Invest KOREA

May 2023

Ross Gregory

Chair, Australian Chamber of Commerce in Korea

Recent Trends on the Renewable Industry and Policy in Korea
Farmconnect, an AI-based Farming Navigation System for Farmers
The Eco-Friendly and Digital Transformation of Yeosu National Industrial Complex, Leading Korea's Petrochemical Industry

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Economic Trends

Here's a look at Korea's major economic indicators that provide an overview of the country's recent economic developments.

Summary and Assessment*

■ The Korean economy remains lackluster, witnessing a considerable decline in exports.

● The downturn in domestic demand has been somewhat alleviated, driven by the service industry, while financial markets demonstrate relative stability.

- With the resurgence of travel demand, service production-particularly in face-to-face businesses has observed a more accelerated growth.
- The sluggishness in retail sales moderated, led by automobiles, and construction investment posted a faster growth, led by the building construction sector.
- Despite overseas bank failures, the financial market maintains stability, while the service industry exhibits promising indications of progress.

● Nonetheless, manufacturing-led economic stagnation lingers as exports contract due to the global slowdown.

- Exports remain sluggish, particularly in the semiconductor industry.
- Consequently, the manufacturing industry faces elevated inventory levels and reduced capacity utilization rates, with production experiencing a marked decline.

*All growth figures are on a year-on-year basis unless otherwise noted. This document is an English translation of the original Korean version; the Korean version takes precedence in case of any ambiguities or discrepancies.

■ **Economic Activity:** The service industry sustained robust growth, but the economic deceleration persists as the manufacturing industry contracted.

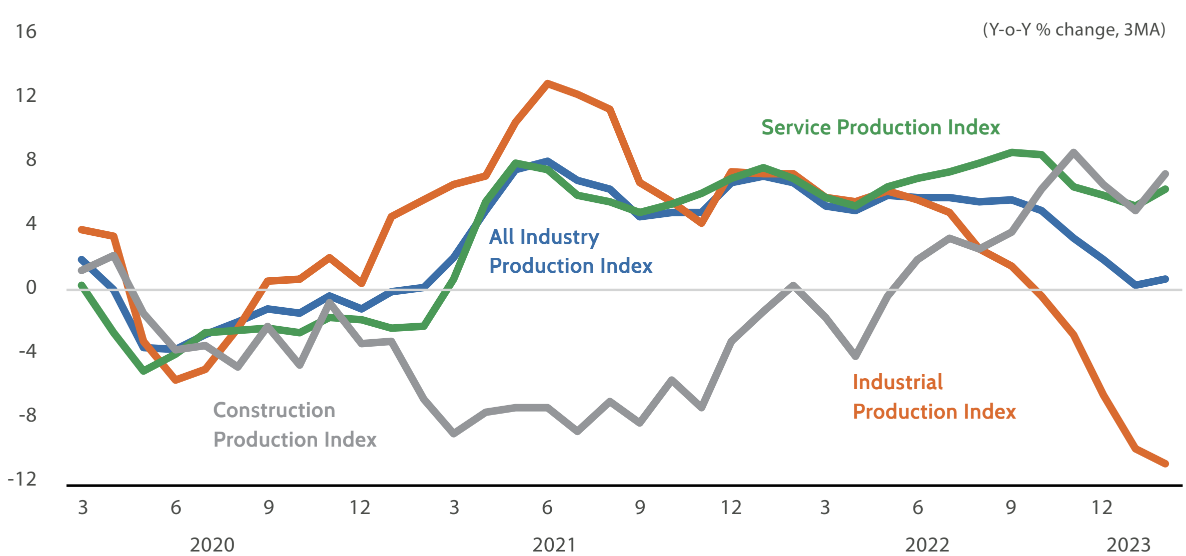
- In February, all-industry production expanded by 2.9%, surpassing the previous month's figure (-1.3%), primarily attributed to an increase in workdays (-0.5 day → +2 days).
  - Industrial production (-13.0% → -8.1%) continued to decline sharply, although there were substantial gains in automobiles (10.7% → 26.2%) and machinery equipment (-8.4% → 8.6%). These gains were offset by declines in semiconductors (-33.9% → -41.8%) and electronic parts (-32.8% → -36.3%). On a SA MoM basis, industrial production declined by 3.2%.
  - Service production (4.8% → 7.2%) increased by a significant margin, primarily driven by accommodation and food services (8.1% → 22.5%), transport and warehousing (11.2% → 20.6%), and arts, sports, and recreation-related activities (11.0% → 32.1%). This growth was due to a rise in travel demand, including an influx of foreign tourists.
  - Construction production (3.7% → 22.4%) expanded, partially reflecting the base effect, but the housing market continues to be lackluster, suggesting that the recovery of construction activity has not yet materialized.
- The manufacturing industry remains subdued, displaying a reduced average capacity utilization rate (70.8% → 68.4%) and a heightened inventory-to-shipment ratio (120.8% → 120.1%) due to the struggling semiconductor market.
- The service industry exhibits signs of recovery, driven by the uptick in travel demand, while the manufacturing industry remains sluggish, with declining exports-particularly to China-stemming from the global economic slowdown.
  - The non-manufacturing BSI on future tendency is improving, approaching its long-term average level (77).

  * Non-manufacturing BSI on future tendency (SA): (Jan. '23) 76 → (Feb.) 72 → (Mar.) 74 → (Apr.) 75

  - As a result of the global economic slowdown, the decline in average daily exports is deepening, particularly to China. Additionally, the manufacturing BSI on future tendency remains at a low level.

  * Average daily exports (%): (Jan. '23) -14.4 → (Feb.) -15.9 → (Mar.) -17.2
  * Average daily exports to China (%): (Jan. '23) -29.5 → (Feb.) -31.1 → (Mar.) -36.2
  * Manufacturing BSI on future tendency (SA): (Jan. '23) 71 → (Feb.) 66 → (Mar.) 65 → (Apr.) 67

Production Indices by Industry



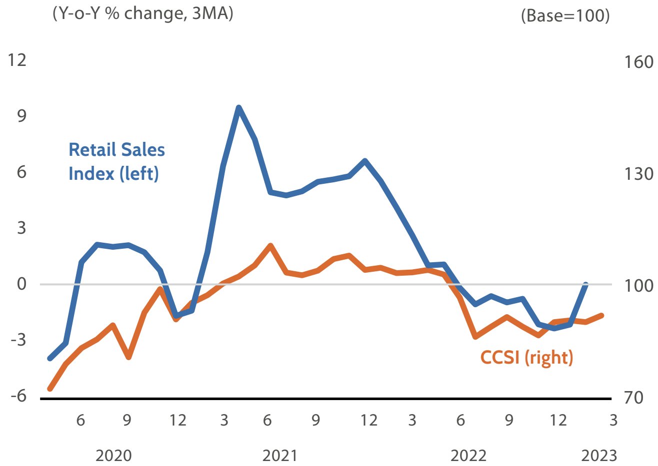
■ **Consumption:** Automobile retail sales witnessed a remarkable upswing, and service production sharply increased due to a surge in foreign tourists, indicating that the stagnation in consumption is beginning to ease.

- In February, retail sales shrank by 0.8%, reflecting the previous month's trend (-0.9%): The escalation in durable and semi-durable goods sales was counterbalanced by a more pronounced drop in non-durable goods sales.
- Service production (4.8% → 7.2%) exceeded the previous month's growth as face-to-face activities resumed following the relaxation of preventive measures.
- March's CCSI was registered at 92.0, up from 90.2 in the previous month.

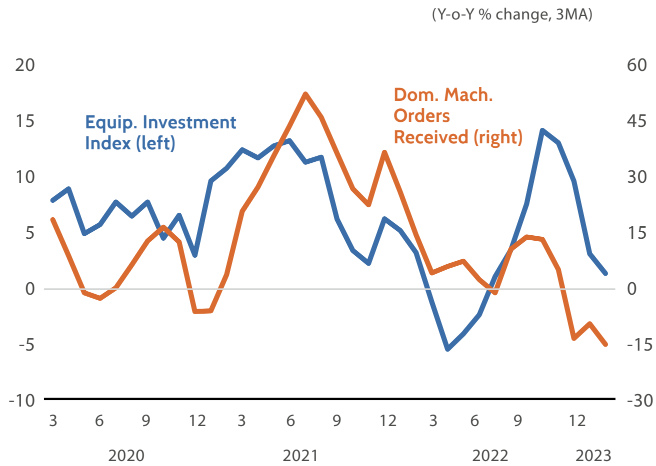
■ **Equipment Investment:** Equipment investment remains subdued as the manufacturing industry weakens.

- In February, equipment investment (5.7%) grew faster than the previous month (-4.9%), attributed to increased workdays (-0.5 day → +2 days).
- The persistently low average capacity utilization rate for manufacturing indicates limited demand for equipment investment.
- Construction Investment: Construction investment saw strong growth, driven by the building construction sector, signifying a moderation in stagnation.
- In February, the value of completed construction (constant) rose 22.4%, surpassing the previous month's figure (3.7%), partially due to the base effect.
- Construction investment displays signs of recovery, including a decelerated increase in construction costs and improved sentiment indicators related to construction.
- The construction orders received (-7.4%) declined, led by the civil engineering sector, and various factors continue to impede the recovery of construction investment, such as the persisting sluggishness in the real estate market.

Retail Sales Index and
Composite Consumer Sentiment Index



Equipment Investment Index and
Domestic Machinery Orders Received



Semiconductor Industry Trends

■ The semiconductor industry has played a significant role in the ongoing economic deceleration, as the situation has deteriorated to levels approaching the lows observed during previous crises.

● In February, multiple semiconductor-related indicators deteriorated to an extent reminiscent of the 2001 IT bubble burst and the 2008 global financial crisis.
- The semiconductor industry reached its peak in March 2022, but experienced a rapid decline in the latter half of the year.
- Production decreased by 41.8% YoY, a rate comparable to that of July 2001 (-42.3%) and December 2008 (-47.2%).
- The capacity utilization index (SA) declined by 49.1% from its prior peak, a trend akin to that observed in July 2001 (-44.7%) and December 2008 (-48.0%).
- The inventory-to-shipment ratio stood at 254.2, remaining slightly higher than the levels observed in July 2001 (247.6) and December 2008 (204.6).

● The contraction in the semiconductor industry, accounting for 18.9% of total exports (as of 2022), substantially impacted the economic slowdown stemming from dwindling exports.
- In Q1, semiconductor exports recorded a YoY decline of 40.0%, exerting a negative contribution of -7.9%p to the overall drop in exports (-12.6%).

Major Economic Indicators

(Y-o-Y % change)

	2021	2022	2022			2023			
			Ⅱ	Ⅲ	Ⅳ	Ⅰ	1	2	3
All Industry Production	5.3	4.6	5.6	5.5	1.9	-	-1.3	2.9	-
Industrial Production	8.2	4.6	5.6	1.4	-6.4	-	-13.0	-8.1	-
Service Production	5.0	6.7	6.8	8.5	5.8	-	4.8	7.2	-
Retail Sales Index	5.8	-0.3	-0.2	-0.9	-2.3	-	-0.9	-0.8	-
Index of Equipment Investment	9.6	3.3	-2.4	7.5	9.6	-	-4.9	5.7	-
Value of Construction Completed (Constant Price)	-6.7	2.7	2.0	3.5	6.4	-	3.7	22.4	-
Exports (f.o.b.)	25.7	6.1	13.0	5.8	-10.0	-12.6	-16.4	-7.5	-13.6
Imports (c.i.f.)	31.5	18.9	23.0	22.6	3.1	-2.2	-2.8	3.5	-6.4
Balance of Trade (Billion US Dollars)	29.3	-47.8	-6.4	-18.3	-18.6	-22.4	-12.5	-5.3	-4.6
Unemployment Rate	3.7	2.9	2.9	2.8	2.9	-	2.9	2.6	-
Number of Employed	1.4	3.0	3.2	2.8	2.2	-	1.5	1.1	-
Consumer Price	2.5	5.1	5.4	5.9	5.3	4.7	5.2	4.8	4.2
3-year Treasury Bonds	1.80	3.72	3.55	4.19	3.72	3.27	3.33	3.80	3.27
KOSPI	2,987	2,236	2,333	2,155	2,236	2,477	2,425	2,413	2,477
Housing Price	9.9	-4.7	4.8	1.2	-4.7	-	-6.2	-7.3	-
Won/Dollar Exchange Rate	1,188.8	1,264.5	1,298.4	1,430.2	1,264.5	1,301.9	1,231.9	1,322.6	1,301.9
G20 Composite Leading Indicator	4.1	-1.7	-1.7	-2.2	-2.2	-	-2.0	-1.8	-
Oil Prices (Dubai, US$/bbl)	69.4	96.4	108.3	96.7	84.8	80.3	80.4	82.1	78.5

Source: Korea Development Institute, "Monthly Economic Trends" (www.kdi.re.kr)

Industry Trends

Invest KOREA provides provides an overview of Korea's monthly industry trends based on the latest data available from the Ministry of Economy and Finance and the Korea Institute for Industrial Economics and Trade. Figures are subject to change and may be updated for accuracy by the respective organizations.

All Industries

In February 2023, production of all industries increased in Korea, driven by increases in services, public administration, and construction. Retail sales, equipment investment, and construction investment all rose, and the coincident composite index turned positive for the first time in six months.

Monthly Industrial Activity Trends

Subject	All industries	Mining & manufacturing	Service	Retail sales	Equipment investment	Construction completed
Monthly Change (%)	0.3	Δ3.2	0.7	5.3	0.2	6.0

Production of mining and manufacturing industries fell in February despite a 5.1% increase in primary metals due to reduced production of semiconductors and cars. Service industry production increased by 0.7% month-on-month as face-to-face service industries improved with lodging and food, art and recreation, transportation and warehousing growing by 8.0 percent, 12.1 percent, and 5.4 percent, respectively. Retail sales saw an increase of 5.3 percent month-on-month with consumption of durable, non-durable, and semi-durable goods rising by 4.6 percent, 3.5 percent, and 6.4 percent, respectively. By business type, duty free sales increased by 18.3 percent as more Chinese tourists visited Korea. Equipment investment gained 0.2 percent as investment in transportation equipment including cars went down but investment in machinery including semiconductor equipment went up by 1.3 percent. Supported by improved performance of apartment reconstruction projects, progress in semiconductor plant construction, and increased execution of SOC budgets, construction investment rose with construction projects and civil engineering projects growing by 6.6 percent and 3.9 percent, respectively. The cyclical variation of the coincident composite index grew by 0.4 percentage points to post an increase for the first time in six months, but the cyclical variation of the leading index dropped by 0.3 percentage points due to rising inventories and falling domestic shipments of machinery. As the real economy continues to worsen since the second half of 2022, upside and downside risks coexist in the economic cycle going forward. On the production side, there are positive factors including China's reopening and increase in face-to-face activities boosted by further easing of quarantine regulations. However, there are burdens such as possible spillovers from the recent global financial turmoil to the real economy and sluggish exports of key IT items such as semiconductors. In case of consumption and investment, positive factors include the passage of the amendment to the Act on Restriction of Special Taxation by the National Assembly, measures taken to revitalize domestic consumption, and improved consumer and business sentiment. At the same time, burdens exist such as high inflation and interest rates, downturn of the semiconductor and real estate industries, and household debt burdens.

Trends by Industry

Automobile

Finalization of this year's EV subsidy adjustment plan boosted domestic consumption

Production in January continued to increase year-on-year due to the base effect of last year's supply issues with automotive semiconductors.
Moreover, domestic consumption in February increased by 19.1 percent year-on-year driven by the resumption of EV subsidies and increase in supplies. Exports in February gained 36.3 percent year-on-year due to brisk sales of Korean cars in North America and an increase in the share of high-value-added cars in exports.
Exports of finished cars saw an increase of 47.1 percent, driven by the launch of new models and growing demand from the US and EU markets, with exports to those economies growing by 62.8 percent and 29.7 percent, respectively.

General machinery

Production decline widened, and exports shifted to a dramatic increase particularly in developed countries

Production in January fell by 7.4 percent year-on-year as domestic consumption and exports were both sluggish. Amidst the continued slow exports, domestic consumption and facilities investment both started declining to aggravate the decrease in production. Imports in January increased by 1.3 percent year-on-year to record USD 2.51026 billion. Despite sluggish exports to China, exports in February reversed to a strong 13.0 percent year-on-year increase, supported by strong exports to developed countries including the US and Europe.

Shipbuilding

Production index performed well, but exports and imports fell

In January, ship orders fell by 69.8 percent year-on-year to 640,000 CGT as the economic downturn and interest rate hikes dampened the investment capacity of shipping companies. Freight rates for container ships and LNG carriers, Korea's main ship types, declined as the economic downturn reduced volumes. In comparison, freight rates for tankers and bulk carriers recovered thanks to China's reopening. Imports in January fell by 69.3 percent year-on-year due to the overall decline in the imports of major equipment including ships. February exports saw a decrease of 10.7 percent year-on-year, affected by the base effect of a large number of VLCCs exported and a high-priced drillship sold in the same period of the previous year.

Steel

Production recovered from the previous month, and the weakening of global steel prices continued

Steel production in January saw a decrease of 18.1 percent year-on-year as the slowdown in construction dampened the demand for bar steel and exports fell. Imports in January fell by 11.9 percent year-on-year due to the effect of falling import unit prices. Exports in February saw a decrease of 9.8% year-on-year due to sluggish exports caused by the seasonal off-season and the base effect of high export unit prices in the previous year.

Oil refining

Exports grew by 12.0 percent mostly driven by higher volumes

Production in January declined by 2.4 percent year-on-year as domestic consumption remained weak. Exports in February increased by 12.0 percent year-on-year to USD 4.68 billion. Exports increased as export unit prices continued and volumes increased. Crude oil prices fell by 11.1 percent year-on-year while export unit prices also fell by 3.0 percent to USD 105.5 per barrel due to stronger refining margins.

Semiconductor

Semiconductor exports continued to decline

Compared to a year ago, semiconductor production and shipments in January fell by 33.9 percent and 44.2 percent, respectively. Production and shipments rose sharply from the previous period, and the year-on-year increase of inventories surged by 39.5 percent due to the continue decline in semiconductor demand. Exports in February were valued at USD 5.95 billion, down by 42.5 percent year-on-year to fall for seven straight months after ending the long-term rally.

Wireless communication devices

Global demands for smartphones remained weak, and February exports fell by 1.8 percent year-on-year

Production and shipments in January surged by 35.4 percent and 41.4 percent, respectively, while capacity utilization rate also grew by 27. 9 percent from a year ago. Imports in January rose sharply by 41.6 percent year-on-year mostly driven by smartphone imports. Imports in February declined by USD 20 million year-on-year to stand at USD 1.25 billion. While exports to China and the US increased by 9.3 percent and 59.6 percent from a year ago, respectively, exports to Vietnam fell by 11.6 percent.

Display

Exports plunged due to falling demand for replacing smartphones

Production in January fell due to sluggish demands as people postponed replacing electronic products. Exports in February declined by 40.9 percent to fall for nine consecutive months as high inflation dampened demand for smartphone replacements. Exports to major export destinations including ASEAN (down by 37.3 percent) and China (down by 43.5 percent) both fell sharply.

Source: Ministry of Economy and Finance (moef.go.kr), Korea Institute for Industrial Economics and Trade (kiet.re.kr)

Foreign Direct Investment

Merck to build new Asia Pacific bioprocessing center in S. Korea

Merck Life Science, a global pharmaceutical company headquartered in Germany, is set to invest hundreds of billions of won to build a biopharmaceutical production base in Daejeon, some 140 kilometers south of Seoul.

S. Korea's Ministry of Trade, Industry and Energy and Daejeon City signed a memorandum of understanding (MoU) with Merck on May 3 to build a new Asia-Pacific bioprocessing center in Daejeon.

The scale of Merck's investment has not been disclosed in detail, but industry insiders expect it to reach hundreds of billions of won. The German-based pharmaceutical company plans to finalize the investment within the year and if construction starts immediately, the facility is expected to be operational as early as 2025.

Six U.S. advanced technology firms announce plan to invest $1.9 bn in S. Korea

Six U.S. advanced technology firms on April 25 announced plans to invest a combined USD 1.9 billion in S. Korea in the areas of hydrogen fuel, semiconductors and environment-friendly facilities, S. Korea's presidential office said.

The announcement came during an investment ceremony attended by President Yoon Suk Yeol during his ongoing state visit to the United States.

The six companies are Air Products and Plug Power from the hydrogen fuel sector; onsemi and Greene Tweed from the semiconductor sector; and PureCycle Technologies and EMP Belstar from the environment-friendly business, the presidential office said in a press release.

The companies plan to build production facilities in S. Korea, which will help strengthen the two countries' cooperation on supply chains and advanced technologies and contribute to the transition to an environment-friendly energy and industrial structure, according to the presidential office.

Netflix announces plan to invest $2.5 bn in S. Korea

Netflix said April 24 it will invest USD 2.5 billion in S. Korea over the next four years to produce Korean TV series, movies and scripted shows.

The U.S. streaming service announced the plan following a meeting between S. Korean President Yoon Suk Yeol and Netflix co-CEO Ted Sarandos after Yoon arrived in Washington for a state visit.

Sarandos said the sum is twice the amount Netflix has invested in S. Korea since it started there in 2016. Citing Korean hits, such as "Squid Game," "The Glory" and "Physical 100," he also said stories produced by Korean creators are "now at the heart of the global cultural zeitgeist."

S. Korea's culture ministry said in a release that the investment is the largest ever to be made in the country's content industry and will help create 68,000 jobs. The ministry also said it will help strengthen the capabilities of domestic production companies and increase their chances of advancing to the global market.

Trade & Commerce

Farm goods exports hit record high in Q1

S. Korea's exports of agriculture products reached an all-time high in the first quarter of the year on the back of strong demand for kimchi and processed foods, data showed on April 2.

The record amount of USD 1.98 billion represents a 13.7 percent rise from the previous year, according to data compiled by the Ministry of Agriculture, Food and Rural Affairs.

By category, outbound shipments of fresh products remained sluggish, but those of processed goods increased 9.3 percent to hit USD 359 million.

The ministry said exports of kimchi, a traditional Korean side dish usually made of fermented cabbage, salt and hot peppers, soared 54.4 percent to reach USD 47 million. Outbound shipments of ginseng-related products, widely consumed as health supplements in S. Korea, also grew to reach USD 230 million last year amid the growing popularity of health products during the pandemic. Exports of processed rice goods, such as home meals like porridge, grew 14.7 percent to USD 1.62 billion, while those of instant noodles gained 18.9 percent to USD 157 million.

Industry

S. Korea's data market is estimated at $19 bn last year

According to the results of a survey on the current status of the data industry in 2022, released by the Ministry of Science and ICT and the Korea Data Agency on April 18, the size of the data market in 2021 was estimated to be KRW 22.9 trillion (USD 17.37 billion), and the estimated figure for last year was KRW 25.05 trillion (USD 19.0 billion).

The ministry reported that the size of the market has shown a steady growth rate of 11.9 percent on average over the past three years. The number of people working in the data industry last year increased by 12,000 from the previous year to 406,000.

The survey was conducted by surveying a sample of 1,375 data industry companies selected from among 8,940 companies and 1,200 other industry samples through a questionnaire.

Online sales of travel services more than double in Q1 on eased virus curbs

Online sales of travel and transportation services more than doubled on-year in the first quarter of 2023 on eased COVID-19 restrictions, data showed on May 1.

The value of online transactions of travel and transportation services amounted to KRW 5.51 trillion (USD 4.11 billion) during the January-March period, compared with KRW 2.6 trillion tallied a year earlier, according to data from Statistics Korea.

It is the largest amount since the statistics agency began compiling related data in 2017, and the growth was also the sharpest ever.

Government & Policy

Korea to grant subsidies to foreign companies investing in advanced technologies

The Ministry of Trade, Industry and Energy on April 26 held a committee meeting to discuss cash incentives for foreign investment in Korea. The ministry expanded the eligibility for cash support by adding foreign investments in the national advanced strategic technology to the list of subsidy recipients.

The national advanced strategic technology, which is different from the national strategic technology under the Special Taxation Limitation Act, refers to a group of 15 core technologies related to chips, displays, and secondary batteries. They include the technology of design, processing, and device tech for DRAMs and three-dimensional lamination.

Foreign companies will become eligible for cash subsidies worth up to 50 percent of their total investments in national advanced strategic technology. The government's share of funding for advanced strategic technology will also be raised by 10 percentage points to 50 percent for investment facilities located in the Seoul Metropolitan area and to 80 percent for those in the rest of the regions in the country.

S. Korea to inject $15 bn in rechargeable battery sector by 2030

S. Korea will invest KRW 20 trillion (USD 15.1 billion) in the rechargeable battery sector by 2030 to widen its technology gap with global competitors, President Yoon Suk Yeol said at a meeting with business leaders on April 20.

At the meeting, Lee Chang-yang, Minister of Trade, Industry and Energy, announced a plan to start manufacturing next-generation batteries, such as solid-state batteries, 4680-type cylindrical batteries and cobalt-free batteries, in Korea and mass produce them overseas.

Among the attendees were Kwon Young-soo, vice chairman of LG Energy Solution, Ji Dong-seob, chief executive of SK On Co., Choi Yoon-ho, chief executive of Samsung SDI Co., and Chang Jae-hoon, executive vice president of Hyundai Motor Co.

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

One-on-One with Ross Gregory

Chair, Australian Chamber of Commerce in Korea

One-on-One with Ross Gregory

In April 2022, Ross Gregory was unanimously elected Chair by the Board of Directors at the Australian Chamber of Commerce in Korea (AustCham Korea). Since then, Mr. Gregory has been representing the Chamber's members within the Australian and Korean business circles, expressing his commitment to fostering a stronger and more diverse business community. Fluent in Korean, Mr. Gregory earned his Bachelor of Science and Master of Laws from the University of Melbourne and an MBA from Melbourne Business School, along with a Diploma in Korean Language Studies from Yonsei University.

Also, as a commercial lawyer, Mr. Gregory has broad experience in banking and corporate transactions, whilst also being a former Executive Director at Macquarie Group and CEO of Macquarie Securities Korea. He has also been involved in several consumer-facing small businesses in Korea and advocates the importance of the SME sector. Mr. Gregory is now focusing on encouraging the development of new distinct supply chains between Korean and Australian firms participating in the lithium-ion battery and critical minerals industries.

In this month's issue of Invest KOREA, we sat down with Mr. Gregory to get his insight on the special relationship between Australia and South Korea and the business opportunities it brings.

Please tell us a little bit about yourself. What is your story and how has your career experience led you to where you're at now?

I was originally a corporate lawyer in Australia and Hong Kong working for international law firms. Having travelled to Korea early, I took a great interest in the Peninsula and I was fortunate to study Korean at Yonsei University under an Australian Government language scholarship. I returned to Korea as an employee of Macquarie Group. We initially had a business alliance with Woori Bank and then I helped set up Macquarie Securities Korea and ran a derivatives business for several years as Representative Director. Subsequently I was involved in small businesses in F&B, beer brewing and fitness and I consulted to Macquarie on renewables and ESS. I now focus on promoting the Korea-Australia relationship in AustCham Korea with a special interest in energy transition.

Can you tell us about AustCham Korea and its history in Korea? What is AustCham Korea's main mission/projects in the Korean business landscape?

Formed over 20 years ago, AustCham Korea is the peak body representing Australian business interests in Korea. Representing over 100 companies across numerous sectors, the Chamber's mission is to foster a vibrant Australia-Korea business community through business development, information sharing and networking.

With a focus on providing representation, market

Business Roundtable with the South Australian Premier (Photo provided by AustCham Korea)

access and information, the Chamber hosts more than 50 events and initiatives annually, including monthly business forums, roundtable discussions, marketing promotions, ministerial receptions, social networking functions and a Corporate Social Responsibility program.

The Chamber works closely with the Australian Embassy, Austrade, State and Territories Representative Offices and the Australia Korea Business Council as part of a unified Team Australia approach on the ground.

Why is Korea an important market for Australian companies?

Korea is Australia's third largest export market, led by the Korea's dependence on imported energy, resources and agriculture. Korea is Australia's fourth largest two-way trading partner. Korea was recently elevated by the Australian Government to Comprehensive Strategic Partner status given the strong bilateral relationship underpinned by shared strategic interests, complementary economies and strong people-to-people links.

Australia and Korea signed a free trade agreement (FTA) in 2014, which lowered trade barriers thus fostering greater two-way trade and investment.

Additionally, the two countries are natural partners given Australia's upstream resource and renewable energy abundance and Korea's advanced manufacturing capabilities. There is significant scope for enhanced business activity including joint venture midstream cooperation in the energy transition and electrification movement.

What are the advantages of doing business in Korea?

There are many reasons for Korea and Australia to deepen their strategic trading relationship:

Demography: Korea is an important strategic gateway for Australian companies seeking to expand their operations in the Asia Pacific region. Due to its highly developed industrial economy and GDP growth, Korea provides Australian business access to a large and growing market driven by advanced manufacturing practices, rising living standards, growing urbanization and a highly educated workforce.

Innovation: Korea is known for its strong levels of technology R&D, across sectors such as information communications technology (ICT), biotechnology, semi-conductors, electronics and renewable energy. Australia

Taste of Australia - Networking and Premium Food and Beverage Showcase (Photo provided by AustCham Korea)

also has excellent business incubators within its universities including across biotech and energy technology but often start-ups lack support from a large industrial user. This presents excellent opportunities for cross-market collaboration and commercialization of developed technologies.

Cultural similarities: Australia and Korea share a strong work ethic and a focus on trust in business dealings. Each country is a democracy with a rule of law and attendant low country risk. Strategically, the countries are allies with deep rooted friendship ties.

Government support: The Korean government actively promotes foreign investment and provides various incentives and support programs for foreign companies operating in Korea. Similarly, the Australian Government welcomes investment from Korea and Australia is home to a large population of Korean immigrants.

What do Korea and Australia have in common? Are there any areas of shared interest or growth opportunities that both countries can mutually benefit from through cooperation?

Economic ties: Bilateral trade between the two countries exceeds USD 35 billion. Australia primarily exports coal, iron ore and LNG to Korea, while importing manufactured goods such as cars and electronics.

From AUD 12.8 billion in 2011 to AUD 29.8 billion in 2021, Korea's foreign direct investment (FDI) in Australia has steadily increased.

In 2021, Korea and Australia entered into an MOU to collaborate on critical mineral supply chains, carbon-neutral technology, and clean hydrogen economies.

Australia is the world's largest producer of lithium

NSW Gov (Photo provided by AustCham Korea) and has significant deposits of other battery minerals such as nickel and cobalt. It is the world's second largest rare earths producer. Australia can feed the voracious appetites of Korean cathode, anode, cell and EV OEMs for raw materials, especially in light of diversification being induced under the US Inflation Reduction Act. With favorable conditions for hydrogen production, Australia can provide the necessary ammonia and other hydrogen derivatives to Korea for comingling gas and coal-fired power stations that must reduce emissions.

Defense and strategic ties: In September 2021, Australia participated in its fifth 2+2 Foreign and Defence Ministers' Meeting with Korea, making it the only country besides the USA, to hold such a meeting. The Australian and Korean Foreign Ministers and Defence Ministers met physically in Seoul to acknowledge the agreement between then Prime Minister Morrison and then President Moon to elevate the bilateral relationship to a Comprehensive Strategic Partnership and agreed to explore new institutional foundations to enhance defense cooperation.

Recently Hanwha was awarded a contract from Australia to produce AS9 self-propelled howitzer and AS10 Armored Ammunition Resupply vehicles in Geelong, where Hanwha will make significant investments.

US Alliance: Both countries are allies of the United States and have signed FTAs with the US. This in itself paves the way for unfettered bilateral trade.

You also have a wealth of experience in the private sector, particularly in the critical minerals and energy sectors. What kinds of opportunities do global net zero goals, as well as new policy schemes regarding ESG and sustainability offer for Australian companies in Korea?

Areas of obvious opportunity to further cooperate between Australia and Korea to reduce emissions are in the EV hydrogen space. I would like to see Australia and Korea meet in the middle and establish mid-stream processing joint ventures close to raw material sources in Australia, reducing the unnecessary transportation of waste material and upskilling Australia in modern manufacturing while providing Korea with security of supply at better cost. Korea leads the worlds in high energy density lithium-ion cell manufacturing and Australia can supply the materials needed for this production. Korea has large gigafactory exposures in the USA and Europe, each of which has incentives for raw materials and extraction to come from countries such as Australia.

In light of the new Australian Safeguard Mechanism for greenhouse gas emitters and Korean emission standards and hydrogen trading rules, there is significant impetus for Australia to become a major exporter of hydrogen and ammonia to Korea with significant project investment form Korean off-takers and EPC firms.

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

AustCham Korea proudly represents many Korean and multinational companies within its membership, many of which have a significant presence within the Australian-Korea business landscape.

A good example of this is the Chamber's relationship with POSCO Holdings, Australia's single largest trade customer. POSCO and Australia share a long-lasting and important relationship. POSCO is a significant off-taker of iron ore and coal from Australian suppliers for its world leading steel business. POSCO has invested heavily in Australian iron ore and nickel projects and is currently involved in mapping out an HBI green steel manufacturing footprint in Australia using green hydrogen produced from large-scale renewable energy sources. POSCO plans to invest USD 40 billion in Australia by 2040 in this endeavor. POSCO also has a downstream joint venture with Pilbara Minerals in lithium.

Advocating on behalf of its members, AustCham Korea works closely with Korean government agencies, including the Ministry of Industry and Energy (MOTIE), Trade and Investment Promotion Agency (KOTRA) and the Foreign Investment Ombudsman.

As mentioned, the Chamber also works hand-in-glove with Australian agencies to ensure there is consistency of representation for its members.

What are your future hopes and goals for Korea-

Australia cooperation in the areas of trade and investment?

I expect to see enhanced breadth of trade and investment across not only resources but agriculture, biotech, financial services, education and defense.

With both nations committed to ambitious emissions reductions targets, largest growth sectors are likely to be in critical minerals, renewable energy and hydrogen production.

Korea's 2019 Hydrogen Economy Roadmap and Hydrogen Economy Promotion and Hydrogen Safety Management Act have paved the way for Korea to establish a new hydrogen economy. Meanwhile, Australia seeks to become a clean energy superpower, capitalizing on its abundant renewable energy resources and established energy export infrastructure. Consequently, Korean companies are turning to Australia not only for hydrogen but also for new green products like clean ammonia and steel intermediates that can decarbonize difficult-to-abate Korean industries and create new manufacturing jobs in Australia.

At the same time, Australia looks to Korea for world-leading technologies such as fuel cells and capital to support project development. With successful partnerships already established in coal, iron ore, refined petroleum, and LNG, businesses and governments in Korea and Australia are working towards a similar collaboration in the hydrogen and renewable energy sectors, leveraging the complementarity of their economies.

By Grace Park

Executive Consultant

Investment Public Relations Team

Korea Trade-Investment Promotion Agency (KOTRA)

Business Roundtable with the New South Wales Premier (Photo provided by AustCham Korea)

Recent Trends on the Renewable Industry and Policy in Korea

Domestic Industry Trends on Renewable Energy

Bloomberg said that Korea's investment in photovoltaics (PV), as well as onshore and offshore wind energy in 2022 is expected to be approximately USD 6 billion, similar to the 2021 level. It indicates that investors showed less attention to these energy sources during the last two years than before, given the previous estimated number by Bloomberg in 2020 was USD 7.7 billion. In 2022 the investment in PV was USD 4.7 billion, taking up 80% of the total amount, and it was followed by offshore wind energy (USD 1 billion) and onshore wind energy (USD 300 million). Korea's PV capacity from newly installed panels in 2022 is expected to be 3.8GW, a slight decrease from the 2021 level, 3.9GW, according to Bloomberg, which is attributed to high commodity prices, inflation, and difficulties in securing lands to install panels. On the other hand, capacity of newly established onshore wind turbines in 2022 is estimated to 185MW up from 67MW in 2021. In addition, two new offshore wind farms, where USD 1 billion worth of investment was made in 2022, will show higher capacity at 199MW, that outweighs the cumulative capacity of existing wind farms, 125MW.[1]

(PV) Hanwha Solutions, one of the biggest solar panel manufacturers, boasted of 10GW of cell and 12.4GW of module capacity as of the end of 2022.[2] Hanwha Q CELLS has operated pilot manufacturing lines for production of highly efficient TOPCon cells since November 2021. It will soon commercialize them and plans to expand its presence in the US market with its TOPCon cells. Hanwha Q CELLS also remains committed to R&D in tandem solar cells, with an aim to mass-produce them from 2026. ShinSung E&G is in preparation for the launch of its TOPCon modules, and Hansol Technics is also working on developing ones. Chinese companies are joining the race too.[3] OCI, once a leading PV panel manufacturer in Korea, had stopped producing polysilicon after being overtaken by Chinese rivals. However, it resumed manufacturing polysilicon in Malaysia, and its revenue has rebounded since 2021 due to the polysilicon shortage. OCI is now operating a stable business as it signed long-term contracts with multiple clients such as LONGi Sola in China and Hanwha Solutions.

(Wind Energy) Meanwhile, wind turbine manufacturers are often said to be less competitive in the global market compared to their PV counterparts. One of the representative wind tower manufacturing companies is CS WIND. It partners with global companies in the wind power industry including Vestas, GE and Siemens Gamesa, while operating factories in America, China, Vietnam, Malaysia, Taiwan, Turkey, and Portugal.[4] It plans to expand its US factories twofold and work together with Vestas to construct new facilities in Korea. The project of building new factories is now going through the Korean government's approval process, and the Korean market is being considered a future gateway for CS WIND for not just Korea, but other markets such as Japan, Taiwan,

1 BNEF, 1H 2023 South Korea Renewable Energy Investment Trends, 2023.3.29.
2 Q4 2022 Earnings Presentation, Hanwha Solutions
3 Tectonic shift in PV cell trends from p-type to n-type...a fierce competition in TOPCon cells, Industry News, Mar 20, 2023
4 CS WIND breaks ground on an expansion to a turbine tower manufacturing plant in Colorado...will boost annual production to 1 million, Globaleconomic, Apr. 6, 2023

Vietnam, and Australia.[5] Doosan Enerbility provides 5.5MW turbines to the offshore wind power industry, a rising market across the world. In its pipeline, there are 8MW turbines which will be put on the market in 2023. UNISON is on track to commercialize its 10MW wind turbines in 2024.[6] Korea stands out with its technologies and potential that it is demonstrating in the floating offshore wind turbines. Along with the US and the UK, Korea is praised as one of the three biggest floating offshore wind turbine manufacturers.

Domestic Policy Trends on New and Renewable Energy

When we chronicle the trend of Korean polices on new and renewable energy, the first dates back to September 2022 when competitive bidding for the wind power industry was adopted. Under the bidding process, the government compares project prices that bidders suggested and selects one with the lowest proposed price to strike deal with it. It had been only used in the solar power industry for a while since 2017. However, as the growing number of private entities took part in the wind power industry, which had mainly led by state-backed companies, the government deemed that the wind power market was well equipped for competition and introduced the bidding process, which has been widely used in other countries.

The second is the 'Policy Improvement Measures for Renewable Energy Based on Changes in the Energy Industry' released in November 2022. Here, the government announced its plan to change the solar/wind ratio in the energy mix from 87:13 in 2021 to 60:40 in 2030.

Capacity of New and Renewable Energy in 2036 of the 10th Basic Plan of Electricity Supply and Demand

(unit: MW)

Category	PV	Wind Energy	Hydro Energy	Marine Energy	Bio/ Landfill Gas	Fuel Cells	IGCC	Subtotal
2036 Rated Capacity	65,700	34,089	2,129	256	1,800	3,947	346	108,267
2021 Power Generation Facility*	18,521	1,708	1,841	256	1,446	737	346	24,855
(Estimated) Newly Installed Capacity**	47,179	32,381	288	-	354	3,210	-	83,412

Data: The 10th Basic Plan of Electricity Supply and Demand, *Statistics of Electric Power in KOREA (no. 91), **Differences between 2021 and 2036

5 US offshore wind power market will triple on the back of IRA... production in Portugal will double, Money Today, Apr. 6, 2023

6 Technical trends on offshore energy, KISTEP Brief 53

7 Other major issues are reflected in documents as amendments to other policy materials.

Mandatory Renewable Portfolio Standard (RPS) Ratio

Year		´12	´13	´14	´15	´16	´17	´18	´19	´20	´21	´22	´23	´24	´25	´26	´27	´28	´29	´30~
Ratio	Present	2	2.5	3	3	3.5	4	5	6	7	9	12.5	13	13.5	14	15	17	19	22.5	25
	Past	2	2.5	3	3	3.5	4	5	6	7	9	12.5	14.5	17	20.5	25				

Data: Enforcement Decree of The Act on the Promotion of the Development, Use and Diffusion of New and Renewable Energy [attached Table 3], revised on Jan. 4, 2022, revised on Apr. 11, 2023

This decision was reflected in ‘Framework Act on Carbon Neutrality and Green Growth (Apr. 2023)’. New solar farms will be constructed in unused lands such as industrial complexes, factory sites, drainage canals where acceptance rates of local residents are higher than forests and farmlands. In addition, the government will draw up a guideline to address issues arising from a patchwork of different separation distances of each municipality. It will also make efforts in making Korea the first nation to commercialize next-generation technologies like tandem solar cells. Growth in wind energy generation accelerates development of an array of technologies including large turbines and critical components and core technologies of wind turbine installation vessels.[7]

The third is the 10th Basic Plan of Electricity Supply and Demand. In the 10th plan, previously suggested ideas such as active use of nuclear power, a reasonable supply of new and renewable energy, and incentives to carbon phase-down took shape. In the energy portfolio in 2036, therefore, the share of nuclear and new and renewable energy is likely to grow over 30% while that of coal-fired energy will decline to below 15%. The plan suggested that PV rated capacity will reach 65.7GW by 2036 while wind farm capacity will amount to 34GW. Compared to 2021 level, 47GW PV panels and 32GW wind turbines will be newly installed.

The last is a downgrade in the mandatory RPS ratio. In the recently released policy, the pace of new and renewable energy penetration was slowed down from the previous RPS figures, 14.5% in 2023 and 25% from 2026 to 13% in 2023 and 25% from 2030, which are drawing concerns from the new and renewable energy industry.

On balance, the current government puts significance on raising wind energy (offshore wind energy in particular) penetration. It is now actively engaged in exporting wind energy while embracing foreign investors in Korea’s wind farms. Even though the 10th Basic Plan suggests that a great amount of new solar and wind power facilities will be added, the RPS would play a less vital role in increasing the share of renewables in the domestic energy mix than before.

By Hyunyoung Oh

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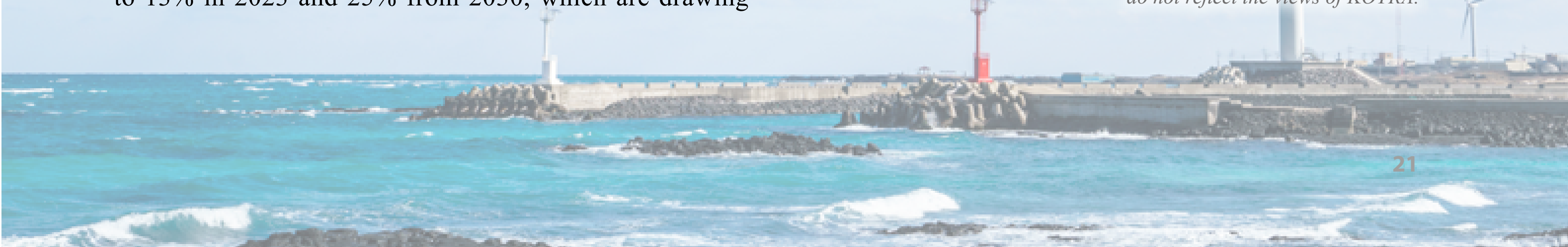
** The opinions expressed in this article are the author’s own and do not reflect the views of KOTRA.*



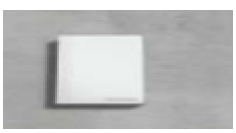
Invest KOREA Market Place

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 energy and environment industries.

COMPANY A

Material utilization technology

Food container



Diary

Investment Requirement		Company Profile	
Amount	USD 10 million	**Patents and Certificates**	Total 5 patents registered, including method of manufacturing molds using seaweed pulp, 47 other patents filed, and 4 PCTs, 16 designs, and 22 trademarks registered
Investment Structure	Joint venture	**Financial Performance**	(Sales in 2021) USD 0.31 million

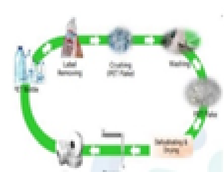
Investment Highlights

- **Explosive increase in disposable container demand due to global pandemic and increase in severity of environmental pollution**: The global online food order market is expected to grow 2.3 times from USD 82 billion in 2018 to USD 200 billion in 2025, leading to an explosive increase in disposable container demand. As a result, plastic waste is increasing rapidly, which in turn leads to a continuous increase in fatal environmental pollution problems such as soil pollution caused by waste landfill and chemical substances caused by incineration.

- **Alternative eco-friendly materials to disposable plastic:** The company has developed technology to produce disposable containers using byproducts produced in the process of seaweed extraction and does not use toxic chemicals used in the raw material processing process. Recognized for its technical skills, The company has achieved an investment of about USD 1 million, and plans to expand product sales to Australia and Europe by expanding production facilities and establishing French factories. Through this, it plans to expand its business to women's and children's materials, special container materials, and vehicle parts materials in the future.

COMPANY B

Eco-friendly multi-thread technology



Development of materials by recycling PET resources

Investment Requirement		Company Profile	
Amount	Over USD 2 million	**Patents and Certificates**	Registered (or applied for) 44 patents and trademarks at home and abroad, including "Eco-friendly materials and multi-threads by recycling waste plastic"
Investment Structure	Equity investment, joint venture	**Financial Performance**	(Sales in 2020) USD 11.54 million

Investment Highlights

- **Company specializing in eco-friendly materials:** The company manufactures more than 10,000 tons of eco-friendly, elastic, multi-thread products every year and sells them to global companies based on its high technological prowess and excellent product quality (having secured the top level of technological competitiveness in Korea). The company plans to expand its business line to the aviation and defense industries by developing a modified cross-section Lyocell filament material technology that will replace existing cotton and rayon fibers, after introducing an eco-friendly Lyocell filament wet spinning system that is currently under development.

- **Recycled PET market:** The need for eco-friendly industries in each country is higher than ever in order to respond to the global climate crisis. The size of the global recycled PET market is expected to rise from USD 7 billion 630 million in 2019 to about USD 14 billion by 2027, at an annual average growth rate of 7.9%.

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

1 Trillion KRW Project!
Advanced Medical Device and New Material Complex

Gyeongsan Knowledge Industry District

Location	Gyeongsan-Si, Gyeongsangbuk-Do
Area	3,809,687m^2
Project Duration	2012 to 2023
Envisaged Target Industries	Advanced medical materials, medical devices, R&D
Key Facilities	Medical Convergence Materials Commercialization Center (Gyeongbuk TechnoPark), Advanced Medical Convergence Textile Center (Gyeongbuk TechnoPark)

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Website VR

Free to make your dream real
Economic strategies for you
Zone for your success

DGFEZ
Daegu-Gyeongbuk
Free Economic Zone Authority

Farmconnect, an AI-based Farming Navigation System for Farmers

About the Company

Farmconnect is a telecommunications and agriculture venture company founded in 2019 under the national Electronics and Telecommunications Research Institute (ETRI) with investments from ETRI and ETRI Holdings. Key members include the CEO, agricultural experts and AI developers. Under contracts with seven agricultural organizations, Farmconnect provides a solution for managing the farming environment with its flagship product, an AI-based smart farming platform.

Background

More than 90% of the world's farmers as well as those in Korea are farming in outdated facilities. They are still cultivating the old-fashioned way. Data analysis is essential for introducing smart farming, but it can be very time-consuming. Farmconnect's solution collects data such as the farm environment and growing conditions and uses its analysis algorithm to notify in real-time any crop abnormalities and measures taken to optimize the farm environment. Farmconnect's solution helps farmers reduce the time and cost of data analysis. Farmconnect is upgrading and developing its system by accurately identifying the difficulties and needs of farmers through thousands of visits to farms.

About the Product

Farmconnect's smart farming platform is an agricultural solution that provides the optimal growing environment for crops depending on each farm's environment. Farmconnect has addressed the problems identified by agricultural experts through visits to farms for several years and is applying the optimal growing environment for each crop.

There are several farm management systems currently in the market, but most focus on specific aspects of farm management. In comparison, Farmconnect's smart farming platform provides an A to Z solutions from real-time farm environment management to pest control and cultivation management while gearing up to meet the growing demand for precision farming.

Farmconnect's system integrates the technologies for analyzing agricultural data (indoor/outdoor temperature, humidity, CO2, soil environment, weather, etc.) and pest detection technology based on AI deep learning techniques to provide farmers with real-time crop status as well as offering tailored recommendations and forecast information to enable a preventive system that can increase crop yields and reduce problems.

AI-based smart farming platforms screens of a big data collection and analysis system used by agricultural organizations and screenshots of an app for farmers (Photo provided by company)

Competitive Edge and Business Strategy

Farmconnect's strength lies in its ability to accurately identify the needs of farmers and develop products accordingly as it is a software company with members having several years of experience in the agricultural field. Based on big data and experiences cumulated from visiting farms for several years and educating farmers, Farmconnect is well-aware of what farmers need in the process of growing crops and reflects the knowhow in our system. Whereas other agricultural companies resort to existing hardware, Farmconnect works with cutting-edge technologies and offers its system developed with its patented algorithms that analyze agricultural data.

Based on its technological advantage, Farmconnect can provide high productivity at low cost compared to investing in expensive facilities. Farmers can introduce smart farming at a low cost just by installing sensors that collect farm data and can expect productivity to improve by more than 30%. By installing additional sensors, farmers can also tap into specialized consulting and analysis services.

The technology incorporated in Farmconnect's platform is highly differentiated from existing technologies as it combines pest detection and prediction technologies as well as smart data analysis. The deep learning algorithm used for analyzing the farm environment is Farmconnect's proprietary technology, and Farmconnect plans to continuously improve the technology through system integration and upgrades.

Future Plans

Korea

· Distribution of Farmconnect's system to more than 160 agricultural technology centers in Korea

Overseas

· Entry into the Azerbaijani market

- Signed MOU with the Scientific Research Institute of Vegetable Growing and the Institute of Zoology under the Azerbaijani Ministry of Agriculture to demonstrate the AI-based solution for analyzing the activities of bees

Farmconnect's farm sensors and data collection devices (Photo provided by company)

Farmconnect Exports its Farming Solution – an MOU Signed for the Joint Development and Upgrade of an Azerbaijani Platform (published in Seoul Economic Daily)

- Participation in a project of rebuilding the Karabakh region: Spreading data farming technology in Azerbaijan and exporting to neighboring countries

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

The Eco-Friendly and Digital Transformation of Yeosu National Industrial Complex, Leading Korea's Petrochemical Industry

According to the Korean government's policy of fostering the heavy chemical industry, Yeosu National Industrial Complex began as Yeocheon Industrial Base in 1967 to emerge as the nation's largest petrochemical production and export base. As an industrial complex leading the local economy, it is a major producer of ethylene, a raw material essential for the petrochemical industry, with a total production value of KRW 101.71 trillion and an export value of USD 38.873 billion (as of 2022).

- **Title: Yeosu National Industrial Complex**
- **Location: Jungheung-dong and Samil-dong, Yeosu, Jeollanam-do**
- **Area**

(Unit: 1,000m^2)

Total area	Industrial facilities	Supporting facilities	Public facilities	Green area	Multi-purpose area
32,550	23,517	1,849	4,256	2,924	4

· Optimal location for a heavy chemical industrial complex: Gwangyangman Bay located nearby the complex has pier capable of berthing 2,000-300,000 ton-class ships, and the complex is 20km away from Yeosu Airport, which is only a thirty-minute ride. Moreover, the construction of the Yisunshin Bridge has shortened the transportation distance and time between Yeosu and Gwangyang National Industrial Complexes. The average altitude of the complex is below 100 meters, and it has excellent geographical and transportation conditions, including the Seomjingang River known for its rich water resources.

· A digital and eco-friendly transformation to build a bright future for the complex: Since its designation as a smart green industrial complex in 2020, a 'low-carbon and intelligent materials and parts industrial complex' is being established based on the complex's main industry—petrochemicals. To help the complex cope with safety and environmental issues, projects are being carried out to establish the digital environmental and safety control center of Yeosu National Industrial Complex and to build smart plant explosion-proof and fire safety infrastructure. The complex is leading eco-friendly ship technologies since its designation as an eco-friendly high-density polyethylene (HDPE) small fishing vessel regulation free zone. These efforts are expected to tackle the complex's existing problems including environmental pollution, safety, and job scarcity.

Source: (Text and photo) Korea Industrial Complex Corporation
For more information, visit kicox.or.kr, or call 070.8895.7000

Is it mandatory for a foreigner to file for registration as a foreign-invested company after completing an investment?

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

Q.

Is it mandatory for a foreigner to file for registration as a foreign-invested company after completing an investment?

A.

In accordance with Article 21 (1) of the Foreign Investment Promotion Act, a "foreigner" is required to file for registration as a foreign-invested company within 60 days (30 days in case of contributions) from the occurrence of the following events: where he/she has completed payment for the object of investment (new stocks); where he/she has completed the acquisition of stocks, etc. (existing stocks); where he/she has completed his/her contributions to a non-profit organization.

- In accordance with Article 21 (2) of the same Act, when a foreigner making an investment meets the requirements for foreign investment, he/she may file for registration as a foreign-invested company even prior to completing the acquisition of stocks or payment for the object of investment (partial registration).

For further inquiries, please contact the Investment Consulting Center

call *+82-1600-7119* *or visit* ***www.investkorea.org***

Korea 101: Shopping

1) Shopping Options in Korea

(1) Television Home Shopping

While checking goods on television, customers place orders by phone for a wide range of products including clothing, foods, cosmetics, electronics, insurance, automobiles and travel packages.
Discounts are offered for 'automatic' phone orders. Lots of gifts accompany purchases. Usually, delivery takes one to three days. You can return your orders for whatever reason. in which case the items are collected and the credit card payment is cancelled by the seller within just a few days.
If you place an order for goods being broadcast through an app instead of by phone, you can accumulate points or get an extra discount on the order.

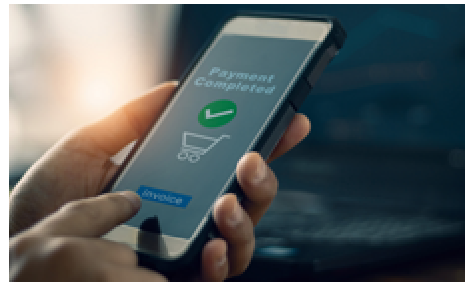
TIP

Return or Refund

Keep the receipt for your purchase in case you need to return it for an exchange or a refund. Generally, you can return it within 7 to 14 days of receiving it. However, if you have used or damaged the item, you cannot return it for an exchange or a refund.
When you have purchased it online, you can return it for an exchange or a refund but you might have to pay for the return according to the policy of the relevant shopping mall.
Should you encounter any difficulty returning items you have purchased or suffer any loss from commercial transactions as a consumer, contact the Korea Consumer Agency or '1372 Consumer Counseling Center (☎1372)' run by the Korea Fair Trade Commission for assistance.

* Korea Consumer Agency website: http://www.ccn.go.kr

(2) Internet Shopping



Internet shopping in Korea is not only convenient but also remarkably economical. Besides shopping malls that deal with single items such as food, clothing or books, many online shopping malls sell a variety of products just as department stores do offline.

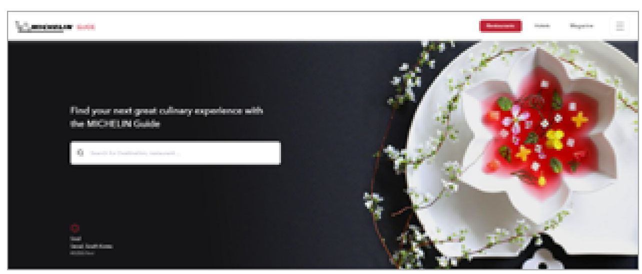
Occasionally there may be a difference between the product you see on the monitor and the one you actually receive. Be sure to check product details carefully in advance.

2) How to Find Hole-in-the Wall Restaurants

There are a few ways to find the best hole-in-the-wall restaurants in Korea. First, you can tap into various applications. Use Google Play or App Store to download applications that introduce you to hole-in-the-wall restaurants by area and by food type. Secondly, check relevant local TV programs. Note that Korea has an incredibly diverse mouth-watering food TV shows where celebrities visit popular hole-in-the-wall eateries around the country to feed back to TV viewers. Lastly, you can use social networking services including web blogs, Facebook and Instagram to check reviews from thousands or tens of thousands of people about the places that catch your attention.

TIP

Michelin Guide Seoul



Michelin Guide Seoul has recognized more than 186 restaurants so far including not only Korean restaurants but a great variety of international restaurants specializing in Chinese, French, Italian and Japanese cuisine.

Visit the website of Michelin Guide Seoul and you can find their selection of restaurants in Seoul by food and location. Should you want to eat in a restaurant recognized by the globally famed institution, you might as well try one of the places selected rfom a plethora of choices in town.

Website: guide.michelin.com/kr/en

Languages: Many including Korean, English, Chinese and Japanese

For further inquiries, please contact the Investment Consulting Center

*call +82-1600-7119 or visit **www.investkorea.org***

MOJ's Announcement on Amendment of the Korean Commercial Code Including Introduction of Electronic General Meeting of Shareholders

I. MOJ Announces an Amendment to the Korean Commercial code

On January 26, 2023, the Ministry of Justice ("MOJ") announced through its 2023 business report amendments to the Korean Commercial Code ("KCC") as part of the key driving task of "Establishing Legal Infrastructure Leading to Future Prosperity." As a measure to improve the corporate environment and enhance shareholder protection, the MOJ announced the following tasks: (i) introduction of an electronic general meeting of shareholders ("e-GMS"), (ii) strengthening of shareholder protection in corporate restructuring, (iii) relaxation of regulations on small companies to promote establishment of startups and facilitate their operation, and (iv) improvement of dividend procedures and methods to promote in-kind and stock dividends. The amendment of the KCC is intended to bring about a significant change in corporate governance and shareholder-related affairs, and the MOJ is planning to amend the KCC by the end of 2023. Therefore, it is recommended to continue monitoring the proposed amendments to the KCC and the related legislative progress.

II. Key Amendments to the KCC

1. Introduction of e-GMS

(1) Background

The KCC requires that fundamental matters of a company be resolved by the general meeting of shareholders, such as matters that result in a fundamental change of the company (e.g. merger, split or transfer of material business), matters that directly affect the economic interests of shareholders (e.g. dividends), and matters concerning the company's organization (e.g. appointment and dismissal of directors or determination of remuneration).

However, despite the importance of the general meeting of shareholders as the highest body of a company, it is often difficult for most minority shareholders to attend the shareholders' meeting and exercise their shareholder rights due to time and space constraints. In this regard, it has been pointed out that, if minority shareholders do not actively participate in the shareholders' meeting, it becomes easier for the controlling shareholders to pursue their private interests against the interests of the company or ordinary shareholders, so it is necessary to promote shareholders' participation in the shareholders' meeting.

As part of the efforts to promote participation in the general meeting of shareholders, the KCC introduced the written voting system (Article 368-3) and the electronic voting system (Article 368-4). However, according to the press releases dated April 12, 2022 and April 13, 2021 from the Korea Securities Depository Corporation, the utilization of these systems has been low, with only 4.95% of shares being e-voted in 2020, 4.67% in 2021 and 9.75% in 2022.

Against this backdrop, if e-GMS is introduced, it is expected that virtual meetings will increase the attendance rate of shareholders, thereby facilitating general meeting of shareholders.

(2) Introducing e-GMS

The MOJ described the introduction of e-GMS as "the overall digitalization of notices, voting and meetings" and announced that the e-GMS system would be implemented in the first half of 2023. Until now, there has been no clear legal basis for holding and operating e-GMS under the KCC, but the spread of COVID-19 has increased the need for legislation of e-GMS.

There are three ways of operating e-GMS: (i) "e-GMS-only" (only e-GMS is held without physical shareholders' meeting), (ii) "hybrid GMS with hybrid voting" (both physical and electronic shareholders' meetings are held and real-time exercise of electronic voting is allowed), and (iii) "hybrid GMS with physical voting" only (a physical shareholders' meeting is held with online real-time streaming, but e-voting is not allowed). Of these, "hybrid GMS with physical voting" has been interpreted as permissible under the current KCC, and accordingly some companies have held physical shareholders' meetings with online real-time streaming during COVID-19 pandemic. In the forthcoming legislative process, there may be discussions on whether to allow "e-GMS-only" or to allow "hybrid GMS with hybrid voting." Regarding the said methods, there are opinions that "e-GMS-only" should be allowed in consideration of the operational costs of shareholders' meetings and the risk of invalidation of votes due to duplicate voting on one hand, and that "hybrid GMS with hybrid voting" is preferable in terms of protecting the rights and interests of shareholders who are not familiar with online environment, such as elderly shareholders, and ensuring overall shareholder communication on the other hand.

2. Strengthening of Shareholder Protection in Corporate Restructuring

(1) Background

A spin-off creates a wholly-owned subsidiary of a company. As spin-off does not result in any change in the shareholder value, the current KCC does not give shareholders who object to a spin-off an appraisal right. However, some publicly-traded companies have spun off high-growth business units and taken them public, which has raised questions about the harm resulting therefrom to ordinary shareholders. Accordingly, on December 27, 2022, the Enforcement Decree of the Financial Investment Services and Capital Markets Act ("FSCMA") was amended to grant an appraisal right to the shareholders who object to a spin-off in the case of listed companies (Article 165-5 of the FSCMA and Article 176-7 of the Enforcement Decree thereunder), and there has been a strong argument for applying this to unlisted companies as well.

(2) Key Features of Strengthening Shareholder Protection in Corporate Restructuring

The MOJ states in its business report that strengthening shareholder protection in corporate restructuring (recognition of appraisal rights, etc.) is one of its main areas of focus. Further, on December 5, 2022, at the appointment ceremony of the KCC Special Committee, which is an advisory body for the amendment of the KCC, a measure to recognize appraisal rights was mentioned as a means to protect shareholders in the event of a spin-off. As such, it is expected that the main focus of the proposed amendment to the KCC will be to recognize appraisal rights of shareholders in the event of a spin-off of unlisted companies.

The MOJ will promote measures to strengthen shareholder protection in the event of corporate restructuring in the first half of 2023. If passed, the amendment would provide protection for minority shareholders by ensuring that they have a chance to recoup their investment, but it may also increase the cost of corporate reorganizations for companies. In addition, it is possible that appraisal rights are granted to shareholders in cases where a subsidiary is established in a similar manner , such as through an in-kind contribution. Therefore, it is advisable to closely monitor the details and relevant developments of the proposed amendment to the KCC and review the likely impact of such amendment.

3. Relaxation of Regulations on Small Companies for Promoting Startup Creation and Operation

(1) Regulation of Small Companies under the KCC

The current KCC provides for a number of special exceptions for companies with capital of less than KRW 1 billion. They include: (i) exceptions in incorporation (e.g., exemption from notarization of the articles of incorporation at the time of incorporation (Article 292) and acceptance of a certificate of balance in lieu of a certificate of receipt of share subscription price (Article 318(3)), (ii) exceptions in appointment of officers (e.g., a fewer number of directors required (Article 383(1) and exemption from the duty to appoint a statutory auditor (Article 409(4)), (iii) exceptions in convocation procedures of general meetings of shareholders and meetings of bondholders (Articles 363(3) and (4) and Article 491-2, respectively) and (iv) exception in decision-making bodies (Article 383(6)).

(2) Relaxation of Regulations on Small Companies

In its business report, the MOJ states that it will further ease regulations on small companies to help them start, operate, and succeed in their businesses. Specifically, the MOJ has announced that it will stipulate a longer term of office for directors than 3 years, which is the maximum period under the current KCC (Article 383(2)), and will also overhaul the provisions on administrative fines for minor violations of the registration rules, such as an incorrect address of the representative director in registration (Articles 635(1)1, 317(2)8, 317(4), and 183). These are expected to be implemented in the second half of 2023.

4. Improvement of Dividend Procedures and Methods to Promote In-kind and Stock Dividends

(1) Background of the Reorganization of Dividend Procedures

Currently, most companies pay dividends by setting the year-end (i.e., the end of the fiscal year) as the dividend record date and determining the shareholders entitled to receive the dividends first, and then determining the amount of dividends at the general meeting of shareholders held in the spring of the following year (that is, "the record date first, followed by amount determination”). It has been pointed out that, under the current system, investors are discouraged from investing in high dividend stocks because they have to invest in advance without knowing the dividend amount and accept the dividend amount as decided months later.

(2) Promoting Dividend Payouts

In its business report, the MOJ states that it will revise the dividend procedures and methods to promote in-kind and stock dividends in the second half of 2023. Before announcing the business report, on January 31, 2023, the MOJ, jointly with the Financial Services Commission (“FSC”), issued a press release titled “Plans to Improve Dividend Procedures in Conformity with the Global Standard,” in which the MOJ rendered a new authoritative ruling. The ruling provides that the current KCC is interpreted to permit separating the record date to determine who are the shareholders eligible to vote at the general meeting of shareholders and the record date to determine who are the shareholders entitled to receive dividends resolved upon at that meeting and setting the dividend record date to be after the meeting date (MOJ’s authoritative ruling on Article 354). As a result, “amount determination first, followed by the record date” is now possible for annual dividends.

In February 2023, the Korea Listed Companies' Council and the KOSDAQ Council amended and announced the standard articles of incorporation to improve the dividend payout process. As a result, some companies made amendments to their articles of incorporation to adopt the method of “amount determination first, followed by the record date” at their 2023 general shareholders’ meetings.

Further, the FSC is expected to amend the FSCMA in the first half of 2023 to stipulate that, even in the case of quarterly dividends, the dividend amount can be determined first and then the record date is set afterwards. In other words, Article 165-12 of the FSCMA, which prescribes that the shareholders as of the last day of March, June and September are entitled to receive quarterly dividends, may be amended to permit for the quarterly dividend record date to be after the date the board of directors resolves on the quarterly dividends. In such event, as the company may not have a sufficient preparation time for dividend payouts, the payment period may be extended from 20 days to 30 days.

If the regulations on dividend procedures are amended as above, it is expected that there will be a significant change in the operation of the general meeting of shareholders and the practice of dividend payouts of listed companies. In particular, it will be recommended to take such changes into account in preparing an agenda for the ordinary general meeting of shareholders regarding dividends and amendments to the articles of incorporation (e.g., amendment of the dividend record date).

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

World Climate Industry Expo & Global Green Hub Korea

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KOTRA proudly presents Global Green Hub Korea (GGHK), the most-renowned global networking event in Korea for the environment and energy industries.

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Celebrating GGHK's 15th anniversary, this year's event will be held under 3 special key points.

1 Associated event of 2023 World Climate Industry EXPO

- 2023 World Climate Industry EXPO combines Korea's Big 3 environment and energy exhibitions (ENTECH, NET ZERO EXPO, KOREA ENERGY SHOW).
- As more than 500 firms are expected to participate, you can explore high-quality products and technologies of major Korean companies.

2 Expansion of scope of business meetings

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3 Hosted in Busan, one of Korea's most beautiful cities

- This year's event will be held in Busan, Korea's 2nd largest city and No. 1 trading hub.
- Global events including the Asia-Pacific Economic Cooperation conference are held throughout the year.
- Get ready to experience the beauty of Busan by participating in GGHK

Date: May 25-26, 2023 (Thurs. - Fri.)

Venue: Busan BEXCO

Participants: Government entities, project developers, owners, product buyers, Korean companies and EPCs

Category Environment Water Treatment, Air Control, Waste Disposal Energy Electricity, Renewable Energy, Energy Efficiency

Detailed Program

Program	Date	Contents
Green Vision Forum	May 25 (Thurs.)	Opening Remarks, Keynote Address, Welcoming/Congratulatory Remarks, Topic Presentations
Project Presentation	May 26 (Fri.)	Introduction of Major Projects by Developers (Water Treatment, Sewage and Wastewater Treatment, Waste-to-Energy, etc.)
1 on 1 Business Meetings	May 25-26 (Thurs. – Fri.)	Customized Business with Korean Companies (Environment, Renewable Energy, Energy efficiency, etc.)
Environmental Facility Tour	May 26 (Fri.)	A Tour of Exemplary Environmental Facilities (i.e. water treatment, energy and waste) based on Client Demands

* Program details are subject to change

What is World Climate Expo?

Overview

Period	May 24 (Wed.) – May 27 (Sat.), 2023 (for 4 days)
Venue	Busan BEXCO (Exhibition Center, Auditorium, Convention Hall)
Main Theme	Time to Cope with Climate Change : for People, Planet & Prosperity
Host & Organizer	Ministry of Trade, Industry and Energy (MOTIE), Ministry of Foreign Affairs (MOFA), Ministry of Land, Infrastructure and Transport (MOLIT), Ministry of Science and ICT (MSIT), Ministry of Environment, Ministry of Oceans and Fisheries (MOF), Ministry of the Interior and Safety (MOIS), Busan Metropolitan City, World EXPO 2030 Busan Bid Committee, Korea Energy Agency (KEA), Korea Chamber of Commerce and Industry (KCCI), Korea International Trade Association (KITA), Korea Trade-Investment Promotion Agency (KOTRA), etc.
Program	Exhibition, Conference, New York Times Forum, Side Event (GGHK, Seminars about technology of Ammonia utilization), Carbon Net Zero, Mineral resource technology, Clean Hydrogen from nuclear etc.

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World Climate Industry EXPO

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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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