

# Invest KOREA

August 2024

## SEOUL FOOD 2024

Korea's Largest F&B Exhibition

Next Generation of Korean Wave Contents, Webtoon Industry Status and Prospects  
Gumi National Industrial Complex: A Digital Industrial Complex Embracing IT, AI and Advanced Manufacturing Methods  
Remuneration of Directors Under the Commercial Code

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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\*

- Despite high growth in exports, Korea's domestic demand has yet to exhibit signs of a recovery trend, resulting in a somewhat tepid improvement in overall economic conditions.
- Exports maintain a favorable trend centered on ICT products.
  - As the global trade downturn eases, the semiconductor market remains strong.
  - Accordingly, semiconductor exports and production are showing high growth.
- However, as the high interest rate environment persists, domestic demand has not shown signs of recovery.
  - Loan delinquency rates are rising, while retail sales, equipment investment, and construction investment are all on the decline.
  - Consequently, inflation is nearing the target, and employment conditions are adjusting, particularly in the service and construction industries.
- Meanwhile, external risk factors, such as heightened geopolitical tensions, continue to persist.

\*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.



.91

59.34

- **Economic Activity:** The Korean economy continues to exhibit some recovery in exports, but the overall economic improvement remains somewhat modest.
  - In May, all-industry production (3.3% → 2.2%) showed a gradual adjustment from the high growth observed earlier in the year.
    - Industrial (mining and manufacturing) production (3.5%) saw a deceleration in growth despite the robust performance in semiconductors (18.1%), due to expanded declines in automobiles (-1.9%) and electrical equipment (-18%).
    - Services production (2.3%) also displayed a decelerating trend as sluggishness persisted in wholesale and retail trade (-1.4%) and accommodation and food services (-0.9%), while construction production (-3.8%) decreased significantly.
    - On a seasonally adjusted month-on-month basis, production declined across mining and manufacturing (-1.2%), services (-0.5%), and construction (-4.6%).
  - Manufacturing shipments (3.7% → 0.2%) were weak, mainly in automobiles (-4%) and electrical equipment (-20.6%), while the inventory-to-shipment ratio (110.2% → 110.9%) rose slightly, indicating a tempered recovery in the manufacturing industry.
    - Export shipments (7.4% → 1.3%) showed a slowdown in growth, while domestic demand shipments (1.0% → -0.9%) turned negative, reflecting weak domestic demand.
  - Export recovery remains robust, but domestic demand continues to be sluggish amid persistent high interest rates.
    - Exports and production of semiconductors continue to perform strongly due to favorable trends in the semiconductor market.
    - However, retail sales, equipment investment, and construction investment all decreased, exhibiting no signs of recovery in domestic demand.
- This disparity between exports and domestic demand is reflected in business sentiment, with the future tendency for exporting companies gradually improving, while that for domestic companies remains stagnant at low levels.
- **Consumption:** Consumption continues to be sluggish across most sectors, except for some service industries, while overseas consumption maintains strong growth.
  - Goods consumption shows some contraction with expanded declines across most items.
    - In May, retail sales (-2.2% → -3.1%) saw a deeper decline, mainly in passenger vehicles (-7.5% → -9.2%), apparel (-5.3% → -6.8%), and food and beverages (-3.3% → -3.6%). On a seasonally adjusted month-on-month basis (-0.8% → -0.2%), the decline continued.
    - Meanwhile, on a nominal basis, online shopping transactions within retail sales (-0.4%) increased by 6.7%, but offline transactions, which account for a larger share, decreased by 2.8%.
  - Service consumption continues its slowing trend, mainly in accommodation and food services.
    - Within services production, wholesale and retail trade (-1.4%) and accommodation and food services (-0.9%), which are closely related to consumption, continued to decline, suggesting weak domestic consumption.
    - Conversely, overseas consumption showed a favorable trend, evidenced by a 34.8% increase in the number of outbound travelers and a substantial 7.8% growth in overseas travel payments (in won terms).
    - Transportation and storage (9.8%) also maintained high growth due to increases in overseas travel and online shopping.
  - The CCSI recorded 100.9 in June, remaining near the long-term average (100).



■ **Equipment Investment:** Equipment investment remains sluggish mainly due to factors such as high interest rates.

- In May, equipment investment (-2.2% → -5.1%) saw an expanded decline, primarily driven by transport equipment.
  - The decline in machinery (-4.2% → -4.7%) slightly expanded, while transport equipment (3.7% → -6.3%) turned to a decrease, led by a drop in other transport equipment (23.3% → -3.5%), which is highly volatile.
  - On a seasonally adjusted month-on-month basis, both machinery (-1.0%) and transport equipment (-12.3%) decreased.
- The strong performance in the semiconductor market is not translating into related investments, resulting in continued sluggishness in equipment investment.
  - Special industrial machinery (-12.1% → -10.5%), closely tied to semiconductors, continued to decline significantly.
  - Furthermore, leading indicators such as orders received for special industrial machinery (13% → -9.5%) and imports of semiconductor manufacturing equipment in June (-27.9% → -24.1%) also showed weakness.

■ **Construction Investment:** Construction investment remains sluggish, with an expanded decline primarily in the building construction sector.

- In May, the value of construction completed (constant) recorded a lower growth rate of -3.8% compared to the previous month (-0.1%), mainly due to a contraction in the building construction sector.
  - The building construction sector (-0.8% → -5.9%) continued its downward trend, reflecting the decline in the building starts area since 2022, and decreased by 5.7% on a seasonally adjusted month-on-month basis.

- Furthermore, leading indicators continue to show weakness due to high construction costs and other factors, suggesting that construction investment is unlikely to recover in the short term.

- The building permit area (-27.3%) continued to decline due to deteriorating business feasibility from high construction and financing costs.
- Additionally, construction orders received (-35.4%) decreased significantly, and on a seasonally adjusted basis (KRW 10.5 trillion), remained well below the average of the past year (KRW 14.3 trillion).

■ **Prices:** As agricultural supply conditions improve and domestic demand remains sluggish, the rate of price increases is approaching the target.

- In June, headline inflation rose by 2.4%, lower than the previous month (2.7%), as the increase in goods prices (3.2% → 2.7%) slowed significantly.
  - The price increase in agricultural products (19.0% → 13.3%) narrowed significantly, while that in electricity, water, and gas (3.2% → 0.9%) also slowed due to the base effect.
  - Prices of petroleum products (3.1% → 4.3%) increased due to the base effect, and the reduction in fuel tax cuts starting from July and the recent rise in international oil prices are likely to put upward pressure on petroleum product prices in the future.

\*International oil prices (\$/barrel, Dubai): (May) 84.0 → (Jun.) 82.6 → (Jul. 1-4) 86.5

- Due to weak domestic demand resulting from persistent high interest rates, core inflation (2.2%) approached near the target, and high inflation eased in most items except for agricultural and petroleum products.

- The proportion of items with price increase rates exceeding 3% (31.7%) decreased to a level similar to that of mid-2021, just before the onset of high inflation, indicating overall price stabilization.

## Foreign Direct Investment

**Korea emerges as test market for overseas fashion brands**

Overseas fashion brands are entering the South Korean market, which has become an important test market for success.

According to sources from the fashion industry on July 18, many foreign fashion brands, including Alo Yoga, On, Brandy Melville, Human Made, and Harley-Davidson Collections, will officially begin sales in Korea starting in September.

Most of these brands are conservative in opening stores as they pursue a policy of scarcity, which makes them a hot topic among fans whenever they open a new store.

Industry insiders note that the reason the brands are choosing Korea is that Korea has emerged as a strategic stronghold in

the Asian market. They expect the high buzz of Hallyu, or Korean Wave, the strong purchasing power of young Korean people, and the tremendous power of social media to drive their global marketing.

French brands Ami and Maison Kitsune, which gained attention in the global fashion market after becoming popular in Korea as a new luxury, have already set good precedents.

According to a report published by market research firm Trend Research Inc., the Korean fashion market has been growing steadily since 2000. The market is projected to grow to KRW 49.6 trillion (USD 35.8 billion) this year from KRW 48.4 trillion in 2023.

## Trade &amp; Commerce

**Small Korean exporters number record 77,000**

The number of small and medium-sized exporters in S. Korea now total a record high of 77,078 companies in the first half of 2024. This surge in SME exports was primarily driven by the cosmetics and semiconductor equipment sectors.

According to a report released by the Ministry of SMEs and Startups on July 24, S. Korean exports by SMEs totaled USD 57.1 billion in the first half of 2024, up 4.4 percent from a year ago. The top export

item, cosmetics, saw a record-breaking half-year export value of USD 3.3 billion and SME exports have been on an upward trajectory for three consecutive quarters since the fourth quarter of 2023.

Eight out of the top 10 export items saw year-on-year growth. Cosmetics, the leading export product, saw its market diversify beyond its mainstays of the United States and China, expanding into emerging markets such as Southeast Asia.

**Korea's pharmaceutical, biotechnology exports spike 55 pct on-year in H1**

S. Korea's exports of pharmaceutical and bio technologies surged from a year earlier in the first half of the year, according to data from the Korea Pharmaceutical and Bio-Pharma Manufacturers Association.

In the first six months of the year, the country exported KRW 4.5 trillion (USD

3.3 billion) worth of pharmaceutical and bio technologies, up 55 percent from KRW 2.9 trillion for the same period last year. At the current rate, the country's annual total is expected to reach KRW 8 trillion, according to the association.



## Industry

**ADB raises Korea's 2024 growth forecast to 2.5 pct**

The Asian Development Bank (ADB) revised up its outlook for S. Korea's economic growth this year to 2.5 percent given strong exports, Seoul's finance ministry said on July 17. It marked a 0.3 percentage-point increase from its April forecast.

The latest projection is on par with that made by the International Monetary Fund and the Bank of Korea. The S. Korean government and the Organization for Economic

Cooperation and Development presented a 2.6 percent expansion.

The Manila-based bank maintained the growth outlook for 2025 at 2.3 percent and kept the forecast for inflation for this year unchanged at 2.5 percent and 2 percent for next year.

The ADB said the rosier forecast came as exports remained strong on rising demand for semiconductors, among other items.

**Korea's top 5 financial groups achieve record half-year profit**

S. Korea's five major financial groups have reported a record half-year net profit exceeding KRW 11 trillion (USD 7.9 billion), driven by unprecedented interest income surpassing KRW 25 trillion primarily from banks. Additionally, non-interest income has increased and the profitability of non-banking sectors has improved, con-

tributing to these strong results.

As of July 26, the combined net profit for the first half of the year for Shinhan, Hana, NH Nonghyup, KB, and Woori financial groups was KRW 11.1 trillion, up 2 percent from KRW 10.9 trillion recorded a year ago, which is a new half-year record.

## Government &amp; Policy

**Korea to raise R&D budget, enhance global research collaboration**

The S. Korean government has unveiled a blueprint to transform the country into a global hub for international cooperation in science and technology.

The key to this strategy is a significant increase in global research and development (R&D) investment, aiming to raise it to 6-7 percent of the entire R&D budget. The plan also includes the establishment of relevant legal frameworks and the strengthening of overseas collaboration bases.

The Ministry of Science and ICT an-

nounced these plans on July 10 during The 2nd World Congress of Korean Scientists & Engineers held in Seoul. The policy directions are aimed at bolstering international cooperation in science and technology as geopolitical competition over technological dominance intensifies among major global powers.

The strategy includes plans for global R&D initiatives, international scientific diplomacy, and support for the overseas expansion of Korean tech firms.

**Korea elected as inaugural chair of crisis response network**

S. Korea's Ministry of Trade, Industry, and Energy said on July 30 that the country was elected as the inaugural chair of a body dedicated to addressing supply chain crises under the Indo-Pacific Economic Framework (IPEF).

Korea will lead the Crisis Response Network (CRN), one of three arms of the IPEF's Supply Chain Agreement, according to the industry ministry. Japan will serve as the vice chair of the CRN.

The IPEF was launched in May 2022 under the leadership of the Joe Biden administration in the United States, aiming to counter China's influence in the region and build an economy and trade order centered around the participating countries. The framework includes 14 countries: the United States, Korea, Japan, Australia, India, Thailand, Singapore, New Zealand, and Fiji, among others.



# Next Generation of Korean Wave Contents, Webtoon Industry Status and Prospects

## Korean Webtoon Industry: Current Status and Characteristics

The webtoon industry has recently emerged as the next generation content of the Korean Wave. Webtoon is a compound word coined by combining the words web and cartoon, meaning a comic that is digitally produced and distributed and consumed on online platforms. Webtoons are optimized for smartphones as they are produced in the form of vertical scrolling, and the market is expanding for webtoons as they can be easily enjoyed without the constraints of time and space.

According to the Korea Creative Content Agency, the Korean webtoon industry generated KRW 1.8 trillion in sales in 2022, up 16.8% from the previous year. By se-

ctor, platforms accounted for 61.7% and CP companies<sup>1</sup> for 38.3%, with most of the industry's sales coming from platforms. Korean webtoons are also popular overseas: they were exported mostly to Japan (45%), followed by Greater China (14%), North America (13.5%), and Southeast Asia (12.7%). Korea is the country where webtoons began, with Naver Webtoon and Kakao Entertainment providing services overseas as well. In addition to exporting original works, it is expanding globally by acquiring overseas webtoon and web novel platforms. Recently, Webtoon Entertainment, the parent company of Naver Webtoon, listed on the Nasdaq stock exchange in New York, and Kakao Piccoma, which entered the Japanese market, is leading the Japanese digital comics market.

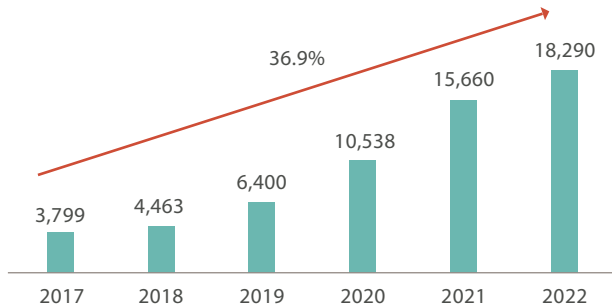
1. CP stands for content provider, referring to an individual or business that creates and delivers content.



## Korean Webtoon Industry: Sales and Exports

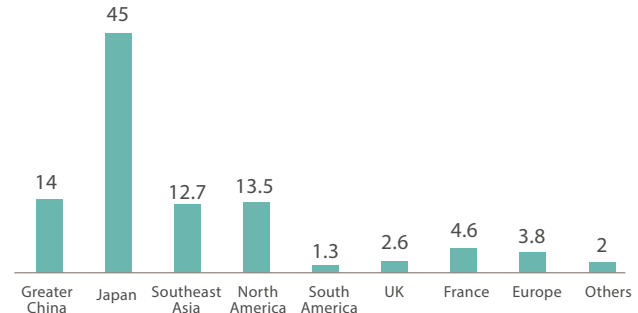
### <Size of the Korean Webtoon Industry>

(Unit: KRW 100 million)



### <Major Export Destinations>

(Unit: %)



Source: Adapted from the 2023 Webtoon Business Survey of the Korea Creative Content Agency (2023)

In the early days of the Korean webtoon industry, the majority of webtoons were offered for free after a certain period of time, such as 'free if you wait'. However, with the increasing demand for webtoons and the emergence of specialized webtoon platforms, paid models such as paid services for finished works, one-hour binge-reading, and preview services have emerged to generate revenue.

In addition, webtoon platforms are building up their intellectual properties by registering and expanding them across different genres such as movies, dramas, web novels, and games through the trans-media strategy<sup>2</sup>. In particular, webtoon platforms are producing drama series and movies based on webtoons that have proven their marketability by gathering popularity in competitive Korea and foreign OTT platforms. Best cases include Netflix original series *Sweet Home*, *Hellbound*, and *All of Us Are Dead* were produced with NAVER Webtoon IP and made global successes. *Solo Leveling* which gained popularity on Kakao's page, was produced as a web novel and has since expanded its IP to include webtoons, animations, and games.

## Government Policies to Foster the Webtoon Industry

In March 2023, the Korean government amended the Promotion of Cartoons Act to include a legal definition of webtoons and include webtoons in the cartoon industry. By legally distinguishing between cartoons and webtoons and clearing up confusion, it became possible to provide supportive policies tailored to the characteristics of webtoons. In January 2024, the Ministry of Culture, Sports, and Tourism released the Direction for the Development of the Cartoon and Webtoon Industries to lay out strategies and tasks to foster cartoon and webtoon industries as a strategic industry to drive the Korean Wave, expand exports, and encourage fair trade.

In June 2024, the Korean government announced policies to foster the webtoon industry in the Third Master Plan for the Promotion of the Content Industry<sup>3</sup>. The plan proposed various localization plans to ensure the successful global entry of the webtoon industry such as tailored translation, use of local stories, and content production support. The government also announced plans to host

2. In 2006, Henry Jenkins defined transmedia as the use of fragments of narrative and information through various media channels.

3. <https://www.korea.kr/briefing/policyBriefingView.do?newsId=156636400>

## Direction for the Development of Cartoon and Webtoon Industries

Vision	Leading the Global Content Industry by Fostering Cartoon and Webtoon Industries		
Goals	Expand markets	Expand exports	Develop related festivals
	Cartoon industry sales KRW 4 trillion in 2027	Cartoon industry exports USD 250 million in 2027	Hosting comics and webtoons festivals
Strategies and Action Plans	Strategies	Action Plans	
	Laying the foundation for innovative future growth	<ul style="list-style-type: none"> <li>- Establishing an all-out support system led by the Ministry of Culture, Sports and Tourism</li> <li>- Training comic and webtoon specialists</li> </ul>	
	Leading the global market for K-comics and webtoons	<ul style="list-style-type: none"> <li>- Expanding global comics and webtoons platforms to drive the Korean Wave</li> <li>- Strategically fostering global cartoon and webtoon companies and works</li> </ul>	
	Creating an ecosystem for cartoons and webtoons	<ul style="list-style-type: none"> <li>- Strengthening the status of Korea as the birthplace of webtoons</li> <li>- Strengthening the foundation for fair trade</li> </ul>	

Source: Page 5, Direction for the Development of Cartoon and Webtoon Industries released by the Ministry of Culture, Sports and Tourism on January 23, 2024

a global webtoon festival to provide business opportunities for writers and companies, and to support the global expansion of small and medium-sized webtoon companies.

### Prospects for the Korean Webtoon Industry

The webtoon industry is considered to be the new Korean Wave content that will succeed the popularity of Korean music, drama series, and movies. It is currently expanding not only in the Korean market but also in global markets such as Japan, China, the United States, and Southeast Asia. It is securing overseas users not only by exporting the original webtoons but also by entering their platforms. In addition, it is expanding its business model by discovering Super IP (intellectual property).

According to market research firm Fortune Business Insights, the global webtoon market is expected to grow at a CAGR of 6.9% from 2024 to 2032, reaching USD 13 billion by 2032. As big tech leaders enter the global webtoon market, they are expected compete with Korean webtoon platforms<sup>4</sup>. In 2023, Apple added vertical reading

comics content through its Apple Books platform and Amazon launched Fliptoon service in Japan, and Japan's Rakuten also launched its own webtoon app, R-Toon.

Moving forward, building intellectual properties will prove crucial in strengthening the country's position as a webtoon industry leader and expanding the market for Korean webtoon companies. Competition among platforms to secure IP will intensify as more webtoons are adapted as movies, drama series, and games and make remarkable successes.



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4. <https://www.fortunebusinessinsights.com/ko/webcomics-market-105731>

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



# Industry Trends

*Invest KOREA 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 May 2024, Korea's total industrial production was adjusted after improving in the previous month, but the recovery trend continued.

### Monthly Industrial Activity Trends

Subject	All industries	Mining & manufacturing	Service	Retail sales	Capital investment	Construction completed
Monthly Change (%)	<b>△0.7</b>	<b>△1.2</b>	<b>△0.5</b>	<b>△0.2</b>	<b>△4.1</b>	<b>△4.6</b>

Mining and manufacturing production turned negative in May as more semiconductors were produced, but other industries, such as automobiles, were adjusted down after gaining significantly in the previous month (Apr. 2024: 2.4 → May: △1.2 percent). Despite increases in wholesale and retail trade (1.9 percent) and leisure (5.1 percent), the service sector was adjusted (Apr. 2024: 0.7 → May: △0.5 percent) by declines in finance and insurance (△2.5 percent) and information and communication (△1.6 percent). Retail sales stayed flat (Apr. 2024: △0.8 → May: △0.2 percent) as increases in durable goods (0.1 percent) and non-durable goods (0.7 percent) were offset by a decline in semi-durable goods (△2.9 percent). Capex fell (Apr. 2024: △0.3 percent → May: △4.1 percent), affected by delays in the introduction of transportation equipment such as aircraft and ships (+12.3 percent) and machinery (+1.0 percent). Construction completed decreased (Apr. 2024: 4.2 → May: △4.6 percent), with both building (△5.7 percent) and civil engineering (△1.1 percent) declining. The cyclical change in the coincident index fell due to decreases in construction completed and domestic shipments, while the cyclical change in the leading index started decreasing alongside falling construction orders and domestic machinery shipments.

The Korean economy in general continues to show signs of recovery despite adjustments in industrial activities in May, but there are upside and downside risks on the path ahead. On the production side, positive contributors include an improvement in the IT industry and global manufacturing, as well as the prospect of a soft landing in the global economy. On the other hand, supply chain and freight risks, as well as difficulties for small businesses, are weighing on the outlook. On the spending side (consumption and investment), the recent slowdown in inflation, the beginning of the peak holiday season, and the full-scale introduction of equipment in the second half of the year by major companies are positive factors, while household debt and real estate PF risks and sluggish construction orders are negative factors.

## Trends by Industry

### Automotive

#### Exports Continued Growing in May, Led by Expanding Hybrid Vehicle Exports

Exports rose by 2.4 percent year-on-year in May, led by expanding global demand for hybrid vehicles. Domestic consumption fell by 7 percent year-on-year in April on the back of weaker consumer sentiment and the base effect of higher sales volumes in the previous month. Production in April ended a two-month decline and turned positive on stronger exports.

### General machinery

#### Production Started Growing, Exports Turned Negative

April production increased by 4.6 percent year-on-year, supported by higher domestic sales and exports. May exports fell by 1.5 percent year-on-year as exports to China and the EU remained slow and exports to the US turned negative. Imports turned positive (+7.7 percent) in April as Korean manufacturers performed well and the economic outlook improved, leading to recovery in demand.

### Shipbuilding

#### Imports and Exports both up Sharply amid Improving Production Indices

Production indices improved in April, as production turned positive and shipments fell slightly. Exports increased by 108 percent in May, as ships ordered at high prices were delivered. Imports increased by 314.1 percent in April, as a large influx of ships was received. Korea's cumulative orders up to April continued to be strong, up by 27.8 percent year-on-year to 5.4 million CGT, with a cumulative order of 39.1 million CGT.

### Steel

#### Production Continued Falling, Exports Fell Further due to Lower Unit Prices

Production in April decreased by 4.6 percent year-on-year as falling domestic consumption caused sales to shrink and the third renovation of blast furnace no. 4 at Pohang Steelworks begun. Exports in May decreased by 11.9 percent from a year ago as sluggish demand in Japan and China slowed exports and weak raw material prices caused export unit prices to fall. Despite a significant increase in import volume from China, April imports fell by 2.2 percent from a year ago due to sliding unit prices.





## Oil refining

### Exports Rose by 8.4 percent YoY on Higher Unit Prices

April production increased by 1.9 percent year-on-year as domestic consumption and exports grew together. Exports gained for the third consecutive month in May amid sustained high oil prices and growing exports in the Asian region.

## Semiconductor

### Semiconductor Exports Remained Strong

May exports grew by 54.5 percent year-over-year and reached USD 11.4 billion to record the second highest for the month of May, after the record high May in 2022. The April semiconductor production index was 138.6, up by 22.3 percent year-over-year, continuing the strong growth, but down by 4.4 percent from the previous month.

## Wireless communication devices

### ICT Devices Growth in Full Swing, May Exports up by 9.4 percent YoY

Exports grew for three straight months, as exports of smartphone parts surged by 18.2 percent while those of smartphones fell by 7.7 percent year-on-year. Production decreased by 1.9 percent year-on-year in April, but growing exports helped slow the fall, and shipments grew by 2.2 percent. Imports increased by 14 percent year-on-year in April, mostly in smartphone parts.

## Display

### Record High May Exports Driven by Expanding Demands for OLEDs Used in IT Devices

April production increased by 12.4 percent year-on-year, driven by growing demand for display panels used in IT devices. The recovery in demand for IT devices helped May display exports gain by 15.8 percent year-on-year and enabled display exports to grow for the tenth consecutive month. LCD imports continued growing due to the closure of domestic production facilities.

*\* 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.*



## SEOUL FOOD 2024

One-Stop Look into the World's Latest Culinary Trends

*The 2024 Seoul International Food Industry Exhibition, Korea's largest food and hospitality trade show, brings together food industry professionals and businesses from countries around the world. This year's event, organized by KOTRA and co-organized by Informa Markets and KINTEX, was held from June 11 to 14 in Goyang-si, Gyeonggi Province.*



The 2024 Seoul International Food Industry Exhibition (Seoul Food 2024), the largest trade show for the food and beverage industry in Korea, marked its biggest year yet, attracting over 40,000 key decision-makers, buyers, and industry experts to the spacious exhibitions halls at KINTEX. Celebrating its 42nd edition this year, the event provided a golden opportunity for Korean F&B companies to meet global buyers, and international suppliers to expand their businesses into the Korean market.

Following its start, Seoul Food has been trusted by Korean and overseas food companies for its wide reach and facilitation of global business partnerships. Every year, Seoul Food draws in thousands of visitors who are keen on exploring the latest food industry trends and developments. The international fair positions Korea as a major player in the global food and hospitality industry, showcasing the country's commitment to help foster win-win business relationships in the F&B sector as well as its innovative expertise to respond to ever-changing trends. The annual event is considered to be one of Asia's four top exhibitions of its kind after those in Shanghai, Bangkok and Tokyo.

This year's show opened at its largest scale to date,







attracting a whopping 1,605 food companies from 52 countries with the aim to showcase their products and find business partners for mutual growth. Also, a combined 250 buyers from 47 global markets including the U.S., Thailand, and China, participated in the event to get a first-hand experience of Korean food, which has been taking the world by storm. In fact, Korea's instant noodles have been gaining enormous popularity around the world, as the country's instant noodle exports earned USD 108.6 million in April earlier this year, surpassing a previous record of USD 92.9 million in February, according to the Korea Customs Service. Korea is aiming to hit the USD 1 billion mark for its ramen exports in 2024.

This year, the exhibition was divided into two specialized sections: F&B and food tech, to allow for the enhanced discovery of appropriate business partners in a timely and efficient manner. And since product development and technology always go hand-in-hand, the exhibition featured food producers and food tech companies converging their products and know-how, offering a more non-conventional experience for consumers. Another notable trend this year was the diversification of home replacement meals, meat substitutes, and traditional snacks, as there were numerous companies showcasing their latest developments in these sectors.

Export consultations—a vital part of the event—were held between Korean and global food companies, accumulating an estimated USD 200 million worth in business partnerships. Local importers, distributors and global buyers from a vast range of business segments in the F&B industry had the opportunity to hold exclusive one-on-one business meetings during the event to support the penetration of foreign businesses and products into the Korean market. KOTRA's strong global network consisting of 129 overseas offices around the world facilitated the active communication between businesses and global buyers, generating new opportunities for continued collaboration that goes beyond the event.







# DGFEZ, Dashing Toward 2030

*Global Business Base Leading the 2030 New Airport Era  
Future Mobility Seminar to Foster Core Strategic Industries*

The Daegu-Gyeongbuk Free Economic Zone Authority (DGFEZ) held the ‘DGFEZ Vision 2030’ announcement ceremony on June 13, 2024, at Hotel Inter-Burgo Daegu. The ceremony was attended by approximately 150 personnel from relevant institutions and enterprises, as well as DGFEZ committee council and staff.

At the event, DGFEZ unveiled its new vision, ‘Global Business Base Leading the 2030 New Airport Era’, and detailed development strategies. This new vision is part of a mid- to long-term strategy extending to 2030, designed to prepare for the Daegu-Gyeongbuk New Airport era. This era is expected to be a turning point for regional development, marked by the opening of the new airport in 2029. The vision focuses on three key areas: Daegu-Gyeongbuk New Airport, Business, and Global Base, aiming to transform the business environment from a regional to a global scale.

To achieve this goal, DGFEZ has outlined three core implementation strategies: 1) [Space] Sustainable Space Innovation, 2) [Industry] Revitalization of Innovation Ecosystems, and 3) [Company] Reinforcement of Corporate Support Services. 18 core tasks have been identified to support these strategies, and the commitment to these goals was reinforced by informing the participants and the public at the ceremony. These strategies are designed to coexist with the local economy in the long term, aligning with the 3rd Basic Plan for Free Economic Zones announced by the Ministry of Trade, Industry and Energy in 2023 and reflecting the updated development environment in the region.

Following the vision announcement ceremony, DGFEZ hosted a seminar on AI technology convergence and autonomous vehicles in the future mobility industry. This seminar, part of the key strategic industry strengthening project, is one of four seminars/forums planned for the year. These seminars provide tenant companies with opportunities to interact, enhance their capabilities, and foster an innovation ecosystem within DGFEZ’s eight investment districts.

Byeong Sam Kim, the 6th commissioner of DGFEZ, expressed a strong commitment to proactively preparing for the new airport era, which is expected to drive future development. He emphasized focusing all capabilities on transforming DGFEZ from a regional economic hub into a global business base, in line with the new mid- to long-term development strategy, coinciding with DGFEZ’s 16th anniversary.

Source: Daegu-Gyeongbuk Free Economic Zone Authority (DGFEZ)







## **Gumi National Industrial Complex: A Digital Industrial Complex Embracing IT, AI and Advanced Manufacturing Methods**

The Gumi National Industrial Complex was built to grow the nation's electronics and semiconductor industries, and consists of five complexes. Complex 1 is for the textile and electronics industries, and Complexes 2 through 4 are for semiconductor and electronics companies. Complex 5 is currently under construction and will house secondary battery and semiconductor makers.

As of December 2023, 2,436 companies are operating in the complex, more than half of which were in the mechanical, electrical and electronic industries. The cumulative production value in 2023 was KRW 46.2 trillion and the cumulative export value is USD 19 billion.

The Gumi National Industrial Complex gradually shifted its focus from the textile and electronics industries in the 1970s to the textile, computer, and semiconductor industries in the 1980s, home appliances and electrical and electronic industries in the 1990s, and IT and mobile industries in the 2000s.



## Gumi National Industrial Complex

• **Location:** Gongdan-dong, Simi-dong, Haepyeong-myeon, Sandong-myeon, and Chilgok-gun, Gumi, Gyeongbuk Province

• **Area**

(Unit: 1,000 m<sup>2</sup>)

Total area	Industrial facilities	Multi-purpose facilities	Supporting facilities	Public facilities	Green area
27,946	19,664	106	1,440	4,815	1,921

Since then, the complex has faced various problems as it aged. In order to improve the situation, attract corporate investment and transform the complex into a place attracting young talent, the Korea Industrial Complex Corporation has designated the Gumi National Industrial Complex as a Smart Green Industrial Complex\* and is implementing a number of detailed projects.

The Korean government is introducing Smart Green Industrial Complexes to transform their infrastructure into a digital and low-carbon environment and foster industrial complexes as local-led innovation centers. 18 industrial complexes were selected nationwide, including the Gumi National Industrial Complex, where various projects are currently ongoing.

At the Gumi National Industrial Complex, projects such as the operation of the Process Innovation Simulation Center\*, the operation of the Smart Green Industrial Complex Integrated Control Center\*\*, and the structural upgrading project to improve the environment of the old infrastructure have been carried out.

As a part the government's Smart Green Industrial Complex Project, the Gumi National Industrial Complex has been conducting the Advanced Manufacturing Robot Demonstration Project as a pilot project since 2023 in partnership with the Process Innovation Simulation Center. This project targets small and medium-sized enterprises that need to improve the manufacturing environment by deploying robot process models and introducing them to production sites.

In 2023, with about KRW 0.9 billion of national and local budgets, three companies introduced manufacturing robots to their manufacturing processes with the help of specialized consultants and achieved results in improving productivity. In 2024, eight more companies will join the project with a total project cost of KRW 1.1 billion.

This project is expected to accelerate the digital transformation of the manufacturing industry and deployment of advanced manufacturing robots and help companies meet actual demand. These projects will help unfold a new hey-day for the Gumi National Industrial Complex.

\*A project aimed at helping companies predict and verify product performance with various virtual simulations at the product development stage so that they can design optimal processes.

\*\*A system that uses intelligent surveillance systems IOT centers installed at 108 locations in Gumi National Industrial Complexes 1-4 for real-time detection of accidents such as fires and hazardous substance spills and in-advance risk prediction with AI platforms.

Source: (Text/photo) Korea Industrial Complex Corporation

# Marshmo, Digital Healthcare at Your Fingertips

## About the Company

Meta Analytics Inc. is using its state-of-the-art technology to offer and develop products such as Marshmo, a digital treatment application for children which helps manage mental health disorders like ADHD based on pediatric psychological tests and brain imaging data, and Marshmo Care, an electronic medication device for treating depression. Marshmo's main features include a habit correction rule card, an emotion monitoring system which utilizes generative AI technology, and an English learning AI agent. Marshmo Care provides a non-invasive vagus nerve stimulation service.



## Background

### Background and Inspiration

The number of children suffering from various developmental diseases is increasing due to causes like the excessive use of smartphones, resulting in a spike in cases of ADHD and depression in children. In such cases, establishing treatment goals after accurately identifying the cause which is dependent on emotional, cognitive, and physical symptoms, and making a correct diagnosis is critical. ADHD and depression, in particular, are on the rise among young children due to negative dopamine stimulation and the ambiguous rules given to children. The prefrontal cortex (PFC) and striatum, which are involved in advanced cognitive functions, are one of the main areas of the brain which enables decision-making and self-control. Forming good habits in the brain circuits

the storing of procedural memory in the striatum, which is very important for children to build good studying habits. Meta Analytics' Marshmo digital therapy app can help the striatum receive input from the prefrontal cortex by providing clear rules and rewards and help stimulate good dopamine production—a method used to improve ADHD in children. The Marshmo mobile app is now in service and boasts a high retention rate. Meta Analytics is also in the process of developing Marshmo Care, a non-invasive vagus nerve stimulation service for children, to help alleviate depression symptoms in children diagnosed with depression using the data-based Marshmo app.

## Purpose

As more people work and learn remotely after the Covid-19 pandemic, they are using more digital media devices such as smartphones at home, which can negatively affect self-control and resilience due to the easy and frequent exposure to media content that indiscriminately produces dopamine. The overuse of digital media devices also makes it difficult for parents to set clear and consistent rules when disciplining their children. As a result, many children are experiencing difficulties in learning as they suffer from ADHD or depression. Although some antidepressant effects of vagus nerve stimulation have been reported in the past, conventional vagus nerve stimulation involves surgically attaching electrodes to the vagus nerve. This invasive vagus nerve stimulation not only requires surgery, but also has many disadvantages such as infection and inflammation, pain, and high cost. In contrast, non-invasive vagus nerve stimulation does not require surgery, and offers easier access through various products such as earphones and accessories. Furthermore, the antidepressant effect of the conventional vagus nerve stimulation requires days or weeks of stimulation to be effective, while Marshmo Care's method has been proven to provide an antidepressant effect with just a single instance of stimulation.

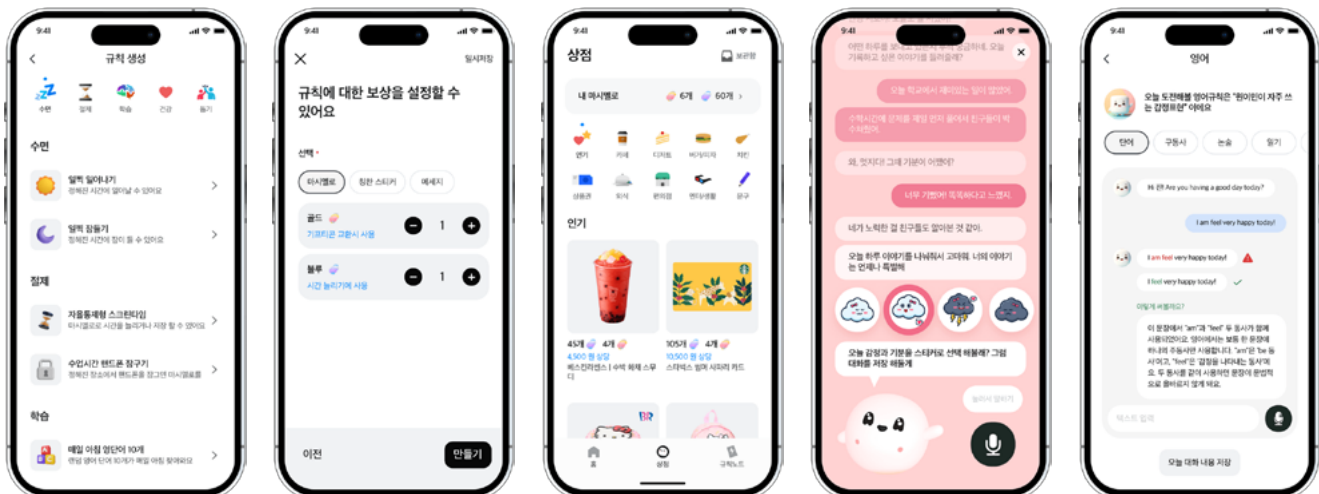
## About the Product

### Marshmo Service for Treating ADHD

- **Rule Cards:** A feature that allows users to modify daily habits with rule notes (waking up early, meditating, setting screen time limits, etc.)
- **Smart Shop:** Users can purchase various mobile coupons with Gold Marshmallows that are given when they follow the rules on their rule cards.
- **AI Agent:** Users can earn Blue Marshmallows by following rules on their rule cards, then use the Marshmallows to use features like the AI English Learning and AI Chatbot.
- **Rule Notes for Parents:** Parents can create rule cards for their children, purchase Gold Marshmallows, and comment on the rule cards.

### Marshmo Care Service for Treating Depression

- **Vagus nerve stimulation:** Non-invasive vagus nerve stimulation (VNS) service is a clinically used hardware device that stimulates the nerves connected to the vagus nerve in the ear. Unlike conventional VNS, the mechanism does not require surgery. Currently, Meta Analytics is developing a miniaturized taVNS device, and plans to apply this technology in animals while activating neural circuits with optogenetics or fiber photometry.



[Figure 1] Marshmo Digital Therapy App



## Competitive Edge and Business Strategy

### Competitive Edge

Marshmo and Marshmo Care are non-drug treatment devices dedicated to treating developmental disorders like ADHD and depression in children. They can also assist in the mental development of children, and make them better learners. Marshmo is a one-of-a-kind software which helps parents discipline their children suffering from ADHD and other developmental disorders. It helps control excessive game playing and smartphone addiction in children. Meta Analytics was selected by the Ministry of Science and ICT as a participant in the AI Learning Data Building Project targeting children, and has participated in various research projects.

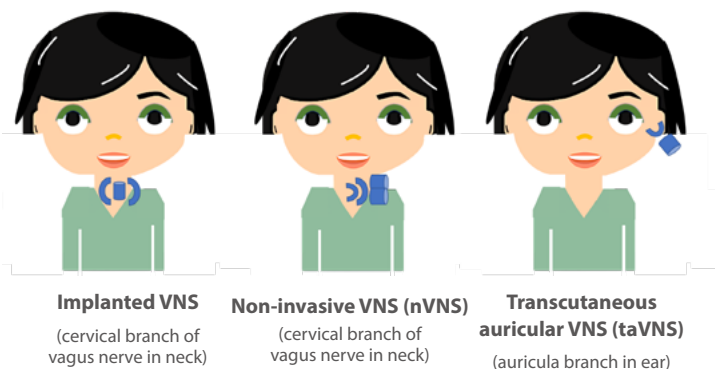
### Business Strategy

Marshmo is a digital software treatment device that helps children with ADHD build good habits and provides rewards. Marshmo Care is an electronic treatment hardware device that is attracting attention as a third-generation pharmaceutical non-drug treatment method that can resolve the limitations of existing depression treatment methods and drugs. Meta Analytics is pursuing a two-pronged strategy of offering a digital software app for treating children with developmental disorders, and an electronic treatment hardware device.

### Future Plans

Meta Analytics plans to attract more users to its Marshmo digital treatment app and establish a corporate research center to conduct joint research on planning and designing rule card templates. In addition, Meta Analytics is working to develop Marshmo Care, a depression treatment service that is provided based on Marshmo's mental health data on children. The plan is to develop and conduct clinical trials of non-invasive electronic VNS stimulation to help treat depression.

## Vagus Nerve Stimulation



[Figure 2] Marshmo Care: Transcutaneous Auricular VNS

**By John Lee**

Chief Executive Officer  
Meta Analytics Inc.  
[www.marshmo.com](http://www.marshmo.com)

\* 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 cultural content industry.

## COMPANY A



*Top Gun: Maverick*



*Categorized Hashtags*

Investment Requirement		Company Profile	
Amount	USD 4 million	Patents and Certificates	<ul style="list-style-type: none"> <li>- Registered 9 patents, including a method for processing big data-based user preference information using base attribute analysis</li> <li>- Applied for 18 patents and 4 designs</li> </ul>
Investment Structure	Equity Investment	Financial Performance	(Sales in 2022) - USD 6.21 million

### Investment Highlights

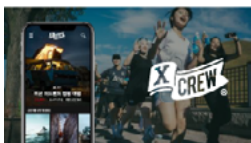
#### • OTT Market

The OTT market is growing rapidly as it is possible to consume video content through mobile devices such as smartphones from consuming video content through terrestrial TV, paid cable broadcasting, and IPTV, etc. in the past. Domestic and foreign OTT operators have developed metadata as a strategy to strengthen their competitiveness, but there is a need for a system that can compensate for the limitations of processing various languages, the time required to process large-scale data, and the difficulty of maintenance due to the updating of new information.

#### • A metadata generator that provides recommendation, search, and curation of VOD content with LLM based prompt engineering

The company is an AI developer for AI curation and AI service applications through self-developed solutions. It plans to use a large-scale language model (LLM) for an automated meta-information extraction system developed in-house and extract hashtags for each category of content through prompt engineering. It is aggressively introducing and internalizing AI technology, including 5 technology transfers, R&D projects, and contract, etc. with Korea University and KAIST, which have the highest level of AI technology in Korea. In 2021, the company signed an agreement with Korea University the Human-Inspired AI Research Institute to establish a contract center for industry-academia technology cooperation.

## COMPANY B



*Global Tour & Activity O2O Platform*



*Diverse Activities*

Investment Requirement		Company Profile	
Amount	USD 1.1 million	Patents and Certificates	<ul style="list-style-type: none"> <li>- Registered trademark for the Activity Guide Program.</li> <li>- Company-affiliated research institute completed venture company certification</li> </ul>
Investment Structure	Equity Investment	Financial Performance	(Sales in 2022) - USD 0.77 million

### Investment Highlights

#### • Lifestyle market based on activities

After COVID-19, there has been an explosive increase in interest in a healthy lifestyle and leisure activities. As a result, the number of hikers, cyclists, campers, and park visitors has been steadily rising. There is an increasing need for personalized tours and activities with clear individual interests, tastes, and objectives. It is estimated that the leisure time of office workers in Korea after work is about 3.5 hours, and social media is not an easy way to find activities or clubs to join. This is due to the lack of a structured activity platform, which makes it expensive for both providers and consumers to provide the desired activity experience or to experience a new activity.

#### • Activity platform for office workers after work

The company's platform that provides about 10,000 crew members with a variety of activity experiences based on their diverse talents, and guides consumers to experience healthy leisure activities. It proposes activities specialized in the area, such as sights, activities, and food, and aims to grow into a global community where multinational crews and participants exchange languages and cultures together. Currently, there are about 50,000 tours and activities offered by crews, and the number of subscribers has increased by about 11 times from the first half of 2021 to November 2022.





# Remuneration of Directors Under the Commercial Code

## I. Overview and Types of Directors' Remuneration

The remuneration of a director of a company is important for corporate management purposes in the sense that it represents a reward for the director's past performance and offers an incentive for his/her future contribution to the value of the company. As it is also closely related to directors' compliance with the duty of care and the duty of good faith, it has recently emerged as a key issue in corporate governance. As such, directors' remuneration has received recently more attention.

Remuneration of a directors paid not only in typical forms such as base salary, short-term performance pay, long-term performance pay, and severance pay but also in the form of stock-based compensations such as stock option (Article 340-2 of the Commercial Code), stock grant, restricted stock unit, restricted stock award, and performance-based stock. The form of payment is being further developed.

## II. Remuneration Determination Procedures

Article 388 of the Commercial Code provides that "[i]f the amount of remuneration to be received by directors is not prescribed by the articles of incorporation, such amount shall be determined by a resolution of a general meeting of shareholders." Still, the general meeting of shareholders is not required to specifically determine individual directors' remunerations, and it may determine only the total or cap of all directors' remuneration in aggregate, leaving determination of individual directors' remunerations to the board of directors. In practice, the general meeting of shareholders first sets the cap, following which the board of directors determines each director's remuneration in greater detail.

It should be noted that, regardless of how remuneration is named, such as monthly salary and bonus, directors' remuneration includes all compensation items that are paid in return for their service (Supreme Court Decision 2015Da51968 rendered on



May 30, 2018), and thus, any agreement on remuneration that is not based on the articles of incorporation or a resolution by a general meeting of shareholders is invalid (Supreme Court Decision 79Da1599 rendered on November 27, 1979).

In order for a company to grant stock options to a director, it should be (i) based on its articles of incorporation (Article 340-2(1) of the Commercial Code) and (ii) approved by a special resolution of a general meeting of shareholders as provided for in Article 434 (Article 340-2(1) of the Commercial Code). The company (iii) should reach agreement with the director regarding the stock option and prepare a written contract within a reasonable period (Article 340-3(3) of the Commercial Code), and (iv) should furnish the written contract at the head office until the period for exercising the stock option expires (Article 340-3(4)). Since grant to stock option should be approved by a special resolution by a general meeting of shareholders, it is not included in directors' remuneration, which is to be determined by a general meeting of shareholders under Article 388 of the Commercial Code.

As the director himself/herself may be involved in the procedures above, issues such as conflict of interests or pursuit of private interest may arise. As such, it is necessary to establish an appropriate decision-making process to secure appropriateness in the remuneration determination process.

### III. Appropriate Remuneration for Directors

Regarding the appropriate amount of a director's remuneration, the Supreme Court ruled that "[t]here shall be a reasonable proportionate relationship between service provided by a director to the company and the remuneration paid in return therefor, and it shall not go off balance beyond the reasonable level, reflecting company's financial status or business performance" (Supreme Court Decision 2014Da11888 rendered on January 28, 2016).

Therefore, a reasonable and proportionate relationship should be maintained between service provided by a director to the company and the director's remuneration, and if it is excessive beyond the reasonable level considering the company's financial status or business performance, the directors who have decided on the remuneration may be subject to civil and criminal liability due to breach of the duty of good faith or the duty of care may arise.

*By Ji-Pyoung Kim (Attorney)  
Chang-hee Shin (Foreign Legal Consultant)  
Seung-Hwan Cheong (Attorney)  
Jae-Hong Jung (Attorney)*

**Kim & Chang**

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

# 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





INCHEON

## Jeondeungsa Temple

Known to be built in the year 381, Jeondeungsa Temple is the oldest Buddhist temple in Korea, which is situated in the middle of a mountain in Ganghwa Island. Together with exquisite surrounding scenery, the Temple offers spaces and facilities for various events.



### Venue & Rental Information

- Address: 37-41 Jeondeungsa-ro, Gilsang-myeon, Ganghwa-gun, Gyeonggi-do, Korea
- Phone Number: +82-32-937-0152 Homepage: [www.jeondeungsa.org](http://www.jeondeungsa.org)
- Inquiries: +82-10-3789-0152 / [jeondeungtemple@gmail.com](mailto:jeondeungtemple@gmail.com)
- Major Events Held in Recent Years: Ministerial Meetings of Korea, China and Japan for Tourism Policy (2019) / Participated in Samrangseong Historical Culture Festival for 20 times / Participated in Migrants Multicultural Festival for 14 times / Hosted Korean Temple Food Celebration Event for 7 times / Hosted yearly First Full Moon Festival of Lunar New Year Event

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





# Planned Sites and Individual Sites

Korea's industrial site policies are focused on efficiently securing areas for industrial production and operation and selecting quality sites, and recommend establishing a factory in an industrial complex - the most common type of planned site - for efficient management. However, if it is unsuitable to establish a factory in an industrial complex due to business conditions, land prices, etc., it is possible to purchase a separate site and obtain the necessary licenses and permits to establish a factory.

## ① Planned Site (Industrial Complex)

An industrial complex is an area designated and developed under a comprehensive plan to collectively set up industrial facilities and support facilities for employees and users. Assistance is provided to companies wishing to secure factory sites and find partner companies and human resources through clustering and the smooth supply of raw materials and parts. In recent years, industrial complexes have established industry-academia linkages and connected various support facilities.

The types of industrial complexes differ depending on the purpose of development, and the way businesses are managed in relation to factory establishment is different from that of individual sites. In the manufacturing business, the types of businesses that can move in are different depending on the site, and the regulations for operation and management may differ in each complex.

For example, industrial complexes, foreign investment zones (complex-type) and national food clusters operate based on their basic management plan, while the relevant laws apply to free economic zones, the Saemangeum area and INNOPOLISes. In the case of free trade zones, the qualifications for tenancy are prescribed by the Act on Designation and Management of Free Trade Zones.

Because industrial complexes cannot cover all types of industrial sites, a certain area with a special purpose is sometimes designated as an industrial complex and an industrial complex is sometimes designated within a special-purpose area. Some examples of such industrial complexes are foreign investment zones, free economic zones and free trade zones designated for attraction of foreign investment.

## ② Individual Site

Individual sites refers to any area outside of a pre-designated or developed site. So when a company purchases or leases land outside an industrial complex or a building in an urban or residential area, a factory can be established in such areas by obtaining a permit or authorization for change of usage.

Where an individual site is selected for operating a manufacturing business, companies can move into factories and Class 2 neighborhood amenities (manufacturing facilities), among the types of buildings pursuant to the Enforcement Decree of the Building Act. However, a "use area" is designated for all land in Korea based on the National Land Planning and Utilization Act, and the permitted activities differ by use area. In this regard, to construct a new building, the use of the building and the activities restricted in the relevant area prescribed by the National Land Planning and Utilization Act and local government ordinances should be checked in advance. If a use area is banned from factory construction, the use area can be changed by altering the city or county (gun) management plan after going through the deliberation of the city planning committee.

\* Refer to the Notice of Standards for Factory Sites or the attached Table of the Enforcement Decree of the National Land Planning and Utilization Act about the type of businesses permitted in each usage area.

## Pros and Cons of Industrial Complexes and Individual Sites

Industrial Complex	Individual Site
Pros	
<ul style="list-style-type: none"> <li>• Favorable SOC conditions including infrastructure</li> <li>• Simplified procedures for obtaining permits for factory establishment</li> <li>• Ease of exchanging information and technology between companies</li> <li>• Reduction of logistics costs</li> <li>• Easier government support compared to individual sites</li> </ul>	<ul style="list-style-type: none"> <li>• Affordable land acquisition</li> <li>• The right place can be chosen as the site</li> <li>• Can be located near market</li> <li>• Small-sized site can be chosen</li> <li>• Ease of sale and disposal of factory site</li> </ul>
Cons	
<ul style="list-style-type: none"> <li>• Simplified procedures for factory establishment, although there are restrictions on sale and disposal of the site</li> </ul>	<ul style="list-style-type: none"> <li>• Complicated authorization and permit procedures for factory establishment</li> <li>• Fewer incentives including tax exemption and financial support compared to industrial complex</li> <li>• Companies have to install necessary infrastructure including road and water supply facilities</li> <li>• Difficult to control environmental factors near factory</li> </ul>

*For further inquiries, please contact the Investment Consulting Center*

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[www.investkorea.org](http://www.investkorea.org)

# Q: What procedures and documents are required for a foreign investor intending to transfer its shares to a Korean national or a foreigner?

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

## A:

When a foreign investor transfers the stocks, etc. acquired pursuant to the Foreign Investment Promotion Act to another person (a Korean national or a foreigner), the acquiring foreigner or foreign-invested company should report the acquisition of the stocks, etc. and register change of information of foreign-invested company to a delegated agency within 60 days of the signing of the stock transfer contract.

### 1) When the foreign investor transfers the stocks to a foreigner:

- The acquiring foreigner: Two copies of the form of notification of foreign investment by acquisition of stocks, etc. or contribution (certificate of nationality and stock transfer contract to be attached)
- The foreign-invested company: An application for alteration of registration of a foreign-invested company (the original certificate of registration of a foreign-invested company should be returned and a shareholder register should be attached)

### 2) When the foreign investor transfers the stocks to a Korean national:

- The foreign-invested company should apply for alteration of registration of foreign-invested company to reflect the transfer of the stocks of the foreign investor. However, if the entire stocks held by the foreign investor are transferred, registration of foreign-invested company shall be cancelled.
- The foreign-invested company: An application for alteration of registration of foreign-invested company (the original certificate of registration of a foreign-invested company should be returned and a shareholder register should be attached)

*For further inquiries, please contact the Investment Consulting Center*

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# A Venue for opportunities and new possibilities, **Gwangju Free Economic Zone**

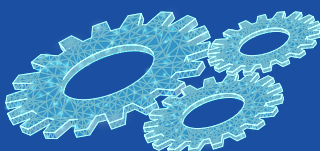
## AI Convergence

District



## Future Automotive

Industry District



## Smart Energy

Industry District



## Investment Environment

- Population of 1.5 billion, a huge market made up of the world's top 3 trade blocs, a central city in the Northeast Asian market, Gwangju Metropolitan City
- 61 cities including Beijing, Shanghai, and Tokyo with a population over one million within a 1,500 km radius



**501.02 km<sup>2</sup>**  
Area



**1,419,237**  
Population



**25,348**  
Foreigners



**789,000**  
Working age  
population (15-64)



**KRW 45 Trillion**  
Gross Regional  
Domestic Product (GRDP)



**54**  
Foreign Companies



**13**  
Industrial Complexes



**163**  
Medium-Sized  
&  
Large Enterprises



**3 major  
Industries**  
Automotive, Energy,  
AI Convergence



**18**  
Universities  
(1 foreign school)



**24**  
General Hospitals



**14.8°C**  
Average Temperature  
(Highest : 37.8°C,  
Lowest : -5.9°C)



Scan QR Code and  
Check out status of each district  
and tenant companies in details

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ECONOMIC ZONE AUTHORITY



[www.gjfez.go.kr](http://www.gjfez.go.kr)



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