: North America, Europe, Japan, Middle East

2. Renewable Energy Company: Flexible Lithium Polymer Battery

Investment Highlights: The company specializes in developing batteries offering improved performance for wearable devices such as health bands, smart watches, AR/VR/MR glasses and smart clothing. With dramatic growth expected to occur in the wearables industry, the company's batteries can replace/supplement traditional batteries with less-than-par performance through its flexible shape and high energy density and output as well as its safety factors.



Company Profile: The company was founded in October 2016. Since then, it has applied for 19 patents including technology, design and manufacturing methods of flexible batteries such as electrode lead bending structures. In 2017, the company received KRW 3 million in investment from FuturePlay.

Investment Requirements:

- Minority (financial investment) or strategic investment
- Amount: USD 2 million
- Region: All available

For more details, please contact Seo Dong Hyun, Senior Investment Consultant of the New Industry Investment Promotion Team, at dhseo@kotra.or.kr.



TAPPING INTO KOREA'S COMMERCIAL REAL ESTATE MARKET

Ben Duncan

**President, CBRE North Asia,
Greater China**

Ben Duncan is the President of CBRE's North Asia business, responsible for 27 offices in China, Hong Kong, Taiwan, South Korea and Japan. He works directly with CBRE's in-market leadership across these geographies on enhancing its client offering and delivering world-class real estate solutions.

He has 25 years of real estate experience, 22 of those in Asia Pacific. He has worked in three of the world's leading financial markets—London, Hong Kong and Tokyo—and has advised clients on projects in 14 countries.

With oversight for Korea, Duncan sees broad opportunities in the world's 11th largest economy. Particularly as client demands continue to diversify and demands for office, retail, logistics and industrial solutions evolve, the scope for CBRE's business in Korea continues to grow, as does collaboration between global and regional teams with the firm's on-the-ground talent, to provide clients in Korea with the most innovative real estate products and services. Korean investors have been actively looking for investment opportunities in real estate markets around the world such as mature markets in Europe, the United States and Asia. In addition, there

is an increasing number of cases of asset managers setting up real estate investment funds targeting retail investors directly. This complements the fact that Korea is known for some of the largest pension funds in the world. Many of the funds are global players through either direct real estate investment or as a limited partner in investment funds, providing opportunities for firms like CBRE with global connectivity.

We sat down with Ben to discuss the unique qualities of the Korean real estate market and about how CBRE's story fits into it.

Please tell us about CBRE and its history. What kinds of services does CBRE offer to its customers?

CBRE has been operating in Korea for 19 years since 1999 — next year is our 20th anniversary, which we're very excited about.

We offer a range of services for our different client groups. The easiest way to think about them is that there are Owners who invest in Real Estate, and there are Occupiers who use it. We offer integrated services to both. That can involve advising on the sale of assets or on leases, as well as managing buildings or space. We also provide valuations and consulting services, research and technological solutions for

clients in the commercial real estate sector. While our main focus is the office market, the retail and industrial property markets are also very important parts of our business.

What made CBRE establish a branch here in Korea? What are the advantages of doing business here?

After the Asian Financial Crisis in 1997, the real estate investment market opened up and the clients that CBRE was serving in other parts of the world were keen to establish a presence in Korea.

20 years on, our desire to increase our penetration into Korea remains as strong as ever. Specifically, we see unlimited potential to serving more Korean corporations and investors as their influence continues to grow on the global stage. To execute this strategy effectively means adopting global best practices and services where they make sense, yet having the confidence to adjust our approach where a more organic solution might yield a better outcome.

The main advantage to doing business in Korea is our people; they're hard-working, well-educated and dedicated. Korea is also less understood than other large markets in Asia, like China, Japan or more western markets like Hong Kong and Singapore. This means that we can add real value to

our clients by helping them navigate their way through some of the unique aspects of the Korean business environment.

The real estate market in Korea is pretty unique. How is it different from other parts of the world?

Our businesses across North Asia are diverse. They are also at varying stages of development. It's a unique geography where a common approach doesn't always work. Korea is one of these markets where we have been very conscious of adapting a global model to meet local demands, customs and client-bases.

The chaebols in Korea present a unique proposition. Chaebol ownership and their involvement in service-provision reduces the propensity of many companies to outsource. That creates an opportunity, though, because as the market matures, and as chaebols become more global, even though they're already very global, they're going to want to deploy capital that's tied up in real estate for their global expansion endeavors.

Also, in Korea there are relatively fewer western-style malls, although that has changed recently. Now we see big malls like the IFC and Starfield malls, but considering the population here, it's a small number, which is strange, because the retail market potential is huge.

What were some marketing strategies that CBRE carried out to target Korean customers?

CBRE is not yet an established household name in Korea. So we need to continue to build our brand and credibility. One way we do this is by emphasizing our scale (globally and locally) and the fact that we can leverage our best global practices for the benefit of our local clients. We also provide integrated services that deliver outcomes for clients that most of our competitors struggle to replicate. We frequently reference our track record to demonstrate our experience and capability.

While we're a large global company, we are acutely aware of the local market dynamics and we always make sure to make adjustments as necessary to reflect local-market nuances.

Were there any challenges your company faced while doing business in Korea?

Breaking down internal barriers and silos to change our mindset is an ongoing chal-

lenge, in Korea and across the North Asia region. A culture of collaboration is core to tackling these issues. As Korea becomes more globally integrated, there are unlimited opportunities for our on-the-ground teams to collaborate with their colleagues across North Asia and globally. It's a win-win situation for our people and clients.

Korea is a competitive market and we've faced new competition from local companies that didn't previously exist in recent years. As a result, retaining top talent is an everyday challenge we face in maturing markets like Korea.

The starting point is our concept of Employee Advantage. We need to clearly communicate our culture and values, so we can capture the essence of what it's like to work at CBRE, building on the principle that each of us is empowered to take responsibility for our own careers. That way we can attract the right type of person from the outset and reduce our attrition levels. By 2020, more than half of the workforce will be millennials. We need to understand this group better. They say that they're looking for job satisfaction and fulfilment!

How can Korea become a more ideal business environment for foreign companies like CBRE?

I think Korea already has a mature regulatory environment which makes doing business here fairly predictable. I guess one thing I would personally like to see is more progress in terms of breaking down the hierarchical structures in society — while this is a relevant part of Korea's unique culture, I feel that the rigid hierarchy can stymie openness, creativity and transparency. It's also sometimes inconsistent with performance-based recognition, and can occasionally lead to unintended consequences. I think the newer generation is open to evolution in this area, and I think it's great to see that the current president is making efforts to be more accessible, which is hopefully a setting a positive example to other institutions in the Korean society.

What Korean companies are you currently working with to strengthen your business partnerships?

We work with a range of companies, including large conglomerates, asset management companies and institutional investors such as pension funds, insurers and securities companies. We do a range of work, including helping Korean com-

panies evaluate incentives between various jurisdictions overseas before making investment decisions, connecting outbound Korean capital with properties available for sale in gateway locations in Europe, the U.S., and within APAC, and providing leasing and property management services for commercial real estate assets on behalf of asset management companies in Korea.

What are some future plans that CBRE has when it comes to doing business in Korea and in Asia?

CBRE is a growth business and we are focused on growing our business here, within Asia and across the globe. We recognize that we live in a world of fast-paced change, and that technology is changing the way we work and play, so providing technology-based solutions for our clients will be one way in which we will achieve growth. We recognize that even though we are currently the largest company in our sector, we cannot become arrogant or complacent, and we must continually improve and innovate in order to maintain our market position. We also need to make sure we don't underestimate our competitors or undervalue our clients.

What is CBRE doing to rise above the competition in the Korean real estate industry?

At the start of last year, we set in place a vision to become the undisputed leader in commercial real estate services in Korea by embracing a performance driven culture. We have seven strategic priorities around growth, clients, collaboration and communication, retention and recruitment, platform, continuous improvement and leadership to help us achieve this vision. We are very focused on becoming an employer of choice, providing measurably superior client outcomes, creating greater linkages within our business and between ourselves and our overseas colleagues, investing in our platform and having an engaged, proactive and inclusive leadership team.

*By Grace Park
English Editor*

*Investment Public Relations Team
Korea Trade-Investment Promotion
Agency (KOTRA)
gracepark@kotra.or.kr*

Trade War Jeopardizing National Security

President Trump's inauguration has brought a number of moral and economic perplexities not just to the U.S., but to the entire world. Scrapping the Affordable Care Act of 2010 (ObamaCare) at once, inhumanely enforcing immigration laws under the zero tolerance policy against Mexican migrants, pulling out from years of TPP negotiations, and threatening to erase the decades-old NAFTA alliance with Canada and Mexico are just a few to name.

Understanding his life-long "America first" spirit, no one doubted that his presidency would bring forth an era of beggar-thy-neighbor protectionism à la the 1930s. Indeed, the USTR and the Department of Commerce have introduced a series of protectionist measures against major exporters to the U.S. by invoking the safeguard clause under Section 201 of the Trade Act of 1974, and retaliatory tariffs against unfair trade practices under Section 301 of the same act. In 2017, the USTR recommended to impose a 50 percent tariff on imported washing machines and solar panels under Sec. 201, and on July 6, the U.S. levied a 25 percent tariff on USD 34 billion worth of Chinese exports, and another USD 16 billion in July, under Section 301 of the Trade Act. This time, the target was aimed solely at China, and China immediately retaliated by counter-imposing the same tariff rate and trade volume. As promised, the U.S. announced the next round of tariffs on USD 200 billion worth of additional Chinese exports and possibly USD 300 billion worth later on, in the case that China retaliates once again.

But the most surprising and worrisome behavior of the U.S. is not the sheer volume on which tariffs are levied against China. It is the invocation of the rather old Trade Expansion Act of 1962 as a ground for raising tariffs against exporters. Section 232(a) of the Act empowers the U.S. president not to give preferential treatment under the Trade Act of 1930 if such action would threaten to impair U.S. security. In other words, the president has the right to impose tariffs if there is a threat to national security. Soon after his inauguration in April 2017, Mr.

Trump ordered to conduct an investigation on whether steel imports to the U.S. poses a potential threat to national security. The outcome, revealed in February, 2018, concluded that steel imports did pose a real threat to national security, and therefore, the U.S. went ahead to impose 25 percent tariffs on imported steel products from all over the world.

Nobody could challenge or deny the solemn ordain of national security, but the sections are so ambiguous and arbitrary as to be misinterpreted or over-used. For example, Section 232(c) stipulates that the president has to recognize, in his determination of national security, the close relation of economic welfare of the nation to national security, and shall take into consideration the impact of foreign competition on the economic welfare of individual domestic industries. Also, any substantial fall in employment, decrease in government revenue, loss of skills or investment, or other serious effects resulting from the displacement of any domestic products by excessive imports shall be considered in determining whether such weakening of the internal economy may impair national security. This means that national security could be deemed threatened to be impaired if unemployment or foreign competition is too high, economic growth is too low or government tax revenues are too small. As such, this subsection is so dangerous and precarious as to be overextended or misused to deem any industry or product as a threat to national security.

At the start, it was the steel industry, but now it has been extended to the automobile industry. This May, the president ordered the commerce department to conduct an investigation on whether the imports of automobiles would pose a threat to the nation. The conclusion formed by the department is not yet clear, but the likelihood is high. If steel and auto imports are found to be a threat to the national security of the U.S., what else could not be? What about semi-conductors, which serve as the vital parts and elements of any machine or equipment? What about crucial chemical or biological imports? What about prod-

ucts with intellectual property rights? All of these critical products could be used as a tool for trade restriction under the guise of being a threat to national security.

Of course, the U.S. has the right to determine which imports pose a threat to national security, but arbitrary protection against imports according to ambiguous internal law may pose a serious threat to the security of the world. First, the other country has every legal right to oppose such tariffs and barriers. If the U.S. invokes the reason of national security, there is no reason why other afflicted countries should not. This could trigger an escalation of retaliatory actions which may lead to mutual destruction. Second, the global free trade framework which the U.S. has been an integral part of for the last seven decades is under serious danger. A disappointed U.S. may turn away from the global free trade system under Trump's isolationism as in the past, but everybody knows it will not succeed and benefit anyone, including the U.S. An even more gruesome picture is to invoke Section 337 of the Tariff Act of 1930, legitimizing the immediate suspension of imports when trade partners are conducting unfair practices. If the global economy keeps growing amid Trump's protectionism, then it would be just a minor blunder that everyone can neglect. But if not, the entire blame will be put onto Mr. Trump and his notorious push for protectionism. The very argument for national security would backfire on the endangerment of global security, not to mention a potential second term of his presidency. The trade war should be the last thing President Trump should wish for to ensure national security.



By Professor Se Don Shin
Dean, Sookmyung Women's University
seshin@sm.ac.kr

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

Trade News

S. KOREAN COMPANIES DIVERSIFY EXPORTS TO INDIA

South Korean businesses are ramping up their efforts to diversify export items to India as they seek to tap deeper into Asia's third-largest economy, according to industry sources.

Up until now, South Korean companies have focused on manufacturing sectors such as autos, chemicals, electronics, steel and machinery, but their recent push represents a strategy of finding new growth engines in India with high growth potential.

Leading the pack are South Korean food companies and fruit growers, which

are eager to discover new sources of revenue in the fast-growing economy with a population of 1.3 billion.

In March, Ottogi Co., South Korea's second-largest maker of instant noodles, started exporting a veggie noodle product to India, and the country has recently succeeded in exporting pears to India as well. According to informed sources, shipbuilding and startups have also emerged as promising industrial sectors as the Indian government has put forward a set of measures to boost those areas.

KOTRA: S. KOREA'S EXPORTS TO MAINTAIN GROWTH IN Q3

According to the Korea Trade-Investment Promotion Agency (KOTRA), South Korea's exports will likely maintain their growth in the third quarter of 2018 despite losing some price competitiveness in the global arena.

The country's Export Leading Index for the July-September period edged up 0.3 point to 59.6. With the exception of the Middle East and Africa, the numbers all showed improvement in exports.

"There are concerns brewing over the

trade war between the United States and other countries as well as worries surrounding foreign exchange rates and financial instability in emerging markets, but the overall index is maintaining an upwards momentum," the agency said.

Sector by sector, data showed South Korean exports of semiconductors, auto parts, food and textiles may post growth in the coming months, although wireless telecommunication and steel may face weaker overseas demand.

Government and Policy

SEOUL PROPOSES REAL ESTATE HIKE

The South Korean government has announced that it plans to raise real estate taxes in a bid to reduce the widening income gap, help level off housing prices and improve fair taxation.

The finance ministry said the proposed tax hike centers around raising the tax burden on owners of high value houses and multiple homes, and increasing the taxable amount of a property.

Under the proposed scheme, the so-called comprehensive real estate tax rate for properties valued at KRW 600 mil-

lion (USD 535,000) or below will remain unchanged at the current 0.5 percent. However, the rate for a property priced at KRW 600 million or more will be raised by between 0.1 percentage point and 0.5 percentage point, with the maximum rate to be raised to 2.5 percent from the current 2 percent.

The proposed tax overhaul is expected to affect about 350,000 people and is estimated to bring in KRW 740 billion in additional tax revenue.

GOV'T VOWS TO SUPPORT CONVERGENCE IN HEALTHCARE INDUSTRY

The South Korean government has pledged to expand support for combining technology breakthroughs with medical devices to get ahead in the latest trends in the advanced health care market.

The Ministry of Trade, Industry and Energy said it will step up collaboration with local tech and health care companies to develop high-value added products and services, such as a mobile health care management system, 3-D intraoral scanners, use of artificial intelligence in ultrasonic image analysis and rehabilitation practices.

During his visit to the Wonju medical

industry technovalley, Industry Minister Paik Un-gyu said, "The advanced medical market has been dominated by global companies, but Korean companies now have better chances to compete thanks to a highly skilled workforce and IT expertise that can allow it to target tech convergence in medical devices."

The ministry also vowed to work with hospitals, research institutes and health care companies to jointly develop medical big data that can be used in the development of personalized medicine.

Current Status of the Korean Real Estate Industry and Plans for Developing a Market Information System

Current Status and Outlook of the Korean Real Estate Industry

The real estate industry is generally a series of industries where an agent that produces real estate goods and services inputs the factors of production to create real estate commodities as well as related services such as development and planning, utilization and management, distribution and other services.

The Korean real estate industry is transforming as a result of the country's changing socio-economic structure. This includes entering an era of low-growth and aging due to the global financial crisis, the rapid increase of one to two person households, changing perceptions of home ownership and easy access to real estate information. The real estate housing market is experiencing changes such as increases in the supply of small houses, the proportion of monthly rent and direct transactions. Trends in the land market are shifting from large-scale residential development to small-scale intensive development. Consumers are also demanding changes in real estate policies as the industry goes from supply-centered to rental and management centered.

Up until now, the Korean real estate industry was structured around supplying apartments, a development process centered on construction companies and close ties between financial and real estate development. However, the industry is constantly evolving, and one can expect to see further integration of services, informatization and systematization of real estate information, securitization and maturation of real estate and the pursuit of safety in the industry.

Thus, the real estate industry is expected to pursue comprehensive services in the future. With the entry of large corporations and global real estate consultants, advanced financial techniques and partnerships are becoming more important. Accordingly, there is a growing convergence of real estate services. Global real estate companies such as Cushman & Wakefield, Jones Lang Lasalle and Muller International Immobilien GmbH started out as real estate brokers but expanded into comprehensive real estate service providers, conducting appraisals, asset management, development consulting and finance matters. Not only that, the companies now have international branches all over the world, including Korea.

Challenges Facing the Changing Korean Real Estate Industry

In order to revitalize the real estate industry, stakeholders

must recreate the industry's values and improve its role by modifying the industry's future areas of business and improving real estate services. To this end, it is necessary to review the existing policies and institutions to improve the entire real estate system.

The first step is to establish and provide infrastructure for industry-related information, as well as to construct an investment information system, develop credible investment indicators and come up with a support policy for the periodic provision of the indicators. Additionally, stakeholders must conduct a comprehensive review of plans to link the real estate industry with other industries and expand the scope of business. If the industry can make the real estate market more transparent and make it easier to gather information by monitoring the activities of the new real estate industry, it will be possible to come up with directions to advance the real estate industry.

Real estate related information can be divided into three main categories: information regarding business conditions that contribute to the industry through direct activities; information on market trends such as price and transactions; and administrative information regarding buildings, funds and urban planning. In Korea, price and transaction statistics are well-maintained, but the country needs to come up with measures against the lack of basic information about main industry actors.

Not only does the real estate industry need to develop reliable investment indicators related to commercial real estate and make the market more transparent, it is also necessary to establish a systematic supply policy for qualitative information. As the proportion of commercial real estate is growing in the national economy and institutions, and individuals are increasingly interested in commercial real estate, there is a growing need to analyze the commercial real estate market and maintain basic data for systematic policy formulation. In addition, considering the lack of objective investment information, it is necessary to take measures to increase public interest and sound investment.

This calls for the collection of detailed information so that each participant can objectively grasp the status and trends of the commercial real estate market and make reasonable and transparent decisions. Although there are many agencies that provide information on the Korean commercial real estate market, each agency provides duplicate information on office leasing (deposit, rent, etc.), transaction area and transaction price, signaling the need to organize a database.

The following offers suggestions for the collection for information by real estate companies and the collection of commercial real estate information for the advancement of the real estate investment market.

Suggestions for building a real estate information system

1. Development of Survey Indices for Real Estate Companies

The real estate industry has a high degree of meaning and interest for the Korean public, but there is difficulty in diagnosing the actual status of the industry due to the lack of indicators. Therefore, it is necessary to develop new indicators that can identify trends in the real estate industry, efforts to change the perceptions of industry actors and each sector's scope of work.

Currently, Korea is surveying manufacturing companies with the business survey index (BSI). Korea also needs to examine the business conditions and the economic outlook of real estate companies and provide periodic indicators. After fully understanding the economic situations of the companies identified as part of the real estate industry by the Korean Standard Industry Classification (development companies, leasing and management companies, brokerage firms and appraisal corporations) as well as the companies closely related to the real estate industry (real estate finance companies, trust companies, auction companies, investment consulting companies and comprehensive service companies), Korea should research the business conditions of the current quarter, business and market forecasts for the next quarter, personnel situation, changes in sales, wage levels and the type of government support required for business development. Then Korea can identify the future trends by sector.

If the results of economic survey conducted every quarter show a continuous economic downturn in a given sector, the government will be able to propose an activation policy for the sector. In addition, the government can conduct investigations into the management difficulties of real estate companies to monitor industry actors via information about changes in each sector and public opinion on the market. This will also help make the real estate market more transparent and systematically advance the industry. It will also provide a framework and criteria for providing information to Korean citizens, who are the ultimate policy and decision makers. Moreover, this will result in the natural expansion of the industry's business scope and status improvement as well as act as the real estate market's comprehensive control tower for functions such as providing employment information related to real estate companies.

In conclusion, the real estate market will be able to foster and elevate the status of the industry through the development of real estate economic indicators which can accurately measure the characteristics of real estate industry activities. The indicators will also provide accurate information on market trends to the public, provide real estate companies with much-needed support policies as well as allow the government to create jobs within the industry and formulate effective policies.

2. Establishment of a Commercial Real Estate Information System

The current information available on Korea's commercial real estate market is limited to simple national and regional market

trends based on estimations, and fails to deliver useful information applicable to the actual investment market. Indicators published by public and private institutions only provide information on market levels and changing patterns, and portfolios and detailed management files of specific clients conducted by private institutions are classified as proprietary business secrets.

At a time when Korea needs to develop credible investment indicators and secure market transparency at the national level for the commercial real estate industry, there also needs to be a systematic supply policy for real estate related information, the creation of a database of all the information held by information providers and the establishment of a sound information system for the commercial real estate market through the development of reliable indicators. Therefore, this article suggests three possible ways to build a commercial real estate information system: database sharing, market information sharing and the creation of an information building council.

The first suggestion is to gather and compile the information databases of every commercial real estate agency much like the IPD, NCREIF and RCA, to provide accurate investment information. The second suggestion is to strengthen information surveys in the retail market and to integrate the information databases of card companies and credit rating companies. The aim is to gather detailed information about the retail market such as commercial hierarchy, hinterland information, customer characteristics, activity, types of businesses, and characteristics of sales, to come up with substantial trend information about the actual market and diagnose the effectiveness of policies. The last suggestion is to develop new, accurate indicators for the investment market that can serve as criterion for investment portfolios or performance evaluations. This would call for in-depth investment indicators that include the concept of performance evaluations on investment and processing necessary information through the establishment of a collaboration system with investment institutions and private agencies. Moreover, this type of information system will be most efficient if managed and operated by a nonprofit or public organization that is removed from competition among private agencies. The information system will also play a role in advancing Korea's information market one step further.

*Moon Oh Jeong
Doctor of Real Estate Studies
Korea Appraisal Board R&D Department
k25766@kab.co.kr*

*Da Jeong Choi
Master of Real Estate Studies
Korea Appraisal Board R&D Department
k25875@kab.co.kr*

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

Pyeongtaek, a City on the Move

According to a census conducted in 2016, approximately one out of five South Koreans live in Seoul, despite the city accounting for only 0.6 percent of the country's total area. It is said that Seoul's population density is almost twice that of New York City and approximately 182 times greater than that of Gangwon Province. Such high concentration has prompted the government to focus on developing and revitalizing new cities for balanced growth of the nation. As a result, Seoul's population has been declining for six consecutive years and new cities nearby are enjoying development. Pyeongtaek is one of these new cities where investors are expecting tremendous growth in real estate value. Its growth potential is boosted by the Yellow Sea Free Economic Zone, U.S. Forces in Korea, industrial complexes and infrastructure development.

Located in Gyeonggi Province, about 70 kilometers south of Seoul, Pyeongtaek boasts excellent accessibility and transportation infrastructure. It is roughly 90 minutes away from Incheon International Airport, Gyeongbu Expressway, Seohaean Expressway, as well as the newly established SRT (Super Rapid Train), a high speed railway that connects Suseo and Pyeongtaek, allowing trips to the nation's capital in just 30 minutes. It is also home to one of South Korea's four main ports, the Pyeongtaek Port. Thanks to its strategic location, the port, acting as the northeastern trade hub, carries out important trade with China. Furthermore, the development of the free economic zone is expected to boost the importance of the port in the coming years.

One of the main factors raising the real estate value of Pyeongtaek is that it is part of the Yellow Sea Free Economic Zone (YESFEZ), which was designated in 2008. As a free economic zone, YESFEZ offers free and broader activities for resident companies and foreign investors through a plethora of incentives. The Pyeongtaek BIX (Business and Industry Complex) is one of YESFEZ's main projects carried out by the Pyeongtaek Ur-

ban Corporation and the Gyeonggi Urban Innovation Corporation. Covering an area of 2,073,465 m² the Pyeongtaek BIX will be developed into a high-tech industry and an international logistics complex by 2020. Moreover, the complex was designated as "2018's Main Foreign Investment Promotion Project," meaning it will receive KRW 140 million as well as strong support from national investment promotion agencies such as KOTRA. Foreign investors and companies are flocking to Pyeongtaek, recognizing its potential. For instance, earlier this year, Singapore's Sumifru Corp. signed an MoU with YESFEZ to invest USD 30 million toward constructing a logistics facility at the Pyeongtaek BIX. Such actions will revitalize the local economy and increase population, which will thus boost the land value of the area.

Additionally, investments from global giants affirm Pyeongtaek as an area with tremendous growth potential. Samsung is operating the world's biggest semiconductor plant at the Godeok Industrial Complex. The plant spans 3,950,000 m² and provides employment for approximately 150,000 people with economic effect reaching KRW 41 trillion. The company recently announced that it is putting another KRW 30 trillion worth of investment to build additional factories by 2021. When completed, the factory is expected to create even greater economic effects. LG also constructed the "LG Digital Park" in Pyeongtaek, which is a 640,000 m² complex that has a wide range of functions including manufacturing, R&D, quality control and education. A greater economic effect is anticipated as affiliated companies such as LG Innotech and LG CNS are also planning to move into the city.

The recent relocation of the U.S. Forces Korea (USFK) headquarters from Yong-san to Camp Humphreys in Pyeongtaek will also boost the area's land value. Local businesses are expecting the new headquarters to bolster the local economy, as seen in the example of Itaewon, the former location of the USFK headquarters which has greatly benefitted from the

inflow of foreigners. Camp Humphreys covers 240,000 m², being the largest overseas U.S. military base. According to real estate market figures, about 43,000 U.S. military forces and family members are set to move into the area by 2021.

As one of the nation's fastest growing cities, Pyeongtaek's population rose 9.2 percent from five years ago to nearly 490,000, which is a steep growth when compared with Gyeonggi-do's overall population growth of 5.4 percent. Taking into account the recent development in the area, an even higher growth rate is projected to hit a population of 1,200,000 by 2035. Pyeongtaek's strategic location, excellent accessibility, Free Economic Zone, industrial complexes and the relocation of the USFK all contribute to the recent surge in population and investment to city. There is no doubt that Pyeongtaek will become the next major city of South Korea.



Sources: Yonhap News Agency; Newsis;
The Yellow Sea Free Economic Zone Authority
(yesfez.gg.go.kr)

Korea and India: Trade and Investment Status

Recently, the Korea-India Business Partnership was held in New Delhi, India to further strengthen economic cooperation between the two nations. On that note, let's take a closer look at where the trade and investment relationship between South Korea and India currently stands.

01 Korea-India CEPA

In January 2010, South Korea and India signed a comprehensive economic partnership agreement (CEPA) with a view to intensify bilateral economic cooperation. The term CEPA was adopted to stress comprehensive economic relations inclusive of merchandise and service trade, investment and economic cooperation, and is a de facto free trade agreement (FTA). The pact has helped the two countries expand bilateral trade, investment, people to people exchange and economic cooperation. Thanks to the CEPA, bilateral trade between the nations grew seven-fold within 10 years, from USD 2.6 billion in 2002 to USD 20.5 billion in 2011.

02 Korea-India Trade

India is Korea's 11th largest trading country. Two-way trade between Korea and India is characterized by manufacturing parts and raw materials.

Imports

In 2017, Korean imports from India stood at USD 4.9 billion. Main import items included naphtha, aluminum and other ferroalloys, with prospects of more chemical-based industrial and consumer goods.

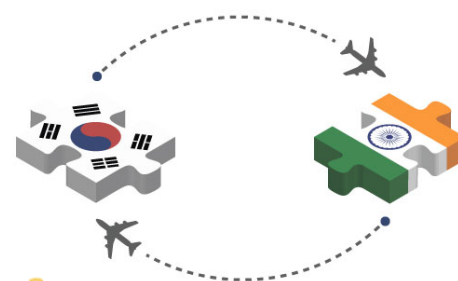
Exports

In 2017, Korean exports to India stood at USD 15.05 billion. Main export items were industrial parts and materials such as wireless communication devices, auto parts and steel.

03 Korea's-India Investment

In 2017, Korean investment to India reached USD 949.2 million in declared amount, mainly in the manufacturing, retail/wholesale and construction industries.

In the same period, India invested USD 1.72 million in declared amount, mostly in the service industry and in research and development.



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

BIG VALUE

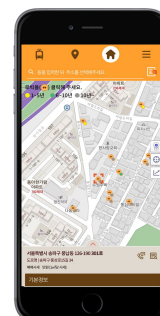
Big Value was established in 2015 with the aim to utilize big data and artificial intelligence (AI) to provide customers with accurate housing prices in Korea. The company intends to create a level playing field in the real estate market by delivering fair and transparent information.

The company boasts a big data system which is capable of collecting two terabytes worth of information every month, with a 95% accuracy rate and 27 storage locations for gathered data. Additionally, Big Value's AI system can relay housing price information to users in 0.1 second as well as offer 100% transparency in its figures due to the objective nature of a

machine.

Big Value offers insight into the real estate market through various platforms based on its state-of-the-art big data and AI system. Information is available through different platforms, depending on the needs and preferences of the user. The system is available in API/FTP format, on web or mobile, and via web and app services that can also be linked to social media accounts.

The company is currently working with other businesses including Shinhan Bank and Busan Bank, and achieved first place in an IR competition hosted by various commercial banks. It has also received numerous awards such as the excellence award in the Maeil Business News Fin-Tech Awards.



Contact Info: Big Value

Address: 1205, 12F, 138, Seoseomun-ro, Jung-gu, Seoul, Republic of Korea
Tel: +82-70-7762-9364
Fax: +82-02-779-9364
Website: www.bigvalue.co.kr, www.lobig.co.kr

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WEB VER.



IOS VER.



ANDROID VER.



Economic Indicators

(Unit: USD million)

GDP	2013	2014	2015	2016	2017
Nominal	1,305,400	1,411,000	1,382,400	1,414,700	1,530,200
PPP	1,644,777	1,704,58	1,795,917	1,877,123	1,972,971
GDP Growth Rate (Y-o-Y) (%)	2.9	3.3	2.8	2.9	3.1

Source: The Bank of Korea, July 2018

(Unit: USD)

GDP Per Capita	2015	2016	2017	2018(Estimate)
Nominal	27,105	27,534	29,891	32,775
PPP	36,395	37,730	39,434	41,388

Source: International Monetary Fund, April 2018

(Unit: USD million)

Foreign Trade	2013	2014	2015	2016	2017	Jan.-May 2018
Exports	59,632	572,665	526,757	495,426	573,694	246,291
Imports	15,586	525,515	436,499	406,193	478,478	220,091
Trade Balance	44,047	47,150	90,258	89,233	95,216	26,200

Source: Korea International Trade Association, July 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	1,130.8

Source: The Bank of Korea, July 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, July 2018

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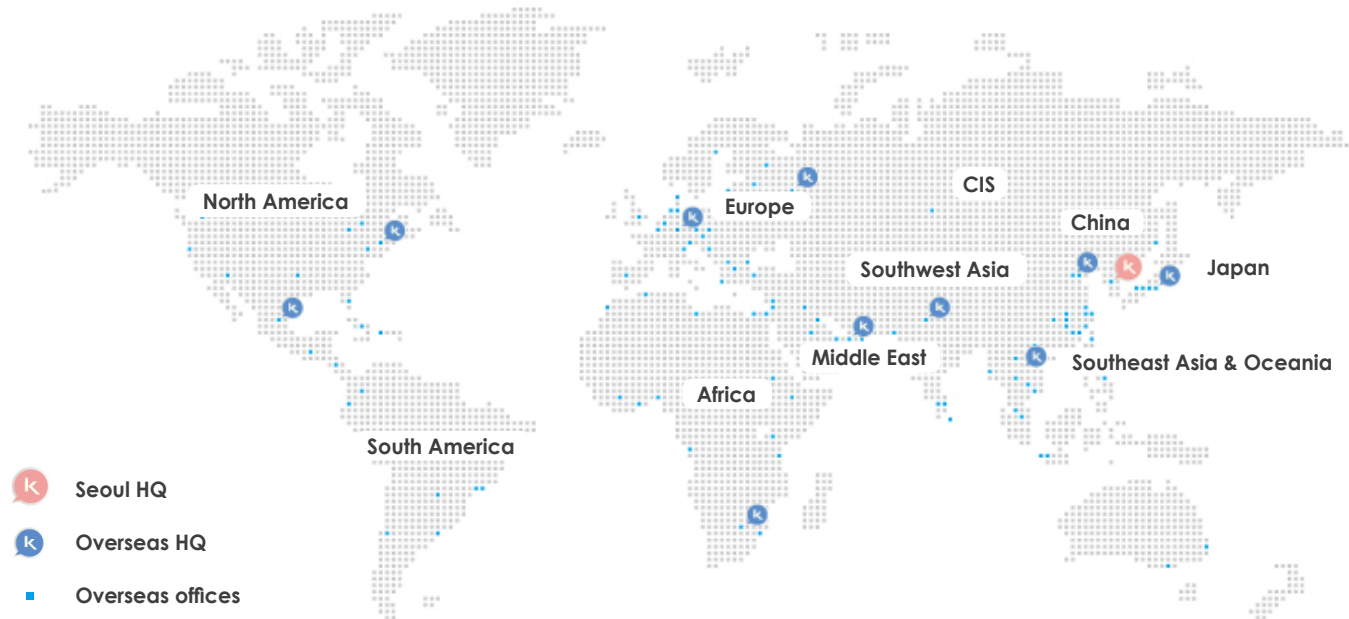


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KOTRA Worldwide

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Headquarters

Southwest Asia

Tel: (91-124)4628-500
E-mail: ktcdelhi@ktcdelhi.net

Karachi, Dhaka, New Delhi, Colombo, Mumbai, Kolkata, Bengaluru, Chennai, Ahmedabad

Southeast Asia & Oceania

Tel: (84-24)3946-0511
E-mail: kotrahanoikbc@gmail.com

Singapore, Yangon, Auckland, Manila, Melbourne, Sydney, Vientiane, Jakarta, Surabaya, Kuala Lumpur, Bangkok, Hanoi, Ho Chi Minh City, Phnom Penh, Danang

Japan

Tel: (81-3)3214-6951
E-mail: kotratky@kotra.or.jp

Fukuoka, Nagoya, Tokyo, Osaka

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Tel: (86-10)6410-6162
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Tel: 971-4-450-4360
E-mail: ktcdxb@emirates.net.ae

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Africa

Tel: (27-11)784-2940
E-mail: kotra@kotra.org.za

Maputo, Nairobi, Lagos, Accra, Khartoum, Abidjan, Dar es Salaam, Johannesburg, Addis Ababa

South America

Tel: (52-55)5514-3173
E-mail: mexico@kotra.or.kr

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Tel: (1-212)826-0900
E-mail: kotrany@hotmail.com

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Tel. (82-2) 3460-7837 | **Fax.** (82-2) 3460-7920 | **E-mail.** ikonline@kotra.or.kr
Publisher. Kwon Pyung-oh | **General Manager.** Kim Kyungmi | **Editor-in-chief.** Grace Park
Designer. Jang YooJin | Printed by Samsin Munhwa Printing Co., Ltd

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