

# Invest KOREA

250  
July 2024

## Industry Focus

### Korea, Transforming Itself into a Robot-Friendly Country

**Event Overview: Roundtable Discussion with Honorary Ambassadors of Foreign Investment Promotion for Korea**  
**Key Points of the 2024 Amendments to the Korean Tax Law**  
**Safeway, Providing Innovative Mobility in Everyday Life**

# Invest KOREA July 2024 Issue

## Economic Trends

03-05

## Business News

06-07

## Industry Focus

08-11

Korea, Transforming Itself into a Robot-Friendly Country

## Invest KOREA Market Place

12

## Industry Trends

13-15

## Feature Story

16-19

Roundtable Discussion with Honorary Ambassadors of Foreign Investment Promotion for Korea

## Location Report

20-21

Namdong National Industrial Complex

## Future Unicorns

22-24

Safeway, Providing Innovative Mobility in Everyday Life

## Business in Korea

25

Comparison of Sites

## FAQ from Investors

26-27

## Experience Korea

28-29

## Special Contribution

30-31

Key Points of the 2024 Amendments to the Korean Tax Law

# Economic Trends

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

## Summary and Assessment\*

- The Korean economy is showing some improvement in economic activity driven by high export growth, but domestic demand has yet to recover.
  - Exports continue to show a favorable recovery trend, led by semiconductors.
    - As the global economy sustains modest growth, external conditions are somewhat improving.
    - Accordingly, semiconductor exports continue a robust recovery, and exports of other items are also showing a mild upward trend.
  - However, as the high interest rate environment persists, the recovery in domestic demand remains elusive.
    - The high interest rate environment, including continued hikes in delinquency rates on household and individual business loans, serves as a major factor weighing on domestic demand.
    - The decline in retail sales and equipment investment continues, while construction investment shows only a slight increase.
    - Consequently, inflation is slowing, and employment growth in the service industry is also narrowing.
  - As domestic demand remains sluggish while exports recover, the trade surplus trend is being maintained.
    - Imports turned to a decrease as consumer goods imports contracted due to weak consumption.

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

- **Economic Activity:** The Korean economy is showing signs of relief from the economic downturn as export recovery continues, gradually emerging from the temporary production slowdown experienced in March.
- In April, all-industry production ( $0.1\% \rightarrow 3.1\%$ ) saw an expanded increase, as the sluggishness in most industries eased compared to the previous month.
  - Industrial (mining and manufacturing) production ( $1.0\% \rightarrow 6.1\%$ ) increased further as the number of working days (-1.5 days  $\rightarrow +0.5$  days) rose, automobiles ( $-9.2\% \rightarrow 3.4\%$ ) rebounded, and semiconductors (22.3%) maintained strong growth.
  - Services production ( $0.9\% \rightarrow 2.0\%$ ) also sustained a modest growth trend.
- The manufacturing industry saw a slight increase in shipments (3.8%), mainly in semiconductors (18.6%) and electronic parts (13.0%), and the average capacity utilization rate ( $71.4\% \rightarrow 73.5\%$ ) rose, indicating an easing of the temporary slump experienced in the previous month.
  - Manufacturing domestic shipments ( $-7.4\% \rightarrow 0.9\%$ ) remained at a low growth rate, while export shipments ( $1.2\% \rightarrow 7.9\%$ ) saw a significant increase compared to the previous month, primarily driven by semiconductors and automobiles.
- Despite the slowdown in domestic demand, the economic downturn is alleviating as high export growth continues.
  - The recovery in domestic demand remains elusive, with retail sales and equipment investment continuing to decline due to high interest rates and the value of construction completed showing only a slight increase.
  - However, semiconductor production remains favorable due to strong exports, leading the easing of the economic slowdown.
- **Consumption:** Consumption continues to decline across most items due to weakened spending capacity from sustained high interest rates, exhibiting signs of prolonged sluggishness.
- Retail sales ( $-3.4\% \rightarrow -2.6\%$ ), which are closely related to goods consumption, continued to decline, and also decreased by 1.2% on a seasonally adjusted month-on-month basis, indicating a lack of momentum.
  - Despite high growth posted by non-store retail (9.0%), which reflects online sales, most offline sales, such as department stores (-9.9%), specialty retail stores (-6.4%), and large retailers (-6.0%), remained weak.
- Service consumption also continued its slowing trend, following the previous month.
  - Production in accommodation and food services (-2.4%) and education services (-1.1%), which are closely related to service consumption, continued to slide.
  - However, production in transportation and storage surged by 13.1% due to the expansion of travel demand.
- Meanwhile, the Composite Consumer Sentiment Index (98.4) in May fell below the baseline (100).
- **Equipment Investment:** Equipment investment continues its sluggish trend, mainly in machinery, due to factors such as high interest rates.
- In April, equipment investment ( $-4.5\% \rightarrow -2.3\%$ ) continued a downward trend, following the previous month.
  - Transport equipment ( $4.4\% \rightarrow 3.9\%$ ) saw an increase, following the previous month's trend, but machinery ( $-7.3\% \rightarrow -4.3\%$ ) continued to decrease by a large margin, led by special industrial machinery ( $-12.8\% \rightarrow -12.0\%$ ).

- Furthermore, leading indicators remain lackluster, as evidenced by the continued decline in machinery imports.
  - In May, machinery imports ( $-7.3\% \rightarrow -17.5\%$ ) decreased significantly, mainly in transport equipment ( $0.0\% \rightarrow -26.1\%$ ), while semiconductor manufacturing equipment ( $-36.0\% \rightarrow -27.9\%$ ) also remained sluggish since March.
- **Construction Investment:** Construction investment continues to decelerate, and leading indicators exhibit sluggishness.
  - In April, the value of construction completed (constant) recorded a low growth rate of 0.8%, showing a lack of momentum.
    - Both the building construction sector ( $-4.6\% \rightarrow 0.4\%$ ) and the civil engineering sector ( $-0.1\% \rightarrow 1.9\%$ ) showed only modest increases.
    - This slowing trend in construction investment is regarded as a consequence of the accumulated sluggishness in construction orders received since the end of 2022.
  - The sluggishness in leading indicators, such as housing permits and construction orders received remaining at low levels, suggests that the slowing trend in construction investment may continue for the time being.
    - Housing permits (28,000 units) maintain a declining trend, remaining at 69% of the recent 3-year average (41,000 units).
    - Conversely, construction orders received (41.9%) recorded high growth due to the base effect, but on a seasonally adjusted basis (14.1 trillion won), they only slightly exceeded the average of the past year (13.9 trillion won).
- **Prices:** Amidst persistently high interest rates, demand-side inflationary pressures remain very low, while supply-side pressures are also easing, maintaining the trend of inflation slowdown.
  - In May, headline inflation rose by 2.7% down from the previous month (2.9%), as the increase in goods prices ( $3.8\% \rightarrow 3.2\%$ ) slowed significantly.
    - Prices of agricultural, livestock, and fisheries products ( $10.6\% \rightarrow 8.7\%$ ) saw a slight moderation in their upward trend as supply stabilized, and the price increase in electricity, gas, and water ( $4.9\% \rightarrow 2.7\%$ ) also narrowed due to the base effect.
  - Core inflation ( $2.3\% \rightarrow 2.2\%$ ) also decelerated, reflecting the impact of weakened demand due to persistently high interest rates.
    - The increase in core inflation is narrowing, particularly in interest rate-sensitive items such as durable goods ( $2.4\% \rightarrow 2.1\%$ ).
    - As the slowdown in demand continues, the core inflation rate is approaching the target (2%).

## Foreign Direct Investment

### S. Korea bags USD 610 mn investment from 3 U.S. firms

South Korea's industry ministry said on June 26 the country has secured USD 610 million worth of investment from three U.S. companies, in a move expected to further bolster bilateral ties in emerging industries and the global supply chain.

The three companies—On Semiconductor Corp., Corning Inc., and Pacifico Ener-

gy—confirmed their investment plan during a visit by Industry Minister Ahn Duk-geun to Washington, according to the Ministry of Trade, Industry and Energy.

"The investment proves global firms' unwavering confidence in South Korea's potential in cutting-edge industries and the energy sector," Ahn said in a statement.

### Fujifilm completes building color resist plant in S. Korea

A local unit of Japan's Fujifilm has completed a color resist production line in South Korea, Seoul's industry ministry said on June 14.

Fujifilm Electronics Materials Korea Ltd., the local arm of the Japanese company, held a ceremony marking the completion of the color resist production line in Pyeongtaek,

60 kilometers south of Seoul, according to the Ministry of Trade, Industry and Energy.

Fujifilm holds more than 80 percent of the global market for color resist used in the production of image sensors, a type of semiconductor applied in digital cameras, smartphones and drones.

### Sealy Korea to invest USD 30 mn in new Yeoju factory

Sealy Asia Pacific Managing Director Simon Dyer announced that Sealy Korea is the fastest-growing operation within Sealy globally. To accommodate this growth, Sealy Korea will invest around USD 30 million to build a new factory in Yeoju, Gyeonggi Province, to increase production capacity.

Dyer described Korea as a market with a modern economic system and a diverse bed culture, presenting significant opportunities for growth. He also highlighted Korea's unique bed technologies that cannot be found

elsewhere, such as stone and clay beds. He acknowledged the presence of long-established local bed companies with excellent expertise and technology, making Korea an attractive market for Sealy.

Sealy Korea plans to build a new factory near its current Yeoju plant and relocate within two to three years. The company currently imports key components such as springs from Australia, but the completion of the new factory will allow for local manufacturing.

## Industry

### Public-private consultative body launched to boost EV battery service sector

In a concerted effort to expand the electric vehicle (EV) battery service market, major South Korean companies, including Hyundai Motor Co. and LG Energy Solution Ltd., have joined forces with the government.

The Korea Battery Industry Association (KBIA) announced on June 18 the launch of a public-private joint consultative body dedicated to EV battery services. This initiative aims to foster cooperation between government bodies and leading companies in the EV sector.

The launch event, held in Seoul, saw

participation from the Ministry of Trade, Industry, and Energy, the Ministry of Land, Infrastructure, and Transport, and the Ministry of Environment, along with companies including Hyundai Motor, Kia Corp., Hyundai Glovis Co., LG Energy Solution, SK on Co., and PM Grow Co.

The forum addressed major consumer concerns, such as charging infrastructure and EV safety, by highlighting solutions like battery performance diagnostics, battery subscription and replacement, and mobile charging services.

## Exports extend gains to 9th straight month in June

South Korea's exports extended on-year gains to the ninth straight month in June on the back of record performance of semiconductors, data showed on June 1.

Outbound shipments rose 5.1 percent on-year to USD 57 billion last month, according to the data compiled by the Ministry of Trade, Industry and Energy.

By sector, exports of semiconductors, the

backbone of Asia's No. 4 economy, shot up 50.9 percent over the period to USD 13.4 billion. This marked eight consecutive months of year-on-year growth.

The ministry attributed the gains to the rising prices of memory chips, along with strong demand from the cloud computing and artificial intelligence sectors.

## S. Korea's pharmaceutical, biotechnology exports spike 55 pct on-year in H1

South Korea's exports of pharmaceutical and bio technologies surged from a year earlier in the first half of the year, data showed on June 29.

In the first six months of the year, the country exported KRW 4.5 trillion (USD 3.26 billion) worth of pharmaceutical and bio technologies, up 55 percent from KRW

2.9 trillion for the same period last year, according to the data from the Korea Pharmaceutical and Bio-Pharma Manufacturers Association.

At the current rate, the country's annual total is expected to reach 8 trillion won, according to the association.

## S. Korea to provide KRW 17 tn of policy financing for chip industry investment

The finance ministry said on June 26 it will provide low-interest loans of KRW 17 trillion won (USD 12.2 billion) next month for corporate investment in the semiconductor industry and will push to extend tax benefits for investment in strategic technologies.

It is part of execution plans for the comprehensive support package worth KRW 26 trillion announced by President Yoon Suk

Yeol last month and designed to support the key industry amid intensifying global competition.

Under the plan, the government will launch the financial support program worth KRW 17 trillion in July to be available for domestic and foreign companies that make a fresh investment in the chip industry at home, according to the Ministry of Economy and Finance.

## Yoon unveils ODZs with major tax benefits

South Korean President Yoon Suk Yeol announced specific areas across the country will be designated as the first so-called Opportunity Development Zones (ODZs). They are part of a national designation program that aims to attract corporate investment in certain areas via tax advantages, regulatory exemptions, and financial support.

Yoon approved a designation proposal from the Ministry of Trade, Industry, and Energy on June 20 at the 9th provincial council meeting in Pohang, North Gyeongsang Province.

The approval will result in the creation

of specialized industrial complexes in 20 areas. Among the regions, Pohang will house an opportunity zone of 2 million square meters that focuses on secondary batteries and relevant industries. North Gyeongsang Province's Gumi will have a 1.8 million square meters zone specializing in semiconductors, secondary batteries, and defense equipment, while an industrial zone for liquefied natural gas (LNG) terminals, hydrogen production, and power generation spanning over 1.12 million square meters will be built in Yeosu, South Jeolla Province.



## Korea, Transforming Itself into a Robot-Friendly Country

### Status of the Korean Robotics Industry

The robotics industry is a promising future industry that will champion industrial innovation and labor market changes. The convergence of new technologies such as AI and 5G with robots has expanded the scale of human-robot collaboration. As a result, robots are emerging as new capital goods that make production more efficient across manufacturing activities. In the service sector, robots are also becoming more mobile and intelligent, opening up new business markets that are revolutionizing logistics, people's safety, national defense, and food manufacturing. Robots are also a key means to effectively address the imbalance of labor supply and demand, which has resulted from the rapid decline in the working

age population and the increase in the elderly population.

Korea's robotics industry generated KRW 5.9 trillion in sales in 2022, and the number of robotics companies has reached 2,510. The industry has seen an increase in sales and production in the manufacturing, service, and robot parts markets, driven by the growth of the overall robotics market, with the market for personal service robots showing the fastest rate of growth.

According to the International Federation of Robotics (IFR), Korea ranked first in the world by deploying 1,012 industrial robots per 10,000 employees in 2022. The robotics industry is believed to be driving the country's high growth rate, as Korea's distribution of robots is focused on the country's world-class electrical, electronics and automotive industries.

## Scale of the Korean Robotics Industry

(Unit: KRW 100 million, %)

Type	Sales					Production				
	2020	2021	2022	Change	2020-2022 Annual avg.	2020	2021	2022	Change	2020-2022 Annual avg.
Manufacturing	28,658	28,740	<b>29,747</b>	<b>3.5</b>	1.9	25,949	26,514	<b>27,319</b>	<b>3.0</b>	2.6
Service	8,577	9,077	<b>9,823</b>	<b>8.2</b>	7.0	7,896	8,157	<b>9,225</b>	<b>13.1</b>	8.1
Professional	4,611	5,091	<b>5,417</b>	<b>6.4</b>	8.4	4,332	4,478	<b>5,081</b>	<b>13.5</b>	8.3
Personal	3,966	3,985	<b>4,406</b>	<b>10.6</b>	5.4	3,564	3,679	<b>4,144</b>	<b>12.6</b>	7.8
Parts	17,501	18,266	<b>19,363</b>	<b>6.0</b>	5.2	16,436	16,938	<b>18,721</b>	<b>10.5</b>	6.7
<b>Total</b>	<b>54,736</b>	<b>56,083</b>	<b>58,933</b>	<b>5.1</b>	<b>3.8</b>	<b>50,280</b>	<b>51,609</b>	<b>55,265</b>	<b>7.1</b>	<b>4.8</b>

## Korea's Robotics Policies and Systems Introduced to Lead the Global Robotics Market

### Establishment of the '4th Master Plan for Intelligent Robots' to Build the K-Robot Economy

As the robotics industry has converged with the semiconductor, AI, secondary battery, and high-tech component industries, emerging as a new growth engine and a national strategic industry with a huge backward and forward spillover effect, countries around the world have recognized robotics as a future strategic industry and a key sector in enhancing industrial competitiveness. Accordingly, they are promoting multifaceted policies.

In January 2024, the Korean government announced the 4th Master Plan for Intelligent Robots (2024-2028) to build the K-Robot Economy, and presented three key strategies to lead the global robotics market. First, the government plans to invest more than KRW 3 trillion by 2030 by working with the private sector in order to strengthen competitiveness in technology, manpower, and businesses. It will begin by developing eight core technologies, including five hardware technologies such as speed reducers and three software technologies such

as autonomous operation. In addition, the government plans to train more than 15,000 specialists who will lead the high-tech robotics industry by linking the robotics industry with the mobility industry such as future vehicles and drones, while fostering more than 30 intelligent robotics companies with sales of more than KRW 100 billion.

Second, the Korean government will increase the industrial and social contributions of robots by improving productivity and reducing accident rates and massively deploying more than 1 million robots by 2030 across industries, including manufacturing, logistics, welfare, and safety. It will strengthen cooperation among ministries and actively support the process of obtaining overseas certifications so that robotics companies can build sufficient track records in the domestic market and expand overseas.

Third, the Intelligent Robot Act will be completely reorganized to create a new institutional foundation for supporting technological advancements and changes in the robotics industry. In addition, a national robot test field will be built by investing KRW 200 billion to ensure that the developed robots are safe and reliable to meet the standards of the market and consumers.

## 4th Master Plan for Intelligent Robotics: Basic Direction

### Vision

### Building the K-Robot Economy to Lead the Global Robotics Market

#### Increase the size of the K-Robot industry by four times by 2030

(from KRW 5.6 trillion to more than KRW 20 trillion)

##### 1. Strengthen competitiveness in three major areas

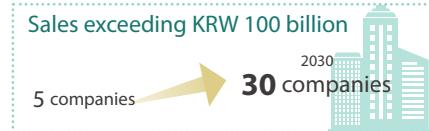
Technology Manpower Business

##### 2. Full-scale distribution of K-Robots

Industry Society Exports

##### 3. Building a robot-friendly environment

System	Safety
Infrastructure	Culture



### Action Plans

#### A strong public-private partnership centered on three strategies

(Public-private investment of KRW 3 trillion+ by 2030)

##### Making three main robotics segments more competitive

- [Technology]** Obtaining eight key technologies (five hardware and three software technologies)
- [Manpower]** Training 15,000 AI and software specialists
- [Business]** Fostering 150 robotics companies (robot special)

##### Global expansion of the K-Robot market

- [Domestic market creation]** Distribute 1 million robots in the manufacturing and services sectors by 2030
- [Global market creation]** Support obtaining overseas certifications, link robotics with overseas development assistance, and supporting international R&D

##### Building infrastructure oriented toward the robotics industry

- [System]** Amend the Intelligent Robot Act and reform regulations blocking market entry
- [Safety]** Strengthen safety nets by introducing specialized robot insurance, etc.
- [Business development]** Build test facilities to facilitate market entry
- [Culture]** Create social consensus for the distribution of robots

## Amendment of the Intelligent Robot Act Opens the Era of Outdoor Mobile Robots

In 2023, Korea allowed the use of outdoor mobile robots in new businesses such as delivery and patrol. Until now, outdoor mobile robots were not allowed to use sidewalks. However, with the amendment and enforcement of the Intelligent Robot Act (amended on May 16, 2023, and enforced on Nov. 17, 2023) and the Road Traffic Act (amended on Apr. 18, 2023, and enforced on Oct. 19, 2023), outdoor mobile robots that have received safe operation certification are granted the status of pedestrians and are allowed to pass on sidewalks. Those who want to operate outdoor mobile robots on sidewalks are obligated to purchase an insurance plan (or deductible). Outdoor mobile robots must also comply with the same road traffic laws as pedestrians, such as obeying traffic signals and avoiding jaywalking. In the early stages of implementing the outdoor mobile robot operation safety certification system, even robots that are certified to operate will be closely monitored for possible safety accidents.

## Status of Korean Robotics Companies

Korean companies are lagging behind their European and Japanese peers in the field of manufacturing robots, but they are building up their competitive advantage by investing heavily in the field of collaborative robots and expanding their application fields through convergence with AI and autonomous driving technologies. Doosan Robotics, a Korean company with the world's fifth largest global market share in the collaborative robot sector, is expected to grow rapidly by opening sales sub-

sidiaries in the United States and Europe and expanding its global sales network.

In the field of service robots, Korean conglomerates are actively taking over or buying shares of robotics companies, and are investing more in robotics by incorporating robotics technology into their existing business models. For instance, Samsung Electronics acquired a stake in Rainbow Robotics, which developed Korea's first humanoid robot, HUBO, while Hyundai Motor Company acquired Boston Dynamics, a global leader in robotics.

Meanwhile, Bear Robotics, a serving robot company based in Silicon Valley, is mass-producing robots in Korea. As orders for serving robots are piling up around the world, Bear Robotics sees Korea as an optimal base for robot production and aims to produce all orders in Korea. While serving robots need to be produced in small batches of various types, Bear Robotics' assessment is that Korea is suitable for manufacturing robots due to its well-developed robot production infrastructure.

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



# Invest KOREA Market Place

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

COMPANY A	Investment Requirement		Company Profile	
	Amount	USD 2 million	Patents and Certificates	- Registered 8 patents, such as an electric vehicle platform and a modular vehicle structure including an electric vehicle platform, etc. - 3 designs, 1 utility model, and 7 patents pending
Investment Structure	Equity Investment, Joint Venture	Financial Performance	(Sales in 2022) USD 0.76 million	
<b>Investment Highlights</b>				



Unmanned delivery robot



Unmanned loading/unloading robot



Manned and unmanned combined robots

COMPANY B	Investment Requirement		Company Profile	
	Amount	USD 8 million	Patents and Certificates	Patent applications pending for various devices incl. ingredient dispensing device, control device and method for ingredient dispensers, automatic conveyor oven cooking system, automatic noodle boiling system, etc.
Investment Structure	Equity Investment, M&A	Financial Performance	(Sales in 2023) USD 0.50 million	
<b>Investment Highlights</b>				



Kitchen automation



Real-time robot-controllable semiconductor chip

COMPANY C	Investment Requirement		Company Profile	
	Amount	USD 10 million	Patents and Certificates	Patent applications pending for various devices incl. ingredient dispensing device, control device and method for ingredient dispensers, automatic conveyor oven cooking system, automatic noodle boiling system, etc.
Investment Structure	Equity Investment, M&A	Financial Performance	(Sales in 2023) USD 0.50 million	
<b>Investment Highlights</b>				

#### Investment Highlights

- **Food robot market**

The food robot market was valued at USD 3.2 billion in 2022 and is expected to grow to USD 10.5 billion by 2032, growing at a CAGR of 12%. Rising minimum wage, kitchen staffing shortages, and an aging population are making it increasingly difficult to find kitchen workers, especially for large franchises and catering companies. As a result, the demand for cooking robots that maintain consistency in the quality of food without relying on human labor is rapidly increasing, and the related market size is also expected to grow significantly in the future.

- **Development of kitchen automation solutions using AI software and its own robot control semiconductor chips**

In order to improve problems such as high labor intensity, labor costs, labor shortages and high turnover rates in the restaurant industry, the company has developed a kitchen automation solution using robots and AI software. Based on 6 robot modules (frying, oven, stir fry, noodles, griddle), control technology (robot specific semiconductors, etc.), and software, robots have been introduced to well-known catering and large F&B companies.

# 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

Korea's industrial activities rebounded in April 2024, with overall output improving across major production sectors, suggesting a continuation of the recovery in the second quarter.

**Monthly Industrial Activity Trends**

Subject	All industries	Mining & manufacturing	Service	Retail sales	Capital investment	Construction completed
Monthly Change (%)	1.1	2.2	0.3	△1.2	△0.2	5

Mining and manufacturing production turned positive in April (Mar 2024: -3 → Apr 2024: 2.2 percent), with production in a number of industries (22 out of 28), including automotive, increasing despite adjustments in the semiconductor sector. Services production improved, driven by gains in most sectors, including wholesale and retail sales (+1.7 percent), transportation and warehousing (+1.3 percent), and education (+0.9 percent) (Mar 2024: +1.1 → Apr 2024: 0.3 percent). Retail sales increased in semi-durable goods (0.5 percent) and non-durable goods (0.4 percent), but declined in durable goods such as passenger cars and computers (△5.8 percent) (Mar 2024: 1.1 → Apr 2024: △1.2 percent). Capital investment was slightly flat month-on-month (Mar 2024: △6.3 → Apr: △0.2), as an increase in transportation equipment (0.3 percent) was offset by a decrease in machinery (△0.4 percent). Construction completed rebounded sharply, with both building (6.1 percent) and civil engineering sectors (1.7 percent) improving on the back of stronger performance at large-scale projects and better execution of public works projects (Mar 2024: △10.2→April 2024: 5 percent). The cyclical change in the coincident index declined for the second consecutive month due to a decline in construction completed and retail sales. The cyclical change in the leading indexes turned upward due to increases in inventories, economic sentiment index, and KOSPI.

The Korean economy continues to show signs of recovery, with April's industrial activities suggesting a favorable start of the second quarter, but there are upside and downside risks to the recovery path ahead. On the production side, expectations of an improvement in the IT industry and global manufacturing, as well as the prospect of a soft landing in the global economy, are positive factors. On the other hand, geopolitical unrest and subsequent supply chain risks are weighing on the economy. On the spending side (consumption and investment), positive weather conditions, an increase in overseas arrivals, and the resumption of construction at major semiconductor sites are upside factors, while household debt, real estate PF risks and weak construction orders are downside factors.

## Trends by Industry

### Automotive

#### Exports Turned Positive in April, Led by Record-High Exports to the US

Despite falling exports of electric vehicles, April exports increased by 8.5 percent year-on-year thanks to strong exports to the United States. March domestic consumption fell by 15.2 percent from a year ago due to a base effect and fewer business days. March production decreased year-on-year as both domestic consumption and exports fell together.



### General machinery

#### Production Declined for Two Straight Months, Exports Started Growing

In March, production decreased by 6.4 percent year-on-year due to a contraction in the domestic market. Despite continued sluggishness in exports to China and the EU, April exports increased by 1.5 percent year-on-year due to strong exports to the US, Latin America, and India. In March, imports fell by 5.8 percent year-on-year to decline for 10 months in a row, as demand from domestic companies continued to shrink due to the prolonged slowdown in the manufacturing industry.



### Shipbuilding

#### Significant Increase in Imports amid Sluggish Production Index

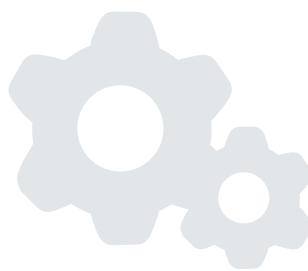
In March, production and shipments decreased by 6.6 percent and 15.6 percent, respectively, and the capacity utilization rate fell by 14.6 percent. Exports increased by 5.6 percent in April to grow for the ninth consecutive month. Imports increased by 207.3 percent in March, driven by a large influx of cargo ships. By March, Korea's cumulative orders amounted to 4.6 million CGT, accounting for 39.1 percent of the world's ship orders, and the cumulative backlog stood at 38.9 million CGT, indicating abundant work.



### Steel

#### Production and Exports Fell Together

Production in March decreased by 6.8 percent year-on-year as the sluggish construction industry weakened demands for related steel products and the base effect of strong plate production in the previous year. Despite an increase in exports to major export destinations such as Japan and China, exports in April decreased by 5.7 percent from a year ago due to weak exports to the EU and the Middle East and falling unit prices. Imports in March decreased by 13.6 percent year-on-year due to a decrease in import volume from China due to a base effect and a decline in unit prices of major import items.



## Oil refining

### Exports Grew by 19 percent Year-on-Year Backed by Volume Expansion

In March, production decreased by 1.6 percent year-on-year due to the sluggish domestic consumption. In April, exports continued to increase, supported by higher international oil prices and growing exports to the Asian region.



## Wireless communication devices

### Recovery in ICT Manufacturing is Visible, Exports up 11.4 percent Year-on-Year in April

Exports of smartphones fell by 18.2 percent year-on-year, but exports of parts increased by 30.3 percent, leading the increase in exports of wireless communication devices. In March, production decreased by 4.3 percent year-on-year, while shipments increased slightly by 1.9 percent, and inventories fell by 8.7 percent due to the exhaustion of existing volumes. In March, imports increased slightly by 0.1 percent from a year ago, driven by growth in smartphones and parts. In February 2024, the number of mobile phone subscribers increased slightly by 0.3 percent year-on-year, while the number of wearable device lines increased by 1.4 percent.



\* 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.

## Semiconductor

### Semiconductor Exports Increased for Six Straight Months

Exports in April reached USD 9.9 billion, up 56.1 percent year-on-year. The amount is the second-largest for the month of March following March 2022. The semiconductor production index for March was 159.9, up 30.3 percent year-on-year, continuing the trend of strong growth, but down 0.7 percent month-on-month.



## Display

### Production Increased due to Diversification of Products Made with OLEDs

In March, production increased by 6.9 percent year-on-year backed by the diversification products made with OLEDs. In April, display exports increased by 16.3 percent due to higher value-added panels, marking the ninth consecutive month of export growth. Display imports expanded mainly for LCDs due to the closure of domestic production facilities.



# Roundtable Discussion with Honorary Ambassadors of Foreign Investment Promotion for Korea

*During the second session of a two-part roundtable held via video conference, three honorary ambassadors of foreign investment promotion for Korea, appointed by the Ministry of Trade, Industry and Energy, held discussions on Korea's investment environment and ways to enhance multilateral investment cooperation.*

## Honorary Ambassador Profiles:



**Jean-Marie Hurtiger**

*Senior Executive of ERG-Europe, Former CEO of Renault Samsung Motors, Former President of the European Chamber of Commerce in Korea*



**James Choi**

*Senior Advisor of Prostar Capital, Managing Director of J2 Advisory, Former Ambassador of Australia to South Korea, Former Chief Advisor to Minister of Foreign Affairs in Australia*



**Youngjae Kim**

*Senior Research Fellow (VP) at LG Electronics, Member of the Advisory Board on Robotics Engineering at the Consumer Technology Association (CTA), Former Senior System Engineer at Apple Inc.*

*On May 17, three honorary ambassadors of foreign investment promotion for Korea took part in a video conference to hold active discussions on Korea's extraordinary journey toward growth and development, as well as the country's ongoing efforts in becoming a business hub for leading companies around the world. Last year, Korea reached another milestone, recording an all-time high in foreign direct investment (FDI). Each possessing a unique background and career experience, the ambassadors offered valuable insight into what it is that makes Korea a great investment destination, as well as ways the country can improve its business environment. Read on to find out more.*

**From your perspective, what are the factors contributing to Korea's success in achieving the record-high figure for FDI in 2023, and what are the country's strengths that are attractive to global investors and companies?**



**Hurtiger:** First of all, Korea's high education levels, great infrastructure, talented workforce, and the high number of tech companies create a synergistic environment for innovation and growth. On top of such internal factors, there are external factors that contribute to Korea's FDI success as well—for instance, we all know that the Chinese economy was changing over the past few years, making it more difficult for foreign investors to do business there. I think this allowed for more room for investors to consider moving away from China and reshore in other Asian countries, and that's where Korea really shines because of its potential and opportunities for growth, especially in technology.

When I look at the relationship between France and Korea, what I see is that most of the large French companies, or at least the ones who are interested, have already invested in Korea and have continued to invest over time. Now, one change I've noticed is that we (France) have a lot of small- and medium-sized tech companies, and for them, Korea is a great partner because of the country's advancement in technology, and because they can build a complementary relationship with the local companies here.

I also think it's beneficial to have a good foothold in Asia, and Korea offers a safer setting for smaller companies since it is less costly in terms of initial investment. For instance, I have seen many examples of companies who have been trying to go to both Japan and Korea for instance, and in the end, they can work in both countries, but things usually go a lot faster in Korea, where foreign companies are relatively well accepted and accepted faster.



**Choi:** From where I sit, supply chains are being upended because of the geopolitical contest that the US and China are in, and the war that's really breaking out. It's forcing companies to de-risk from China. And so, you can see that the phenomena of ally shoring is strong. Korea, as an industrial powerhouse, is attracting foreign investment for precisely that reason.

The second reason is because Korea is doing things that lead to the decarbonization of technology. It's battery technology, its EVs, it's critical minerals, and it's semiconductors on top of the whole geopolitical contest, meaning that all of this creates a very attractive destination for investment.

I would also add that generally speaking, Korea is becoming much more popular in the eyes of international visitors simply because the country's brand image is so much stronger now than it has ever been. So, the awareness of Korean companies' strengths but also its strengths in specific niche areas in terms of industrial capacity are attracting interest. Against this backdrop, I'm not surprised that more

investors are looking at the Korean market as a destination for their investment.

**With the emergence UN Global Compact (UNGC) and RE100, Korean companies are increasingly expected to align with these global initiatives as prominent players on the global stage. What are some strategies that Korean companies can adopt to effectively respond to such initiatives?**



**Kim:** As an engineer, the UNGC and the RE100 are not just simple environmental campaigns anymore. I think we are honestly already too late, and people are starting to realize that this is very important to their lives. I think it's important to link this kind of campaign to financial value, because otherwise, people will get into a dilemma, since a company basically tries to maximize its profit.

We're seeing Korea actually understanding this and adding financial value to initiatives like the ones mentioned. And now, Korean companies are automatically more eager to follow the policies and campaigns because it directly affects their profit models.



**Choi:** I agree. From what I see, Korean companies are already starting to shift, at least in terms of their strategic thinking on what they need to do. The first thing that obviously Korean companies will want to do is to try to source green energy from Korea. But because of Korea's limited renewable capacity, Korean companies are sculpting out the renewable opportunities here in Australia, how they can source green electrons for their industrial processes.

Going forward, I foresee Korean companies sourcing green molecules made from renewable energy elsewhere that will feed into Korea's future hydrogen industry. This definitely is a big shift that requires huge investment. Ulti-

mately, as we are seeing things unfold, it seems like Korean companies are preparing for a carbon price to be placed on operations as we're also seeing with the European Carbon Border Adjustment Mechanism (CBAM) being implemented by 2026.



**Hurtiger:** To participate in international initiatives like the Global Compact and the RE100 is important. It's also very important to let this be known and actively communicate what Korea is doing within those initiatives.

And it's true that Korea efforts to decarbonize are underway, but from what I understand, the plan is to actually be able to import the green molecules from, let's say for instance, oil producing countries such as the Middle East—either hydrogen or ammonia. To feed the energy industry in order to do that, you have to do a lot of development, such as converting ammonia into hydrogen or using ammonia directly. So, it's a whole new field of technical development where Korea will be uniquely placed and will probably come up with unique solutions of its own. Companies will have to adapt and they should be probably more outspoken about their initiatives and what they're doing.

In the nuclear industry, Korea is now well positioned, because it can produce efficient and rather cheap nuclear energy, which poses another greater opportunity.

**To continue attracting FDI and continue on the country's success thus far, what roles should the Korean government and investment promotion agencies (IPAs) like Invest KOREA play?**



**Kim:** Before this meeting, I actually had the chance to watch some of the contents on KOTRA's YouTube channel, and found that they were really great quality contents. But, I was surprised to see that the number of views were not as high as the

quality of the contents. So, in terms of an advertisement and PR perspective, I think it would be helpful for government bodies and agencies to utilize social media, because it definitely is more powerful than we think.



**Hurtiger:** In comparison to other countries, I think that overall, the current system of incentives that are already available for companies who invest in Korea are already pretty good. The system is fairly straightforward and easy to understand. So, I don't think there's much more to do in that field and is not where we can improve.

I think the difficulty lies in finding the good companies abroad and the companies that have potential in Korea, or Korean companies that have potential in Europe. I suggest going a step further in preparing trade shows or investment events to offer more opportunities for discussions and exchanges.



**Choi:** Over the longer term, in terms of Australia and Korea, I think the Ministry of Trade, Industry and Energy in Korea, but also Invest KOREA and KOTRA needs to begin focus on the themes that are relevant through the Australia Korea Partnership, and look at Australia's strengths in the upstream side of critical minerals and how it fits into Korea's battery industry.

I think there are many more opportunities that will occur especially as Australia wants to go downstream in processing, but also, as Korea wants to secure the upstream security supply chain, there needs to be much more policy dialogue as well as trade and investment discussions on how we can complement each other in these industries. I also think it'd be beneficial for the Korean government to do more strategically to signal to investors that it wants investment in the critically important area of renewable energy.

회의 참가자 ID: 575697

로그인 보기 ■

The image shows a video conference interface with four participants. In the top left, a man named Kim is visible. In the bottom left, a man named James Choi is shown, with a green rectangular border around his video feed. In the top right, a man named Jean-Marie Hurtiger is seated outdoors with a traditional building and autumn foliage in the background. In the bottom right, a group of three people are seated around a conference table in an office setting, with a sign on the table reading "KOTRA(HQ)". The video conference interface includes standard controls like a search bar, user list, and participant names.



## Namdong National Industrial Complex

The Namdong National Industrial Complex is the only urban national industrial complex in the country's capital region with an airport, port, highway network, and urban rail network. It specializes in machinery, electronics, and petrochemical-related industries, and of the approximately 7,860 companies operating in the complex, 3,780 are in the machinery sector, accounting for 48%.

However, since it was established more than 30 years ago, the industrial complex that has outdated infrastructure, and the proportion of supporting facilities and green areas is very low compared to other industrial complexes, resulting in inefficient spaces for workers' convenience. In addition, the complex is unpopular among young workers and local residents due to the high and growing proportion (96.2%) of small businesses with less than 50 employees.

The Incheon regional headquarters of the Korea Industrial Complex Corporation has introduced a pilot project\* to build Namdong's unique brand image and improve its reputation.

In collaboration with tenant companies, Incheon Metropolitan City and local organizations have set out to break down the boundaries between the city and the industrial complex and improve the image of the Namdong Industrial Complex by creating a unique local space where people want to visit, enjoy and work.

As the first step, the "I-Lighting Project"<sup>\*</sup> was launched to transform the industrial complex into 'an industrial space glowing even at night' and renew the small and aging factory district into a youth-friendly cultural space.

Art murals were lit up and placed on the exterior walls of a furniture company, and the exterior walls of a sparkling water factory were decorated with lights to give it a sparkling effect. Through such efforts, the complex was reborn as a cultural and artistic space.

Moreover, programs benefiting the workers of the industrial complex were expanded to bridge the gap between the industrial complex and the local community and to offer cultural experiences to local residents.

## Namdong National Industrial Complex

- **Location:** Namchon-dong, Nonhyeon-dong and Gojan-dong, Namdong-gu, Incheon Metropolitan City

- **Area**

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

Total area	Industrial facilities	Multi-purpose facilities	Supporting facilities	Public facilities	Green area
9,574	5,883	4	301	2,993	393

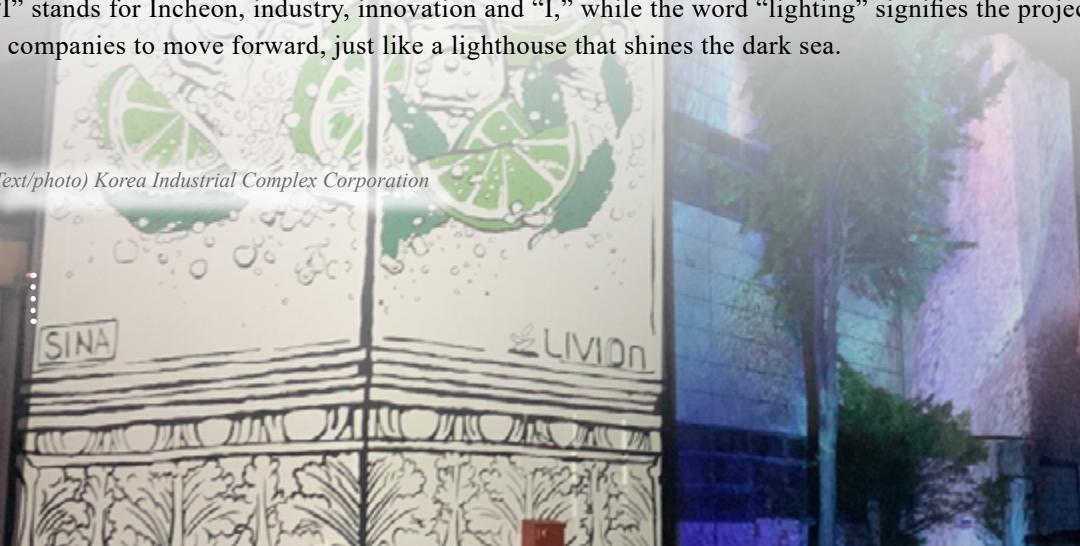
Following renovation of the aged bridge connecting the complex and the local community, a promotional video was produced to publicize the upgrade and posted on social media. Youth employment tours and night view tours were hosted, along with concerts for workers to enjoy after work.

After the success of the pilot project, more projects were planned to improve the landscape in and around the industrial complex, add greener spaces, and improve employee benefits and the working environment. In addition, industrial complexes in 15 regions are expected to be upgraded in 2024 with a budget of KRW 3 billion approved by the central government.

\*In line with the Comprehensive Innovation Plan for Industrial Complexes announced by the government in November 2022, the Incheon regional headquarters of Korea Industrial Complex Corporation applied for a pilot project in February 2023 and launched the pilot project after reaching consensus with the Ministry of Trade, Industry and Energy and the City of Incheon (from February to June 2023).

\*\*"I" stands for Incheon, industry, innovation and "I," while the word "lighting" signifies the project's mission of guiding companies to move forward, just like a lighthouse that shines the dark sea.

Source: (Text/photo) Korea Industrial Complex Corporation



# Safeway, Providing Innovative Mobility in Everyday Life

## About the Company

Safeway Inc. is a provider of hardware-based robotics and mobility services founded in 2017. Since being registered as a venture company, the company has been launching various products built based on autonomous driving and robot platform technologies. It has continued to grow steadily, achieving sales of over KRW 1 billion for six consecutive years. Having registered a robot application system factory in 2024, Safeway is developing and marketing innovative mobility products, including the electric stroller 'e-Restte'. It has also been selected for a number of national and local government projects and received various numerous certifications and awards.

## Background

Taking a baby for a walk on a stroller is a huge challenge for parents as they have to deal with the heavy weight of the child and the stroller and store numerous baby items. Thus, they are eagerly looking for electric technology that can assist stable steering and handling, especially in uphill and downhill sections. The modern needs of parents and changing lifestyles are highlighting the need for more convenient and safer childcare products, while global urbanization and rising living standards are increasing the demand for innovative products such as electric strollers.

In light of the situation, Safeway Inc. has developed e-Restte, a smart electric stroller built with AI and autonomous driving technologies, to make childcare easier and safer. In addition, there is a need to expand businesses overseas and establish a mass production system, despite changes in the external environment such as the

economic downturn, foreign exchange rates, and rising logistics costs. Developed to meet these demands and needs, e-Restte is sure to provide a safe and convenient user experience for parents and children alike.

## About the Product

### Product details

Safeway's e-Restte is a versatile lifestyle mobility stroller built with cutting-edge AI technology to provide users with the best user experience and safety. In addition to its basic features for babies, the stroller is designed also to be used as a camping cart, dog stroller, shopping cart, and more.

### Key features and technologies

**1. Hands-free autonomous driving** e-Restte features hands-free autonomous driving, which uses a LiDAR sensor to track the user and automatically adjust the driving force according to the terrain. The technology eliminates the need for the user to push the stroller by hand and brings a huge convenience, especially for parents who are carrying items, holding a child, or using the stroller as a cart.

**2. AI-based power assistance** The power assistance system powered with AI technology automatically detects uphill and downhill and adjusts the pushing and pulling force. The system reduces user fatigue and enables the stroller to move more smoothly. By automatically adjusting the driving force according to the terrain, it enables stable driving in various environments.

**3. Modular design** e-Restte's modular design provides an electric platform that can be easily attached and

detached from existing strollers. The modular structure increases the product's flexibility, allowing it to be used in a variety of situations. In addition, the easy-to-use handle is operated by simply squeezing it so that users can use the electric function whenever it is needed.

**4. Multi-purpose usage** e-Restte has a high body structure to prevent the rider from falling out of the vehicle, and it is designed for children to ride on their own. With a loading capacity of up to 100 kg, it can be used as a camping cart, dog stroller, and shopping cart, as well as a stroller. The SUV-style design combines the advantages of a wagon and a stroller, providing excellent maneuverability and stability.

## Competitive Edge and Business Strategy

### Competitive Edge

Safeway Inc. is a provider of robot hardware-based services that is preparing for the era of Mobility of Things (MoT) by converging autonomous driving and robotic platforms, which are two core technologies essential for mobility. The company is capable of simultaneously developing hardware and software for the mechanism and control system of autonomous driving and driving platforms, which helps it quickly commercialize various types of robotics and mobility services.

**1. Robot hardware expertise:** Safeway specializes in the robot driving platform and electric stroller business, and has achieved sales of KRW 60 million from electric strollers and KRW 30 million from robot platforms since their launch in the second half of 2023.

**2. Production and sales capacity:** Safeway has the capacity to produce and sell more than 1000 strollers per year, and ranks among the top three in Korea in the wagon-type stroller segment.

**3. Excellent product designation:** Safeway's products have been selected as Excellent SME Products of Korea in 2020, 2022, and 2023 in recognition of their excellent quality and innovative features.

### Business Strategy

Safeway's business strategy focuses on leading the

market with innovative technology and strong commercialization capabilities.

**1. Innovative product development:** Safeway is committed to meeting market needs by continuously developing products such as e-Restte, which is based on technology that fuses autonomous driving and robotic platforms. Its innovative products bring new value to customers and enable the company to maintain its technological edge.

**2. Global marketing and expansion:** Safeway is actively marketing its products on a global scale by participating in global exhibitions such as CES 2024 and MWC 2024 to raise awareness in international markets. These efforts will help the company gain a competitive edge in overseas markets.

**3. Active distribution network expansion and strong sales capabilities:** Safeway is strengthening its distribution network by joining Coupang Rocket Delivery, Smart Store Big Power, and 25 on-site sales channels nationwide, while expanding sales outlets based on its practical sales and marketing capabilities.

**4. Customer-centered product upgrades:** Safeway is continuously improving its products by reflecting customer feedback and strives to maintain high customer satisfaction. These efforts will help the company enjoy long-term customer loyalty.

**5. Stronger cooperation and partnerships:** Safeway is working with various industry partners to strengthen its technological edge and market position and explore new business opportunities.

### Future Plans

With the successful launch of its electric stroller e-Restte, **Safeway** is implementing specific future plans focused on the following to drive sustainable growth.

#### 1. Strengthening position in the Korean market

Safeway aims to increase its sales in the Korean market by boosting the sales of its distribution business by more than 20%, thereby achieving annual sales of more than KRW 2 billion. To that end, Safeway plans to make its products more accessible by strengthening on-site and online distribution channels and finding new distribution channels. The company also plants to actively par-

ticipate in major exhibitions and fairs to raise brand awareness and engage with more consumers through various marketing campaigns.

## 2. Expanding presence in overseas markets

Safeway plans to strengthen global marketing and actively participate in international exhibitions and fairs to raise brand awareness in major markets such as the United States, Japan, and Europe. The company is working to establish localized marketing strategies to meet the needs of consumers in each market, and strengthen cooperation with major overseas distributors and local agents to expand the distribution network of its products. In an effort to increase market shares, Safeway also plans to establish branches or offices in major markets such as the United States, Japan, and Europe to enhance its understanding of local markets and respond quickly.

## 3. Developing technology and diversifying products

Safeway plans to further refine its AI technology and autonomous driving capabilities, and meet market demands by developing next-generation products such as multi-seater strollers. The company is also working on developing an all-in-one type of smart stroller that adapts to users' lifestyles and various environments. To that end, Safeway will continue to further invest in R&D to improve the performance and quality of its products, and continue to launch innovative products with new technologies.

## 4. Building a mass production system

Safeway plans to improve productivity by building a mass production system and make its products more price-competitive by reducing costs. These efforts will allow the company to offer products to more consumers. Safeway will also expand its production facilities and introduce automated production lines to maximize efficiency.

## 5. Improving customer service and satisfaction

Safeway is committed to improving its products by continuously collecting feedback from customers and strives to increase customer satisfaction. These efforts will help the company build trust with consumers and maintain long-term relationships. Safeway will also strengthen its after-sales service to ensure that customers can use its products with confidence. To that end, Safeway plans to operate a professional customer care team.

## 6. Laying the foundation for sustainable growth

Safeway will promote sustainable growth by developing products with eco-friendly materials and ethical production processes. These efforts will build its image as a company that protects the environment and fulfills its social responsibilities. In an effort to enhance its credibility in the global market, the company also plans to

develop products that meet country-specific certification standards.

## 7. Participating in overseas exhibitions and networking

Exploring export markets is essential to reducing costs through mass production. To that end, Safeway plans to actively participate in overseas exhibitions.

- **CBME 2024 in Shanghai, China (July 16-18, 2024):** Safeway plans to visit Asia's largest baby products exhibition to find production partners and find overseas sales channels. Flights and accommodation have been booked.

- **Kind+Jugend 2024, Cologne, Germany (September 3-5, 2024):** Safeway is scheduled to participate in the world's largest baby products exhibition. It registered to participate in the Korean pavilion, and flights and accommodations have been booked.

- **CES 2025 in Las Vegas, USA (January 7-10, 2025):** Safeway will participate in the world's largest consumer electronics exhibition.

By implementing these plans, Safeway will successfully launch its electric stroller e-Restte in the global market and achieve sustainable growth. The company is committed to innovating childcare by offering a user experience that is safe and convenient both for parents and children.



*By Dongho Kim*

*Chief Executive Officer*

 **Safeway Inc.**

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

# Comparison of Sites

			<b>Free Economic Zones</b> (9 zones)	<b>Foreign Investment Zones</b> Complex-type (28 zones) Individual-type (78 zones)	<b>Free Trade Zones</b> 7 industrial complexes, 6 ports/airports
Statutory grounds	Special Act on the Designation and Operation of Free Economic Zones		<b>Foreign Investment Promotion Act</b>		Act on the Designation and Operation of Free Trade Zones
Procedure	Requested by provincial governors or mayors ▶ Review and resolution by the committee ▶ Designated by the Minister of Trade, Industry & Energy		Requested by provincial governors or mayors ▶ Review by the committee ▶ Designated by provincial governors or mayors		Requested by heads of central government agencies / requested by provincial governors or mayors ▶ Review by the committee ▶ Designated by the Minister of Trade, Industry & Energy
Eligibility for tenancy	<ul style="list-style-type: none"> <li>• Local businesses</li> <li>• Foreign-invested companies</li> </ul>		<ul style="list-style-type: none"> <li>• Foreign-invested companies           <ul style="list-style-type: none"> <li>* Ratio of foreign investment 30% ↑ , KRW 100 million ↑</li> <li>* New growth engine industry technology business, advanced manufacturing businesses, R&amp;D, and logistics industry</li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>• Minimum required investment amount for foreign-invested company and by industry (identical to requirements for tax reduction)</li> <li>• Manufacturing: USD 30million ↑</li> <li>• Logistics industry: USD 10million ↑</li> <li>• Tourism service: USD 20 million ↑</li> <li>• R&amp;D: USD 2 million ↑ &amp; 10 ↑ researchers hired</li> </ul>
Eligibility	Foreign-invested business or company	Foreign-invested business or company	Foreign-invested businesses		
Requirements	<ul style="list-style-type: none"> <li>• Manufacturing: USD 30 (10) million ↑</li> <li>• Logistics industry: USD 10 (5) million ↑</li> <li>• Tourism service: USD 20 (10) million ↑</li> <li>• R&amp;D: USD 2 (1) million ↑ &amp; 10 ↑ researchers hired</li> <li>• Medical institutions: USD 5 million ↑</li> <li>• Development service: USD 30 million ↑</li> </ul>	<ul style="list-style-type: none"> <li>• Manufacturing: USD 10 million ↑</li> <li>• Logistics industry: USD 5 million ↑</li> </ul>	<ul style="list-style-type: none"> <li>• Manufacturing: USD 30 million ↑</li> <li>• Logistics: USD 10 million ↑</li> <li>• Tourism: USD 20 million ↑</li> <li>• R&amp;D: USD 2 million ↑ &amp; 10 ↑ researchers hired</li> </ul>	<ul style="list-style-type: none"> <li>• Manufacturing: USD 10 million ↑</li> <li>• Logistics industry: USD 5 million ↑</li> </ul>	
Local tax	<ul style="list-style-type: none"> <li>• Eligible businesses, reduction amount &amp; period, reduction rate shall be pursuant to the standards prescribed by the Restriction of Local Taxation Act.</li> <li>* The tax credit period may be extended up to 15 years as set forth in municipal ordinances (Acquisition tax, property tax, etc.)</li> </ul>				
Customs duties	<ul style="list-style-type: none"> <li>• 100% exemption on imported capital goods for 5 years</li> <li>* For 7-year reductions, individual consumption tax and VAT are reduced</li> </ul>	<ul style="list-style-type: none"> <li>• Imported capital goods: 100% exemption for 5 years</li> <li>* Individual types: Individual consumption tax and VAT reduction</li> </ul>	<ul style="list-style-type: none"> <li>• Exempted</li> </ul>		
Support for location	<ul style="list-style-type: none"> <li>• State or publicly-owned land: Rent reduction (50-100% for up to 50 years)</li> </ul>	Rent reduction (1% of the land price, 75-100%)		<ul style="list-style-type: none"> <li>• Purchased inclusively by the central or municipal government</li> <li>• State-owned land: Leased up to 50 years (1% of the land price, 50-100% reduction)</li> </ul>	

For further inquiries, please contact the Investment Consulting Center



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# What procedure should a foreigner follow when converting his/her individual business into a corporation?

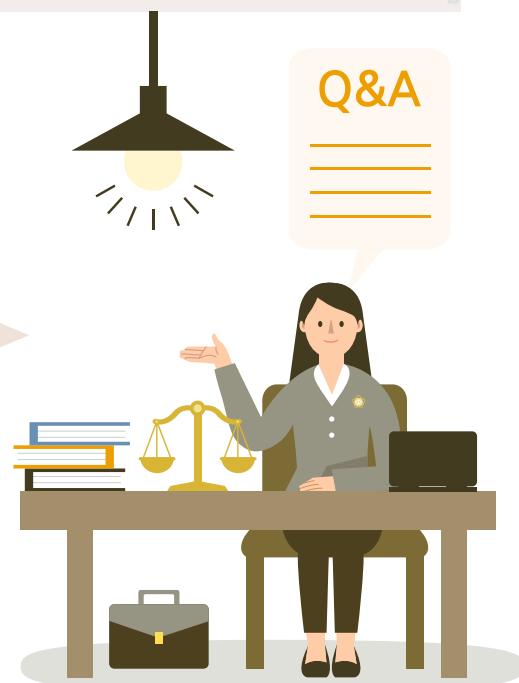
*Every month, Invest KOREA provides answers to some frequently asked questions submitted by foreign-invested companies in Korea and potential investors.*

**Q.**

**What procedure should a foreigner follow when converting his/her individual business into a corporation?**

**A.**

When a foreigner intends to convert an individual business he/ she has invested in under the Foreign Investment Promotion Act into a corporation, the general practice is to liquidate the individual business registered as a foreign-invested company and to establish a new corporation by investing the residual assets (cash in Korean won).



- The foreign-invested company can close his/her individual business (by reporting the closure to a regional tax office) and establish a corporation by filing for a cancellation of the registration of a foreigninvested company and notifying foreign investment simultaneously with delegated agencies.
- If the residual assets of the individual business fails to meet the foreign investment requirements under the Foreign Investment Promotion Act (at least KRW 100 million and acquisition of at least 10% of voting stocks), the foreigner can establish a corporation only after bringing in foreign currency funds to fill the amount in short and making a payment for shares to a relevant bank (or submitting a certificate of balance). After a corporation is established and business registration is completed, the corporation should be registered as a foreign-invested company with the submission of all required documents of proof.
- An individual business can be converted into a corporation through investment in kind instead of through the common practice of cash investment after business closure and liquidation. In case of the establishment of a stock company, a corporation can be established under Article 290 (Matters on Irregular Incorporation) of the Commercial Act after an appraisal by a certified appraisal agency and an application for registration of alteration of foreign-invested company can be submitted together with documents certifying the changed details. (The foreign-invested company registration number remains unchanged; a certified copy of corporate registration, a certificate of business registration and a shareholder register should be submitted and the original copy of the certificate of the registration of a foreign-invested company of the individual business should be returned.)

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

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# 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>.





INCHEON

## Oakwood Premier Incheon Panoramic 65

Oakwood Premier Incheon Panoramic 65 is the highest bar & dining venue in Korea. Located on the 65th floor of Oakwood Premier Incheon, the place offers a spectacular panoramic view and various space arrangement styles. Various events such as cocktail receptions, small private parties, corporate banquets, business functions, and seminars can be held in Oakwood Premier Incheon Panoramic 65.



### Venue & Rental Information

- Address: 165 Convensia-daero Yeonsu-gu, Incheon, Korea
- Phone Number: +82-32-726-2000
- Homepage: [www.oakwoodpremier.co.kr/front2/en/opi](http://www.oakwoodpremier.co.kr/front2/en/opi)
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- Major Events Held in Recent Years: 2019 POSCO Welcome Party (2019) / Cocktail Reception for Hana Bank's Seoul & Incheon Area Branch Members (2019) / Cocktail Reception for KITMA (Korea Information Technology Management Association) / Cocktail Reception GBCC (Global Breast Cancer Conference) (2019) / Cocktail Reception for APSS (Asia Pacific Spine Society) (2019)

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

# Key Points of the 2024 Amendments to the Korean Tax Law



## Flat Tax Rate for Foreign Workers

For individual income, the general principle is a progressive tax rate ranging from 6% to 45%, with an additional 10% for local income tax. For foreign employees and executives, those who commence their employment in Korea before December 31, 2026, a flat rate of 19% will apply to their earned income for the next 20 years, starting from their first date of employment in Korea. The specific starting date of employment was initially the last day of 2023, but it is now extended to 2026. The flat tax rate applies to wages and salaries to be paid on or after January 1, 2024.

## Obligation to Submit a Statement of Stock-based Compensation

In the event that employees or executives working for a Korean branch office or subsidiary either exercise stock options or receive stock-based compensations granted by the parent company overseas, the Korean branch office or subsidiary is required to report details of the stock-based compensation by March 10 in the following year from the fiscal year in which the transaction occurs. This reporting obligation applies to stock-based compensations exercised or received on or after January 1, 2024.

## Withholding of Domestic Source Income Received through Omnibus Account

Omnibus account is an account in the name of a foreign securities/investment company used to collectively place orders and settle stock transactions for various foreign investors. When a foreign corporation or non-resident individual receives Korean source income through the omnibus account, the income is withheld by the payer of the income at the tax rates applicable to foreign corporation or non-resident individual. If foreign corporation or non-resident individual intends to claim tax exemption or a limited tax rate on the income under an applicable tax treaty, they may file a request for a refund on the withheld tax. The withholding against the omnibus account applies to the income received on or after January 1, 2024.

## Increase in the Scope of Taxpayers Required to Submit International Transaction Statement

Domestic corporations or domestic places of business of foreign corporations with revenues exceeding KRW 100 billion and cross-border related party transactions exceeding KRW 50 billion for the relevant taxable year were not required to submit transfer pricing-related forms such as the Statement of International Transactions and Declaration of Transfer Pricing Method Selection because they are obligated to submit a master file and a local file. Nevertheless, from the taxable period beginning on or after January 1, 2024, such exemption is no longer available and they are also obliged to submit the relevant forms. This amendment aims to enhance the management of international tax resources.

## Adjustment of the Effective Date of Global Minimum Tax Rule

In October 2021, Pillar Two introduced certain Global anti-Base Erosion Rules (“GloBE rules”) in which in-scope multinational enterprises are required to pay corporate tax at least at an effective tax rate of 15% in the jurisdiction in which they operate, and if such effective tax rate is less than 15%, the shortfall is taxed (i.e., Top-Up Tax) under Income Inclusion Rule (“IIR”) or Undertaxed Payments Rule (“UTPR”). In December 2022, Korea enacted new Global Minimum Tax rules reflecting the GloBE rules. Under the IIR, the ultimate parent entity is primarily liable for the Top-Up Tax of all low-taxed constituent entities. The IIR is effective on or after January 1, 2024. The UTPR is applied in case where the ultimate parent entity and other parent entities are located in countries that have not adopted the IIR. Under the UTPR, the amount of the Top-Up Tax not subject to the IIR is allocated to the other constituent entities of the multinational enterprise. The effective date of the UTPR has been postponed from January 1, 2024 to January 1, 2025.

## Expansion in the Scope of Partnership Tax Regime

Before the amendment, partners of a partnership which has received special tax benefits under the applicable tax law were not allowed to apply for the partnership tax regime. However, with the amendment in place, partners in the form of an investment limited partnership or a private collective investment vehicle intended for institutional investors may now apply for the partnership tax regime. The amendment applies to the taxable period including December 31, 2023, and to all subsequent taxable periods.

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**Publisher.** YU Jeoung Yeol | **Director General.** Kim Byung Ho | **Director.** Myunglae Choi  
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