

kotra EXPRESS

ONE-ON-ONE with **FREDRIK JOHANSSON**

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Foreign Direct Investment

Regulator says 16 fintech firms attract over 136 bln won in investment

South Korea's financial regulator said on May 14 that 16 fintech firms and startups have attracted a combined KRW 136.4 billion (USD 111 million) in investment over the past year as the country is pushing to promote the fintech industry.

The investments came a year after South Korea introduced a regulatory sandbox meant to allow fintech firms using new technologies, such as blockchain and big data, to develop new financial services without regulatory hurdles.

The move came as South Korea is counting

on fintech to reinvigorate its financial industry, which has been struggling with slow growth and thin margins. The Financial Services Commission (FSC) said fintech firms and startups plan to release a total of 66 services before June.

The commission also said seven fintech companies are pushing to make inroads into 14 countries, including Thailand, Vietnam, Indonesia and Hong Kong, as part of their efforts to become unicorns.

BMW unveils face-lifted 5, 6 Series in S. Korea

On May 27, BMW unveiled the face-lifted 5 and 6 Series models in South Korea to show its "strong and unwavering" commitment to the Northeast Asian market due to robust demand for its models.

The German carmaker held a digital world premiere at its driving center in Incheon, just west of Seoul, to reveal the upgraded BMW 523d sedan, the 530e plug-in hybrid sedan, and the BMW 640i xDrive Gran Turismo model, BMW Korea said in a statement.

"The fact that we can even host this event to-

day at the Driving Center, underscores the decisive and comprehensive actions taken by Korea at an early stage, to slow the spread of the coronavirus," Pieter Nota, head of BMW sales, said in an online message for the event.

He underlined the importance of the Korean market, as the nation topped all other countries in terms of sales of BMW 5 Series models in Korea from January to April. BMW said it plans to launch the three upgraded models in Korea in the fourth quarter of this year.

Industry

S. Korea to build more hydrogen-producing facilities

South Korea said on May 19 it plans to build more hydrogen production facilities across the country that will be able to power nearly 50,000 cars annually, in line with its latest green energy vision that centers on slowly breaking away from fossil fuels.

The five new facilities, to be built in Busan, Daejeon and three other cities, will utilize liquefied natural gas (LNG) to produce 7,400 tons of hydrogen annually, according to the Ministry of Trade, Industry and Energy. The amount of hydrogen will be sufficient to power 760 buses or

49,000 passenger vehicles.

South Korea, which plans to increase the accumulated number of hydrogen passenger cars here to 15,158 units by the end of this year, eventually aims to have 2.7 million of such automobiles running by 2040.

The country, which had just nine charging stations for hydrogen-powered cars in 2016, had a total of 34 such stations as of 2019. It plans to add a bunch more to have 310 units by 2022 and a whopping 1,200 in 2040.

Seoul city to operate 10 self-driving vehicles, robots in general traffic

The Seoul metropolitan government said on May 12 it plans to operate 10 unmanned vehicles and robots in the city's western region, as the capital of one of the world's most wired nations beefs up its smart mobility infrastructure.

The city said it will begin operating three minibuses, four sedans and three item delivery robots in the streets of Seoul's Sangam neighborhood. The vehicles will travel along general traffic in an uncontrolled environment. The program will be limited to the Sangam neighborhood.

The vehicles and robots are equipped with

high-tech sensors and 5G antennas, which can detect traffic signal information every 0.1 second, to prevent traffic accidents. The self-driving minibuses will run along a 3.3-kilometer route starting from Digital Media City Station for six days a week.

Starting June 8, the buses will be open to the public for free through applications via the website <http://topis.seoul.go.kr>. The city also plans to later receive trial applications from the public for self-parking and delivery robots.

Trade & Commerce

S. Korea's Q1 exports of new-industry goods soar despite virus

South Korea's first-quarter exports of eight new-industry goods jumped despite a drop in overall exports due to the new coronavirus pandemic, data showed on May 22.

Overseas shipments of those products came to USD 21 billion in the January-March period, up 17 percent from a year earlier, according to the data from the Korea International Trade Association (KITA).

They include next-generation semiconductors,

biohealth products, electric vehicles, new-energy goods, robots, aviation products and drones, advanced new materials and next-generation displays.

Exports of next-generation chips soared 23 percent on-year, with those of biohealth products surging nearly 26 percent due to the pandemic. Comparable growth figures were 38 percent for drones and aviation goods, and about 25 percent for electric vehicles.

S. Korea's exports of virus test kits tipped to grow further

South Korea's exports of coronavirus test kits are expected to gather momentum down the road thanks to high overseas demand, industry sources said on May 21.

With the coronavirus outbreak raging across the globe, many affected countries are scrambling to import South Korean COVID-19 test kits, in a boon to local manufacturers.

According to the Ministry of Food and Drug Safety, 72 test kits manufactured by 46 companies have been approved for exports. The figure

includes six products that have won approval for emergency use locally.

Export figures are a testament to high overseas demand for South Korean test kits. The value of test kit exports came to USD 201.2 million in April, a more than eightfold jump from USD 24 million in March, according to the data from the Korea Customs Service. In the first four months of this year, South Korea exported USD 225 million worth of coronavirus test kits to a total of 103 nations.

S. Korea to expand ties with trade partners in post-pandemic era

South Korea will continue to expand ties with major partners around the globe, as the country braces for the looming "economic nationalism" in the face of the new coronavirus pandemic, the country's top trade official said on May 20.

During a meeting with business officials, including Samsung Electronics Co. and Hyundai Motor Co., Trade Minister Yoo Myung-hee stressed that South Korea's major trade partners will lean further toward protectionism as they strive to recover from the economic aftermath of

the new coronavirus pandemic.

But the country will work closely with key partners to normalize the exchange of goods and travel of essential workforces while drawing up a contingency plan on international trade and investment in case of another crisis like the latest pandemic. Earlier this month, Seoul also adopted a joint statement on allowing essential travel during the COVID-19 pandemic with Singapore, Canada, Australia and New Zealand.

Government & Policy

Moon confident about S. Korea's digital powerhouse vision

President Moon Jae-in stressed the need on May 21 to safeguard jobs and the industrial ecosystem amid the COVID-19 crisis, speaking at a meeting with business leaders here.

Moon pointed out that South Korea has turned crises into opportunities. "Both industries and jobs are in crisis situations but we have opened a new future, overcoming such a crisis," he said at the beginning of the session held at the Korea International Trade Association in southern Seoul.

During the financial meltdown in the late 1990s, the government fostered the information technology industry; it promoted the green growth sector in response to the 2008 global financial crisis, he noted.

"I am confident that South Korea will be reborn as a power player in the digital economy era by overcoming the industrial crisis caused by the (new) coronavirus" on the basis of concerted efforts by the government, companies and the people, Moon added.

Participants included the CEOs of 17 major firms in such industries as aviation, shipbuilding, automobile, machinery and communication, as well as representatives from business lobby groups.

He said it is important to protect jobs and the entire industrial ecosystem with a can-do spirit. The president reaffirmed a swift push for the Korean version of the New Deal, which has a focus on the fields of digital and green projects.

Current Status and Prospects of Korea's Drone Industry

With the unprecedentedly fast-growing market and their multitude of new technological use cases, drones, also known as unmanned aerial vehicles (UAVs), are now used in various walks of our lives. The origin of today's UAVs in Korea dates back to the 1990s when military aircraft with no on-board crews was piloted solely to spy on and reconnoiter enemies. With soaring demand for UAVs in broadcasting and recreational use since then, the broad range of commercial applications such as disaster prevention have risen with years passing by.

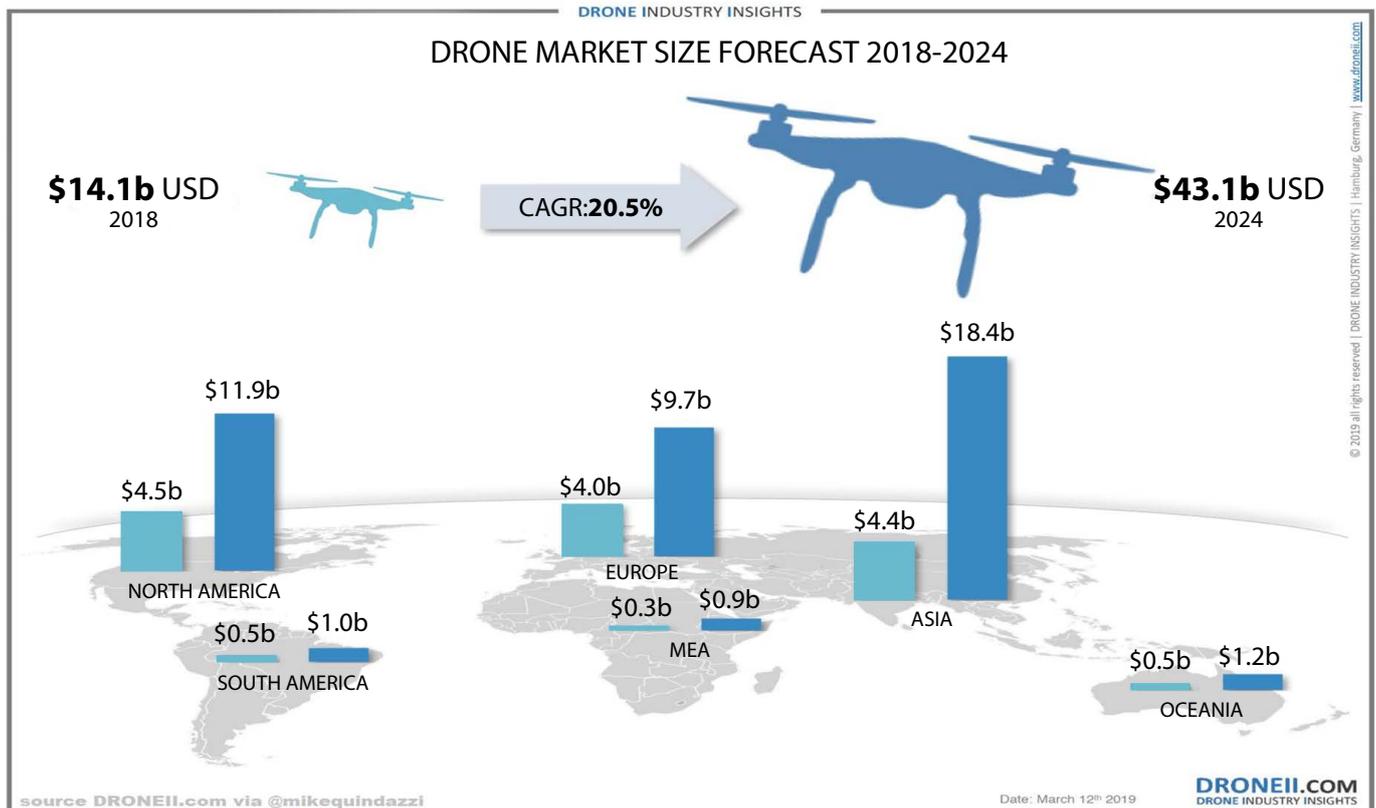
UAVs have been of social and economic benefit to daily life, being used for a large variety of applications so far since its early development. Meanwhile, the constantly changing world of UAV technologies which crisscross with other industrial segments are now predicted to transform the dynamic of aviation and aerospace business, leading the upcoming era of the fourth industrial revolution.

The UAV market in Korea, though, is still said to trail somewhat behind China in price competitiveness and

technology. Plus, nearly nine out of ten enterprise drones in service in Korea were found to be outsourced from countries like China. Further surprisingly, over 90 percent of miniature UAVs supplied in Korea (net weight $\leq 12\text{kg}$ or maximum takeoff weight $\leq 25\text{kg}$) manufactured for toys or personal tools, are presumed to come from overseas markets. At a conservative estimate, which takes unreported cases of international orders and deliveries into account, the number may go far beyond the official data.

The figures imply that an overwhelming reliance on imports makes it harder for most drone makers in Korea to scale up and stay ahead of technologies, even though they're fully aware that the potential for UAV market growth in commercial use is extensive.

With various forms of government efforts to make the industry thrive, many hurdles that UAV businesses in Korea are confronting in the competition with their biggest rivals in China, lay ahead.



Here are some of the key trends and forecasts for better understanding of the market. Above all things, the government's policy direction for business growth needs to be taken into consideration as those acting as a key operators in control of the industry in Korea are split off into three separate bodies: the Ministry of Land, Infrastructure and Transport (MLIT), Ministry of Science and ICT (MSI) and Ministry of Trade, Industry and Energy (MOTIE).

The ICT ministry, the primary agency commissioned to lead the next generation UAV technology in Korea, rolled out its seven year investment plan to finance as much as KRW 170.3 billion in total by the year 2026, in an attempt to fill the tech skills gap (64.4 out of 100) and to help push drone market growth forward, adding to a long term plan to encourage businesses to advance home grown source technologies, through which they find greater business opportunities and secure market dominance in advance.

The second topic is about industry trends. There is no arguing, that the UAV industry will become the next game changer, dividing winners and losers in the future tech world. Unfortunately, most drone makers in Korea, still remaining in unfledged stage, keep producing cheap, shoddy goods lacking technological resources on one hand, while cash-rich large companies such as LG, Hanwha Corporation, Doosan, Hyundai Motors, Hancom MDS Inc., and several others on the other hand are cautious of breaking into the market for the reasons of the current UAV business climate, which falls far short of technological and commercial capabilities.

Some of major corporations have started to move to gain market ground, nevertheless. Korean Air (KAL) has long funded unmanned aircraft technologies developed for military and enterprise uses since the late 1990s. They've begun to mass produce UAV systems for surveillance and reconnaissance since 2015 and set out aims to make vertical take-off and landing (VTOL) UAVs commercially valid this year.

Hanwha System, Hanwha Group's major defense affiliates, are pouring money into an R&D project to make a high-powered laser beam mounted on counter-drone systems (or anti-drone systems) which detect potential threats and shoot down aerial targets.

Doosan Mobility Innovation (DMI), owned by Doosan Corporation, successfully showcased drones powered by hydrogen fuel cell, enabling to stay in the air for almost two hours, four times longer than usual flight times, with conventional batteries. They embedded a hydrogen tank in the power pack, which boasts high energy density, to make this long endurance fuel cell aircraft.

SAFEUS DRONE Co., Ltd, founded in 2016, has manufactured drones specifically designed to get to hard-to-reach locations. They're releasing a series of self-developed aerial systems equipped with artificial intelligence solutions,

an ultra-high speed, high-capacity image processing system to control the trajectory of an aircraft and UAV navigation flight control technologies. They're currently making a data gathering-analyzing platform, tracking flying unmanned devices in the air.

Such entrepreneurship deserves to be greatly appreciated, but can't be said that it's enough. Now is the perfect time to spur the industry growth that occurs across industrial segments and human resources in different domains. The adoption of drone technology across the board would be part of the ways to bring out new business models and be expansive. Constant support with extraordinary care to source a wealthy of capable talents, not only in Korea but other countries, must be accompanied as well.

Lastly, it's about business outlook. The technological or commercial potential with drones is immense with burgeoning demand for the new use cases from energy, logistics, construction, agriculture, transportation and infrastructure to content creation for recreational uses, 3D mapping, aerial inspection services and data gathering. There's no doubt that they all provide opportunities that businesses engaged need to take note of. It's not too early to start with what Korea is gaining the upper hand in as UAV solutions and required technologies such as telecommunications, software platform and component designing remain in the early development stage. The UAV industry has just started to take baby steps towards a full-fledged business. If Korea makes bold investments into helping the market create a new model by capitalizing on industry convergence, the drone industry is believed to take off.



By Park Seok Jong

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Invest Korea Market Place

Invest Korea Market Place (IKMP) is an online business matching platform available on Invest KOREA's website with information on approximately 300 Korean companies seeking to partner with foreign investors. This month, KOTRA Express introduces some outstanding companies in Korea's drone industry.

COMPANY
A



HMI system

Investment Requirement		Company Profile	
Amount	USD 6 million	Patents and Certificates	Registration of 18 patents for a steering equipped with a display unit, and a touch-type automatic transmission shifting system
Investment Structure	Minority, JV, M&A	Financial Performance	(Sales) USD 1.73 million (in 2017)

Investment Highlights

To secure technologies and commercialization, global car makers and IT leaders, such as GM, Toyota Motor Corporation, Hyundai Motor Company, and Google, have been devoted to R&D projects to develop cars in cooperation with multiple companies. The scale of the global self-driving car market is expected to reach USD 1 trillion 120.4 billion in 2053 from USD 6.4 billion in 2020 through an average annual growth rate of 41%. The scale of the self-driving system market is projected to reach USD 1 trillion 15.2 billion in 2035 from USD 7.8 billion in 2015 through an average annual growth rate of 28.4%.

COMPANY
B



Smart vision with robot arm

Investment Requirement		Company Profile	
Amount	USD 2-3 million	Patents and Certificates	Registration of five patents for an unmanned aerial vehicle with automatic tracking, apparatus, a method of position revision for hovering
Investment Structure	Minority, JV	Financial Performance	(Sales) USD 0.28 million (in 2017)

Investment Highlights

This is a module system directly connected to a robot arm, with the features of convenience, extend ability, and economic feasibility compared with existing machine vision systems. The installation, directly in robot arms and not in fixed cameras, enhances the degree of freedom of its utilization. In addition, it does not require the composition of large systems as it can be better applied to diverse processes economically. The use of open platform-based deep learning technology allows the recognition rate to be optimized through a constant learning process.

COMPANY
C



Battery pack for golf carts

Investment Requirement		Company Profile	
Amount	USD 5 million	Patents and Certificates	Ongoing registration of six patents for a remote battery management system, server, and method thereof
Investment Structure	Minority	Financial Performance	(Sales) USD 4.18 million (in 2018)

Investment Highlights

The company supplies battery packs for micro mobility, which is rapidly growing because of the expanding electric vehicle (EV) market. It has supplied Battery Management System (BMS) to SK Telecom's base stations through quality evaluation for more than two years. Moreover, the company is the only BMS supplier for a 5G base station, showing comparative advantages in terms of technology and durability. In particular, based on accumulated expertise in performance and durability in the golf cart market and the automated guided vehicle market, it takes the lead in small-sized battery packs, taking up 50% of Korea Post's cargo and 60% of the market share in the small-sized EV battery sector in Korea. It is planning to launch packs for large EVs such as trucks, buses, and trains to dominate the market in advance through technical cooperation with Seoul Metro and Korea Railroad Research Institute.

Siheung Artificial Surfing Wave Park



Business Overview

- Sihwa MTV Geobukseom Island waterside park in Siheung City
- Area: Approximately 325,000 m²
- Project Cost: KRW 563 billion
- Developer: Daewon Plus E&C Co., Ltd.
- Facilities: Marine Leisure Complex (artificial surfing park, marina, five-star hotel and commercial facilities)
- Development Plan:
 - Open Phase 1 of the Artificial Surfing Park in the second half of 2020
 - Commence construction of Phases 2 and 3 of commercial facilities in the second half of 2020

Accessibility

Incheon International Airport 25 km
 Gimpo International Airport 28 km
 Incheon Port 15 km
 Pyeongtaek Port 42 km

Development Concept

Experience a new excitement at the Wave Park

New Wave Park, a center of marine leisure culture where various trend setters gather to enjoy and share a surfing lifestyle.

Map of Gyeonggi-do



ONE-ON-ONE WITH FREDRIK JOHANSSON

Country Retail Manager, IKEA Korea



Enabling People to Live Happier at Home

KOTRA Express talks to Fredrik Johansson, Country Retail Manager of IKEA Korea, to hear more about Korea's home furnishing retail industry and his experience doing business here.

In July 1943, Ingvar Kamprad founded IKEA in the outskirts of Älmhult, a small town located in the southern region of Sweden. What started as a small post-order business operated by a teenager on a bike, IKEA has grown to become a global home furnishing company offering well-designed, functional and affordable, high-quality home furnishing, produced with care for people and the environment.

IKEA is a values-driven company with a passion for life at home. Every product it creates is its idea for making home a better place. Its business is based on the aim, “to offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.”

In December 2014, IKEA Korea entered the Korean market with the opening of IKEA Gwangmyeong and created many meaningful jobs in the country. In 2017, the company opened its second store in Goyang and launched its e-commerce channel in 2018 in efforts to expand its touchpoints. Having recently opened two more new stores, IKEA Giheung and DongBusan, as well as its first city touchpoint in Seoul, IKEA Planning Studio Cheonho, the company will continue to expand as a true multi-channel retailer reaching many more

with new store openings to come in the future.

KOTRA Express sat down with Fredrik Johansson, Country Retail Manager of IKEA Korea, to hear more about Korea's home furnishings retail industry and his experience doing business here.

How did you become interested in Korea?

My special relationship with Korea began when I had the opportunity to study briefly at Seoul National University Graduate School for my master's thesis in the '90s. I met my wife during this time, and over the years of working across different IKEA markets, I have always wished for a chance to come back to Korea, which is one of the fastest growing markets for the company.

Opportunity came in 2017 when I took the position as Deputy Retail Manager at IKEA Korea, then in 2019, I became the Country Retail Manager. I am honored to be taking this exciting journey in Korea and bring the IKEA vision “to create a better everyday life for the many people” closer to many Koreans, enabling them to live a happier everyday life at home.

What made IKEA establish a branch in Korea?

At IKEA, we are always looking into what country is a possible market to enter for us to move closer to our vision. We want to enable as many people as possible to live happier lives at home with well-designed, functional and affordable home furnishing.

In Korea, we invested several years looking into various factors of the market potential including GDP, competition and the overall interest in home furnishing, as well as the risks and complexities involved. We decided to establish our business here as we saw a great potential for us to drive a home furnishing movement and enable the many people in Korea to see that a happy life starts at home.

What are the advantages of doing business in Korea?

The Korean human resources market offers a highly-educated, eager-to-learn talent pool which enables us to develop a strong work force.

We also see that Korean consumers are very fashionable and trendy. They lead and even create new trends. Also, they are highly sensitive to the significance in what they buy and the messages their purchases communicate to other people.

Were there any specific strategies that IKEA established to target Korean customers?

We have a deep curiosity about people's lives at home. We want our home furnishing range to play an important role in meeting their needs and living situations so they can truly live a better life at home.

Every market has its unique characteristics, but our focus is always on the consumers. We conducted hundreds of home visits to understand the lives of Korean consumers at home as well as a series of research activities and surveys to study Korean lifestyles prior to the official opening of a new store in the country.

Through the research, we found that Korean consumers put children as their top priority and seek more storage and organizing solutions. Based on our findings, we offered home furnishing ideas that can increase space efficiency at affordable prices through many channels including our stores, website, social media, etc. This is to help our customers find the most relevant home furnishing solutions at our stores that best meet their needs.

IKEA also has a unique pricing strategy, where we set prices differently for each market based on market-specific variables and consumer preferences, to offer popular products to as many people as possible at low prices. This means we continuously invest in lowering the prices of products with higher demands in Korea; in fact, some Chinese-made products that are particularly popular in Korea are priced lower in Korea than in China.

Five years after our opening, we are very happy to see that the IKEA Concept has been welcomed by the many people here in Korea, where we have been positively recognized as a "category innovator," increasing the overall interest in home furnishing and enabling the many Koreans to love their homes.

What opportunities in Korea do you think foreign companies are most interested in investing in?

We see Korea as an exciting market with enormous potential, an attractive business environment and great talent pool; we believe any industry/sector that adds value to Korean customers is a good investment opportunity in Korea.

What advice would you give foreign investors/companies seeking to enter the Korean market?

IKEA's long-term direction is to lead the future of multi-channel home furnishing retail, and the starting point is our forever concept "to create a better everyday life for the many people."

For each market, we believe it is important to understand the needs and characteristics of local consumers. This helps enable the consumers to understand who we are and what we do.

Both qualitative and quantitative results matter; not only growing sales figures, but also increasing customers' interest in home furnishing.

What Korean companies/government agencies do you work with to strengthen your business partnerships?

We are in close connection with the local governments in areas where we operate our stores, for continued cooperation and contribution to the local community as a good neighbor.

Under our aim to be a good employer and create meaningful jobs in Korea, we work closely with various government bodies including the Ministry of Employment and Labor and the Ministry of Gender Equality and Family.

Also in our efforts to be a responsible, good neighbor in our community, we are in close collaboration with several non-governmental organizations such as Save the Children, WWF and Korea Foundation for Women to bring a long-term, meaningful impact on people and the planet.

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

For a foreign company to continue such investment into our business in Korea and develop hiring plans in the long-term, it is crucial to have the support of a stable and transparent regulatory framework that is relevant to the needs of the many Koreans.

SUCCESS STORY

What are some future plans that IKEA Korea has in terms of doing business in Korea and in Asia?

We are committed to understanding and fulfilling our customers' needs in today's urbanized world. We are constantly looking into different possibilities that enable us to offer a better customer experience in a more convenient, affordable way.

In today's rapidly-changing retail environment, we want people to be able to meet us whenever, wherever and however they want, which is why we are exploring different types of touchpoint formats in cities.

In line with this global direction, IKEA Korea also has expansion plans to meet more of the many Koreans in new, exciting ways. In addition to our two new store openings in Giheung (December 12, 2019) and DongBusan (February 13, 2020), we have taken the first step in our city strategy by opening the first city touchpoint in Seoul, IKEA Planning Studio Cheonho on April 30, 2020 and we're looking forward to expanding more touchpoints in different locations in the capital and Gyeonggi area.

We think the Korean market is one of most exciting markets

for expansion. As a values-driven company with a long-term commitment and growth strategy for the Korean market, we aim to create a new IKEA that is more affordable, convenient and sustainable for the future.

We will continue to focus on building a great, diverse and inclusive place to work, where everyone feels respected and valued for who they are.

As a large retailer and a global leader in sustainability, we will make our best efforts to have a positive impact on people and the planet in order to contribute to wider changes for a fair and inclusive society; ultimately becoming a circular and climate-positive business enabling a healthier and more sustainable living.

By Grace Park

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IKEA Planning Studio Cheonho

Every month, KOTRA Express provides answers to some frequently asked questions submitted by foreign-invested companies in Korea and potential investors.

Recognition of computer program work as foreign investment



Can a computer program work be recognized as an object of investment under the Foreign Investment Promotion Act?



A computer program work can be recognized as an object of investment, provided that it is used for industrial activities.



Additional information

- A copyright can be recognized as an object of investment under the Foreign Investment Promotion Act only if it is used for industrial activities. Although there are no regulations²⁹⁾ or guidelines on this matter, technology evaluation and assessment institutes³⁰⁾ designated by Presidential Decree will make a decision on each case.
- However, computer program works are generally recognized as 'copyright used for industrial activities' as long as they do not fall under the cases restricted from foreign investment³¹⁾.

29) Korea's intellectual property rights laws are as follows: Patent Act; Utility Model Act; Design Protection Act; Trademark Act; Copyright Act; Act on the Layout-Designs of Semiconductor Integrated Circuits; Seed Industry Act; and Unfair Competition Prevention and Trade Secret Protection Act

30) Technology evaluation institutes stipulated by Presidential Decree: Korea Institute for Advancement of Technology, Korea Technology Finance Corporation, Korea Evaluation Institute of Industrial Technology, Korea Environment Corporation, Korean Agency for Technology and Standards, Korea Institute of Science and Technology, Korea Institute of Science and Technology Information, National IT Industry Promotion Agency

31) Article 4 (2) of the Foreign Investment Promotion Act

If you have further questions please contact +82-1600-7119 or visit www.investkorea.org >>How We Can Help >> Online Consulting.

New Direction for Korea's New Deal



No one being ignorant of the New Deal of the former US President Franklin Delano Roosevelt, yet hardly anyone has a full, comprehensive and detailed knowledge of the grand plan which lasted from 1933 to 1939 and exerted great influence ever after. Being such a complex and heterogeneous set of policies, laws and plans incubated and executed by equally numerous inventors, it may be natural that the New Deal defies a simple definition or generalization. However, the tripliod characterization of the New Deal objectives, namely Relief, Recovery and Reform, still resonates as the most accurate nomenclature of its plans, goals and philosophy.

In fact the US economy had long suffered from the Great Depression since the late 1920s. Across the board, prices were falling, millions of people were unemployed and dislocated, and their incomes were completely desiccated. Then President Herbert Hoover and his Republican colleagues thought that the Great Depression was caused mainly by external factors such as World War I and the unbearable war reparation debt in the Versailles Treaty incurred upon Germany. Huge debt

service burdens, they believed, had decapitated the German economy and debilitated the European banking system to the effect that its huge repercussions reflected back to the US economy by reduced trade and capital inflows.

The incoming President F.D. Roosevelt, however, strongly believed that the real source of the Great Depression was within the nation, mostly related with over production in agriculture as well as other industries such as steel and automobile. Although most of the immediate New Deal efforts for the first few months after his inauguration were emergency measures to handle banking crises, the most symbolic and adroit action was to launch a series of unemployment and relief programs by creating a number of agencies. The Public Works Administration (PWA), Federal Emergency Relief Administration (FERA), National Recovery Administration (NRA), and Civil Works Administration (CWA), among others, were installed under pertinent laws.

While economic recovery was evident in 1935, there was a huge tsunami of labor movements, fueled by the astonishing win by the labor friendly Democrats in the general election

of November 1934. The Democratic Party now had control over more than two-thirds in both houses. FDR had launched afterwards an even more audacious approach, sometimes called the second New Deal, mostly aimed at reform of labor relations (The Wagner Labor Relation Act of 1935) and social security (The Social Security Act), among others. The Wagner Labor Relation Act guaranteed workers' right to form a union, and employers duty to bargain with the union. The Social Security Act also worked as a bulwark against unemployment and old age poverty, acclaimed by many as the most important single legislation in American history measured by the decisiveness and direct effect on people.

Despite all the criticisms surrounding the New Deal, it surely brought a fundamental change by engraving in the minds of Americans the concept of security: security of jobs, security of income, security of housing, security of finances and security of markets. That security was not to be provided by the invisible hand, but only by active involvement of the state, local and the federal governments. It entirely converted the old laissez-faire mentality in the federal government into active enlightened involvement or "Action!" in FDR's terms. Therefore, it really is true, as David Kennedy has written in his monumental book *Freedom From Fear*, that "FDR mended the evils of the Great Depression by reasoned experiment within the framework of the existing social system."

Now, the Korean government is in the process of making its own version of new deal in the midst of the COVID-19 disaster. The Korean economy in 2020 has many similarities to the US economy in 1930s with rapidly rising unemployment, declining household incomes and sluggish economic growth. The authorities have adopted a series of emergency relief measures, both fiscal as well as financial, to help out troubled businesses and individuals. This hodgepodge of policy pills are mostly transient measures. Most of the emergency measures provide small relief to households or financial help to businesses on short term basis. Unlike the measures of the New Deal, most of the governmental actions in Korea so far has been under ad hoc administrative discretion without special legal legitimacy. Therefore, they lacked continuity as well as sufficient resource appropriation beyond the constraint of yearly budget. In order to structure a permanent relief, recovery and reform programs, it requires corresponding legislation both to systemize the programs and to appropriate enough resources.

More importantly, the Korean new deal has to find its right direction of Reform. So far, a universal mandatory unemployment insurance for all workers and conservation of nature through the so-called green new deal are suggested

in the new deal program. Also the government has hinted at general digitization efforts to provide jobs and to upgrade the Korean economy. All these tasks, namely universal unemployment insurance, the green new deal, and across digitization, are important reform directions for Korea's economic future. Also, it keeps silent about deregulation and corporate competitiveness. Such reform tasks cannot be achieved without voluntary private participation. Like the Brain Trust under FDR's leadership, the government has to listen to the businesses and experts in setting up the specifics of reform in the Korean-style new deal. More initiative has to be given to the private interests. Otherwise, it could just be a game of their league, not of the nation.



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

Bojagi, Quilting Squares of Tolerance

Although it's now a precious handicraft product displayed in galleries and museums, the traditional bojagi wrapping cloth and quilting square used to be part of people's daily lives. All women used to stitch bojagis by hand, regardless of their social status. They used the cloth squares as canvas, using scrap pieces of fabric to make geometric patterns. From small objects to the toil of these women and their love for their families, bojagis stretched and grew to hold everything and anything.

The Square That Can Cover Anything

Bojagi cloth squares used to be daily accessories widely used in Joseon times (1392-1910). All women, the nobility or commoners alike, made their own bojagis. They took pieces of square fabric, usually cotton or silk, and decorated them with embroidery, or made patchwork bojagis from scraps left over after making clothes for their families. While the square pieces of fabric were used to wrap objects like clothing, blankets or folding screens for transport, they also had a wider variety of uses, such as covering the table, carrying some laundry or packing wedding presents. They were also used as bags before today's bags became widely available.

The practicality and compactness of the bojagi are its greatest strengths. It can wrap and cover anything, regardless of shape. It changes its own shape to fit the object it's covering, and then returns to its square form after use. Lee Eo-ryeong uses the bojagi and the bag as metaphors to highlight the differences between East Asian and the Western philosophy. The bag, which fits objects into a fixed space, represents the rationality-based West, while the bojagi, which wraps itself fluidly around any shape for any use, represents the decentralized nature of the East.

Bojagi Embraces Life

The reason why bojagis are widely recognized as an art form, displayed in galleries and museums, lies in their design. The embroidery is simple and modern in aesthetic, comprising simplified forms of flora and fauna, such as flowers, trees, butterflies and birds. Then there is the patchwork bojagi made of scrap fabric, the compositions and harmony of which have been compared to the abstract art of Piet Mondrian, Paul Klee or Wassily Kandinsky. The contrast of primary colors and the mix of neutral tones show a sophisticated and unique use of color.

Bojagi researcher Heo Dong-hwa, who established the Museum of Korean Embroidery in 1976 with a collection of traditional handicrafts, has introduced the bojagi to 55 countries worldwide, including in the U.K., the U.S., Australia and New Zealand. Heo proudly praises the bojagi in the international press, keeping many copies of the articles in his scrapbook. He brings truth to the saying that, "What's most Korean is that which is most universal." It must have been universal maternal love contained in a square of cloth that moved hearts all over the world. The life of a mother — the hardship of giving birth in the household, the longing she feels for her parents and brothers, her oppression in a patriarchal society, and the love she feels for her family — is sublimated in the beauty that is contained in the all-encompassing tolerance of the bojagi.

Investors Worldwide Convene amid the COVID-19 Pandemic via KOTRA's Hotline Service

KOTRA has set up a virtual hotline where entrepreneurs can meet with investors worldwide, as part of measures to promote investment activities that have been stalled in the midst of the coronavirus pandemic.

As the novel virus has forced millions of people to work from home, which makes it harder for businesses to hold meetings with its counterparts in person, KOTRA's 36 overseas offices have started to help companies secure real-time connectivity with their local business partners.

The hotline service is also available for those in need of conducting remote meetings—industry experts, project managers, investment advisors, and any others who have built relationships via face-to-face interaction can reach out to potential business partners or investors.

What's called an "online investment attraction IR" is now open via the hotline service. Starting in Beijing, China, the IR takes place on a monthly basis, providing potential investors

with useful information on the Invest KOREA Market Place (IKMP) business model or strategic directions. The service may expand to Europe or North America if the spread of the virus starts to slow down.

KOTRA has also stepped into the process to help make short IR promotional videos, while running a one-on-one coaching session on how to perfect a startup pitch. Once the advertisement materials are created, they're shared with targeted investors with help of KOTRA's overseas offices.

Shawn Chang, head of Invest KOREA (IK), said, "Now, as we are seeing a new normal after COVID-19, I believe it is the time to think outside the box in regards to the way we attract foreign investment. By making concerted efforts with private-public partners, KOTRA will keep working on making our hotline service a platform of investment promotion, IR and startup pitching."

Invest KOREA's Services

Invest Korea Plaza (IKP)



Invest Korea Plaza (IKP) is Korea's first facility dedicated to the incubation and investment of foreign investors. Each year, more than 40 foreign-invested companies rent out offices in the plaza and utilize IK's one-stop service.

Foreign Investment Ombudsman

The Office of Foreign Investment Ombudsman is an organization established in 1999 to provide close aftercare support and grievance resolution services for foreign-invested companies, and is dedicated to resolving any difficulties that foreign-invested companies face while doing business in Korea.

One-Stop Service for Foreign Investors

The Inbound Investment Consulting Department not only

assists foreign investors and foreign-invested companies in the investment review and implementation stage, but also offers customized services to help foreign investors and their families get comfortably settled in Korea.

Invest Korea Market Place (IKMP)

IKMP is a project aimed at discovering promising Korean SMEs seeking to attract foreign investment and matching them with foreign investors who have compatible needs. Projects looking for investment are posted on our website at www.investkorea.org.

Job Fair for Foreign-Invested Companies



IK organizes annual job fairs to help foreign-invested companies discover qualified local talent, and job seekers find employment through job consultations, on-site interviews, and more.

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