Invest Korea

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Jieun Lee

General Manager & CEO
Microsoft Korea

Empowering Every Person and Every Organization on the Planet to Achieve More

Korea's Renewable Energy Policy for Carbon Neutrality
For Green Innovation, ECOPEACE Co., Ltd.
Osong Life Science National Complex, Leading the Future Economy as Korea's Bio and Healthcare Hub

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Economic Outlook

Economic Outlook is an overview the prospects for the Korean economy on a quarterly basis (in January, April, July, and October) based on sources published by the Bank of Korea.

Summary

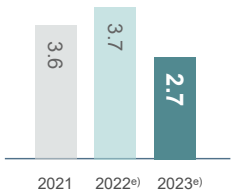
- In light of changes in internal and external conditions, Korea's real GDP is projected to grow by 2.7 percent in 2022 and 2.4 percent in 2023.
- The number of persons employed is expected to increase by 580,000 this year and by 120,000 in 2023.
- CPI inflation is forecast to record 4.5 percent and 2.9 percent in 2022 and 2023, respectively.
- The current account is forecast to record a surplus of 50 billion dollars in 2022 and 54 billion dollars in 2023.

Macroeconomic Outlook

1. Economic Growth

Private consumption

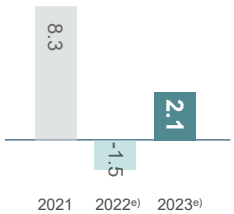
(Year-on-year, %)



Private consumption is expected to grow by 3.7 percent and 2.7 percent in 2022 and 2023, respectively. Consumption of face-to-face services and overseas consumption that had been significantly impacted by social distancing measures are projected to rebound quickly. Consumption of goods is also projected to continue growth, with Koreans purchasing more cars and goods for external activities.

Facilities investment

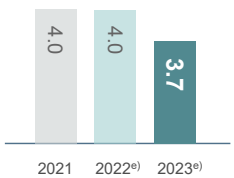
(Year-on-year, %)



Facilities investment is projected to decrease by 1.5 percent in 2022 but will increase by 2.1 percent in 2023. Continuously adjusted in the fourth quarter due to disruptions in the global supply chain, facilities investment is expected to recover modestly, mainly led by semiconductors. While non-IT manufacturing sector investment will mostly be slowed down by increased raw material prices and China's sluggish demand, IT sector investment is expected to improve.

Intellectual property products investment

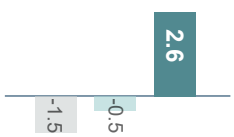
(Year-on-year, %)



Intellectual property products investment is expected to grow by 4.0 percent and 3.7 percent in 2022 and 2023, respectively. R&D investment is projected to expand, thanks to continuing favorable corporate earnings and reinforced government support. Other intellectual property products investment will also maintain its upward trend, led by software related investment, as digital transformation continues.

Construction investment

(Year-on-year, %)

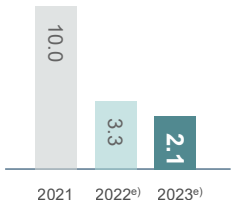


Construction investment will decrease by 0.5 percent in 2022, followed by an increase of 2.6 percent in 2023. Construction investment will remain sluggish in the fourth quarter because of rising raw material prices triggered by disruptions in the global supply chain, but residential construction is forecast to recover, as postponed sales of new building lots become gradually implemented after the second half of 2022.

Exports of goods*

(Year-on-year, %)

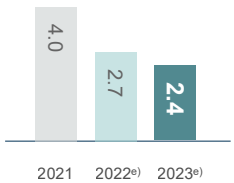
* Actual goods exported in GDP



Exports of goods are expected to grow by 3.3 percent in 2022 and by 2.1 percent in 2023. The increasing trend of goods exports is projected to slow down due to sluggish demands driven by China's lockdowns, while structural demand expansion in the IT sector is expected to partly offset the slowing trend of exports.

Economic growth

(Year-on-year, %)



The Korean economy is expected to grow by 2.7 percent and 2.4 percent in 2022 and 2023, respectively. There are still potential uncertainties surrounding the growth outlook influenced by the combination of upside risks to growth (e.g., strengthening of the consumption recovery, expansion of investment in new economy industries, and expansion of China's economic stimulus measures) and downside risks (e.g., sustained lockdowns in China, a prolonged Ukraine crisis, and deterioration of global financial conditions).

2. Employment

After the fourth quarter, the number of persons employed (year-on-year) is maintaining a rapid growth centered around service industries, and the trend is expected to continue. In the manufacturing sector, the increase in employment is expected to be reduced due to slowing export growth. The number of persons employed in the construction sector will grow more slowly compared to 2021 due to disruptions in the supply of construction materials.

3. Prices

Consumer prices are expected to rise sharply this year. However, uncertainties surrounding the outlook of consumer prices remain due to upside risks including rising raw material prices (crude oil, grain, and natural gas), deepening supply disruptions, strong recovery of consumptions buoyed by the lift in social distancing measures, and the strong dollar as well as downside risks including the slow recovery of domestic and global economies, improvements in the raw material supply chain, and the suppressed increase of public utility charges.

4. Current Account Balance

The current account surplus is projected to narrow for this year as both the goods and service account balances decrease. The goods account surplus is projected to decline as a sustained rise in commodity prices drives a surge in import and the slow recovery of the global economy reduces investment proceedings. While the transport service account continues its robust trend, the total deficit in the service account will increase as Koreans' international tourism spending is buoyed by the relaxation of travel restrictions.

Source: Bank of Korea (bok.or.kr)

Foreign Direct Investment

Overseas direct investment more than doubles in Q1 amid post-pandemic recovery

South Korea's overseas direct investment more than doubled on-year in the first quarter of this year amid an economic recovery from the COVID-19 pandemic, the finance ministry said on June 17.

The value of investments made overseas by South Korean companies reached USD 25.4 billion in the January-March period, up from USD 11.3 billion a year earlier, according to the data by the Ministry of Economy and Finance.

The net amount went up nearly threefold to USD 21.5 billion in the first quarter from the previous year's USD 7.1 billion, the data showed.

The ministry attributed the growth to a low base effect and eased uncertainties as the spread of the coronavirus had slowed down across the globe.

Merck Korea completes expansion of key equipment for OLED materials

Merck Korea, the local subsidiary of the German science and technology giant Merck, said on June 9 that it has completed installation of equipment for sublimation and vacuum deposition processes, the key to an organic light-emitting diode (OLED) panel materials in Poseung Industrial Complex, Pyeongtaek, Gyeonggi Province. The completion comes about two years after Merck Korea signed an agreement with Gyeonggi to invest KRW 25 billion in additional facilities.

With the completion of new facility installation, Korean clients will be able to receive their OLED materials more stably. The products produced in Merck's plant in Darmstadt, Germany had to travel 8000 km from Merck's plant in Darmstadt, Germany to Korea. It will be reduced by more than 1/100, as short as 60 km.

Kim Woo-kyu, managing director of Merck Korea, said that "Korea is leading the global OLED market, commanding more than 80 percent of global market share," stressing that "with the installation of the new equipment, we will be able to provide Korea's latest technologies including innovative materials and solutions to Korean clients and partners."

Last year, Merck announced Korea as one of the key focus countries for investments at Merck and a plan to invest EUR 600 million (approx. KRW 810 billion) in Korea.

Industry

Level 4 autonomous taxi to go into service on Seoul roads in August next year

The Ministry of Land, Infrastructure and Transport announced June 9 that it has partnered with Seoul Metropolitan Government and Hyundai Motor Co. for test operation and technical demo of Level 4 self-driving RoboRide service on congested roads in the districts of Gangnam-gu and Seocho-gu of southern Seoul.

Transportation minister Won Hee-ryong and Seoul City Mayor Oh Se-hoon have become the first passengers for an unmanned drive around Gangnam.

They have agreed to inspect the self-driving technology and its safety ahead of the official service launch for the public. Cooperation will continue to commercialize autonomous public transportation by 2025 and open an entire Level 4 self-driving era by 2027.

The transport ministry aims to increase test drive areas as well to one or more in each city or province by 2025.

Cooperative-Intelligent Transport Systems (C-ITS) will be supported with precision road maps, and about KRW 1.1 trillion will be spent for research and development to move up the Level 4 self-driving era.

"Future mobility roadmap will be announced this summer for the country's leap towards a global leader in future mobility by 2030," said Won in a press release.

Korea ranks 15th in travel & tourism development rankings, fourth in Asia

South Korea ranked No. 15 in global scale, its highest yet, in terms of travel and tourism potential last year, four notches higher from the previous year.

According to a report by the World Economic Forum (WKF) in late May, Korea moved up four notches to 15th in the overall rankings of the Travel & Tourism Development Index 2021, with a score of 4.8 among 117 countries.

Japan topped the list, followed by the United States and Spain. In Asia, Singapore ranked second-largest ninth, and China third-largest 12th. Korea achieved the biggest leap in a year in the top 30. It marks the highest ranking in history as well.

Trade & Commerce

Auto exports up 19.1 pct in May on solid demand for eco-friendly cars

South Korea's car exports rose 19.1 percent in May from the previous year on the back of global popularity of eco-friendly cars, data showed June 15.

Outbound shipments of automobiles stood at 182,869 units last month, compared with 150,894 units a year earlier, according to the data from the Ministry of Trade, Industry and Energy.

In terms of value, auto exports grew 18.9 percent on-year to USD 4.15 billion last month, which is a record-high figure for May.

Car exports marked on-year growth for the second consecutive month in May despite a tight global supply of automotive chips and the delayed distribution of car parts around the globe amid the COVID-19 pandemic.

The upbeat sales overseas were attributable to solid demand for eco-friendly cars. Exports of eco-friendly vehicles spiked 45.1 percent on-year to 44,854 units. In terms of value, sales jumped 46.1 percent on-year to reach USD 1.28 billion, the data showed.

Government & Policy

Seoul speeds up removal of regulatory stumbling blocks, giving traction to USD 263 bn projects

Big South Korean manufactures would be relieved to see removal of regulatory stumbling blocks for their investments for smart and robotics and other innovative applications as the new government speeds up regulatory lifting.

On June 15, the Ministry of Trade, Industry and Energy identified 53 investment projects worth a combined KRW 337 trillion (USD 263.2 billion) in stalemate due to regulation or lack of support and attention, and began remedial work.

It has received corporate requests for regulatory amendment in 26 projects worth KRW 239 trillion, fast-track licensing process on 14 projects worth KRW 71 trillion, state support and incentives for 25 projects worth KRW 288 trillion.

As part of regulatory reforms and system improvements, the ministry is planning to discuss altering the usage purpose of related sites, changing the development plan of industrial complexes and revising the enforcement ordinances.

South Korea to invest $794 million in AI chips, nurture 7,000 experts

The South Korean government has decided to invest KRW 1.02 trillion (USD 794 million) in the artificial intelligence semiconductor sector and foster over 7,000 related experts to sharpen its competitive edge in the global chip industry.

Following a meeting of government officials and industry executives on AI chips on June 27, Science Minister Lee Jong-ho said the government will actively support local companies' research and development projects in that regard.

"Korea has the potential to dominate the world's (semiconductor) industry given its competitive edge in the memory chip and foundry businesses," he said at a meeting held at the Korea Advanced Institute of Science and Technology (KAIST).

Korea is home to the world's two largest memory chipmakers—Samsung Electronics Co. and SK Hynix Inc. —accounting for 56 percent of the USD 124.5 billion global market. However, Korean chipmakers take up a mere 3 percent of the much larger non-memory or system chip market, which is estimated at USD 272.4 billion.

Minister Lee said the investment to be made over the next five years is aimed at securing a strong foothold in the fledgling next-generation AI chip sector.

Source: www.investkorea.org, Yonhap News Agency, Korea Economic Daily Global Edition, Pulse by Maeil Business News Korea

Jieun Lee

General Manager & CEO

Microsoft Korea

Empowering Every Person and Every Organization on the Planet to Achieve More

Microsoft Korea is a digital technology corporation that established standards for computer software with the development of MS DOS for an IBM personal computer operating system. Although the digital platform war has been fierce throughout the PC era, the Internet era, and the mobile era, Microsoft (MSFT) has survived the war and still holds a high position in digital space. The 100 percent stake of Microsoft Korea is owned by Microsoft headquarters in the U.S. Microsoft Korea was established in 1988 and currently has more than 400 employees. The company is mainly involved in the sale of IT products, while also providing business support.

Digital Competence Is Competitiveness

In this situation, digital transformation is a matter of survival for businesses. It has become an urgent priority for any company to provide personalized services to customers with information technology and to provide employees with a non face-to-face work environment. Microsoft, a leading IT group, actually changed its corporate culture before the pandemic and was equipped with the necessary digital transformation technology before COVID-19.

Microsoft Korea is located in the K Twin Towers, next to Dongsipjagak Watchtower at Gyeongbokgung Palace in Seoul. As you walk down the street, you can see the large letters of the word Microsoft engraved on the building. Microsoft's Korean office, which succeeded in transforming its business from software sales into a cloud and AI-based IT service, overlooks Gyeongbokgung Palace. It was interesting that a 21st-century high-tech software company was at the center of the Gangbuk area in Seoul, where the old palace is located, not Pangyo or Gangnam.

According to Lee Ji-eun, general manager and CEO for Microsoft Korea, many Korean companies are commissioning or discussing their digital transformation with Microsoft Korea. For years, Microsoft Korea has been revolutionizing digital culture, including the way work is done throughout Korea, and has successfully expanded its business areas.

Lee has been quoted as saying, "Before the pandemic, it took us a year to explain why we need digital transformation. Now we can convince Microsoft clients that are Korean companies or institutions of this reality in just a month. We have moved on to discussing how we enable digital transformation. We need better benchmarks. If we used to refer to a lot of overseas cases in the past, we are now seeing one successful case after another in Korea."

SK Group is a leading Korean company that is conducting digital transformation in partnership with Microsoft Korea. After digital transformation, SK Telecom's way of working began to changesignificantly. SK Telecom applied Microsoft Teams, a collaboration tool, across the company, and SK Group adopted Microsoft's customized AI training program MS Run to its in-house education platform

mySUNI, which was launched in January 2020.

SK Telecom's 5GX Service Business Division is composed of various talents such as hardware and software developers, producers, graphic engineers, cloud server managers, technology-based artists, modelers, and planners. Indeed, they have established a start-up cul179ture that when quickly a project fails the division comes up with ways to improve the conditions by using Microsoft Teams.

Microsoft-SK hynix

The Strongest Company in the Computer Software Business

Microsoft set the standard for computer software with the development of MS DOS, an IBM personal computer operating system. It has survived fierce digital platform wars throughout the PC era, the Internet era, and the mobile era, and is still maintaining a high position in the market.

It has been more than 30 years since PCs were created and connected to the Internet, and without computers, neither daily life nor economic activities could be carried out today. The digital world has become a part of our lives by becoming intertwined with our everyday life, but people usually do not remember detailed information about technologies and names of developers and small companies involved in the development of technologies.

However, the names of global companies that have fought fiercely in wars around computer hardware, chips, operating systems, browsers, Internet commerce, search engines, and cloud platforms are vaguely remembered. IBM, Intel, Microsoft, Apple, Amazon and Google are the leading companies that have won the wars. Among them, Microsoft has established itself as the strongest one in the computer software business by developing MS DOS, a computer software program that opens windows and allows text and images to move when a computer is turned on.

Microsoft had maintained its exclusive status with the Windows operating systems and Office products, but failed in new businesses such as mobile phones, e-books, music searches, and social media for more than a decade (since 2000) when Steve Ballmer became CEO of the company. The so-called "Microsoft's Lost Decade" was a dark period. As such, although the company has gone through good times and bad times as the digital environment has changed to personal computers, the Internet, and mobile devices, Microsoft's status as a global information, communications, and technology (ITC) company has not changed very much.

Microsoft Windows is a flagship product used by hundreds of millions of people around the world, but no longer remained the company's main growth engine when Satya Nadella became the CEO of Microsoft. From July 2019 to June 2020, global sales of Windows were USD 22 billion, and overall commercial cloud solution sales, including commercial Office 365 and Azure cloud services, saw 36 percent year-on-year growth, reaching USD 52 billion. Based on the U.S. headquarters' drives, Microsoft Korea is working hard to fully support the digital transformation of Korean companies.

Come As You Are. Do What You Love

Microsoft Korea's stake is 100 percent owned by the U.S. headquarters. The company was established in 1988 and currently has more than 400 employees. It mainly works on the sale of IT products and providing business support. Lee Ji-eun has focused on reorganizing the organization and changing the corporate culture for half a year since she took office. She set new goals and led employees to acquire the skills they needed in accordance with changing business areas and market trends.

As Lee put it, "There have been big changes in Microsoft Korea over the past six to seven years. As we became a cloud-oriented company, purchasing methods, organization, manpower composition, and R&D have changed even though we didn't have enough time to relearn the existing advanced corporate culture in the area. At the time of my inauguration, I aimed to change the organization and culture. Since July 2020, and after discussions with the employee council, we have removed all titles for employees and started to use the honorific suffix "nim" at the end of their full name or given name. We have created a communication environment where we can focus on a single goal beyond each department and position."

Lee stressed that it is important to create an

organizational culture in which anyone can demonstrate their capabilities, even if their workload is heavy. She explained: "I try to give a fresh impetus to awaken employees' latent talent again by changing the roles of the executives and employees or removing the boundaries between departments."

In 2013, instead of Stack Ranking, which was based on the relative evaluation of an employee's performance, Microsoft changed its employee evaluation method to Impact Assessment, which comprehensively deals with the impact each employees has on the company. Employee performance is defined as a person's impact on teams, business and customers. In particular, impact is possible only with the contribution of the people they work with. The culture at Microsoft Korea, which traditionally saw self-centered people working in a competitive environment, gradually changed into an empathy-oriented culture.

Impact Assessment is conducted through "Connect," in which employees, team leaders, and managers communicate better with one another than in the past. Connect is a time for employees to discuss past and future tasks more than twice a year. It is not just a tool to measure performance, but a communication method to use as a foundation for employees' work improvement and career development.

In 2004, Microsoft applied the Workplace Advantage Program to Microsoft companies worldwide. There are three characteristics of this program. First, it innovates the way you work in a flexible and productive way. Second, it creates an environment to utilize your workspace by purpose. Third, it creates an IT infrastructure that allows employees to work on any device they want regardless of time or place.

Microsoft Korea adopted "Freestyle Workplace" when it moved its headquarters in 2013. By applying the results of workplace advantage research, the company introduced flexible commuting, telecommuting, and free address. In addition, the company moved a desktop-specific work environment to mobile devices so that people can work regardless of the device or software they use.

In this age of rapidly changing information and knowledge, it is essential to have the ability to learn the necessary knowledge and skills anytime, anywhere. Microsoft believes in talented people who not only learn and grow nonstop, but also recognize and embrace the diversity in the workplace. The company believes that leaders can create results in a new direction by leading members to grow together with empathy rather than by blindly pursuing high performance results.

Microsoft welcomes empathic people in the spirit of "Come as you are. Do what you love." Rather than looking for employees with the "image of talented people" as defined by the company, diverse people are encouraged to express their talents to the fullest. Microsoft highly values diversity and inclusion.

Career Mentoring Day

Supporting K-Edu

In 2020, Microsoft Korea set up a public education infrastructure program that allowed for 3 million middle and high school students nationwide to simultaneously access. This was accomplished by urgently expanding EBS (Educational Broadcasting Service) online class servers by 1,500 times within 15 days of using the Azure cloud platform.

Azure played an important role in establishing a remote education infrastructure. By expanding the platform within a limited time, Microsoft Korea supported 3 million students so that they could start online schooling sequentially, established large servers immediately in urgent environments where demand was difficult to predict. Microsoft Korea also flexibly responded to the situation by adding real-time computing system resources to prepare for traffic increase at certain timeslots. In addition to providing stable support for services in response to real-time problems, the company prepared to prevent various security problems, including DDoS, through a 24-hour response team.

The foreign press praised K-Edu. There has since been a flood of requests from all over the world to share how to start school online in a similar way. Korea is the only country that has conducted same-quality online

classes throughout the country under the leadership of the government. At the center of this is Microsoft Korea.

Microsoft CEO Satya Nadella sent a letter to Korea's president, Moon Jae-in, praising Korea's successful online schooling. In the letter, Nadella welcomed Korea's plan to push for a "Digital New Deal" and predicted that it would serve as an opportunity for small and medium-sized Korean companies and startups to apply and develop new technologies. In addition, he also proposed international cooperation between the private and public sectors for the digital new deal, and expressed expectations that goods and services would be exchanged in various economic fields, such as medical treatment, electrical communication, and remote education.

Software Education

CSR Activities to Narrow the Digital Gap

In June 2020, Microsoft announced a global skills initiative to support IT training needed to perform new tasks based on data and digital technologies, including AI. In addition, the company announced its goal to educate 10,000 Koreans in digital competences by the end of 2021. The program includes government support for digital transformation, student empowerment and education cooperation, support for digitally challenged groups, and technical training support for businesses.

Lee explained by saying, "One of the reasons I joined this company is this kind of philanthropy. There are many things that can contribute to society as a digital IT company, not just CSR activities with donations. Microsoft is helping 25 million people around the world to acquire digital skills. We identify high-demand technologies through our affiliate career social network, LinkedIn, and can create synergies by linking training programs to a Git repository hosting service called GitHub."

Lee emphasized the importance of relearning in society as a whole. In an age where everything changes rapidly, you have to learn how to live in the world again, so to speak. Lee added, "In the future, the world will be different from the one I used to know. In fact, content education is conducted in a way where students do not actually go to school. Thus, I'm going to send a message that everyone needs to learn something new, and I'll send this message not only to people inside our company but also to customers."

Microsoft-MOEL

Increasing the Digital Competences of Schools, Companies, and the Government

The cloud service market has great potential thanks to a number of advantages it possesses, such as access to a wider network, on-demand services, benefits in payments, resource pooling, agility, fast resilience, and cost saving measures. As existing social activities were rapidly replaced with online activities due to the recent COVID-19outbreak, demand for cloud services has soared in almost all sectors, including healthcare, finance, education, business and retail.

The financial statements of Amazon, Microsoft and Go ogle for 2020 clearly show this change. Although the global economy was hit by COVID-19, Google Cloud's sales in the third quarter of 2020reached USD 3.4 billion and its business grew by 45 percent. Microsoft posted USD 48.3 billion in sales for Intelligent Cloud in 2020. This is a 24 percent increase compared to 2019. The net sales of Amazon Web Services (AWS) in the third quarter of 2020

were USD 11.6 billion, up 29 percent from the same quarter last year.

Cloud service usage rose dramatically faster during the COVID-19pandemic. Experts predict that Korean companies will also face a paradigm of new growth, believing that remote work, telemedicine, online classes, consumption and leisure activities using cloud technology will become commonplace in the wake of COVID-19.

Microsoft Korea is planning to support the government's digital transformation and enhance service innovation and leadership in order to increase its digital competences. In line with the rapidly changing environment, it will support the tools and technologies needed to innovate public services and jointly develop solutions with the government. It is also planning to provide tools to improve employment skills, such as certificates for job seekers. As a program for leaders in the public sector, the company plans to operate an AI Business School that will provide AI integrated insights from a business perspective.

Microsoft Korea is supporting digital skills training for corporate digital transformation, too. It will convert all its curriculums from theory to practice digitally to increase users' accessibility and provide all technology education programs in more than 10 languages and time zones.

In an effort to strengthen students' capabilities, the company will establish and support a step-by-step roadmap together with educational institutions. It will educate elementary students using Minecraft Education Edition and provide free Microsoft Imagine Academy for middle and high school students' software education, while using Microsoft Learn for college students to enable university-industry cooperation. The company also supports programs for educators as well as students. It plans to provide digital technology to major universities around the world, including UC Berkeley, Carnegie Mellon, and Oxford.

In addition, Microsoft Korea will strengthen educational cooperation with universities. First, the company will partner with more than17 universities in Korea to provide the learning platforms necessary for the Fourth Industrial Revolution, including big data and cloud services. It will support public institutions by developing training programs that utilize AI and data science with the Korea Foundation for the Advancement of Science and Creativity and operate mentor groups for a Hanium ICT Mentoring program.

Microsoft Korea will also conduct employment programs for digitally challenged groups. It is committed to providing disabled people and teenagers with opportunities to learn about AI, and expand basic data analysis education to specialized high schools, linking trainees to practical certificates or employment. Furthermore, it will foster female information security experts, digital marketers, and data analysis experts by focusing on education related to jobs that are currently receiving the most attention in the job market.

Lee Ji-eun set two goals for the company. First, she wants the Korean market to embrace the fact that Microsoft is the undisputed leader for digital transformation. Microsoft has all the key solutions in the digital sector. Depending on the needs of each company, it can carefully consider the best solutions together with the client company. Lee emphasized, "With Microsoft, you don't need to transfer trains many times while traveling to the destination of digital transformation." Second, Microsoft Korea will expand its philanthropic activities in Korea. In doing so, the company aims to expand training in the field of digital competencies for not only ordinary people but also the disabled and female developers to help them all become the digitally abled.

Microsoft Korea announced the "Cloud & AI Country Plan" in2019 and contributed to the popularization of cloud and AI by working closely with domestic companies, government agencies, and various members of society. In 2021, the company will play a role as the driving force in the growth of cloud and AI in Korea by focusing on a total of four areas: enabling digital transformation based on its technology and philosophy; forming a community for reliable innovation; closing the skills gap and enhancing employability; and creating social influence.

Microsoft-Daegu

Source: Excerpt from Focus on Korea (ISBN: 979-11-6490-986-5(93320)). Pgs. 176-188. KOTRA 2021.

New Legislations

Here's a brief look at Korea's newly proposed & enforced legislations.

Newly Proposed Legislations

Ministry in Charge	Legislation	Opinion Submission Due Date
Ministry of Environment	Pre-Announcement of a Partial Amendment to the Enforcement Rules of the Clean Air Conservation Act	July 7, 2022
Ministry of Land, Infrastructure and Transport	Pre-announcement of Partial Amendment to the Rules on Performance and Standards of Motor Vehicles and Motor Vehicle Parts	July 2, 2022

Please submit your opinion on the newly proposed legislations and get more information on newly proposed legislations on the Foreign Investment Ombudsman website *(https://ombudsman.kotra.or.kr/ob-en/bbs/i-2651/list.do)*.

Newly Enforced Legislations

Ministry in Charge	Legislation	Date of Enforcement
Ministry of Agriculture, Food and Rural Affairs	Enforcement Rules of the Act on Fostering and Supporting Rural Convergence Industry	March 8, 2022

Legislation Summary: In order to enhance the convenience of business entities of the rural convergence industry, the Minister of Agriculture, Food and Rural Affairs should notify a person certified as a business entity of the rural convergence industry of the certification renewal process four months in advance from the expiration of the certification rather than three months prescribed under the existing provisions (Article 4(6)).

To see more newly enforced legislations in Korea, visit the Invest KOREA website *(https://www.investkorea.org/ik-en/bbs/i-2715/list.do)*.

Industry Trends

All Industries

In April 2022, the index of the service industry increased but the index of mining & manufacturing industries decreased, resulting in the decrease of the index of all industries.

Monthly Industrial Activity Trends

Subject	All industries	Mining & manufacturing	Service	Retail sales	Equipment investment	Construction completed
Monthly Growth Rate	△0.7	△3.3	1.4	△0.2	△7.5	1.4

The production of mining & manufacturing industries decreased in April due to the sluggish growth of exports and the overlapping of base effects resulting from the continuation of growth for the recent six months. By industry, the production of food and medicine stabilized after the surge driven by Omicron cases that had climaxed in March while the production of semiconductors was adjusted for two straight months. The service industry posted remarkable growth surpassing 1% for two consecutive months, largely driven by face-to-face service industries boosted by the lift in social distancing measures and the consequent growth of outdoor activities.

Retail sales decreased slightly as improvements in the pandemic situation (i.e., fewer daily cases and lifted social distancing measures) dramatically cut the consumption of non-durable goods including drugs, food and beverage. Sluggish facility investments continued, bogged down by unstable supply chains and delayed delivery of semiconductor equipment to major South Korean manufacturers. Construction investments grew for two straight months but the continued rise in construction material prices prevented recovery to a level prior to the plunge in early 2022.

External risks including the prolonged Ukraine crisis and China's lockdowns remain amidst the weakening of economic sentiment, and uncertainties in the economic cycle are growing as domestic consumption, expected to pick up as the country returns to normalcy, may be affected by factors including inflationary pressure. However, positive factors also exist, including the passing of the government's second supplementary budget drawn to assist small businesses and vulnerable classes and the announcements of large-scale mid- to long-term investment plans by major South Korean enterprises.

Source: Ministry of Economy and Finance (moef.go.kr)

Trends by Industry

Auto

Production and shipment in March 2022 decreased by 6.4% and 9.0%, respectively, from the same period of the previous year due to continued difficulties in sourcing parts caused by the spread of COVID-19 in China and the supply shortage of semiconductors, and the capacity utilization rate also fell by 4.9%. Bogged down by disruptions in car supply, domestic consumption fell year-on-year in April to continue the downward trend for over a year, but exports in April gained by 6.1% despite the war in Ukraine thanks to the growth in exports to the US and the EU region.

Shipbuilding

With the crisis in Ukraine and the continued lockdown of Shanghai affecting the outlook of the shipbuilding industry, South Korea consistently won orders of high value-added ships including ultra-large container ships and LNG carriers in Q1, recording a CGT of 4.99 million to limit the decrease to 13.5% and winning 49% of all orders worldwide. Imports in March continued the downward trend, but those of ship parts and engines needed for building ships increased by 2.9% year-on-year.

General machinery

Production in March slightly increased by 0.9% from the previous month but decreased by 6.7% year-on-year as sluggish domestic consumption and facilities investment continued. In April, exports to major regions and countries including the US, Europe, Middle East and Latin America maintained double-digit growth rates, but exports to China, which accounts for around 25% of all exports of general machinery, were affected by the lockdown of major cities in China and plunged by 24.4%, increasing slightly by 0.02% year-on-year to remain more or less unchanged at USD 4.37 billion.

Steel

Production in March increased by 1.2% from the same period of the previous year despite increases in raw material prices and slow recovery of domestic consumption, backed by strong exports and the continuation of strong retail prices.

In April, the brisk infrastructure investments in the US and Latin America and the rise in unit prices resulting from higher coking coal prices helped boost exports to the EU and the US, which gained by 21.1% year-on-year.

Oil refining

In March, production grew by 11.3% year-on-year as domestic consumption increased by 3.2% thanks to higher demands for petroleum products (e.g., naphtha) in the petrochemical industry and as exports grew by 16.4% driven by increased exports of petroleum products used in transportation. Despite the 7.3% month-on-month drop in international oil prices, exports in April increased by 68.8% year-on-year as strong demand pushed up refining margins and increased export unit prices by 7.0%.

Petrochemical

In March, production and shipment decreased by 0.7% and 4.9%, respectively, from the same period of the previous year due to the continued downward trends in production and shipment, which were driven by the sluggish Asian chemical market and limited demand, and inventory increased by 16.5% year-on-year. In April, the recovery of upstream industries including construction and auto boosted the exports of synthetic resin, and the continued high oil prices raised export unit prices and pushed up exports by 6.8%.

Wireless communication devices

In March, production and shipment decreased by 5.9% and 6.6%, respectively, from the same period of the previous year, and while inventory grew by 17.3%, capacity utilization rate turned upward to stand at 11.2%. Especially noteworthy is the reverse growth of the global shipment of smartphones in 2022, largely affected by the base effect of 2021 when sales of smartphones skyrocketed due to the none-face-to-face trend triggered by COVID-19. In April, exports grew by 8.3% year-on-year despite the reverse growth of the global smartphone market, thanks to the successful sales of flagship and low-priced products newly launched by South Korean manufacturers.

Semiconductor

In March, semiconductor production and shipment increased by 26.4% and 18.2%, respectively, to continue the upward trend. The lower electricity bills reflected in March production appear to be the result of manufacturers adjusting production volumes. Exports continue to grow for 21 straight months since July 2020 as well as exceeding USD 10 billion for twelve consecutive months. Despite uncertainties in external environments including the lockdown in Shanghai and the war in Ukraine, the relatively stable price of memory semiconductors and the strong demands for servers boosted exports by 15.8% year-on-year to USD 10.82 billion in April.

Display

In March, the launch of QD-OLEDs and the subsequent demand growth of large-sized OLEDs increased production by 9.4% year-on-year. Exports in April increased by 21.8% year-on-year to continue the upward trend for 12 straight months, with stronger demand for high value-added OLED panels (e.g., laptop OLED panels and LTPOs) and higher average price of OLEDs offsetting weaker demands for LCDs.

※ Please note that the latest data available on Statistics Korea are for the previous month in the case of exports and the month prior to the previous one for production.

Source: Korea Institute for Industrial Economics and Trade (kiet.re.kr)

Korea's Renewable Energy Policy for Carbon Neutrality

Renewable Energy, a Key to Carbon Neutrality

The world is facing climate crisis due to abnormal temperatures including unprecedented heavy rain and snow caused by global warming. To resolve the climate crisis, so-called 'carbon neutrality' is emerging—which reduces greenhouse gas emissions to the minimum in the energy sector and absorbs residual emission through reforestation.

With the spread of awareness of the severity of climate change, renewable energy has emerged as an alternative to the carbon neutrality goal. The International Energy Agency (IEA) predicted that the share of renewable energy, which stood at 12 percent in 2020, will be significantly expanded to 67 percent by 2050. It also set out the analysis that renewable energy will play a key role in establishing the future energy system.

Korean Government's Response to Carbon Neutrality

As carbon neutrality emerges as a global agenda, the Korean government announced the '2050 Carbon Neutrality Declaration (December 2020)' with the goal of achieving national carbon neutrality by 2050. For organized preparation to achieve that goal, it established a number of national basic plans including the '2050 Carbon Neutrality Strategy (jointly by concerned ministries, 2020)', followed by the '9th Basic Plan on Electric Power Supply and Demand (MOTIE, 2020)', and the '5th Basic Plan on Renewable Energy (MOTIE, 2020)'.

The '5th Renewable Energy Basic Plan', with an aim to enter the low carbon economy-society, plans to deploy 84.4 GW renewable energy facilities by 2034 to create the ecosystem allowing renewable energy to serve as main sources of energy. The final goal of this plan is to make renewable energy accounts for 25.8 percent of national power generation through facilities deployment in the long timeframe.

Based on renewable energy innovations in five areas including supply, market, demand, industry, and infrastructure to improve the potential of related industrial fields, it is expected to overcome various limits* standing in the way of achieving the 2050 carbon neutrality goal.

*Distribution of wind power, Improvement of acceptability and safety, Decreasing profitability due to variable REC market, and Enhancement of mid-and long-term system safety

5th Basic Plan on Renewable Energy (Dec. 2020)

Supply Innovation	Prepare orderly and sustainable distribution system	· Regulatory improvement to support diversification of participating parties and locations, and expansion of supply · Expansion of renewable energy through revitalization of private·public investment and prioritization of safety
Market Innovation	Revitalize market efficiency and diversification	· Work towards advancement such as increasing efficiency of PRS market and separating renewable energy · Expand base into non-electric and dispersion energy
Demand Innovation	Create various demand bases for renewable energy	· Strengthen the base of renewable energy use focused on RE100 · Run a parallel strategies to secure new demands such as facilities for self-generation and relocation of supply·demand
Industry Innovation	Improve innovative capabilities of R&D and revitalize the ecosystem	· Contribute to creating new market of renewable energy through commercialization-related R&D · Establish a virtuous cycle of business competitiveness-employment expansion-entry to global market
Infrastructure Innovation	System improvement and operational management system overhaul	· Support system access at the right time through pre-emptive system investment, etc. · Improve energy management system to respond to system congestion and to mitigate volatility

New Government's Five Policies

1. **Realistic carbon neutrality and energy mix**
   Respect the original carbon neutrality goal, but improve the possibility of attainment through use of nuclear power plant, etc.
2. **Market-based demand efficiency**
   Work towards market-based energy demand efficiency and establish competition-based market structure
3. **Energy industry as a new growth engine**
   Foster renewable energy including solar power and wind power as new growth engines
4. **Robust resources security**
   Establish a new public-private cooperative resource security system and legal system
5. **Warm energy transition**
   Strengthen the energy welfare policy for low-income households

Industrial Trends and Technological Capability of Renewable Energy

As the renewable energy market expands led by global movement for carbon neutrality, solar power and wind power generations have witnessed rapidly decreasing Levelized Cost of Electricity (LCOE,) based on the economy of scale and technological innovation. With the success of developing Perovskite solar cell materials in February 2021, surpassing the highest efficiency record of 25.2 percent, Korea is at the forefront of developing tandem solar cell technology, which aims to achieve more than 30 percent of efficiency.

Despite China's aggressive move based on cheaper solar power generation facilities, Korea has superior technology, becoming the only country left to compete with China in the high efficiency-based advanced solar power market. When it comes to the offshore wind power generation, it is expected to continue R&D activities to improve technology of key parts such as turbines, building on excellent technological capability in the tower and substructure.

Technological Capability of Major Countries by Key Technology

	Korea		China		Japan		EU		USA	
	Level (%)	Gap (Years)	Level (%)	Gap (Years)	Level (%)	Gap (Years)	Level (%)	Gap (Years)	Level (%)	Gap (Years)
High-efficiency Solar Cell Technology	90.0	1.0	87.5	1.8	97.5	0.3	100.0	0.0	93.0	0.5
Wind Power Generation Technology	75.0	5.0	80.0	3.3	76.5	4.0	100.0	0.0	90.0	1.0

Source: 2020 Technology Evaluation Results (Draft), MSIT (2021)

'RE100 Campaign', Corporate's Strategy for Survival in the Carbon-Neutral Age

The global business environment for companies are changing as companies are taking ESG management into consideration in the business management system driven by tougher environmental regulations, stimulated by the declaration of carbon neutrality by major countries and the forthcoming introduction of carbon border tax by EU and the US.

The global RE100 (Renewable Electricity 100%) is a volunteer campaign encouraging companies to source 100% of their electricity from renewable energy, led by the Carbon Disclosure Project (CDP), an international organization. However, as global RE100 companies request their suppliers to use renewable energy to achieve their goal as well, domestic companies including SK Hynix, Samsung SDI, and LG Chemical are increasingly requested to use renewable energy. Due to the high dependency of industries on trade, global RE100 implementation has been regarded as a survival strategy, not a matter of choice, for companies. From the long-term perspective, it is inevitable for corporations to participate in the global RE100 campaign.

Present and Future of Korean-style RE100 System

The global RE100 campaign is for companies consuming more than 100 GWh of electricity per year. As of May 2022, more than 369 companies volunteered to participate in the campaign. The number of participating companies are on the rise year after year. The Korean government has implemented the Korean-style RE100 system under the leadership of MOTIE since 2019, to keep up with the expansion of the global RE100 campaign. It has encouraged implementation of the Korean-style RE100 for domestic companies by way of renewable energy procurement including green premium, REC purchase, 3rd party Power Purchase Agreement (PPA), and self-generation. In addition, the government is in discussion with relevant organizations to enact and revise related legislations for expansion of renewable energy supply directly through PPA.

However, despite the above-mentioned efforts by the government, the institutional foundation is insufficient, i.e., restructuring of the electricity market, to implement RE100. In this context, the measures for institutional improvement will be laid out to address obstacles in the gradual expansion of RE100 in Korea.

In the short term, incentives will be devised to reduce burden and encourage participation of domestic companies. In the mid-and long-term, it is expected to introduce the Korean-style RE100 industrial complex and the Korean-style RE100 certification system (labelling) for diversification of institutional implementation models. By doing so, it is expected to continue the discussion on securing business models to expand the base of and facilitate the institutions of the Korean-style RE100.

By Seung-Hyun LEE
Korea Energy Agency
shyun003@energy.or.kr

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

For Green Innovation, ECOPEACE Co., Ltd.

ECOPEACE, a developer of AI water quality management solutions that uses self-driving water purifying robots

Mission

Business for water benefiting people, and the planet

Vision

No. 1 company in water
SMART-quality management
① **S**pecific ② **M**easurable
③ **A**ttainable ④ **R**esult-oriented
⑤**T**ime bound

Strategy

Sustainable
Innovation
Development

About the Company

ECOPEACE is a smart water quality management solution provider that manages and purifies freshwater (i.e., lakes, water supply sources, and reservoirs) at home and abroad using advanced technologies including robotics, AI, and big data. Committed to pioneering new technologies and surmounting limitations, ECOPEACE's young employees work as equal members to develop and produce innovative solutions.

ECOPEACE is devoted to improving water quality and purifying water by deploying AI water purifying robots to the world's freshwater rapidly being contaminated due to the water temperature rise triggered by climate change.

Background

Rising water temperature and water contamination are the anticipated consequences of accelerating climate change caused by increased carbon emissions. Faced with these challenges, ECOPEACE started studying innovative technologies that use water purifying robots and developed AI water purifying robots.

ECOPEACE's main technology used in its AI water purifying robots were born from the combination of a wide-ranging needs analyses and the innovative ideas of its young members.

In order to develop technologies that help those managing water resources—water supply sources, lakes and reservoirs—safely and efficiently, ECOPEACE combined different technologies such as AI and robotics and was able to develop new technologies by conducting countless field tests.

About the Product and Technology

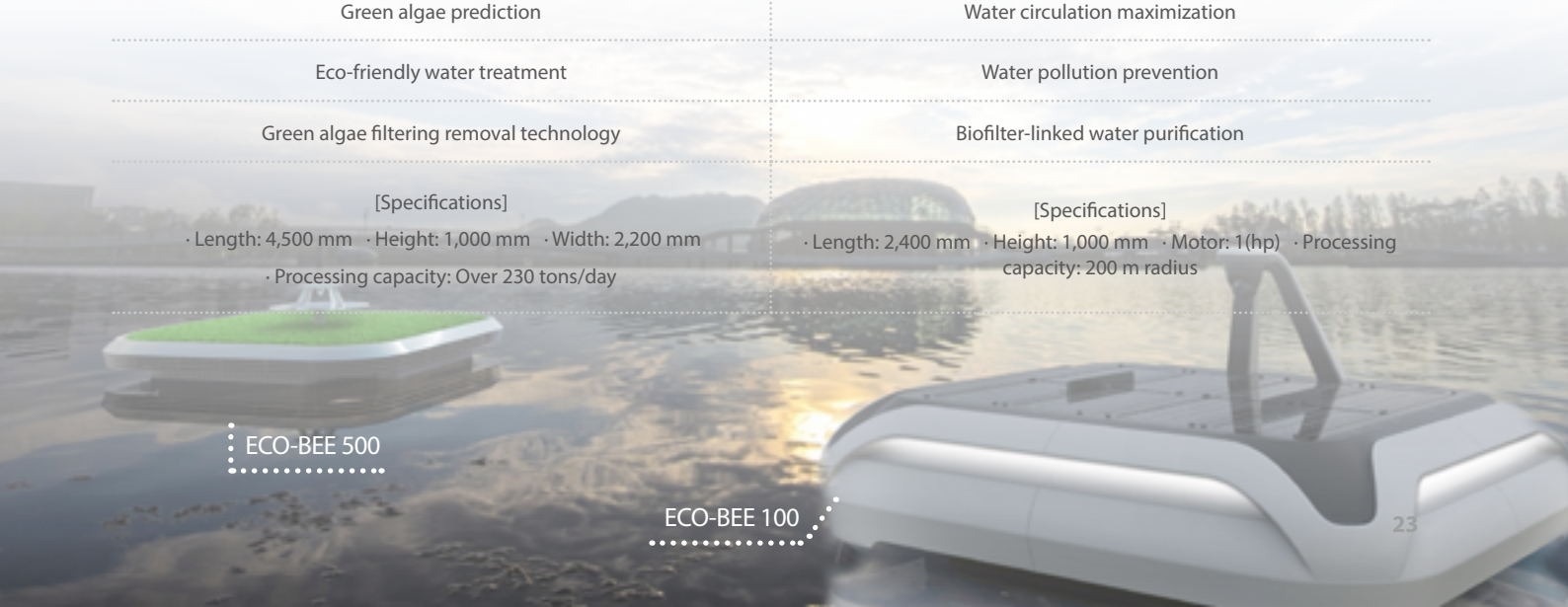
Whereas it is difficult to manually measure water quality and manage the contamination level of freshwater, ECOPEACE's ECOBOT makes the tasks much easier. ECOBOT is a platform-based solution that roams around contaminated areas and collects in real-time eight types of water quality data, which is then analyzed with AI algorithms in a cloud environment and used again in controlling the robot.

Measuring five meters in length and width, the robot is designed to safely operate in all types of environments. ECOBOT's sustainable operation is ensured as it is powered by solar panels and free from the restraints of battery capacity.

Water purifying robots can swiftly detect contaminations in freshwater and resolve problems by slowing the contamination process with its automated emergency purification mechanism.

Floating water purifying systems	
ECO-BEE 100	**ECO-BEE 500**
Good design water purification system	Modular mounted equipment
Physical green algae removal technology	Green algae prevention technology
Eco-friendly water treatment technology	Eco-friendly water treatment
Green algae and phosphorus reduction	Water purification (NP reduction)
[Specifications] · Length: 1,380 mm · Height: 800 mm · Width: 1,380 mm · Processing capacity: Over 100 tons/day	[Specifications] · Length: 2,200 mm · Height: 1,000 mm · Width: 2,200 mm · Processing capacity: Over 550 tons/day

AI water purifying robot	Water circulation system: Sediment flotation type
ECO-BOT 500	**ECO-WING**
Driverless green algae removal system	Sediment floatation effect
Green algae prediction	Water circulation maximization
Eco-friendly water treatment	Water pollution prevention
Green algae filtering removal technology	Biofilter-linked water purification
[Specifications] · Length: 4,500 mm · Height: 1,000 mm · Width: 2,200 mm · Processing capacity: Over 230 tons/day	[Specifications] · Length: 2,400 mm · Height: 1,000 mm · Motor: 1(hp) · Processing capacity: 200 m radius



WHY ECOPEACE?

Efficient water quality management enabled with ECOPEACE's AI water purification solutions

Advanced water purifying technologies
A provider of data-based integrated water purifying solutions that intelligently manage water with AI, big data, and robotics

Economical water quality management technologies
More efficient and affordable than existing water purifying and management technologies

Eco-friendly green algae removal features
Biological treatment and physical filtering for eco-friendly green algae removal. Minimizes landscape alteration with eco-friendly design.

Competitive Edge and Business strategy

Starting from freshwater management robots, ECOPEACE is working to expand the business to robots that remove waste oil in seas, water recreation robots and military surveillance robots.

ECOPEACE envisions to grow as a global company solving water pollution with its smart water treatment technology and to develop innovative technologies tackling environmental issues arising from climate change.

ECOPEACE is gradually increasing its market share in the domestic market and aims to expand business to Europe and America with the goal of winning a global market share of over ten percent in the next ten years.

By collecting the water quality data of freshwater around the world, ECOPEACE will provide services to facilitate easy water quality management.

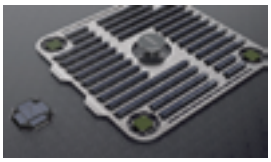
Future Plan

ECOPEACE plans to develop a smart water quality management system by operating multiple robots in groups for freshwater purification.

ECOPEACE is upgrading the robots to also provide efficient water quality management and purification services in large-sized areas. Through performance upgrades, the robots will also be able to easily operate in rivers and seas.

ECOPEACE also plans to develop technologies that provide high-value data by refining, learning and processing data using the rich information (e.g., water quality, water level, and weather) collection by robots.

Integrated ecosystem management and water purification platform
ECO-STATION



· Integrated smart water quality management solution
· Green & Data New Deal convergence technology
· 100% powered by renewable energy
· Digitalized based on a remote management system

[Specifications]
· Length: 2,500 mm · Height: 1,200 mm · Width: 2,500 mm
· Processing capacity: 2,500 tons/day

By Chae In Won
CEO
ECOPEACE CO.,Ltd.
http://eco-peace.co.kr

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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, Invest Korea introduces some outstanding companies in Korea's renewable energy industry.

COMPANY A

Investment Requirement		Company Profile	
Amount	USD 5 million	**Patents and Certificates**	Registration of 13 domestic patents
Investment Structure	All available	**Financial Performance**	(Sales in 2019) USD 0.97 million

Investment Highlights

- **Dissolved ozone flotation (DOF) system:** The company's unique technology can control the levels of ozone to be injected into water. Our dissolved ozone flotation (DOF) system has a single process that combines ozonation and dissolved air flotation (DAF). In other words, it is designed to remove suspended solids and obtain the ozone's strong oxidizing ability by using ozone instead of air. The different treatment characteristics of the DOF process can be used to treat drinking water and sewage or wastewater. In addition, the application of DOF technology is considered effective in the disinfection of environmental surfaces in the context of COVID-19.

- **Environmental services industry outlook:** The sewage and wastewater sector accounts for approximately 40% to 50% of the global water market. The wastewater treatment services market size and the industrial wastewater treatment market size are projected to reach USD 355 billion and USD 57 billion, respectively, by 2025. In particular, the sewage/wastewater reuse sector size is expected to increase rapidly, reaching USD 21 billion by 2025 from USD 1 billion in 2007.

COMPANY B

Use of biomass fuel and supply of steam energy

Investment Requirement		Company Profile	
Amount	USD 5 million	**Patents and Certificates**	Registration of 6 domestic patents
Investment Structure	Equity investment, joint venture	**Financial Performance**	(Sales in 2019) USD 0.02 million

Investment Highlights

- **Steam energy subscription service:** The company provides manufacturing, installation, and operation services for eco-friendly steam boilers. The company's main business is to supply steam energy required for the manufacturing process. In addition, it runs a steam supply business that converts the coal-based fuel used in boilers into eco-friendly energy, sells carbon credits (secured CDM business status), and operates air environment management services. The company also possesses a technology for manufacturing world-class eco-friendly boilers that can operate all-year-round without failure. (The company successfully registered the UNFCCC CDM on November 9, 2021.)

- **Industrial boiler industry**: Industries related to eco-friendly energy are witnessing explosive growth due to global climate change and ESG issues. Industrial boilers are also being rapidly replaced with boilers equipped with eco-friendly technology due to the strengthening of carbon dioxide emission regulations.

*For more information please e-mail **ikmp@kotra.or.kr**, or visit the Invest KOREA Market Place page on **www.investkorea.org.***

Osong Life Science National Complex, Leading the Future Economy as Korea's Bio and Healthcare Hub

The Osong Life Science National Complex is Korea's leading industrial complex specializing in bio and healthcare industries. Manufacturers of pharmaceuticals, medical devices, cosmetics and functional foods are the major tenants. Established for the development of the bio industry, the Complex is designed to allocate similar businesses in blocks.

- Location: Around Osong-eup, Heungdeok-gu, Cheongju, Chungcheongbuk-do

(Unit: 1,000 m²)

Total area	Industrial facilities	Supporting facilities	Public facilities	Green area
2,595	1,384	523	377	311

Establishment of the Advanced Medical Complex and the Health Technology Administration Complex (1.5 km²)

The Osong Advanced Medical Complex has the New Drug Development Support Center and the Advanced Medical Device Development Support Center operating to support the tenants' R&D of new bio drugs and advanced medical devices. Housing six government agencies including the Korea Disease Control and Prevention Agency and the Ministry of Food and Drug Safety, the Osong Health Technology Administration Complex supports the swift processing of licensing procedures.

Establishment of the Second and the Third Osong Life Science Complexes

The completion in September 2021 of the Osong Biopolis District (Osong Life Science National Complex 2) specializing in bio engineering and information technology in an area of 3.3 km² is expected to accelerate the growth of related industries. Once the Osong Life Science National Complex 3 (6.7 km²), the Chungju Bio Health National Industrial Complex (2.2 km²), and the Sejong Smart National Industrial Complex (2.8 km²) are established, the area around Chungcheong will be able to lead the global market as a bio and healthcare hub.

Competitiveness Strengthened with Business-led Mini Clusters

Mini clusters closely linked with the Complex's major industries are established to strengthen their business network. Focusing on bio and healthcare, new and renewable batteries, mobility parts and materials and cosmetics, Chungbuk's mini clusters are operating to support the businesses' technological development and growth strategy.

** Source: (Text) Korea Industrial Complex Corporation (Photo) Ju-chan Kim*

Can acquisition of at least 10 percent of the preferred stocks of a domestic company be considered foreign investment?

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

Q.

Can acquisition of at least 10 percent of the preferred stocks of a domestic company be considered foreign investment?

- In general, as preferred stocks do not have voting rights, an investment in preferred stocks is not recognized as foreign investment. However, when preferred stocks with voting rights (redeemable convertible preference shares, etc.) are acquired, they are treated equally as common stocks and such investment is recognized as foreign investment if it meets the requirements under the Foreign Investment Promotion Act.

A.

Basically, an investment by a foreigner is recognized as foreign investment when the investment amount is not less than KRW 100 million and at least 10 percent of the voting stocks (common stocks) is acquired.

- Even if a foreigner acquires less than 10 percent of the total stocks of a domestic company regardless of the type of the stocks (common or preferred stocks), as long as the investment amount is not less than KRW 100 million and the foreigner dispatches or appoints executive officers as prescribed in Article 2(2)2 of the Enforcement Decree of the Foreign Investment Promotion Act, such investment can be exceptionally recognized as foreign investment.

If you have further questions please contact *+82-1600-7119*

or visit ***www.investkorea.org***

Korea 101: Health and Healthcare

Health Insurance System

Foreigners Eligible for Health Insurance

Foreigners registered as aliens who work for a place of business in which health insurance is available and foreigners appointed or employed as public officials and school faculty members become employee health insurance holders. Those who registered as aliens who are not eligible for employee health insurance and their dependents become enrolled in self-employed health insurance. Self-employed health insurance holders must maintain the status of sojourn mentioned in attached Table 9 of the Enforcement Rules of the National Health Insurance Act. Foreign residents who reside in Korea for more than six months will automatically obtain local subscriber qualification for national health insurance.

However, a foreigner who has not lived in Korea for more than six months may enroll in health insurance when if it is clear that he/she will stay in Korea for more than six months for reasons of pursuing studies or immigration through marriage.

- No. 1 of attached Table 9 of the Enforcement Rules of the National Health Insurance Act <amended July 16, 2019> [valid until February 28, 2021]

Status of Sojourn (in relation to Article 61-2 (2))

Foreigners' Status of Sojourn (Visa
1. artist (D-1), industrial trainee (D-3), journalism (D-5), religion (D-6), supervisor (D-7), corporate investor (D-8), international trade (D-9), job seeking (D-10)
2 . professor (E-1), foreign language instructor (E-2), research (E-3), technology transfer (E-4), professional employment (E-5), artistic performer (E-6), designated activities (E-7), non-professional employment (E-9), crew employee (E-10)
3. visiting or joining family (F-1), resident (F-2), accompanying spouse (F-3), overseas Korean (F-4), permanent resident (F-5), marriage to Korean citizen (F-6)
4. miscellaneous (G-1) (limited to those granted a humanitarian stay permit according to the Refugee Act or those determined by the National Health Insurance Service.
5. working holiday (H-1), working visit (H-2)

How to Enroll

① When a spouse who is employed is enrolled in health insurance

Register as a dependent on the spouse's health insurance. Submit documents required to prove that you are a dependent to the National Health Insurance Service.

* Necessary documents: Dependent eligibility acquisition report, alien registration card copy, family relations certificate

② When a foreigner is employed

- A foreigner can enroll in health insurance if he/she is hired by a business in which health insurance is available.
- Your employer has to submit a copy of your alien registration card and other necessary documents to the National Health Insurance Service.

③ When both a foreigner and his/her Korean spouse are not employed

- Those who are self-employed or engaged in day labor can enrol l in self-employed health insurance.
- Foreigners who reside in Korea for more than six months will automatically be subscribed to health insurance. If a health insurance card is not issued, you should visit the office of the National Health Insurance Corporation in the area of your residence and submit a copy of your alien registration card and your insurance application.

Premium Payment

① Employee health insurance holders

- The employer pays your premium by deducting it from your monht ly pay.
- The employer deducts and pays the total insurance contributions based on monthly salary of the employee insured (50 percent covered by the employer and employee, respectively) while the employee pays all of the monthly premium for his/her income excluding salary (where exceeding KRW 34 million).

② Self-employed health insurance holders

- For foreigners, the insurance premium should be paid by the 25th of the previous month so that they can benefit from the national health insurance scheme. (However, the premium for those who obtain their insurance eligibility retroactively should be paid along with their first premium payment.)
- Foreigners who reside in Korea on a permanent basis with an F-5, or F-6 visa should pay their insurance premium by the 10th day of the following month just as required of Koreans.

Counseling or Inquiry

For details about premiums, eligibility or benefits, please visit the website of the National Health Insurance Service or call 82-1577-1000 for counseling in Korean or 82-33-811-2000 for counseling in foreign languages (English, Chinese, Japanese, Vietnamese).

* Source: Danuri "Guidebook for Living in Korea"

If you have further questions please contact *+82-1600-7119*

or visit ***www.investkorea.org***

Deregulation of the New Administration

Myriads of March campaign agendas and promises still linger, as a set of fresh policy directives (the directives, hereafter) of the incoming administration was recently released, expected to guide this government's economic policy for five years. Although the presidential transition committee had announced its own version of policy recommendation containing 110 major projects just a few weeks ago, it was a set of mere suggestions of the committee to the President, having little binding effect upon the government. However, this time, the set of the new policy directives are manifested by the deputy prime minister, and strongly supported by the President, it was thus made the most forceful policy guidelines so far of the cabinets. Of course, many of the transition committee's suggestions were absorbed in the directives, and could be introduced in the future as the economic situation shifts.

Above anything else, the most crucial element in the directives was a set of programs geared to achieve vibrant economic growth through private leadership. As the antithesis to the previous government's income-led growth policy, the new administration put a great emphasis on the private sector's leadership in investment, spending, and technological advancement. If the previous government had put the grandest policy emphasis on the complete removal and cleansing of the old evils and corruption, the incoming president underlines the importance of the people's economic livelihood through providing more jobs and opportunities. While the old administration had tried to achieve almost everything under the auspice of the government, the new ministries are dedicated to provide much more freedom and autonomy

to create jobs, economic growth and investments. The new government realizes that it is the private sector, not the government or the public sector, that creates growth, jobs, developments, and advancement. In this respect, the shift of the government could be epoch-creating and monumental.

To secure maximum autonomy in the private sector, it becomes ever more evident to remove all sorts of outdated, ineffective, and hidden regulations and red tape. So, the new government came to a conclusion that the removal of regulations has to be the most crucial and urgent task to guarantee private sector-led growth and job-creation.

This is why deregulation has been put to the very top of the list of more than 100 policy programs. To that specific purpose, the directives set forth a new governance scheme to put a permanent anchor on the deregulation procedure. The directive first promises to set up a new

task force, especially for innovative economic deregulation, under the leadership of the deputy prime minister with numerous ministers and business leaders. This task force will be the most active, powerful and vigorous body to conduct deregulation operation under this government. This task force will be strongly supported by another important body of deregulation process, which is called the strategic committee of innovative deregulation under the leadership of the President. This strategic committee will be the supreme body directing the deregulation process of the government. With this task force and the strategic committee, individual ministry or public regulatory body will set up its own team of innovative deregulation which will conduct deregulation procedures at the floor level. In sum, this government's innovative deregulation process will be executed by three key bodies: the strategic innovative deregulation committee, the task force, and the floor-level deregulation team.

Overwhelmed by such drastic shift of spirit on the part of the government, the business sector, full of hope and anticipation, reacted with the pledges that the Korean economy has never experienced. The top ten corporations promised to invest more than thousands of trillions of won in investment in the coming five years. The sheer size of investment equals about the half of total national investment between 2017 and 2021, and bigger than the total infrastructure investment of 865 trillion during that period. This will definitely boost economic growth and job opportunities.

The directives also include various audacious tax cut plans, designed to help encourage the entrepreneurial spirit. First of all, the corporate income tax rate for companies with annual revenues more than KRW 30 billion will be reduced from 25% to 22%. Second, the tax exemption rate for infrastructure investment for big corporations with total assets greater than KRW 10 trillion will be raised from 10% to 12%. Third, successors of small firms will get tax deferment for a certain period, and the characteristic of a small firm will be expanded from sales of less than KRW 400 billion to less than KRW 1 trillion won. With this audacious deregulation policy, monumental investment by the private sector, and an emergency care program for sluggish sectors, the hope is that the Korean economy could take a leap forward for the betterment for all. Of course, this is not without challenges. Global inflation will not come down in the immediate future, nor will the interest rate stabilize at least for the coming months. Many over-exposed to debt will suffer greater pain and toils to get through this dark tunnel of stagflation. An ever increasing number of people and firms have to rely on emergency income and financial programs to survive. The government fully realizes the potential multi-faceted risks surrounding the economy. If necessary, the government will be ready to propose a supplementary budget during this year as it has in the month of May.

Now, more than ever before, the economy has to depend on the private sector for economic growth, vigor, and vitality. The business sector has been in need of fundamental breathing room for operation, planning, and international engagement. If the previous government has been keeping a tight rein on the business sector, this government dares to reverse its course entirely, allowing greater freedom and autonomy, not for the sake of its own, but for the entire economy. Now, it depends upon the complete reversion of the bureaucrats' attitudes.

Without a change in the behavior of the authorities, especially on the floor, the top level commitment for deregulation will not reach the business sector at the bottom. Without the willingness of thousands of government officials on the field to actually allow greater breathing room for the business, even the revisions of the laws or the ordinances by the authority could have little, if any, significant effects on the economy.

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.*

Island Respite

Sinan's Amtaedo and Jaeundo Islands

Sinan, Jeollanam-do Province is nicknamed "Angel Islands," as it is an archipelago composed of 1,004 small islands; in Korean, "1,004" is pronounced the same way "angel" is pronounced—cheonsa. Most of the islands retain their organic purity. As such, the region offers a wondrous naturescape ideal for vacationers and those who want to simply wind down and relax.

Radiant Wonders of Stone

Amtaedo Island is so named because of its many stones and rocks. At the center is Seungbongsan Mountain, also characteristically dotted with an oblique, even bizarrely structured panorama of rocks. A hike up and down to hit its peak takes three hours, making it an ideal trekking trail. Walk up while your senses tingle with the grassy oceanside aroma and your eyes feast on the vista of Dadohaehaesang National Park.

Once the sun sets, the Odo Wharf soon becomes crowded with vans and campers. The nighttime view of Cheonsadaegyo Bridge is the biggest draw. At a length of 7.22 km, it is the fourth longest of Korea's marine bridges. When the sunlight fades and dusk settles in, the bridge lights up colorfully, adding dynamic charm to the nighttime ocean view. The panorama has been recognized by the Korea Tourism Organization as one of the country's "Top 100 Locales for Night Views" (2020).

Human Charms

Interestingly, it is neither of these glamorous wonders that are the most frequented of Amtaedo's tourist spots. Instead, an elderly couple's simple, rural house is the most popular destination. Once no different in appearance than any other Korean-style rural house, their house started gaining attention once their faces were painted on the wall surrounding the house. The painting is special in the way it melds with the plant life in the couple's garden. Lush flowers and bushes complete the painting in a way that they act as depictions of the elderly woman and man's hair. The imagery of candid love must be a heart-warmer for urbanites who pass through, noting the cohabiting immersion in nature both in terms of the elders' residency and their lifestyle.

ⓒ (Lee Beomsu) Korea Tourism Organization

Islands Past Islands

Jaeundo Island is an island beyond islands; it can be reached only after passing through Aphaedo and Amtaedo islands. Once accessible only by boat, the recent opening of Cheonsadaegyo Bridge paved the way to reaching Jaeun-do by land.

It has now begun attracting more tourists as a result. This makes the island both less equipped in terms of tourist facilities, and yet more pristine as it remains relatively unscathed. For this reason, plus Jaeun-do's offering of some camping grounds, visitors often go for some relaxing and refueling family time.

Beaches With a Difference

On Jaeundo are nine beaches, each of which is unique. Of them, Baekgil Beach and Bungye Beach are relatively well-equipped with camping decks for family campers to enjoy. They provide ideal grounds to set up your tent underneath the coolness of the shade and feast your eyes on the seaside views. On Baekgil Beach especially, the beachside and the camping grounds are close enough for parents to watch their kids play on the beach while they stretch out on their campsite.

Meanwhile, the oceanside of Bungye Beach is lined by 100 pine trees. The pine tree forest gives an impression of coziness. Its waters are also shallow enough for kids to safely play in. Adding a touch of romance, the fo-

rest is bespeckled with heart-shaped benches for couples to cool down and enjoy themselves.

Camping the Glamorous Way

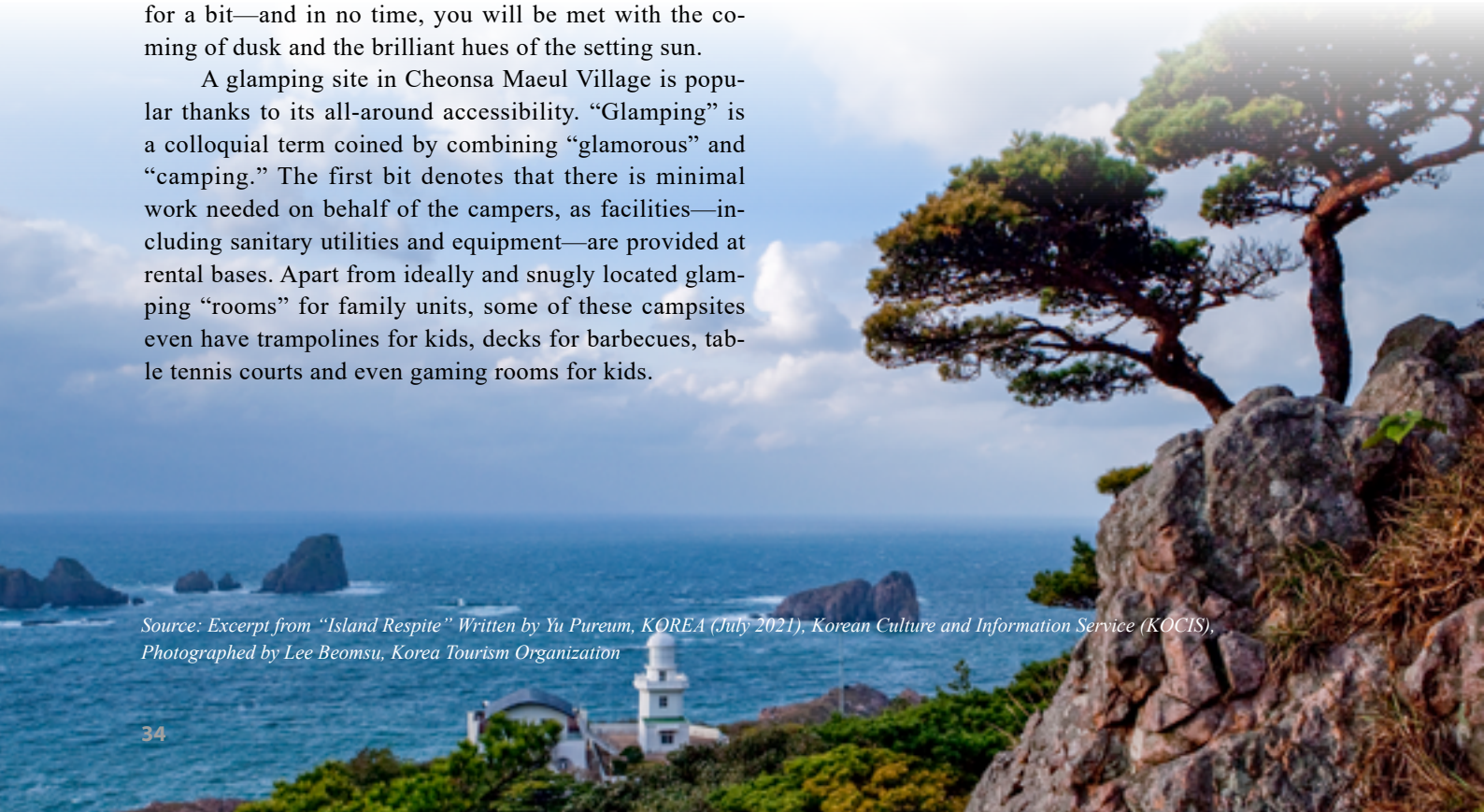
The archipelago's beaches offer camping sites for van campers who want to settle with the ocean unfolding in front of them. Doing so doesn't even come at the cost of sunburn; grassy fields and even forests provide enough shade in which to cool down.

Wind turbines often line the passageways flanking the sandy parts of the beach. Even the in-between area between the sands and the grassy fields allow makeshift shade using the trunk of your van or SUV. This is why many people either purchase or rent cars suited to such camping opportunities. Cool down, let your body slack for a bit—and in no time, you will be met with the coming of dusk and the brilliant hues of the setting sun.

A glamping site in Cheonsa Maeul Village is popular thanks to its all-around accessibility. "Glamping" is a colloquial term coined by combining "glamorous" and "camping." The first bit denotes that there is minimal work needed on behalf of the campers, as facilities—including sanitary utilities and equipment—are provided at rental bases. Apart from ideally and snugly located glamping "rooms" for family units, some of these campsites even have trampolines for kids, decks for barbecues, table tennis courts and even gaming rooms for kids.

In With the New

It's clear that the shifted preference in travel formats brought on by the coronavirus pandemic—more precisely, the newfound desire for privacy even in the outdoors—has focused both visitors and tour facilitators on sets of needs different from those prior to the pandemic. As for the pristine naturescapes of Amtaedo and Jaeundo, their charms have yet to be unpacked. As the recent opening of the bridge has boosted their accessibility, the islands are looking to welcome more visitors in both the near and far future.



Source: Excerpt from "Island Respite" Written by Yu Pureum, KOREA (July 2021), Korean Culture and Information Service (KOCIS), Photographed by Lee Beomsu, Korea Tourism Organization

Invest KOREA's Services

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

Invest KOREA Plaza (IKP)

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

IKP also provides serviced offices, business lounges, video conference rooms and a shower and sleeping lounge to maximize convenience for foreign investors.

IKP Offices for Lease

Foreign-invested companies

Companies planning to notify investment: Those who expect to report foreign direct investment of which the arrived amount is over USD 100,000 within 1 year of move-in.

IKP Occupancy Procedure

Counseling in occupancy → Application for occupancy → Screening committee evaluates application → Result notification(result confirmed in 1-2 weeks) → Conclusion of lease contract → Move into IKP

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Southwest Asia
Tel: (91-11)4230-6300
E-mail: ktcdelhi@ktcdelhi.net

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

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E-mail: kotrahanoikbc@gmail.com

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Fukuoka, Nagoya, Osaka, Tokyo

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Head Office. 13, Heolleungno, Seocho-gu, Seoul, Republic of Korea
Tel. (82-2) 3460-7838 | **Fax.** (82-2) 3460-7920 | **E-mail.** ikonline@kotra.or.kr
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