

kotra EXPRESS



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March 2020

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Foreign Direct Investment

IFEZ to set up customized investment plans for 2030

The Incheon Free Economic Zone (IFEZ), responsible for almost 70 percent of FDI attraction in seven other FEZs nationwide, set up a new investment strategy, which will be commissioned from March to October this year.

Reviewing the research report, IFEZ has come up with a series of investment outlines that are set to come into effect by 2030. The draft includes an in-depth analysis of the internal/external business environment, how

competitive the masterplan is, and what should be specifically targeted while comparing the success stories at home and abroad.

IFEZ, in particular, is looking for customized options for each of the different investment settings, along with one-on-one service for potential investors. Additionally, it is aiming to play a more active role in handling investors' grievances.

Industry

Samsung retains top spot in Q4 domestic smartphone market: data

Samsung Electronics Co. retained the top spot in the domestic smartphone market in the fourth quarter of last year, but its market share fell sharply as its archrival Apple Inc. doubled its presence in S. Korea, data showed Feb. 25.

Samsung had a 57 percent market share on its home turf in the last three months of 2019, down 14 percentage points from three months earlier, according to market researcher Counterpoint Research.

Apple was the No. 2 player with a 28 percent share in the fourth quarter, up 17 percentage points from three months earlier, thanks to its iPhone 11 series. LG Electronics Inc. came in third place with a 15 percent share in the October-December period, down two percentage points from three months earlier.

Seven of the top 10 bestselling smartphones

in the fourth quarter were from Samsung, according to data.

Counterpoint Research said S. Korea's smartphone market in the fourth quarter grew 1.6 percent from the previous quarter due to the release of new Apple smartphones and beefed-up 5G marketing.

For the first quarter of this year, Counterpoint Research said the release of new smartphones, such as the Galaxy S20 series and the Galaxy Z Flip, is likely to give a boost to the market.

The novel coronavirus outbreak isn't likely to disrupt production and supply of smartphones in the domestic market for the time being, Counterpoint Research said, but a spike in coronavirus infections in S. Korea could damage consumer confidence.

Korean EV battery makers expand presence in 2019

S. Korea's major electric vehicle (EV) battery producers increased their market share in 2019 from a year earlier in line with increased global EV battery use, industry data showed Feb. 10.

Based on the global usage of their EV batteries, the combined market share of three S. Korean EV battery makers—LG Chem Ltd., Samsung SDI Co. and SK Innovation Co.—stood at 15.8 percent in 2019, compared with 11.8 percent from a year earlier, according to data from market tracker SNE Research.

LG Chem was the third-best performer in the world with a 10.5 percent market share, and 12.3 gigawatt-hours (GWh) worth of its EV batteries was used in 2019, up 64.8 percent

from a year earlier.

Samsung SDI was fifth on the list with a 3.6 percent market share after the global usage of its EV batteries surged 20.9 percent on-year to 4.2 GWh, while SK Innovation ranked 10th with a 1.7 percent market share with 1.9 GWh, the data showed.

SNE Research said China's CATL was the No. 1 player in 2019 with a 27.9 percent market share and usage of its EV batteries rose 39 percent on-year to 32.5 GWh.

Japan's Panasonic came in second place with a 24.1 percent market share, and the usage of its EV batteries increased 32.1 percent on-year to 28.1 GWh.

Trade & Commerce

Korea's exports up 12.4 pct in first 20 days of February

South Korea's exports moved up 12.4 percent in the first 20 days of February, customs data showed Feb. 21, led mostly by chips and auto parts.

The country's outbound shipments reached USD 26.3 billion in the Feb. 1-20 period, compared with USD 23.3 billion a year earlier, according to the Korea Customs Service.

By product, exports of chips soared 15.4

percent, and outbound shipments of auto parts surged 40.6 percent.

But the average daily exports—which reflect working days—fell 9.3 percent on-year in the first 20 days of February, the data showed.

Exports earlier fell at a slower-than-expected pace in January but extended their slump to a 14th consecutive month due to there being fewer working days.

S. Korea's trade with Vietnam up 16.5 pct annually since FTA

S. Korea's trade with Vietnam has expanded 16.5 percent annually since the two countries implemented a free trade agreement (FTA) in 2015, data showed Feb. 20.

The combined trade volume between the two countries reached USD 69.2 billion in 2019, compared with USD 37.6 billion posted in 2015, according to the Korea Customs Service.

S. Korea and Vietnam implemented the FTA in December 2015, after kicking off their first negotiations in 2012.

Over the cited period, S. Korea's trade with China, the top trading partner, grew 1.7 percent annually. Seoul and Beijing also implemented their free trade pact in a similar period with Vietnam.

S. Korea's exports to Vietnam came to USD

48.2 billion in 2019, jumping 73 percent from four years earlier. The figure, however, fell 0.8 percent on-year as the trade feud between Washington and Beijing weighed down on the business sentiment around the globe.

Vietnam was the third-largest export destination for S. Korean goods in 2019, moving a notch up compared with 2015 by outpacing Hong Kong.

Exports of chips to Vietnam, in particular, grew sharply over the cited period, reaching USD 10.7 billion in 2019, compared with only USD 2.8 billion posted in 2015.

Outbound shipments of displays to the Southeast Asian country also gathered ground, reaching USD 7.9 billion last year, compared with USD 254 million in 2015.

Government & Policy

S. Korea goes all-out to boost exports amid new coronavirus spread

S. Korea said Feb. 20 it plans to utilize all necessary measures to help local firms weather the economic fallout from the new coronavirus.

In January, S. Korea's exports fell 6.1 percent on-year, but when measured by working days, they increased 4.8 percent, marking the first on-year increase in 14 months.

The January figure is being seen as a sign of recovery. Outbound shipments nosedived 10.3 percent in 2019 amid a prolonged trade feud between the United States and China—the world's top two economies—coupled with the lackluster performance of memory chips.

S. Korea is betting on an on-year recovery starting February and expects a 3-percent gain for the year.

But the COVID-19 outbreak has emerged as yet another drag on outbound shipments, offsetting eased concerns over the global chip industry.

"S. Korea's exports have been showing signs of improvement early this year, but the outbreak of COVID-19 has had an adverse impact on the recovery," an official from the Ministry of Trade, Industry and Energy said.

To support local industries, S. Korea said it will allocate KRW 260.3 trillion (USD 218 billion) in loans to local exporters this year. The sum is around KRW 28 trillion higher than that of 2019. More than half will be disbursed in the first six months of the year.

To cope with the shortages of parts imported from China, S. Korea said it will provide customs service around the clock so firms can receive necessary goods without delay.

S. Korea said it will closely monitor the global market for six major exports goods, including chips, displays and cars, to provide customized support for different industries.

Market Trends and Outlook of the Cosmetic Industry in Korea

Market size of the cosmetic business in Korea

With an estimated worth of over KRW 14 trillion in sales as of 2019, Korea's cosmetic industry is the top 9 in the global market, following India.

The market size is reported to be even larger than that of Italy or Russia, and comparable to France. China's remarkable economic growth and the worldwide spread of K-pop since 2010 have helped the industry take a grand leap forward to being part of the major export income sources in Korea.

<Table 1> Global market share of the cosmetic industry and country ranking
(Unit: USD 1 million, %)

Rank	Country	2016		2017		2018(E)		2019(E)	
		Sales	Share	Sales	Share	Sales	Share	Sales	Share
1	USA	72,703	18.8	74,132	18.9	76,110	18.9	77,901	18.8
2	China	44,304	11.4	47,899	12.2	51,154	12.7	54,297	13.1
3	Japan	32,209	8.3	32,763	8.4	33,224	8.3	33,675	8.1
4	Brazil	28,500	7.4	28,199	7.2	29,271	7.3	30,636	7.4
5	Germany	15,902	4.1	15,879	4.1	16,039	4.0	16,184	3.9
6	UK	14,265	3.7	14,268	3.6	14,556	3.6	14,858	3.6
7	France	12,900	3.3	12,662	3.2	12,619	3.1	12,626	3.1
8	India	10,494	2.7	11,148	2.8	11,743	2.9	12,365	3.0
9	S. Korea	11,784	3.0	11,646	3.0	11,648	2.9	11,668	2.8
10	Italy	9,376	2.4	9,371	2.4	9,405	2.3	9,453	2.3
	Global market	387,640		391,755		402,474		413,517	

Source: Beauty & Personal Care Euromonitor (2019), Korea Health Industry Development Institute, KHIDI (2019)

* (E) hereinabove refers to 'Estimate'.

Along with the sales volume, the market share has constantly kept growing. In 2020, for instance, the number of individuals and businesses officially licensed to provide cosmetic products and services is forecast to exceed 16,000.

Export trends in Korea's cosmetic market

Starting from the market entry into China, cosmetic brands in Korea have witnessed a surge in exports since 2010, broadening up the territorial sales networks such as South East Asia, Japan, USA and the EU.

Korean content—pop music, dramas, etc.—which has swelled for years, now helps attract young fans even in non-Asian regions, who want to emulate the edgy look and style of many Korean artists they're watching.

Beauty cosmetics and skincare exports in 2018 totaled USD 6.28 billion, a threefold jump in a five year period starting in 2014, making Seoul one of the four main cosmetics exporters in the global market. The figures reported are even greater than that of Italy or Japan, long considered the symbols of the beauty business around the world.

Korea's recent export sales have jumped as much as 34.7 percent over the past five years, showing a steep growth rate among all major exporters along with Japan.

<Table 2> Korea's import-export performance

(Unit: USD 1 million, %)

Year	Export		Import		Balance of trade (BOT)
	Exports sales	YOY rate	Import sales	YOY rate	
2015	2,910	55.3	1,397	0.8	1,513
2016	4,183	43.7	1,433	2.6	2,750
2017	4,952	18.4	1,523	6.3	3,429
2018	6,263	26.7	1,615	5.5	4,648
2019	6,486	3.6	1,607	△4.9	4,879

Source: Korea Customs Service, Foundation of Korea Cosmetic Industry Institute (2020)

※ CAGR over the past five years (2015-2019) Export: 22.2% / Import: 3.6%

Cosmetics export earnings in 2019 marked nearly KRW 6.49 billion, hovering above KRW 6.26 billion last year, whereas the total import revenue has slightly dropped, breaking another all-time high trade surplus record again from last year.

Major issues and industrial outlook of the cosmetic industry in Korea (K-beauty)

The Korean beauty business, known as “K-beauty” for short, has already been one of the hottest trends in the world’s cosmetic industry, being encountered with numerous challenges: In the midst of competition with Japan’s high-end brands that could offer a superior level of service, some of the burgeoning enterprises in China and Thailand who have adopted a strategy of low-cost, mass markets are daring the K-brands.

Exploring new markets, new technologies and K-content propagated throughout the world have helped K-beauty brands stretch out to the non-Chinese sphere. The strong K-brand power looks formidable for a while in the coming years.

This report lists up the current cosmetic market trends and outlook, which goes as in the following.

First, there has been a significant change in the market portfolio to be targeted. The Sinosphere (or East Asian cultural sphere) which encompasses mainland China, Hong Kong and Taiwan, used to be the main export markets over the past decades. But in recent years, they’ve begun to give way to other places such as South East Asian communities, Japan, Russia or CIS states.

The “Third Korean Wave,” which has settled across Japan particularly among teenagers, has jacked up the total export volume and market share. With skyrocketing export sales figures, the same goes for Russia, highly expected to become the 6th largest export market, over-striding Vietnam in 2020 if the trend continues. The upswing mood in nontraditional economies such as Vietnam, Indonesia and the group of CIS countries appears to push cosmetic businesses in Korea to find more export channels across the world for the next decades to come.

A growing tendency to consume “K-beauty vegan products” is the second issue to lead the trend. Korean cosmetics had been well known for ingredients derived from animals, catching on with customers in China in early 2010. But soon after, people started to wake up to fresh, natural substances, becoming more knowledgeable to what things are made from. It has become the official word for many U.S. consumers that K-beauty represents cosmetics that contain natural extracts and non-artificial ingredients. A worldwide ban on animal testing has created extra demand for non-animal skincare products in the industry.

Thirdly, authorities in many parts of the world have begun to legally ensure sustainability for future growth. Being defined by some products mindfully manufactured without any toxic ingredients in a limited sense, the concept of “clean beauty,” which has swept across the world since 2017, originated in the EU and the U.S. Since then, markets have started to tout eco-consciousness on top of health benefits, further diversifying product portfolios.

Seoul recently approved a regulatory guideline, which will come into force in September 2020, for the use of recyclable

or biodegradable packaging, while curtailing unsafe, toxic chemicals contained in products.

In this regard, it may seem obvious that businesses have few options but to change their growth strategy to reduce plastic waste. It makes sense, commercially, to develop new product lines and containers that are evolving into a category that reflects these needs.

To be in line with the latest trend, global giants such as L’oreal or Amorepacific are working with those looking for sustainable packaging innovations. This, too, could heat up the market competition to produce greener alternatives.

Fourthly, the market for facial masks are becoming better, exclusive and more diverse. This phenomenon probably stems from an ever-intensifying race to develop the next big thing both in the domestic and overseas markets.

The fifth keyword is the segmentation of the product categories. K-beauty has recently showcased a multipurpose, advanced version of peeling pads, used to cleanse or remove layers of dead skin so far. Hydrating mists and face spray are now developing into new cosmetic science with innovative, more functional properties that are assessed to properly represent innovation of K-beauty and consistent efforts to pave the way for entrance into niche markets.

The last one is about the regulation on personalized cosmetics, which will come into effect from March 2020 in Korea, officially announcing that customers from now on can add or blend different type of ingredients they want to apply and select specific formulas depending on their skin conditions at stores. The tailor-made products require professional pharmacists who can formulate such products, safety measure guidelines and a licensing system targeting stores offering customization options.

Once it’s commercially well appealing to customers, the bespoke service seems to be more than just a fad both in Korea and other places throughout the world. Plus, the world’s first custom-made solution in the cosmetic industry, which will soon be adopted in China, is predicted to reshape the future business trends, drawing attention to market response and regulatory frameworks.

Conclusion

A year-on-year decrease in export sales for the first half of the year 2019 and weaker growth in some parts of the world would be a clear sign of a tougher survival match that K-beauty is faced with. Avoiding time-wasting cutthroat competition, K-beauty is anticipated to revolutionize the industry once again by bringing new innovation to the marketplace this year.

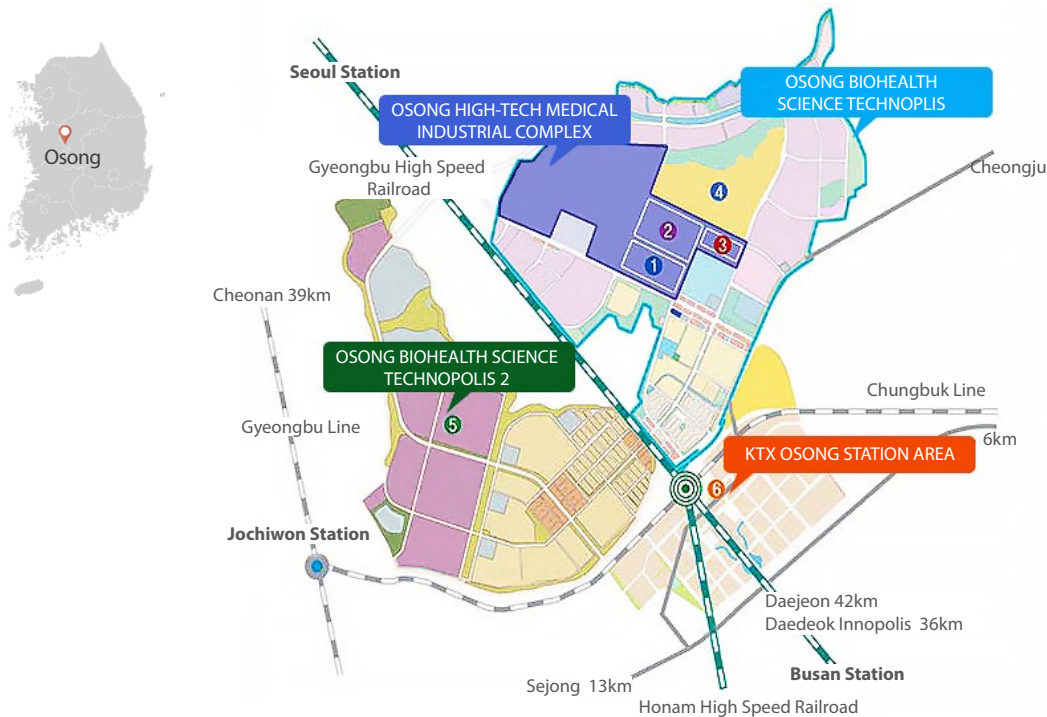
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Osong, Driving National Development of the Cosmetics and Bio-based Industries



Osong

Osong is located in Cheong-ju City in North Chungcheong Province (Chungcheongbuk-do or Chungbuk), and is increasingly garnering attention for its efforts to build infrastructure and improve R&D based on global standards to drive Korea's bio-based industries ranging from pharmaceuticals to cosmetics. To this end, the region has established Osong Biovalley, which encompasses state-of-the-art medical R&D, education programs, healthcare and biotechnology to foster the country's bio-related industries and talent.

Background

Since the 1990s, Chungbuk has continuously promoted its regional development plan by specializing in the bio industry.

In 1997, the Osong Biohealth Science Technopolis was designated as a national complex and completed construction in 2008. In 2009, a high-tech medical complex was brought in and the area now emerges as a bio hub.

Osong Biovalley

Osong Biovalley is composed of numerous research and development support institutes, a communication and venture research town, a bio medical center, a health and medical administration town and a bio-health science technopolis 2, all located near the Osong Korea Train eXpress (KTX) Station.

Future Prospects

The province now seeks to further promote itself as a bio hub by holding an annual Cosmetics and Beauty Expo featuring industrial exhibitions, business meetings and conferences to showcase K-Beauty, which is currently in the global spotlight for the quality and innovation of its products.

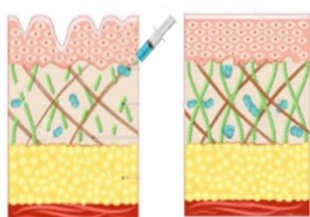
Additionally, the Chungbuk is constructing more multi-functional complexes, and developing the area surrounding the KTX station for easier access. It seeks to promote Osong to become a leading bio hub of Northeast Asia by converging research, education, residence, culture, tourism and information service in conjunction with Korea's administrative city, Sejong. Furthermore, the province is also attracting investment through the Free Economic Zone (FEZ) located near Cheongju International Airport.

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, KOTRA Express introduces some outstanding companies in Korea's cosmetics sector.

COMPANY

A



AGING SKIN YOUNGER SKIN

Peptox effects

Investment Requirement		Company Profile	
Amount	USD 4.2 million	Patents and Certificates	Registration of 8 patents including a patent for whitening with <i>Withania somnifera</i> callus extract
Investment Structure	Minority	Financial Performance	(Sales) USD 1.40 million (2017)

Investment Highlights

As peptides are derived from natural materials, Peptox serves as a fourth-generation filler, with its scientifically proven collagen synthetic capacity. It has been optimized in terms of structure and activity through computer-aided remodeling to resolve the problems of existing peptides such as a short half-life and low efficiency because of high molecular weight. In particular, it is excellent for skin regeneration and safe for use as it is derived from natural materials. Moreover, it can sustain the skin regeneration effect alone by reviving the skin's derma layer.

COMPANY

B



US FDA-certified product

Investment Requirement		Company Profile	
Amount	USD 15 million	Patents and Certificates	Registration of 4 patents including a patent for sanitary pads
Investment Structure	Minority	Financial Performance	(Sales) USD 3.14 million (2017)

Investment Highlights

The company utilizes a 100% organic, eco-friendly cotton cover certified by Control Union Certifications, as an EU organic farming inspection agency that emphasizes safe products. In addition, volatile organic compound (VOC) testing has been completed, proving that no chemicals harmful to the human body are found in the products. The company's product line can satisfy the different usage patterns of female consumers, ranging from disposable sanitary napkins to eco-friendly sanitary ones made from natural materials.

COMPANY

C



LIL Flea Market, the largest flea market (100,000 visitors in 2019)

Investment Requirement		Company Profile	
Amount	USD 3 million	Patents and Certificates	N/A
Investment Structure	Minority (Financial investment)	Financial Performance	(Sales) USD 0.05 million (2018)

Investment Highlights

The company encompasses hygiene permits, customs, logistics and contact with retail channels. It is designed to contact key retail channels on behalf of Korean brands that are searching possible methods to enter the Indian market before sending the brand samples to retail channels. Then, it proceeds with the acquisition of the hygiene permit for items that successfully receive a favorable response from retail channels before they are imported to India. In addition, the company's solution supports consultation on the customs-approved registered exporter system to receive Korea-India FTA (CEPA) benefits and registers the corresponding brands with its e-commerce platform to facilitate business-to-business/business-to-sales service in distribution channels in India.

For more information, please visit the IKMP page on www.investkorea.org.

Hwaseong International Theme Park



Business Overview

- Location: East site of Songsan Green City, Hwaseong, Gyeonggi-do
- Area: 4,189,000m²
- Project Cost: KRW 4.6 trillion
- Developer: Shinsegae Property Consortium
- Facilities: Resort complex (theme park, five-star hotel, golf course, commercial facilities, etc.)
- Development Plan: Phase 1 opening in 2026, Grand Opening in 2031

Accessibility

Incheon International Airport 30 km
Gimpo International Airport 31 km
Incheon Port 21 km
Pyeongtaek Port 37 km

Expected Effects

Systematic development of world-class theme park, hotels/resorts, shopping, leisure and more, to drive the Songsan Green City project and contribute to the national and local economy

Map of Gyeonggi-do



Eureka! Parasite

Well, nobody had believed it would ever happen. At least, I was almost so sure after seeing the movie Parasite at home. As one of many film-critics had said before, this otherwise mundane story about haves and have-nots in Korea was not believed to make any news at all. It had won numerous film awards elsewhere, but I doubted the old stubborn Oscars. To my surprise, the Academy Awards at the L.A. Dolby Theater on February 9 shattered the glass-covered world by spouting prize after prize to the movie. Parasite won a whopping four Oscars: Best Picture, Best Director, Best Original Screenplay and Best International Picture. Some acclaimed it as historic and others touted it delightfully unexpected or seismic win.

Now, after the unbelievable velvety miracle has been draped over us, many have come to ponder what made the Parasite awards inevitable. Some in the U.S. said the award opened a new vision for non-white off-mainstream film artists. Indeed, the Oscars have been too “white” for too long, and public outrage against it has been mounting ever more overwhelmingly. The argument hints that this affirmative award of the Academy was a deliberate political decision to quench the thirst for the seeming rebellious. No matter what was behind the award by the century old saga of American fairy tales, all that concerns now is to figure out why Parasite had to win the prizes in multiple. There must be real reasons worthy of appreciation for the Korean black-comedy film directed by Mr. Bong Joon-ho winning the Oscars.

At last, the entire world has begun to apprehend the enormous potential of Koreans in the film industry. They have found in Parasite immense capabilities of acting talent, directing, producing, screen-writing, musical arrangement, mixing, audio works, film editing, costumes, distribution, and finance. It is really surprising that the feat of awards for such a small country like Korea producing only 340 films annually, which is 1/5 of India’s and about 1/2 of the U.S. or Japan. In terms of population or the size of economies, Korea is no match against the U.S., Japan or India. And yet, the Korean film industry has shocked the world by creating a series of prize-winning movies at international film festivals.

In fact, Korean movies and directors have won a series of awards in prestigious film festivals around the world for some time. At the Cannes Film Festival, Korean movie directors, actors and actresses have won awards almost every year including Parasite, winning the Golden Palm Prize in 2019. Other famous pictures won Cannes awards are Miryang directed by Lee Chang Dong in 2007, and Safe, directed by Moon Byung Gon in 2013, winning another Golden Palm. At the granddaddy of all Venice film festivals, Pieta directed by Kim Ki-duk won the Golden Lion prize in 2012, eight years after winning the Silver Lion with 3-Iron in 2004. Director Lee Chang Dong had won the Silver Lion (Best Director) with Oasis in 2002. In 2011, Paranmanjang, co-directed by Park Chan-kyong and Park Chan-wook won the Golden Bear

prize for short movie genre at the Berlin International Film Festival, followed by the same prize in 2015 to Ho-san-na directed by Na Young-kil. In 2004, Kim Ki-duk won the Silver Bear prize for Best Director with the movie Samaritan Girl.

All these awards and prizes at prestigious film festivals unequivocally tell the world that Korean movies and directors are world-class competitive. Only the Oscar Academy was the last to appreciate that. They should have known about the capability of the Korean film industry a lot earlier. The global frenzy created by other entertainment industry super stars had already foretold it. In 2014, three Korean musical groups, namely 2NE1, Wonder Girls and Exo, entered the Billboard 200 for the first time in history. Just two years later came the K-pop pandemonium created by BTS, which shattered the musical world with the highest chart ranking ever made by a Korean singer or group. “Fake Love” by BTS peaked at No. 10 on the Billboard Hot 100 in 2017, the highest on the chart and the first to make the top ten. Now, with the Oscar awards, incredible talent of Korean players at the entertainment business has become finally approved. Players in the arena are competent, enthusiastic, dedicated, passionate and above all, hard working. They have gotten all their teeth to overcoming obstacles so far.

The next task on our part is to broaden the scope of the Korean entertainment industry worldwide and to perpetuate its success down to the next generations. Appreciating the economic importance of the service industry for the future, there must be fundamental preparation to transform this small film industry success into an industrial juggernaut leading the Korean economy. First, many talented candidates should be made to pursue their professional careers at well accredited institutions with plenty of financial support. Proper national supervision of the art and entertainment institutions should be accompanied by sufficient grants and financial aid. Second, the film and music industry have to be liberated from all sorts of regulations and shackles. Almost perfect freedom and competition should be allowed in the industries to foster creativity and originality which are key elements for their existence. The world is so wide for the Korean entertainment industry to do business. After finding its potential, the real task is to make it the next life-saving industry for Korea after the semi-conductor industry.



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



A Brighter Future Ahead

KOTRA Express talks to Niu Jianjun, Country Head for Korea & General Manager of the Industrial Commercial Bank of China (ICBC), to hear more about Korea's finance industry and his experience doing business here.

The Industrial Commercial Bank of China (ICBC) was separated from the People's Bank of China (PBOC), the country's central bank, with its heritage being deposit and industrial and commercial loans. Established in 1984, ICBC is the world's largest bank which ranks No. 1 in terms of asset, loan, deposit, profit, and tier one capital.

The ICBC network covers 48 countries with more than 400 overseas institutions globally. With its staff of 445,000, ICBC has been creating a profit of more than USD 40 billion in recent years with sound asset quality. The bank has a full business line both in wholesale and retail, providing asset management, global cash management, custodian, investment banking, international syndication in project finance and other traditional commercial banking services. ICBC is also a leading bank in Fintech.

Niu Jianjun, country head for Korea and general manager (GM) of ICBC Seoul Branch, received his B.S. and M.S. in Engineering at the Beijing University of Aeronautics and Astronautics. After five years of working as an assistant professor and lecturer at Northwestern Polytechnic University, he joined ICBC in 1995. He has more than 10 years of overseas work experience, and he was the founder and deputy GM of ICBC Hanoi Branch as well as GM of ICBC Phnom Penh Branch. Also, he currently serves as the

chairman of the China Chamber of Commerce in Korea. Read on to learn more about his experience doing business here.

How did you become interested in Korea?

Most Chinese are very familiar with Korea through movies, electronic products, cosmetics, fashion, and etc. In particular, the two countries share a similar traditional culture. Fortunately, I was selected to take care of ICBC's Seoul Branch about three years ago. There is not much difference in terms of both climate and food from my hometown in Xian, China—I feel very much at home here.

What made ICBC establish a branch in Korea?

Following the establishment of diplomatic relations between China and Korea in 1992, ICBC set up a representative office here in 1993. During the financial crisis in 1997, ICBC received approval for a full license as a commercial bank branch, with our business line covering retail banking and wholesale banking.

The goal of ICBC Seoul Branch is to “serve for the trade and investment between China and Korea, act as the bridge of friendship between the two countries and provide the best solution to our clients.” After more than 22 years of development, ICBC Seoul Branch now is a top tier foreign bank among 38 foreign banks, with 156 staff members and four banking offices in Seoul and Busan.

What are the advantages of doing business in Korea?

Korea is the fourth largest economy in Asia with a GDP of more than USD 30,000 per capita. It has a mature financial market, sound legal system, rich human resources, stable political situation, and competitive global companies which make up the rich soil for foreign companies to nurture their businesses in their respective ways. Furthermore, China is Korea's largest trade partner and a major FDI target country, which act as the important advantage for Chinese banks and our clients.

What opportunities/sectors in Korea are Chinese companies most interested in investing in?

I'm aware that numerous Chinese companies have already entered Korea's service sector in the banking, insurance, security, airline, shipping, and trading industries. Some of the country's gaming companies have been acquired by Chinese capital, targeting the Chinese market in the past several years.

As another example, Green Land Group invested in real estate and a hospital in Jeju Island several years ago, although it seems as they have not been able to fully realize their business plans. Since Chinese and Korean companies have similar competitiveness in manufacturing and construction, direct competition between Chinese and Korean companies is definitely not the answer—mutual complementation is the right choice.

What advice would you give investors/companies from China seeking to do business in Korea?

If I could give some specific advice in consideration of a SWOT analysis between the two countries, investing in travel agencies could be a good choice. For instance, not many people in Korea are well aware about the rich tourism resources in China. Most of my Korean friends only know a few major cities. However, Xian, for example, is an ancient capital in China which has barely been heard in general, but is among the top three tourist attractions among foreign travelers. Beautiful mountains and grasslands can be seen everywhere.

Also, consulting companies could be another good choice since China has announced its Negative List, and is opening up more industries to foreigners including the financial market and lots of industries. If Korean companies are looking to expand their businesses to China, they would need more information on the Chinese market.

Some other examples of good investment include joint ventures with Korean hospitals to attract Chinese private banking customers for annual physical examinations, and investment in other sectors like IT, cosmetics, fashion, international schools and supply chain for core businesses related to Chinese market. I'm aware that KOTRA has released guidelines for potential investors to provide a checklist for their investment activities.

How can Korea become a more ideal business environment for foreign companies like ICBC?

Our performance so far is very high and stable, with more than a USD 70 million profit annually and no non-performing loans (NPL). We appreciate the support and guidance we receive from the Financial Supervisory Service (FSS), the Korea Financial Intelligence Unit (KoFIU), and KOTRA. Still, in such a mature market, low return on asset (ROA) and return on equity (ROE) is a concern. As such, deregulation and lowering the tax rates are regularly mentioned among foreign companies.

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

We have a diversified customer base in Korea. The top 30 conglomerations and their affiliates; leading security companies, insurance companies, local policy banks, commercial banks, and card companies are also our target sectors. Our local loans and deposits are in the top three among foreign banks, actively supporting the real economy in Korea. We have signed reciprocal loan agreements with several local banks and provide their Chinese subsidiaries with liquidity support when needed.

What are some future plans/goals that ICBC has in terms of doing business in Korea and in Asia?

The Chinese market is a very important one to Korean companies with huge potential. We would like to help them expand their business in China. We would also like to support Korean companies in expanding their business to other countries in which ICBC networks cover, using our capacity to help them in settlement, forex and financing. We also believe that we can promote and support Korean and Chinese companies expanding to third-party countries.

What are your hopes for Korea-China relations?

Historically, China and Korea are like brothers with hundreds of years of a harmonious relationship. Because of the similar culture and way of thinking, it is very easy for us to understand each other. Lots of Korean people can speak Chinese like a native speaker and vice versa. We are mutually important and mutually helpful to one another. The trade and investment volume is strong proof of this. Free trade talks will give both sides a better business atmosphere in the future. President Moon's visit to China last year significantly enhanced trust to higher levels. I think the opening up of China will be a perfect opportunity for Korea to play a more active and important role in the Chinese market. I have full confidence in the bright future of the relationship between our two countries.

By Grace Park

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Photo courtesy of the National Folk Museum of Korea

Mother-of-Pearl

Dazzling Colors of Nature

Korea's younger generation is neglecting and even forgetting many of their country's time-honored cultural heritages. Yet not all traditions are fading over time. Lacquerware inlaid with nacre, or mother-of-pearl, is keeping its legacy alive with a dazzling brilliance and everlasting quality like a precious jewel hidden in a vast mudflat.

Traditional Najeon Technique

Jagae, or mother-of-pearl, refers to the shells of abalone, mollusk or clam. The najeon technique involves inlaying mother-of-pearl on the surface of lacquered objects, and the resulting lacquerware is called najeon-chilgi. It is believed to have spread from the Tang Empire during the Three Kingdoms period (57 BCE-668 CE), and has been practiced in Japan and Southeast Asian countries. In Korea, the golden age of the najeon technique was the Goryeo dynasty (918 CE-1392 CE), to the point that the term "Goryeo najeon" was coined.

During the Goryeo dynasty, lacquerware produced using the najeon technique was of such high quality that it was sent as gifts to the royal palace. Products are characterized by symmetrical chrysanthemum or arabesque patterns, thin strips of abalone shell, and beautiful iridescent colors. During the Joseon era (1392-1910) and Japanese invasions of Korea (1910-1945), the symmetrical design was replaced with more diverse patterns featuring plums, bamboo, the ten symbols of longevity, landscapes, and geometrical shapes. The najeon technique was employed for all kinds of everyday products, including brush stands, dressing tables, stationary chests, hairdressing cases, small dining tables, plates, trays, and wardrobes.

Timeless Beauty

The process begins by applying a coat of lacquer to a basic wooden frame. Next, the surface of the object is covered with a hemp cloth, and coated with lacquer again. This process is repeated several times before inlaying with mother-of-pearl, and finally giving it a lacquer topcoat. It takes at least three months, and sometimes as long as three years, to complete a single piece of najeon-chilgi. The resulting masterpiece has an iridescent shine, and is resistant to moisture and insects. The literary critic Lee Eo-ryeong described najeon-chilgi products as "jewels hidden deep in a golden-brown mud flat."

It is no coincidence that many people today are drawn to mother-of-pearl. Commercial spaces use najeon-chilgi for interior decoration, and companies are applying mother-of-pearl inlay to shoes, stickers, cars and electronic devices. Its decoration is seen on tables or plates, as well. Masters of najeon-chilgi are also catering to modern tastes. For example, the design brand Cheyul was born out of a collaborative project between artisans like Sohn Dae-hyun and contemporary designers. The artist Oh Yu-mi broadened the horizons of najeon-chilgi by introducing more diversified colors. As the culmination of nature, history, craftsmanship, and artistry, najeon chilgi is proof positive that sophisticated traditional craftsmanship never goes out of style.

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

Invest KOREA's Services: Investment Consulting Center



What kinds of help does the Investment Consulting Center at KOTRA provide?



Investment Consulting Center (ICC)

The ICC is a one-stop consulting center that is designed to help investors and foreign-invested firms with the review and execution of investments, as well as to assist their employees with settling in Korea. The center is operated under KOTRA's Foreign Investor Support Office.

- **Investment Consulting:** The ICC is staffed with some 20 consultants including private sector experts and officials dispatched from related government ministries. They provide systematic, professional consulting services to help foreign investors successfully undergo all the necessary investment procedures in Korea. Foreign investors and their families may receive consulting services free of charge via phone, fax, e-mail or in-person visits.

Areas of consulting

Consulting on investment	Consulting on foreign investment attraction-related laws, systems, procedures, taxation, tax affairs location, and labor affairs
Notification and registration of investment	Consulting on notification and registration procedures for investment, importing of capital goods, and application for confirmation of the specification of imported goods
Administrative support for investment	Consulting on issuance of foreign-invested company registration certificate issuance, visa consulting, issuance of investment visa, exchange and issuance of foreign driver's license to a Korean one
Consulting on settlement	Provision of information on staying and living in Korea, and accompaniment service

- **Tel:** 82-2-3497-1056 (English)/ 82-2-3497-1055 (Japanese)
- **Serviced languages:** English, Japanese and Korean
- **Business hours:** Monday - Friday, 09:00-18:00 (lunch time: 12:00-13:00)

If you have further questions please contact +82-1600-7119 or visit www.investkorea.org >>How We Can Help >> Online Consulting.

KOTRA Launches Video Conferences amid Surge in COVID-19 Virus Infections

On Feb. 23, KOTRA announced the launch of a special hotline service to minimize the economic impacts stemming from the recent coronavirus outbreaks (COVID 19). The agency has established a center to specialize in supporting video conferences between potential buyers and investors worldwide, already opening the first round of video conferences on Feb. 21, targeting the Sinosphere. Such conferences are made possible through the cooperation between KOTRA's overseas offices and its head office in Seoul, Korea. There are no restrictions in items and regions for the video conferences.

Given the characteristics of a video conference, a cyber-counseling center within the head office is open to Korean companies 24/7 whereas remote interpretation service is provided free of charge when the video conference takes place in a local office or at home. KOTRA also supports the utilization of video conferences when a company is unable to hold business meetings with its counterparts in person. In the case that difficulties arise in business meetings between Korean companies and foreign companies, KOTRA's overseas offices will support the process of conducting the video conferences with the local companies.

Tentative plan of KOTRA's Support Centers

Project Name	Support Center	Period	Region	Main Items
Video Conference to respond to COVID-19	Gyeonggi	March	Chinese-speaking countries	Protective goods and medical supplies
Chungbuk New Southern Region Video Conference	Chungbuk	Mar.17~19	New Southern Region	General items
Daejeon/Chungnam/Sejong Video Conference on Consumer Goods/ Health and Medical services	Daejeon/ Chungnam	March	Chinese-speaking countries & alternative markets	Health Medical Services, general
Boom-up Busan Online Export Gateway	Busan	March 26	Southeast/Southwest & Oceania	All areas including industrial goods and consumer goods
Alternative business meeting for the business that is canceled due to COVID-19	Daegu/ Gyeongbuk	April 1	Fukuoka	General Items
Inquiry Video Conference responding to Fukuoka CV	Jeonbuk	End of February	Fukuoka	Container, paper cups, frying pans, leisure items, frozen dumplings etc.
Video Conference customized to Ulsan region	Ulsan	All the year round	Chinese-speaking countries, etc.	General items
Alternative Video Conference with a trade mission from southern China	Northern Gyeonggi	April 20-24 (To be delayed)	Chinese-speaking countries	General items
Video Conference as an alternative to Korea-China Equipment Business Partnering	Busan	April 21	Chinese-speaking countries	Machinery

In addition, partnering meetings in the fields of innovative industries such as future car and revolutionary consumer goods will be carried out on the net via video conferencing. Video conferences for component purchases of new EVs in the Chinese region was already held at the end of February, and small and medium type pinpoint video conferencing was also held during each quarter on a regular basis. Thanks to the development of video conferencing solutions, it is easy to utilize materials and video clips during the conference calls, making it possible to discuss technological aspects as well as investment attraction for start-ups. Furthermore, KOTRA will continuously systemize business management through systems including CRM, open direct sales in overseas markets for customers taking part in the video conferences, and improve the infrastructure of KOTRA's Support Centers and overseas offices. In the future, KOTRA is expected to support trade meetings amounting to USD 200 million by supporting 1,000 video conferences within three months as well as host 2,000 video conferences annually.

Plans to open online/offline integrated video conferences

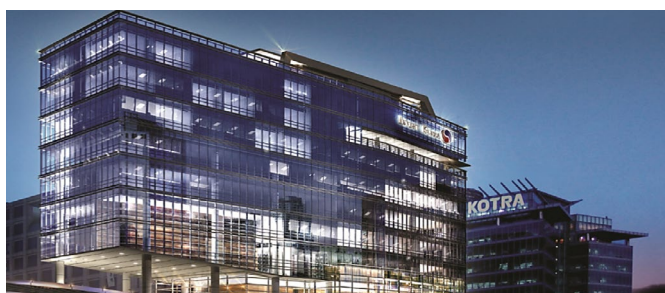
Project Name	Period / Venue	Target Buyer	Main Items
H2 Mobility Trade Meeting	Mar 18-19 / KINTEX	10 companies (50 companies in total)	Targeting all overseas offices under the process of seeking buyers for video conferences
Global Medical Equipment Plaza	Mar 18-19 / COEX	63 companies (333 companies in total)	Initiate video conferences targeting China region buyers
SEOUL FOOD	May 19-22 / KINTEX	220 companies (30% of the whole buyers)	Video conference targeting buyers that cancel visits to Korea
Consumer Goods Showcase Korea	Jun 1-2 / COEX	40 companies (600 companies in total)	Scheduled to operate exclusive booth for video conferences
Buyer Pool for Video Conferences		343 companies	



* To join, contact the nearest KOTRA office in your country.

Invest KOREA's Services

Invest Korea Plaza (IKP)



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

Foreign Investment Ombudsman

The Office of Foreign Investment Ombudsman is an organization established in 1999 to provide close aftercare support and grievance resolution services for foreign-invested companies, and is dedicated to resolving any difficulties that foreign-invested companies face while doing business in Korea.

One-Stop Service for Foreign Investors

The Inbound Investment Consulting Department not only

assists foreign investors and foreign-invested companies in the investment review and implementation stage, but also offers customized services to help foreign investors and their families get comfortably settled in Korea.

Invest Korea Market Place (IKMP)

IKMP is a project aimed at discovering promising Korean SMEs seeking to attract foreign investment and matching them with foreign investors who have compatible needs. Projects looking for investment are posted on our website at www.investkorea.org.

Job Fair for Foreign-Invested Companies



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

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Publisher. Kwon Pyung-oh | **General Manager.** Lee Jehyuk

Editor-in-chief. Grace Park | **Acquisitions Editor.** Jinyoung Lee

Designer. Jang YooJin | Printed by Samsin Munhwa Printing Co., Ltd.