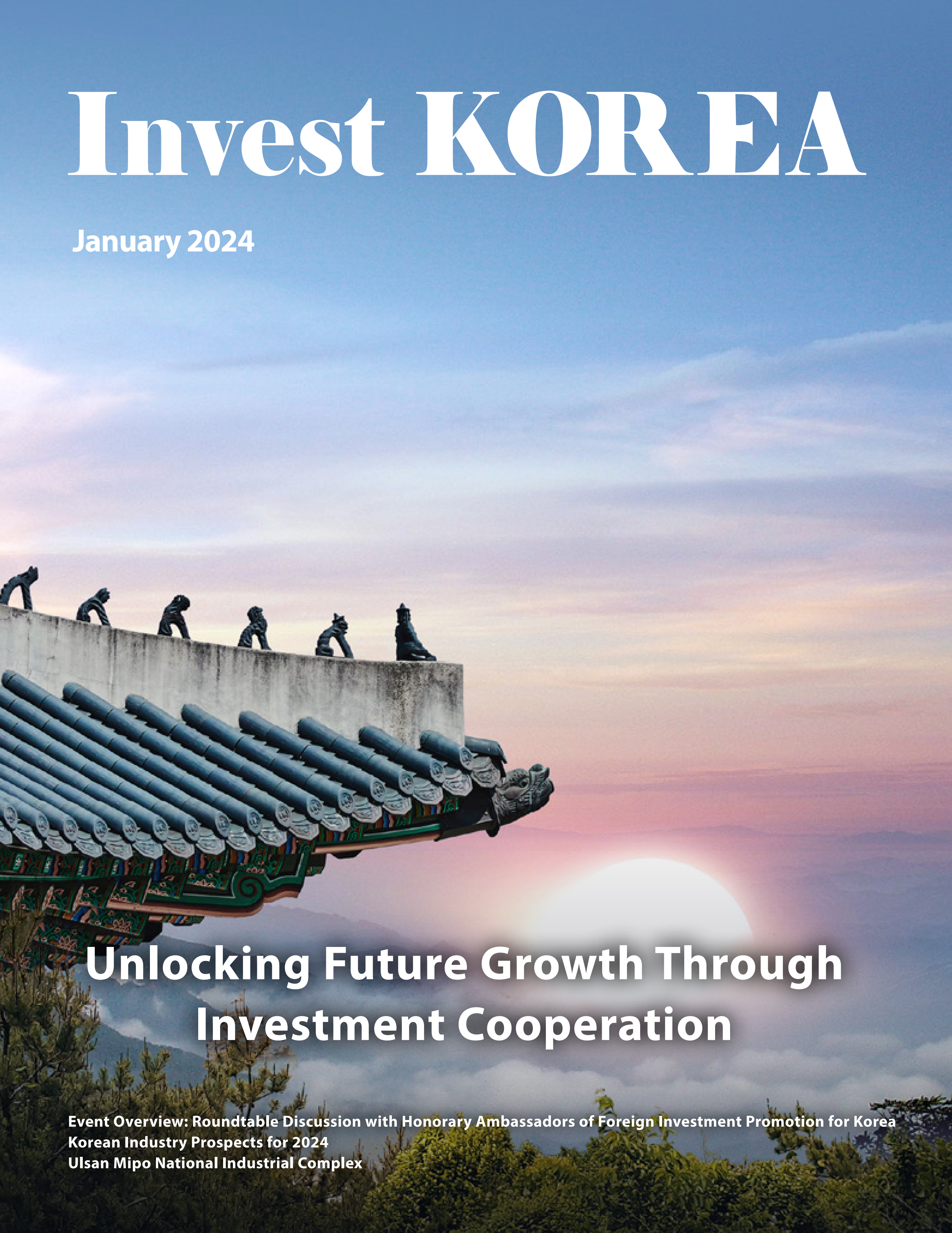


Invest KOREA

January 2024

Unlocking Future Growth Through Investment Cooperation

Event Overview: Roundtable Discussion with Honorary Ambassadors of Foreign Investment Promotion for Korea
Korean Industry Prospects for 2024
Ulsan Mipo National Industrial Complex

Contents

Invest KOREA
January 2024 Issue

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*

■ Despite a slowdown in domestic demand, the Korean economy is exhibiting signs of a gradual easing of economic sluggishness, largely driven by exports.

● High interest rates continue to put a drag on consumption and equipment investment, while the pace of inflation is gradually stabilizing.

- Goods consumption is sluggish, and the growth in service consumption has also decelerated.
- The prolonged period of elevated interest rates is deteriorating investment conditions, and with semiconductor inventory staying at high levels, equipment investment has shown a decline.
- Inflation has likewise slowed, mirroring the weakness in domestic demand.

● However, exports, mainly fueled by semiconductors, are showing signs of a gradual recovery, helping to mitigate the economic sluggishness.

- A rise in demand for the latest smartphone models and AI server products has led to a rebound in semiconductor exports.
- Additionally, the business sentiment indices among exporting companies are showing gradual improvement.

*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:** Despite elevated interest rates dampening domestic demand, the contraction in economic activities continues to ease, led by semiconductors.

● While sectors heavily reliant on domestic demand experienced a slowdown, all-industry production in October saw a modest growth of 1.0%, despite a reduction in workdays (-0.5 day). This growth is attributed to the sustained high growth in the semiconductor industry.
- Industrial (mining and manufacturing) production (1.1%) has faced a more notable downturn in equipment-related industries, due to diminished investment demand. However, escalating demand for semiconductors (14.7%) and automobiles (2.8%) is serving to mitigate the production downturn.
- Services production (0.8%) decelerated, led by accommodation and food services and wholesale and retail trade, as a result of reduced consumer spending triggered by elevated interest rates.

● In October, the manufacturing industry experienced a rise in the inventory to shipment Services production (2.1% → 0.8%) saw minimal growth, led by accommodation and food services (-1.3% → -5.2%).
- The three-month moving average, which removes quarterly seasonality, indicates a marginal decrease in the inventory-to-shipment ratio (120.3% → 119.8%) and a stable average capacity utilization rate (72.0% → 72.1%).

● The contraction in exports has been mitigated by advancements in the IT industry, while domestic demand is experiencing a slowdown, particularly in sectors that are sensitive to interest rates.
- The gradual improvement in exports is mainly attributed to (i) the robust growth in semiconductor export volume, with prices now showing an upward trend, and (ii) the consistent demand from the US.
- In contrast, on the domestic demand side, persistently high interest rates are leading to a continued decline in goods consumption and equipment investments, with the service industry also exhibiting signs of deceleration.
- This disparity in economic activity across different sectors is reflected in business sentiment; the BSI for future tendency among export companies is gradual improvement, whereas it continues to deteriorate for firms reliant on domestic demand.

■ **Consumption:** Consumption is experiencing stagnation, demonstrating a decrease in goods consumption and a deceleration in service consumption growth.

● In October, retail sales (-2.0% → -4.4%) exhibited a more pronounced decline, with continued high growth in consumer goods inventory, pointing to a contraction in goods consumption.
- Most consumer goods, including automobiles (-0.9% → -5.3%), home appliances (-9.7% → -12.5%), apparel (-9.8% → -6.7%), and food products and beverages (3.5% → -6.1%), reported declines.
- With decreases across all metrics — production (-0.3%), shipments (-1.1%), and imports (-6.0%) of consumer goods, the persistently high inventory growth (7.6%) indicates a sluggishness in goods consumption.
- Furthermore, production in wholesale and retail trade (-3.7%), closely associated with goods consumption, continued to decline.

● Service consumption, which had previously showed moderate growth, exhibited slower growth.
- Services production (2.1% → 0.8%) saw minimal growth, led by accommodation and food services (-1.3% → -5.2%).

● The CCSI (98.1 → 97.2) in November continued to decrease, suggesting a persistent weakness in consumption that is likely to endure.

■ **Equipment Investment:** Equipment investment appears to be stagnating, largely due to prolonged high interest rates and the significant accumulation of semiconductor inventory.

● In October, equipment investment (-5.6% → -9.7%) continued to decrease from the previous month, primarily in semiconductor-related investments.
- Despite a rebound in the semiconductor market, persistently high inventory levels have curtailed the demand for related equipment investments.
- Accordingly, special industrial machinery, closely associated with semiconductor investment, experienced a steeper decline from -11.7% to -20.4%, and other machinery also remained subdued due to high interest rates.
- Transport equipment (-1.5% → -4.3%) saw an expanded

decline, with automobiles (-11.3% → -15.1%) contracting notably amid weak demand.

● Most leading indicators continue to decelerate, suggesting that investment conditions remain tight.

- November's machinery imports (-20.9%) continued to decelerate significantly, with a focus on imports of semiconductor manufacturing equipment (-28.2%).
- Although orders received for special industrial machinery (14.7%), known for its high volatility, increased in October, the three-month moving average exhibited a decrease of 30.0%, indicating that semiconductor investment may continue to contract for the time being.

■ **Construction Investment:** While the robust growth of construction investment is somewhat slowing down, leading indicators persist in stagnation.

● In October, the value of completed construction (constant) posted a relatively high growth rate of 4.1%, though it showed a gradual deceleration in pace.

- The value of completed construction has been witnessing a modest slowdown in growth since March, primarily centered around the building sector (9.2% → 2.0%).
- In contrast, the civil engineering sector (11.2%) continued to exhibit high growth from the previous month's 18.2%.

● Leading indicators remained lackluster, suggesting a potential deceleration in construction investment in the future.

- Construction orders received, which turned positive at 26.6% mainly due to the base effect, still remained low at 13.5 trillion won. This is below the recent 5-year monthly average (15.2 trillion won) on a seasonally adjusted basis.
- Building permit area (-40.7%) and building start area (-19.4%) continued their steep decline, likely posing a downward pressure on future construction investment.

■ **Prices:** While domestic demand remains subdued, inflation has continued to decelerate due to the decline in international oil prices.

● In November, headline inflation registered a lower increase of 3.3% down from the previous month's 3.8%, centered on petroleum products.

- Headline inflation contracted, primarily due to declining international oil prices, with a focus on petroleum products (-1.3% → -5.1%).
- Despite geopolitical risks in the Israel-Hamas situation, oil prices have continued to slide on concerns over global demand slowdown.

* Dubai oil price ($/barrel): (Sept.) 93.3 → (Oct.) 89.8 → (Nov.) 83.6

● Core inflation (excl. food and energy) also persistently declined from 3.2% to 3.0%, indicating a reduction in underlying inflationary pressures.

- The prolonged trend of high interest rates is contributing to a deceleration in the prices of durable goods, notably auto mobiles and furniture.

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

Foreign Direct Investment

Samsung, ASML invest USD 760 mn in joint EUV research facility

Samsung Electronics Co. and Dutch semiconductor equipment company ASML Holding N.V. agreed to jointly invest KRW 1 trillion (USD 758 million) in building a facility in S. Korea to research next-generation extreme ultraviolet (EUV) lithography equipment technology during Korean President Yoon Suk Yeol's state visit to the Netherlands.

The duo signed a memorandum of understanding (MOU) for a joint R&D center on Dec. 12 following Yoon's visit to the ASML headquarters in Veldhoven, along with King Willem-Alexander of the Netherlands.

The Dutch company also signed an MOU with another Korean chipmaker, SK hynix Inc., for the development of recycling technology for hydrogen gas used in EUV.

The Korean Ministry of Trade, Industry, and Energy and the Ministry of Foreign Affairs of the Netherlands also signed an MOU outlining the establishment of the Korea-Netherlands advanced semiconductor academy.

Lam Research Korea Prepares to Relocate to Yongin Campus in July 2024

Lam Research Corp., an American supplier of wafer-fabrication equipment and related services to the semiconductor industry, is intensifying its commitment to S. Korea by relocating its facilities to create a combined campus in Yongin, Gyeonggi Province.

Back in April of last year, the 30,000-square-foot R&D facility in Giheung District, Yongin, was officially inaugurated. In November 2021, the facility under construction welcomed Sense.i, a state-of-the-art wafer etching equipment, further bolstering Lam Research's technological capabilities.

Lam Research's investment in Korea continues to grow. An office building is currently under construction within the Yongin complex housing the KTC, slated for completion in July next year. Once finished, both the technical training center in Dongtan and the Pangyo headquarters will be relocated and expanded within the Yongin complex.

Korea is a strategically important market for Lam Research given that the country, led by Samsung Electronics Co. and SK hynix Inc., holds the largest share in the global memory chip market.

Lam Research is the first global semiconductor equipment company to operate all of its key operations in the K-Semiconductor Belt in Yongin, including manufacturing, logistics, marketing, sales, customer support, training, and R&D.

Trade & Commerce

Korea signs FTA with Gulf Cooperation Council

S. Korea clinched a free trade agreement (FTA) with the Gulf Cooperation Council (GCC), a group of six Middle Eastern countries, on Dec. 28, making the country a more competitive exporter of automobiles and defense products.

Under the agreement, Korea will eliminate tariffs on 89.9 percent of all items and the GCC will remove tariffs on 76.4 percent of all products.

The GCC countries are Saudi Arabia, the UAE, Bahrain, Oman, Qatar, and Kuwait.

Exports of eco-friendly cars jump 33 pct to record high in 2023

S. Korea's exports of eco-friendly vehicles surged 32.5 percent on-year to a record high during the first 11 months of 2023 on solid global demand for electric vehicles (EVs), data showed on Dec. 24.

The export volume of eco-friendly automobiles came to 662,307 units during the January-November period, compared with 499,854 units a year earlier, according to the data by the Korea Automobile and Mobility Association.

The number for the entire 2023 is expected to surpass 700,000 for the first time ever, officials said.

This year's sales growth was driven by the popularity of EVs and hybrid models. Of the total eco-friendly vehicles sold this year, 316,654 were EVs, followed by 283,685 units of hybrid models and plug-in hybrid cars with 61,694.

Trade & Commerce

Exports of S. Korea TV programs top USD 500 mln in 2022

Exports of S. Korean-made TV programs soared nearly 30 percent on-year to a record high in 2022 thanks to rising demand from global streaming platforms, a government report showed on Dec. 25.

A total of USD 561.3 million worth of Korean TV content was sold overseas in 2022, up 29.6 percent, or USD 128.1 million, from a year earlier, according to an annual report on the local broadcasting industry by the Ministry of Science and ICT and the Korea Communications Commission.

It is the first time that the yearly figure has exceeded the USD 500 million threshold, it added. The report said robust overseas sales of Korean TV drama series to global streamers led the sharp on-year increase in exports.

Industry

Regional GDP climbs 3.9 pct in 2022 on rising manufacturing sector

The gross regional domestic product (GRDP) in S. Korea rose 3.9 percent in 2022 on-year, led by gains in the manufacturing industry, data showed on Dec. 22.

The GRDP was tallied at KRW 2,166 trillion (USD 1.67 trillion) last year, up KRW 82 trillion from a year earlier, according to the data provided by Statistics Korea.

The GRDP of Gyeonggi Province that surrounds Seoul came to KRW 547 trillion last year, the largest amount among the country's 17 cities and regions, followed by Seoul with KRW 486 trillion and South Chungcheong Province with KRW 128 trillion.

The greater Seoul area, which includes Gyeonggi and the western port city of Incheon, reported a KRW 1,137 trillion GRDP last year, representing 52.5 percent of the total.

Per-capita GRDP came to KRW 41.95 million last year, up 4.2 percent from a year earlier, the data showed.

Seoul, South Chungcheong Province and the southeastern industrial city of Ulsan saw their regional per-capita GRDP exceed the national average, while such regions as the southeastern city of Daegu and the southern resort island of Jeju remained below the average.

Last year's growth came as output from the mining and manufacturing sector added 1.4 percent on-year. The construction sector and the service field also logged on-year expansions of 1.7 percent and 4.1 percent, respectively.

The gross regional income went up 4.3 percent to KRW 2,197 trillion last year, and per-capita income totaled KRW 23.39 million by rising 5.8 percent on-year.

By region, Seoul reported the largest per-capita income of KRW 26.61 million, followed by Ulsan with KRW 26.07 million and the central city of Daejeon with KRW 24.22 million, the data showed.

Government & Policy

S. Korea to spend USD 2.3 bn to quadruple robot market by 2030

S. Korea's public and private sectors will together invest more than KRW 3 trillion (USD 2.3 billion) by 2030 to nearly quadruple the domestic robot market to KRW 20 trillion (USD 15 billion) to relieve labor shortages in the country with the world's lowest birth rate, the Ministry of Trade, Industry and Energy said on Dec. 14.

To spur growth in the robot market, estimated at KRW 5.6 trillion in 2021, the country will concentrate on eight core technologies: servomotors, reducers, sensors, grippers, controllers, autonomous movement software, autonomous operation software and human-robot interaction.

Under the plan, one million robots will likely be deployed in various sectors from manufacturing to agriculture, logistics, services, national defense, social safety and medical care in the country by 2030, the ministry said.

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

Korean Industry Prospects for 2024

Changes in Internal and External Conditions in 2024 and Implications for Industries

In 2024, the global market is expected to continue the recovery in global ICT demand that began from Q4 2023, while the demand for high-performance products and related infrastructure investments are expected to remain solid in line with digital transformation and eco-friendly trends. At the same time, the recovery in demand will be limited by monetary tightening, global political turmoil and others. Demand from major importers (e.g., United States and Europe) for the Korea's 13 key industries is expected to grow slightly as they build infrastructure and internalize the supply chain. Exports to China, however, are expected to shrink in most industries due to downward pressure on the Chinese economy. On the domestic side, the outlook for private consumption is negative, but there are also positive signs, such as the recovery of investment demand and industrial transition trends.

Outlook for Korea's 13 Key Industries in 2024

▶ **Exports:** Driven by the recovery of global ICT demand and the base effect, IT and new industries are expected to lead exports, which will increase by 5.2% year-on-year.

In 2024, exports of Korea's 13 major industries are expected to reach USD 504.7 billion, up 5.2% from 2023 (-10.5%) as exports of most industries, with the exception of petrochemicals (-0.5%) and secondary batteries (-2.6%), expand despite limited growth of the global economy.

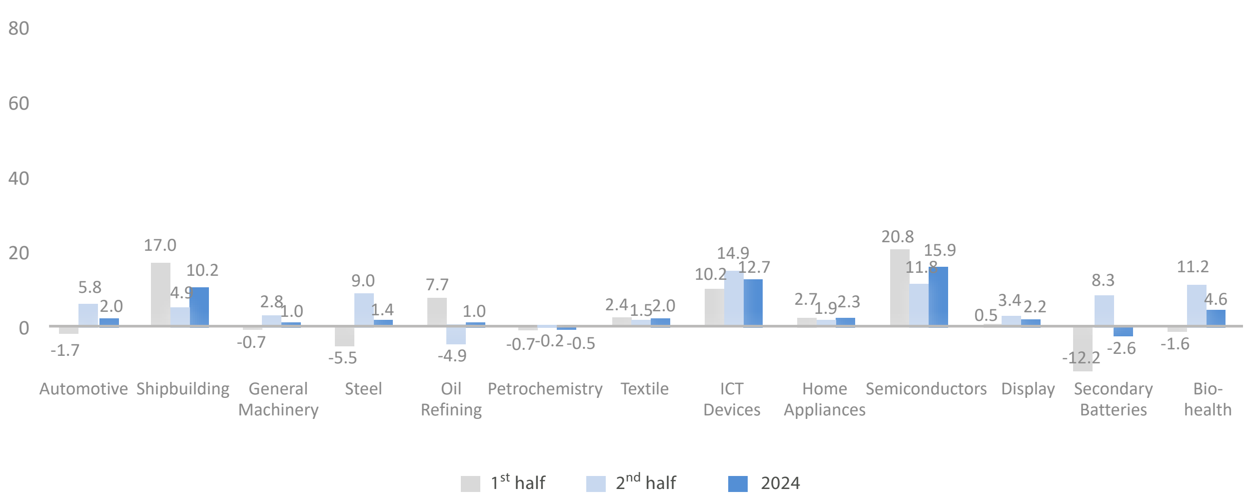
・Exports of 13 major industries: (2022) USD 536.5 billion → (2023) USD 479.9 billion → (2024) USD 504.7 billion

・Share of 13 major industries in total exports: (2022) 78.5% → (2023) 76.3% → (2024) 76.0%

- Machinery: Exports of general machinery (1.0%) and automotive (2.0%) maintain growth, backed by rising demand from major export markets. Shipbuilding (10.2%) is projected to continue growing in double-digits, and the

Prospects for Export Growth Variation in 13 Key Industries in 2024

Unit: % (year-on-year)



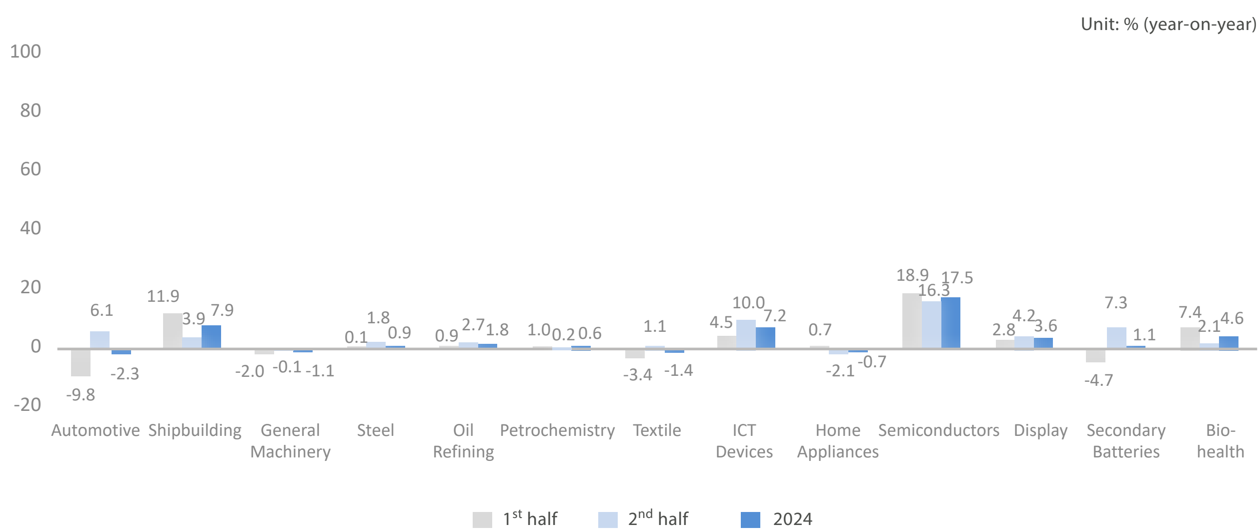
Note: 1) Based on prices in US dollars
2) Automotive includes auto parts (MTI 741 and 742)

overall machinery sector is expected to increase by 2.7%.
- **Materials:** Exports of steel (1.4%), textiles (2.0%), and oil refining (1.0%) are projected to increase, driven by rising demand from emerging economies, growing exports of high-tech materials, and the base effect. In comparison, falling unit prices are expected to make petrochemicals (-0.5%) stay flat, and the overall sector is expected to post a 0.7% growth.
- **IT & New Industries:** Increased demand for global IT products and innovative medicines and the base effect are expected to drive exports of major industries such as semiconductors (15.9%), ICT devices (12.7%), and bio-health (4.6%), enabling the sector's overall exports to grow by 11.4% and champion the exports of the Korean economy, but secondary batteries are expected to decline slightly (-2.6%).

▶ **Domestic demand:** Domestic consumption of the IT & new industries sector is expected to recover, driven by the launch of new ICT products and rising demand for exported intermediate goods while the materials sector is projected to grow slightly as major economic indicators improve in the second half of the year.

Automotive, general machinery, steel, and textiles are projected to start growing in the second half after declining in the first half. In case of the IT sector, domestic consumption is expected to growth faster in the second half.
- **Machinery:** Shipbuilding (84%) is expected to maintain strong growth, while increased capex is projected to slow down the decline in general machinery (-3.4%). In comparison, automotive (-2.0%) will decline as accumulated deferred demand are met and purchasing conditions worsen.
- **Materials:** Domestic consumption is expected to grow in steel (0.6%), oil refining (1.5%), and petrochemicals (1%) as downstream industries recover in the second half of the year in line with the recovery of frontline in-

Prospects for Production Growth Rate in 13 Key Industries in 2024



Note: Based on finished cars for the automotive industry, shipbuilding volume for the shipbuilding industry, steel products for the steel industry, petroleum products for the oil refining industry, and three main derivatives (synthetic resin, synthetic fiber materials and synthetic rubber) for the petrochemical industry. Other industries are based on prices in Korean won.

dustries. However, uncertainties in the real estate market and weakening private consumption will limit growth.

- IT & New Industries: Domestic consumption of semiconductors (9.4%) and ICT devices (5.4%) is expected to recover, and bio-health (10.7%) is expected to maintain strong growth. However, secondary battery (3.3%) is expected to grow only slightly, compared to the strong growth of the previous year (68.8%) as the growth of the EV market slows down.

▶ Production: Production of the IT and new industries sector is expected to grow as exports and domestic consumption recover. The materials sector's growth will be limited while the machinery sector is forecast to decline slightly.

- Machinery: Automotive production (-2.3%) is expected to decline due to sluggish domestic consumption and exports; the decline in general machinery (-1.1%) production is forecast to slow down as domestic consumption recover; and shipbuilding (7.9%) is expected to increase as backlog orders are fulfilled.

- Materials: Steel (0.9%), refining (1.8%), and petrochemicals (0.6%) are expected to increase slightly as demand conditions improve and capacity utilization rates normalize. However, textiles (-1.4%) are projected to decline as demand slow down and the domestic production base weaken.

- IT & New Industries: Production of ICT devices (7.2%), semiconductors (17.5%), display (3.6%), and bio-health (4.6%) is expected to increase due to recovery in IT demand at home and abroad. In comparison, home appliances (-0.7%) are forecast to decline due to growing overseas production, and secondary batteries (1.1%) is expected to increase only slightly due to production cuts of exported batteries.

▶ Imports: Imports are expected to increase by 5.8% year-on-year as imports of the IT and new industries sector grow in line with recovery in domestic consumption.

- Machinery: The shipbuilding industry is expected to import more equipment from overseas and the demands for high-end cars are projected to grow in the automotive industry. However, overall imports in the machinery sector are forecast to decline by 1.3% as the general machinery industry with high import volume is expected to see a decline in imports.

- Materials: Refined petroleum and textile imports are expected to increase as Korea imports more petroleum products for the petrochemical industry and low- and medium-priced apparel. Petrochemical and steel imports are forecast to be similar to those of 2023.

- IT & New Industries: Imports in the IT & new industries sector are expected to grow by 10.4% year-on-year, supported by rising domestic consumption of ICT and bio-health industries, growing demands for overseas brand products, and increasing imports of intermediate goods for exports.

<13 Key Industries>

· **Machinery Sector:** Automotive, Shipbuilding, General Machinery
· **Materials Sector:** Steel, Oil Refining, Petrochemicals, Textiles
· **IT & New Industries Sector:** ICT Devices, Home Appliance, Semiconductors, Display, Secondary Batteries, Bio-health

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

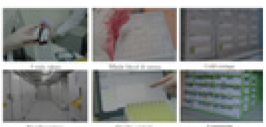
** The opinions expressed in this article are the author's own and do not reflect the views of KOTRA.*

Invest KOREA Market Place

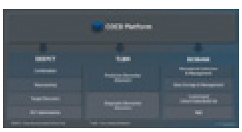
Invest KOREA Market Place (IKMP) is an online business matching platform available on Invest KOREA's website with information on approximately 300 Korean companies seeking to partner with foreign investors. This month, we introduce some outstanding companies in Korea's high-tech industry.

COMPANY A

Investment Requirement		Company Profile	
Amount	USD 6 million	**Patents and Certificates**	12 patents registered, including one for a device generating disease-specific risk gene mutation information through disease-associated gene mutation analysis
Investment Structure	Equity Investment, Joint Venture, M&A	**Financial Performance**	(Sales in 2022) USD 0.35 million



K-Biobank



3 businesses based on the COCD platform

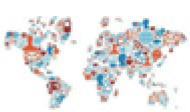
Investment Highlights

- **R&D expenditure in the pharmaceutical industry continues to increase, but the number of new drugs is gradually decreasing.**
  The market size of the pharmaceutical industry exceeds KRW 250 trillion, and it is expected to reach about KRW 300 trillion by 2026, while the pharmaceutical industry's R&D expenditure continues to increase worldwide. However, compared to the growth of the market size, the number of new drugs that have succeeded in R&D and released into the pharmaceutical market is decreasing, meaning that investment efficiency is low.

- **Potential for expansion of AI-based drug development market**
  The AI-based drug development market targeted by the company is intended to minimize the time and cost spent on new drug development, and the market size is expected to expand from about KRW 800 billion in 2022 to about KRW 5 trillion in 2027. Currently, the FDA recommends referring to genetic information when approving a new drug, and the success rate of clinical trials of new targets and new drug candidates considering genomic data is higher than that of clinical trials conducted using existing methods.

COMPANY B

Investment Requirement		Company Profile	
Amount	USD 10 million	**Patents and Certificates**	4 patents registered, including on demand mobile tutoring service device and method
Investment Structure	Equity Investment	**Financial Performance**	(Sales in 2022) USD 9.39 million



Real Time Experience (RTX) Optimized operation solution of voice & content streaming quality

Smart Tutor Console (STC) Automatic & intelligent management of tutors

Learning Intelligent System (LIS) Recommendation-based personalized learning

Investment Highlights

- **Global Ed Tech market estimated at USD 295 billion (about KRW 354 trillion won) as of 2022**
  Since Covid-19, the proportion of online learning has been increasing rapidly. Particularly in language learning, the proportion of online learning is rapidly growing by 25.6% per year, and this is expected to accelerate further in the future. Among them, the English learning market, which accounts for the largest proportion, is expected to be USD 43 billion (about KRW 52 trillion) by 2025.

- **Mobile 1:1 learning platform that allows to meet tutors with personalized curriculum**
  The platform offers a 1:1 foreign language conversation learning service that allows students to learn at their desired time in real time without reservation 365 days a year/24 hours a day. With the introduction of AI learning services, it secures consistency in class quality and customer satisfaction by reducing deviations in class quality that may differ between human tutors. In the long term, the company plans to diversify the market by expanding the current conversation centered education into comprehensive foreign language education including reading, writing, and grammar through AI tutors.

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

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 October 2023, Korea's industrial activities fell by 1.6 percent and experienced a temporary adjustment following strong improvements in August and September.

Monthly Industrial Activity Trends

Subject	All industries	Mining & manufacturing	Service	Retail sales	Equipment investment	Construction completed
Monthly Change (%)	Δ1.6	Δ3.5	Δ0.9	Δ0.8	Δ3.3	0.7

Production of mining and manufacturing industries declined by 3.5 percent in October, led by retracement of production in semiconductors, which caused decreases in the semiconductor industry (△11.4 percent) and the machinery and equipment industry (△8.3 percent). Service industry production saw a decrease of 0.9 percent, with brisk leisure activities in the holiday season boosting the production of arts and sports (4.2 percent), but wholesale and retail (△3.3 percent) and transportation and warehousing (△1.4 percent) showing weak performance. Retail sales fell by 0.8 percent as the sales of durable goods (1.0 percent) and semi-durable goods (4.3 percent) increased, but those of nondurable goods (△3.1 percent) such as food and beverages fell. Capital investment decreased by 3.3 percent month-on-month due to declines in machinery [special industrial machinery] (△4.1 percent) and transportation equipment [automotive, etc.] (△1.2 percent). Construction investment grew for the fourth consecutive month as the civil engineering sector fell (△1.0 percent), but the construction completion of apartment units boosted the construction sector (1.3 percent). The cyclical change in the coincident index fell for five straight months due to declining imports and domestic sales, but the month-on-month decline narrowed (△0.1p). The Korean economy has recently began to recover gradually, led by manufacturing and exports, but upside and downside factors coexist. On the production side, the recent improvement in exports, the recovery of key industries such as semiconductors and shipbuilding, and the stabilization of international oil prices are positive factors, whereas the uncertain pace of major economies' recovery, the possibility of prolonged high interest rates, and lingering geopolitical risks are weighing on the economy. Consumption and investment are supported by the favorable employment situation, accumulated household savings, and investment cooperation with major countries resulting from active summit diplomacy, but also burdened by sluggish construction orders and household debt burdens.

Trends by Industry

Automotive

Domestic Consumption Fell for the Second Month, But Exports Grew in Double Digits

In October, domestic consumption declined for the second consecutive month, falling by 4.7 percent year-on-year due to weak consumer sentiment and insufficient supply. Exports rose by 13.4 percent year-on-year in October, supported by strong EV exports. In September, the growth of production remained flat due to a combination of positive factors, such as strong exports of eco-friendly cars, and negative factors, such as strikes at some companies.

General machinery

Production Continued to Slump, but Exports Grew Faster

In September, production remained sluggish and fell by 8.7 percent year-on-year amidst strong export growth as the contraction of the domestic consumption prolonged. In October, exports increased by 10.4 percent from a year ago as major countries increased investment to rebuild their infrastructure and boosted demands for machinery, including construction equipment and industrial machinery. In September, imports decreased by 2.6 percent year-on-year, with machinery investment shrinking due to the delayed recovery of industries that require general machinery.

Shipbuilding

Production and Capacity Grew Together

Production capacity of the shipbuilding industry increased in September to boost the industry's production index by 9.7 percent year-on-year and shipments by 1.2 percent, whereas the industry's capacity utilization rate fell by 0.7 percent. Exports increased by 101.4 percent in October, with the delivery of high-value vessels leading the jump. Imports fell by 43.6 percent in September, affected by the base effect of vessels imported a year earlier.

Steel

Production Jumped due to the Effect of Previous Year's Disrupted Operation, and Exports Fell Slightly

In September, steel production increased by 20.8 percent year-on-year as production normalized, recovering from disruptions caused by Typhoon Hinnamnor in September last year. Exports fell by 0.7 percent from a year ago in October, affected by weaker exports to China, the EU, and the Middle East and falling unit prices. Imports increased by 1.2 percent year-on-year in September, driven by a significant growth in import volumes from China, the US, India, and Vietnam, which offset weak unit prices of imported steel.

Oil refining

Exports Started Growing for the First Time in Eight Months as Export Volumes Jumped

September production decreased by 0.4 percent year-on-year as some Korean refineries continued regular maintenance. In October, exports grew by 18.0 percent, driven by strong exports to the ASEAN region.

Semiconductor

Semiconductor Industry Began a Moderate Recovery

In September, semiconductor production gradually stabilized to grow by 23.7 percent year-on-year and 12.9 percent month-on-month. In October, exports decreased month-on-month to USD 8.9 billion, but the year-on-year decline significantly narrowed to -3.1 percent. The performance of Korean semiconductor makers is gradually improving as the unit price of memory semiconductors stabilize, and the global semiconductor market also began a moderate recovery.

Wireless communication devices

October Exports Decreased by 4.5 percent YoY, Narrowing the Decline Since Q3

The global ICT industry and demands for semiconductors and computers, as well as smartphones, which have been sluggish since the second half of 2023, are expected to recover. Falling exports are forecast to turn around as major makers at home and abroad release new flagship models and see their inventories normalize in Q4 2023 and Q1 2024. In September, production fell by 18.2 percent year-on-year and shipments also declined by 15.9 percent from a year ago, leading to a decline in capacity utilization rates and a 26.7 percent increase in inventories. In September, the number of domestic mobile communication subscription lines increased by 5.2 percent year-on-year and 0.2 percent month-on-month. Imports in September fell by 20.7 percent year-on-year, mostly in the imports of smartphones and parts.

Display

Strong Demands for Smartphone OLED Panels Thrust Exports Upward

Production continues to decline in August as the economic slowdown weakened demands. In September, panel exports increased by 4.2 percent backed by the end of the price fall, and exports continued to grow. Demands continued to decline due to the ongoing economic slowdown, but the release of new products by major makers is expected to boost exports.

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

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

Unlocking Future Growth Through Investment Cooperation

In a special roundtable held during the Invest KOREA Summit 2023, Invest KOREA spoke with the Honorary Ambassadors of Foreign Investment Promotion for Korea to get their insight on Korea's business environment. Read on to find out more.

At the Invest KOREA Summit 2023, held in the port city of Busan last November, five of our honorary ambassadors of foreign investment promotion for Korea, appointed by the Ministry of Trade, Industry and Energy, gathered together for a special roundtable discussion on Korea's investment environment and ways to enhance multilateral investment cooperation.

Honorary Ambassador Profiles:

Thomas Byrne

President & CEO of the Korea Society, Adjunct Professor of the School of International and Public Affairs at Columbia University, Former Senior Vice President of Moody's Investors Services

Nobuya Takasugi

Chairman of the Asia-Pacific Policy Research Institute Advisory Council, Former President of the Seoul Japan Club, Former CEO of Fuji Xerox Korea

Hwy-chang Moon

President at the Seoul School of Integrated Sciences & Technologies, Professor Emeritus at Seoul National University, Chairman of the Institute for Policy and Strategy on National Competitiveness, Consultant to UNCTAD

Tong-soo Chung

Chairman of Global Unity Holdings, AKR Corp., Former Head of Invest KOREA, Former Deputy Assistance Secretary at the International Trade Administration

Youngjae Kim

Senior Research Fellow (VP) of LG Electronics, Member of the Advisory Board on Robotics Engineering at the Consumer Technology Association

The honorary ambassadors of foreign investment promotion for Korea, who all possess a wealth of experience and knowledge in their respective fields, contributed to the active conversations that took place at the discussion, both to share and gain insights on Korea's remarkable development into a favorable investment destination and ways to further promote the country's strengths.

All of them agreed that there is a growing need for Korea to be more proactive in publicizing the advantages of doing business here. In particular, local governments of non-capital regions of the country were encouraged to actively promote the strengths and characteristics special to their respective regions to attract more foreign direct investment (FDI) to the areas.

Thomas Byrne shared about his first visit to Korea in the late 1960s, and how one could have never imagined that the country would transform into the nation it is today. He also highlighted the country's innovative bio industry, impressed at its robust manufacturing sector and the ways in which it effectively handled the Covid-19 pandemic.

Hwy-chang Moon credited the Korean people for the country's extraordinary transformation from an aid recipient to now, an aid donor. He cleverly summarized the characteristics of Korea's job force with the acronym "ABCD"—A standing for agility, B for benchmarking, C for convergence, and D for diligence. Based on these qualities, he said the Korean people have the capability to quickly absorb other cultures and technologies, then applying them to the local culture and circumstances. He noted that Koreans' diligence and hardworking tendencies were the determining factor for Korea's outstanding growth over the years.

Against his background of working both in the United States and Korea, Youngjae Kim compared the differences between the two countries, saying that the US is solution-oriented, and Korea is credit-oriented, which can also mean that Koreans place high value on the trust and recognition received from their workplaces. While this was an important aspect contributing to the rapid growth of Korean companies and the economy, Kim suggested that ultimately, Korea will have to shift toward a solution-oriented way of working to advance further.

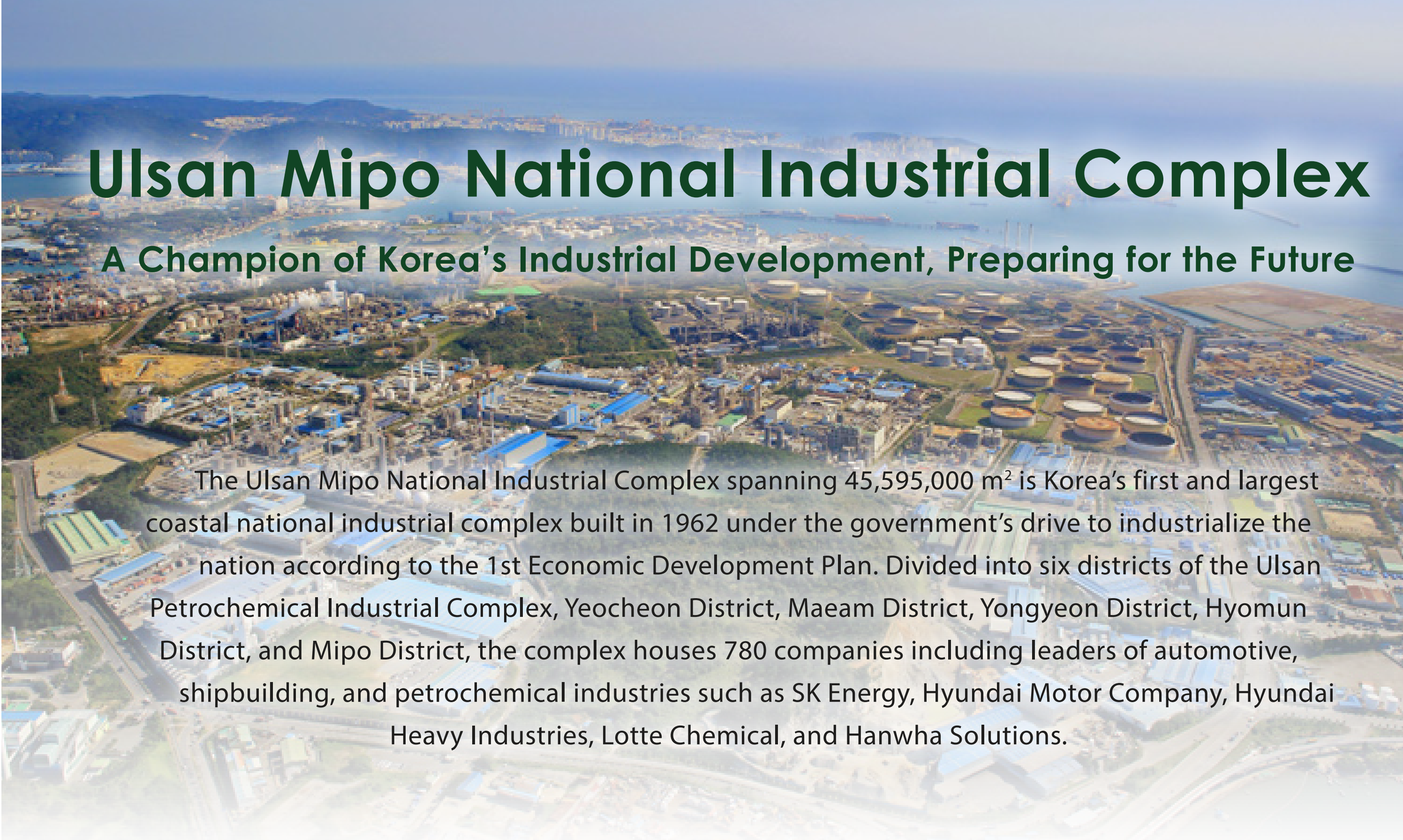
There was also a shared consensus on the need for more investor relations (IR) and investment consultations better tailored to the current demands of companies. Moon emphasized the need for a more focused approach for investment attraction such as company-to-company efforts, going beyond the national level and deeper into the enterprise level.

In terms of multilateral cooperation in the field of investment, all of the honorary ambassadors stressed the importance of cooperation of public and private sectors of all countries represented at the meeting.

Tong-soo Chung explained that because Korea is well-connected within the global economy, this would greatly help the country attract more FDI going forward. Korea currently has signed 21 free trade agreements (FTAs) with 59 countries. Chung also described his direct experience of seeing Korea develop through soft power like K-Pop, food and tourism, which has garnered massive international interest over the last ten years.

Nobuya Takasugi credited Korea's economic growth to the country's technological prowess and manufacturing capabilities. He emphasized the need to strengthen Korea-Japan cooperation in all aspects, in the form of a free trade agreement (FTA), economic partnership agreement (EPA) or comprehensive economic agreement (CEPA), to enhance the business environment for companies of both countries. He expressed his hope to see the two nations work together more closely, particularly in the parts and materials industry, saying Korea and Japan each have a tremendous amount of knowledge and experience to offer one another for mutual growth.

By Grace Park
Investment PR Team, Invest KOREA
Korea Trade-Investment Promotion Agency (KOTRA)



Ulsan Mipo National Industrial Complex

A Champion of Korea's Industrial Development, Preparing for the Future

The Ulsan Mipo National Industrial Complex spanning 45,595,000 m^2 is Korea's first and largest coastal national industrial complex built in 1962 under the government's drive to industrialize the nation according to the 1st Economic Development Plan. Divided into six districts of the Ulsan Petrochemical Industrial Complex, Yeocheon District, Maeam District, Yongyeon District, Hyomun District, and Mipo District, the complex houses 780 companies including leaders of automotive, shipbuilding, and petrochemical industries such as SK Energy, Hyundai Motor Company, Hyundai Heavy Industries, Lotte Chemical, and Hanwha Solutions.

- **Title: Ulsan Mipo National Industrial Complex**
- **Location: Hyomun-dong and Yeonam-dong of Nam-gun, Dong-gu, and Buk-gu, Ulsan Metropolitan City**
- **Area**

(Unit: 1,000m^2)

Total area	Industrial facilities	Supporting facilities	Public facilities	Green area
45,595	34,631	3,511	3,445	4,008

The Korean government designated Ulsan in 1962 as a key area for Korea's industrialization under the 1st Five-Year Economic Development Plan by considering its location connecting marine and ground transportation and its vast undeveloped area, which made it easy to build factories and supply water. In April 1964, the country's first oil refinery, built for the country's economic independence and a stable energy supply, launched operation with a daily capacity of 35,000 barrels. In December 1966, the government finalized a plan to develop the petrochemical industry, and completed the construction of a large-scale petrochemical industrial complex in 1969. In addition, Hyundai Motor Company's Ulsan factory opened in 1968, leading to the creation of more auto parts makers. Hyundai Heavy Industries' Ulsan shipyard was completed in 1972, and the shipbuilding, petrochemical, and automobile industries grew into Ulsan's flagship industries. As of the end of 2022, the Ulsan Mipo National Industrial Complex produces KRW 147.3 trillion and exports USD 59.3 billion annually to rank first among industrial complexes nationwide.

Despite its unique position, the Ulsan Mipo National Industrial Complex has faced limitations in transitioning to the future industry due to aging infrastructure, heavy dependence on large companies, and a weak R&D base. Its selection as a Smart Green Industrial Complex in 2021, however, helped lay the foundation for the complex to grow into the future by going digital and carbon-free. Moreover, Ulsan's designation in 2023 as a leader of secondary batteries is expected to boost government support and attract private investment.

Source: (Text/photo) Korea Industrial Complex Corporation

When a foreign investor acquires a domestic company, should he/she file a report on business combination?

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

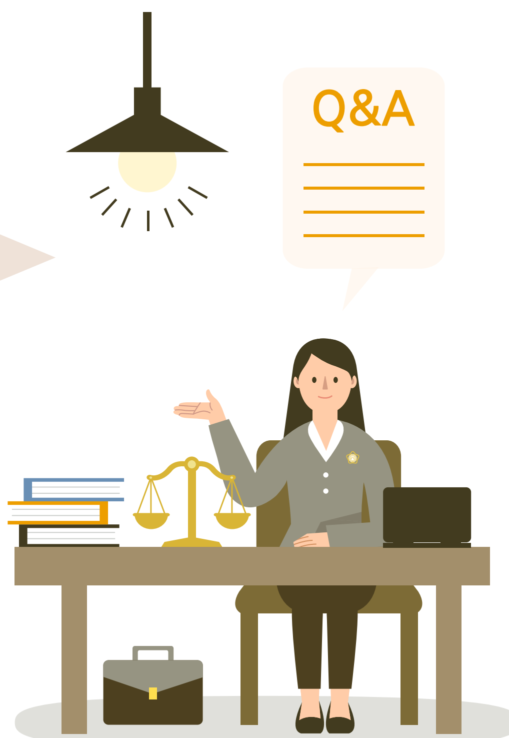
Q.

When a foreign investor acquires a domestic company, should he/she file a report on business combination?

A.

When a foreign investor meets the criteria of a "company required to report its business combination", he/she shall report its business combination in the same manner as a domestic company under Article 12 of the Monopoly Regulation and Fair Trade Act.

Since any business combination that restricts competition is prohibited, all cases of business combination should be examined, in principle. However, in order to reduce unnecessary burden on corporations and raise administrative efficiency, the reporting requirement is imposed only on business combinations meeting certain criteria in terms of size.



- Companies required to report their business combination – Reporting company (foreign investor): A company whose total assets or sales are KRW 300 billion or more
  – Merged company (domestic company): A company whose total assets or sales are KRW 30 billion or more (A business combination by a company whose total assets or sales are KRW 30 billion or more of another company whose total assets or sales are KRW 300 billion or more is also subject to the reporting requirement. The total assets or sales of a company that retains the status of a subsidiary both before and after the business combination should be added.)

- Business combinations required to be reported
  – Acquisition of stocks: Where a company acquires 20% or more (or 15% or more in the case of a listed corporation) of the total number of stocks (excluding non-voting stocks) issued by another company (including in the case when it becomes the largest shareholder by acquiring the stocks of that company additionally)
  – Concurrent holding of executive position: Where an executive officer of a large company concurrently holds an executive office position in another company
  – Merger: In the case of a merger of a company
  – Acquisition of business: In the case of acquisition of a business by transfer
  – Participation in company establishment: Where a company becomes the largest shareholder by participating in the establishment of a new company

* When the total assets or sales of a foreign investor are not less than KRW 300 billion, its business combination can be reported after it is executed. It should be noted, however, when the total assets or sales of a foreign investor is not less than KRW 2 trillion, its business combination should be reported before the execution of the business combination (prohibition of execution). Even when a prior report is required for a business combination, a delegated agency including a foreign exchange bank can receive a notification of foreign investment.
(It does not violate the prohibition of execution.)

For further inquiries, please contact the Investment Consulting Center

Call +82-1600-7119 or Visit ***www.investkorea.org***

Foreign Investment Policy

Liberalization of FDI

The Republic of Korea is a country which welcomes foreign direct investment and has a foreign investment promotion policy focusing on investor support.
Foreign investors and foreign-invested companies can conduct business in Korea without restraint, except as otherwise prescribed by law.

Rate of Liberalization of FDI

99.7%

Restricted Business Categories
Out of a total of 1,196 business categories listed under the Korean Standard Industrial Classification (KSIC), FDI in Korea is permitted in 1,135 categories.
Foreign investment is prohibited in 61 business categories including legislation, public administration, diplomacy, and national defense. Among the permitted business categories, restrictions on shareholding ratio, etc. apply in 29 categories and there are three prohibited business categories - nuclear power generation, radio broadcasting, and terrestrial tv broadcasting.

※ Businesses Prohibited from Foreign Investment (Appendix 1_p.216),
Businesses Restricted from Foreign Investment and Criteria for Permission (Appendix 2_p.218)

※ Related law: Regulations on Foreign Investment (Public Notice no. 2021-106 of the Ministry of Trade, Industry and Energy)

Foreign Investor Protection

1 Guarantee of Remittance to Foreign Countries

Remittance of proceeds accruing from the stocks, etc., acquired by a foreign investor, proceeds from the sale of stocks, and the principal, interest, and service charges paid under a loan contract shall be guaranteed in accordance with the details of the report or permission of the foreign investment at the time of remittance.

2 National Treatment

Except as otherwise prescribed by law, foreign investors and foreign-invested companies shall be treated in the same manner as nationals of the Republic of Korea and Korean corporations in respect to their business operations

3 Exceptions to the Safeguard Clause on Foreign Exchange Transactions

For foreign exchange and overseas transactions of foreign exchange, the Foreign Exchange Transaction Act is applied unless otherwise prescribed by the Foreign Investment Promotion Act. Foreign exchange transactions may be temporarily suspended or restricted under the Foreign Exchange Transaction Act if such measures are deemed inevitable due to natural calamities, war, armed conflict, grave and sudden changes in domestic and foreign economic conditions, or other situations equivalent thereto. However, such measures shall not apply to foreign investment.

※ Related law: Article 6 (4) of the Foreign Exchange Transactions Act

4 Equal Application of Tax Abatement Regulations, etc.

Unless otherwise prescribed by the laws of the Republic of Korea, the provisions concerning the abatement of taxes applied to nationals of the Republic of Korea or Korean corporations shall also apply to foreign investors and foreign-invested corporations.

※ Related law: Article 3 and 30 (1) of the Foreign Investment Promotion Act

Key Terms

Foreigner(s)	•Individual(s) with foreign nationality • Corporation (foreign corporation) founded under the statute of a foreign country • International economic cooperation organizations prescribed by Presidential Decree (Examples: IBRD, ADB, IFC) • A person prescribed by Presidential Decree from among those residing in a foreign country permanently Note: Permanent resident(s) in a foreign country must always invest foreign currency funds originating overseas without fail (cash, real property, and other assets existing or originating in Korea are not recognized as objects of investment)
Foreign investor(s)	A foreigner holding equity shares or who has invested in a domestic business as per the Foreign Investment Promotion Act
Foreigninvested business or company	A company or NPO in which a foreign investor invested or contributed
Objects of investment	Any object (means of investment) in which a foreign investor invests in order to possess stocks, etc., as set forth in the Foreign Investment Promotion Act

① A means of international payment (foreign currency) or a means of domestic payment (national currency) incurred by international payment
* Foreign currency inflow principle

② Capital goods (*Customs clearance and certification of completion of investment in kind are required after applying for review/verification of statement of capital goods introduced)

③ Proceeds (dividends, profit distributed) from the stocks, etc. acquired by a foreign investor * Reinvestment in Korean won currency is allowed

④ Industrial property rights, intellectual property rights, other technologies corresponding thereto, and rights pertaining to the use of such rights or technologies * Appraisal agency

⑤ Residual property to be distributed to a foreigner upon liquidation of a foreign-invested company or domestic branch/liaison office of a foreign corporation

⑥ Any repaid amount of foreign loans or borrowings as per the Foreign Investment Promotion Act
• Investment in kind by loan claims - Offset-based investment is allowed based on the amendment to the Commercial Act in 2012

⑦ Equity shares or stocks prescribed by Presidential Decree
•Stocks of foreign corporations listed or registered on foreign stock markets
•Stocks held by a foreigner pursuant to a local statute or the Foreign Exchange Transactions Act

⑧ Real estate in Korea (real estate acquired through a certified transaction)

⑨ Proceeds from the disposal of equity shares of a domestic company or real properties held by a foreigner
*Reinvestment in Korean won currency is accepted

For further inquiries, please contact the Investment Consulting Center

Call *+82-1600-7119* *or Visit* ***www.investkorea.org***

KOREA Unique Venue

Discover the unique beauty of diverse regions throughout Korea

Every month, in cooperation with the Korea Tourism Industry (KTO), Invest KOREA features one unique region in Korea as an ideal venue for corporate meetings, international conventions, and incentive travels. Read on to find out more on the KTO's Korea Unique Venue initiatives and plan your next visit to Korea!

What is **KOREA UNIQUE VENUE?**

The MICE industry is celebrated as the "golden industry without limits" of the 4th Industrial Revolution Era. With the growth of this industry, MICE venues are increasing in variety. Nowadays, corporations and institutions, which have preferred large scale convention centers in the past, are increasingly seeking out special places and experiences, or "unique venues" that showcase traditional local cultures and regional characteristics.

The Korea Tourism Organization regularly selects and promotes such unique venues that can be found all throughout the country—places with a distinct Korean charm that captivate its visitors. After various studies and evaluations on the suitability of the purpose, scale, and size of various events and meetings, the KTO has selected 39 of Korea's unique venues to fit your various needs.

These 39 "KOREA Unique Venues," which demonstrate the special characteristics of its respective region, are bound to add color to your events and provide visitors with experiences and memories beyond expectations. Korea's doors are wide open for you to experience the country's culture and beauty to their fullest.

Incentives for **Organizers**

❖ Subjects of incentive support for international meetings (event hosting/global PR and event hosting support)

Common Conditions:

1. Meetings hosted by international organizations or members of the international organizations, or legal entities & groups which are part of international organizations that fulfill ALL of the following conditions.
   - Foreigners from at least 5 or more countries shall participate in the meetings.
   - Total number of meetings participants shall be at least 300 or more and foreign participants shall be at least 100 or more.
   - The duration of the meetings shall be at least 3 days or longer.
2. Meetings hosted by legal entities & groups which are not a part of international organizations that fulfill ALL of the following conditions.
   - Among the meeting participants, total number of foreign participants shall be at least 150 or more.
   - The duration of the meetings shall be at least 2 days or longer.

❖ Subjects of incentive support for corporate meetings/incentive tours

Common Conditions:

1. Visitors should stay in Korea for at least 2 days or longer.
   * "NOT" applicable for hobby clubs, fan clubs, religious organizations, government officials' groups, and/or student groups.
2. Among the participants, total number of foreign participants shall be at least 10 or more.

❖ Additional Conditions:

1. Incentive Tour: Incentive Tour Groups (as performance awards), with sponsoring corporations paying for all of tour related expenses for visiting Korea.
2. Corporate meetings: Groups of people who are visiting Korea for meetings hosted by specific corporations for the express purpose of meetings or travels
   * Meetings with at least 4 hours or longer shall be included in the official schedule.

For further details, please visit the K-MICE website at https://k-mice.visitkorea.or.kr.

K-MICE

KOREA UNIQUE VENUE

SEOUL

Korea House

Korea House is a Traditional Culture Complex, where visitors can enjoy traditional hanok, royal cuisine, royal tea and sweets, traditional performance, and traditional wedding ceremony in just one place. With main and annex buildings where visitors can appreciate architectural characteristics of Hanok (traditional Korean house) together with Chwiseongwan, a building equipped with modern conveniences, various events and functions can be held at Korea House.

Venue & Rental Information

· Address: 121 Daesagwan-ro, Seongbuk-gu, Seoul, Korea
· Phone Number: +82-2-2266-9101~3
· Homepage: www.chf.or.kr/kh/eng
· Inquiries: +82-2-2266-9101~3 (General Rental), +82-2-2270-1124 (Special Rental), +82-2-2270-1134 (Folk Theater)
· Major Events Held in Recent Years: Seoul International Drama Awards Reception (2019)

Other Major Event Held in Recent Years

- Name of the Event: 2021 Living Heritage,Where Live Warmth Gets Alive / Exhibition
- Date of the Event: 2021.9.2
- Event Details: Exhibition of Traditional Craft of Korea (Exhibition of Various Traditional Craft of Korea including Winners of Traditional Craft Design Award Competition)
- Participants & Number of Participants: 480 exhibition visitors

Source: Korea Tourism Organization, "2022 KOREA Unique Venue"

StorySoop, an Innovative Platform for Webtoons, Web Novels and 3D Contents

About the Company

StorySoop is a content provider that plans, produces, and distributes transmedia storytelling contents, and a global content specialist that supplies its content (i.e., webtoons, web novels, and 3D content) in thirteen languages, 26 Korean platforms and 41 overseas platforms. StorySoop's webtoon studio produces more than 36 webtoons annually; its web novel studio distributes more than 60 novels each year on various webtoon/web novel platforms; and its 3D studio has the largest content inventory in Korea, producing more than 200 background/prop contents every year and distributing them through its own platform DontDraw as well as external platforms.

StorySoop operates the Webtoon Story Creation Research Center (government-authorized as a Corporate Affiliated Creative Research Institute), runs Korea's only studio covering all three areas of webtoons, web novels and 3D content, and established a production system by successfully dividing labor. These are StorySoop’s core competitiveness and differentiating factors enabling the company to build a foundation for improving production quality, upgrading professionalism, and ensuring mass production. Moreover, StorySoop is continuously producing original IP works based on epic stories with interconnected stories, characters, and regions linked by its Villiverse (StorySoop’s transmedia fictional universe) that continues to evolve. At the same time, StorySoop is planning and expanding its business areas by pursuing projects that combine various forms of content IP

Background

As contents providers (production companies) of the webtoon and web novel market supply their contents to consumers through various platforms, their success relies as much on successfully launching on these platforms as producing high-quality works. Considering that the Korean webtoon and web novel market is currently dominated by Kakao and Naver enjoying a combined market share of more than 70%, StorySoop focuses on exclusively launching on the two platforms while minimizing the risks of launch failure by building the network for non-exclusive launches and producing jointly with global partners. At the same time, StorySoop produces original IPs based on its transmedia storytelling universe Villiverse to raise chances of continuous success.

About the Product

Webtoons and Web Novels

StorySoop's webtoons can be categorized into original IPs, novel comics, and outsourced works. Original IPs refer to works in which StorySoop holds all copyrights of the story and creation, while novel comics refers to webtoons produced based on other web novels. Outsourced works refer to those produced in Japan, China and other countries and distributed in Korea by StorySoop purchasing the exclusive distribution rights through its global network. Each year, StorySoop launches more than three original IPs, 15 Novel Comics, and 30 outsourced works on various platforms, while also expanding its global distribution network by distributing works on the overseas platforms of Kakao and Naver as well as StorySoop's own local platforms. StorySoop is continuously creating stories in its government-authorized Corporate Affiliated Creative Research Institute, and its webtoon studio strives to shorten production time, improve quality, and upgrade professionalism by dividing labor into storyboard creation, sketching, coloring, assistance work, background creation, and prop creation for successful mass production.

3D Contents

In webtoon production, backgrounds and props are mostly created by using the database of 3D contents, and StorySoop is Korea's leading provider of such 3D backgrounds and props (1,217 IPs and 62,067 DB). StorySoop leverages its rich database to supply content on its platform DontDraw and other platforms. The main consumer base includes webtoon writers, production companies, prospective writers, and webtoon academies (schools).

Competitive Edge and Business Strategy

Competitive Edge

1. IP acquisition
   Producing more than 18 in-house works and outsourcing more than 30 works per year
   Operating a systematic production process that is supported by in-house writers
   Effectively training main writers through its in-house writer training system
2. Platform-related competitiveness
   Employing numerous top-notch writers who continuously release their works
   Strengthening the power to better negotiate with platforms by continuously increasing the number of works launched annually
   Diversifying genres sought by platforms by producing and sourcing works of various genres
3. Story creation
   Operating an in-house creative research institute (Webtoon Story Creation Institute)

4. Creative fictional universe
   Promoting its transmedia storytelling universe called Villiverse, which is creatively based on real-world regions and enables scalable work creation and business expansion
5. Expansion of creative fields
   Operating Korea's only studio covering all three areas of webtoons, web novels 3D contents and thriving on an environment organically promoting creative activities
6. Business expansion
   Capable of building new business models by leveraging the scalability of individual content, such as convergent IP businesses and regional businesses
7. Global network
   Making contents global by launching works on five self-established local platforms as well as on the global platforms of Kakao and Naver.
   Continuously expanding the global network through its Global Business Team

Business Strategy

1. Actively discovering competitive web novels to ensure the launch of highly successful Novel Comics
2. Increasing annual revenue by swiftly launching works
3. Widening and strengthening non-exclusive launches by launching on other platforms (about thirteen platforms) rather than exclusively launching on Kakao and Naver
4. Adding the number and region of global co-production projects (increasing annual works launched with Japan from three to five and expanding to other regions)
5. Expanding the recruitment of external talent (writers and producers)
6. Developing tourist destinations based on IP contents by finding and negotiating with interested local governments
7. Improving the 3D content platform DontDraw and enhancing usability to increase users and satisfy their needs

Future Plans

- Launching 48 new webtoons in 2024 (3 original IPs, 15 Novel Comics, and 30 outsourced works)
- Launching 60 new web novels in 2024
- Launching 180 new 3D content IPs and upgrading DontDraw in 2024
- Launching the project of developing tourist destinations with Villiverse contents in 2024
- Adding new content-related businesses in 2024 (performances, etc.)
- Realigning the internal system and preparing for StorySoop's IPO in 2024

By Seo Hyun Kang
CEO
StorySoop

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

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

KOTRA's Global Network

KOTRA has 129 overseas offices and 10 headquarters worldwide

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Tel: (86-21) 5108-8771/2

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