

# Invest Korea

September 2022



**Marc Perraudin, CEO**  
**Christophe Pierre, CFO**

Plastic Omnium New Energies

## Answering the Call for Clean and Smart Mobility

Electric Vehicle and Secondary Battery at the Core of Korea's New Industrial Advancement  
Namdong National Industrial Complex, Transforming to Continue Thriving in the Future Based on Ppuri Industries  
Creation through Innovation, TCMS Co., Ltd.

# Secondary Battery

---

## Business News

04-05

---

## Invest KOREA Market Place

23

---

## Cover Story Interview

06-10

Answering the Call for Clean and Smart Mobility

---

## Location Report

24

Namdong National Industrial Complex, Transforming to Continue Thriving in the Future Based on Ppuri Industries

---

## Economic Trends

11

---

## Living in Korea

25-27

Korea 101: Education

---

## New Legislations

12

---

## Special Contribution

28-29

The Trend and Outlook of Regulations on Gender Diversity on Board of Directors

---

## Industry Trends

13-15

---

## FAQ from Investors

30-31

---

## Industry Focus

16-19

Electric Vehicle and Secondary Battery at the Core of Korea's New Industrial Advancement

---

## Experience Korea

32-34

Land of Holiday Spirit

---

## Future Unicorns

20-22

Creation through innovation TCMS Co., Ltd.

---

## IK's Services

35

# AVCJ Private Equity & Venture Forum Korea

9 September 2022

Four Seasons Hotel, Seoul and Online



Register now

The 9th Annual AVCJ Korea Forum will bring together over 400 senior alternative investment professionals from around the globe for a day of insightful discussions on domestic and international private markets. The forum will provide an exclusive platform to network and connect with over 150 local institutional investors who are looking to commit capital to alternatives.



Snapshots at the AVCJ Korea Forum

## Leading industry speakers confirmed include:



**Jeffrey Akers**  
Partner & Head of Secondary Investments  
ADAMS STREET PARTNER



**Jim Hildebrandt**  
Managing Director  
BAIN CAPITAL



**Hae-Joon Joseph Lee**  
Partner & Chief Investment Officer  
IMM PRIVATE EQUITY



**Jason Taebok Kang**  
Managing Director  
KAKAOPAY SECURITIES / GLOBAL ALTERNATIVE INVESTMENT



**Heeun Park**  
Partner  
ALTOS VENTURES



**Roger Zhang**  
Managing Director Credit  
BLACKSTONE

Supporting Association



## Contact us

Registration enquiries:

Pauline Chen

t: +852 2158 9655

e: [book@avcj.com](mailto:book@avcj.com)

Speaking opportunities:

Sarah Doyle

t: +852 2158 9660

e: [sarah.doyle@iongroup.com](mailto:sarah.doyle@iongroup.com)

Sponsorship enquiries:

Darryl Mag

t: +852 2158 9639

e: [sponsorship@avcj.com](mailto:sponsorship@avcj.com)

Marketing and media enquiries:

Priscilla Chu

t: +852 2158 9656

e: [priscilla.chu@iongroup.com](mailto:priscilla.chu@iongroup.com)

<https://community.ionanalytics.com/avcj-korea-2022>



#avcj-korea

## Korea to expand tax benefits for global M&As in chip, vaccines and battery sectors

S. Korea is seeking to expand tax benefits to facilitate domestic M&As of foreign entities in the areas of semiconductors, vaccines, and batteries dubbed national strategic assets amid the intensifying global race and prolonged supply chain disruptions.

Under the tax reform plan from the new government pending legislative review and approval, the government proposes to grant up to 10 percent tax deduction to Korean firms in their acquisitions of assets in foreign entities with proven technologies in the country's designated national strategic technology sectors, such as semiconductor, battery, display, future mobility,

robotics, and biopharmaceuticals.

The tax breaks are part of the government's efforts to sustain chip supremacy as home to the world's top two memory chipmakers—Samsung Electronics and SK hynix. The tax incentive may further persuade SK hynix to go after U.K.'s chip design giant ARM.

The tax credits are due to expire in the end of this year, but the government is also seeking to extend its grant to the end of 2025 to facilitate more global M&As in the country's growth engines. If the amendment in the special tax act passes the National Assembly, it will go effective Jan. 1, 2023.

## New 'Eco-Friendly Mobility' Special Regulation Free Zone

With regards to the eco-friendly mobility business, three new regions were designated as a Special Regulation Free Zone—the Jeonnam Modified Electric Vehicle Special Zone, Gyeongbuk Electric Vehicle Next-Generation Wireless Charging Special Zone, and Gyeongnam Ammonia Co-fired Fuel Propulsion System Ship Special Zone.

On Aug. 4, the government held the 8th Special Regulatory Free Zone Committee (Special Zone Committee) presided by Prime Minister

Han Deok-soo at the Government Complex Seoul.

According to the Ministry of SMEs and Start-ups, the government has designated three new Special Regulation Free Zones. By 2026, the period of designation for the Special Regulation Free Zone, are expecting outcomes including the revenues of KRW 168 billion, new hires of 582 workers and enterprise attraction of 32 companies.

## Trade & Commerce

### Korea's green car exports up 41% to top 300,000 units in Jan-July

Outbound shipments of eco-friendly cars by S. Korea-based five finished car producers—Hyundai Motor, Kia, GM Korea, Renault Motor Korea and SsangYong Motor—topped a 300,000 unit milestone, hitting 305,909 units from January to July. This was up 41.1% from the same period a year earlier.

By value, green car exports in the same pe-

riod totaled USD 8.76 billion, the largest-ever figure for the period. Hyundai Motor and Kia's eco-friendly car exports jump 21.7% and 49.3% on year, respectively, in the first 7 months, while Renault Motor up 165.8%.

EVs led the growth with 116,600 units sold, up 56.5% on year.

### S. Korea's exports to China rise over 160 times in 30 years

S. Korea's exports to China have increased more than 160 times since they set up diplomatic ties 30 years ago, much higher than the growth rate of Seoul's overall overseas shipments, data showed on Aug. 23.

S. Korea's exports to China came to USD 162.9 billion last year, 162.4 times the value of slightly over USD 1 billion in 1991, one year before their establishment of diplomatic ties, according to the data from the Korea International Trade Association (KITA).

Over the same period, Seoul's total exports increased nine-fold to USD 644.4 billion from

USD 71.9 billion. S. Korea's shipments to the United States rose 5.2 times to USD 95.9 billion during the cited period, with those to Japan expanding 2.4 times to USD 30.1 billion. China was S. Korea's 15th-largest export destination in 1991, with Washington taking the top spot, followed by Japan, Hong Kong, Germany and Singapore. Beijing outpaced America and clinched the No. 1 spot in 2003, retaining the leading status for the past 20 years. S. Korea's trade balance with China has remained in the black since posting a surplus of USD 1.07 billion in 1992.

## Industry

**Hyundai IONIQ 5:  
Car and Driver's  
EV of the Year**

Hyundai Motor Co.'s all-electric IONIQ 5 crossover has won another industry accolade in the US, gathering momentum to expand its market share in the world's third-largest electric vehicle market even as the country has decided to remove tax credits for EVs made outside of North America.

US automotive magazine Car and Driver said on Aug. 18 it has selected the IONIQ 5, the first model of Hyundai's dedicated battery electric vehicle (BEV) lineup, as its EV of the Year.

The publication put 20 top-rated EVs through tests in four categories—value, mission fulfillment, technology advancement and how fun they are to drive. The IONIQ 5 beat contenders

such as the Tesla Model S Plaid, the Lucid Air Grand Touring, the Rivian R1T Launch Edition, the Porsche Taycan 4S Cross Turismo and the BMW i4 M50.

"The IONIQ 5 is an attractive proposition for buyers who desire the performance, range, and charging speeds of far more expensive EVs at an accessible price," said Tony Quiroga, Car and Driver's editor-in-chief.

Hyundai Motor Group in May unveiled a USD 10.5 billion plan to invest in the US. The investment package includes building its first dedicated full EV plant and battery manufacturing facilities in the US state of Georgia by 2025.

**Korean  
shipyards sweep  
76% of LNG  
tanker orders,  
KSOE adds  
\$1.5 bn deals**

S. Korean shipbuilders have scooped nearly eight out of 10 global orders for new liquefied natural gas (LNG) carriers, and the order book is expected to get fatter with the industry's largest Korea Shipbuilding & Offshore Engineering (KSOE) adding near KRW 2 trillion (USD 1.5 billion) orders for LNG tankers related to a massive project in Qatar.

According to global market researcher Clarksons Research on Aug. 10, Korean shipyards commanded 47 percent of entire global shipbuilding orders in the first seven months of this

year by drawing 204 vessels or 11.13 million compensated gross tonnage (CGT) out of 23.68 million CGT new orders placed globally. China was behind Korea with 10.07 million CGT or 42 percent.

Korean shipbuilders won almost all LNG ship orders placed from around the world in the past seven months, during which a total of 103 LNG vessels (in 140,000 cubic meters and above) were ordered globally, the highest level since Clarksons began data compilation in 2000.

## Government &amp; Policy

**Seoul moves  
to expedite  
support and  
deregulation in  
bio-healthcare  
sector**

The Korean government grooming biotech and healthcare sectors as key growth drivers for economy in the post-Covid world will expedite support and deregulations to encourage the development of blockbuster drugs and vaccines.

"The bio-health sector is directly linked to the growth of the Korean economy as it protects public health and creates new high-paying jobs," President Yoon Suk-yeol said during his visit to Healthcare Innovation Park at Seoul National University Bundang Hospital on Aug. 10, where he vowed for more financial support to help build a K-bio vaccine hub and empower companies to focus on developing blockbuster medicines and vaccines.

Under the government's plan, a public-private fund dedicated to therapy/vaccine research and development will be raised KRW 500 billion (USD 383.4 million) this year to be expanded to up to KRW 1 trillion later. The government also

plans to provide KRW 2.2 trillion by 2030 to support R&D programs for pipelines in phase 2 clinical trials.

The regulatory review period for innovative medical devices will be shortened to 80 days from the current 390 days, with other deregulation efforts under the government's regulatory sandbox program.

Regarding the deregulation policy, Yoon vowed to implement a plan to drastically shorten the review and licensing period for artificial intelligence-backed innovative medical devices so that they can be used quickly in the field.

The policy reflects the industry's opinion that the review period for marketing approval of medical devices should be shortened once they are designated as innovative products, so that they can be applied to clinical sites quickly even without health insurance benefits.

INVESTMENT JOINT

2022. 7. 6. (WED) THE SHILLA SEOUL



Ministry of Trade,  
Industry and Energy

Investment  
Agency

INVEST  
KOREA

# One-on-One with Marc Perraudin (CEO) & Christophe Pierre (CFO)

*Plastic Omnium New Energies*

# Answering the Call for Clean and Smart Mobility

*Invest Korea talks to Marc Perraudin (CEO), Christophe Pierre (CFO) of Plastic Omnium New Energies, to hear more about the company and its operations in Korea.*

**H**eadquartered in France, Plastic Omnium provides innovative solutions for a more connected and sustainable mobility. The Group designs and manufactures complex and interactive body systems as well as emission reduction and energy storage systems for the automotive industry. Founded in 1946, the company today has 137 plants and 31 R&D centers around the world, and relies on its 30,000 employees globally to meet the challenges of clean and smart mobility. The Group established its office in Korea in 1994 in Gyeongju, and recently announced its establishment of a facility in the area.

Invest Korea met with Marc Perraudin (CEO) and Christophe Pierre (CFO) of Plastic Omnium New Energies at the Global Investment Summit 2022 to hear more about the company and its operations in Korea.

## Please tell us a little bit about yourself.

**Marc:** I'm currently the CEO of Plastic Omnium New Energies. This is the business dedicated to hydrogen mobility components. I've been working for Plastic Omnium for nearly 50 percent of my life—I'm 52, and I've been working for the company for 27 years. I'm originally an engineer, and I've experienced different positions in the company, mostly in R&D and business development. Two years ago, I was given the opportunity to run and develop the hydrogen part within the Group, which is a new and emerging product line, but also incredibly promising. This

is what brought me to Korea, since Korea is one of the big countries for hydrogen development. We are thrilled to be able to embark on this adventure with our partners here—with the Korean government, Hyundai, and our other customers.

**Christophe:** I recently joined Plastic Omnium. I've worked in the renewable energy business before, so I'm really happy to be working on the hydrogen side of business. Hydrogen poses a great opportunity for the power we can produce and is extremely complimentary with what we can do in terms of renewable energy.



(From left to right) Photo of Marc Perraudin (CEO), Christophe Pierre (CFO) at GIS 2022



Photo of Marc Perraudin (CEO) at GIS 2022 Photo of Christophe Pierre (CFO) at GIS 2022

## What kind of company is Plastic Omnium, and what is its history?

**Marc:** Plastic Omnium was established more than 75 years ago and is a family-owned company, which is a very important value for us. It is still controlled by the same family with 60 percent holdings, and the rest of the company is publicly listed on the Paris Stock Market. We are an industrial company, worth roughly 10 billion US dollars in sales, globally involved in numerous product lines. We are also an automotive company, offering battery panels for the car industry and fuel systems as the global leader in these two product lines. A couple years ago, hydrogen was put in the center of our future in terms of development, and this is when we started developing hydrogen storage systems and

fuel cell systems for hydrogen mobility.

Additionally, we also are involved in module activity which is important in Korea. We have a joint venture with a Korean company called SL, and we deliver fully assembled front-end modules to Hyundai.

**Christophe:** In an area where innovation is surging, what Plastic Omnium brings is the capacity to industrialize, which I think is incredibly important. It's moving from innovative ideas to the capacity to do it on a large scale, which is definitely the place where we can make a difference and be a key player.

## Why did the company establish a branch here, and why is Korea an important market for Plastic Omnium?

**Marc:** We established a branch in Korea, first to deliver modules to Hyundai and Kia Motors. About 20 years ago, Plastic Omnium acquired a Korean company and became an important player in the automotive industry. We are located in the south of Korea in Gyeongju, and we remain a vital supplier of Hyundai in Ulsan for fuel systems.

**Christophe:** Korea holds a leading position in the hydrogen industry, so we feel that it's definitely important to be a part of it and support it.

**Marc:** Korea has always been in the portfolio for Plastic Omnium's industrial activities. And now, of course, we are looking to expand into the hydrogen market, and with Hyundai being one of the leaders in the worldwide development of hydrogen technology and cars and taking various initiatives, it was a natural move for us to come to Korea, utilize our teams here, and establish a new facility in the southern region of the country. This was a decision made at the end of 2021, and this is also a reason why we are here today, since we have decided to launch this new investment with the support of KOTRA and the Korean government.

## What are some characteristics of Korea's manufacturing/automobile/energy industries that are helpful for your company in running its business here?

**Marc:** I think the reputation and establishment of Hyundai Motor Company (HMC) worldwide brings a certain kind of discipline and a lot of expectations. We are learning a lot from them, and I think it's a very good "school" for those in this industry as they are a global player. The experience that HMC has today in hydrogen mobility and the push that they are bringing to the hydrogen ecosystem is very important and is also paving the way for our success. While following their technical guidance, we are bringing our expertise in components, which ultimately creates a lot of great synergy.

Globally, Korea is a strong leader in industrial manufacturing, making the country a great supply base for us. We will continue to find more local partners and suppliers to establish a strong supply base in Korea in the future and enable ourselves to develop locally.



Photo of Christophe Pierre (CFO) at GIS 2022

### What are the advantages of doing business in Korea and improvement points for the future?

**Marc:** I would say, plenty of advantages, specifically because of the industrial footprint and the support you can get from local provinces and government to establish facilities and build. Korea also offers us a very dense network of resources and suppliers.

Like we are seeing all over the world, there is a scarcity of engineers, so the industry, as a whole, needs to really push for foster talent. Korea's economy is doing well and developing, and would really benefit through nurturing more skilled workers for the future industry.

### What kinds of opportunities do global trends like the transition into greener and digital economies, as well as new policy schemes regarding ESG and sustainability offer for your company?

**Marc:** Essentially, such global trends are what are supporting our activities. Since we are an automotive industrial company at our core, we are surely and progressively evolving in line with the changes in the industry. The current trends pose a fantastic opportunity for us to renew our portfolio of technologies, as well as for the automotive ecosystem to push for a sustainable society and cleaner environment.

ESG is very important to us, especially since we are a family-owned company. Plastic Omnium, about 25 years ago, really pushed hard for safety at the workplace, and now we are globally managing a CSR program called Act for All, which values people development, diversity, product safety and security.

All these trends, which are not only important for industry and automotives but also in terms of society, are motivating the company, our shareholders and the overall development of business and new technologies.

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

**Marc:** We rely a lot on KOTRA—they have been very supportive in all our business endeavors.

Gyeongju Province has also been instrumental in the installation of our new facility, and we seek to build a strong network there—a local supplier base and supply chain—especially because we are entering the hydrogen economy which is a new step for us. We will need new types of commodities, new suppliers, and etc.

**Christophe:** The chambers of commerce are also playing an important role for us—the European Chamber of Commerce (ECCCK), French Korean Chamber of Commerce and Industry (FKCCI)—have been helping us out a lot.

Of course, we still have a long way to go in terms of building our own network in the hydrogen industry but our partners here have been very helpful and supportive for us.

### What are Plastic Omnium's future goals for Korea and Asia as a whole?

**Marc:** Globally, Asia is a primary target for us in terms of hydrogen. Given the combination of Korea's Hyundai Motors and Japan's Toyota Motors, who are the two pioneers of hydrogen technology, as well as the strong push from China toward air purification and hydrogen in the mobility industry, Asia makes up a whopping 50 percent of our business in hydrogen down the road by 2030.

So, the Asian region is a key area for us for development, employment, engineering, manufacturing, and this is where we should find most of our customers and applications.

*By Grace Park*

*Executive Consultant*

*Investment Public Relations Team*

*Korea Trade-Investment Promotion Agency (KOTRA)*



(From left to right) Photo of Chul Park (Managing Director-S. Korea), Marc Perraudin (CEO), Christophe Pierre (CFO), Sylvain Torrent (Sales and Programs Director-Asia) at GIS 2022

# Economic Trends

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

## GDP

(Unit: USD million)



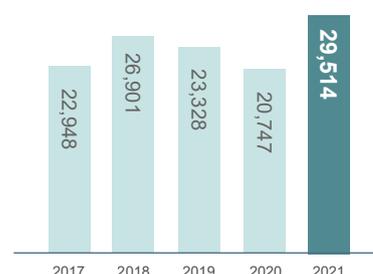
## Exports

(Unit: USD million)



## FDI

(Unit: USD million)



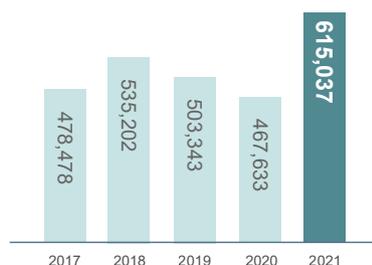
## Per capita GDP

(Unit: USD million)



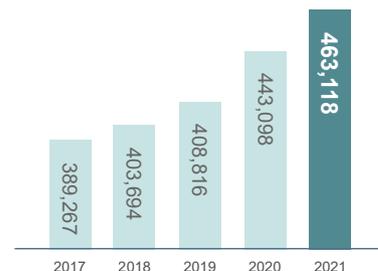
## Imports

(Unit: USD million)



## Foreign exchange reserves

(Unit: USD million)



Source: International Monetary Fund (IMF), Bank of Korea (BOK), Korea International Trade Association (KITA), Ministry of Trade, Industry and Energy (MOTIE)

## August Economic Trends

In July 2022, the economy added 826,000 jobs year-on-year, and the unemployment rate fell by 0.3 percentage points from a year ago to 2.9 percent. Consumer prices grew by 6.3 percent year-on-year in July due to higher increases in agricultural, livestock and fishery product prices and the core inflation rose by 4.5 percent.

Stock prices grew in July as KOSPI gained by 5.10% from 2,332.6 points at the end of June to 2,451.5 points at the end of July due to some easing of volatility in the global financial market. In the FX market, the won's depreciation eased slightly with the won-dollar exchange rate closing at 1,298.4 won in June and at 1,299.1 won in July. Housing prices decline was faster in July, and prices of Jeonse (lump-sum deposits with no monthly payments) also saw a faster decline while Korean treasury yields fell as well.

While the economy has continued to improve gradually due to recovery in employment and in-person service industries, amid continued high inflation and declines in some indicators of economic sentiment caused by external factors, there are concerns of economic slowdown such as a drag on export recovery in the future.

Source: Ministry of Economy and Finance (moef.go.kr)

# New Legislations

Here's a brief look at Korea's newly proposed & enforced legislations.

## Newly Proposed Legislations

Legislation	Ministry in Charge	Opinion Submission Due Date
Pre-Announcement of Partial Amendment to the Enforcement Rule of the Aviation Safety Act	Ministry of Land, Infrastructure and Transport	Ministry of Land, Infrastructure and Transport
Partial Amendment to the Enforcement Decree of the Monopoly Regulation and Fair Trade Act	Fair Trade Commission	September 20, 2022
Pre-Announcement of Partial Amendment to the Enforcement Rule of the Electrical Safety Management Act	Ministry of Trade, Industry and Energy	September 30, 2022

Please submit your opinion on the newly proposed legislations and get more information on newly proposed legislations on the Foreign Investment Ombudsman website (<https://ombudsman.kotra.or.kr/ob-en/bbs/i-2651/list.do>).



## Newly Enforced Legislations

Legislation	Category	Date of Enforcement
Enforcement Decree of the Credit Information Use and Protection Act	Presidential Decree no. 32684, partially amended	June 7, 2022
Enforcement Decree of the National Transport System Efficiency Act	Presidential Decree no. 32675, partially amended	June 7, 2022

To see more newly enforced legislations in Korea, visit the Invest KOREA website (<https://www.investkorea.org/ik-en/bbs/i-2715/list.do>).



# Industry Trends

## All Industries

Despite the decrease in service industries, the production of all industries increased in June 2022, driven by mining & manufacturing industries. In terms of expenditure, equipment investment increased sharply in contrast to gains in the value of construction completed and retail sales.

### Monthly Industrial Activity Trends

Subject	All industries	Mining & manufacturing	Service	Retail sales	Equipment investment	Construction completed
Monthly Change (%)	0.6	1.9	Δ0.3	Δ0.9	4.1	Δ2.0

Despite the disruptions in production in some industries resulting from the strike of unionized truckers, the production of mining & manufacturing industries posted the biggest gain in six months, backed by the remarkable performance of major industries. The production of semiconductors rebounded after three months of adjustments, and the production of general machinery and auto increased sharply boosted by the recovery of equipment investments and the easing of shortage in parts. The production of service industries was slightly adjusted due to the base effect of the production gaining by more than 1% for three straight months and the increase in rainy days limiting outdoor activities. Delays in the delivery of cars, inflation, and the stabilized pandemic situation diminished retail sales while equipment investment is on the recovery track, buoyed by the delivery of semiconductor equipment.

The performance of industrial activities in June confirmed the continued recovery of the Korean economy, but uncertainties in the economic flow persist due to overseas factors. Positive signs include the effect of the end of unionized truckers' strike and the partial resolution of disruptions in supply chain, but a slowdown of growth in exports caused by the sluggish global economy and increases in the inventory of manufacturing industries may put a damp on the recovery. In case of consumptions and investments, the continued recovery of employment and the government's tax-cuts and deregulation efforts are positive signs that exist alongside uncertainties such as inflation, continued interest rate hikes and the worsening sentiment of households and businesses.

## Trends by Industry

### Automobile

**Exports increased in the first half of 2022 despite the persistent shortage in parts supply**



Production and shipment in May 2022 increased by 15.9% and 12.4%, respectively, year-on-year, resulting from the base effect of the situation in the same period of 2021 when there were disruptions in production due to troubles in sourcing semiconductors. In June, continued difficulties in sourcing semiconductors used in cars diminished domestic consumption by 10.6% from the same period of the previous year. Exports in June turned downward to end the three-month streak, bogged down by the continued supply chain issues and logistics problems resulting from the strike of unionized truckers.

### General machinery

**Decline in production slowed, but exports turned sharply downward**



As the drop in domestic consumption slowed down and equipment investments turned upward, production in May decreased by 0.4% year-on-year but increased by 6.2% month-on-month, indicating a slowdown in decline. Despite the continued infrastructure investments of major countries, exports in June plunged by 11.7% from the same period of 2021 due to the worsened performance of exports to China and the fall in the number of working days. However, exports to India increased by 17.2% as the country carried out plans to develop and expand transportation infrastructure including railways, ports and roads.

### Shipbuilding



**Alongside the continued improvements in production indices, exports decreased while imports increased**

Despite uncertainties in the shipping industry caused by inflation, rate hikes and the war in Ukraine, global orders dropped only by 24% year-on-year in May 2022, supported by the new orders of LNG carriers and container ships. In June, exports decreased by 36.0% from the same period of 2021 as fewer high value-added ships were delivered due to the effect of orders having plunged in 2020 after the outbreak of COVID-19. Backed by the dramatic increase of imports of bulk carriers and ship engines from China, imports in May increased by 8.5% year-on-year despite the reduced import of ship parts.

### Steel

**Production stalling due to declining domestic consumption and negative macroeconomic conditions**



In May, production increased slightly by 0.1% from the same period of the previous year, resulting from the poor performance of steel-consuming industries and the effect of equipment repair and maintenance. The continuation of high export unit prices pushed up exports in June by 5.4% year-on-year while imports skyrocketed by a whopping 51.2% from the same period of 2021, supported by the recovery of demand for sheets, further price-slashing of China and other exporters and base effects.

## Oil refining

**Petrochemical products worth USD 5.48 billion were exported in June to record best-ever results for the month of June**

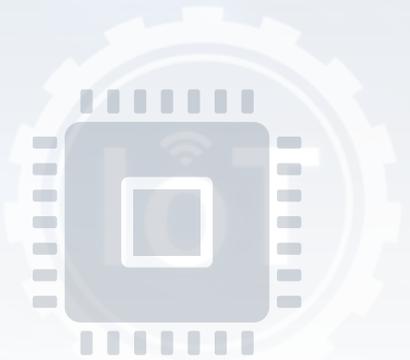
High oil prices and unit prices driven up by higher refining margins helped sustain the two-digit growth rates of exports for fifteen straight months in June, which increased by 81.7% year-on-year despite the effect of routine maintenance. Whereas the growing exports of asphalt and transport oil such as lubricating oil, aviation fuel, and diesel pushed up the export volume by 13.0%, production in May decreased by 1.0% year-on-year as capacity utilization rate was reduced by routine maintenance.



## Semiconductor

**Exports of semiconductors pick up, but outlook remains uncertain**

The production and shipment of semiconductors in May increased by 24.3% and 8.9%, respectively, from the same period of the previous year to support brisk sales, but a possible imbalance in supply and demand requires a close watch considering the recent gradual increase of inventories and especially the inventories of May, which surpassed 50%. Exports in June increased by 10.7% year-on-year to stand at USD 12.35 billion, recording the best-ever results for the month of June.



## Wireless communication devices

**Exports increased for five straight months, and exports in the first half of 2022 increased by 13.2% from the same period of 2021**

Due to the higher unit price of parts resulting from the growing demand for new products of Korean manufacturers and supply chain issues caused by the war in Ukraine and other factors, exports in June increased by 10.6% from the same period of the previous year, led by exports to China and Europe. Production and shipment in May decreased by 12.2% and 4.5%, respectively, from the same period of 2021, as the prolonged war in Ukraine and the signs of another spread of COVID-19 raise costs and as interest rate hikes slow the economy and weaken consumer sentiment.



## Display

**Exports cut by declining global demand resulting from economic slowdown**

As economic slowdown and increased logistics costs eat into the demand for IT products and raise concerns over a long-term production cut, production in May turned downwards in line with the declining LCD production and demand for smartphones. In June, the sluggish global economy turned exports downward by 5.9% to break the streak of 14 months.



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

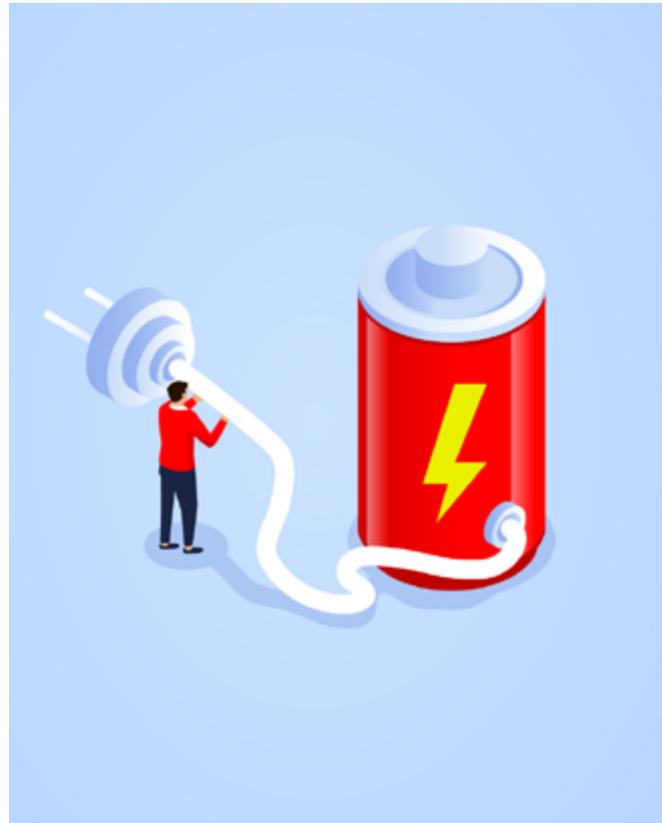
# Electric Vehicle and Secondary Battery at the Core of Korea's New Industrial Advancement



As of 2021, South Korea's GDP posted USD 1.82 trillion, ranking 10th worldwide and has unarguably grown into a global leader. Led by Samsung Electronics and SK hynix, the semiconductor industry is at the forefront of Korea's economic growth, which accounts for 20% of the global semiconductor market. At the same time, the automobile industry is the second largest contributor to the country's growth after the semiconductor industry. However, the overall influence of the automobile industry is much greater than that of the semiconductor industry in terms of the number of employees as well as contractors and related industries. While the semiconductor industry consists of only a few key materials, parts, and equipment, the automobile industry has a broader influence on the overall industry, including parts, logistics, chemicals, petroleum, steel and sales finance. Notably, the automobile industry is facing a paradigm shift owing to the recent expansion of electric vehicles (EVs).

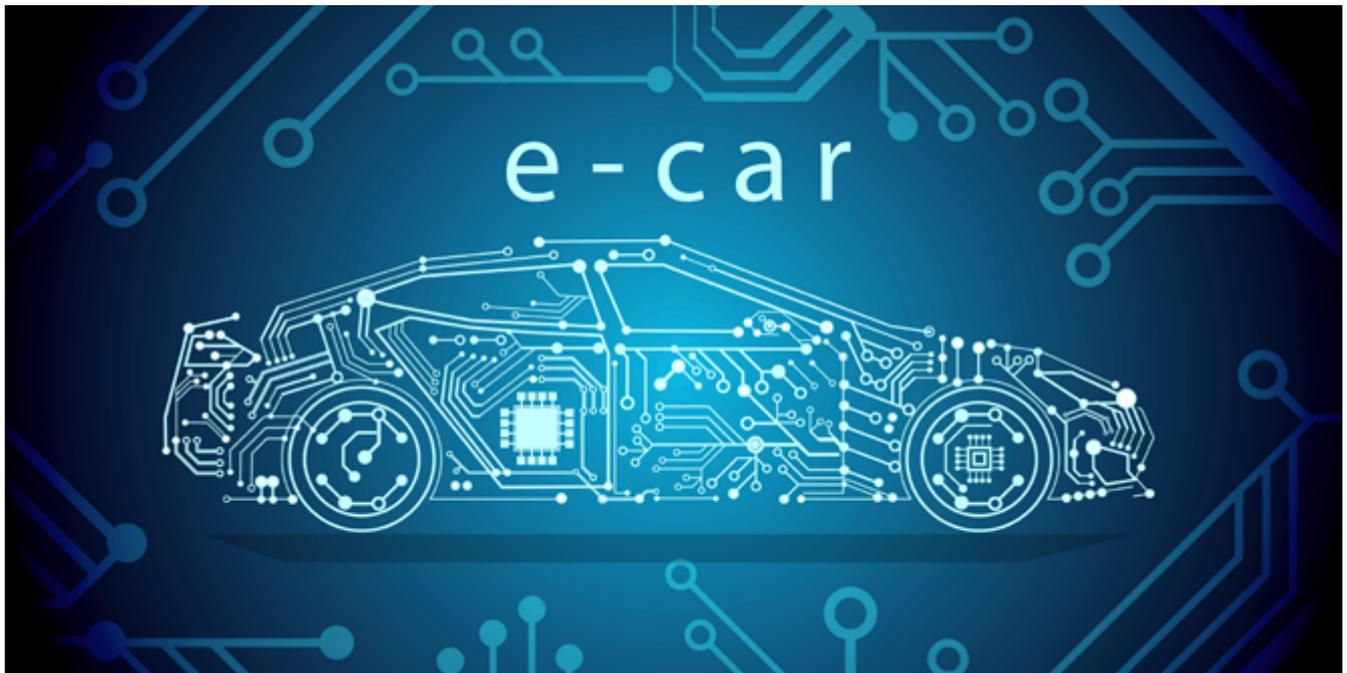
Just a few years ago, secondary batteries were not of great importance in the automobile industry because a hybrid vehicle (HEV) that replaces the internal combustion engine was equipped with a roughly 1kWh battery. However, a rapid increase in the supply of battery electric vehicles (BEVs) added fresh fuel to the growth of the secondary battery industry. As batteries of 50-70kWh capacity were embedded in EVs, the required quantity of the battery has increased dozens of times with EV sales nearly doubling every year. And hence, the advancement of the secondary battery industry has already become inevitable.

China's CATL is the world's No.1 producer of secondary batteries. As of 2021, its market share came to 32.6%, with a production volume of 96.7GWh, the capacity to produce more than 1.6 million EVs. In Korea, the K-battery trio—LG Energy Solution (2nd place, share of 20.3%, 60.2GWh), SK On (5th place, share of 5.6%, 16.7GWh), and Samsung SDI (6th place, share of 4.5%, 13.2GWh)—makes up over 30% of the global market share, in the second spot after China. China maintains its lead in the production volume of the sector, but Korea's secondary battery outpaces it in terms of added value. Secondary batteries mainly manufactured in China are LFP (Lithium Ion Phosphate) type, which is stable but low in production cost and poor in performance and pri-



marily supplied to low-cost EVs for the Chinese domestic automobile market. On the contrary, the secondary batteries of the K-battery trio are Lithium-Ion type and thus, they are delivered to the world's leading automakers such as Hyundai Motor, GM, BMW, and Volkswagen. In other words, Korea is in charge of high-performance, high value-added secondary batteries.

Currently, more finished carmakers worldwide are swiftly investing in or collaborating with secondary battery companies to shift to producing electric models. As it is essential to receive a stable battery supply in producing EVs, large-scale secondary battery manufacturing plants are being built near finished car manufacturing plants in the U.S. or Europe. And the same goes for Korea's K-battery trio; LG Energy Solutions is investing in building more plants in the U.S. and China, Samsung SDI in the U.S., and SK On in Turkey, the U.S., China, and Hungary. In addition, emerging companies such as Northvolt are also actively investing in large-scale ma-



nufacturing facilities by joining hands with finished car companies.

For the past century, parts companies have been subordinated to finished carmakers by complying with their needs in the automobile ecosystem centering on internal combustion engine. Entering into an age of EVs, the supply of high-quality secondary batteries has risen to be at the core of the EV industry. Accordingly, finished carmakers are now treating secondary battery companies better and seeking to put them into their own supply chains. This demonstrates that the paradigm of the industry is changing.

More than any other company, Tesla in the U.S. has played a pivotal role in the transition from internal combustion engines to EVs. Even when the company had no experience in manufacturing finished cars, it succeeded in mass production by developing EVs right away. Tesla firmly endured numerous trials and errors along with massive investments. Accordingly, companies supplying Tesla, which now leads the EV market, are also attracting many investors' attention, and Japan's Panasonic is the dominant supplier for the battery, a core player in the market. When Tesla was setting up Giga Nevada,

Gigafactory 1 and Giga Texas, Gigafactory 5, Panasonic subsequently made investments to build a secondary battery plant as well, aiming for a smooth supply in the production of finished cars. Tesla started transforming the supply chain by establishing Giga Shanghai, Gigafactory 3 in Shanghai, China. Tesla, which received full support from the Chinese government, needed to cooperate with Chinese companies. Model 3 and Model Y, which are mass-produced and mid-to-low priced models, started to employ CATL's LFP battery for their standard trims. Such served as an opportunity for both parties; Tesla could realize reduction in costs and sales prices, and CATL had an increase in revenue and could attain the level of technology advanced enough to meet Tesla's expectations.

According to Tesla's move to building more plants with the sales increase, the high-end model Long Range trim includes cylindrical batteries from not only Panasonic but LG Energy Solution into the supply chain. In case of Tesla's new 2170 battery (21x70mm sized cylindrical battery) that the company started to mass produce, LG Energy Solution invested KRW 730 billion in the plant located in Ochang, Chungbuk, spurring to secure the

production volume. In the end, the secondary battery companies invest depending on whether the finished car brands ensure a reliable source of demand or not.

Meanwhile, in August 2022, the US government heralded a new bill on EV distribution. Under the bill, vehicles and batteries manufactured at home only are eligible for the EV subsidy. To the date, the benefits of FTA have allowed Korea to receive tax exemption and purchase incentives even when exporting EVs or secondary batteries. On the other hand, if the new bill goes into force, the attractiveness of purchase incentives will disappear. In the face of such challenges, finished carmakers and second battery makers are expected to invest more in the U.S.

As discussed above, what matters most is to ramp up the production volume of domestic EVs in order for second battery makers to increase investments. Hyundai Motor Group, the No.1 finished carmaker in Korea, is leading the international market with various products such as electric vehicles and hydrogen vehicles. On top of that, other Korean companies in the same industry should be more engaged in the market. In other words, active EV production by different finished carmakers must precede to invigorate inward investment of secondary battery companies. At the moment, Edison, Dpeco and DaeChang manufacture EVs, yet in small quantities, on Korean soil. Also, China's Geely invested heavily in Renault Korea Motors, and it plans to start manufacturing eco-friendly cars at the plant in Busan over the next two years. Korea's auto industry has undergone

continuous internal changes in the transition to EVs. Against this backdrop, the government has also laid out diverse support policies. The government implements policies not only for consumers, including subsidies for purchase and installing electric chargers to put more eco-friendly cars on the road, but also for companies—supporting parts companies, establishing second battery fund, nurturing industrial experts to exit from internal combustion engines. Ultimately, the domestic demand increase boosted by the growth of finished carmakers and parts companies, is the best option for a vibrant secondary battery industry in Korea. At the same time, as in the case of Tesla's Shanghai plant, the most effective short-term methods are to promote the production base of EV anchor companies at home, and to energize the related industries by creating a global hub for manufacturing.

**By Sanghun Lee**

*Executive Consultant (Project Manager)*

*Investment Promotion Division, KOTRA (Invest KOREA)*

*sanghun@kotra.or.kr*

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





# Creation through Innovation, TCMS Co., Ltd.

## About the Company

TCMS specializes in manufacturing tenter clips and tenter frame rails that are used for producing lithium-ion battery separation films. For the first time in Korea (and fourth in the world), TCMS successfully developed tenter clips, which are used for producing separation films essential for lithium-ion battery production, and developed simultaneous biaxial clips and a system of producing high-performance separation films.

Furthermore, TCMS based on its separation film technology (material, parts and equipment) is in the process of developing next-generation separation films that are used in areas that require the highly efficient and heat resistant characteristics of lithium-ion batteries.

## Background

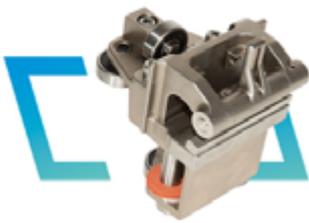
As Korea has relied 100% on import for the equipment used in producing lithium-ion battery separation films, there was a need to domestically develop the production equipment and overcome technological limitations. In order to address these problems, TCMS successfully developed key technologies through consistent R&D. The conventional manufacturing process of lithium-ion batteries is prone to fire due to thermal stability issues. TCMS aims to emerge as a game changer in the materials parts and equipment area of the lithium-ion battery market by offering solutions capable of preventing fire with its next-generation separation films that have addressed thermal stability issues.

## About the Product

### High-efficiency separation film manufacturing technology

TCMS's key technology SBO stands for simultaneous biaxial orientation, which enables stretching both in the machine direction orientation (MBO) and transverse direction orientation (TDO). The production of separation films with a thickness of  $7\mu\text{m}$  requires the technology of simultaneously releasing grips that uniformly maintain the clamping deviation and the grip strength on top and bottom and on left and right while minimizing deviation, controlling the clamping location, and reducing pin abrasion, and TCMS has these advanced technologies needed for the drawing of separation films.

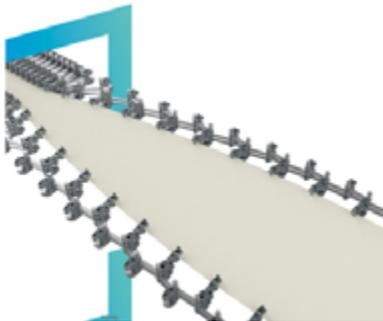
STRETCHING CLIP



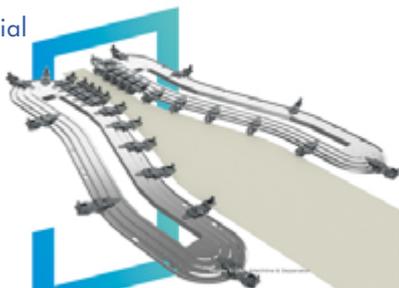
PET FILM CLIP



MECHANICAL SBO  
(Simultaneous Biaxial Orientation)



ELECTRONIC SBO  
(Simultaneous Biaxial Orientation)



### Mixture and high-temperature drawing technologies for the production of next-generation separation films

Unlike conventional manufacturing facilities, the facility structure and the processing conditions of next-generation heat-resistant separation films require the development of cooling systems and parts that are suitable for high-temperature conditions. Separation films are manufactured through the casting and drawing of materials and these next-generation films are heat-resistant high-molecular materials with a melting point surpassing  $300^{\circ}\text{C}$ . As the overall facilities must withstand high heat of at least  $300^{\circ}\text{C}$ , TCMS is developing the technology of manufacturing heat-resistant separation films with the government's support. TCMS aims to succeed at mass production with its technologies of drawing materials at high temperature, mixing the materials, and optimizing porogen.

Room temperature



$150^{\circ}\text{C}/1\text{ hr}$



$200^{\circ}\text{C}/1\text{ hr}$



$250^{\circ}\text{C}/1\text{ hr}$



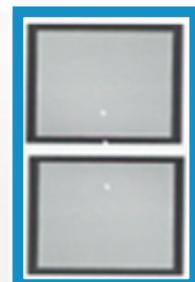
$300^{\circ}\text{C}/1\text{ hr}$



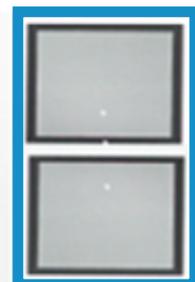
Existing separation films

Next-generation separation films

$100^{\circ}\text{C}/2\text{ hr}$



$200^{\circ}\text{C}/1\text{ hr}$



## Future Plans

- Consistent generation of cash cow through the sales of tenter clips that are consumable parts crucial in the drawing process of separation film production.
- The replacement of separation films enables the production of lithium-ion batteries displaying the advantages of all-solid batteries.
- Based on the world's best high-temperature drawing technology and the simultaneous biaxial drawing technology, TCMS aims to expand the business area and tap into the market of drawing high value-added polymers used in medical and optical devices.
- The prototype of heat-resistant and highly-efficient next-generation separation films being developed in a government project will be released in 2024, and production will begin from 2025. The objective is to start mass production in 2027 and win a market share of 0.2% (KRW 200 billion) in the overall lithium-ion battery market.
- TCMS will open its office in China in the second half of 2022, followed by the opening of offices in Europe and the United States for the production of products tailored to each region and growing as a global top-tier manufacturer.

## Competitive Edge and Business Strategy

- Intellectual property rights: 6six patents registered, 5 patents registered in China: proprietary technology
- TIPS (Tech Incubator Program for Startup) selection/ Ministry of SMEs and Startups (government subsidy of KRW 370 million): Project leader
- R&D of materials and parts/Korea Evaluation Institute of Industrial Technology (government subsidy of KRW 2.6 billion): Project leader
- Owns 3D programs and 3D measuring devices: Product verification
- Successfully raised Series A funding of KRW 3.5 billion: Feasibility validated

*By Taeyong Shin*

CEO

TCMS Co., Ltd

[tcms@tcms.co.kr](mailto:tcms@tcms.co.kr)

[www.tcms.co.kr](http://www.tcms.co.kr)

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

# Invest KOREA Market Place

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

COMPANY A		Investment Requirement		Company Profile	
1. Pretreatment		Amount	USD 8.5 million	Patents and Certificates	Applied 9 patents including eco-friendly buoys using waste vinyl
2. Grinding		Investment Structure	Joint venture	Financial Performance	(Sales in 2020) USD 8.60 million
3. Cleaning		<b>Investment Highlights</b> <ul style="list-style-type: none"> <li>• <b>Waste vinyl recycling LLDPE:</b> The company produces LLDPE (Linear Low Density Polyethylene) by collecting waste vinyl from farming and fishing villages. The LLDPE is specialized in producing highly rigid films, even though it has properties similar to those of LDPE. The company has established an optimized PE pellet production line by analyzing the characteristics of each waste vinyl type, and is the only company in Korea to have successfully applied high-density filter over 100 mesh. The company holds 10 patents related to extrusion, filtration, and dewatering technology, which are most important in regeneration technology, and has its own technology for manufacturing facilities by introducing the latest 3D modeling and drawing technology.</li> <li>• <b>Waste vinyl recycling market:</b> The rate of waste plastic recycling in Korea currently stands at 61.6%, and the recycled plastics market is forecast to grow at an annual average rate of 8.1% until 2026.</li> </ul>			
4. Dehydration					
5. Extrusion					
6. Cutting					
7. Recycled PE chip production					

COMPANY B		Investment Requirement		Company Profile	
	<i>All-solid-state electrolyte</i>	Amount	USD 2.5-4.2 million	Patents and Certificates	Registration of 11 domestic patents, 1 patent cooperation, treaty application
	<i>Token cell for all-solidstate batteries</i>	Investment Structure	Financial investment	Financial Performance	(Sales in 2019) USD 9.39 million
	<i>All-solid-state batteries (monopolar/bipolar structure)</i>	<b>Investment Highlights</b> <ul style="list-style-type: none"> <li>• <b>All-solid-state lithium-ion secondary battery:</b> The company has successfully developed a garnet-type oxide-based solid electrolyte material, which is the key technology for all-solid-state lithium-ion secondary batteries. Because the solid-state electrolyte material has been proven safe for medium-to-large-capacity battery technology, it ensures excellent technological competitiveness. The technology transfer from the Korea Institute of Industrial Technology (KITECH) and our garnet-type oxide-based solid electrolyte material have improved the ionic conductivity of the existing liquid-state electrolyte and expressed a high voltage through a wider potential window. All of these allow the company to manufacture pouch-type monopolar or bipolar all-solid-state lithium-ion secondary batteries by utilizing a composite NCM-based cathode composed of LLZO and a lithium metal anode with a high energy density.</li> <li>• <b>All-solid-state lithium-ion secondary battery market:</b> According to SNE Research, the lithium-ion secondary battery market is projected to reach USD 250 billion by 2030 from USD 24 billion in 2018, with a compound annual growth rate (CAGR) of 21% during the forecast period.</li> </ul>			

# Namdong National Industrial Complex, Transforming to Continue Thriving in the Future Based on Ppuri Industries

The Namdong National Industrial Complex represents Incheon's economy and has the highest number of manufacturing businesses specializing in ppuri industries (involving processing technologies used across the manufacturing industry), and in materials, parts and equipment industries. Currently, 7,554 enterprises are operating in the Complex, including 3,762 in the major industry of machinery, 1,331 in electric and electronics, and 875 in petrochemical. As of February 2022, the Namdong National Industrial Complex, which employs 102,990 workers, produced a total of KRW 5.1 trillion and exported USD 809 million.

- **Title: Namdong National Industrial Complex**
- **Location: Around Namchon-dong, Nonhyeon-dong and Gojan-dong of Namdong-gu, Incheon**
- **Size**

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

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

## Consistent development and growth based on perfect industrial infrastructure

The Namdong National Industrial Complex encompasses various industries from ppuri industries to new industries that form rich industrial infrastructure. The numerous universities and research centers located nearby also serve as a driver of innovation. The transportation network that consists of an international airport, ports and highways also guarantees high growth potential.

## Nurturing the environment for future manufacturing innovation based on materials, parts and equipment industries and ppuri industries

In 2019, the Namdong National Industrial Complex was designated as a Smart Green Industrial Complex for the establishment of an advanced manufac-

turing space for the future. In 2020, the government launched a major upgrade plan for all of Incheon's industrial complexes for the implementation of various innovation projects aimed at creating local jobs. For the first time in Korea, the Incheon Namdong Smart Logistics Platform was launched to provide integrated logistics services to businesses operating in the Complex.

## Designing joint R&D projects and creating results:

Currently, the Namdong National Industrial Complex has five mini clusters each specializing in smart mobility, ICT, beauty and bio, industrial machinery and parts, and ppuri technologies. In order to derive concrete R&D results, a group of specialists will provide consulting services starting this year to businesses participating in the mini clusters to help them develop R&D projects and resolve their technological difficulties.

Source: (Text) Korea Industrial Complex Corporation (Photo) Ju-chan Kim

# Korea 101: Education



## Korean Education System

### (1) Child Care Centers and Kindergartens

Established under the Child Care Act, child care centers are for pre-school infants and young children under six years of age in need of child care. The types of child care centers include national or public child care centers; child care centers of social welfare corporations; child care centers of corporations, organizations, etc.; workplace child care centers; cooperative child care centers; and private child care centers. Child care centers are open up to six days a week and more than 12 hours a day on weekdays.

They differ in fees and operations depending on their type.

As opposed to child care centers caring for infants and young children, kindergartens are schools run for young children. Kindergartens are divided into national kindergartens established and operated by the state: public kindergartens established and operated by local governments; and private kindergartens established and operated by corporations or individuals. Currently, three years of early childhood education is provided free of charge. As of 2019, parents are eligible for support for their children's kindergarten education, starting from 3-5 years of age, regardless of their income level. Apply for the support at a community service center in the Eup/Myeon/Dong administrative office or make an online application at the following address\*:

\*Bokjiro website: <http://www.bokjiro.go.kr> (language: English, Chinese, Japanese, Vietnamese)

## (2) Elementary/Middle/High School Courses

School education in Korea consists of six years of elementary school, three years of middle school, three years of high school, and four years of university (2-3 years of college). The six years of elementary school and three years of middle school are mandatory and free. High school education is not compulsory, and parents have to pay for their children's tuition fees including entrance fee which differ according to region and school type. However, as the free high school education bill was recently passed, free high school education will be implemented in stages starting from seniors in the second semester of 2019. Starting in 2021, free high school education will expand nationwide. However, that is not the case for private schools, each of which charges differently.

Parents must send their children to an elementary school from March of the year following the year in which the date on which they reach six years of age falls. They must also send them to a middle school at the beginning of the school year following the school year in which they graduate from an elementary school and have them attend the middle school until they graduate therefrom. Students can be admitted to a high school when they have graduated from middle school, or have passed a test that grants them academic qualifications equivalent to those given to middle school graduates.

Elementary, middle and high schools divide a school year into two semesters. After the first semester, there is a summer vacation lasting for about a month. At the end of the second semester, there is a winter vacation and a spring vacation lasting for about a month and one to two weeks, respectively. Generally, the first semester begins in early March and the second semester starts in late August or early September.



## Types of High Schools

<b>General High School</b>	General high schools account for the most among high schools in Korea. Students are selected by computer draw or middle school grades depending on region.
<b>Special-purpose High School</b>	Special-purpose high schools serve special purposes in high school education. They include science high schools, foreign language high schools, international high schools, art high schools, physical education high schools, and meister schools. Students are selected based on their middle school grades, teachers' recommendations, interviews and skill tests.
<b>Specialized High School</b>	Specialized high schools are aimed at training competent people through experience-oriented education such as field training. In addition to general high school courses, students in these schools receive professional education in agricultural biotechnology, industry, commerce and information, and fisheries and shipping.
<b>Autonomous High School</b>	Compared to the other types of high schools, autonomous high schools are freer from authorities' control in school administration and curriculum management. They are divided into 'autonomous public high schools' and 'autonomous private high schools'.

### (3) Universities

College admissions are divided into two systems: Susi (nonstandardized admissions track) depends on records of school register and nonsul (essay) writing performance while Jeongsi (traditional admissions track) is based on the results of the College Scholastic Ability Test, or CSAT. Universities and colleges present different criteria and requirements for admission.

#### Types of Colleges

Four-year universities, industrial colleges, college of education, Korea National Open University, cyber colleges, 2-3 year junior colleges and technical colleges.



*If you have further questions please contact*



**+82-1600-7119**

*or visit*



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

A photograph of three business professionals in a meeting. A woman stands in the background, looking down at a document held by a man seated at a table. Another man is seated next to him, also looking at the document. The background is a blurred office or cityscape at night.

# The Trend and Outlook of Regulations on Gender Diversity on Board of Directors

Article 165-20 of the Financial Investment Services and Capital Markets Act (“FSCMA”), which stipulates the provisions regarding the gender composition of the board of directors, has come into effect on August 5, 2022. According to the addition of the article, a stock-listed corporation with total assets amounting to KRW 2 trillion or more as of the end of its latest fiscal year shall not cause its board of directors to consist of directors of one particular gender.

Though the amendment above does not have any separate penal provisions, Korean voting rights advisors and institutional investors are highly likely to apply the same criteria for gender diversity on the board of directors, which have been applied in other countries to date, in Korea as well pursuant to such amendment to the FSCMA.

In particular, the European Parliament and European Council has recently reached a tentative agreement on the guidelines on improving gender diversity of directors of listed companies through “Directive of the European Parliament and of the Council on Improving the Gender Balance Among Non-Executive Directors of Companies Listed on Stock Exchanges and Related Measures” (the “**Directive**”). Once the European Parliament and European Council officially approve and adopt the Directive, it will become effective 20 days after it is published in the Official Journal of the European Union and the EU member states will enforce the Directive by establishing and/or amending their national laws within two years after it becomes effective.

## The key provisions of the Directive are as follows:

- 40% or more of the non-executive directors and 33% or more of all directors of a listed company shall be those of the under-represented gender.
- The selection and appointment procedures of a director shall be clear and transparent based on the results of an objective evaluation of the candidate’s capabilities regardless of his/her gender.

### Procedures of the selection/appointment of a non-executive director

- If there are two candidates of different genders for a non-executive directorship and they have the same qualifications, a company that has failed to achieve the target of gender balance shall give priority to the candidate of the under-represented sex.
- Upon request from a candidate who fails to be selected, the qualification criteria shall be disclosed.
- Efforts shall be made separately for the achievement of gender balance on the board of directors.
- A company that has failed to achieve the target gender balance shall report the reason of such failure and its plan for improvement.
- Provisions to ensure the proper implementation of the Directive (including those on the imposition of fines for violation and invalidation or cancellation of the appointment of a director upon violation) shall be included in the national law.

Once the Directive is approved and implemented by the EU member states into their national laws, the Directive is expected to be used as a foreign benchmark for the establishment of applicable laws, best practices for corporate governance and guidelines on the exercise of voting rights of voting rights advisors and institutional investors.

Foreign voting rights advisors have included the same provisions as the amended provision of the FSMCA above in their guidelines for Korean companies with certain provisos attached thereto to allow further consideration of a specific business environment of each company to ensure the flexible application of their guidelines as the amended provision of the FSCMA has not become effective. In addition, it appears that foreign institutional investors analyze the impacts of the lack of gender diversity on the board of directors of each company on its value on a case-by-case basis and exercise their voting rights based on the results of such analysis. As the lack of gender diversity on the board of directors will constitute a legal violation once the amendment of the FSCMA becomes effective officially after the lapse of the grace period for the application thereof, the provisions of the guidelines above are likely to become stricter to the effect that the applicable laws must be observed.

Korean voting rights advisors and institutional investors, including the National Pension Service, have not yet published any guidelines on the exercise of voting rights that reflect the amendment of the FSCMA. As they are likely to amend their guidelines on the exercise of voting rights in the future by reference to the Directive, recommendations and activities of foreign voting rights advisors and institutional investors and domestic and overseas legislations, it is recommended to constantly monitor the recommendations and responses of Korean voting rights advisors and institutional investors.

*By Soo Young Song*

*Partner*

*ESG Team*

*SHIN & KIM LLC*

*sysong@shinkim.com*

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

# Is the acquisition of stocks for the purpose of capital gains, not participation in management, regarded as foreign investment?

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

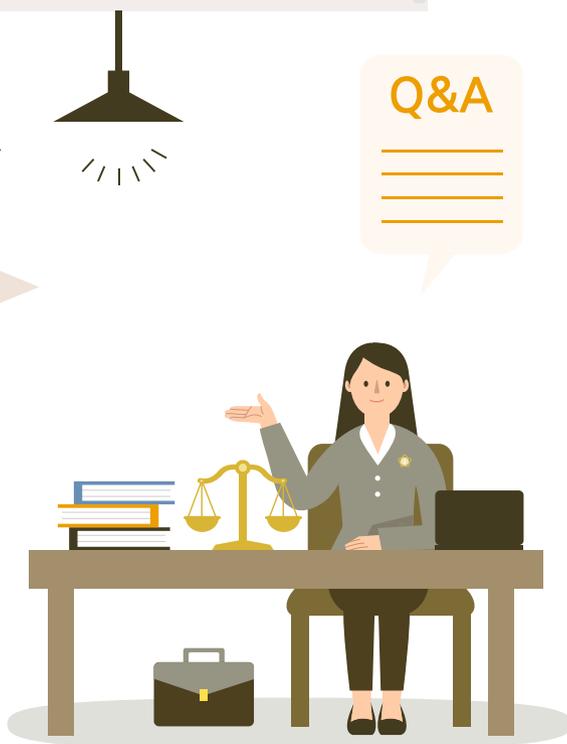
## Q.

**Is the acquisition of stocks for the purpose of capital gains, not participation in management, regarded as foreign investment?**

## A.

Investment in listed stocks (including KOSDAQ-listed stocks) is generally for the purpose of portfolio investment of less than a 10 percent ownership. Therefore, it fails to satisfy the requirements for foreign direct investment (investment amount of at least KRW 100 million and acquisition of at least 10 percent of the total voting stocks).

Q&A



- However, when a foreigner meets both requirements under the Foreign Investment Promotion Act, the investment amount of at least KRW 100 million and the acquisition of at least 10 percent of the total voting stocks, or the additional acquisition of stocks while the investment ratio is less than 10 percent brings the foreigner to meet the requirements under the Foreign Investment Promotion Act, the foreigner may have to notify foreign direct investment. In this case, the foreigner shall notify the acquisition of stocks, etc. (existing shares) within 60 days from the acquisition of stocks under Article 5(2)1 of the Foreign Investment Promotion Act.
- When trading listed stocks, a foreigner should open an international account and a non-resident's local currency (KRW) account, both dedicated to stock trading (Article 7-37 of the Regulation on Foreign Exchange Transactions). These accounts will be used for receiving foreign currency funds for stock trading from a foreign country, exchanging the foreign currency into Korean won, and sending proceeds from stock trading conducted through a securities trading account with a securities company (investment trader). The foreign investor can use the securities company's foreign currency account dedicated to stock trading to transfer foreign currency funds and perform portfolio investment. In this case, the foreign investor does not need to open an international account dedicated to stock trading with a domestic bank (Article 7-38 of the Foreign Exchange Transactions Regulation).
- If a foreigner's acquisition of listed or unlisted stocks does not meet the minimum FDI requirements (investment amount of KRW 100 million and acquisition of at least 10 percent of voting stocks), the acquisition of stocks by a non-resident should be notified to the head of a foreign exchange bank or the Governor of the Bank of Korea, according to Articles 7-32(2) or 7-32(3) of the Foreign Exchange Transactions Regulations.

*If you have further questions please contact*



**+82-1600-7119**

*or visit*



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

# Land of Holiday Spirit

## Mungyeong Preserves the Holiday Traditions of Yesteryear

*Korea's major holidays reflect the nation's cultural heritage, a legacy that includes Confucianism. Nestled in the mountains of northern Gyeongsangbuk-do Province, the city of Mungyeong has preserved many aspects of old Korea's Confucian culture, providing visitors insight into the practices, traditions and values that inform the nation's holidays of today. It's also a beautiful place in its own right, making it an ideal holiday destination.*

Strategically located at the southern end of a major pass through the Sobaeksan Mountains, Mungyeong has long been the gateway linking the Korean southwest with the Seoul region.

In old Korea, merchants, official convoys and scholars from Confucian centers such as nearby Andong would pass through Mungyeong's vital Saejae Pass on their way to the royal capital of Hanyang (today's Seoul) to take the critical civil service exam.

With the advent of highways and bullet trains, the passes are no longer the vital transportation routes they once were. That doesn't stop thousands of people from returning to Mungyeong from Seoul, Daegu and other major cities on major holidays to spend time with family.

Like other cities and towns in rural northern Gyeongsangbuk-do such as Andong, Yecheon and Yeongju, Mungyeong preserves Confucian traditions passed on through the centuries. That means come holiday time, many families perform the Confucian ancestral rite, scrupulously following rules and etiquette handed down through the traditions. Crowds descend on Mungyeong Central Market and other traditional markets to purchase the foods and other items the rites require, elevating the holiday atmosphere.



### Centuries of Family Tradition

The Head House of the Jangsu Hwang Clan is a good place to experience Korea's holiday traditions and the Confucian spirit behind them.

The complex of tile roofed buildings is the ancestral home of the Sajeonggong branch of the Jangsu Hwang clan, one of Korea's most illustrious families. One member of the family, Hwang Hui, even served as Chief State Minister under King Sejong the Great.

On major holidays, clan members from all over the country gather to perform Confucian memorial rites, though during the COVID-19 pandemic, the estate's managers have been conducting the rites on their own.

Traditionally, men perform the rites, while women prepare the sacrificial food and drink. For major rites, so much food is needed that preparation begins three days in advance, all under the guidance of the jongbu—the wife of the eldest direct male descendant of the clan's founder. In particular, the family prepares hosanchun—a rice wine brewed from rice, glutinous rice, pine needles,

nuruk and water—as an offering to the ancestors. Hwang Hui reportedly enjoyed the beverage, and the jongbu of the Hwang clan have kept the artisanal craft alive for centuries. Today, Hwang Soo-sang, the 23rd direct male descendant of Hwang Hui, brews the drink at a modern facility near the Head House.

The clan also holds memorial rites here at least once a month, including a rite for Hwang Hui on the 15th day of the second lunar month.

Typical of Confucian architecture, the estate's buildings possess a restrained, rustic charm, their unpainted surfaces and natural wood lines reflecting the Confucian scholar's modesty and love of nature.

Though the current complex was built in the 1700s, the scholar Hwang Si-gan (1558-1642) reportedly lived here, suggesting the estate is much older.

In the estate's courtyard stand two trifoliate orange trees that are over 400 years old, reportedly planted by Hwang Si-gan. The Korean government has designated the courtyard one of Korea's most beautiful private gardens.

A shrine dedicated to Hwang Hui stands in the rear of the complex, its entrance marked by a blue and red taegeuk, the Confucian symbol that represents cosmic balance. Unlike the other buildings, the shrine is brightly painted, a reflection of its importance and official status.

### Gateway to Yeongnam

Mungyeong's chief claim to fame is the Saejae Pass. In the days before roads and railways, the pass was one of only a handful of ways through the Sobaeksan Mountains, which divide Yeongnam—Korea's southeast—from the central region, including Seoul.

It was also a vital link on the Great Yeongnam Road, the Joseon era trunk road connecting Hanyang and Dongnae, today's Busan. In fact, the pass is one of the few surviving stretches of the once-critical transportation route, which has largely disappeared.

In the days of old, the road would have carried Koreans back to their ancestral hometowns on holidays to perform the traditional rites, like the highways of today. In a way, they symbolize one of the most important aspects of Korea's holiday season: gwihyang, or returning home.

The royal government fortified the pass in the 18th century, erecting three imposing gates to protect the route and control traffic. The gates still stand today, an impressive sight against the towering peaks that flank the road.



*Source: Excerpt from "Delivery Nation" Written by Choi Jeong-cheol (Culture Columnist), KOREA (August 2021), Korean Culture and Information Service (KOCIS), Photographed by Lee Beomsu, Korea Tourism Organization*

# Invest KOREA's Services

## Foreign Investment Ombudsman

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

## One-Stop Service for Foreign Investors

The Inbound Investment Consulting Department not only assists foreign investors and foreign-invested companies in the investment review and implementation stage, but also offers customized services to help foreign investors and their families get comfortably settled in Korea.

## Invest KOREA Market Place (IKMP)

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

## Job Fair for Foreign-Invested Companies

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



## Change in Investment Consulting Center Operations Due to Building Repair Work

As the IKP building is currently shut down due to repair work for rain-induced flooding, the Investment Consulting Center is currently unable to provide some of its services (from Aug. 18 to repair completion date). Please refer to the below.

### 1) Visa/Sojourn

Business Investment (D-8) visa change/extension services are suspended.

Please apply to the immigration office with jurisdiction over your address (place of sojourn) or place of business. You can call 1345 to find your jurisdictional immigration office and inquire other matters.

Look up the immigration office with jurisdiction through the link:

<https://www.hikorea.go.kr> → convert language from Korean to English  
→ information lookup → office directory

### 2) Exchange of foreign driver's license to a Korean one

To exchange your foreign driver's license to a Korean one, please visit and apply at the Gangnam Driver's License Examination office.

Address: Gangnam Driver's License Examination office, 23 Teheran-ro 114-gil, Gangnam-gu, Seoul  
Phone: 02-2193-7600~1



## KOTRA's Global Network

KOTRA has 128 overseas offices and 10 headquarters worldwide

### Southwest Asia

Tel: (91-11)4230-6300  
E-mail: ktcdelhi@ktcdelhi.net

Ahmedabad, Bengaluru, Chennai, Colombo, Dhaka, Karachi, Kolkata, Mumbai, New Delhi

### Southeast Asia & Oceania

Tel: (84-24)3946-0511  
E-mail: kotrahanoikbc@gmail.com

Auckland, Bangkok, Danang, Hanoi, Ho Chi Minh, Jakarta, Kuala Lumpur, Manila, Melbourne, Phnom Penh, Singapore, Surabaya, Sydney, Vientiane, Yangon

### Japan

Tel: (81-3)3214-6951  
E-mail: kotratky@kotra.or.jp  
Fukuoka, Nagoya, Osaka, Tokyo

### China

Tel: (86-10)6410-6162  
E-mail: pekktc@kotra.or.kr

Beijing, Changchun, Changsha, Chengdu, Chongqing, Dalian, Guangzhou, Hangzhou, Harbin, Hong Kong, Nanjing, Qingdao, Shanghai, Shenyang, Shenzhen, Taipei, Tianjin, Wuhan, Xiamen, Xian, Zhengzhou

### CIS

Tel: (7-495)258-1627  
E-mail: info@kotra.ru

Almaty, Baku, Kiev, Minsk, Moscow, Novosibirsk, Saint Petersburg, Tashkent, Ulaanbaatar, Vladivostok

### Europe

Tel: (49-69)2429-920/9  
E-mail: frankfurt@kotra.or.kr

Amsterdam, Athens, Beograd, Bratislava, Brussels, Bucharest, Budapest, Copenhagen, Frankfurt, Hamburg, Helsinki, London, Madrid, Milano, Munich, Paris, Prague, Sofia, Stockholm, Vienna, Warsaw, Zagreb, Zurich

### Middle East

Tel: (971-4)450-4360  
E-mail: ktcdxb@emirates.net.ae

Alger, Amman, Baghdad, Cairo, Casablanca, Damascus, Doha, Dubai, Istanbul, Kuwait, Muscat, Riyadh, Tehran, Tel Aviv, Tripoli

### Central / South America

Tel: (52-55)5514-3173  
E-mail: mexico@kotra.or.kr

Asuncion, Bogota, Buenos Aires, Guatemala, Habana, Lima, Mexico City, Panama, Quito, Santiago, Santo Domingo, Sao Paulo

### North America

Tel: (1-212)826-0900  
E-mail: kotrany@hotmail.com

Chicago, Dallas, Detroit, Los Angeles, New York, Silicon Valley, Toronto, Vancouver, Washington D.C.

### Africa

Tel: (27-11)784-2940  
E-mail: kotra@kotra.org.za

Abidjan, Accra, Addis Ababa, Dar es Salaam, Johannesburg, Khartoum, Lagos, Maputo, Nairobi

## KOTRA's Investment Support Offices

### ASIA & OCEANIA

Melbourne, Australia  
Tel: (61-3) 9860-0500

Sydney, Australia  
Tel: (61-2) 8233-4000

Beijing, China  
Tel: (86-10) 6410-6162

Guangzhou, China  
Tel: (86-20) 2208-1600

Hong Kong, China  
Tel: (852) 2545-9500

Qingdao, China  
Tel: (86-532) 8388-7931

Shanghai, China  
Tel: (86-21) 5108-8771/2

Fukuoka, Japan  
Tel: (81-92) 473-2005

Nagoya, Japan  
Tel: (81-52) 561-3936

Osaka, Japan  
Tel: (81-6) 6262-3831

Tokyo, Japan  
Tel: (81-3) 3214-6951

Singapore  
Tel: (65) 6426-7200

Taipei, Taiwan  
Tel: (886-2) 2725-2324

**EUROPE**  
Vienna, Austria  
Tel: (43-1) 586-3876

Brussels, Belgium  
Tel: (32-2) 203-2142

Copenhagen, Denmark  
Tel: (45) 3312-6658

Paris, France  
Tel: (33-1) 5535-8888

Frankfurt, Germany  
Tel: (49-69) 2429-920/9

Hamburg, Germany  
Tel: (49-40) 3405-7411

Munich, Germany  
Tel: (49-89) 2424-2630

Milan, Italy  
Tel: (39-02) 79-5813

Amsterdam, Netherlands  
Tel: (31-20) 673-0555

Madrid, Spain  
Tel: (34-91) 556-6241

Stockholm, Sweden  
Tel: (46-8) 308-090

Zurich, Switzerland  
Tel: (41-44) 503-5300

London, UK  
Tel: (44-20) 7520-5300

**MIDDLE EAST**  
Dubai, United Arab Emirates  
Tel: (971-4) 450-4360

**NORTH AMERICA**  
Toronto, Canada  
Tel: (1-416) 368-3399  
Vancouver, Canada  
Tel: (1-604) 683-1820

Chicago, USA  
Tel: (1-312) 644-4323

Dallas, USA  
Tel: (1-972) 243-9300

Detroit, USA  
Tel: (1-248) 619-1601

Los Angeles, USA  
Tel: (1-323) 954-9500

New York, USA  
Tel: (1-212) 826-0900

Silicon Valley, USA  
Tel: (1-408) 432-5000

Washington D.C., USA  
Tel: (1-202) 857-7919



Sustainable Growth  
with Innovative Korea

**Head Office.** 13, Heolleungno, Seocho-gu, Seoul, Republic of Korea  
**Tel.** (82-2) 3460-7838 | **Fax.** (82-2) 3460-7920 | **E-mail.** ikonline@kotra.or.kr  
**Publisher.** YU Jeoung Yeol | **Director General.** Lee Ji Hyung | **Director.** Lee HyoYon  
**Editor-in-chief.** Grace Park | **Acquisitions Manager.** Hong Tae Hwa | **Designer.** Jang YooJin  
Printed by Samsin Munhwa Printing Co., Ltd.

kotra

INVEST  
KOREA