

# KORUM

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Deutsch-Koreanische  
Industrie- und Handelskammer  
한독상공회의소

# Anniversary



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# 35 Jahre AHK Korea

Liebe Leserinnen und Leser,

vor 35 Jahren, am 12. Juni 1981, wurde die Deutsch-Koreanische Industrie- und Handelskammer (KGCCI) als 42. Auslandshandelskammer gegründet. Bei der Gründung waren unter anderem Dr. Otto Graf Lambsdorff, damaliger Wirtschaftsminister der Bundesrepublik Deutschland, Herr Shin Byoung-Hyun, damaliger Wirtschaftsminister der Republik Korea und Florian Schuffner, erster Geschäftsführer der KGCCI, anwesend.

Sie wurden vom damaligen Deutschen Industrie- und Handelstag (heute DIHK) unterstützt und gründeten die Kammer auf der Idee der Gleichheit, indem sie festlegten, dass der Vorstand zu jeweils gleichen Anzahl aus deutschen und koreanischen Staatsangehörigen bestehen sollte und mit der Festlegung, dass der Vorstandsvorsitzende koreanisch sowie der Präsident deutsch sein sollte.

Mit der Aufgabe betraut, die wirtschaftlichen und kaufmännischen Beziehungen zwischen der Bundesrepublik Deutschland und der Republik Korea zu fördern sowie die Interessen der Wirtschaft in beiden Ländern zu repräsentieren, haben sowohl die Mitglieder als auch die Angestellten der Kammer, spannende 35 Jahre verbracht. Die Früchte dieses deutsch-koreanischen Austausches lassen sich an beeindruckenden Zahlen messen, unmittelbar z.B. an der Mitgliederzahl, heute 500, und mittelbar an dem Wachstum deutscher Investitionen in Korea, heute mehr als 535 Millionen USD, das 150-fache gegenüber unserem Gründungsjahr 1981.

In dieser Ausgabe des KORUMs wollen wir nicht nur einen Blick in die Vergangenheit werfen, sondern uns auch damit beschäftigen, wie die Zukunft aussehen mag. Wir möchten uns noch einmal bei allen Freunden, Partnern und Unterstützern für die Zusammenarbeit bedanken und freuen uns auf die Zukunft!



**Barbara Zollmann**  
Geschäftsführerin  
Deutsch-Koreanische  
Industrie- und Handelskammer

[bzollmann@kgcci.com](mailto:bzollmann@kgcci.com)

Dear Readers,

35 years ago on June 12 in 1981, the Korean-German Chamber of Commerce and Industry was founded as the 42nd German Chamber of Commerce Abroad in the presence of Dr. Otto Graf Lambsdorff, Minister of Economic Affairs of the Federal Republic of Germany, Mr. Shin Byoung Hyun, Minister of Economic Planning of the Republic of Korea and Florian Schuffner, first Secretary General of KGCCI.

They were supported by the German Chamber Association, the DIHT (now DIHK), but formed the Chamber according to the principles of equality by formulating that there is an equal number of German and Korean nationals in the Board of Directors and by assuring that the Chairman should be Korean and the President German.

With the task to promote the commercial and economic relations between the Federal Republic of Germany and the Republic of Korea - and to represent the interests of business and industry in both countries, the past 35 years have been exciting and busy for the staff and members of KGCCI. The fruits of this mutual exchange can be seen by significant statistics such as the number of member companies that has steadily increased to about 500 and the size of investment by German companies in Korea which has jumped more than 150 fold to more than 535 Million USD as in 2015.

In this issue of the KORUM we want to take not only a look back into what has happened during the past 35 years but also show you how the next 35 years may look like. Once again, we want to take this opportunity to thank all of our members, friends and partners for making this possible.



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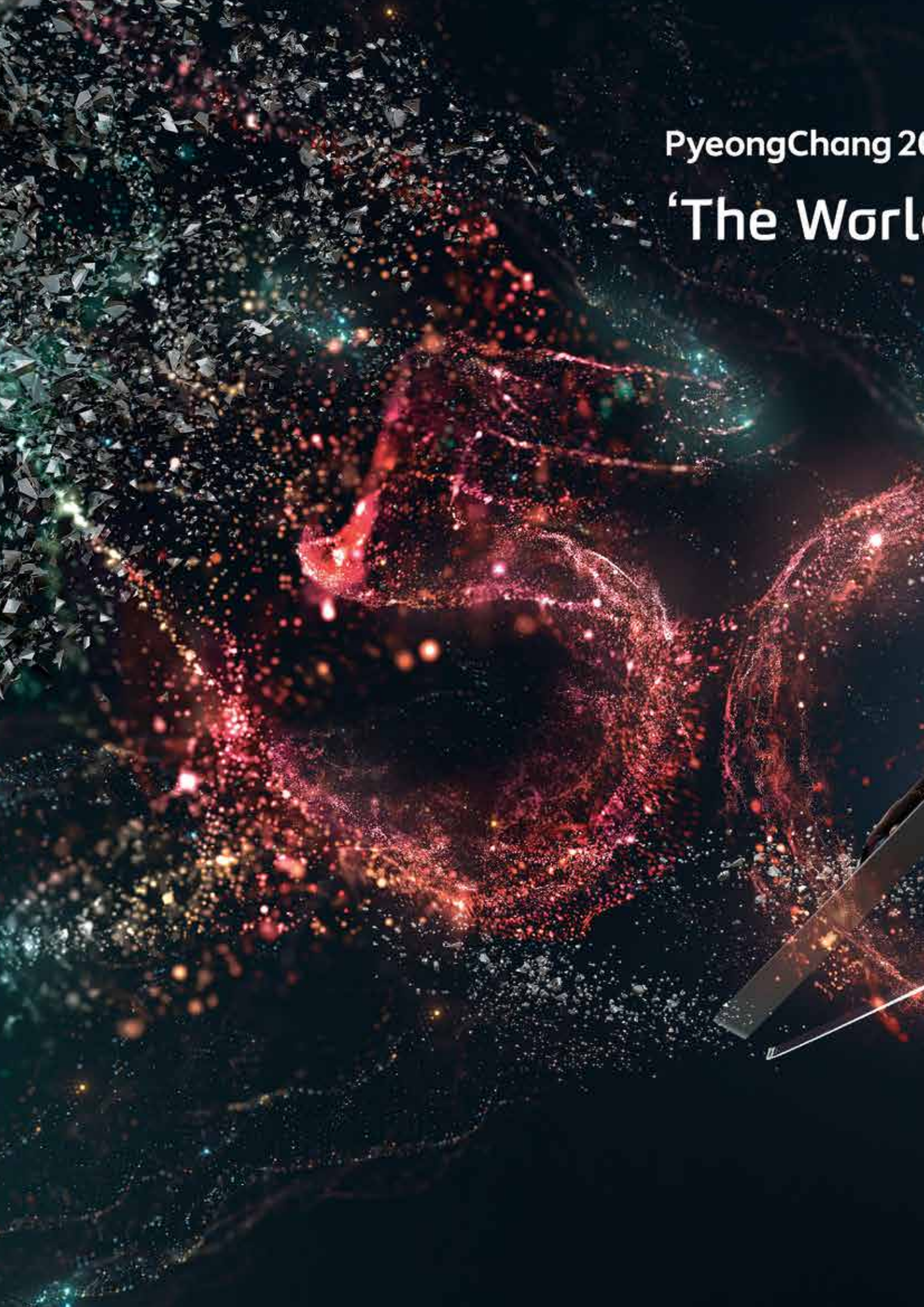
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# 35 Jahre AHK Korea

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## Chairman's Message



Distinguished members of KGCCI,

I would first of all like to congratulate on the 35<sup>th</sup> anniversary of KGCCI and pay respect to all those who have contributed to the development of our great organization.

Looking back on the bilateral relations, I recall that Germany was always responsive to Korea whenever Korea was in need of support and partnership. Germany increased investment in Korea in the aftermath of the second oil crisis in late 1970s. These investors later became the founding fathers launching KGCCI with the big support from DIHK.

And I myself, then in the capacity of a Korean government official in 1998, remember visiting Frankfurt in the midst of the Asian financial crisis to attract German investment. Again, Germans came ahead of others to increase investment in Korea.

They firmly believed without a doubt that Korea could successfully weather through the economic doldrums. In fact, Koreans exceeded the investors' expectation by graduating from IMF obligations in only a few years' time.

KGCCI has, for the past 35 years, been instrumental to strengthening ties between the two countries, not only in business, but in people exchange, academic research, information sharing, etc. I appreciate that both Korean and German governments, and our Korean partners all have helped and contributed enormously to the successful execution of our mission in KGCCI.

Both Korea and Germany want to learn more from each other in many areas. One indication is that we see many German forums all over Korea. The two countries and their people have respect for each other and areas of collaboration are manifold.

Our two great countries remain the staunch supporters for multilateralism, collaboration, and free trade at the time when many world major players are resorting to protectionism, let alone the growing new trend of isolationism and unilateralism.

Under this circumstance, KGCCI should work harder to nurture and grow the mutually beneficial, long-term partnership between the two countries. KGCCI members would like to be a part of Korea's aspiration to work "The Second Miracle on the Han River" in the near future. I wish the two countries, every one of KGCCI's members and their Korean partners every success in their current and future endeavors.

**Dr. Jong Kap Kim**  
Chairman KGCCI, Chairman & CEO Siemens Ltd. Seoul



# President's Message



Dear Members and Friends of KGCCI,

In your hands you hold the special anniversary edition of KORUM. We want to look back on 35 years of successful development of our chamber, but also into the future, at the challenges ahead of us.

We had the chance to celebrate our anniversary twice in the last couple of months. First on July 7, in the evening of the "Korea Day" organized by IHK Frankfurt, in the presence, among many other guests, of the Korean Ambassador to Germany, H.E. Lee Kyung-Soo and the second time on September 30 in Seoul, together with our second Innovation Awards Gala, in the presence of H.E. Stefan Auer, German ambassador in Korea, as well as H.E. Prof. Gerhard Sabathil, the EU ambassador and Deputy Minister Lee In-Ho. The great resonance which we have received at both occasions was a very positive reflection of the importance of Korean German economic relations.

The foundation of KGCCI in 1981 has certainly been a significant milestone in the development of these ties. Korea had developed into an interesting investment location for German companies due to the fast economic growth, and the continuing massive investment into the industrial base and infrastructure.

Since then the situation has changed completely. Korea is one of the most developed countries in the world. Income and cost levels have reached top levels as well. That also means that GDP growth rates of the past can no longer be achieved. While the growth of the domestic market has been slowing down, Korea

is home of world leading companies in many industries. It, therefore, remains to be an interesting investment location for German companies.

Korea and Germany both face tremendous challenges of social and industrial transformation. Both aging societies with an important industrial sector, with lower cost neighbors, which have turned into competitors for investment.

Korea is well equipped to address those challenges. A highly educated workforce, one of the best IT infrastructures in the world, a society which is open to new technologies, and as already mentioned, home of world market leaders in important technology fields. And, last but not least, the famous Korean Fighting Spirit!

German companies, many of them our members, are present in Korea to be part of these continuous efforts. They are willing to support and participate, if and when allowed, and to contribute with their products and technologies. They are in for the long run, not for quick money, which is why the protection of their technology is so important for them.

Future challenges, on a global, national, industry or corporate level can only be solved through trustful collaboration and with mutual benefit.

KGCCI is looking forward to be instrumental to the next 35 (and more) years of successful cooperation between our countries, our industries and our societies.

Enjoy the reading!

**Stefan Halusa**  
President KGCCI, CEO Brose Korea Ltd.

# Wirtschaftstag Korea and 35th Anniversary Gala of the KGCCI in Germany

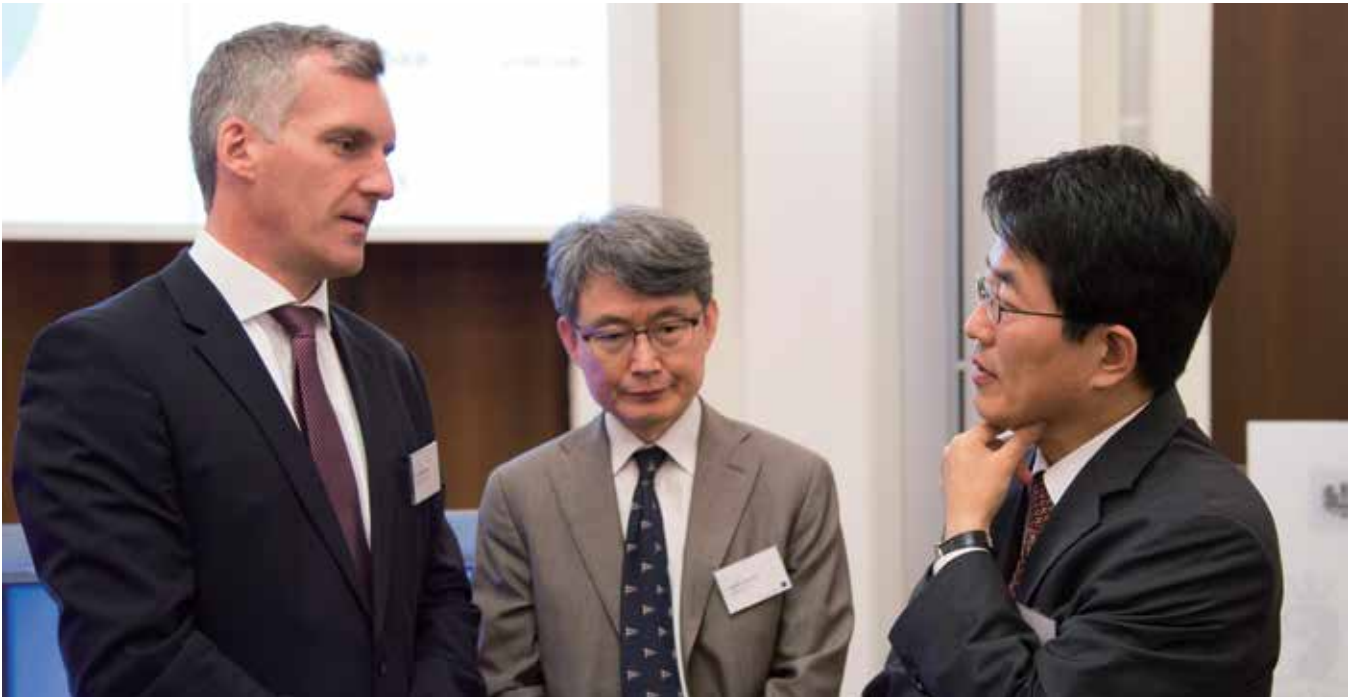
Sonja M. Müller



Following the "Wirtschaftstag Korea" on July 7th, a Korean-German Evening Reception on the occasion of the 35th Anniversary of KGCCI was held. The event took place in Frankfurt, the city with Europe's biggest Korean community and was hosted by KGCCI in cooperation with IHK Frankfurt, the Korean Embassy in Germany and FrankfurtRheinMain Investment Promotion Agency. Ena Han, a Korean artist based in Karlsruhe, started the evening by performing a traditional drum dance called "Ogomu" in front of the 120 Korean and German guests.







Prof. Dr. Mathias Müller, President of the IHK Frankfurt am Main, complimented KGCCI and the worldwide network of German Chambers Abroad with its 130 chambers in 90 countries. He wished KGCCI all the best for the next 35 years and spoke in reference to the Brexit in favor of free trade and economic cooperation.

Stefan Halusa, President of KGCCI and host of the evening, said „KGCCI can look back on 35 successful years where it contributed significantly in promoting and developing the German-Korean economic relations. The economies of both countries are facing similar challenges such as the digitalization of industry and society. It is therefore necessary, that we “reinvent” ourselves again and again. KGCCI in cooperation with the German Chamber network will continue promoting and supporting the innovative strengths of Germany and Korea as well as their bilateral cooperation.”

Korean Ambassador Lee Kyung-Soo, who came from Berlin to attend the evening, thanked KGCCI for its longstanding support of the bilateral economic relations. He pointed out that KGCCI does not only help connecting the businesses of both countries but also develops meaningful ideas to improve the conditions for German companies in Korea. In reference to the Brexit, the Korean Ambassador emphasized the importance of free trade and said that regardless of the outcome of the referendum, Korea will be interested in strengthening its economic ties with the EU.



Hartmut Koschyk, member of the German Parliament and among others, Head of the German-Korean Parliamentarians' Friendship Association congratulated KGCCI to its anniversary.

Mark Weinmeister, State Secretary for European Affairs for the Federal State of Hesse, delivered the greetings of the Hessian government. He underlined the fact „that nobody in Hesse thinks that it is pure coincidence, that 7400 Korean citizens reside in the Rhin-Main area, forming the biggest Korean business community in Europe". Furthermore, he said that this is due to the openness, culture and innovative strengths of the region in the middle of Germany, where many roads come together and make Hesse to one of the strongest regions in Europe.

Last but not least, Markus Frank, Chairman of FrankfurtRheinMain GmbH (FRM) and Deputy Mayor of the City of Frankfurt, made clear that Korean businesses can be sure of the support of the FRM. In the past few years, FRM has successfully guided the establishment of companies such as LG Electronics, SsangYong Motor and Hanwha L&C. They have Korean speaking staff and are always ready to support Korean companies.





After the the official speeches, Ena Han gave another impressive performance, this time a traditional Korean fan dance. Finally, a Jazz band with the Korean frontlady Nashi Young, played two Korean pieces to end the evening.

Specialties from the Korean and Hesse cuisine were served while the participants could use the opportunity to talk with each other, try traditional Korean clothes and learn to write their names in Korean letters. These activities were organized by the Korean Tourism Organization in Frankfurt. Furthermore, the event was kindly supported by UniCredit.



**Sonja M. Müller**

Director, China Competence Center,  
Darmstadt & Frankfurt am Main  
East Asia  
IHK Frankfurt am Main



## 2016 KGCCI Innovation Awards & 35th Anniversary Gala in Seoul



As part of its 35th Anniversary celebration, KGCCI awarded four outstanding innovative companies on September 30 with its "2016 KGCCI Innovation Awards". The Innovation Award is KGCCI's own initiative to foster and promote innovative ideas and companies in Korea. 2016's Innovation Award was much anticipated as it was combined with the 35th Anniversary Gala. The event took place at the Floating Islands in Seoul, with more than 200 German and Korean business leaders and officials participating.







After a beautiful outdoor reception, the gala evening was opened by a special media-dance performance where the history of the Chamber was presented in a colorful way, including elements from Korea and Germany. KGCCI Board Members led through the evening as moderators, as a sign of their commitment and support of the Chamber.



Congratulatory speeches were given by Dr. Jong Kap Kim, Chairman of KGCCI & CEO Siemens Ltd. Seoul; Lee In-Ho, Deputy Minister of Trade MOTIE; H.E. Stephan Auer, German Ambassador to Korea and Prof. Dr. Wernicke, Division Manager for Law at the Association of German Chambers of Commerce and Industry. Video messages were also displayed, with greetings from partners in Germany and Korea who could not personally attend the event.



## KGCCI Innovation Award Jury

The KGCCI Innovation Awards 2016 Jury, headed by Dr. Michael Grund, consists of high-ranking Korean and Germany experts, deeply connected with innovation. They had the difficult but exciting task to review all submitted projects and choose the final winners.



**Dr. Michael Grund**  
Managing Director Merck Ltd. & Merck Performance Materials Ltd. & Merck Electronic Materials Ltd.



**Dr. Sang Kyun Cha**  
President Big Data Institute Seoul National University



**Dr. Jong Sun Choi**  
President of Korea Information Display Society



**Dr. Youngsoo Lee**  
President Korea Institute of Industrial Technology (KITECH)



**Prof. Dr. Michael Maskos**  
CEO Fraunhofer ICT-IMM



**Dr. Manfred Martin**  
Professor RWTH Aachen University



**Marina Pauli**  
Counselor Scientific Affairs German Embassy Seoul



**Alexander Schill**  
Global CCO & Partner Serviceplan Group



**Dr. Kurt Wagemann**  
Executive Director DECHEMA



## KGCCI Innovation Award Winners 2016

Based on the four criteria "Degree of innovation" (novelty of idea and creativity of the concept), "Proven in the market" (Tangible market success, orders, sales etc.), "Benefit for company" (savings/synergies, better positioning of the company in the market etc.) and "Benefit for society" (Benefit for people's health, education, the environment) the outside Korean-German jury selected the following companies as winners:

### Innovation in Business



The award for "Innovation in Business" went to iBULe Photonics for their Ultrasonic Testing.

iBULePhotonics convinced by an innovative and proven business based on the application of special materials. Commercial probes were developed in close collaboration with FraunhoferIKTS (Dresden), InfraTec (Dresden) and the Korean Agency for Defense Development.

Homepage: [www.ibule.com](http://www.ibule.com)



### Innovation in Green Technology



The award for "Innovation for Green Technologies" went to BASF for "Elastocoast". Elastocoast is a clever, sustainable and environment-friendly solution for effective coastal defenses.

Homepage: [www.basf.com/kr](http://www.basf.com/kr)



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We create chemistry

## Innovation in Workforce Development



The award for "Innovation in Workforce Development" went to C&M Robotics for their Young Meisters Program, a vocational education and training program that enhances significantly the employability of high school graduates –especially for small & medium enterprises.

Homepage: [www.cnmrobotics.com](http://www.cnmrobotics.com)



**C&M Robotics**

## Chairman Award



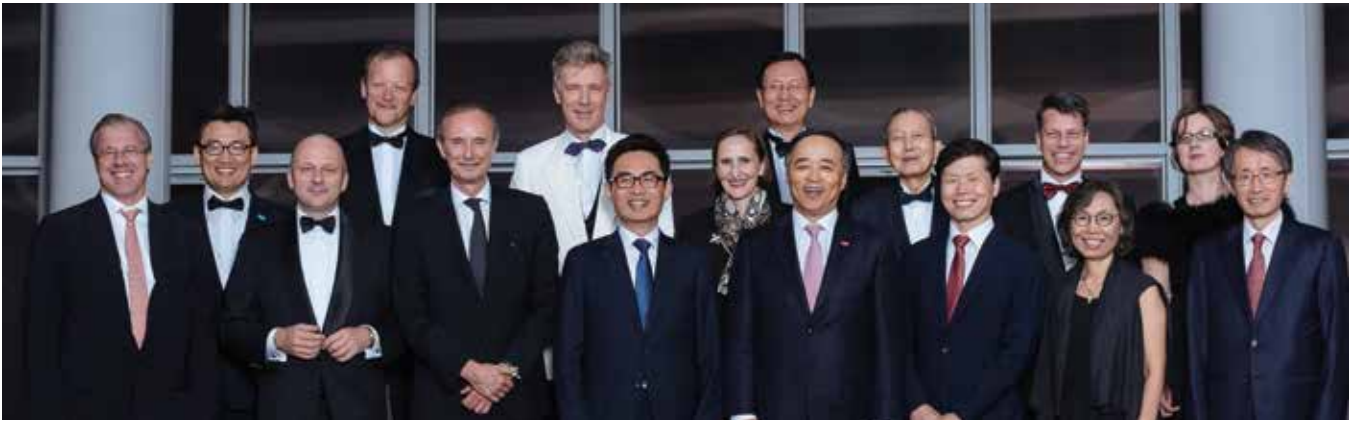
A special "Chairman Award" went to KT (Korea Telecom) for their "Avian Influenza and Infectious disease preventing through big data" project, as it showed a practical application of big data technology on a serious and urgent problem. The jury considered this project as a lighthouse project, which hopefully encourages others to engage in this novel technology as well.

Homepage: [www.kt.com](http://www.kt.com)



In the second year of the KGCCI Innovation Awards, the number of applicants had almost doubled with more Korean companies participating this year. KGCCI will continue to foster and promote innovative companies in Korea by further establishing the KGCCI Innovation Awards as an important showcase for Korean and German innovations and the KGCCI Gala as an annual must-attend event for the Korean business community. For more information about the Innovation Awards, please visit [innovation-award.kr](http://innovation-award.kr) or [www.kgcci.com](http://www.kgcci.com).





From left to right: Prof. Dr. Wernicke (Division Manager for Law at the Association of German Chambers of Commerce and Industry), Kim Jung Hoon (Deputy Head responsible for Elastocoast at BASF Korea), Stefan Halusa (President of KGCCI and CEO Brose of Korea), Bernd Gehlen (CFO of BASF Korea), Stephan Auer (German Ambassador to Korea), Prof. Dr. Gerhard Sabathil (Ambassador of the European Union to the Republic of Korea), Kim Yishik (KT Big Data Center Senior Vice President), Elisabeth Bertagnoli (Austrian Ambassador to Korea), Shin Woo-Sung (CEO of BASF Korea), Dr. Jong Kap Kim (Chairman of KGCCI & CEO Siemens Ltd. Seoul), Lee Sang-Goo (CEO of iBULE Photonics), Cho Hae-hyeon (Chairman of Nara Holding), Dr. Michael Grund (Managing Director Merck Ltd. Korea), Joo Myo-Hee and Joo Sang-Wan (CEO and CTO of C&M Robotics), Barbara Zollmann (Secretary General of KGCCI)

**Thank you to all sponsors and partners of KGCCI Innovation Awards 2016**

### Leading Innovation!



### Creating Innovation



### Supporting Innovation



### Wine Sponsor



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**See you again at the KGCCI Innovation Awards Gala on September 22, 2017!**

## 35 years of KGCCI in pictures

KGCCI's history is closely connected to the history of its members, friends and the bilateral relations of Germany and Korea. The past 35 years have been really exciting, as we have not only seen changes in the economy and politics but also in society and culture. Germany was one of the first countries to support Korea financially in 1961 with the "Bilateral Investment Treaty" which brought many first generation Korean immigrants to Germany. Germany's reunification and deep involvement within the European Union served as a blueprint for various politicians and scholars in Korea and, nowadays, the involvement and business connections between the two countries are more intense than ever before. Take a moment to look back on 35 years of KGCCI.

### 1961

Germany and Korea agree upon on the "Bilateral Investment Treaty" which was one of the first economic treaties between the two countries. From 1961 to 1977, South Korea sent more than 8,000 mine workers and 10,000 nurses to Germany.

Foundation of the Korean-German Chamber of Commerce and Industry on June 12, 1981, as the 42nd German Chamber of Commerce Abroad (AHK) in the presence of Dr. Otto Graf Lambsdorff, Minister of Economic Affairs of the Federal Republic of Germany and Mr. Shin Byoung-Hyun, Deputy Prime Minister of the Republic of Korea

Reception on occasion of the first Anniversary of KGCCI

Visit of Dr. Walter Scheel, former President of the Federal Republic of Germany and Honorary Chairman of the Korea-Germany Centennial Committee





1984



Dr. Lothar Spaeth, Prime Minister of the Federal State of Baden-Wuerttemberg

1985



Hans-Dietrich Genscher, Minister of Foreign Affairs of the Federal Republic of Germany



Dr. Franz-Josef Strauss, Prime Minister of the Federal State of Bavaria

1986



Martin Bangemann, Minister of Economics of the Federal Republic of Germany on the occasion of KGCCI's 5th Annual General Meeting

1987



Meeting of the German Chambers Abroad in Asia

1988



Olympic Games 1988: Tape Cutting at "Deutsches Haus"

Dr. Helmut Schmidt, Chancellor of the Federal Republic of Germany, visits Seoul

Dr. Richard von Weizsäcker, President of the Federal Republic of Germany

TechnoGerma Seoul 1991, sponsored by the Federal Ministry of Economic, the Confederation of German Trade and Exhibition Industries (AUMA) and KGCCI, a successful German industrial exhibition takes place with 292 exhibitors, 74 technology symposia of German companies attended by 5800 Koreans, 4 economic symposia sponsored by BDI and DIHT, and over 500.000 visitors

State visit of Dr. Helmut Kohl, Chancellor of the Federal Republic of Germany with a delegation of representatives of the economical and political sphere

Business Luncheon on the occasion of the visit of a business delegation from the Federal State of Baden-Wuerttemberg

1990



1991



1993





1996



Visit of Dr. Guenther Rexrodt, Minister of Economic Affairs of the Federal Republic of Germany

On occasion of a reception of the Friedrich Naumann Foundation: Kim Dae-Jung, Opposition Leader and Dr. Klaus Kinkel, Minister of Foreign Affairs of the Federal Republic of Germany

1997



Hans Peter Stihl, President of the Association of German Chambers of Commerce and Industry (DIHT) meets Kim Sang-Ha, President of KCCI

Breakfast Meeting with Prof. Dr. Klaus Toepfer, Minister of Regional Planning, Building and Urban Development of the Federal Republic of Germany

1998



First release of the "AHK Informationsdienst Seoul", predecessor of the current newsletter by the German Embassy and KGCCI

Dr. Theo Waigel, Minister of Finance of the Federal Republic of Germany, with KGCCI President Friedrich Honigmann

Visit of the President of the Federal Republic of Germany, Dr. Roman Herzog at a Board Meeting

Opening Reception of "Leistungsschau der deutschen Wirtschaft", with Lee Hoi-Chang, leader of the Grand National party and Seok Namgoong, Minister of Information and Communication

1999



2000



Gerhard Schroeder, Chancellor of the Federal Republic of Germany, visits Seoul on the occasion of the third Asia-Europe Meeting (ASEM) and meets Board Members

2001



Joschka Fischer, Minister of Foreign Affairs of Germany, visits Korea



Roland Koch, Prime Minister of the Federal State of Hesse, together with Guenther Schuster, President of KGCCI



Participants of the first Korean-German Forum with Dr. Johannes Rau, President of the Federal Republic of Germany and Prime Minister of the Republic of Korea, Lee Han-Dong





Dr. Huh Young-Sup, Chairman of KGCCI and Chairman of the Green Cross Corp., receives the Korea CEO Award

## 2003



German World 2003, Tape Cutting Ceremony in COEX with 23 high-ranking guests from Korea and Germany

## 2005



Second German World at COEX

## 2006



Breakfast Meeting with Frank-Walter Steinmeier, Minister of Foreign Affairs of the Federal Republic of Germany

Members of the KGCCI Board of Directors meet with Ludwig Georg Braun, President of the Association of German Chambers of Commerce and Industry (DIHK)

Dr. Guido Westerwelle, Chairman of the FDP, with Han Myung-Sook, Prime Minister of the Republic of Korea at the 25th Anniversary Gala of KGCCI

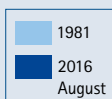
25th Anniversary Business Conference with Dr. Klaus Kleinfeld, former President and CEO of Siemens AG

Dr. Edmund Stoiber, Minister President of the Federal State of Bavaria, visits Korea with a Bavarian business delegation

Opening of the first "German Office" at KGCCI

In October 2007, the 11th Asia-Pacific Conference of German Industry and Trade or "APK", was held in Seoul. It was organized by KGCCI in collaboration with the Asia-Pacific Committee of German Business (APA) and the German Federal Ministry of Economics and Technology (BMWi)

## No. of members at KGCCI



500

22



2007



2008



2009





## 2010



Horst Köhler, President of the Federal Republic of Germany, visits Korea to meet Lee Myung-Bank, President of the Republic of Korea. Together they discuss possible topics for the following G20 summit in November

German Chancellor Dr. Angela Merkel receives the honorary doctorate of Ewha Womens University

## 2011



150th Anniversary of the German Association of Chambers of Commerce and Industry (DIHK) at the "Haus der Deutschen Wirtschaft"

Lee Myung-Bak, President of the Republic of Korea, visits Germany

## 2012



The German Pavilion Expo 2012 Yeosu team held a Press Conference to introduce the German Pavilion

Korea International Trade Association (KITA) signed a Memorandum of Understanding with KGCCI, FKCCI and ITCKK to promote trade and business between Korea and Europe

Park Geun-Hye, President of the Republic of Korea, made an official visit to Germany and revealed her government's vision of the Korean unification in the Dresden declaration. She also met with Korean and German businesses to foster bilateral cooperation

Members of the Board of Directors of KGCCI meet with Korean Minister of Trade, Industry and Energy Yoon Sang-Jick for a follow-up to the visit of President Park in Germany

Foundation of the KGCCI Skills Committee which later led to the initiation of a project to introduce the "KFZ Mechatroniker Ausbildung" in Korea

KAS-KGCCI conference on "Regulatory Framework for Successful SMEs". Dr. Martin Wansleben, Chief Executive of the Association of German Chambers of Commerce and Industry (DIHK), speaks on success factors for SME development

KGCCI President Thomas Geyer and Seoul Metropolitan City Mayor Park Won-Soon sign a Memorandum of Understanding (MOU) with the goal of fostering cooperation between Seoul City and KGCCI

German Minister of Foreign Affairs, Dr. Frank-Walter Steinmeier visited Korea to meet President Park Geun-Hye, Korean Minister of Foreign Affairs Yun Byung-Se and Korean-German businesses

2013



2014



Source: Korea.net's flickr photostream, used under a creative commons license.



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2015



### 1st Innovation Awards Gala

The winners were:

#### "Innovation in Business"

- BMW Group Korea for their "Driving Center"

#### "Innovation for Green Technologies"

- va-Q-tec Korea for their "Vacuum Insulation Panel"

#### "Innovation in Workforce development"

- BASF Korea for their "Diversity and Inclusion initiative"



Federal President Gauck arriving in Korea bpa/Denzel



KGCCI and HRD Korea sign a Memorandum of Understanding (MoU) to set out a strategic partnership and cooperation between the two organizations

2016



"Transform to Innovate – Innovate to Transform" with ThyssenKrupp AG and thyssenkrupp Elevator Korea. Dr. Heinrich Hiesinger, CEO of ThyssenKrupp AG, visits the company's newly restructured elevator production plant with cutting-edge technology in Cheonan



Visit of Stanislaw Tillich, President of the Federal Council and Minister President of the Federal State of Saxony



1st Korea-German Logistics Conference held by BVL in cooperation with KGCCI



K-Move mentoring project with HRD Korea which introduces young Koreans to global German internship programs

Celebration of German School Seoul International's 40-year anniversary in Hannam-Dong. KGCCI and Mr. Florian Schuffner made a joint donation of 50 Mio. KRW to the school

KGCCI expanded on its Korea Desks in Germany adding Korea Desks at IHK Frankfurt, Stuttgart and Munich

### 2016 KGCCI Innovation Awards & 35th Anniversary Gala

The winners were:

#### "Innovation in Business"

- iBULe Photonics for "Ultrasonic Testing"

#### "Innovation in Green Technologies"

- BASF company for their "Elastocoast"

#### "Innovation in Workforce development"

- C&M Robotics for their "Young Meisters Program"
- A special "Chairman Award" was given to Korea Telecom for their project "Avian Influenza and Infectious disease preventing through big data"



## Leadership during 35 Years of KGCCI

We are grateful for the devoted leadership that our organization has had during the past 35 years. Many Korean and German company representatives engaged on an honorary basis in the KGCCI Board of Directors. Quite a few of them served as Chairman or President, in close cooperation with the Secretary General & Executive Director of the KGCCI as full-time management. The leadership shown by generations of KGCCI's Chairmen, Presidents and Secretary Generals has shaped the KGCCI and is the basis for its continued work as successful membership organization and engine for Korean-German business cooperation & partnership.

### Chairmen of KGCCI



1981-2006  
Koo Cha-hak,  
Chairman Our Home Ltd.  
(former President Lucky Ltd.)



2006-2008  
Lee Soo-young,  
Chairman & CEO DC Chemical



2008-2009  
Dr. Huh Young-sup,  
Chairman and CEO Green Cross Corporation



2010-2015  
Cho Hae-hyeong,  
Chairman & CEO Nara Holdings Corporation



2015 - 2016  
Kim Young-jin,  
CEO Handok Pharmaceuticals Co.



2016 ~  
Dr. Jong Kap Kim,  
Chairman & CEO Siemens Ltd. Seoul

## Presidents of KGCCI



1981-83, 1986-88, 1991-92  
Dieter Kerrutt,  
Goldstar Telecommunication



1984-1985  
Horst H. Hölzlein,  
Hoechst Korea Ltd.



1989-1990  
Gustav H. Lohoff,  
BASF Korea Ltd.



1993  
Ulrich Welser,  
MTU



1994-1997  
Gerd Ramming,  
KN Chunil Shipping Co.



1997-1998  
Friedrich Honigmann,  
Clariant Korea Ltd.



1998-2002  
Günter Schuster,  
Siemens Ltd., Seoul



2003-2004  
Josef Winter,  
Siemens Ltd., Seoul



2004-2005  
Michael Richter,  
Boehringer Ingelheim Korea Co., Ltd.



2005-2007  
Dieter Brinkmann,  
MAN Turbomachinery Ltd., Korea



2007-2009  
Dr. Heinz Grewe,  
Bosch Korea Ltd.



2009-2011  
Josef Meilinger,  
Siemens Ltd. Seoul



2011-2013  
Friedrich Stockinger,  
TRUMPF Korea Co., Ltd.



2013 - 2015  
Thomas Geyer,  
President Vector Korea IT Inc.,



2015 ~  
Stefan Halusa,  
CEO Brose Korea Ltd.

## Secretary Generals of KGCCI



1981-2005  
Florian Schuffner



2005-2006  
Wolfgang Niedermark



2007 - 2012  
Jürgen Wöhler



2013 ~  
Barbara Zollmann



## 35th Anniversary illustration drawn by cartoonist Rhie Won-Bok



On the occasion of KGCCI's 35th Anniversary, KGCCI prepared a special gift for its members, an anniversary cup with an illustration drawn by famous Korean cartoonist Rhie Won-Bok.

In Korea, Rhie Won-bok is widely noted as one of the first generation of cartoonists who made "manhwa" (Korean cartoons)

educational and informative. His cartoons convey knowledge and information in an entertaining way, and reading them was regarded as "studying". This acceptance of educational cartoons was possible through his way of storytelling which made sharing knowledge, information, and opinions with readers easier than before. Rhie came to Germany in 1975, where he earned his Diplom in commercial design and western art history and philosophy, and master's degrees in arts and philosophy from Westfälische Wilhelms-Universität in Münster.

After he returned from Europe where he experienced the continent mainly as a resident rather than as a traveler, he started to serially run the cartoon "Meonnara lunnara" in the Kids Hankook Ilbo in 1981. This series incorporated his knowledge about six European countries as well as his experiences there. As of 2012, the cumulative sales of the series totaled 15 million copies. Today, the cartoon is available in English "Far-away nations, Neighboring nations" as well as in German "Nachbarn und doch Fremde". Mr. Rhie is currently teaching graphic design as a professor in Seoul and was president of the Korean Society of Cartoon and Animation Studies.

## NOWAK & PARTNER

### Situation

- ◆ Turn-key Firmen-Setup
  - ◆ HR-Beratung & Executive Search
  - ◆ Benchmark Audit
  - ◆ Interim-Management
  - ◆ **Mergers & Acquisitions**
  - ◆ Treuhänderische Firmenverwaltung
- Sie möchten sich ein bestehendes Vertriebsnetzwerk über eine Firmenübernahme aneignen, um den Marktzugang zu erhalten.
- Sie möchten eine technologiestarke Firma übernehmen, um Ihren Portfolio zu erweitern.
- Sie möchten strategisch Marktanteile übernehmen, um Ihre Position im Markt auszubauen.

### Dienstleistung

**Nowak & Partner unterstützt Sie beim M&A, beginnend mit der Recherche und Identifikation von Übernahmekandidaten, die Bewertung der Kandidaten durch ein „Benchmark Audit“, so wie eine finanzielle und/oder rechtliche „Due Diligence“ über Partnerfirmen, als auch die Führung der Verhandlung und die anschließende Integration des Unternehmens in den Firmenverbund.**

### Lösung

Wir bieten Ihnen eine ganzheitliche Betreuung des „Merger & Acquisition“ Prozesses.

Gemeinsam mit Ihnen strukturieren wir das Vorhaben und begleiten Sie durch jeden Schritt der Firmenübernahme oder wir übernehmen in Ihrem Namen die gesamte Projektbetreuung mit unserem erfahrenen Team.

Unsere lokale Expertise ist ein hoher Garant für einen erfolgreichen Abschluss!

## We fast-track the success of international companies in Korea!

## Members since 1981

In 1981, KGCCI started out with 30 founding member companies. The following have been members since KGCCI's foundation in 1981. We want to thank these companies and organizations for helping us in building up a successful and strong bilateral chamber.



BASF Company Ltd.



Schenker Korea Ltd.



Boehringer Ingelheim Korea



Handok Inc.



Commerzbank AG



Hapag-Lloyd (Korea) Ltd.



Deutsche Messe AG



Korea ILLIES Engineering Co., Ltd.



Deutsche Bank AG Seoul Branch



Klüber Lubrication SE & Co. KG



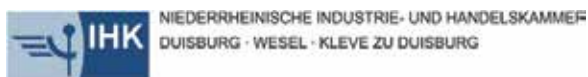
Kölnmesse GmbH



Yoon & Yang LLC



Handelskammer Bremen



Niederrheinische Industrie- und  
Handelskammer  
Duisburg-Wesel-Kleve zu Duisburg



Handelskammer Hamburg



IHK Karlsruhe



IHK zu Lübeck



IHK Lüneburg-Wolfburg



IHK Pfalz



IHK Region Stuttgart



IHK München und Oberbayern



IHK Wuppertal-Solingen-Remscheid



# 35 Years of KGCCI, 35 Facts about Korea and Germany

While the relations between Korea and Germany are very close and cooperation between Korean and German businesses have expanded tremendously in the past 35 years, there is still so much to know about the two countries. Here are 35 facts about both countries that you might not know but never wanted to ask...



Capital

Berlin

Seoul

Official language

German

Korean

Germany		Korea
Federal Parliamentary Republic		Presidential Constitutional Republic
Chancellor Angela Merkel		President Park Geun-Hye
President Joachim Gauck		Prime Minister Kim Byong-Joon

National Holiday

3. October

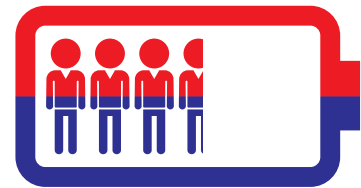
1. March  
15. August  
3. October



Population in total



80,854 Million



49,115 Million

Population living in capital

Berlin: 3,6 Million

Seoul: 9,9 Million

Along with Tokyo residents, Seoulites get the least amount of sleep of any residents of major cities in the world, just fewer than 6 hours a night. The average German sleeps around 7 hours per night.

Population density per  
sq. km

226.5

492.5

### The biggest 10 cities by population

3,520,031	Berlin	Seoul	10,349,312
1,787,408	Hamburg	Busan	3,678,555
1,450,381	Munich	Incheon	2,628,000
1,060,582	Cologne	Daegu	2,566,540
732,688	Frankfurt a.M.	Daejeon	1,518,651
623,738	Stuttgart	Gwangju	1,466,516
612,178	Düsseldorf	Ulsan	1,136,948
586,181	Dortmund	Suwon	1,098,010
582,624	Essen	Changwon	1,091,733
560,472	Leipzig	Seongnam	979,412

Area in sq.km

357.022 km<sup>2</sup>

99.720 km<sup>2</sup>

Forest area



32,8%



63,6%

Annual Average  
Temperature

12.0 degrees

17.8 degrees



Average age  
of women giving birth  
to her first child



Average birthrate in 2015

1,38

1,20

Average age

46.8 years

41.2 years

Obesity rate among adults

25,1%

3,9%

Life expectancy

82

81

Percentage of population  
with internet connection



87.6%



89.9%

Most popular chatting  
application



WhatsApp



Kakao Talk

Most popular web browser



Firefox



Internet Explorer

South Korea passed a law in 1999 that requires all online shopping and banking to be done using Internet Explorer.





Number of mobile phones



96.36 million



58.94 million

As of 2013, 78.5% of the South Korean population had a smartphone, the highest percentage in the world. Among 18- to 24-year-olds, 97.7% have a smartphone.

Number of airports

39

15

Number of seaports

74

25

Length of railway in total



43468 km



3460 km

Length of roadway in total



645,000 km



104,983 km

Biggest Stadium

Signal Iduna Park, Dortmund,  
capacity: 81,360 seats

Seoul Olympic Stadium,  
capacity: 69,950 seats

Per capita consumption of  
alcohol per year



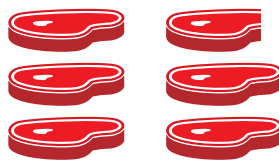
11.8 liters,  
beer: 54%, wine 28%, spirits: 18%



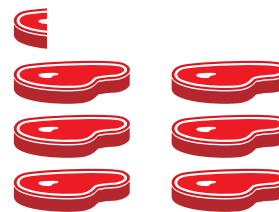
12.3 liters,  
beer: 5%, spirits: 95%



Per capita consumption  
of meat per year in kg



59.2



62.3

Energy consumption  
per 1000 citizens

6.68 Mill. kWh

9.82 Mill. kWh

Price of Milk  
regular / 1 liter



0.70 €  
(866.27 ₩)



2.02 €  
(2,516.00 ₩)

Price of Rice / 1kg



1.49 €  
(1,850.03 ₩)



3.45 €  
(4,292.37 ₩)

Price of Taxi ride per 1km  
(Normal Tariff)

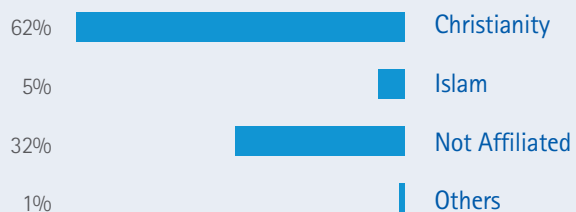


2.00 €  
(2,491.33 ₩)

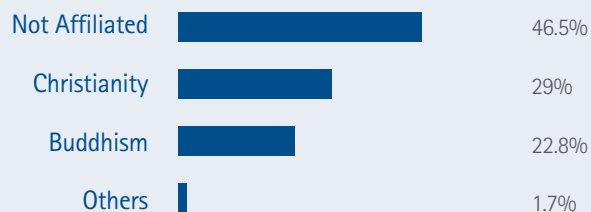


0.96 €  
(1,200.00 ₩)

### Religion in Germany



### Religion in Korea



# Lessons from the Economic Development of Korea

Danny Leipziger

Korea's economic success has created a large industry of researchers who have attempted to explain and extol the virtues of Korea's economic rise. These efforts have also led to attempts at generalizing lessons and providing advice to other countries. Of course, these lessons fall into two groups: those that are very specific to Korea's economic situation and circumstances and those that are less intrinsically connected. Even in the latter group of factors, however, there must be recognition that policy formulation is only part of the story and that implementation plays an even larger role than the design of smart policies. Even those countries attempting to undertake efficacious policies may fail due to institutional weaknesses. Hence, there is a lot to learn from the development experience of Korea.

## What's next for Korea?

While Korea's remarkable economic growth trajectory provides many lessons for others seeking to escape poverty and maximize their economic potential, unfortunately there are fewer countries that can provide lessons to Korea as an advanced economy seeking to find a new equilibrium as a just and more equal society. True, Samsung TVs now dominate global consumer preferences and Hyundai and Kia are setting new records as cars of choice. Still, Korean public sentiment is distinctly unhappy, despite per capita incomes of \$27,000 and material gains that were considered unattainable in 1960 or even 1980. Korea has confounded the critics. It lacked the size of a China. It lacked the resources of a Malaysia. It lacked the location of a Singapore. It didn't rely on

foreign direct investment. It delayed domestic consumption until investment needs were accommodated. It deferred welfare programs until they were fiscally affordable.

Korea did so many things well that it has created the impression and expectation that the country will always find the correct path. In reality, however, Korea now needs to hear new voices of advice and needs to generate a new collective view on its own future.

## Some Policy Suggestions for the Future

Although many may dispute the necessity of continuing to generate incremental economic growth, societies' desires for more public goods and better public services as well as increasing longevity make economic growth indispensable. In the case of Korea, declining fertility and almost absent immigration are creating a long-term problem. Capital and technology with a declining labor force as now seen in Korea leads to lower long-term growth. Moreover, the lower rates of total factory productivity seen in services as compared to manufactures further lowers potential growth rates. To spur future growth, women need to be encouraged to remain in the labor force and this requires changes in cultural attitudes, better and more affordable child-care and a number of other labor market reforms. This is the first priority if Korea wants to avoid the worst: economic decline.

Second, household savings have almost disappeared and





household indebtedness has risen astronomically. While the promotion of domestic consumption was once seen as a necessary policy to break the total growth dependence on exports and investments, it is now a drag on the economy. Much of household debt is due to poor mortgage markets and short-term, high cost mortgages. Mortgage reform is a major priority that requires government action. This is more important than becoming a financial center in Asia, and in fact, might spur that development. Without mortgage reform, consumption will suffer, birth rates will not rebound, and public confidence and perceptions will suffer. It is noteworthy that Korea ranks poorly on indices of happiness, while economic progress has been so astounding positive.

Third, energy policy needs to be reviewed. While public transportation investments are excellent, congestion and pollution pose significant challenges. It is ironic that Korea is so advanced in the export of sustainable energy sources, whether wind turbines or the development of electric cars, when, at the same time, Korea's GDP is so energy intensive and so carbon-dominated. Thinking of sustainable economic activity means that these issues need to be addressed immediately. Innovation and other measures cannot substitute for realistic energy pricing. There are lessons from Europe that can usefully be applied in the realm of energy efficiency. Increasingly we are coming to realize that a truly advanced economy is a clean economy as well.

Fourth, one cannot ignore issues of income inequality for long. Korea has been lucky to generate a participatory and shared economic growth model. But that model, based on massive employment generation, is fraying. Wages have increased in the service sector, now the dominant portion of GDP, while productivity is lagging. As costs rise, real incomes of the middle class will suffer the same declines seen in most OECD economies. At the same time, redistribution efforts are not sufficient to offset the natural accumulation of wealth, which perpetuate greater inequality and concentration of wealth.

### How to Use Korea's Legacy Strengths for the Future

One of the big advantages of Korea's economic history is that it has accomplished the very difficult and hence is well positioned, under the right circumstances, to deal with the new set of challenges. Its disadvantage is that given so rapid a trajectory, the public does not remember the food shortages, 57-hour work weeks, and fear of failure of the 1960s. A major public relations campaign is needed to re-inculcate Korean traditional values. Moreover, Korea's organizational skills and abilities to work across the public and private sectors can be mobilized to deal with the challenges of the 2015–2030 period.

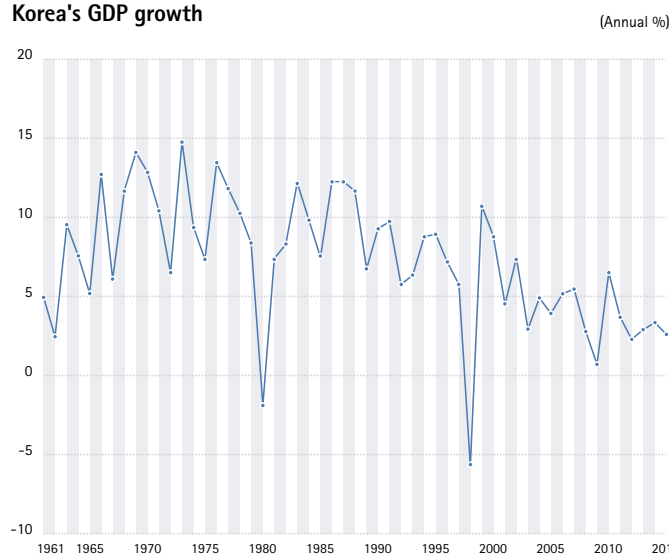
In order to bring public and private priorities into better sync, corporate governance reform would seem important. Whereas

government used to be the financier of the private sector, the shoe is now on the other foot and the corporate sector needs to align its growth and profit motives with other aspect of societal policies. A national program involving the chaebol, public sector entities and non-governmental actors should be launched. The same drive that was once given to exports should be aimed at producing larger Korean families.

Energy pricing is another "low-hanging fruit." Korea could be a leader in electric car manufacturing for its own national market. It has the technology. It has a superb transportation grid. It has public support for energy efficient solutions, yet it has a paltry record in terms of sustainable energy policy. Again a public-private effort is required, with carrots and sticks, to make major changes in energy usage. There may be an issue of equity involved as well, but congestion taxes on the wealthy that help finance major new energy investments and cross subsidies can encourage smarter energy choices. Not only is this do-able, it is also a long-run, pro-growth policy.

The creation of a public agency to manage long-term investments should be a priority. It needs to be set above political influence. The roles of the Bank of Korea and of the Competition Commission also need strengthening to ensure their independence across political cycles. These independent entities can ensure greater institutional strength and they can garner public support if they are seen as being apolitical. Many of the long-standing policy challenges have been recognized by Korean thinkers and academics, but haven't been dealt with because of political considerations. The big strength of Korean policymaking in the past was its ability to create a long-term vision accompanied by long-term planning and solid implementation. These virtues could serve Korea well as it attempts to deal with its current set of challenges.

Korea's GDP growth



## Conclusions

There are many areas of economic policy in which Korea set the standard in the course of four decades, 1960–2000. During that period, incomes per capita snowballed and Korea went from a manufacturer of the lowest value-added products to the global leader in electronics, appliances and automobiles. No other country in the course of the last half-century has done as well and even China's remarkable rise does not detract from the Korean success story because of China's size and the unusual and predominant role of state capitalism. In the case of Korea, government was able to use the state to create world-class private global corporations and then to withdraw into a more traditional regulatory role. Among OECD countries, Korea stands out as the prime exemplar of a state-incentivized growth strategy leading to unbelievably rapid increases in per capita income.

Korea was a global leader in the use of think tanks and economic information. Of course, each corporation now boasts its own economic research group; however, the role of the Korea Development Institute and of the economic leaders that it spawned still stands out today. Being able to adapt the best of economic thinking into practical and usable policy advice that could work in Korea was a remarkable feat. This strength still exists; however, now national expertise needs to be blended with global knowledge in ways that may seem unfamiliar to Korean policymakers. The efficient use of international experts to bring in

fresh perspectives may add value to decision-making in the 21st century.

Public policy in Korea was managed by a coterie of officials who were empowered to do national service, respected, and perhaps feared at times, since they commanded such political support. This kind of power can be misused, and in some instances it was, but overall, Korea stands out among a handful of countries in which public policy was well executed and successful. At times controversial, or excessive, such as in the heavy and chemical industry phase of industrial policy promotion in the 1980s, public policy was nevertheless well coordinated and efficiently executed with a common understanding among all the economic agents involved as to what the ultimate goal was. The Korean proverb of always "camping with your back to the water" was an indication that failure was not an acceptable outcome. History has shown that success was the ultimate judge of Korea's efforts, and it can remain so going forward.

*This article is a shortened version. The full article can be accessed in KEI's "Korea's Economy".*



**Danny Leipziger**

Professor of International Business at the Elliott School of International Affairs at George Washington University  
Managing Director of the Growth Dialogue

# Unlocking the Potential of Female Talent in Korea

So Yeon Kim and Dr. Florian Kohlbacher

*South Korea is facing deep social, demographic, and economic challenges such as a rapidly aging population, low birth rate, staggering household debt, and the longest working hour but lowest productivity level among OECD nations. In order for South Korea to leap to the next level of growth, the country needs to make use of its underestimated and overlooked work force: highly-educated female labour.*

South Korea has a highly educated population. Over 70% of high school graduates go to universities. In 2015, out of this population who decide to go on to tertiary education, 74.6% were women, while 67.3% were men. Upon graduating into the job market, less than 30% of new recruits of listed companies were women. On the other hand, in the government official exam where applicants are selected based on the score, 43.9% of women took a government job. This stark distinction shows that women are at a disadvantage in private sector. From the

start, women have a harder time becoming a part of the society to develop their career and securing jobs and getting promotions only becomes more difficult as women age.

## Dial M for Mother

The average employment rate of South Korean women in their late 20s and in their 40s reached 68.6% whereas the employment rate for women in their 30s marked a much lower figure of 56.9%. This phenomenon results in the famous "M" Curve (see exhibit 1).

Noting from the graph, South Korea has the biggest growth and decline changes between women in 25–29 and 30–34. The contrast shows the hardship of women in their 30s who face issues such as marriage, pregnancy, child birth, and child care. In fact, 50.5% of women believe child care and family duties are the

biggest hindrance to securing employment, while 20.4% believe social prejudice and practices are to be blamed. Even when they are back in the labour force, women have a more difficult time moving up the ladder compared to its male counterpart. In South Korea's biggest state-run companies, there are only two female executives out of 148 senior executives. In the 100 biggest listed companies, only 2% of executives are women, and most of them were highly concentrated in the finance sector. Receiving promotion in the central government is also more difficult for women than men. Even though the civil servant exam helps women obtain jobs in the government, only 10% of managers in the central government are women.

### Where have all the female graduates gone?

The thick glass ceiling for women in South Korea is now called the "bullet-proof glass ceiling" by the Ministry of Gender Equality and Family. For highly-educated women who wish to pursue careers, there are noticeable hurdles of women inclusion in the work force derived from psychological inhibitors and traditional duties of women that are forced to perform after marriage, especially in their early 30s. According to the survey conducted by Saramin, one of the largest job-posting websites, 72% of working women considered marriage as an "obstacle" when developing a career. In the male-dominant working culture, Korean women are struggling to "lean in" to the society.

### Glass ceilings

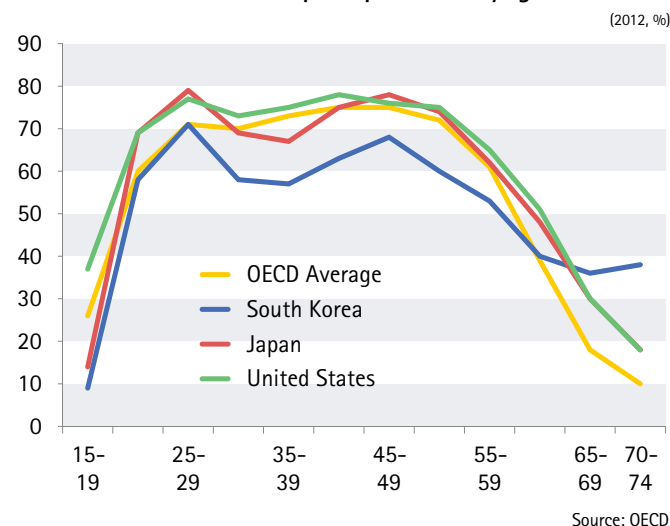
This problem is not limited to South Korea. Women empowerment and gender equality are frequently discussed topics in

modern industrialized societies. Along with rapid urbanization, increased affluence, and a higher education rate of women, these factors contribute to changes in social norms and structure from the household to labour market. A survey conducted by The Economist Corporate Network among executives in Asia Pacific also addresses this issue. Half of the respondents believe there is still a glass ceiling for women at work. When asked about "key barriers to success / promotions for women in your organization" with multiple choices that apply, 58.4% gave "family responsibilities conflicting with career advancement" as the main reason, followed by 56.8% choosing "lack of female confidence in their professional aspirations and confidence is a failure to lean in." With this in mind, "The glass-ceiling index" put together by The Economist indicates the hardship of working women. This index combines data on higher education, labour-force participation, pay, child-care costs, maternity rights, business-school applications and representation in senior jobs in numerical figure and demonstrates the environment for working women of OECD nations (see exhibit 2). By this calculation, OECD's average score is at 60. The findings showed that even for Germany, whose Chancellor is a woman and the U.S., a leader of the democratic world ranks lower than the average – Germany at the score of 58.4 and the US at 58.2. Undoubtedly, South Korea ranks the lowest among all nations with the score of 25.6. For example, South Korea has the highest gender wage gap (36.6%) and lowest women participation on company board (2.1%).

Even with strikingly low gender equality, there are a number of policies in South Korea to ensure women in the work force, including providing child care support, securing parental leave by law, and imposing quotas for hiring women in state-run companies. This issue is also recognized by the Park Geun-hye administration in the Three-year Plan for Economic Innovation of 2013 – 2017. In order to help women avoid career discontinuity, the government aims to create a family-friendly work environment for women to successfully develop their careers as well



Exhibit 1 Female labour-force participation rate by age





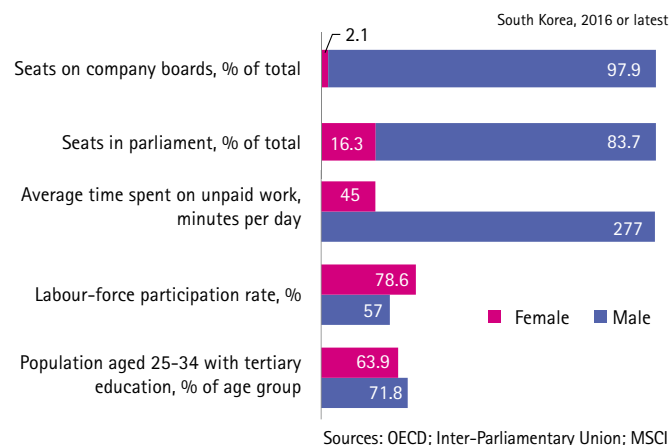
as become caring mothers. These policy measures, however, are vague, not aggressively enforced, and difficult to keep track. For example, even though maternity leave is ensured by the government as women's rights to protect them from returning back to work after child birth, only 35% of working women in the private sector used their leave and came back to their positions. During their pregnancy, pressure to leave from companies lead to low women participation in work force and contributes to a thicker glass ceiling.

### No-career women in Korea

The Economist Corporate Network recently organised an event on the topic of "Unlocking the Potential of Female Talent in Korea." The event was joined by senior women executives (both Korean and foreign) and CEOs of Multi National Corporations in South Korea. Male and female executives alike agreed that flexibility and communication as strengths of women leaders, especially in innovating work atmosphere. However, most women leaders recognized the hardships in male-dominant workplace. Such exclusion of women in labour participation creates social and economic waste in Korean society. Investing time, money, and social effort in education for women and not making the most of the highly-educated female labour force in economic contribution takes away the potential for economic growth. According to The Korean Women's Development Institute, gender imbalance in the labour force is costing the country more than \$13bn p.a. in output. This equates to an extra 1% to GDP growth just by raising the female labour force participation rate to equal male participation.

In order for Korea to improve gender equality, changes need to be made in the government, corporate and family levels of society. On the government level, a framework to ensure a better working environment for women must be regulated and enforced. The government needs to penalize companies that pressure women out of their positions for using maternity or childcare leave. The government also needs to ensure that paternity lea-

### No-career women in Korea



ve for fathers is encouraged and supported. On the corporate level, changes must be made from the inside to not discriminate against women in employment and promotion. Even though it may be difficult for Korean companies and male executives with years of established corporate culture to embrace such changes, more open and innovative work atmosphere must be established. Research conducted by Pepperdine University revealed that Fortune 500 corporations with higher ratios of women executives and leaders were 18% to 69% more profitable than that had male-dominant leadership. On the family level, traditional labour division of household must be changed to put less pressure on women. One panellist from the Economist Corporate Network's

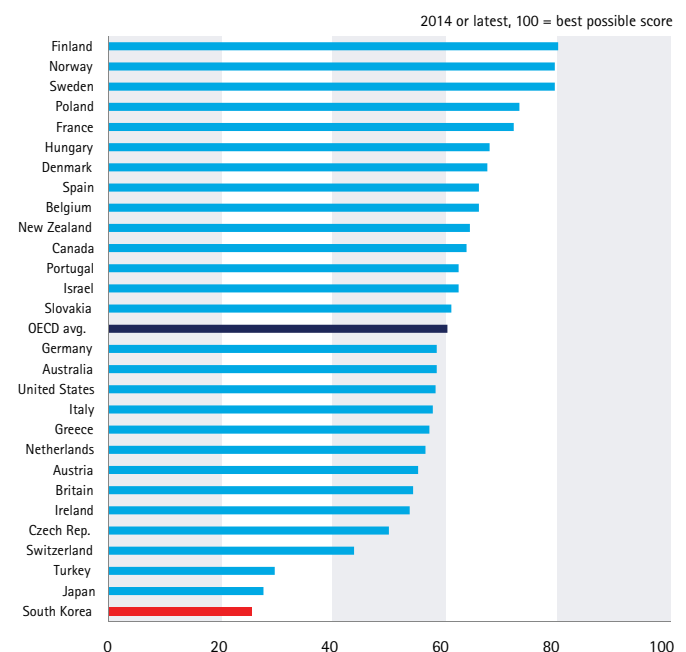
### Exhibit 2

#### Index for Women and Work in South Korea

- Population (aged 25-64) with tertiary education, 2013, gender gap: -0.8% points
- Labour-force participation rate, 2013, gender gap: -22.0% points
- Gender wage gap, 2013 or latest: 36.6%
- Women in senior managerial positions, 2011 or latest: 11.0% of total
- Women on company boards, 2014: 2.1% of total
- Net child-care cost, 2012: 0% of average wage
- Paid maternity leave, 2013: 10.5 weeks at 100% of last earnings
- GMAT exams taken by women, 2013-14: 30.3% of total
- Women in parliament, Jan 2015: 16.3% of total

Sources for Exhibit 2: OECD; Catalyst; Egon Zehnder; European Commission; GMAC; ILO; Inter-Parliamentary Union; World Economic Forum; The Economist

### Exhibit 2 Index for Women and Work



event emphasized that men should put effort in bringing about changes in the short to medium term while women as a group of professionals must struggle to innovate the society and take part in economic growth of the country.

If undervalued female workforce is adopted into the society, it can be a great opportunity for South Korea to achieve additional growth and the benefits may exceed the prediction. If not, it may pose risks for the country's potential economic and demographic growth capacity. It is advised that Korean companies should cease its resistance in incorporating female labour in their work force and start embracing them. In reverse, foreign firms can take advantage of this situation by employing talented women who have been largely ignored by Korean companies. South Korean women are well aware of their position in the society, thus prefer working at a foreign firm because of well-being policies, job security after child birth, and less discrimination for promotion. In order for Korean companies to adapt to the wave of 21st century of talented female labour, facing dramatic change is inevitable.

"Proactiveness, Confidence, and Positiveness are essential characteristics of women leaders," added a female CEO during the panel discussion. Women's inclusion in the work force should not be considered as a Corporate Social Responsibility (CSR). Rather, it should be established in the company as a framework, policy,

and culture to develop potential of women leaders. Once established in the organization, this will have a ripple effect to the incoming women employees who are as capable, or even more capable than their male colleagues. "Women leaders carry important role also as role models within her organization. Will think again (about leaving) when there is a role model figure in executive level." mentioned one of the panellists in his last remark. It is not too late for South Korea to bring about changes in the society, culture, and organizations and be the next leader in the world both in economic capacity and gender equality.

*The ECN is the membership-based briefing and networking service from The Economist Group for senior executives, seeking insight into economic and business trends across markets and regions.*



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## You CAN have your cake and eat it too:

### Strategic motivations for corporate social responsibility in Korea

#### Sae-Seul Park

Do corporations have social responsibilities? The answer depends on who you ask. Proponents of corporate social responsibility (CSR) contend that as social institutions, corporations have an obligation to do good for the sake of society. The opposition, on the other hand, disparages CSR for a number of reasons – that a corporation does not owe anything to society, that CSR is meaningless because it is done only for PR purposes, etc. Amidst this fervent debate on merits and demerits, the potential of CSR as a powerful tool which can simultaneously benefit businesses and the society can be easily overlooked. In the status quo, most corporations opt to go above and beyond the direct interests of the firm to further social good (Abigail & Donald, 2001). In this article, I argue that: a) due to external pressures, CSR is now a central part of corporations' business philosophies; b) CSR does not have to be a zero-sum game; and c) CSR has become an important issue in the Korean corporate landscape. I also address potential CSR-related issues and opportunities for foreign corporations operating in Korea.

The roots of CSR can be traced back to the 1960s (Wood, 1991), when the term was first coined to describe not only the legal but also the moral and the ethical responsibilities of the corporation. The conceptualization of CSR has developed significantly since then, due in part to the varying views on the roles and functions of corporations in society. When CSR first began to appear in management literature, the late Milton Friedman famously stated in his 1970 New York Times article that "there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits". Shareholder theory (Friedman, 1962) posits that the sole responsibility of managers is to utilize the resources of the corporation to increase shareholder wealth. Under this paradigm, the firm aims to maximize profits and share a portion of those profits with shareholders as rewards for the risks of their investment. Thus, firms have a fiduciary duty to focus on the interests of the shareholders. Half a century later, however, the rapidly changing business environment has brought into question the applicability

of Friedman's shareholder approach to social responsibility.

In the status quo, firms find it increasingly difficult, if not virtually impossible, to focus solely on the interests of shareholders. Governments regulate multiple aspects of a company's operations and institutional policies and procedures ensure that corporate misdeeds do not go unpunished. Companies now find themselves 'exposed' to external stakeholders on unprecedented levels as smart buyers and savvy consumers keep close watch over their actions. Corporate practices are held accountable not only under law but also by the people's court. For example, back in 2005, J.P. Morgan Chase issued a public apology for its links to slavery in the 19th century, even though reparations lawsuits against the company had been dismissed earlier. A judge had tossed out the case because the statute of limitations had long run out and there was no evidence tying the bank to slavery. However, J.P. Morgan went on to conduct its own research and find those ties, conclusively proving that its corporate ancestors indeed had associations with the slave trade. Why would the company go to great lengths to prove its wrongdoing despite being given a legal free pass? Actions such as this one are reflective of the shift from shareholder theory to stakeholder theory (Freeman, 1982), which expands corporate responsibilities to a wider group encompassing the different persons inside and outside of the company. Therefore, stakeholder theory is an important underlying element for CSR.

Although CSR has been a target of criticism for being nothing more than a façade for corporations to mitigate consequences of unscrupulous practices (for example, there have been cases of companies increasing CSR spending following corporate scandals) or to put on a show for the sake of public image, I take a

different view in my line of research. I propose that at least for now, companies' true motivations – whether they be altruistic or self-interested – for CSR are not really important; instead, I prefer to focus on improving the sustainability of CSR practices by examining the strategic applications of CSR. Corporations do not necessarily have to lose out in order to do social good. Such a limited view places unnecessary restrictions on CSR research. By framing CSR as a dynamic force which can bring about benefits to all parties involved, including the business as a whole and the stakeholders, I study how companies can utilize CSR strategically to benefit the firm. If corporations profit off of CSR and simultaneously bring about social good, why is this a bad thing? At the end of the day, CSR becomes more attractive to companies, further encouraging them to execute CSR actions, and everybody is better off. Expecting pure philanthropy from profit-seeking companies is inherently misguided. Without advantages to the company itself, CSR could be at risk of losing significance in face of financial and economic crises. I argue that a more realistic view is a holistic view – one which considers not only such the virtuous but also the practical implications of social responsibility.

In Korea, the 1997 Asian financial crisis sped up recognition of the importance of CSR in the country due to heavy societal pressures. As anti-corporate sentiment began to brew among the citizens, a slew of CSR activities followed the crisis with the intention of restoring lost credibility to Korean companies. Damaged reputations were repaired with CSR activities such as donating, the preferred mode of social responsibility for majority of Korean companies. Large corporate donations to charitable causes were sometimes criticized as PR moves, but they nonetheless provided a catalyst for more and more Korean companies to jump on board and diversify their approaches to CSR, expan-





ding to areas such as job creation and improvement of corporate governance. In fact, CSR programs in Korea are increasingly focused on specific social contributions rather than general donations. These factors elevated Korea to the frontline of CSR in the Asian region despite being a relative newcomer to this area. Although it would be difficult to ascertain whether Korean companies have the 'right' motivations or not, it cannot be denied that they are moving towards making greater contributions to societal good.

In a recent Federation of Korean Industries study conducted this year, 44% of the 231 large corporations surveyed increased spending on social contributions, and Korean companies' social contribution expenditures exceeded those of their Japanese counterparts. The study also found that Korean companies engage in CSR activities which are aligned with their core competencies (for example, heavy industry companies offering free vocational education to low-income students). Although anti-corporate sentiment is still prevalent in Korean society, especially among the younger generation, CSR has continued to flourish both as a strategic management tool for Korean companies and a means for improving society. Considering the burgeoning interest in CSR among large corporations in Asia, Korea's advancements in corporate social responsibility can be a good reference for other countries. CSR has become more widespread among large corporations in Asia, and according to a study of six countries – China,

India, Malaysia, Philippines, Singapore and Thailand) – conducted in 2010, researchers found that nearly every company (96%) in the sample reported CSR on their websites (Chapple et al, 2014). This is in stark contrast to nearly 20 years ago, when fewer than half of those companies did so.

It is important to note that foreign companies operating in Korea are not exempt from CSR expectations. In a study done by the Institute for Industrial Policy Studies titled "Best Social Contribution Winner Companies Chosen by Consumers", multinational corporations were absent from the list despite their contributions to local communities. This indicates that foreign companies need to make more concrete steps to localize their CSR activities and direct attention to their efforts. For example, the Korean-German Chamber of Commerce and Industry publishes annual CSR reports of German companies in Korea. The report helps raise public awareness of the social contributions of German enterprises, and corporations can leverage this exposure for strategic purposes. Foreign companies should be on the lookout for such opportunities in addition to planning their CSR moves in Korea.



**Sae-Seul Park**

Editor-in-Chief,  
Seoul National University Journal of International Affairs

## KGCCI – 35 Years of supporting business in Germany and Korea

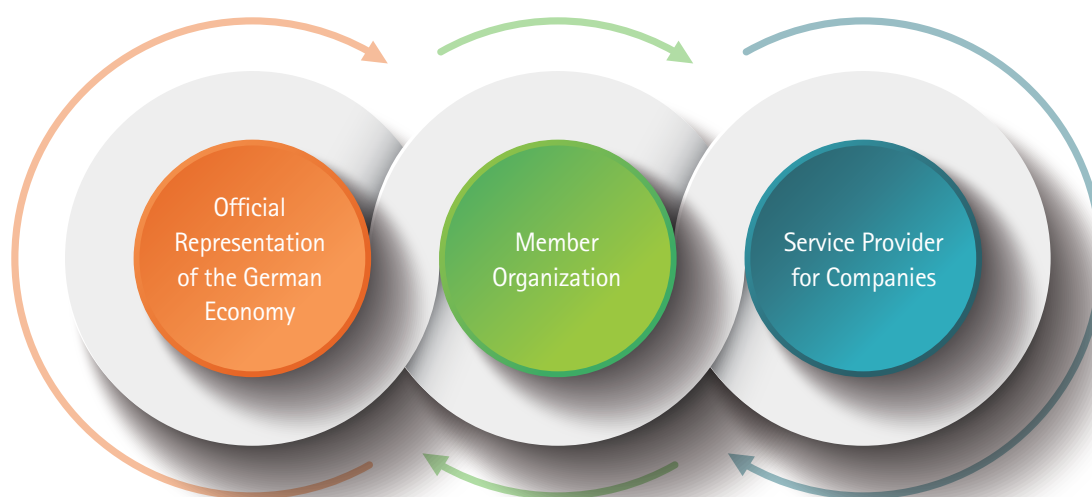
Hoje Woo



High Performance Training Workshop 201

Looking back at 35 years of KGCCI, one might say that our organization has not changed very much since its foundation but this couldn't be further away from the true fact that we have constantly changed and developed since day 1.

First of all, the economic and political environment surrounding us, both in Germany and in Korea have changed very much. Germany went through major changes such as the process of reunification, bigger involvement within the EU and an increasing role in international politics. Korea on the other hand has developed from an agricultural state into a modern economy with innovative com-



The three functions of KGCCI

panies and products which can stand its ground in international competition.

The development of the Korean economy was accompanied by the German business community and the effects of the bilateral trade can be seen by increasing trade statistics, number of member companies at KGCCI or the symbolic relocation from the building of the KCCI (Korean Chamber of Commerce and Industry) to our current location in Hannam-Dong.

The establishment of the FTA between the EU and Korea in July 2011 was one of the biggest changes in recent time. This agreement has made a significant impact on the scale of trade between Korea and the European Union. In 2015, the EU was Korea's third largest export market with a share of 11%. On the other side, Korea was the ninth largest export destination for the EU. Germany's share in the exports to Korea is quite significant as it is the biggest exporter to the country with 37%, followed by France and the UK with both equally 11%. Korean and European investments to each other have also increased accordingly.

Nonetheless, the core mission "to be the voice of the business community", has never changed. Per definition, German Chambers Abroad (AHK) like us have three main tasks: We represent German business interests, promote Germany as a business location and provide services to customers and member companies. While in the past a majority of our work was to introduce German companies to Korea, we nowadays guide an increasing number of Korean companies or organizations to Germany. These delegation trips to Germany are not only an important sign of Korea's development and its desire for further improvements, but also the respect it has for Germany. Especially when talking about future topics such as Industry 4.0, Smart Factories or Green Energy, the importance of bilateral communication can-

not be denied. To fulfill these needs better and to ensure a high level of standards, we established our service organization KGCCI DEinternational in 2014. Additionally, we began to introduce new methods to improve the quality of our work. As an example, we participated at a High Performance Training in 2015 and have other seminars and trainings for our staff and members to guarantee that they are experts in their fields. It is also worth mentioning, that many of our staff members are trilingual and fluent in English, German and Korean.

With steadily increasing importance of Korean-German trade, our significance and relevance within the Korean society has changed too. We are trying to convey not only the needs and desires of our members to the political side, promote Germany as a business location but also send positive messages about the bilateral relations to society itself. The Innovation Awards we introduced in 2015 itself is such an example of communicating messages to the Korean society. We gave smaller Korean companies the chance to use our channels and resources to make themselves better known and increase their exposure.

With time, there may have been noticeable changes in our environment or the topics we work on. We modernized our equipment and began using new media to communicate with our members but the basic principles of trade promotion stayed the same and can only be done through high level commitment from all sides. We, the staff of KGCCI, will continue to dedicate ourselves to this commitment



Hoje Woo

Deputy Secretary General at KGCCI  
at KGCCI since 1999

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**KORUM** target group consists of KGCCI members in Korea and abroad, decision makers of companies doing business with Korea, business associations and relevant public sector institutions.

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## NEXT ISSUE

Advertisements and contributions for issue 66: **November 20th, 2016**

**Main topic: "Investitionen in Korea"**

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