

Hank Ahn
Commissioner, Invest KOREA

September 13, 2010

Korea in the 1950s



Merely in 60 years



Capital Seoul



Photo courtesy of
Hyundai Heavy Industries

Korea constructs over 50% of the vessels in the world.

Burj Khalifa



The highest building in the world
in **Dubai**, built by Samsung
Construction and opened in Jan.
4, 2010

2010 Winter Olympics



*Nothing's
Impossible in Korea!*

2010 World Cup



Advanced to **TOP 16**

S. Korea **2** : Greece **0**

Argentina **4** : S. Korea **1**

S. Korea **2** : Nigeria **2**



"It was 'they' who determined how the game was played." "This match confirms how balanced football has become around the world, you can see how Korea have grown - they made us fight hard for our victory." (Uruguayan coach Oscar Washington Tabarez)

G20 SUMMIT

June 26-27
Toronto, Canada

November 11-12
Seoul, South Korea



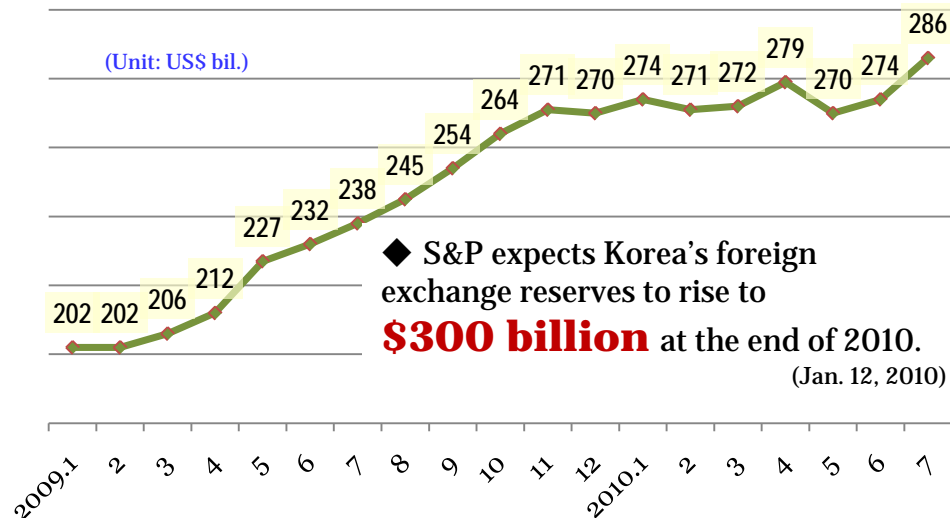
Sustainable and balanced growth

As of 2009

- **Area: 100,000km² (108th)**
- **Population: 50 million (24th)**
- **GDP (nominal): US\$800 billion (15th)**
- **GDP (ppp): US\$1,356 billion (13th)**
 - **Per Capita: US\$28,000 (49th)**
- **GDP Growth Rate: 0.2%**

- **Foreign Exchange Reserves**
 - **US\$286 billion (July 2010) (5th)**
- **Inflation (CPI): 2.8%**
- **Unemployment: 3.6%**
- **Gross External Debt: US\$333.6 billion**
- **Fiscal Deficit: 4.1% of GDP**

(Unit: US\$ bil.)



◆ S&P expects Korea's foreign exchange reserves to rise to **\$300 billion** at the end of 2010.

(Jan. 12, 2010)



1

✓ **Global Innovation Index (Boston Consulting Group)**
 (among the top 20 countries in terms of GDP)

- ✓ Displays
- ✓ Semiconductor
- ✓ Shipbuilding
- ✓ Patent productivity_IMD
- ✓ E-Gov Development Index_UN DESA
- ✓ **Stable and cheapest power supply**
 (No power outage)_MKE

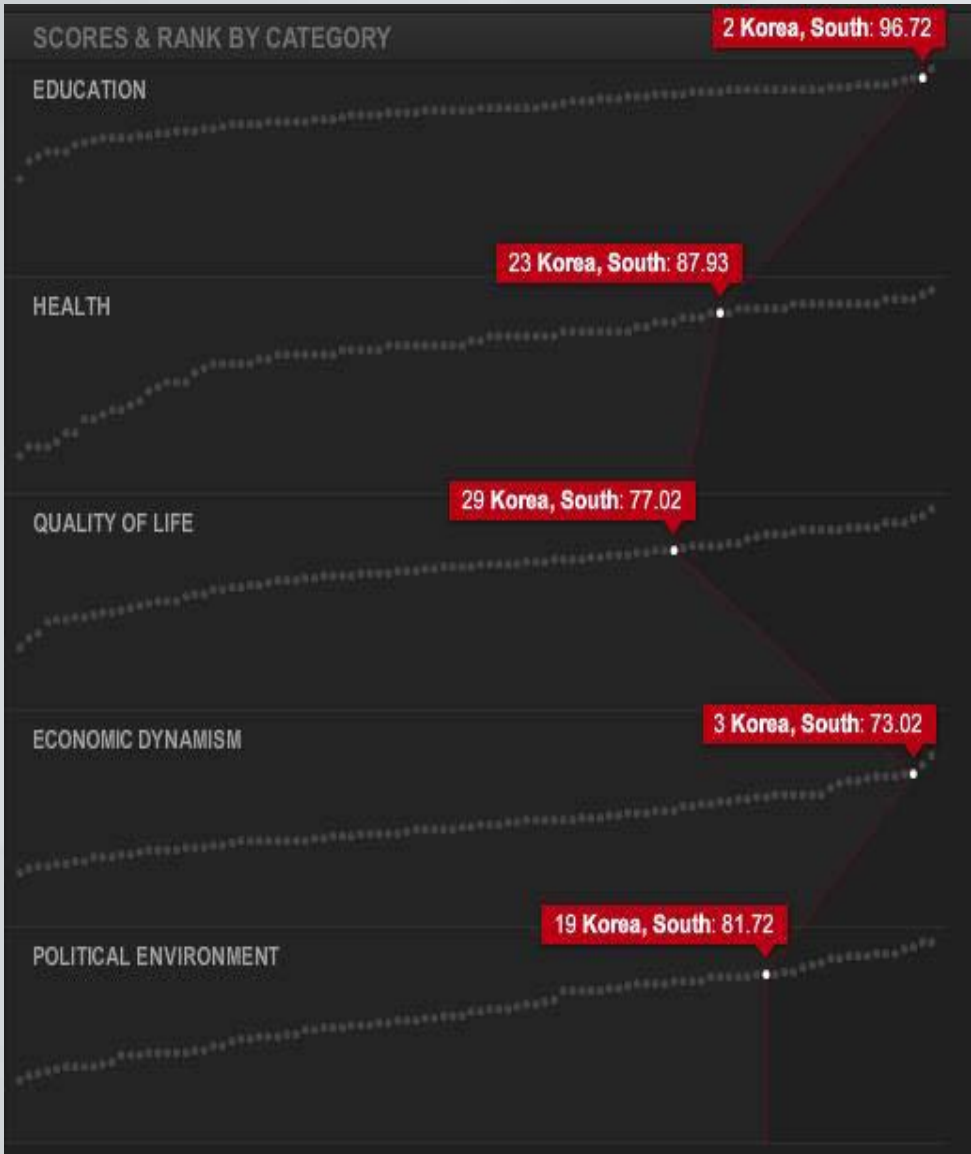
5 ✓ Automotive manufacturing
 ✓ **R&D expenditure_IMD**
 ✓ Foreign exchange reserves (July 2010)

6 ✓ Production of steel

9 ✓ Exports in 2009

3

- ✓ **Information Technology Skills_IMD**
- ✓ **Science infrastructure_IMD**
- ✓ Production of petrochemicals



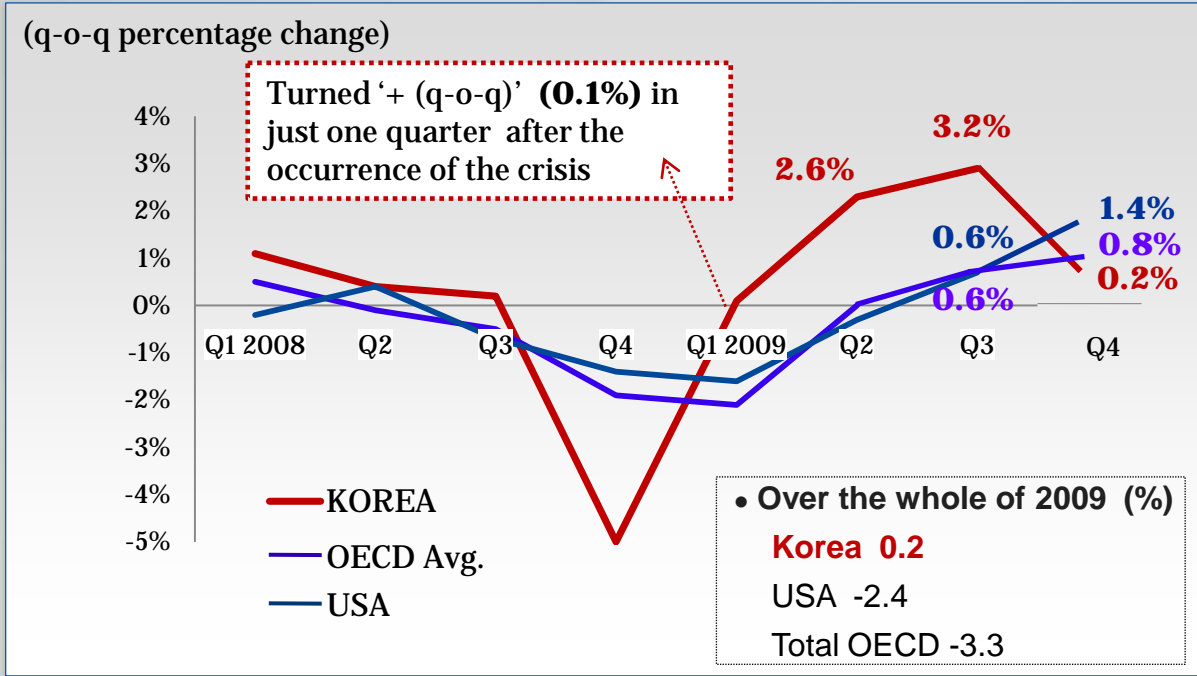
Newsweek
 STORIES | TOPICS | AUTHORS | 🔍
 As of August 2010

Korea, South

Overall	
RANK	SCORE
15	83.28

Education	97.9% Literacy rate
Health	71yrs Healthy life expectancy
Quality of Life	31.6% Income inequality(GINI)
Economic Dynamism	\$28.0K Productive growth
Political Environment	79.0 Political stability

2008~2009: Korea has shown the fastest recovery among OECD members.



Source: OECD Quarterly National Accounts, The Bank of Korea, IMF

◆ The Recent Economic Growth of Korea

	QoQ	YoY
1Q 2010	2.1	8.1
2Q	1.5	7.2



7.6% for the first half



Korea's economy has recovered to the pre-financial crisis level of growth

◆ IMF : **6.1%**

◆ OECD : **5.8%**

◆ Macquarie : **6.6%**



Image courtesy of BusinessWeek

◆ Bank of Korea : **5.9%** for 2010
4.5% for 2011

◆ Korea Development Institute : **5.9%**



***Rankings in red, 2008→2009**

40 → 38

Samsung Electronics



69 → 67

LG



72 → 86

SK Holdings



87 → 82

Hyundai Motors



199 → 224

POSCO



213 → 267

GS Holdings



305 → 245

KEPCO



355 → 378

Hyundai Heavy Industry



362 → 329

Hanwha



367 → 247

Samsung Life Insurance



438 → N.A.

KoGas



441 → N.A.

S-Oil



471 → N.A.

Doosan



495 → 475

Samsung C&T



World-Class Human Resources

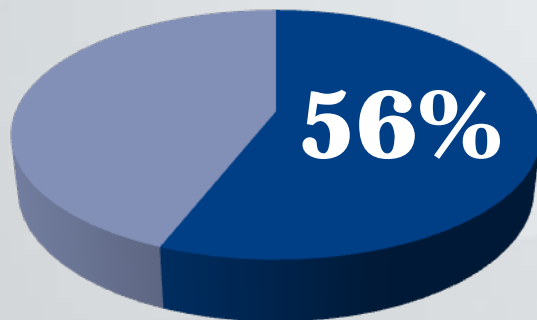
Manpower is believed to be second to none by foreign-invested companies in Korea. They also think Korea is very good at taking ideas and concepts to produce products.

What is behind this?

High Educational Zeal and Achievement

✓ Education Achievements

- % of population that has attained at least tertiary education for persons 25-34



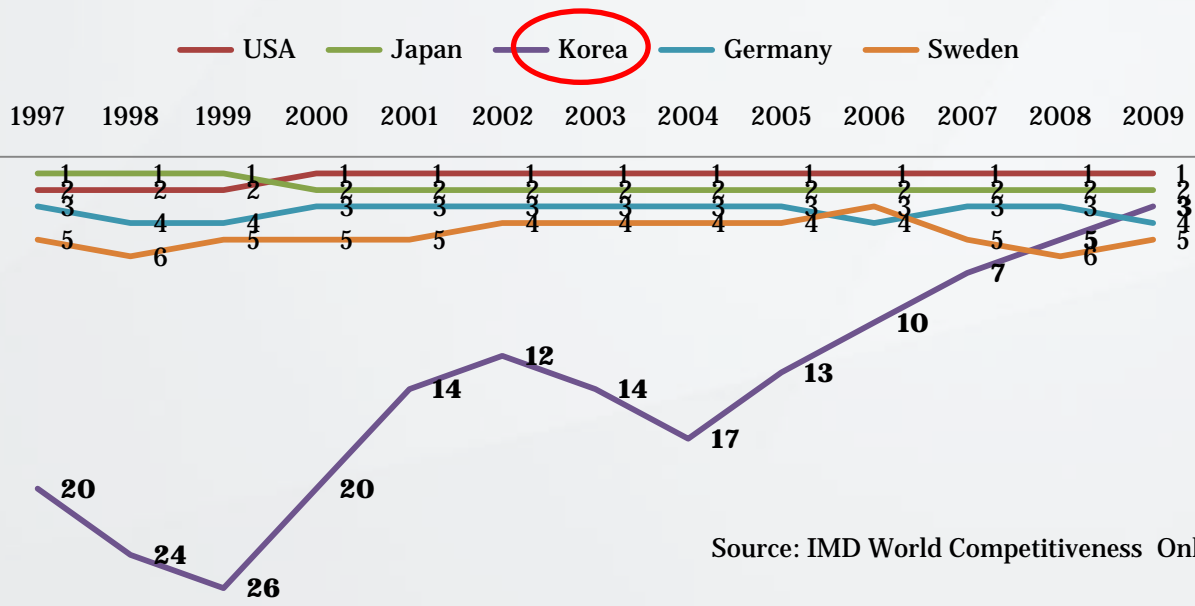
✓ Korean students make up **a large group of foreign students in U.S. and China.**

- **The 3rd largest** source in USA
- **The largest** source in China

※ Source: IMD World Competitiveness Online – updated in May 2009

❖ **Korea's Scientific Infrastructure – ranks no. 4 globally in 2010**

1	USA	98.15
2	Japan	84.15
3	Germany	73.42
4	Korea	73.27
5	Taiwan	73.27
6	Israel	72.73
7	Sweden	72.20
8	United Kingdom	70.27
9	Switzerland	70.10
10	China Mainland	69.09
11	France	68.72
12	Singapore	67.61
13	Finland	67.45
14	Canada	67.27



Source: IMD World Competitiveness Online

Among the top 5 countries, Korea is the only one that achieved conspicuous development in terms of scientific infrastructure.



Decision-Making and Implementation

Government Efficiency - Government decisions

“Government decisions are effectively implemented.” (2010)

Rank	Country
1	Singapore
4	Malaysia
13	Canada
15	Korea
18	China
21	Hong Kong
23	Indonesia
24	Taiwan
35	USA
36	Japan
40	India

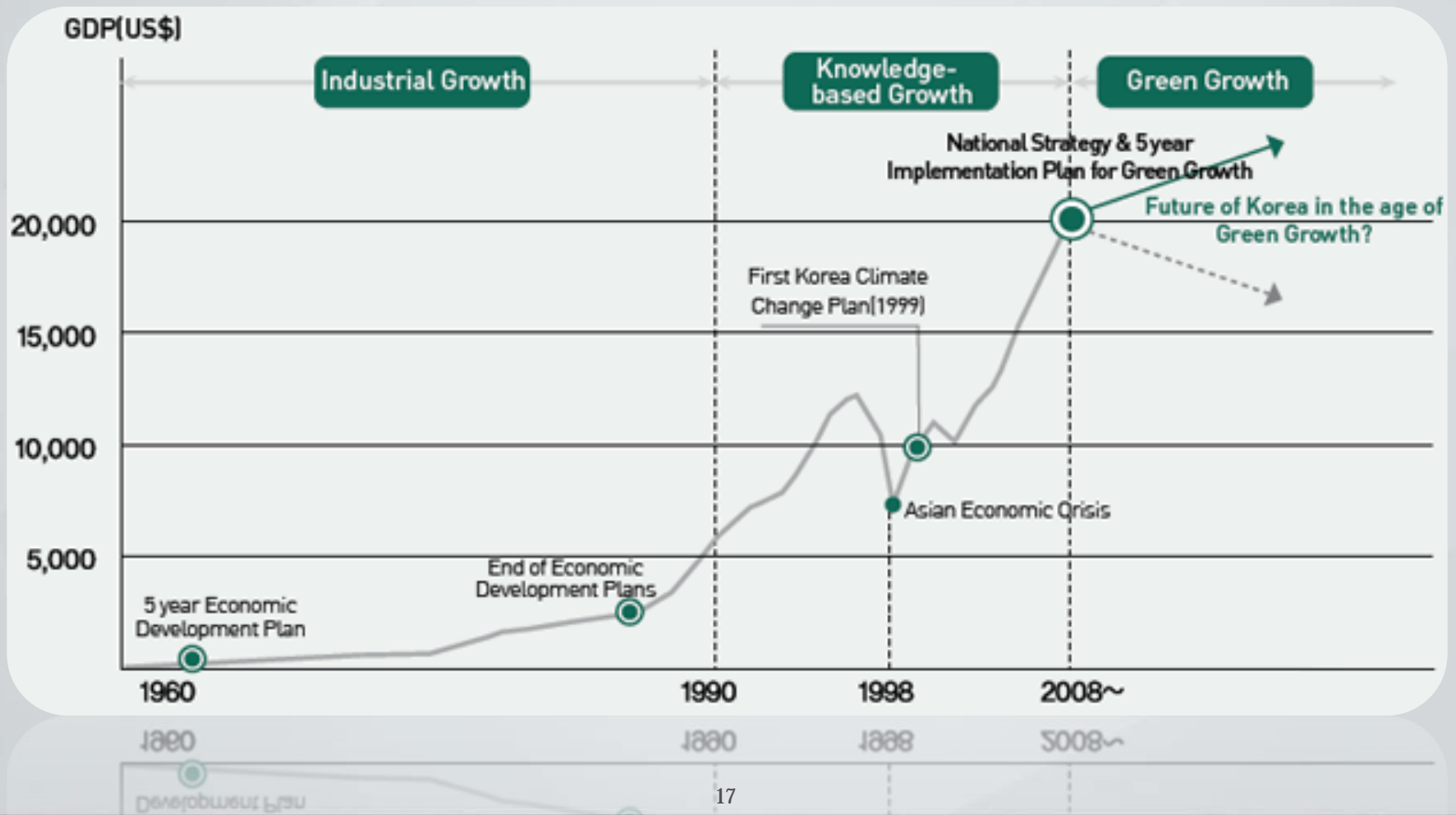


*Image Courtesy: www.entrepreneurshipinabox.com, lssacademy.com



On 15 August 2008, President Lee Myung-bak of the Republic of Korea voiced this vision and proclaimed **“Low Carbon Green Growth” as the national vision for the next 60 years**

“Green Growth refers to sustainable growth helping reduce greenhouse gas emission and environmental pollution, a new national development paradigm that creates new growth engines and jobs with green technology and clean energy”



R&D budget for new growth engines allotted for 2010

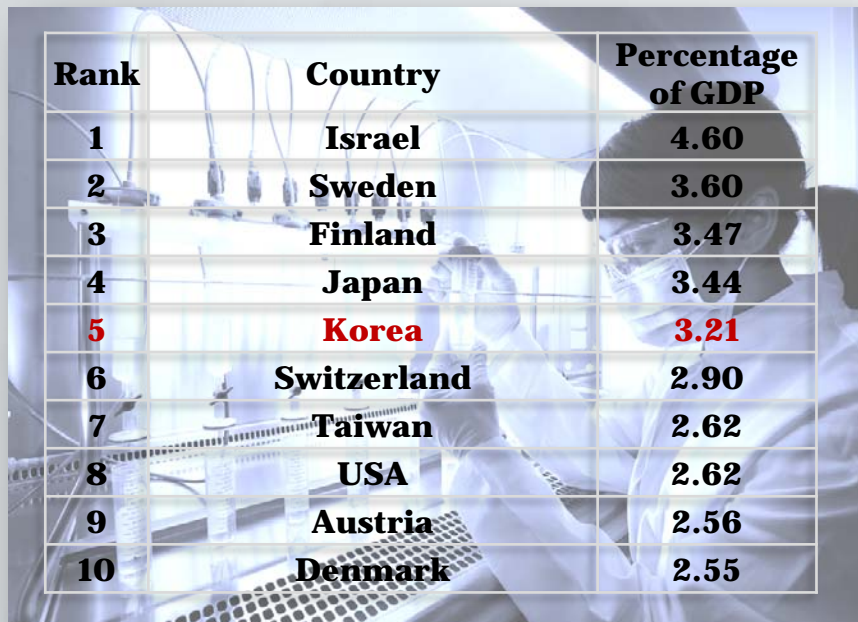
: US\$11.2 billion (increased by 10.5% y-o-y)

*KRW1212.33/USD (June 2010)

• *The financial resources for international joint R&D for energy technology to be increased 3 times y-o-y to US\$11.1 million in 2010*

- The Ministry of Knowledge Economy (March 2010)

◆ R&D Expenditure



Rank	Country	Percentage of GDP
1	Israel	4.60
2	Sweden	3.60
3	Finland	3.47
4	Japan	3.44
5	Korea	3.21
6	Switzerland	2.90
7	Taiwan	2.62
8	USA	2.62
9	Austria	2.56
10	Denmark	2.55

• **The plan will create value of US\$700 billion and 3.5 million new jobs in 10 years.**

* Research targets: all countries

* The basic year: 2007 (most recent data available)

* Source: IMD World Competitiveness Online

※Source: IMD World Competitiveness Online

Resource Allocation for Green Growth Initiative

**86 billion US\$ to be invested in
Green Growth** (2009~2013)

= **“2% of annual average GDP”**

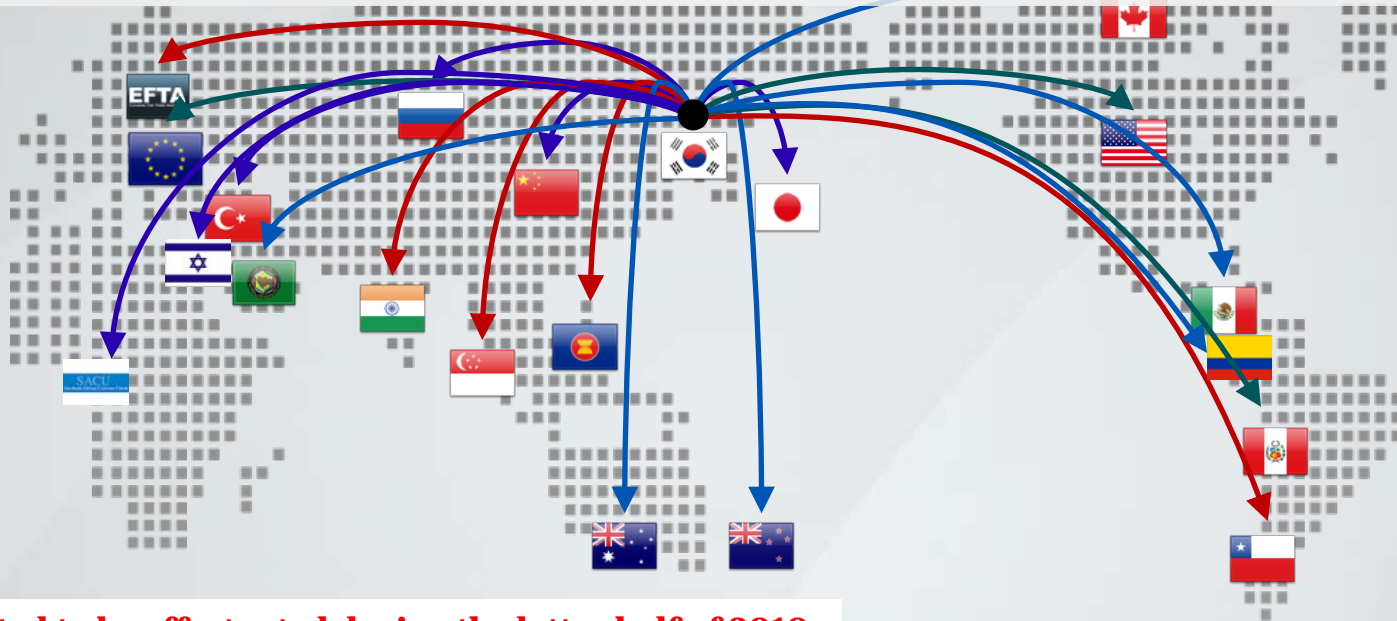
* **Green R&D Investment : US\$2.9billion** (KRW3.5 trillion)

3 policy objects and budget allocation

Total	Mitigation of climate change	Creation of new growth engines	Improvement of life quality
100%	50%	25%	25%

Source: Presidential Committee on Green Growth

Korea is the only country that will conclude FTAs with two thirds of the world markets or almost half the world's population.



***EU: expected to be effectuated during the latter half of 2010**

Entered into force	Concluded	Underway	On the agenda/ Joint Study
Chile (Apr. '04), Singapore (Mar. '06), EFTA (Sep. '06), ASEAN (goods Jun. '07, Service May '05, Investment Sep. '09), India (CEPA) (Jan. '10)	USA EU* Peru (Aug. 30, 2010)	Canada, Mexico, GCC, Australia, New Zealand, Columbia, Turkey	Japan, China, 'Korea-China-Japan' MERCOSUR, Turkey, Russia, Israel, SACU

Reaching 61 cities with a population of over 1 million within 3 hours



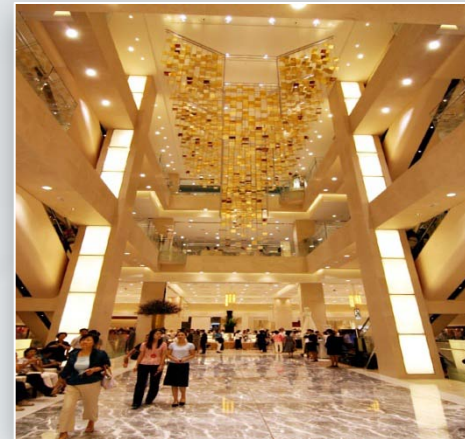
- **Northeast Asia is home to 1/3 of the world's population.**
- **Northeast Asia's GDP = 20% of global GDP (30% by 2020)**
- **Region's purchasing power is equal to that of the U.S.**

50 Million **X** \$20,000 = \$1 Trillion Market



**245 Global
Fortune 500
firms (2008) doing
business in
Korea ,**

**targeting early adopters for
new products.**



**Household
Consumption
Expenditure
ranks 16th
globally.**

**High-Tech
Early
Adopters**

- **Broadband Subscribers: #7** globally and **#1** in Asia (2007)
- **Number of Internet users** (per 1,000 people) : **#12** (755 people) (2008)

**Strong & Active
Government
Support
for IT Industry**

- **Investment in Telecommunications: #12** (2007)
* Percentage of GDP

**Competitiveness of
Korea's IT Sector**

**Most Advanced
IT & Telecom
Infrastructure**

- **Technological Infrastructure: #14** (2009)
- **Scientific Infrastructure: #3** (2009)

**Home of
World's Leading
Tech-based
Companies**

- **Major Players in IT & Electronics Industries:**
Samsung Electronics, Samsung SDI,
LG Display, LG Electronics

**Ideal
Environment
to Test New
Technologies**

Source: IMD World Competitiveness Online , updated in May 2009

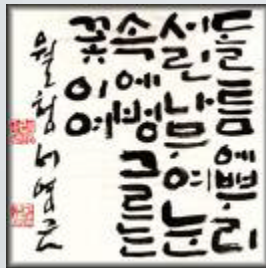
UNESCO World Heritage



→ **Haeinsa Temple Janggyeong Panjeon**,
the Depositories for the Tripitaka Koreana
Woodblocks



→ **Hwaseong Fortress**



→ **Hangeul**, the Korean alphabet

What foreigners can enjoy in daily lives



→ **Cheonggye Stream**



→ **Shopping**

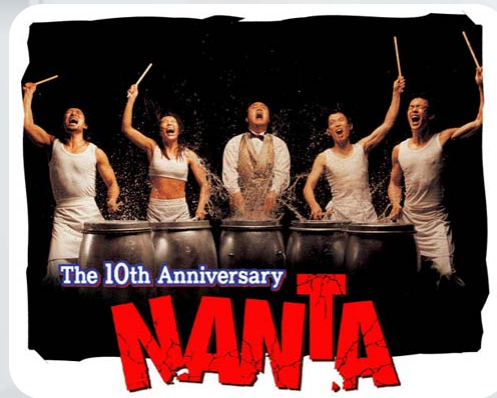
Foreigners can enjoy 'Modern Culture' in Korea



'THE LAST EMPRESS'



**WORLD'S TOP,
KOREAN B-BOYS**



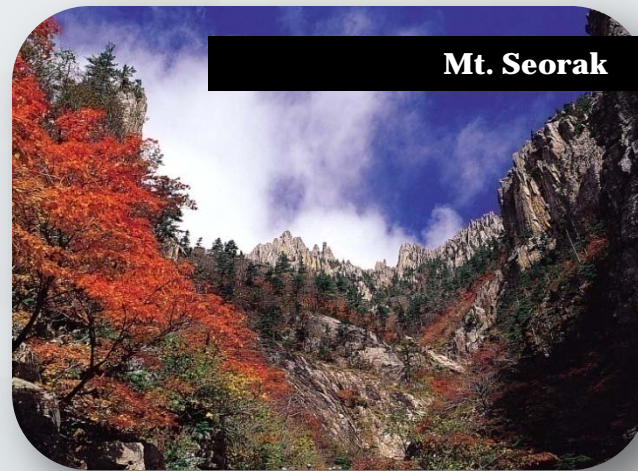
- **Safe night life**
- **Immediate customer service**
e.g. The Internet access, landline phone, repairs, etc.

- **64% of the Korean territory is covered with over 4,000 mountains.**



One of the most popular leisure sports among Korean people

Mountains also make for a splendid sight for you.



Mt. Seorak



Spring on Mt. Halla, Jeju Island



Overseas Network: **39** Investment KBCs (Korea Business Centers)*

Government agencies

Local governments

Pre-investment Consultation

- Provision of information and administrative services

Execution

- Guidance on investment targeting
- Matchmaking of partners
- Notification of relevant incentives

Post-investment Care

- Resolution of investors' grievances

Project Manager System

Investment Ombudsman

* **Silicon Valley KBC**

3003 North First Street, San Jose, CA 95134

T. (1-408)432-5000 F. (1-408)432-5056 info@kotrasv.org

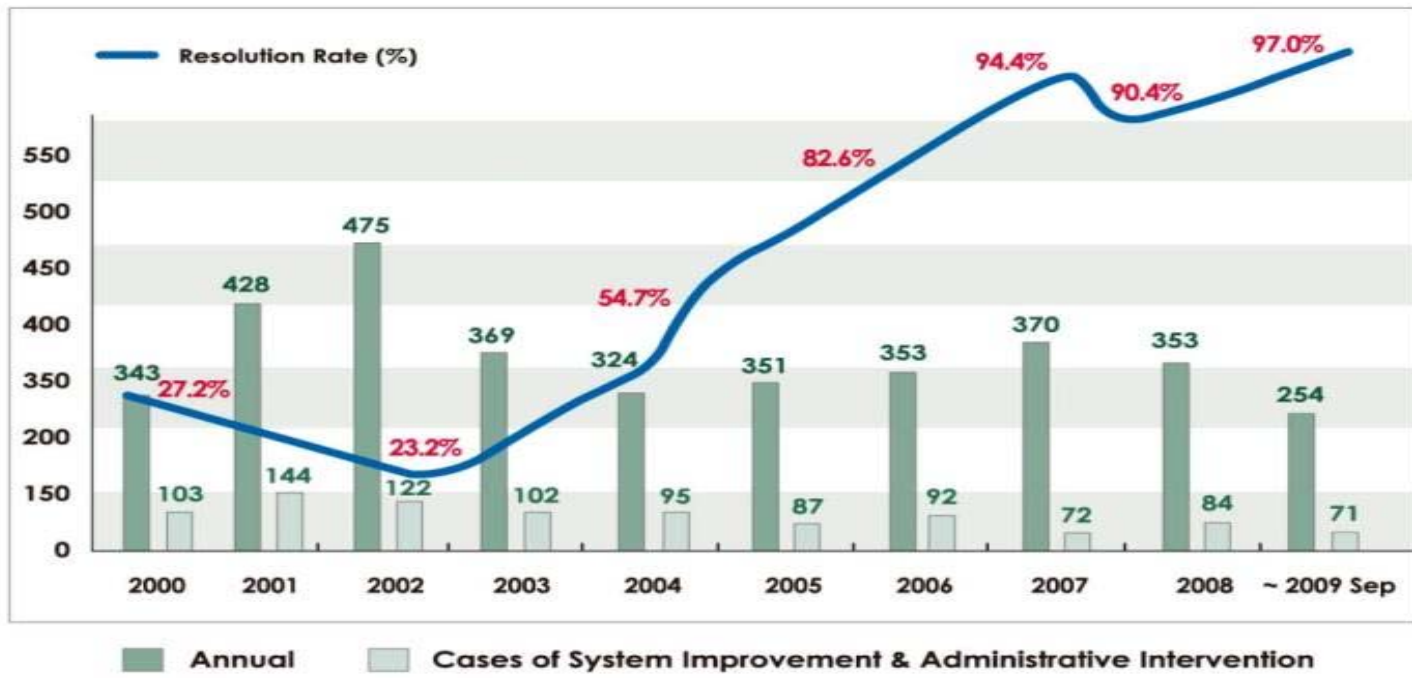
*A total of 97 KOTRA KBC

Home Doctors

Grievance Resolution

Investment Environment Improvement

Foreign Investor Grievance Resolution Rate by the Office of the Investment Ombudsman
Unit: Cases



■ Annual ■ Cases of System Improvement & Administrative Intervention

Source: Office of the Investment Ombudsman

Tax Reduction

- Corporate tax, income tax:
100% for 5 yrs, 50% for 2 yrs
- Acquisition tax, registration tax, property tax:
5-15 yrs
- Tariff for capital goods: 3 yrs

Location Support

- Reduction or exemption of rent
- Support for building of infrastructure

Cash Grant

- To finance the construction of facilities or the purchase of equipment related to the investment

Others

- Subsidies for employment and education
- Support for the improvement of living and management environment

Amended in Nov. 2007

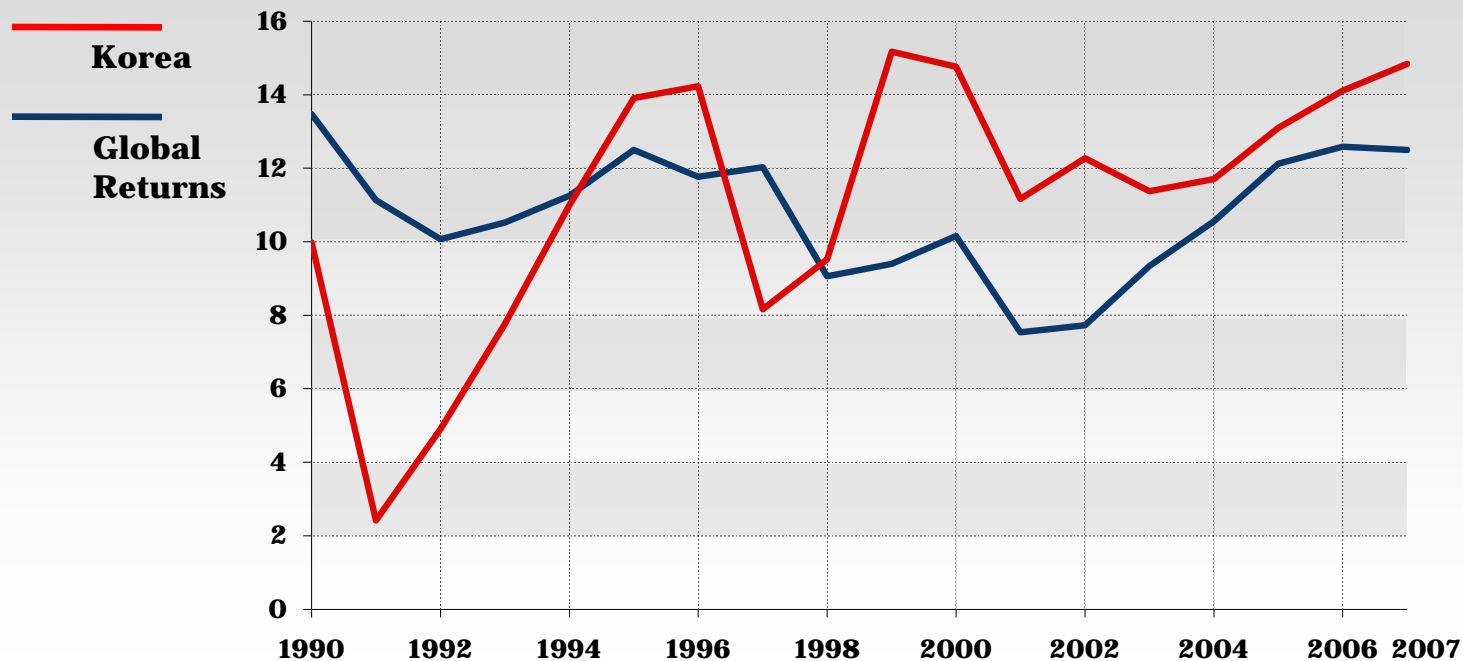
Criteria

Manufacturing – More than US\$30 million FDI
Logistics & SOC – More than US\$10 million FDI

Tourism Industry – More than US\$20 million FDI
R&D Sector – More than US\$2 million FDI

“America's returns from investment in Korea have been consistently above those earned elsewhere.”

American Rate of Return on FDI, Global and Korea, 1990-2007 (%)



※ Source: US Department of Commerce, Bureau of Economic Analysis

※ Notes: Returns are calculated as the ratio: (direct investment income without current-cost adjustment, net of withholding taxes) / (U.S. direct investment position abroad on a historical-cost basis)

President Barack Obama attended a groundbreaking ceremony at an electric-vehicle battery factory, a U.S. unit of south Korea`s LG Chem Ltd. (July 15, Thu. / Holland, Michigan)



Low Carbon, Green Growth through Smart Grid



South Korea will lead efforts to form an international consultative group for smart grid to accelerate the world's transition to clean energy technologies. Choi Kyunghwan, South Korea's Minister of Knowledge Economy visited in Chicago last month and met many people working in Smart Grid business.



**We have much more to explain to you.
One-Stop is All You Need. Please visit us.
www.investkorea.org**

**To become the World's 7th Green Power by 2020
and the 5th by 2050**