

Opportunities and Doing Business in Korea

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South Korea Today

- Sophisticated, Hi-tech, Dynamic
- World's 11th largest economy
- Korea's Global Trade Surpassed \$600 billion
- One of the Most "Wired" Countries in the World
 - Over 86% of Korean Households have access to the Internet
- Recognized Worldwide for IT manufacturing
- Affluent, Up-Scale, Tech Savvy Consumers



South Korea Today II



World Cup Seoul



High Speed Train in Korea



Seoul

Korea's Economic Outlook 2007

- Korea – An Economic Miracle
 - 40 years ago per capita GNP was \$100, today it's over \$16,000
- Balanced 4+% economic growth expected with trade leading the way at 10% per annum
- Trends: Expect strong investment outside Korea; growth in consumer spending & income growth; policy-makers watching appreciating currency, energy prices, & corporate spending



U.S. Trade with Korea

- Korea is the United States' 7th largest export market (greater than France, Holland, or Brazil)
- \$32.5 Billion (2006) in exports, up 17% from previous year
- How does Korea rate globally for U.S. exports?
 - 6th largest high tech market
 - 5th largest agricultural market
- United States is Korea's 2nd Largest Trading Partner

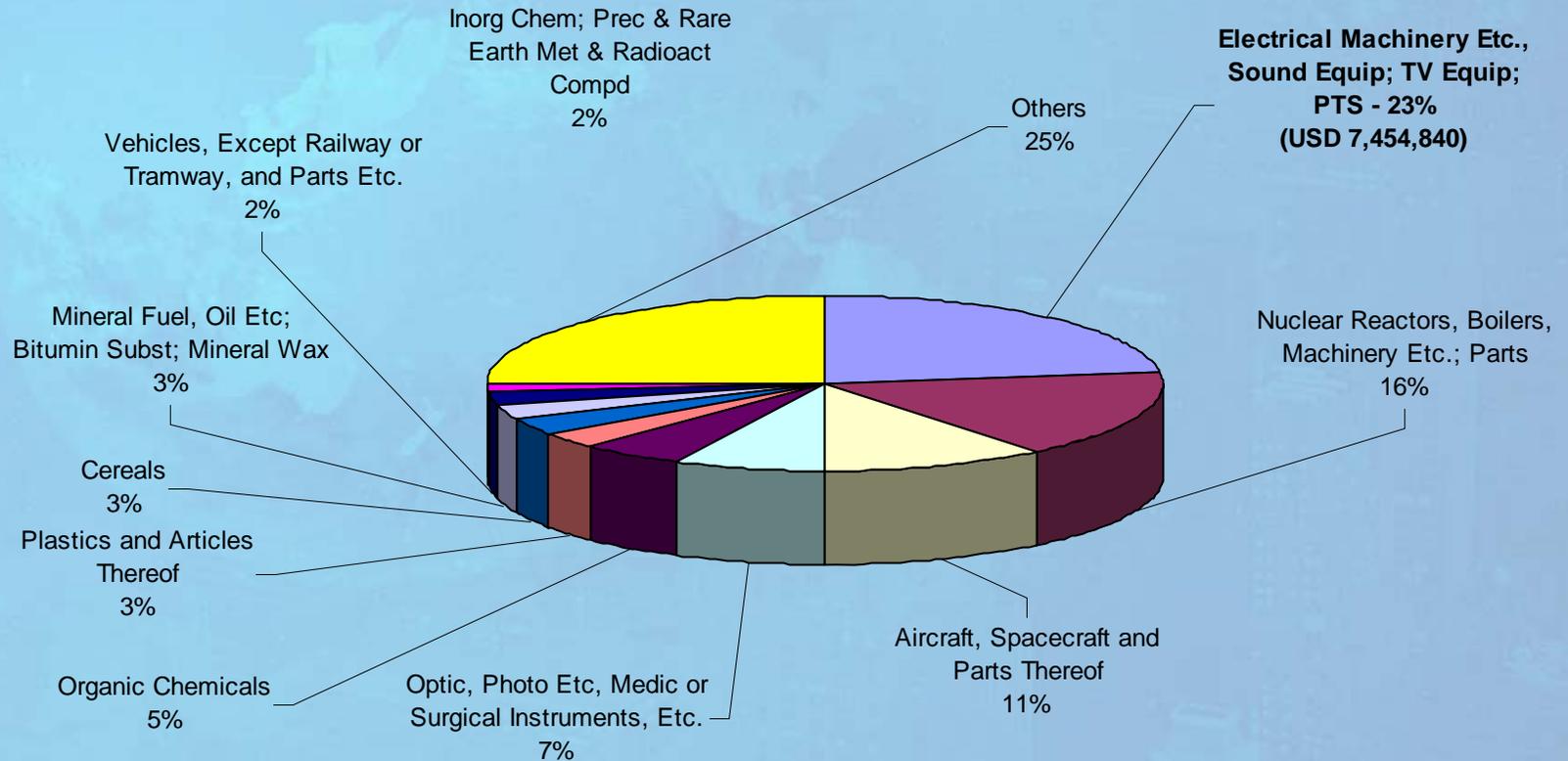


U.S. Exports – An Overview

- 92% of U.S. exports to Korea are non-Agricultural
- Double-digit growth in Sales of Machinery and Manufactured Goods
- Strong Growth Across-the-Board with Hi-tech, Consumer products



US Top 10 Exports to Korea in 2006

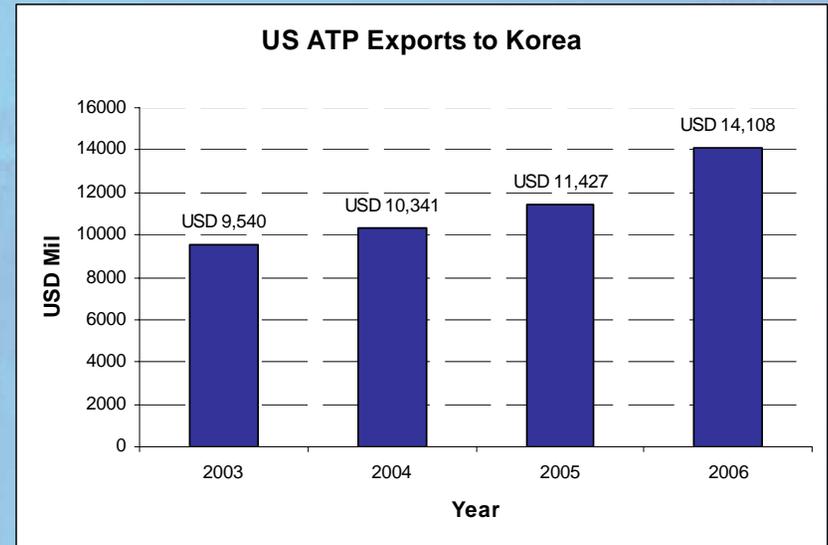


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| <ul style="list-style-type: none"> □ Electrical Machinery Etc., Sound Equip; TV Equip; PTS □ Aircraft, Spacecraft and Parts Thereof ■ Organic Chemicals ■ Cereals ■ Vehicles, Except Railway or Tramway, and Parts Etc. ■ Others | <ul style="list-style-type: none"> ■ Nuclear Reactors, Boilers, Machinery Etc.; Parts □ Optic, Photo Etc, Medic or Surgical Instruments, Etc. □ Plastics and Articles Thereof □ Mineral Fuel, Oil Etc; Bitumin Subst; Mineral Wax ■ Inorg Chem; Prec & Rare Earth Met & Radioact Compd |
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U.S. Exports – An Overview II

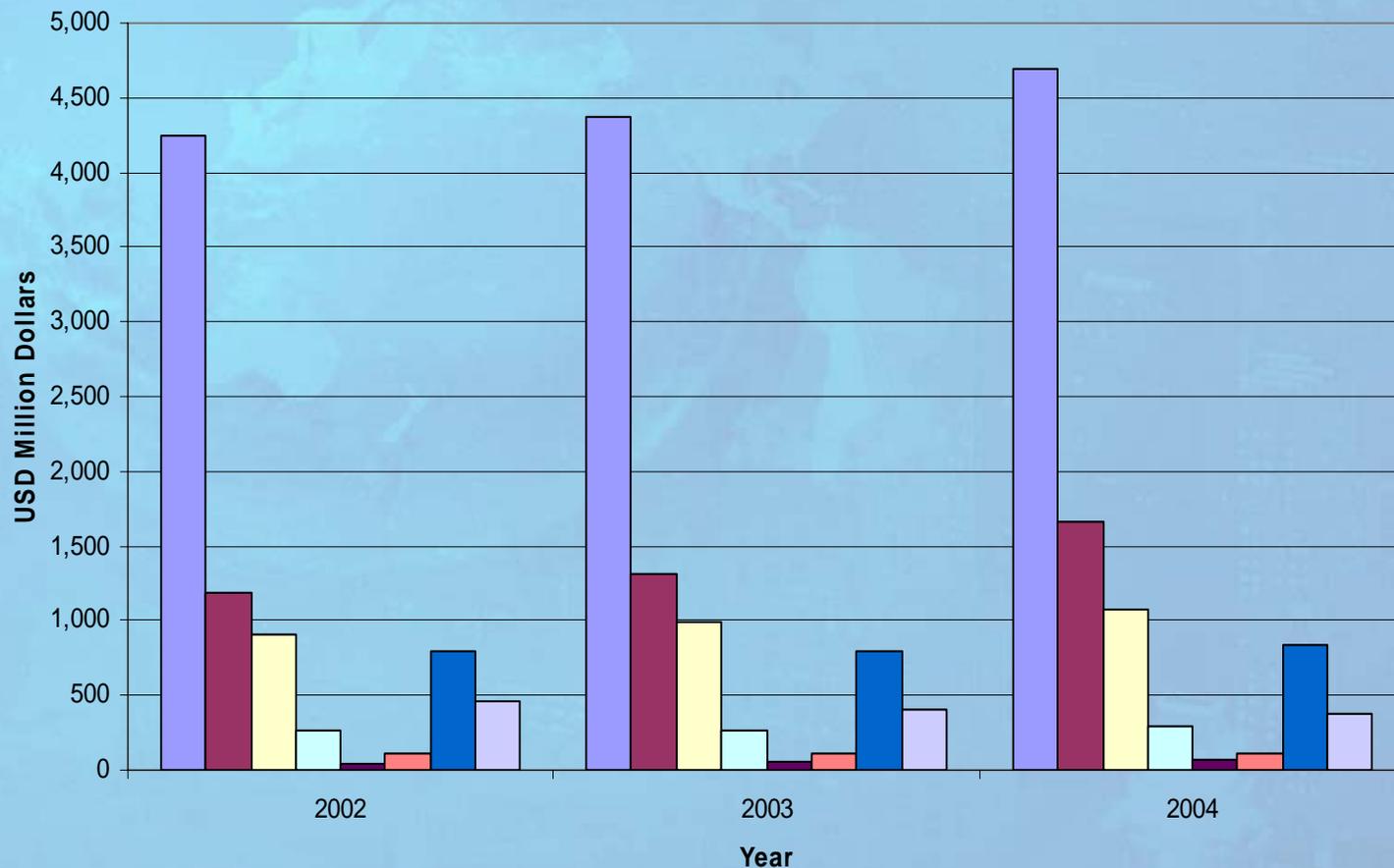
- Over 40% of all U.S. exports are categorized as “Advanced Technology Products (ATP)”



- U.S. exports of ATP up 24% in 2006
- Major growth in Electronics; Flexible Manufacturing; Aerospace; Advanced Materials, and Defense Equipment



US Services Exports to Korea



U.S. Investments in Korea

- The United States is Korea's top investment partner
- US investors confident in Korean economy
 - Citigroup - \$2.7 Billion acquisition of KorAm Bank
 - GM - \$1.5 Billion for Asian production platform
 - Gale - \$20 Billion, world's largest private real estate development

U.S. Investments in Korea II



Songdo New City Project

Why Kimberly-Clark Chose Korea

“Korea has world-class scientific talent and infrastructure. It also has sophisticated consumers – consumers, who can give us new product insights. Korea is also a culture that bridges the best of the East with an understanding of the West. This creates a highly favorable climate for innovation.”

Tom Falk
President & CEO
Kimberly Clark

On the occasion of the grand opening of their first overseas Innovation Center, March 2, 2007 (Yongin, S. Korea)



Advantages of U.S. Products

- Recognized Reputation for Quality, Price, & Innovation
- Increasing Affluence & Sophistication of Koreans
- Korea's Diminishing Resistance to Imported Goods
- Appreciation of the Korean Currency
- Growing Diversification of Market Channels & SMEs
- The Korea-U.S. Free Trade Agreement (KORUS)



Challenges for U.S. Products

- Koreans drive a hard bargain
- Need to conduct standards and regulatory homework
- Pay close attention to protecting your IP Rights
- Need to cultivate business relationships
- Accommodate to the uniqueness of Korea in packaging, product design, or market strategy
- Be prepared for on-going contract discussions, customs reviews, or regulatory challenges



The Korea-U.S. Free Trade Agreement

“For the U.S., this would be our most significant trade agreement in 15 years.”



**Carlos Gutierrez
Secretary of Commerce
December 12, 2006**

What Will the KORUS FTA Mean?

- Reduced Tariffs for Thousands of US Products
- 25-50% increase in U.S. exports anticipated
- Major Opportunity to Establish Joint-Ventures with Asian Hi-Tech Power
- New Investment Opportunities



FTA: Building on a Strong Relationship

- Korea would become the United States' first North Asian Free Trade Partner
- U.S. & Korea are already Ideal Trading Partners
- No two FTA partners have such a Strong Reliance on Hi-tech and Innovation within their economies
 - No two trading partners are as close to each other in commitments to R & D spending (OECD statistics)
 - No country has such a strong flow of students entering U.S. institutions of higher education as Korea – setting the stage for close cultural and business ties



Is Korea Only for Major Players?

- Headlines often focus on the billion dollar deals – and there have many in the recent past, BUT
- Greatest Potential & Greatest Growth is among SMEs on both sides of the Pacific
- Korean medium-sized businesses are an excellent match for U.S. firms and are often the path to Korean major firms (Chaebols)



Defense/Aerospace

Defense

- Market size \$4.9 B; annual growth 5%
- Imports \$630 M; US import share 66%
- Best prospects: military aircraft, avionics

Aerospace

- Market size \$2.23 B; Annual growth 6%
- Imports \$1.4 B; US Import share 60%
- Best Prospects: engines, turbo aircraft, parts



Healthcare and Beauty

Nutritional Supplements

- Market size \$2.3 B; Annual growth 15%
- Imports \$580 M; US import share 80%
- Best Prospects: vitamins

Cosmeceuticals

- Market Size \$5.7 B; Annual growth 10%
- Imports \$636 M; US import share 22%
- Best Prospects: skincare and men's products

Information & Communication Technology

Radio Frequency Identification (RFID)

- Market Size \$346 M; Annual growth 73%
- Imports \$29 M; US import share 90%
- Best prospects: R&D, tags/readers, software

Wireless Networking systems & solutions

- Market Size: \$445 M; Annual growth 8-10%
- Imports \$148 M; US import share 70%
- Best prospects: Wireless broadband, Wireless Internet Services (WiMax) 3.5 Generation, IP TV

Tourism and Education Services

Travel and Tourism

- 10 million traveler outbound market, growing at 14% annually
- Best prospects: family trips, honeymooners, affluent individual repeat travelers, visitors to “marquee” destinations

Education

- Market Size \$104 B; Annual Growth 2%
- Best prospects: 4-year colleges, prep schools, short-term business training, short-term English language training



USG Advocacy

Advocacy

- US government goes to bat for U.S. companies
- Sole advocacy vs. generic advocacy
- Requires registration

Civilian Advocacy

- Advocacy Center, USDOC
- Covered by WTO government procurement rules

Defense Advocacy

- Bureau of Industry and Security, USDOC
- Defense projects not covered under WTO



Intellectual Property Rights

- Register your IPR BEFORE you do business in Korea
- Korea has a “first-to-file” system
- Reversing a “registered” trademark in Korea is extremely difficult
- IPR Toolkit (www.buyusa.gov/korea)
- Use the CS Korea Help Desk



How Can CS Korea Help?

- The Korea-U.S. Free Trade Agreement will trigger a new trade dynamic – benefiting all ranges of business, all industry sectors, and impacting both Korean and Regional Markets!
- CS Korea is ready to offer guidance on the benefits of the FTA once details become available as well as offer full-service customized support
- New opportunities; New Market Research; New Means of reaching clients – I invite you to participate



Contact Us

Local U.S. Export Assistance Centers

1-800-USA TRADE

www.export.gov/cs

U.S. Commercial Service Korea

Chris Ahn

U.S. Embassy Seoul

Phone: (82-2) 397-4186

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www.buyusa.gov/korea



The image features a blue-tinted world map as a background. The map is centered and shows the continents in a lighter shade of blue. Overlaid on the map is the text "Thank You" in a bold, red, sans-serif font. The text is positioned in the lower-middle part of the image. The entire image is framed by a dark blue border with rounded corners.

Thank You