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EU-Korea Free Trade Agreement Reality Check 2018



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Schwerpunkt

The Assessment of the EU-Korea FTA

Nordkorea

The North Korean Economy: Status and Prospects

The background of the advertisement is a composite image. The top half features a rocket launch with a large plume of smoke and fire, set against a dark blue sky. To the right of the rocket, there is a stylized, glowing blue wireframe diagram of a rocket's internal components or a sensor's field of view. The bottom half of the image shows a man in a light blue button-down shirt and white gloves, holding a glass jar filled with popcorn. He is looking at a small piece of popcorn he is holding in his gloved hand. In the background, there is a blurred industrial setting with lights. Overlaid on the right side of the bottom half is a glowing blue wireframe diagram of a factory floor layout, showing various pieces of equipment and a person's silhouette. The Siemens logo is in the top left corner, and the tagline 'Ingenuity for life' is below it. A teal banner with white text is in the middle, and a white banner with the website 'siemens.co.kr' is at the bottom right.

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EU-Korea Free Trade Agreement Reality Check 2018

Liebe Leserinnen und Leser,

nach der ersten Annäherung der beiden Koreas bei den olympischen Winterspielen fanden in kurzer Abfolge ein interkoreanisches Gipfeltreffen am 27. April 2018 und ein historischer Gipfel zwischen den Staatschefs Nordkoreas und der USA am 12. Juni statt. Stellen diese Gipfeltreffen einen echten Wendepunkt im Verhältnis zu Nordkorea dar?

Wenngleich die Skepsis vieler Orts groß ist, ob sich nach den medienwirksamen Gipfeln auch ein nachhaltiger Denuklearisierungs- und Friedensprozess entfalten wird, so sind dennoch die Erwartungen auf vielen Seiten hoch. Auf südkoreanischer Seite werden bereits viele Pläne zur wirtschaftlichen Zusammenarbeit mit Nordkorea geschmiedet, und auch für deutsche und andere ausländische Firmen könnten sich im Zeitablauf wirtschaftliche Kooperationsmöglichkeiten ergeben. Um jedoch Handel und Investitionen mit Nordkorea zu ermöglichen und abzusichern, ist auf nordkoreanischer Seite die Schaffung eines geeigneten Rechtsrahmens sowie der Abbau der UN, US und europäischen Sanktionen erforderlich. Wenn sich der Weg dafür öffnet, werden die Entwicklungen rasend schnell passieren, und Deutschland und die EU sollten darauf vorbereitet sein. In dieser Ausgabe des KORUMs beschäftigen wir uns daher u.a. mit der Wirtschaft Nordkoreas: Was ist die Sachlage, wie sind die Aussichten, und wie bereitet sich Südkorea auf etwaige Kooperationen mit dem Norden vor?

Für die wirtschaftliche Zusammenarbeit zwischen Deutschland und Südkorea bietet seit 2011 das Freihandelsabkommen (FHA) zwischen der EU und Korea einen herausragenden Rahmen. Wir ziehen ein Zwischenfazit und geben praktische Informationen, wie deutsche Unternehmen noch mehr vom EU-Korea FHA profitieren können. Viel Freude beim Lesen!



Barbara Zollmann

Geschäftsführerin
AHK Korea / KGCCI

Dear readers,

Following the initial rapprochement between the two Koreas at the Winter Olympics, two major summits took place in quick succession: the inter-Korean summit on April 27 and the historic summit between the leaders of North Korea and the USA on June 12. Do these summits represent a real turning point in relation to North Korea?

Amidst scepticism on whether a sustainable denuclearization and peace process will indeed unfold after the media-effective summits, expectations are still high. Many plans for economic cooperation with North Korea are already forged on the South Korean side, and also for German and other foreign companies economic opportunities for cooperation could develop. However, in order to facilitate and safeguard trade with and investment in North Korea, the North Korean side needs to establish an appropriate legal framework and UN, US and European sanctions need to be lifted. When this path opens up, changes will happen very fast, and Germany and the EU should be well prepared for this. Therefore, in this edition of the KORUM we focus among other topics on the North Korean economy: What is the status quo, what are the prospects, and how is South Korea preparing for a possible cooperation with the North?

Since 2011, the free trade agreement (FTA) between the EU and Korea has provided an outstanding framework for economic cooperation between Germany and South Korea. We draw a preliminary conclusion and provide practical information on how German companies could benefit even more from the EU-Korea FTA. Enjoy reading!



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Fissler

EU-Korea Free Trade Agreement Reality Check 2018

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KORUM

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6 Schwerpunkt



During the 7 years after the implementation of the EU-Korea FTA, trade flows increased considerably, boosting competitiveness of companies and providing a wider, cheaper choice to consumers both in Korea and in Europe. However, is the commencement of the 4IR a final call for the modernization of the FTA? What impact did the EU-Korea FTA have on German-Korean trade and how can German companies actually benefit from this agreement?

20 Nordkorea



Recent developments between the USA, North and South Korea lead to hopes for economic rapprochement and have opened discussions on opportunities for economic exchanges and investment projects in North Korea. What is the status and how are the prospects of the North Korean economy? And what are South Korea's preparations for trade cooperations with North Korea?

26 Inside KGCCI



In May, the representatives of the German Chambers of Commerce Abroad (AHKs) met in Berlin for the AHK World Conference 2018, to discuss challenges that German companies in the international business are currently facing. "PartnerWorldwide" is the new buzzword that represents the promise of the AHKs of being a reliable partner for companies in international business.

The Assessment of the EU-Korea Free Trade Agreement

Johan Vandromme

From the EU Delegation's perspective EU-Korea political and trade relations are in excellent shape. The EU-Korea FTA, the EU's first FTA with an Asian country, has marked an unprecedented step forward in trade relations between the European Union (EU) and the Republic of Korea. It remains without any doubt the most ambitious and comprehensive trade deal put in place by the EU to the date, eliminating almost 99% of duties on both sides within five years and dealing with non-tariff barriers (NTBs).

We are pleased with how trade has developed since the start of the FTA's implementation. Trade in goods between the EU and Korea in 2017 has grown to EUR 100 billion (which is a remarkable growth of 47% compared to 2010).

From a commercial standpoint, the Republic of Korea is a very important partner for the EU. In 2017, it was the EU's 8th largest supplier and the 9th largest export market. For the Republic of Korea, the EU has consolidated its position as the country's 2nd largest supplier and the 3rd largest export market.

The EU was again the biggest investor in Korea with FDI from the EU into Korea that grew by a 140% from 2010 to EUR 5.5 billion in 2017. The EU is also the largest source of foreign direct investments in Korea, proving that this FTA is a clear success story and has worked well for both sides.

All in all, the FTA has contributed ultimately to improving the livelihood of citizens, creating jobs, increasing wealth in both parties and has deepened our strategic partnership with Korea.

1. Overview of EU-Korea Economic Relations

In the last decades, Korea has undergone an extraordinary transformation. It has become one of the largest economies in the world and an increasingly important player on the global stage. With a GDP¹⁾ of over EUR 1.53 trillion, it is ranked 11th place in the world in 2017²⁾. The Korean economy expanded 3.0 percent in 2017, slightly above that of the year before (+2.8%). In view of the Republic of Korea's significance, Korea became one of the 10 strategic partners of the EU.

The OECD³⁾ forecasts economic growth to remain around 3% through 2019, supported by stronger export growth and fiscal stimulus that offset the impact of tighter regulations on housing/ mortgage lending, which will slow construction investment. Inflation is projected to rise toward the 2% target, while the current account surplus narrows to 4% of GDP.

The EU and Korea enjoy a strong economic relationship, which has significantly deepened over the past few years since the entry into force of the EU-Korea Free Trade Agreement (FTA).



The FTA has provided an outstanding result. Owing to trade liberalisation EU-Korea trade flows increased considerably, boosting competitiveness of companies and providing a wider, cheaper choice to consumers both in Korea and in Europe.

The United States (U.S.A) and China remained by far the largest trade partners of the EU. For Korea, the U.S.A and the EU are the most important destinations for goods exported in 2017 whereas China and the EU are the largest suppliers.

The services sector contributes more to economic growth and job-creation in the EU than any other sector. It accounts for some three-quarters of the gross domestic product for the EU. Additionally, over three-quarters of EU jobs are in the services sector. In terms of trade in services, the EU is the world leader, with a surplus of more than EUR 130 billion in 2016.

Foreign Direct Investment

At the end of 2016, the EU held FDI stocks of EUR 6,894 billion in the rest of the world, while stocks held by the rest of the world in the EU amounted to EUR 5841 billion, meaning that the EU held a positive net investment position vis-a-vis the rest of the world. EU's positive net investment position with Korea reached EUR 28,840 million in 2015.

The EU is the largest investor in Korea, ahead of the U.S.A and Japan, although its weight in Korea's total investment has decreased from 38% in 2013 to the current 31%. This is primarily

the result of significant increase in outward investment from other Asian countries, in particular from Singapore, China and Hong Kong.

2. Trade in Goods

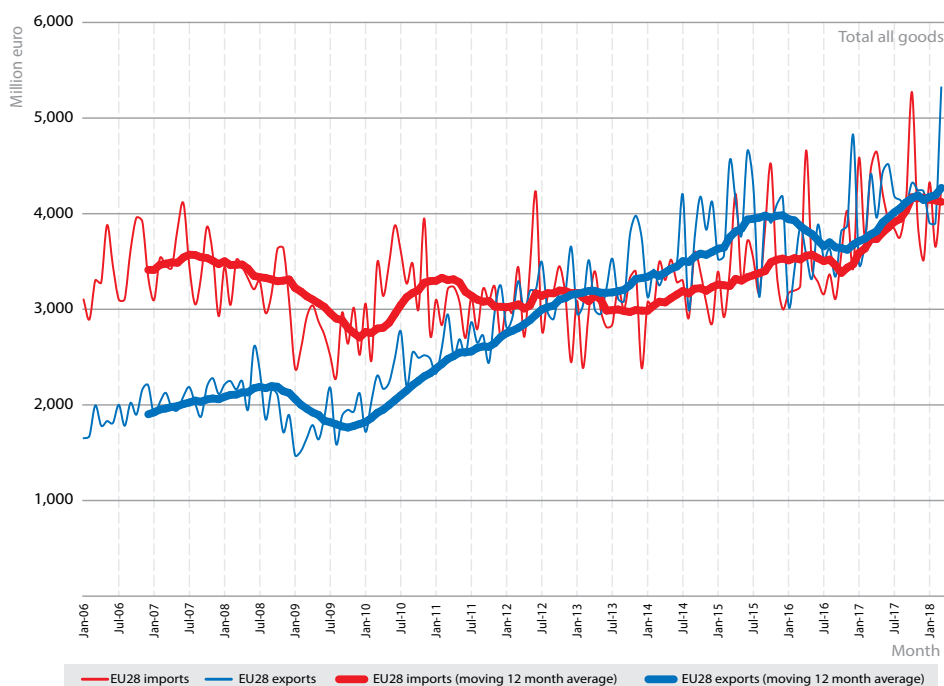
The EU-Korea FTA has been in place since 2011. Seven years later, its success is clear: 99% of tariffs have been eliminated and EU exports to Korea have increased by almost 60%, making Korea the EU's 9th largest trade partner worldwide. Taken together, EU businesses make up the largest foreign investor in Korea. As one of the first of the EU's new generation FTAs, the agreement also tackles non-tariff barriers and puts in place mechanisms to facilitate trade and extend market access.

Trade in Goods and Services

The EU and Korea have an intense and well-structured bilateral relationship. Trade between the EU and Korea has grown steadily since 2010 (16% in 2017). Since the FTA entered into force, the EU's exports to Korea increased by a year-on-year growth of over 9% whereas imports from Korea into the EU have also increased, but not by as much (6%) and, as a result, from 2013 until 2016 the EU's long-held trade deficit with Korea turned into a surplus. In 2017, Korea obtained again a trade surplus of EUR 2 million, due to a substantial increase of exports (20%), in context marked by the economic recovery in the EU.

- 1) Current prices
- 2) CIA, World Fact Book
- 3) <http://www.oecd.org/economy/korea-economic-forecast-summary.htm>

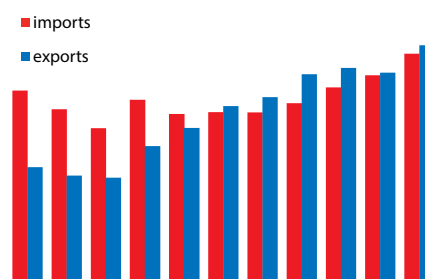
Monthly EU28 merchandise trade with South Korea (Jan 06 – Mar 18)



Source : Eurostat COMEXT/ISDB

Prepared by DG Trade – Chief Economist Unit – Statistics sector

Annualised EU merchandise trade				
Partner : South Korea		Product : Total all goods		
Period		Trade flow		
From	To	Imports	Exports	Balance
12-month sums (million €)				
Apr-07	Mar-08	41,597	25,292	-16,306
Apr-08	Mar-09	37,628	23,515	-14,113
Apr-09	Mar-10	33,589	23,018	-10,571
Apr-10	Mar-11	39,669	29,776	-9,893
Apr-11	Mar-12	36,623	33,655	-2,968
Apr-12	Mar-13	37,012	38,310	1,298
Apr-13	Mar-14	36,957	40,190	3,234
Apr-14	Mar-15	38,924	45,057	6,133
Apr-15	Mar-16	42,261	46,448	4,187
Apr-16	Mar-17	44,839	45,405	567
Apr-17	Mar-18	49,474	51,235	1,761



EU28 Merchandise Trade with Korea by Category

In 2017, bilateral trade between the EU and Korea continued to be concentrated in a few sectors, namely "Machinery & Transport equipment" (more of the 50% of the total trade) and "Chemicals and Manufactured articles". In 2017, regarding Korea's exports to the EU, we see a substantial increase of transport equipment (cars of a cylinder capacity not exceeding 1,000 cc vessels transport of both persons and goods).

Among EU Member States, Germany is the largest trade partner of Korea in the EU (i.e. 15% of total imports of the EU and with a whopping 39% of total exports of the EU), followed by the United Kingdom (i.e. 13% of total imports and 11% of total exports) and the Netherlands (i.e. 9% of total imports and 9% of total exports).

3. Trade in Services

EU Trade in Services (Billion Euro), 2015

In 2015, Korea was the EU's 12th largest trading partner in services. Trade in services between the EU and Korea has dramatically increased over the last few years. However, total trade of services between the EU and Korea represents only about 1.1% of the EU's total trade in services, indicating that there is still much untapped potential.

Trade in services between the EU and Korea has gradually increased by 47% in the period 2010-15. During that time EU's exports of services to Korea grew significantly by 46% to EUR 11bn whereas Korean exports increased by 323%.

The EU's exports to Korea are concentrated in a few sectors, in particular: business services (28%), transport (17%), and travel

(13%). Korean exports to the EU are also concentrated on business services (30%) and transport (18%).

4. Foreign Direct Investment in Korea

Foreign Direct Investment (FDI) has seen a boom in Korea as of late, especially in the year 2015-16. One of the many factors boosting foreign investor confidence in Korea is the prominent credit rating agencies such as Moody's and S&P upgrading Korea's credit ratings to an impressive Aa2 and Stable AA, respectively. Recent Fitch credit rankings have even placed Korea's credit ratings above China & Japan. Improvements in the global economy and domestic demand have also created a thriving stock market in Korea for 2015 and 2016.

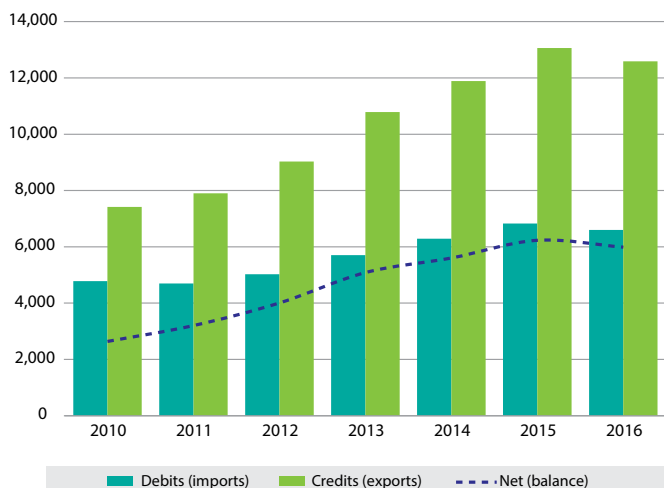
The EU, with 32% of total FDI stock in Korea, is by far the largest source of FDI stock in Korea ahead of Japan (26%) and the US (19%). According to Eurostat, in 2016 the EU's FDI stock in Korea reached EUR 50 billion, which was 12% more than the previous year. Korea's FDI in the EU also increased in 2015, expanding by 36% compared to 2013, reaching EUR 20 billion.

5. The functioning of the Free Trade Agreement (FTA)

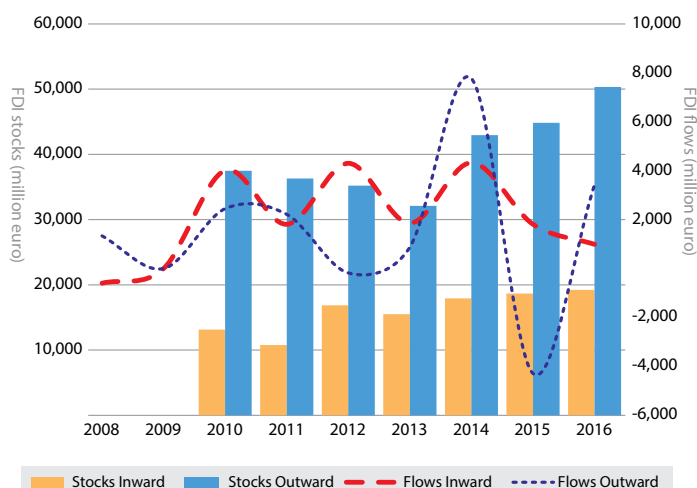
The FTA has provided an outstanding result. Owing to trade liberalisation EU-Korea trade flows increased considerably, boosting competitiveness of companies and providing a wider, cheaper choice to consumers both in Korea and in Europe.

We hold the view that, overall, the agreement is balanced and has been mutually beneficial for both sides but there is scope for improvements. In the fast-growing services sector, bilateral EU-Korea trade increased over 30% from 2010 to 2015, yet the exports of services to Korea in 2015 just represented about the

Trade in Services EU-28 with South Korea (Million Euro)



FDI between EU-28 and South Korea



Source: Eurostat (bop_fdi_main (<-2012); bop_fdi6_geo (2013->)) Break in series in 2013

1.1 percent of total trade in services. In these regards raising its participation in the total trade between both remains a challenge, but also shows there is still a considerable untapped potential in a number of service areas such as legal services.

Though overall, the FTA is working well, full implementation of the FTA continues to be of key importance, in order to bring the expected benefits to both sides. The FTA is put into practice through an annual Trade Committee, seven Specialised Committees, seven Working Groups and an Intellectual Property Dialogue. The last ministerial level Trade Committee took place in Brussel in January 2018 between TRADE Commissioner Malmström and Ministry of Trade, Industry and Energy (MOTIE) Minister Kim Hyun-chong. The next meeting is scheduled for the fall of 2018.

This structure gave some recent examples of progress in dealing with market access barriers. Apart from ongoing meetings at working- and higher level with the Korean Administration, it is in these specialized formal committees and working groups that meet at least once a year that non-tariff barriers (NTBs) are tackled across all sectors (e.g. the automotive, pharmaceuticals, cosmetics, medical devices and electronics sectors) or concerning horizontal issues. The objective of these committees is to really carry out continuous regulatory dialogue (in particular for non-tariff commitments, services and regulatory convergence).

We usually become aware of NTBs through a variety of channels, which can be complaints from the industry/ies that is adversely impacted by some of the newly planned or introduced measures, our own scanning of planned or newly introduced legislation that is contrary to the commitments made in the FTA, and finally

notifications made by Korea to the WTO, both concerning technical barriers to trade (TBT) and/or sanitary and phytosanitary (SPS) measures.

As soon as we become aware of a potential NTB, and after an in-depth initial analysis, we ask for a meeting with the relevant Ministry, to ask for further clarification but particularly to express our concerns with the planned or existing measure. We follow-up on these by a formal letter addressed to the Ministry, and from that point onwards, our concerns are tabled at every successive meeting, and at every successive level of meeting (working level, Director level, Director-General level and so on, up to the highest (Ministerial) level if no resolution is found at the preceding levels).

Sometimes these get resolved when the Ministry concerned realises that their position is not tenable, flawed or discriminatory and will lead to a formal dispute. In fact, the EU-Korea FTA contains a dispute settlement mechanism that is based on the model of the "WTO Dispute Settlement Understanding", but its procedures are much faster. The FTA also contains a mediation mechanism that the parties can use to tackle market access problems due to non-tariff measures. The aim of this mechanism is not to review the legality of a measure, but rather to find a quick and effective solution to a market access problem.

However, despite these mechanisms, some implementation and bilateral trade issues remain problematic with persisting issues in the automotive, food and pharmaceutical areas. For example, in the food sector, cumbersome authorisation procedures still affect EU agricultural exports, in particular for EU beef and pork exports. Implementation is still ongoing in the area of intellectual property



rights, in particular in respect of public performance rights and geographical indications. Also, there is no provision in the EU-Korea FTA which would exempt repaired goods from customs duties on re-entry to Korea after repair in the EU (or vice versa).

In order to improve trade and in particular investments the FTA is not sufficient; there is a need for companies to operate in a business-friendly and predictable environment. There have been continuous complaints concerning enforcement by Korean agencies, particularly in the area of taxation- and customs audits, but there have also been several issues with Customs-induced Origin Verifications that have led to denial of the FTA preferential rates. Our view is that it is important that both sides apply the spirit of the agreement in order to facilitate trade, and we are actively working with companies and customs authorities to work out these differences.

Similarly, there is disappointment on the side of the EU that Korea has so far failed to fully implement the "Trade and Sustainable Development" (TSD) chapter of the FTA regarding labour rights. The EU is increasingly focussing on the wider implications of trade to reflect EU societal and political concerns. It is clear that our citizens want trade to be fair, to be sustainable and to set high standards on consumers' rights, on labour rights, environmental rights and human rights. It is about ensuring that EU trade policy⁴⁾ is not just about interests but also about values.

Beyond Europe, trade and investment – when used correctly – can help the world develop sustainably and inclusively. Our "Trade for All" strategy aims to deliver the benefits of trade to everyone. We do this in several ways, but both at the multilateral level and the bilateral one, we try first and foremost to respond to the public's expectations on regulations and investment (which is a clear pledge on safeguarding EU regulatory protection and a strategy to lead the reform investment policy globally), but also by expanding measures to support sustainable development, fair and ethical trade and human rights.

6. Looking towards the future

If we can work together effectively on the basis of open markets, our economies will gain, our businesses will gain, and our consumers will gain.

Our expectations for the EU-Korea FTA in the coming years is that it will further shape the relationship between Korea and the EU in ways that are mutually enhancing and beneficial. We would e.g. like to modernise the FTA in order to improve its functioning and to make it more trade-facilitative, and achieve more benefits for exporters and consumers in the EU as well as in Korea, for a number of reasons:

Since the conclusion of the final text of the FTA, there have been

various developments (technological as well as economical) that have had a certain impact on the way trade is being conducted and with the commencement of the fourth industrial revolution many further developments are to be expected. This means that while the text of the FTA was indeed 'state-of-the-art' at the time it was agreed upon, this is not necessarily the case anymore. Certain aspects (such as the direct shipment requirement, the exclusion of truck tractors and the introduction of an approved exporter system) of the FTA are in fact presenting hurdles to trade, contrary to the purpose of the FTA.

The aforementioned obsolescence of certain parts of the FTA, combined with the expansion of free trade by both the EU and Korea means that in order to safeguard EU-Korea trade there is a need for modernization of the FTA. While it would be a fundamental benefit for modernizations to be discussed and implemented on a continuous basis, the current situation has placed a certain urgency on such modernization.

In addition to necessity for further growth of EU-Korea trade, the modernization of the FTA will serve as a sign to the world at large that both strategic partners are aware of global developments and committed to update their trade agreements to incorporate these (rather than simply keep obsolete elements of trade agreements in place, simply due to the fact that these elements were appropriate years ago).

Based on the above we are convinced this is the right moment to modernize the FTA. We also hope to be exploring launching negotiations on investment with Korea in the context of this possible modernisation of the FTA. In closing, we would like to encourage EU companies to strengthen their position on the Korean market where we still see many market opportunities. The utilisation rate of the lower tariffs under the FTA remains lower on the EU side than on the Korean side, and we are encouraging Member States to address this adequately, through promotion for the EU-Korea FTA and possibly through simplification or better facilitation of "Approved Exporters Status" procedures. And we invite more Korean companies to discover the European markets and bring new Korean products to the different member States. We would further like to highlight the EU Delegation's role which is to ensure the implementation of the EU-Korea FTA and to support the performance of EU businesses in Korea by eliminating market access barriers.

4) The European Trade policy is set up in the strategic document "Trade for all". It states that trade should be efficient, transparent and value based. Cf: http://trade.ec.europa.eu/doclib/docs/2018/january/tradoc_156551.pdf



Johan Vandromme

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Deutsche Lieferungen profitieren vom Freihandelsabkommen der EU mit Südkorea

Aktuelles Zwischenfazit nach sieben Jahren

Kfz bleiben wichtigste Kategorie beim Import aus Deutschland

Alexander Hirschle

Das Freihandelsabkommen zwischen der EU und Südkorea feiert im Juli 2018 sein siebenjähriges Jubiläum. Das deutsch-südkoreanische Fazit fällt gemischt aus: Während die Lieferungen von Deutschland nach Südkorea deutlich ausgebaut werden konnten, sanken die südkoreanischen Ausfuhren nach Deutschland und das Handelsbilanzdefizit Südkoreas vergrößerte sich. Dabei dürfte jedoch vor allem die Krise des Schiffbaus und die Auslagerung von Produktion in Drittländer eine wichtige Rolle gespielt haben.

Im Juli 2011 trat das Freihandelsabkommen (FHA) der EU mit Südkorea in Kraft. Nach nun fast sieben Jahren ist ein Großteil der Zollschränken gefallen – Zeit für ein Fazit. Beim Vergleich der Handelsströme zwischen 2010 – dem letzten Kalenderjahr ohne Zollerleichterungen – und 2017 sind interessante Trends zu erkennen: So sanken die Exporte Südkoreas nach Deutschland in diesem Zeitraum um satte 20,7 Prozent auf 8,5 Milliarden US-Dollar (US\$). Im Gegenzug stiegen die südkoreanischen Importe aus Deutschland um 38,1 Prozent auf 19,7 Milliarden US\$.

Handelsbilanz verschlechterte sich aus südkoreanischer Sicht

In der sektoralen Handelsbilanz verbesserte sich die südkoreanische Position zwischen 2010 und 2017 unter anderem in den Kategorien Maschinen um 762 Millionen US\$, Elektrotechnik um 548 Millionen

US\$, Rohstoffe um 116 Millionen US\$ sowie Vorerzeugnisse um 111 Millionen US\$. Auf der anderen Seite schlug das Pendel etwa bei Fertigerzeugnissen um 1,7 Milliarden US\$ – darunter alleine die Kategorie Mess-, Prüf- und Kontrollinstrumente um 1,1 Milliarden US\$ – sowie bei Straßenfahrzeugen um 1,8 Milliarden US\$ besonders stark zugunsten Deutschlands aus.

Übergreifend stieg das Defizit aus südkoreanischer Sicht deutlich um fast 7,7 Milliarden US\$ auf 11,3 Milliarden US\$. Diese Entwicklung alleine auf das Freihandelsabkommen zurückzuführen greift jedoch zu kurz. Für einen großen Teil des gestiegenen Defizits war mit einem Rückgang des ehemaligen Überschusses um etwa 3,9 Milliarden US\$ die Schiffbaubranche verantwortlich, was in erster Linie auf die globale Krise des Sektors und die gestiegene internationale Konkurrenz für südkoreanische Werften zurückzuführen war.

Darüber hinaus ziehen südkoreanische Firmen aufgrund hoher Lohnkosten und relativ niedriger Arbeitsproduktivität neue Produktionskapazitäten an günstigeren Standorten hoch. So ist zum Beispiel der Anteil der im Ausland hergestellten Smartphones von 16 Prozent im Jahr 2010 auf 91 Prozent im Jahr 2017 nach oben geschossen. Die Batteriehersteller ziehen massiv neue Werke in Osteuropa hoch. Die von südkoreanischen Firmen in Drittländern



hergestellten und nach Deutschland gelieferten Produkte tauchen dann in der bilateralen Statistik nicht mehr auf.

Im Jahr 2017 starker Anstieg der Exporte nach Deutschland

Dennoch zeichnete sich 2017 ein gegenläufiger Trend in den deutsch-südkoreanischen Handelsbeziehungen ab. Bereits seit 2016 mussten deutsche Lieferungen rückläufige Anteile an den Importen hinnehmen. Im Jahr 2017 stiegen die Importe "Made in Germany" nur um rund 3 Prozent, während die gesamten südkoreanischen Einfuhren um fast 18 Prozent zulegen konnten. Im Gegenzug nahmen die Ausfuhren nach Deutschland um satte 33 Prozent zu.

Kfz bauten Lieferanteil aus

Im Vergleich des Lieferrankings der südkoreanischen Einfuhren aus Deutschland blieb die Spitzenposition unverändert: Straßenfahrzeuge waren 2017 der wertmäßig wichtigste Import "Made in Germany". Sie konnten ihren Anteil an den gesamten Importen aus Deutschland von knapp 17 auf 27 Prozent deutlich nach oben schrauben.

Auf Rang zwei landeten Maschinen. Deren Anteil ging von knapp 31 auf 20 Prozent zurück. Maschinen verloren damit den ersten Platz im Lieferranking, den sie 2010 noch innehatten. Auf dem dritten Platz folgten chemische Erzeugnisse, die vor sieben Jahren noch Platz zwei des Lieferrankings einnahmen. Die ersten drei Kategorien - Fahrzeuge, Maschinen und Chemikalien - sind somit 2017 für knapp zwei Drittel der südkoreanischen Einfuhren aus Deutschland verantwortlich gewesen.

Sehr hohe Zuwächse entfielen auf Nahrungsmittel mit einem Plus von 732 Prozent; darunter insbesondere auf Fleisch und

-zubereitungen mit einem Anstieg um 2650 Prozent - allerdings von einem sehr niedrigen Niveau aus. Ebenfalls sehr hohe Steigerungen verbuchten Milcherzeugnisse mit einem Plus von 692 Prozent. Dynamisch entwickelten sich Kfz; ferner medizinische und pharmazeutische Erzeugnisse (SITC 54; 95 Prozent) sowie Mess-, Prüf- und Kontrollinstrumente (SITC 87; 70 Prozent). Rückgänge mussten unter anderem bei den Einfuhren von Maschinen, Elektronik sowie Eisen- und Stahlprodukten hingenommen werden.

Handelsbilanz Südkoreas mit Deutschland

in Millionen US\$*)

Warengruppe	SITC-Code	2010	2017	Differenz Handelsbilanz 2010/2017
Wasserfahrzeuge	793	4.335	294	4.040
Straßenfahrzeuge	78	-1.441	-3.256	1.815
Fertigerzeugnisse	8	-626	-2.332	1.705
Elektronik	75,76,776	1.472	708	765
Nahrungsmittel/lebende Tiere	0	1.472	-676	605
Chemische Erzeugnisse	5	1.472	-2.600	588
Getränke/Tabak	1	1.472	-54	24
Mineralische Brennstoffe	3	-626	-53	10
Tierische/pflanzliche Öle	4	1.472	-6	2
Vorerzeugnisse	6	1.472	-490	-111
Rohstoffe	2	1.472	25	-116
Sonstiges	9	-1.441	-69	-232
Elektrotechnik	77 minus 776	-626	189	-548
Maschinen	71-74	1.472	-3.020	-762
Insgesamt	-	-71	-11.265	7.662

*) Abweichung durch Rundung

Quelle: KITA (Korea International Trade Association)

Importe aus Deutschland

in Millionen US\$, Anteil und Veränderung in Prozent*)

Warengruppe	SITC-Code	2010	2017	Anteil 2017	Veränd. 17/10
Straßenfahrzeuge	78	2.398	5.337	27,0	122,5
Maschinen	71-74	4.369	3.917	19,8	-10,3
Chemische Erzeugnisse	5	2.514	3.488	17,7	38,8
Fertigerzeugnisse	8	1.437	2.693	13,6	87,5
Vorerzeugnisse	6	1.136	1.294	6,6	13,9
Elektrotechnik	77 minus 776	877	1.156	5,9	31,8
Elektronik	75,76,776	868	772	3,9	-11,0
Nahrungsmittel/lebende Tiere	0	85	703	3,6	731,6
Rohstoffe	2	173	162	0,8	-6,2
Sonstiges	9	311	71	0,4	-77,0
Getränke/Tabak	1	31	55	0,3	78,4
Mineralische Brennstoffe	3	45	55	0,3	24,1
Wasserfahrzeuge	793	4	16	0,1	328,5
Tierische/pflanzliche Öle	4	4	6	0,0	39,9
Insgesamt	-	14.305	19.749	100,0	38,1

*) Differenz durch Rundung

Quelle: KITA

Exporte nach Deutschland

in Millionen US\$, Anteil und Veränderung in Prozent^{*)}

Warengruppe	SITC-Code	2010	2017	Anteil 2017	Veränd. 17/10
Straßenfahrzeuge	78	957	2.081	24,5	117,4
Elektronik	75,76,776	2.340	1.480	17,4	-36,8
Elektrotechnik	77 minus 776	518	1.345	15,9	159,8
Maschinen	71-74	588	897	10,6	52,6
Chemische Erzeugnisse	5	501	888	10,5	77,3
Vorerzeugnisse	6	536	804	9,5	50,2
Fertigerzeugnisse	8	810	362	4,3	-55,3
Wasserfahrzeuge	793	4.338	310	3,7	-92,8
Rohstoffe	2	81	187	2,2	130,1
Nahrungsmittel/lebende Tiere	0	14	27	0,3	94,3
Sonstiges	9	9	3	0,0	-70,3
Mineralische Brennstoffe	3	1	2	0,0	69,7
Getränke/Tabak	1	0	1	0,0	166,9
Tierische/pflanzliche Öle	4	0	0	0,0	83,9
Insgesamt	-	10.702	8.484	100,0	-20,7

*) Differenz durch Rundung

Quelle: KITA

Südkoreanische Exporte nach Deutschland rückläufig

Der Rückgang der südkoreanischen Ausfuhren zwischen 2010 und 2017 um mehr als 2 Milliarden US\$ war in erster Linie auf das Absinken des Exports von Schiffen zurückzuführen. Diese implodierten um mehr als 90 Prozent von 4,3 Milliarden US\$ auf nur noch 310 Millionen US\$. Im Gegenzug stiegen die Exporte von Kfz um 117 Prozent auf 2,1 Milliarden US\$. Auch andere Kategorien konnten deutlich zulegen. So verfünffachten sich die

Lieferungen von medizinischen und pharmazeutischen Erzeugnissen, die Exporte von Elektrotechnik zogen um 160 Prozent und die von Maschinen um mehr als 50 Prozent an.



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Wie können deutsche Unternehmen von dem Freihandelsabkommen zwischen der EU und Südkorea profitieren?

Daniel Kamuf

Der multilaterale Ansatz der WTO stockt seit Längerem. Daher schließt die EU bilaterale und regionale Freihandelsabkommen (Free Trade Agreements FTA) mit einer Vielzahl von Handelspartnern, darunter auch Südkorea. Südkorea hat wirtschaftlich eine große Bedeutung für Europa und ist drittgrößter Markt für die deutsche Wirtschaft. So betrug im Jahr 2016 das Handelsvolumen zwischen der EU und Korea 86 Milliarden Euro. Dies ist nicht zuletzt auf das im Juli 2011 in Kraft getretene FTA zurückzuführen. Das EU-Korea FTA ist das erste moderne Abkommen der EU mit einem Industrieland.

Das Abkommen mit Korea zählt zu den FTAs der neuen Generation,

da es nach 2006 verhandelt wurde. Damals beschloss die EU in einer Strategie zur Steigerung des Wettbewerbs die Aufnahme von umfassenden Freihandelsverhandlungen. Das Abkommen hat vorhandene Zölle beseitigt, die Handelsbeziehungen gestärkt und neue Geschäftsbeziehungen ermöglicht. Auch wenn das Abkommen, laut EU-Kommission, mit einer Nutzungsrate von 71 Prozent für EU-Exporte im Jahr 2016 (siehe Tabelle unten) und bei 87 Prozent für koreanische Exporte unter den Erwartungen für die Präferenznutzung blieb, sind seit Beginn der Anwendung die (Waren-)Exporte von der EU nach Korea insgesamt um 59 Prozent angestiegen. Infolgedessen wurde das ursprüngliche Handelsdefizit zu einem Handelsüberschuss. Die EU-Ausfuhren von

Dienstleistungen haben seit Beginn um 49 Prozent zugenommen.

Nach mehrjähriger Implementierung gibt es nun Diskussionen zur Modernisierung des Abkommens, nicht zuletzt um die darin festgeschriebenen Ursprungsregeln zu vereinfachen und die Regelungen zum Ermächtigten Ausführer insbesondere für kleine- und mittelständische Unternehmen (KMU) zu erleichtern. Denn nur wenn die Inhalte verständlich und vor allem in der Praxis nutzbar sind, werden auch KMUs sich an das Abkommen heranwagen. Künftig möchte die Europäische Kommission verstärkt für das FTA werben, um der mangelnden Bekanntheit entgegenzuwirken sowie digitale Tools zur Informationsbereitstellung für KMUs generieren.

Einfuhrland	2013	2014	2015	2016
Albanien		73%	76%	80%
Chile	78%	78%	76%	74%
Kolumbien		56%	63%	71%
Costa Rica		18%		38%
Ägypten			78%	85%
Ehemalige jugoslawische Republik Mazedonien		90%		90%
Israel				89%
Kosovo				44%
Libanon	49%	74%	74%	
Mexiko		68%		
Montenegro	86%	86%	85%	85%
Marokko				52%
Nicaragua	0%	12%	22%	
Peru		42%		
Serbien	89%	90%	89%	90%
Südkorea	65%	65%	68%	71%
Schweiz	80%	80%	78%	79%
Türkei				95%

Präferenznutzung bei Ausfuhren aus der EU

Quelle: EU-Kommission 2017

Ausfuhr- bzw. Einfuhrbedingungen EU/Korea

In der Praxis müssen Unternehmen eine Vielzahl von Vorschriften und Regelungen für die Zollabwicklung beachten. Für Exportgeschäfte mit Drittländern ist neben den üblichen Voraussetzungen, wie der Gewerbeanmeldung beim örtlichen Ordnungsamt oder der Eintragung ins Handelsregister, vor allem die Beantragung einer EORI-Nummer essenziell. EORI ist das Kürzel für „Economic Operators' Registration and Identification“. Die Nummer dient Unternehmen zur Identifizierung gegenüber den Zollverwaltungen und wird bereits ab dem ersten Exportvorgang benötigt, für die Ausfuhranmeldung bei Warenwerten über 1.000 Euro beziehungsweise einem Gewicht von 1.000 Kilogramm. Die Beantragung der EORI-Nummer sollte frühzeitig erfolgen, da die Vergabe einige Wochen Zeit in Anspruch nehmen kann. Die Zollanmeldung kann entweder über das elektronische Zollsystem ATLAS oder die Schnittstelle Internetzollanmeldung Plus (IAA+) erfolgen. Letztere ist kostenlos und findet sich auf

den Internetseiten des Zolls. Technische Voraussetzung zur Nutzung der IAA+ ist ein Elster-Zertifikat zur Authentifizierung des Anmelders. Selbstverständlich können die Zollformalitäten aber auch an einen Dienstleister ausgelagert werden. Zur Anmeldung jeder Ware ist eine Zollltarifnummer (oder auch Warennummer genannt) erforderlich. Die Bestimmung der korrekten Warennummer („Einreihung“) erfolgt über das Warenverzeichnis für die Außenhandelsstatistik und sollte akribisch angegangen werden. Denn daran bemessen sich nicht nur die zollrechtlichen Bestimmungen, wie beispielsweise die Art und Höhe der Einfuhrabgaben, sondern eventuell auch eine Ausfuhrgenehmigungspflicht der Ware.

Für die Zollabfertigung in Korea stehen verschiedene Verfahren zur Auswahl. Zum Beispiel: freier Verkehr, Versandverfahren, vorübergehende Verwendung, Veredelung, Zolllager, Verbringen in ein Zollfreigebiet, Vernichtung, Wiederausfuhr. Jedes Verfahren bringt andere, spezifische Formalitäten mit sich. An Warenbegleitpapiere wie die Handelsrechnung oder Frachtpapiere sollte ebenfalls gedacht werden. Zudem ist die richtige Etikettierung, Kennzeichnung und Verpackung zu berücksichtigen. Daneben gibt es Anforderungen für Holzverpackungen. Maßgeblich ist hier die Einhaltung des Internationalen Holzstandards ISPM Nr. 15. Bei einigen Warengruppen kann es auch zu einem Einfuhrverbot in Korea kommen. Besonderes Augenmerk sollten Exporteure der Zertifizierung sowie Normen und Standards schenken. So bedürfen zum Beispiel Arzneimittel, Medizinprodukte und Kosmetika einer Zulassung beim Ministerium für Nahrungs- und Arzneimittelsicherheit (MFDS).

Aufgrund der zahlreichen Bestimmungen sind für Exporteure daher umfangreiche Kenntnisse im Bereich Zoll- und Außenwirtschaftsrecht unabdingbar, da sowohl die Ausfuhr- als auch die Einfuhrbedingungen je nach Ware oder Zollverfahren variieren. Hilfestellung gibt die Market Access Database, eine kostenlose Datenbank der EU, auf den Seiten der Generaldirektion Handel. Darin finden sich für jedes Land der Welt die entsprechenden Importbestimmungen sowie die erforderlichen Begleitpapiere und Besonderheiten verschiedener Warengruppen. Zusätzlich gibt es die Merkblätter von Germany Trade & Invest kostenfrei im Internet.

Der Ermächtigte Ausführer

Es kann durchaus Sinn machen, sich mit den Abkommensinhalten vertraut zu machen, um beispielsweise durch die Inanspruchnahme von Präferenzen Zölle zu sparen. Unter Präferenzmaßnahmen werden die Zollvorteile für Ursprungswaren im Sinne des jeweiligen Abkommens verstanden. Um diese Präferenzen zu erhalten, sind die dem Abkommen zu Grunde liegenden präferenziellen Ursprungsregeln zu erfüllen. Die Prüfung ist ein komplexer Vorgang. Hilfestellung bietet WuP-Online, eine Plattform, die das Warenursprungs- und Präferenzrecht der Europäischen Union abbildet. Erfüllt das Unternehmen die Ursprungsregeln, kann zollfrei

oder zollermäßigt versendet werden. Wichtig ist nur, dass ein Präferenznachweis mitgeliefert wird. Für Warenwerte bis 6.000 Euro ist das relativ unkompliziert. Eine Ursprungserklärung auf einem Handelsdokument, zum Beispiel der Rechnung, genügt. Dabei sollte allerdings der definierte Wortlaut beachtet werden:

„Der Ausführer (Ermächtigter Ausführer; Bewilligungs-Nr. ... (1)) der Waren, auf die sich dieses Handelspapier bezieht, erklärt, dass diese Waren, soweit nichts anderes angegeben, präferenzbegünstigte ... (2) Ursprungswaren sind.“

Unter (1) wird die Bewilligungsnummer für den "Ermächtigten Ausführer" eingetragen. Sofern Unternehmen den Status Ermächtigter Ausführer nicht besitzen, ist die Klammer wegzulassen. Unter (2) wird der Ursprung der Waren (zum Beispiel „Europäische Union“) eingetragen.

Bei Warenwerten über 6.000 Euro ist der Status des Ermächtigten Ausführers für Unternehmen zwingend. Der ansonsten dafür übliche Präferenznachweis „Warenverkehrsbescheinigung EUR.1/EUR-MED“ ist im Freihandelsabkommen mit Korea nicht vorgesehen.

Voraussetzung, um den Status Ermächtigter Ausführer zu erlangen, ist eine Bewilligung durch das Hauptzollamt. Im Merkblatt des Zolls steht dazu, dass das zuständige Hauptzollamt jenes ist, „in dessen Bezirk die präferenzrechtliche Buchhaltung geführt wird“. Vor der Bewilligung prüft das Hauptzollamt unter anderem, ob eine unternehmensinterne Arbeits- und Organisationsanweisung (AuO) vorliegt, aus der hervorgeht, wie das Unternehmen die Präferenzen innerbetrieblich handhabt.

Wie sieht eine solche AuO aus? Leider gibt es keine verbindlichen Muster. Schlussendlich müssen Unternehmen selbst individuell prüfen und die AuO anhand der eigenen innerbetrieblichen Arbeitsabläufe erstellen. Angaben, wie der für das Präferenzmanagement zuständige Verantwortliche, die Organisation der

Ursprungsprüfung und eine Verpflichtungserklärung dürfen jedoch in keiner AuO fehlen. Die Mindestanforderungen werden durch den Zoll definiert. Grundsätzlich ist ein schriftlicher Antrag mit den entsprechenden Unterlagen (EORI-Nummer, Handelsregister-Auszug, AuO etc.) zu stellen. Der Vollständigkeit halber empfiehlt sich ein Blick in das Merkblatt des Zolls.

Die Bewilligung durch den Zoll kann durchaus einige Zeit in Anspruch nehmen. Daher sollten Firmen bereits die interne Organisation akribisch angehen, um eventuelle Nachforderungen von Dokumenten durch den Zoll zu verhindern und das Verfahren nicht unnötig hinauszuzögern.

Bei Fragen zum Freihandelsabkommen beraten die IHKs deutschlandweit zu einer Vielzahl an handelspolitischen Themen wie Grundsatzfragen, Warenursprungsrecht, Voraussetzungen für die Nutzung von Zollpräferenzen und rechtlichen Fragestellungen der internationalen Handelspolitik sowie Investitionsschutz. www.ihk.de

Weitere Kontaktstellen:

Homepage Generalzolldirektion	www.zoll.de
Homepage Warenursprung und Präferenzen online	wup.zoll.de/wup_online/index.php
Merkblatt Arbeits- und Organisationsanweisung (AuO)	www.zoll.de/DE/Fachthemen/Warenursprung-Praeferenzen/warenursprung-praeferenzen_node.html
Merkblätter Germany Trade & Invest	www.gtai.de/GTAI/Navigation/DE/Trade/Recht-Zoll/Zoll/merkblaetter.html
Generaldirektion Handel	ec.europa.eu/trade
Marktzutrittsdatenbank	madb.europa.eu



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A new deal: The Modernization of the KORUS Agreement

Freya Lemcke and Vanessa Boettger

US-Korean trade relations

The Republic of Korea and the United States of America have been trading partners for several decades. According to the US Trade Representative (USTR), South Korea was the 7th largest export market for US goods, while South Korea was the 6th largest supplier of goods imports to the United States in 2016. The goods and services trade between the two countries totaled around US\$144.6 billion. Investment links are significant, too: In 2015, the total stock of US investment in Korea was \$34.6 billion, whereas the total stock of Korean investment in the US was \$40.1 billion.

The current framework for these deepened trade and investment ties is the Korea-US Free Trade Agreement (KORUS) which entered into force on March 15, 2012 and greatly liberalized trade between the two countries. The effects of the deal have been quite different: While Korean exports of goods to the US grew around 25% between 2011 and 2017, US exports to Korea remained largely static. This led to an increased US trade deficit and the complaint that KORUS cost American jobs, with US President Trump threatening to pull out of the deal in 2017, before both parties decided to renegotiate the agreement.

A revised KORUS

On March 2018, an agreement in principle for a renewed agreement was announced. While the final agreement is not yet publicly available, USTR published several elements of the agreement they deem particularly beneficial for US businesses:

- Trade Facilitating measures for US car exporters:
 - Increase of Korea's quota for US automobile exports to 50,000 instead of the current 25,000 vehicles per US manufacturer per year.
 - The US will be able to extend their 25% tariffs on pickup trucks from South Korea until 2041. They were due to phase out in 2025.
 - US cars may be exported if they comply with US safety standards without any further adaptation.
 - A harmonization of testing requirements which will enable US exporters to show that they are meeting Korean emission standards using the same tests as required to prove compliance with US rules.
 - Recognition of US standards for auto parts for US cars sold in Korea, and less labeling requirements for parts.
 - Closer cooperation on the US Corporate Average Fuel Economy standards.

- Customs measures: establishment of principles for conducting verification of origin of exports under KORUS and a working group to monitor and tackle future issues that arise.
- Pharmaceutical Reimbursements: Amendments to the Korean premium pricing policy for drugs to enable equal and fair treatment for U.S. pharmaceutical exports.

South Korea underlined that the deal did not entail stricter rules of origin for cars nor an opening of the Korean agricultural market. Korean Trade Minister Kim Hyun-chong told reporters that he expected limited economic impact from the increased quota for US cars, as so far US companies were only exporting a maximum of 10.000 cars per year, or from the extension of the tariffs on pickup trucks as no Korean company was currently exporting them to the US.

The two countries also settled on an agreement regarding the 25% steel tariffs the US introduced on March 23rd based on the argument of national security. South Korean steel exports will not be subject to these introduced tariffs, but capped at 70% of South Korea's average steel exports over the last three years, which equals 2.68 million tons per annum. The 70% cap will be applied to each product category. The EU has been offered a quota, too, which it has rejected while Argentina and Brazil accepted proposed quotas.

While these issues have been resolved, other disputes between the US and Korea continue: Korea announced in mid-May that they are requesting consultations at the World Trade Organization in



Geneva regarding the tariffs the US imposed on imported washers and parts in January, which heavily affected Korean companies like Samsung and LG.

US voices on the new KORUS

While US Trade Representative Robert Lighthizer stated that the new KORUS would help rebalance the trade between the countries, reduce the US trade deficit, and expand US export opportunities, Republicans in the US Congress welcomed the deal as a contribution to strengthening the relationship with an important ally. Representatives of the US agricultural sector and the US Chamber of Commerce welcomed the fact that provisions which had worked well for US exporters had been preserved. Think-tanks in Washington have criticized the deal for not generating new market opportunities and not further opening the Korean market to American products.

Way forward

After both sides announced the agreement-in-principle in March, news about the updated KORUS has been scarce. Directly after

the announcement, the partners disagreed about a side deal on currency manipulation, which according to the US was supposed to be finalized by that time as well. A few days later, US President Trump stated the deal could be held up until an agreement with North Korea was found on their nuclear program. Negotiators have been working on the details around the agreement-in-principle, but the timeline for inking the new treaty so far remains unclear. From a business perspective it is crucial that the new deal creates a stable and predictable framework for advancing the bilateral trade relationship.



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The Korean-German Energy Day and Energy Transition in Korea

Jana Narita

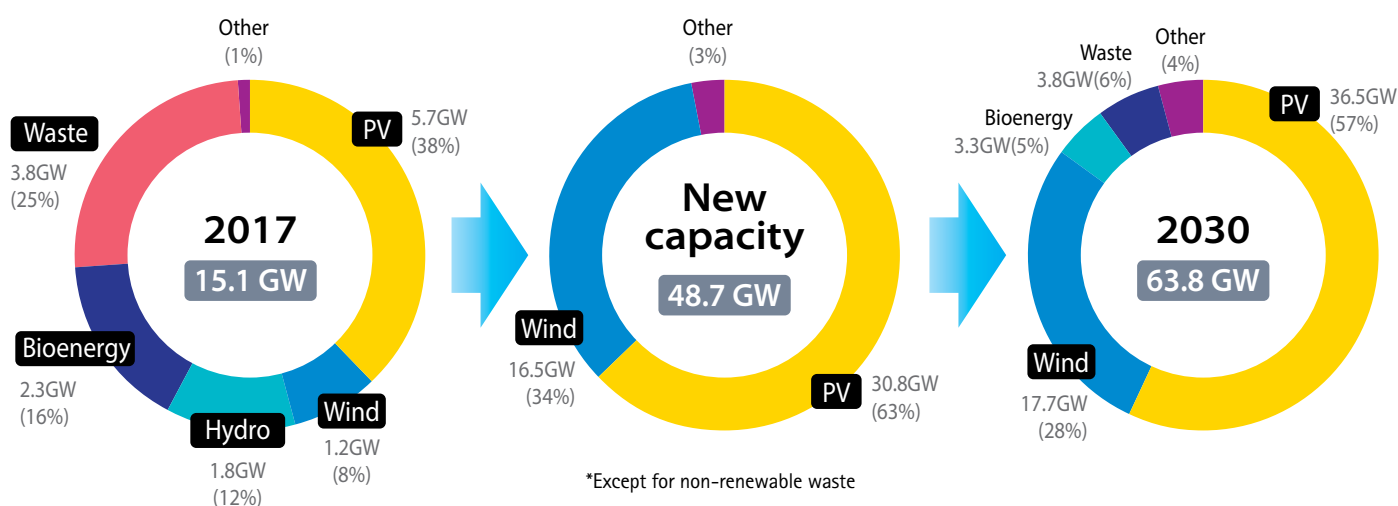
Korea and Germany both aim to significantly increase the usage of renewable energy and to reduce their reliance on nuclear energy and fossil fuels. At the first Korean-German Energy Day, experts from politics, industry and research discussed challenges and solutions for their future low-carbon energy systems in front of around 100 participants. Experiences and political strategies of both countries in the fields of energy efficiency and renewable energy deployment were presented. The Energy Day took place on May 2nd 2018 in Incheon, Songdo Convensia in the course of the International Renewable Expo & Conference (REECON). It was jointly organized by the German Federal Ministry for Economic Affairs and Energy (BMWi) and the Korean Ministry of Trade, Industry and Energy (MOTIE) and carried out by the Korean-German Chamber of Commerce and Industry (KGCCI) and adelphi.

During the Energy Day, technical experts and delegates of the ministries pointed out the importance of establishing stable conditions and long-term targets such that businesses receive secure signals to invest into energy transition technologies. To give investors transparent price signals, pricing on the electricity market and thus the liberalization of the electricity market is a crucial factor. To track the achievement of targets and make the process of energy transition visible, monitoring and transparency of electricity market data is important, for instance by publishing the information on a website such as the German website SMARD. Furthermore, the experts showed that energy transition contains not only renewable energy but also energy efficiency. The demand side will have to be taken much more into account to realize a sustainable and low-carbon energy system. Moreover, next to the electricity sector also

other sectors should be included in the energy transition, i.e. fossil fuels should be replaced with renewable electricity for processes in the fields of heat, mobility and industry. For deepening the bilateral cooperation BMWi and MOTIE intend to conclude a formal energy partnership. While the Korean energy transition is still in its infancy, Germany can provide insights into lessons learned and systemic challenges that policy makers and market players have to tackle in a changing energy system. The Korean government aims to increase renewable energy generation in the electricity mix from around 5% to 20% by 2030. According to the draft "Renewable Energy 3020" implementation plan which was released in December 2017, renewable production capacities are to be increased by 48.7 GW until 2030. Wind and solar energy account for around 97% of the capacity increase. The draft proposes the introduction of a feed-in-tariff scheme for small PV producers and the increase of the mandatory energy supply rate for large power generation companies from the current level of 5% to 28% until 2028.

For achieving its energy transition targets, Korea has to tackle several challenges. As about 70% of South Korea's surface area are covered by mountains, land for the construction of large wind and solar parks is limited. Therefore, offshore wind parks and solar panels on rooftops and building-integrated photovoltaics might play an important role. Korea's situation as peninsula without access to the electricity markets of neighbouring countries makes it more challenging to balance fluctuations in the production of variable renewables and therefore requires different flexibility options (such as storage solutions and demand-side management) in a relatively early stage of energy transition. Additionally,

Korea's "Renewable Energy 3020" plan in regard to the Energy Transition





Tape-cutting ceremony on the first day of REECON, held in Incheon Convensia on May 2-4



Thorsten Herdan, Director General of Federal Ministry for Economic Affairs and Energy, at the Korean-German Energy Day

education and communication measures as well as community participation are crucial to further increase public acceptance of renewables.

In order to achieve renewables and emission reduction targets, increasing energy efficiency is an important factor. However, energy transition concepts of the Korean government do not set a focus on

energy efficiency so far and government-imposed low electricity prices give no incentives for energy-efficient action.



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The North Korean Economy: Status and Prospects

Dean J. Ouellette

Over the last few months, a flurry of diplomacy has put North Korea back in the worldwide spotlight. After unofficial meetings with Chinese president Xi Jinping and high-level summits with South Korean president Moon Jae-in, North Korean leader Kim Jong-un made his biggest step on the international political arena by meeting US president Donald Trump for an official rendezvous in Singapore. The active diplomacy, coupled with the recent announcements from North Korea's ruling Workers' Party seemingly point to Pyongyang's readiness to forego its internationally-condemned nuclear pursuits and instead concentrate all efforts toward developing its shaky, muddled, and heavily-sanctioned economy. With the recent speedy rapprochement between the two Koreas and the Panmunjom Declaration — an outcome of the April 2018 inter-Korean summit — there is much talk about possible opportunities for economic exchanges and investment in infrastructure projects in North Korea if the regime makes the strategic decision to denuclearize. If so, what prospects lie in wait for investors?

Before contemplating any type of investing, one needs to be cautious, and have a clearer picture of the North Korean economy.

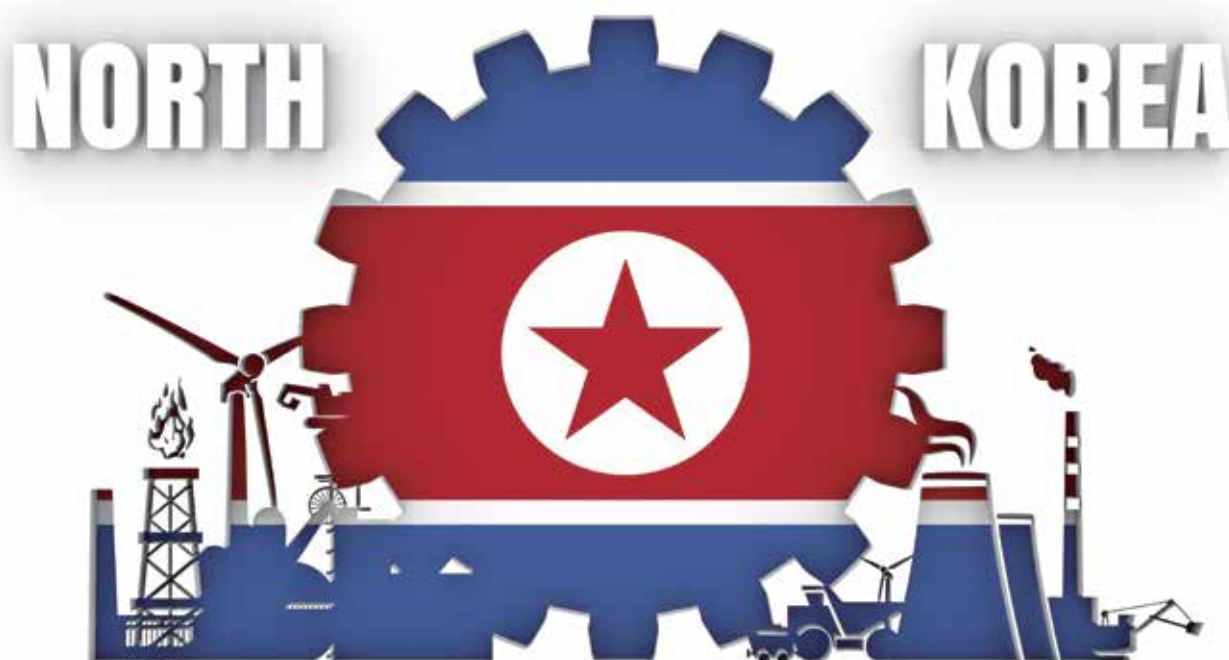
What the State Claims

In general, the Kim Jong-un regime — like his predecessors — still officially clings to principles of autarky and a planned economic system based on socialist ownership of the means of production and collectivism. The economic structure is centered around

the Cabinet, which essentially adopts economic policies based on the collective decisions of the monopolistic ruling Workers' Party of Korea (WPK). Under Kim Jong-un, the party espouses a strategic line for the building of a 'socialist economic giant', defined as "a powerful country with a self-supporting economy, a knowledge-based economy, which produces and supplies by itself the materials means needed for defence building, economic construction and people's livelihood improvement." To achieve this goal the state adopted a 'Five-Year Strategy for National Economic Development' for 2016–2020 — a plan built on the pillars of a ten-year state strategy plan for economic development that was introduced back in 2011. On the strategic front, while North Korea endorsed parallel development of its economy and 'nuclear forces' (i.e., nuclear weapons) back in 2013, in mid-April 2018 the leadership surprisingly announced another new strategic line that acknowledges the completion of the 'state nuclear force' and thereby allows for nationwide efforts now to be concentrated on 'socialist economic construction'.

What's the Reality

Despite the rhetoric, today the North Korean economy is not a command system but rather a hybrid system of unregulated, money-driven private markets alongside state planning and rations. The bureaucratic mechanisms for control over the economy have weakened considerably. An informal economy has emerged via a bottom-up marketization phenomenon since roughly around the mid-1990s (following the end of the Socialist bloc and subsequent



collapse of North Korea's public distribution system). The current Kim regime is making efforts to co-opt this informal sector.

With the social contract broken and marketization entrenched, people's mindsets are changing. A consumer class has emerged, as have North Korean entrepreneurs who are finding ways to do business and meet consumer demands, including the establishment of logistics networks to supply products. This means greater interaction between the entrepreneurs, companies, and even Chinese businesses (that are supplying anywhere between 80-90% of the products that circulate in the tacitly accepted markets).

Kim Jong-un has taken some pragmatic measures to deal with the country's economic problems. Since 2011, government economic plans called for investment in programs for developing largely untapped natural resources (such as iron, gold, graphite, magnesite, zinc, rare earths, etc.), rebuilding dilapidated infrastructure (i.e., transportation, communications, and energy), renovating industrial complexes, building agro-fishery and livestock industries, etc. Looking toward attracting foreign investment, beginning in 2013 North Korea prioritized the establishment of new Special Economic Zones comprising central-level SEZs and local-level economic development parks. So far, a total of 26 SEZs have been established that focus on agriculture, export processing, mining and light industry, high-tech, and tourism and leisure. However, most zones have seen little progress or foreign investment due to political challenges, lack of clear economic goals, and political risk.

In terms of enterprise management, experts have observed changes in policy that show some positive shift toward a focus on improving productivity and efficiency in existing facilities through innovation — hence Kim's call for relying more greatly on 'science and technology' and rapid development in science education. Under Kim, North Korea has been actively experimenting. The country's 'our own style economic management methods' of 2012 and amendments to the Enterprise Act in 2014 show policy initiatives being made to increase operational autonomy at the unit level both in the factory and on the farm. Today, enterprise directors — not the party committees — are fully in charge of daily operations of the enterprises — at least on paper — and can make decisions on foreign trade and investment that include usage of "unused cash of residents" to finance enterprise operations — a de facto recognition of private capital markets. While still insufficient to move the economy to the next stage, the changes could be viewed as cautious early steps toward economic reform.

Some Numbers

Accuracy is impossible when we speak of facts and figures about the North Korean economy. North Korea itself does not publish economic data. Many observers rely on statistics produced by the Bank of (South) Korea. And according to the data available, despite economic collapse in the mid-1990s and ensuing economic

stagnation, in the 2000s the North Korean economy did see periods of growth. As recent as 2016, North Korea's GDP growth rate rose 3.9 percent from the previous year — its biggest jump in the nearly two decades. That year exports also grew, driven by mining and energy sectors. However, North Korea's balance of trade in 2017 was minus USD 1.688 billion (imports USD 3.532 billion vs exports at USD 1.844 billion) and its GDP sat at \$16.12 billion.

In terms of trade, China accounts for over 90 percent of North Korean trade. Thus, any Chinese enforcement of international sanctions against North Korea does have significant impact on the North Korean economy — especially the heavy industries and manufacturing sectors if Beijing decides to cut fuel deliveries and stop buying North Korean coal. If China's General Administration of Customs data is correct, North Korea is running a trade deficit with China of about \$1.7 billion (spending \$3.3 billion on imports from and \$1.6 billion on exports to China). This would suggest that China is beginning to enforce UN sanctions against North Korea more extensively, as the UN restrictions on the purchasing of various metals and minerals that North Korea sells — i.e., coal, iron, gold, silver, titanium, vanadium, nickel, copper, zinc, and rare earth minerals — may also account for a drop in trade with China. However, with the recent warming of China-North Korea relations, some signs — such as the return of North Korean workers to China and resumption of Air China flights to Pyongyang — point to an unofficial easing of economic sanctions pressure. Nevertheless, North Korea seems to be moving diplomacy forward, partially as an attempt to gain sanctions relief, and over the longer-term expand trade relations with other countries in order to diversify its trade.

Prospects

Many experts would agree that if Pyongyang were to succeed in enacting market-oriented reforms and opening, and if North Korea were to receive financial assistance for electricity generation, infrastructural development, modern technology, professional training, and so forth, the potential for economic growth would be enormous. But it is still unclear if North Korea has committed to a path of reforms (both economic and political) and opening. This is essential for expanding foreign trade and foreign investment that is required for the economy to truly develop.

Much more still needs to change internally. One litmus test to judge such seriousness about opening — at least to its neighbor, China — is whether or not North Korea decides to complete the construction of the road to the new Chinese-build bridge over the Yalu River. Funded by Beijing to the tune of \$327 million and completed in 2014, the bridge remains inactive, as North Korea has yet to finish construction of the road that would connect it to Sinuiju city, its surrounding towns, and the highway to Pyongyang. That connection, if made, would send a strong initial signal to the outside world that North Korea truly is opening for business.

But this would only be a start. Other crucial steps need to be taken: permission for private property, along with transfer of ownership of property from the state to private sector; further moves to reinject trust in the banks and get control over the monetary system – continued use of the Chinese yuan and US dollar alongside the domestic currency will cause problems in the long run; unify the wage system for workers that is in line with market wages, with workers paid in 'real' currency, not ration coupons; farms run by professional farmers, with private farming and ownership of farm assets allowed. For foreign investors, North Korea still needs to convincingly guarantee investors' property rights and profits – not only on paper, but in practice! A repeat of the Egyptian company Orascom's difficulties trying to remit profits would only exacerbate the trust deficit that exists.

On the inter-Korean front, the recent rapprochement between Pyongyang and Seoul, and the Panmunjom Declaration signed by South Korean president Moon Jae-in and North Korean leader Kim Jong-un, suggest possible opportunities for economic exchanges and funding of infrastructure projects in North Korea if strategic decisions and actions are made by North Korea to denuclearize. In policy, public statements, and actions, the Moon administration has made it crystal clear: co-prosperity with North Korea can only go

forward if the nuclear issue is resolved peacefully. For that, North Korea must put its nuclear arsenal and capabilities on the table in its negotiations with the United States. The results of the recent US-North Korea summit, while encouraging, do not make that clear.

Sanctions will not be lifted unless North Korea commits to denuclearization. The Blue House has announced that research will be conducted to examine the kinds of inter-Korean economic cooperation that the two Koreas can engage in ahead of the lifting of sanctions, and Moon Jae-in personally handed to Kim Jong-un his administration's "new economic vision" that include power plant and railroad construction, among other infrastructure projects that could be realized if sanctions are eventually lifted. The latter, however, will take time. North Korea will need to make a strategic decision first. If it does, one could image the potential for external investors to participate in such economic development projects.

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2018 DAEGUCHIMACFESTIVAL

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Q&A - invest33@korea.kr

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South Korea Considers Development of Infrastructure in North Korea

Scenarios of possible cooperation

Alexander Hirschle

The meeting between South Korean President Moon Jae-in and North Korean leader Kim Jong-un at the end of April has led to seemingly evermore budding hopes for economic rapprochement. Yet there still are high political hurdles, such as denuclearization and a relaxation of sanctions, that need to be overcome before the first concrete steps can be taken. Particularly the reopening of the Kaesong Industrial Zone and the expansion of the infrastructure are considered key points for future cooperation.

At the same time, the centrepiece of any future economic cooperation, the development of North Korea's infrastructure, probably represents the greatest challenge. A peaceful solution to the conflict would mark a formidable improvement of South Korea's geopolitical position which is currently a de facto island. A connection to the Asian and further also to the European continent via Russian and Chinese transport routes would then again fall within the realms of possibility. This would concern rail connections, roads, and also the energy supply in the form of gas pipelines.

Development of road network to require billions

South Korea has so far had to resort to importing all energy resources by ship. But to access the new possibilities, vast sums of money will have to be invested. Highways in the North are estimated to cover a mere 774 kilometres. To expand the transport connections in the North to at least a third of the size of the network in the South, insurance companies have calculated that approximately US\$ 30 billion in investments would be needed.

Total costs of an initial phase of infrastructure measures would amount to US\$ 64 billion. Other estimates state an amount of almost US\$ 90 billion. According to high-ranking government officials in the local press, major international financing organizations have already made contact and voiced their willingness to support North Korea's economic development.

Prerequisites for this would be an opening up and willingness to reform on behalf of the North as well as the abolition of sanctions in the context of denuclearization. The construction sector would benefit from an expansion of bilateral economic relations as well as the steel industry. According to calculations by insurance companies in the local media, North Korean demand for steel of 1.5 million tons in 2016 would, in the event of an economic upturn, increase to 43 million tons by 2040.

A further starting point for increased bilateral cooperation could be the expansion of tourism. There already have been first forays in the touristically attractive region of Mount Keumgang. Country experts report that the North Korean services sector has enjoyed higher growth rates in recent years than other areas, and that the government has a strong focus on developing tourism. Special economic zones (Economic Development Zones) are to play an important role.

Speculations about reopening of Kaesong

One of the first measures considered important for economic rapprochement is the reopening of the industrial complex in Kaesong. Until its closure in February 2016, some 125 companies were active there, mainly in the textile and clothing industry. The mostly South Korean manufacturers benefited from the low wages estimated to have been at around US\$ 140 per month. The industrial zone is strategically located only about 60 kilometres from Seoul.

Experts believe that a restoration of the complex to its original state of 2016 could be possible within two to six months. However, there is also a healthy scepticism among the companies once present in Kaesong. Only about a fifth would return directly in the case of any opening. The rest is expecting the South Korean government to create the necessary legal prerequisites that would ensure the protection of their business activities.

Resuming activities in Kaesong would also be important to relaunch bilateral trade. This had been on the rise since 2004; and in 2015, the year before the closure of Kaesong, achieved a new record. In 2017, the exchange of goods then collapsed completely.

The reaction from the South Korean companies to the possible new opportunities was mixed in the days after the summit. On the

South and North Korean trade

million, US\$			
Year	Exports	Imports	Total
2013	521	615	1.136
2014	1.136	1.206	2.343
2015	1.262	1.452	2.714
2016	147	186	333
2017	1	0	1

Quelle: Ministry of Unification

one hand, there were almost euphoric statements that saw a new chapter in inter-Korean relations and tremendous business potential already spread out in front of them. On the other hand, there also were restrained opinions pointing at the previously failed attempts at cooperation as well as the stony political path to a possible realization of new projects.

South Korean companies making preparations

The Hyundai Group has reportedly set up a new task force on inter-Korean relations in early May 2018 to prepare for a possible resumption of business relations with North Korea. The Chaebol is said to also be looking for partners in form of international funds and organizations to fund potential projects in North Korea. Hyundai has always been considered to have a special affinity with North Korea as its founder, Chung Ju-Yung, was born in the North. The company was responsible for a tourism program until 2008, during which almost 2 million South Koreans visited the North.

According to its chairman, Hug Chang-soo, in the local media, the GS Group, with its focus on construction, energy and logistics, also intends to examine its own role in this process and to prepare for opportunities arising in the run-up to possible cooperation. Observers interpret the statements as showing that GS is eager to aggressively engage in potential bilateral projects.

The telecommunications giant KT has also set up a task force for bilateral projects in May to build information and communication technology infrastructure. The local media also report the interest of the South Korean food industry giants, who would be able to target a new 25 million people strong market on their doorstep. In addition, access to the major markets of China and Russia would become easier and cheaper in case of an opening up of borders.

The financial sector is cautiously reaching out and focusing its attention on any easing of sanctions. Woori Bank has already established a branch in Kaesong Industrial Park. According to press reports, Woori Bank would be prepared to return there as soon as the government approves. Other institutes also appear to be interested in major infrastructure projects and the opening of branches, for example in Kaesong.

Economic operators interested in doing business with North Korea are strongly advised to check existing regulations with the Federal Office of Economics and Export Control, and to strictly adhere to the existing EU and UN sanctions.



Alexander Hirschle

Representative Correspondent
Germany Trade and Invest
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Expansion of Ausbildung – Becoming Sustainable

Susanne Woehrle

Enlarging the scope

Ausbildung is widening its scope, from 'Auto-Mechatroniker' for passenger cars to busses and trucks. Therefore, we are very happy to welcome two more partner companies into the program: MAN Truck & Bus Korea Ltd. and Daimler Trucks Korea Ltd. With two more companies on board, the 2nd generation of Ausbildung can start in 2018.

The commercial vehicle business in Korea is very different to the light vehicle business: Service centers are located to a larger extend in rural areas and the work for mechanics is tougher just from the size of the vehicle. Nevertheless, there is also much high tech involved in actual trucks which needs highly skilled mechanics. It is hard to find suitable employees in the labor market of Korea. This is one of the reasons why MAN Truck & Bus Korea Ltd. and Daimler Trucks Korea Ltd. decided to join Ausbildung. Both companies will have the opportunity to train their workforce in a way that meets their needs.

In order to finalize this commitment MAN Truck & Bus Korea Ltd. and the Korean-German Chamber of Commerce and Industry (KGCCI) had a formal signing ceremony on 7th of June at the MAN exhibition booth at the Busan International Motor Show (BIMOS). In his opening speech Dr. Hyo-Joon Kim, Korean Chairman of KGCCI, welcomed the new member into a program that does not only benefit the companies but also positively contributes to the Korean society. Max Burger, CEO of MAN Truck & Bus Korea Ltd., and Barbara Zollmann, President & CEO of KGCCI, signed the contract of this new partnership.

Welcome and farewell

In addition, KGCCI Ausbildung team together with the participating companies successfully conducted the application process for the 2nd generation of trainees. Applications from high school students nationwide were received. Altogether the four companies, BMW Group Korea, Mercedes Benz Korea Ltd, Daimler Trucks Korea and MAN Truck & Bus Korea Ltd., offer 131 trainee positions in Ausbildung. The demand from high school students to join Ausbildung program is very high. The next step in the recruitment process is the screening of the applications by the dealers and the interviews of eligible candidates at each dealership to reach a final decision which applicant to hire.

As the drop-out rate of the trainees in the 1st generation is so far very low, the application process seems to be very efficient. One core issue in this process is that high school students directly apply for a specific brand. Therefore, they have to make a conscious

decision about their future employer at a very early stage. At the same time, it is a very important measure to increase the loyalty for the respective brand and service center. Another measure to choose the right people for our program is the Personality Test which was developed for the Ausbildung program.

Time flies and the first generation of trainees will finish their first year of Ausbildung end of June. At the moment they are preparing for the final exams of the first semester at the colleges of Doowon Technical University and Yeosu Institute of Technology. After completing this task, they will head off to the mandatory Military Service beginning in July. The next 21 months they will spend in a maintenance unit at military so they can still use and apply the knowledge they gathered in their first year of Ausbildung. After this mandatory time serving their country they will return to their respective service centers and continue Ausbildung. We wish the trainees all the best for the time in the military!

Gaining sustainability

While the 1st generation of trainees is in military service, the 2nd generation of trainees will enter the workshops of the respective brand on September 1st. For this purpose, additional trainers have been qualified early this year. 31 trainers successfully passed the Train-the-Trainer course which comprises of 100 hours training plus a written and practical exam. They received their certificates in a festive handover ceremony on the 8th of June. Weert Boerner, Deputy Chief of Mission at the German Embassy, and Barbara Zollmann, President & CEO of KGCCI, handed over the certificates to each participant. In addition, five master trainers also received their certificates which enable them to conduct Train-the-Trainer workshops. Congratulations to all trainers for their excellent achievements!



(From left to right) Susanne Woehrle, Ausbildung Project Manager KGCCI, János Hirrle, Head of After Sales & Service MAN Truck & Bus Korea, Barbara Zollmann, President & CEO KGCCI, Max Burger, President MAN Truck & Bus Korea, Dr. Hyo-Joon Kim, Chairman KGCCI



Certificate handover ceremony with 31 new car maintenance trainers and 5 master trainers from BMW Group Korea and Mercedes-Benz Korea

The team of Ausbildung is working on further enlarging the program to other professions and other companies. This will be one of the main tasks for the second half of the year. The Korean government is also very interested in this program, and meetings with various ministries are on their way. In this respect we will continue to report about our progress concerning Ausbildung in the next KORUM edition in August. Please stay tuned.



Susanne Woehrle

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AHK World Conference 2018

Antje Resech

In May, the representatives of the German Chambers of Commerce Abroad (AHKs) met in Berlin for the AHK World Conference 2018, to discuss challenges that German companies in the international business are currently facing.

Who are we tomorrow?

"Who will we be tomorrow, what will happen to us and – most importantly – how will we get from *today* to *tomorrow*?" asked Dr. Martin Wansleben, Chief Executive of the DIHK Association of German Chambers of Commerce and Industry (DIHK) in an interview at the AHK World Conference. AHK representatives from 140 locations in 92 countries met in Berlin's 'House of German Business' to discuss topics such as the digitization of foreign trade, trade policy challenges and the AHK brand core values. At the kick-off of the conference, Benjamin Leipold, Managing Director of German Chambers Abroad at the DIHK, showed just how important strategic organizational development is in the age of digitization and presented the results of the core brand process. With a new communication strategy around the buzzword "PartnerWorldwide", the AHKs will continue to stand by their promise of being a reliable partner for companies in international business.

Mood of German companies abroad is good

"The mood is better than foreign trade conditions show," said Dr. Volker Treier, Chief of Foreign Affairs at the DIHK, amid turbulent world events. Despite US retaliatory tariffs, Iran sanctions, Brexit and other factors, morale about the economic situation amongst German companies abroad is still good, even though the dynamics have significantly diminished. "This year, the world economy and

also the German business will run better than last year," says the DIHK chief economist. A survey conducted in the run-up to the AHK World Conference of more than 5,000 German companies operating abroad also shows a positive trend.

Encountering the world of tomorrow

The AHK World Conference looked into current affairs as well as topics of the future. In times of change, in which increasing trade barriers make international business more difficult, the question imposed on the attendees was how the German economy can remain successful in the future. Which future technologies have a disruptive character and why? In the panel discussion "Cryptocurrencies, new driving pleasure and virtual worlds" the



Dr. Martin Wansleben, Dr. Ilja Notnagel – Head of International Trade Policy, Dr. Volker Treier, Julia Arnold – Division Manager International Markets (from left to right)

(Photo: Paul Aidan Perry)

participants have encountered the technology of tomorrow. Speakers from the start-up scene set important impulses and showed in an inspiring way how trends can be realized.

A program highlight at each AHK World Conference is the award ceremony for the Foreign School Competition. DIHK President Dr. Eric Schweitzer and Walter J. Lindner, State Secretary in the Foreign Office, guided through the evening, which was also attended by the 150 representatives of Chamber Boards worldwide.

KGCCI at the AHK World Conference

This year, KGCCI again was well represented at the AHK World Conference. Barbara Zollmann, President & CEO of the KGCCI, and Antje Resech, Vice President, both joined the event and participated in partially parallel programs focussing on trade relations or core businesses of the chamber respectively. At the AHK Innovation Competition, KGCCI promoted the Ausbildung program, which with 4 partner companies and 90 trainees, who have already begun their 3-year training at commercial enterprises, and another 150 trainees in the second generation, already is highly successful. Other topics submitted to the competition were KGCCI's Innovation Awards, which focuses on innovative products, technologies and processes of German and Korean companies, has also been presented to the

AHK network, alongside KGCCI's projects of securing strategic access of German companies to value chains of Korean chaebols.



The heads of German chambers worldwide (AHK) together with DIHK representatives
(Photo: Paul Aidan Perry)



Antje Resech

Vice President
KGCCI DEInternational Ltd.
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News and People



■ **Dr. Holger Gleich** has been appointed as **Chief Financial Officer** for **BMW Financial Services Korea** as of April 1, 2018. He joined the BMW Group in 2002 and held several positions in Europe and Asia in the areas of strategy, finance, and risk management.

In his last assignment he served as CFO and CRO for BMW Financial Services in Portugal. Dr. Gleich studied economics in Germany and Belgium and holds a doctorate degree from the University of Bonn, Germany.

Please send news for this column to pr@kgcci.com

■ **Mr. Park, Sung-Jin** joined the **KGCCI (AHK Korea)** as **Director of Governmental and External Affairs** as of June 2018. In his previous positions he worked for BMW Korea, Volvo Trucks and FCA Korea (former DaimlerChrysler). Mr. Park worked as Service operation manager (technical support, technical training and warranty) and Product quality engineer for car manufacturers before he gained experiences in the field of Automotive homologation, regulatory and government affairs. Mr. Park holds an MBA degree and a BS of Mechanical Engineering from Yonsei University.



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Upcoming

KGCCI Events

 July 03

VDW Symposium and B2B Matchmaking in Busan

"Innovations in Manufacturing Technology - Machine Tools from Germany"
Technology symposium held in cooperation with the German Machine Tool Builders Association (VDW)

Busan

 July 05

Seminar with VECTIS: Making Effective Business Presentations

Target: Koreans with intermediate to advanced English skills, who wish to gain more advanced presentation skills

KGCCI 7th Floor, Conference Room

 July 10

Member to Member Seminar with Korn Ferry Hay Group:

Topic: "HR strategy responds to 4th revolution of industry & government directions"

Korn Ferry Hay Group Office, 11th Floor

 July 20

Seminar with Dale Carnegie: Persuasive Communication Seminar

Target: Koreans who need to communicate persuasively in their work

KGCCI 7th Floor, Conference Room

 August 28

KGCCI Half-Year Economic Outlook 2018

Exclusive insight into the economic development globally and in Korea

Conrad Hotel

 September 14

4th KGCCI Innovation Awards

Be present when the winners of this year's Innovation Awards receive their prizes.

Floating Islands (Sebitseom)

Registration: www.kgcci.com/events | Contact: Ms. Sun-Hi Kim | events@kgcci.com

Contacts

Fourth Industrial Revolution Workshop



On Monday April 23, KGCCI conducted a workshop on Industry 4.0 at Hannover Messe. This information session connected Korean business representatives with speakers of German companies and institutions in order to create a platform for information exchange.

Information and networking event on German food and beverage industry



KGCCI organized an information event of excellent German food and beverage enterprises in course of the Seoul Food 2018 at KINTEX on May 1. This event was a great occasion for German and Korean companies to get informed about latest F&B trends and discuss cooperation opportunities.

Wirtschaftstag Korea



On May 8, the 9th 'Wirtschaftstag Korea' was held in Frankfurt. In cooperation with the IHK Frankfurt and other partners, KGCCI provided information about recent developments in Korea as well as business opportunities for German companies. This event focused on various topics such as startups, renewable energies, strategic association activities for market entry and practical experiences of cooperations with Korean companies.

Law Update with Kim & Chang



On May 31, KGCCI organized a Law Update Seminar in cooperation with Kim & Chang. The focus of the seminar was recent trends and legal updates with regard to tax audits, tax compliance and BEPS implementation in Korea.

North Korea Seminar: End of political ice age and opportunities for business on the horizon?



On May 24, North Korea experts shared fresh insights and an overview on the sanctions against North Korea at the joint breakfast event held by KGCCI, Friedrich Naumann Foundation for Freedom (FNF) and the Institute of Far Eastern Studies (IFES). The participants jointly discussed about the economy and political situation in North Korea.

Business roundtable with KCCI leadership



Industry 4.0 was a key topic during the discussion between Dr. Volker Treier, Deputy CEO of the Association of German Chambers of Commerce and Industry (Deutscher Industrie- und Handelskammertag, DIHK), Yongmaan Park, Chairman of the Korean Chamber of Commerce and Industry (KCCI), and a high-ranking delegation of chairmen of the Korean chamber network on June 6 in Berlin. A Memorandum of Understanding between DIHK, KGCCI and KCCI was signed to strengthen the economic partnership of the two countries. (Photo credit: DIHK/kh)

German School Seoul International participating in the Foreign Schools Competition



KGCCI thanked the German School Seoul International (DSSI) for participating in the 6th Foreign Schools Competition of the German Chamber of Commerce and Industry (IHK) organization.

The IHK organization in its bid to promote and acknowledge the importance of the German schools abroad, holds an annual competition of which this year's competition motto was: "Schüler bauen weltweit Brücken" (Students building bridges around the world).

KGCCI Joint Campus Recruiting of German Companies



The 2018 Joint Campus Recruiting of German Companies took place this May at three universities in Seoul: Konkuk University, Han-yang University and Chung-Ang University. Leading German companies of various industries presented their businesses to numerous students who participated in this event. During the 1:1 meeting sessions, HR representatives individually informed the students about career opportunities at German companies.

KGCCI Asparagus Dinner



KGCCI hosted its traditional annual Asparagus Dinner on May 25. More than 100 guests enjoyed the sunny weather and delicious asparagus with potatoes that was served at the Four Seasons Hotel Seoul. A live performance of the Brazilian trio band contributed to the joyful atmosphere of the evening. Special thanks to Lufthansa Cargo, DHL Global Forwarding Korea and the German Embassy for facilitating the transport of the German white asparagus and potatoes.

KGCCI Spring Skat Tournament 2018



On April 21, the KGCCI Spring Skat Tournament was hosted at the Millennium Hilton Hotel. Mr. Tobias Frey won the tournament which has a long-standing tradition, as it already started in 1973 in Korea.

KGCCI Membership Directory 2018/2019



The new KGCCI Membership Directory was published in May 2018. On 486 pages the updated directory provides a full overview and detailed company information of all KGCCI members.

If you have any questions regarding the KGCCI Membership Directory, please contact:
members@kgcci.com

K-Beauty und was sie so besonders macht

Beatrice Jung

Koreanische Kosmetik wird immer beliebter und findet durch die derzeitige internationale Aufmerksamkeit in den sozialen Medien ihren Weg in immer mehr Geschäfte außerhalb Koreas. So ist Südkorea 2017 nach den USA, China, der Schweiz und Kanada, der fünftgrößte Kosmetikexporteur Europas geworden und führte Kosmetikprodukte im Wert von insgesamt 135,79 Mio. EUR (159,15 Mio. USD) aus. Seit 2016 haben die Exporte damit eine Steigerung um 46,8% verzeichnet. Diese Werte zeigen deutlich, dass koreanische Kosmetikprodukte, oder auch kurz K-Beauty genannt, immer weiter an Beliebtheit gewinnen. Kosmetik-Trends, die ihre Wurzeln in Südkorea haben, werden nicht selten zu weltweiten Trends in der Schönheitsbranche. Aber was genau macht die koreanischen Produkte eigentlich so besonders?

Denkt man an koreanische Frauen, dann werden westliche Menschen diese höchstwahrscheinlich mit einem gepflegten und jugendlich anmutenden Aussehen verbinden. Auch an makellose, weiße Haut wird wohl der ein oder andere denken. Jedoch spiegeln diese Schönheitsideale keine Trends der modernen Neuzeit wieder, sondern blicken auf jahrtausendalte Traditionen zurück. So wurde weiße bzw. helle Haut mit Reichtum, Wohlstand und letztlich Bildung in Verbindung gebracht, wohingegen sonnengebräunte Haut eher mit körperlicher, niederer Arbeit assoziiert wurde. Zudem haben die Menschen in den frühen Epochen vermutet, dass ein gepflegtes Äußeres gleichzeitig das eigene innere Wohlbefinden

agitierte. Diese historischen Grundzüge haben ihre Wurzeln bis in die Gegenwart gezogen, sodass Koreaner auch heute noch viel Wert auf ihr äußeres Erscheinungsbild legen.

Aber nicht nur immaterielle Gepflogenheiten haben bis ins 20. Jahrhundert überdauert. Viele der in den damaligen Epochen verwendeten natürlichen Inhaltsstoffe finden in der modernen Gegenwart immer noch Anwendung bei der Herstellung der Schönheitsprodukte. Diese Traditionen wurden weiterentwickelt und deren Grundzüge schließlich in neue und innovative Produkte überführt. So verwenden koreanische Kosmetikhersteller heute oftmals solche Inhaltsstoffe, die in Europa noch gänzlich unbekannt sind, sich in Asien jedoch seit Jahrtausenden in der Hautpflege bewährt haben. Allesamt sind die Produkte aus Südkorea für ihre natürlichen Inhaltsstoffe bekannt, die effektiv und zudem hautverträglich sind. Zu den wohl beliebtesten Inhaltsstoffen zählen Centella Asiatica (Tigergras), Grüner Tee, Aloe Vera, Lotusblume, Calendula, Kohle, Honig, Ginseng und Bambus. Aber auch skurril anmutende Inhaltsstoffe, die bei den europäischen Konsumenten wohl eher zu Verwunderung führen, werden als überaus wirksame Stoffe in den Produkten beworben. So werden nicht selten Schnecken Schleim und Bienengift, um zwei zu nennen, als effektive Wundermittel gegen Hautprobleme aller Art angepriesen.

Neben den besonders wirkungsvollen und traditionellen Inhaltsstoffen stellt die ausführliche Pflege am Morgen und Abend einen weiteren Unterschied zur westlichen Pflege dar. So wird dieses nicht nur als Mittel zum Zweck, sondern als persönliches und ausgiebiges Pflegeritual der Koreaner angesehen. Bei der „10 Step Skincare Routine“ erfolgen zehn aufeinander aufbauende Pflegeschritte mit den jeweils passenden Produkten. Dieses Pflegeritual soll die Haut bereits vorbeugend mit allen notwendigen Nährstoffen versorgen.

Letztlich ist das koreanische Volk besonders konsumfreudig und erwartet stets neue und besondere Schönheitsprodukte. Neben den niedlich und auffällig bunt gestalteten Verpackungen, durch die sich die einzelnen Produkte aus der Masse der Waren, die man am koreanischen Markt vorfindet, abheben sollen, setzen die koreanischen Kosmetikhersteller stets auf neue Wirkstoffe und Texturen und überzeugen letztendlich mit neuen Technologien, um den Bedürfnissen der Konsumenten entgegenzukommen. So wird die koreanische Schönheitsbranche wohl auch zukünftig Trends setzen, die weltweit Anklang finden werden.



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