



HELPING YOUR BUSINESS GROW INTERNATIONALLY

South Korea Business Guide

UK
Fast track to the world



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INTRODUCTION

WHY SOUTH KOREA?

South Korea is the world's 12th-largest economy¹. It has a GDP of over US\$1 trillion – just less than the size of the entire Association of Southeast Asian Nations (ASEAN) and equal to 2 per cent of global GDP. Per capita purchasing power is some US\$30,000.

Over the next five years, the South Korean economy is set to make the 10th-largest contribution to world growth. That's as much as the UK and more than France or Italy. Despite the global slowdown, South Korea's economy grew by 3.6 per cent in 2011, the fastest in the OECD (Organisation for Economic Co-operation and Development).

South Korea is a high-tech economy. It is a world leader in electronics manufacturing, including semiconductor chips, flat-screen TVs and mobile phones. Samsung – the world's largest electronics company – originated in South Korea. The organisation has a turnover greater than that of Apple, Google and Microsoft combined. South Korea also has the highest level of broadband penetration in the world (with speeds of 100 megabytes), as well as the highest 3G mobile usage.

Moreover, the country is a world leader in shipbuilding, steel and automotive. Its construction and energy companies are increasingly successful overseas.

The population is highly educated. Seven per cent of the country's entire GDP is spent on education and nearly three quarters (74 per cent) of South Koreans undertake postgraduate-level study. This creates excellent opportunities for UK educational institutions.

In July 2011, the EU-South Korea Free Trade Agreement (FTA) came into force. The historic agreement presents opportunities for greater UK-Korean collaboration – based on current trading patterns it will be worth at least £500 million per annum to the UK economy. The most comprehensive FTA ever agreed between two parties, the deal will create outstanding opportunities in financial services, telecommunications and legal services. Ninety seven per cent of tariff barriers between Korea and the EU will be eliminated within three years and €1.6 billion of duties for EU exporters will be abolished annually.

¹According to the IMF, measured on a PPP (purchasing power parity) basis in 2010

THE COUNTRY AT A GLANCE	
Full name:	The Republic of Korea
Capital:	Seoul
Other main cities:	Busan, Incheon, Daegu
Area:	99,313 sq. km (38,345 sq. miles)
Population:	48.2 million (2010), one million foreign residents
Major languages:	Korean (written form Hangul) English is widely spoken
Ethnicities:	Korean, with the exception of around 20,000 Chinese
Life expectancy:	76 years (men), 83 years (women)
Major religions:	Buddhism, Christianity
Monetary unit:	South Korean won (KRW)
Nominal GDP:	US\$986.3 billion (2010)
GDP per capita:	US\$31,700 (2011)
World Bank ease of doing business ranking:	8 (2011)

INTRODUCTION

WHY SOUTH KOREA? (CONTINUED)

A leading choice for investors

According to the South Korean government, the UK was the largest foreign direct investor in South Korea in 2009, investing US\$1.9 billion. In fact, over the last 45 years, the UK has been the second-largest EU investor in South Korea, in cumulative terms. Tesco and Standard Chartered are among the country's largest foreign investors, investing between £2-3 billion each. Other major UK investors include: HSBC, Prudential, Barclays, Fidelity Asset Management, Diageo, Burberry, Unilever, BAT, AMEC, Rolls-Royce, AstraZeneca, GSK, Edwards, Shell and BP.

UK Trade & Investment (UKTI) in 2010, published a report entitled "South Korea – Open for Business", which details 100 commercial opportunities resulting from the EU-South Korea Free Trade Agreement (FTA). In March 2011, the second edition of the report was published, with updated information. To download the report, visit: <http://ukinrok.fco.gov.uk/resources/en/pdf/18756473/100-plus-ops>.

South Korea is making stringent efforts to ease excessive regulations in a bid to make the market more accessible for both foreign and local companies. By 2012, it aims to become one of the top 10 business-friendly economies in the world. This has the potential to increase foreign direct investment to US\$20 billion. The Foreign

Investment Promotion Act (FIPA) governs foreign investment in South Korea.

You can find more information in the Business section of www.korea.net – the South Korean government's official website, or at www.investkorea.org

Specific details of key investment opportunities are listed on page 9, under 'Opportunities in South Korea for UK companies'.

Strong bilateral trade

There is strong bilateral trade between the UK and South Korea, and this is set to increase even further with the FTA from 2011.

Exports: UK exports to South Korea have risen 21 per cent since 2003. The UK has a 1.2 per cent share of the South Korean market for goods and services. This compares with 0.6 per cent for France and 0.8 per cent for Italy.

Imports: The balance of trade continues to be in South Korea's favour. Since 2003, goods imported into the UK from South Korea have decreased from £2.5 billion to £2.4 billion (2010). They peaked, in 2008, at £3.5 billion.

Inward investment: Many South Korean companies have chosen to invest in the UK. There are currently around 170 South Korean firms doing business in Britain, with the largest investors being Doosan (which owns Doosan Babcock HQ in Scotland and has offices across the UK), Samsung and LG Electronics (both of whom have their European headquarters and design/R&D facilities here). The Korea National Pension Service, while not yet physically present in the UK, has spent over US\$1 billion

on infrastructure assets in the country, including the HSBC Tower in London’s Canary Wharf and a 12 per cent stake in Gatwick Airport.

In 2010/11, UKTI secured 18 inward investment projects from South Korea, creating and safeguarding more than 150 jobs. Recent investments have generally been high-value operations, such as European HQs, research centres and design studios.

TRADE IN GOODS AND SERVICES WITH SOUTH KOREA (£ MILLION)									
	UK Exports of Goods to South Korea		UK Exports of Services to South Korea		UK Import of Goods from South Korea		UK Import of Services from South Korea		Total
	(£m)	Change y-o-y	(£m)	Change y-o-y	(£m)	Change y-o-y	(£m)	Change y-o-y	
2011	2,482	1%	n/a	n/a	2,536	1%	n/a	n/a	n/a
2010	2,204	2%	n/a	n/a	2,408	-16%	n/a	n/a	n/a
2009	2,163	-15%	n/a	n/a	2,859	-18%	n/a	n/a	n/a
2008	2,543	33%	1,080	13%	3,498	14%	401	18%	7,522
2007	1,914	10%	956	12%	3,073	0%	339	33%	6,282
2006	1,746	4%	854	16%	3,069	0%	254	2%	5,923
2005	1,677	13%	735	-19%	3,063	-1%	249	1%	5,724
2004	1,481	1%	913	93%	3,083	20%	246	32%	5,723

Source: BIS analysis of Office for National Statistics data

INTRODUCTION

WHY SOUTH KOREA? (CONTINUED)

TOP TEN UK EXPORTS OF GOODS TO SOUTH KOREA IN 2011 (£ MILLIONS)	
Item	2011
Petroleum, & petroleum products	263
General industrial machinery and equipment, and parts nes	235
Medicinal and pharmaceutical products	195
Road vehicles	162
Beverages	148
Professional, scientific and control instruments	137
Electrical machinery, nes and electrical parts thereof	131
Metalliferous ores and metal scrap	106
Office machines and ADP equipment	98
Power generating machinery and equipment	90

TOP TEN UK IMPORTS OF GOODS FROM SOUTH KOREA IN 2011 (£ MILLIONS)	
Item	2011
Road vehicles	414
Electrical machinery, nes and electrical parts thereof	408
Telecoms and sound recording and reproducing apparatus	326
Petroleum, & petroleum products	187
Miscellaneous manufactured article nes	114
Specialised industrial machinery	105
Non-ferrous metals	104
Iron and steel	86
Rubber manufactures nes	78
General industrial machinery and equipment, and parts nes	66

Source: BIS analysis of HM Revenue & Customs data

Opportunities in South Korea for UK companies

UKTI has designated South Korea as a high growth market and identified significant opportunities in the following sectors:

- **Aerospace** – The South Korean government is looking to develop a small and medium-sized aircraft manufacturing value chain, led by its single aircraft manufacturer, Korean Airspace Industries Ltd. There are opportunities for UK companies to supply and collaborate.
- **Creative industries (Design)** – South Korea's overall design market is worth £10.6 billion. Seoul was the World Design Capital in 2010 and encouraged new and creative design concepts in and around the city. UK design is highly valued by Korean companies.
- **ICT (Communications, Industrial Electronics, Consumer Electronics)** – South Korea leads the world in many applications, including digital media broadcasting (DMB). There are many opportunities for UK companies involved in areas such as embedded software; 4G mobile telephony; games (including mobile games); bio-recognition systems and internet security; and green ICT.
- **Automotive** – South Korea has been the world's fifth-largest automotive producer for three consecutive years and offers wide-ranging opportunities for auto supply, component and design companies, particularly in the development of low carbon and electric vehicles.
- **Consumer products** – South Korea is a sophisticated market with steadily increasing levels of disposable income. Most major luxury brands are represented, with many rating South Korea as one of their most profitable markets. Major opportunities exist in fashion, and in food and drink.
- **Education** – South Korea is one of the largest education markets in the world. English-language training, including training delivered via e-learning, offers considerable opportunities.
- **Energy** – South Korea currently imports 96 per cent of its primary energy needs, but is seeking to reduce significantly its dependency on oil and gas imports by generating power from renewable sources. Opportunities exist in wind, wave, solar and CCS (Carbon Capture & Storage), in R&D and full commercial-scale projects. Major opportunities also exist in nuclear, both in South Korea and in partnership in third markets – initially the UAE.

In addition to these strategic priority sectors, there are also many other commercial opportunities for UK companies in the following areas:



INTRODUCTION

WHY SOUTH KOREA? (CONTINUED)

- **Environment** – President Lee Myung-bak’s “Green Growth” policies are creating multiple opportunities in the development and application of green technologies, particularly in reducing carbon emissions from industry and buildings. There are also niche opportunities in water and waste management, and in air pollution abatement.
- **Financial and legal services** – The EU-South Korea FTA will remove some key barriers to the profitability of UK banks in the country and, gradually, allow UK law firms access to the South Korean market. There are particular opportunities for asset management companies to work alongside Korean sovereign wealth funds, including the Korean National Pension Service (the fourth largest in the world), and the Korean Investment Corporation.
- **Life Sciences** – South Korea’s rapidly ageing population and societal drivers for a healthier lifestyle ensure a wide range of opportunities, from the supply of branded drugs to over-the-counter supplements, with natural ingredient-based products in particularly high demand. South Korea is a developed market for healthcare provision, offering niche opportunities in the supply of high-end equipment and telemedicine.

Market strengths

These are the essential facts that UK companies doing business in South Korea need to know:

- South Korea is the world’s 12th-largest economy. Over the next five years, it is set to make the 10th-largest contribution to world growth – more than France or Italy and roughly the same as the UK.
- The new landmark EU-South Korea FTA will be worth £500 million to UK businesses per annum. Ninety seven per cent of tariff barriers between South Korea and the EU will be eliminated within two years.
- South Korea is a world leader in electronics, shipbuilding, steel and automotive.
- Nearly three quarters (74 per cent) of South Koreans undertake postgraduate-level education. The country spends 7 per cent of GDP on education.
- South Korea has the highest level of broadband penetration in the world, with speeds of 100 megabytes. It also leads the world in 3G mobile usage and technology.
- President Lee Myung-bak’s government is committed to green growth. It has pledged to spend US\$50 billion, or 2 per cent of GDP, over the next five years to transform South Korea into a low carbon, green-growth economy.
- The UK was the largest foreign direct investor in South Korea in 2011, investing US\$1.9 billion.



INTRODUCTION

ABOUT THIS BUSINESS GUIDE

Much of the information presented in this booklet has been contributed by experts at UK Trade & Investment, British Diplomatic Posts and the British Chambers of Commerce.

The South Korean Business Guide is intended to provide general business advice and should not be used as a substitute for market research, due diligence or legal and professional services.

About UK Trade & Investment

UK Trade & Investment (UKTI) is the government department that can help you achieve your international business potential. We combine the national resources of the Department for Business, Innovation & Skills (BIS) and the Foreign & Commonwealth Office's (FCO) global network of Trade Development Staff, to help you successfully win business overseas.

We treat every business as an individual – that's why we provide a tailored service with specialist support covering a wide range of industries.

Our capacity-building services can make a real difference to your business at a very reasonable price. To use our services, your firm may need to meet certain eligibility criteria. Your International Trade Adviser (or equivalent person in Scotland, Wales and Northern Ireland) will be able to explain in more depth what these criteria are and advise you on costs.

**For more information,
visit www.ukti.gov.uk**

RESEARCHING THE MARKET

WHERE TO BEGIN

Doing business with South Korea may seem rather daunting for those new to the market, but taking a strategic approach is the key.

Companies should conduct reliable research before venturing into business in any new territory and South Korea is no exception. Good research saves money and improves efficiency and performance right from the start.

Desk research

General introductory business information about South Korea is readily available and companies can obtain a reasonable amount of preliminary insights through desk research.

Economic research and sector analysis can be obtained from a large number of leading consultancies, research agencies and public-sector trade promotion organisations.

Furthermore, the increasing use of e-commerce and B2B websites in South Korea has made it possible to identify, and gain access to, potential partners across the globe. A good place to start is the UKTI website, www.ukti.gov.uk/southkorea, which provides detailed country and sector information. Registration is free and offers additional benefits, such as access to business opportunity alerts and information updates.

Consultation and bespoke research

You should not rely solely on desk research. Websites and online materials can be out of date and the quality and reliability of content varies widely. Sometimes you may simply be unable to find the information you're looking for. This is why it is essential to verify initial research findings and conduct further investigations.

Often this requires you to map out a bespoke research brief with the help of specialists, exploring what additional information you might need to make an effective entry into the market and how you can make the contacts vital to success.

UKTI offers a range of support services to UK businesses interested in researching the South Korean market.

Speaking to an expert

UKTI provides support for UK companies through a network of International Trade Teams based in the English regions. UKTI services are also available to companies in Scotland, Wales and Northern Ireland.

To arrange a consultation with your local International Trade Adviser, call +44 (0)20 7215 8000 or use the database at www.ukti.gov.uk

Questions to ask yourself before you begin:

- What are the company's unique selling points? Is there likely to be a market for our product or service in South Korea?
- Are there any legal barriers to our business model?
- Whereabouts in South Korea should we start?
- Do we have sufficient resources (management time, project finance and expenses) to fund our South Korean project?
- Who will be leading the project within our company?
- Do we need to work with a partner in South Korea to succeed? If so, can we communicate effectively with them?
- Have we evaluated business risks (such as protecting our IP) and conducted research and due diligence?
- Do we know how to secure payments and get the right quality products?

It is unlikely that you will have the answers to all these questions at the outset and these "knowledge gaps" should form the basis of further research and investigation.



samsung d'light

RESEARCHING THE MARKET

WHERE TO BEGIN (CONTINUED)

Overseas Market Introduction Service

The Overseas Market Introduction Service (OMIS) is a UKTI service available to companies interested in finding out more about an overseas market. In South Korea, it can assist you by undertaking tailored research using UKTI's extensive network of dedicated researchers based across the country.

OMIS can provide:

- **Market research and analysis**

- Sector reports
- Market initiatives
- Regulatory environment
- Market opportunities

- **Identification of local contacts**

- Agents
- Distributors
- Suppliers
- Potential partners

- **In-market activities**

- Meeting arrangements
- Event organisation, such as workshops, seminars, promotional activities and product launches.

For more information about how OMIS could help you in South Korea, please contact your International Trade Adviser.

Events and seminars

UKTI organises business events, seminars and workshops in the UK and South Korea, covering a wide range of business interests and issues. Not only do these events inform companies about business opportunities and offer the latest market information, they also provide a valuable platform for networking and sharing experiences with like-minded peers, not to mention regular access to visiting South Korean delegations.

Sign up to a forthcoming event by visiting www.ukti.gov.uk

Market visits and trade missions

Visiting South Korea is an invaluable part of the process of market entry. You will experience the marketplace first-hand and make the contacts necessary to do business. This is essential, but it will be much more effective with careful planning.

UKTI organises regular trade missions to South Korea where you can benefit from group activities, in addition to your own programme.

OMIS can be used to support visits, providing bespoke meeting arrangements with appropriate potential partners, agents and distributors, or with relevant government officials.

RESEARCHING THE MARKET

HOW WE CAN HELP YOU

UKTI provides a wide range of trade development services designed to help UK companies succeed in international markets. Some of these services are provided at zero or heavily subsidised cost. All are delivered by experts with extensive experience of overseas trade and detailed knowledge of the global marketplace. If you are considering doing business in South Korea, talk to us about how we can help you to achieve your goals.

Overseas Market Introduction Service (OMIS) is a chargeable UKTI-led, tailored service to access market and industry information, identify potential contacts or assist in planning an event.

Passport to Export provides new and inexperienced exporters with the training, planning advice and ongoing support they need to succeed overseas.

Gateway to Global Growth is a free service to experienced exporters. It offers a strategic review, planning advice and support to help companies build on their previous success and develop new overseas markets.

Events and seminars are held across the UK and South Korea. They include specific sector-based activities.

Trade missions are organised to help UK companies visit the market they're interested

in and talk face-to-face with prospective business partners. UKTI also organises missions to the UK to allow overseas delegates to meet with potential UK partners or investors.

Business opportunities can be emailed directly into your in-box, highlighting hot leads in your chosen overseas market. Companies can sign up for this free service by visiting www.ukti.gov.uk

Fiscal Stimulus Initiatives have been introduced by governments around the world. UKTI can help UK companies of all sizes to identify the opportunities created by fiscal stimulus packages and major spending programmes. For example, the South Korean government introduced a huge fiscal stimulus in response to the global financial crisis, made up of roughly one-third tax cuts and two-thirds public spending. In total, the measures equate to around 5 per cent of GDP, spread over two years.

Export Communications Review (ECR) assesses the way companies communicate with overseas customers and makes practical recommendations for improvement. The service is managed for UKTI by the British Chambers of Commerce.

Export Marketing Research Scheme (EMRS) offers support, advice and grant funding to eligible companies wishing to

research a potential export market. The service is managed for UKTI by the British Chambers of Commerce.

Foreign & Commonwealth Office (FCO)
Country Updates provide authoritative analysis of emerging markets and identify key issues relevant to UK businesses. The updates are compiled by British embassies, which have access to high-level government and business contacts. Visit www.fco.gov.uk

For more information on any of these services, please contact your local International Trade Team.

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MARKET ENTRY

CHOOSING THE RIGHT LOCATION

Geography

The Korean Peninsula lies in the northeastern part of the Asian continent. It is bordered to the north by Russia and China, to the east by the East Sea and Japan, and to the west by the Yellow Sea. In addition to the mainland, South Korea comprises around 3,200 islands.

At 99,313 sq. km, the country is slightly larger than Austria. It has one of the highest population densities in the world, after Bangladesh and Taiwan, with more than 50 per cent of its population living in the country's six largest cities.

Korea has a history spanning 5,000 years and you will find evidence of its rich and varied heritage in the many temples, palaces and city gates. These sit alongside contemporary architecture that reflects the growing economic importance of South Korea as an industrialised nation.

In 1948, Korea divided into North Korea and South Korea. North Korea was allied to the, then, USSR and South Korea to the USA. The divide between the two countries at Panmunjom is one of the world's most heavily fortified frontiers.

Surrounded on three sides by the ocean, it is easy to see how South Korea became a world leader in shipbuilding.

Climate

South Korea has a temperate climate, with four distinct seasons. Spring, from late March to May, is warm, while summer, from June to early September is hot and humid. Autumn, from late September to November, is generally mild. Winters in Korea tend to be bitterly cold, due to Siberian airflows, and there can be heavy snow in northern and eastern parts.

Centres of business

Seoul – is the capital of South Korea and its largest commercial centre. With a population of around 10 million, it is one of the largest cities in the world. The Seoul National Capital Area, which is generally referred to as Sudogwon, is the second-largest metropolitan area in the world. It has over 24.5 million inhabitants and includes the Incheon metropolis and most of Gyeonggi province. There are a range of industrial clusters outside Seoul, including:

Osong Bio-Technopolis – South Korea's first bio cluster, located 170km south of Seoul. Osong is designated a special zone for foreign direct investment, securing US\$260 million to date. Foreign companies seeking to invest in the complex will be exempt from rent and corporate taxes for five to seven years, with additional tax benefits offered by the local government.

MARKET ENTRY

CHOOSING THE RIGHT LOCATION (CONTINUED)

South East Coast and Ulsan – is where South Korea's world-leading shipbuilding cluster is located. The cluster is home to manufacturers of steel plates, steel structures and engines, as well as colleges specialising in shipbuilding and marine engineering. Ulsan shipyard is currently the largest in the world and has the capacity to build a variety of vessels, including commercial cargo, offshore and naval.

Busan (officially Busan Metropolitan City and formerly spelled Pusan) – is the second-largest metropolis in South Korea after Seoul. It is the largest port city in the country and the fifth-largest port in the world. Busan has played host to several high-profile international business and sporting events, including the APEC Economic Leaders Meeting in 2005. The largest department store in the world, Shinsegae Centum City, is located here and Busan is building many super-skyscrapers, including the 110-floor Lotte Super Tower.



Incheon (officially Incheon Metropolitan City) – is part of the Seoul National Capital Area and is the third-largest urban area in South Korea, behind Seoul and Busan. Incheon is the country's most important transport hub, housing the largest seaport on the west coast and the country's largest airport. Global business is centred around the high-tech Songdo International City, which is the site of South Korea's tallest building, the Northeast Asia Trade Tower.

Incheon was South Korea's first Free Economic Zone, providing various types of government services to promote foreign investment. For example, English is the official language for government documents in this area and, in September 2010, the Chadwick International School – the first in the region – opened in the Songdo district.

Incheon's goal is to transform three of its districts (Songdo, Yeongjong and Cheongna) into the logistics, leisure and tourism, and international business hubs of the Northeast Asia region.

Incheon will play host to the Asian Games in 2014, from 19 September to 4 October. It beat off India to host the Games and is the third city in South Korea after Seoul (1986) and Busan (2002) to stage the event.

Daegu (officially the Daegu Metropolitan City) – is one of the largest metropolitan

areas in South Korea, with more than 2.5 million people. The city is located in southeastern Korea, about 80km from the coast. It is a centre for fashion and high-tech industries.

Songdo – this district of Incheon is aiming to become a global city of high-tech knowledge and international business. The Samsung Group recently announced a US\$266 million venture with partner Quintiles Transnational Corp. to make biologic drugs here. The new plant, which will contract-make medicines from living cells, will help Samsung to tap into South Korea's massive biopharmaceuticals market, which has produced five of the world's 10 best-selling medicines.

Yeongjong – is aiming to become an international logistics city. It is the site of Incheon International Airport and harbour. Expansion plans for the airport include creating a free trade zone, international business district and special economic zone. In March 2009, it was named Best Airport Worldwide in the Airport Service Quality Awards.

Cheongna – is aiming to become a global entertainment and tourist city, with several high-profile sports and leisure developments.

Other major centres in South Korea include: Suwon, Goyang, Seongnam and Bucheon.

MARKET ENTRY

ESTABLISHING A PRESENCE

Direct sales into South Korea can be difficult. For most UK companies, it is more effective to approach the market through local business partners (agents and distributors) who have the ability to distribute and provide locally based technical support. Licensing and franchising are also increasingly popular options.

It is possible to set up a representative office, a branch office, a joint venture or a wholly foreign-owned enterprise in South Korea (refer to page 28/29 – for further detail). If you are planning to do business in South Korea, consult a lawyer about the possible options and how you plan to conduct the operation. UKTI can help you to identify local and international law and consultancy firms who can help. We can also provide validated lists of agents/potential partners, key market players and potential customers; approach contacts on your behalf to establish if they are interested in working with you; as well as arranging appointments and organising events.

Agents and distributors

An agent is a company's direct representative in a market and is paid commission, whereas a distributor buys products from the manufacturer and sells them on to customers. The difference between the cost of purchasing products and selling them on (the profit) forms the distributor's income.

In South Korea, registered commissioned agents are known as “offer agents”. Many of them operate on a small scale and lack capital, but if they have the right contacts they can provide adequate representation, even for major projects.

Entering a market by working with an agent or distributor can have several advantages. It reduces time and costs, and companies gain the local knowledge and networks of the agent/distributor in question. However, there are also some drawbacks. Employing a third party results in an additional cost to your products and you may lose some control and visibility over sales and marketing. It also has implications for intellectual property rights protection, increasing the risk of your product being copied or counterfeited.

Given these considerations, you need to select agents and distributors carefully. Your local UKTI office will advise you on how to commission a tailored report for your specific needs and can also provide a list of the best potential partners. A visit to South Korea will enable you to meet some of them and appoint a local contact.

Suggested questions to ask agents/distributors are listed below. You should also conduct due diligence to verify this information.

- **Background**

- Company size, history and ownership (private or state-owned)
- Quality and quantity of the sales force
- Customer feedback and trade/bank references

- **Distribution channels**

- Regional coverage
- Types of outlets covered and frequency of visits
- Transportation and warehousing facilities

- **Are they right for you?**

- Does the agent/distributor have a genuine interest in representing your product?
- Can they benefit from actively promoting your interests (is it a win-win)?
- Do they also represent any competing companies/products?
- Can you communicate effectively with your counterpart?

Once a working relationship has been established, the agent/distributor needs you to actively manage them by:

- visiting as regularly as is practicable at a senior management level. This shows interest in, and commitment to, the agent and the market. It will also provide you with an opportunity to learn about conditions in the market and see how your products are doing
- working closely with the agent to show them how they can profit from your products
- helping to prepare marketing and sales plans for the agent
- providing regular training for sales staff and after-sales training for technical staff in the UK

MARKET ENTRY

ESTABLISHING A PRESENCE (CONTINUED)

- linking performance to incentives and agreeing milestone targets.

There is additional guidance on working with South Korean partners in later sections of this guide.

Licensing and franchising

Licensing and franchising are alternative approaches to selling products and services, but the exact business model will vary, depending on the sector and company. It is worth noting that Koreans have a different view of contractual agreements than UK companies. There is a tendency to regard them as “gentlemen’s agreements” that can be subject to renegotiation if circumstances change, rather than as a binding contract. It is a good idea to exercise caution when entering into licensing agreements. UKTI in South Korea can advise on this, as well as other aspects of licensing and franchising.

Establishing a permanent presence

Having a permanent in-market presence can have several benefits, including:

- demonstrating commitment
- cutting out the ‘middle man’, providing direct access to the end customer/supplier
- giving direct control over corporate strategy and activities
- enabling trading in the local currency and easing the conduct of business transactions

- fulfilling a legal requirement to have a permanent presence (relevant in certain business activities and sectors).

In the past, foreign investors who wanted to do business in South Korea were required to have a South Korean partner. However, this has changed, thanks to the South Korean government’s continued efforts to ease regulations and encourage more foreign investors. It is now possible for foreign companies to establish a business in South Korea, even as sole traders, providing they follow the correct guidelines and procedures and set themselves up as an appropriate legal entity. The company must also be compliant with South Korean legal and tax requirements. The South Korean government website, www.korea.net contains information about how to set up a business in the country.

Once you have decided where you’d like to establish your business, contact the local government office in your target region. These offices provide help for companies wishing to set up in their locality. There are details of metropolitan and provincial governments on the Korea.net website, or alternatively consult UKTI in South Korea.

Deciding what constitutes an appropriate legal entity for your business depends on your intended scope. There are a number

of legal structures that allow foreign invested enterprises (FIEs)² to do business in South Korea, as outlined below. Each has its own advantages, restrictions and drawbacks, so it is essential to choose the option best suited to your aims.

It is usually more difficult to alter a business structure once a legal entity has been incorporated or established, so it is essential to seek professional advice during the early stages of planning. UKTI can offer dedicated one-to-one consulting and incorporation services to assist UK companies establishing various kinds of permanent presence in South Korea. Please contact UKTI for more details.

Legal structures

Foreign invested enterprises (FIEs) in South Korea are governed by the Foreign Investment Promotion Act (FIPA) and the Commercial Code of Korea. The aim of FIPA is to create a level playing field between Korean investors and foreign investors, so that both are treated more or less equally.

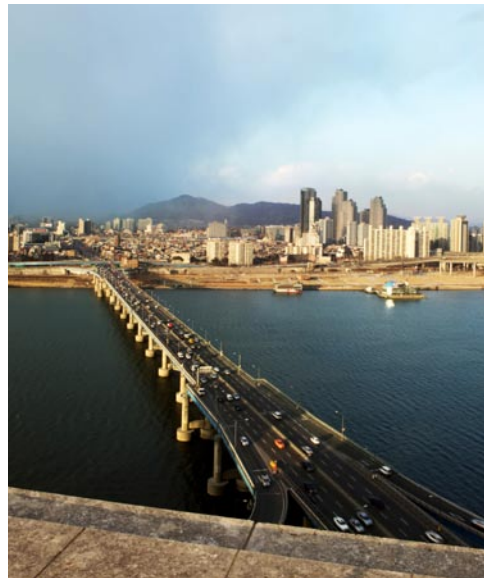
FIPA states that:

- foreign investors can invest in virtually any type of business in South Korea
- potential foreign investors only have to notify the relevant government authorities, rather than having to seek consent.

FIEs established under FIPA are entitled to certain tax incentives provided by the Special Tax Treatment Control Act of Korea. In return, they are required to invest 50 million Korean won (approximately £28,000) or more in the local corporation. You will find more details at:

www.investkorea.org/InvestKoreaWar/work/ik/eng/bo/bo_01.jsp?code=102030201

The Korean National Tax Service provides information about the taxation system for foreign investors. For detailed advice on any aspect of establishing a permanent presence in the country, contact UKTI South Korea.



²Setting up a FIE is a common method of creating an operation in Asian countries and can have a number of legal structures.

MARKET ENTRY

ESTABLISHING A PRESENCE (CONTINUED)

Representative offices

Representative offices are often the first step taken by foreign companies when establishing a permanent presence in South Korea. They provide a vehicle through which the foreign investor can undertake activities such as market research, customer liaison and support. Representative offices can also organise business visits from company headquarters, which can make the process of obtaining business visas for visitors much easier. Public relations work and local administration are also permitted. However, a representative office cannot conduct sales activities. This means they cannot sign contracts, receive income or issue invoices and tax receipts.

Branch offices

Branch offices can be used for companies that do not plan to have their head office in South Korea but need the ability to exercise their rights, based on the South Korean legal system, and establish their own property there. A registration fee is payable, based on the authorised share capital of the parent company. A higher registration fee is payable if the parent company has a high authorised share capital.

Joint ventures

A joint venture (JV) is an organisation jointly owned by one or several South Korean and foreign partners. It can be formed by way of equity contribution, whereby ownership, risk and profit are shared, based on each party's monetary contribution. Alternatively, a JV can be incorporated, with liabilities and profit distribution being decided by contractual agreement.

JVs can be beneficial in a number of ways. A good local partner may contribute market knowledge and strong marketing and distribution channels, and they may help reduce the costs and risk of market entry.

The challenge of establishing and running a successful JV is to find and nurture the right partnership. Partners have to overcome issues such as mismatched expectations and differences in business culture and practices. The ability to maintain effective communication, and control, where necessary, is also crucial. It is essential that you carry out corporate and financial due diligence before you sign up to any partnership. Companies should also plan an exit strategy. Like a marriage, it is better to have a pre-nuptial agreement than a messy divorce.



MARKET ENTRY

ESTABLISHING A PRESENCE (CONTINUED)

Foreign investment procedures

Foreign investment procedures consists of submission of a foreign investment report, remittance of investment funds, registration of a foreign-invested company and registration of incorporation and business. Where a foreign investor registers a privately-owned business, 'registration of incorporation' is not required. The procedures applied to foreigners are basically the same as for Koreans except for the two additional areas; foreign investment reports and registration of a foreign-invested company.

Foreign investment report

A foreign investor, or an agent, may report their investment at Invest KOREA (KOTRA), Korea Business Centers (KBC) of KOTRA, headquarters and branches of domestic foreign exchange banks, or domestic branches of delegated foreign banks.

- Reporting person: A foreign investor or an agent
- Delegated agency: Headquarters and branches of domestic banks, domestic branches of delegated foreign banks, Invest KOREA (KOTRA), or Korea Business Centers (KBC) of KOTRA
- Processing period of a foreign investment report: Immediate (The certificate of completion of report is issued without delay).

Follow-up management of foreign investment

Where a foreign investor or a foreign-invested company has completed payment for an investment or acquired existing stocks, he/she/it shall take procedures to register a foreign-invested company to the president of KOTRA or the Head of a foreign exchange bank, as prescribed by Acts and statutes of the Republic of Korea. The registration may be cancelled for certain reasons.

Corporation establishment

There are four ways that a UK company can establish a business in South Korea:

1. a local corporation
2. a private business set up by a foreigner or a foreign corporation
(both recognised as a foreign investment),
- and:
3. a local branch
4. a local office in South Korea set up by a foreign corporation.
(both categorised as a domestic branch of the foreign corporation).

Comparison of a foreign-invested company and a domestic branch

A foreign-invested company under the Foreign Investment Promotion Act
Establishment of a local corporation in South Korea by a foreign national or a foreign corporation is regulated by the Foreign Investment Promotion Act and

the Commercial Act. A foreigner shall invest not less than 100 million Korean Won for the local corporation concerned to be recognised as foreign investment under the Foreign Investment Promotion Act.

Private business established by a foreigner with the investment of not less than 100 million Korean Won, is also recognised as foreign investment under the Foreign Investment Promotion Act.

Domestic branch of a non-resident (a foreign company) under the Foreign Exchange Transactions Act
A ‘branch’ that operates its business and generates profits in South Korea is not recognised as foreign direct investment. An ‘office’ can be defined in that it does not carry out business that generates profits in South Korea, but instead undertakes a non-sales function such as market research, R&D etc. An ‘office’ is granted a distinct number (equivalent to business registration), at a jurisdictional tax office in South Korea without the need for registration, which is different from a ‘branch.’

For further details on incorporating in South Korea, contact UKTI South Korea or visit the offices of the Korean Trade Promotion Agency (KOTRA).





GETTING STARTED

FINDING A CUSTOMER OR PARTNER

Once you have identified the best market-entry option for your company in South Korea, the next step is to find potential customers or partners. Tried and trusted methods include:

- **Overseas Market Introduction Service**
UKTI's Overseas Market Introduction Service (OMIS) can tailor-make a list of potential customers, agents, distributors or partners and arrange a programme of meetings with them when you visit South Korea. OMIS can also be used to arrange a seminar or product introduction event in South Korea, which can be an effective way of getting your message across to a number of potential customers.
- **Trade shows and exhibitions**
Trade shows and exhibitions take place in South Korea throughout the year and can be an excellent way to meet potential customers face-to-face. Arranging appointments in advance with pre-identified contacts is essential if you want to make effective use of your time.

- **UKTI-supported trade missions**
UKTI supports a large number of trade missions to South Korea, organised by trade associations and local chambers of commerce. They provide an excellent opportunity for companies to visit the country to find out how business is done and generate valuable sales leads.

GETTING STARTED

DUE DILIGENCE

Many of the problems that foreign companies encounter when doing business in South Korea could have been avoided by carrying out some due diligence at the outset.

There are different levels of due diligence, appropriate for different situations. If your sole interest is in exporting, the best proof of a South Korean company's ability to pay is a letter of credit from the bank. If a company can produce this, you do not need to check its financial standing as the bank will have already done so.

A very simple piece of due diligence is to obtain a copy of a company's business licence. This will tell you the following:

- the legal representative of the company
- the name and address of the company
- the amount of registered capital, which is also its limited liability
- the type of company
- the business scope
- the date the company was established and the period covered by the licence.

You should check that the information contained in the business licence matches what you already know and, if it doesn't, then find out why. You will have more security if you know who the legally responsible person is, so find out who you are dealing with.

The shareholders of the company are responsible for the amount of liability as stated as registered capital on the business licence. You can check whether or not the registered capital has been paid up by using a firm of accountants to get a Capital Verification Report.

If you want to establish a business relationship that goes beyond exporting, you will need to carry out further research. It is not enough simply to obtain a copy of a company's accounts, as they may not be accurate. Accounts in South Korea are unlikely to be audited to the standards routinely expected in the UK, and companies may have different sets of accounts for different audiences, so it is advisable to use such data in conjunction with information obtained from elsewhere.

Good-quality consultancy and assistance is available from firms resident in South Korea and the UK. These companies can carry out operational, financial, legal and technical due diligence checks, typically by looking at the actual operation of the business, and building up a more accurate picture by carefully interviewing people who work in and with the firm. UKTI has lists of consultancies based in the UK and South Korea that can provide due diligence checks on South Korean companies.

GETTING STARTED

EMPLOYING STAFF

South Korea has a motivated and highly educated workforce that leads the world in a range of high-tech disciplines. Seven per cent of the country's GDP is spent on education and 74 per cent of South Koreans undertake postgraduate-level education. You will find workers here to be disciplined, hard working and keen to undergo training.

South Korea greatly values its workforce highly and is keen to attract high-quality skills from overseas. It has recently relaxed restrictions on visas for overseas workers. The organisation Contact Korea, has Korean Business Centres in 29 countries around the world, including the UK, dedicated to attracting talented people to work in South Korea. For further information visit: www.contactkorea.go.kr/en

Skills development

South Korea is keen to promote ongoing skills development. South Korea's Employee Skills Development Act exists to promote employee skills development and improve the productivity of the country's businesses. For further details visit: www.moel.go.kr/english/topic/laborlaw_view.jsp?idx=220&tab=Skills

The Ministry of Employment and Labour (MOEL) in South Korea is the body that oversees issues such as employment conditions, industrial relations, accident protection, welfare promotion, job security and vocational training. For more information visit: www.moel.go.kr/english



GETTING STARTED

EMPLOYING STAFF (CONTINUED)

Recruitment channels

There are several channels for recruiting staff in South Korea. It is worth remembering that South Korea is one of the most internet-enabled countries in the world – nine out of 10 homes have access to the internet and the country has the highest rates of broadband usage – so the internet is an ideal way of publicising job vacancies. See below for the most used channels for recruiting staff:

- Advertise jobs to UK graduates on the UK's official graduate careers website, www.prospects.ac.uk/south_korea_job_market.htm
- Online job services, such as www.contactkorea.go.kr/en and <http://jobs.asiabot.com>
- Classified adverts for jobs in English are available in English daily newspapers, such as *The Korea Times* and *The Korea Herald*.
- Other newspapers (many of which have English-language pages) include: *Chosun Ilbo*; *Dong-a Ilbo*; *Korea Economic Daily*; *Maeil Business*; *Hangyore Sinmun*; and *JoongAng Ilbo*.
- Trade journals for key industry sectors, such as *Fashionbiz*, *M&M*, *VM Space*, *GG Game*, *Monthly Design* and *Monthly Motors*. For industry-specific periodicals, please contact the relevant UKTI Commercial Officer in South Korea.
- Recruitment companies: South Korea is a member of the International Confederation of Private Employment Agencies (CIETT).

There are many experienced domestic and international recruitment agencies operating across the country's main business regions. Companies like Manpower, Heidrick & Struggles and Adecco have a permanent base in South Korea.

- Contact the British Embassy, British Chamber of Commerce or educational institutes.

Recruitment process

When you are recruiting in South Korea, make sure that you carry out all the normal steps that you would if recruiting in the UK.

Ensure that candidates' technical and linguistic capabilities match their claims and that you hire staff at the right level for the role.

Carry out due diligence. This includes conducting personal background checks and checking all references before offering the position.

Offer appropriate remuneration. It can be difficult to find up-to-date statistics on the going rate of pay for certain types of employment. Engineers, for example, can earn between 5 million KRW (US\$4,500) a month and 8 million KRW (US\$7,200). Talk to UKTI South Korea for advice on salary levels.

Overseas training

Offering employees the opportunity to train overseas is also very attractive at all levels, although make sure that in return for providing such training employees make a commitment to stay with your company for a specified period of time.

A word of caution

A lot of smaller companies setting up an office in South Korea may well just employ one person to deal with all aspects of

running the company. Although this may be convenient and cost-effective, it might not be the best way to run your operation. If your employee is not familiar with the rules and regulations pertaining to running an international office or business in South Korea, then you may soon have to deal with issues of non-compliance, which could prove very costly. Moreover, having one person in control of all financial and legal aspects of the business is obviously risky.

Working hours

South Korea has one of the longest weeks in the world. Recent legislation limits the average working week in any two-week period to 40 hours and prevents workers being required to work a 12-hour day. However, this is not widely observed and most people still work late into the evening.

Standard working hours in the country are 09.00-18.00, Monday to Friday.

Public holidays

There are 15 national holidays in South Korea and most of them are observed by the majority of offices and businesses. In addition, workers accrue leave based on their attendance record and the number of years with a company.

Public holidays are:

January 1:	New Year's Day
1st day of 1st lunar month:	The Lunar New Year (Seolal) is the most important of the traditional Korean holidays and lasts three days
March 1:	Independence Movement Day
8th day of 4th lunar month:	Buddha's Birthday (Seokka Tanshin-il)
May 5:	Children's Day
June 6:	Memorial Day
July 17:	Constitution Day
15th day of 8th lunar month:	Mid-autumn Festival (Chuseok). This is also a three-day holiday
August 15:	Liberation Day
October 3:	National Foundation Day
December 25:	Christmas Day

GETTING STARTED

LANGUAGE

South Korea has its own language (Korean) and alphabet (Hangul). Hangul consists of 10 vowels and 14 basic consonants. You will find a basic explanation of Korean vowels and consonants on the Korea.net website.

Korean is the official business language of South Korea. However, English is widely spoken amongst senior business people and government officials. While high-level business meetings may be conducted mainly in English, your hosts will appreciate it if you use their language whenever possible. When speaking in English, remember to talk slowly and repeat key points. In order to save face, your Korean hosts will not necessarily say that they don't understand something.

Interpreters may be required for business meetings, particularly outside Seoul and other major cities. All important negotiations should be carried out with an interpreter present so as to avoid doubt. It is also advisable to have all written documents translated into Korean. UKTI can help you find a translator or interpreter.

Some common phrases

Good morning	An nyeong ha se yo
Good afternoon	An nyeong ha se yo
Good evening	An nyeong ha se yo
Good night	An nyong hi ju mu se yo
Goodbye	An nyeong hi ga se yo
See you again	To man na yo
Yes	Ne
No	Ah Ni Yo
Please	Bu tak ham ni da
Thank you	Gam Sa Ham Ni Da
Please sit down	An Jeu Se Yo
Please come in	Tu ro ose yo
Excuse me	Sil ley ham ni da
I come from	Eso wat seub ni da
My name is	Je ireum eun
What is your name?	Ireum i mu eot ip ni ka?
Can you speak English?	Young eo ha se yo?



GETTING STARTED

MARKETING

To reflect the fast-paced nature of the South Korean marketplace, and its highly sophisticated media, your marketing strategy will need to be continually reassessed, polished and refined.

Sales literature

Tradeshows and exhibitions are a good way of meeting potential new customers, but you still need to persuade them to buy your product. Sales literature to be the most effective should be in Korean and in English and you need to decide what kind of advertising is appropriate.

Product and service adaptations

You may need to adapt your product or service to meet the needs of the South Korean market. Marketing research can help you to identify any adaptations you need to make.

Brands

Koreans are brand-savvy and price-conscious. They associate imported brand names and higher prices with superior quality. Consequently, Koreans will pay close attention to country of origin, particularly when shopping for clothes.



They tend to prefer fashion brands imported from Europe and the US over imports from other Asian countries, such as China. Luxury brands are viewed as a mark of wealth and social status.

Sales promotion

Companies that appoint local partners can usually be guided by them with regards to the type of advertising and sales promotion that would suit the launch of their product/s. UKTI in South Korea can advise on using the residence of the British Embassy in Seoul to announce the launch or presence of UK goods and services in the country.

The media

South Korea is one of the few Asian nations where there is genuine news pluralism. The country has more than 100 national and local daily newspapers and readership is high. There are several terrestrial TV networks and most of the population subscribes to digital, cable and satellite. The country leads the world in high-speed and wireless internet. You may wish to work with local marketing specialists who will understand the most appropriate channels for reaching your target market. UKTI in South Korea can provide contact details.

TV and radio – South Korea has four main broadcasting companies: Korean

Broadcasting System (KBS), Munhwa Broadcasting Corporation (MBC), Seoul Broadcasting System (SBS) and Education Broadcasting System (EBS). Most broadcast in Korean only. There are also many cable and satellite channels, including Arirang TV, Donga TV, On Game Net and MNET. Arirang TV is the main English broadcaster and some foreign news channels are available, including the BBC and CNN.

KBS runs six radio networks, including KBS World Radio, while Munhwa Broadcasting Corporation also has its own radio stations. TBS eFM is the Seoul-based English-language network.

Newspapers – Among the main daily newspapers are: *Chosun Ilbo*; *JoongAng Ilbo*; *Dong-a Ilbo*; *Hangyore Sinmun*; *Hankook Ilbo* and *Munhwa Ilbo*. There are three main English-language newspapers: *The Korea Herald*, *The Korea Times* and *The JoonAng Daily*, which comes bundled with *The International Herald Tribune*.

News agency – The news agency for South Korea is Yonhap News Agency.

Internet – According to Internet World Stats, nearly 37.5 million South Koreans were online in June 2009. The country leads the world in wireless and high-speed internet.

GETTING STARTED

DAY-TO-DAY COMMUNICATIONS

Once you have made contact with a South Korean company, it is likely that your day-to-day phone and email communication will be in English with one of the firm's English-speaking members of staff.

If you do not think the standard of English is up to scratch, you might wish to ask for parallel texts in Korean and get them translated. This could form a valuable investment.

If you are going to sign anything – as obvious as it sounds – make sure you get it translated first – and by an independent translator. Do not rely on your suppliers' translation and do not be pressurised into signing anything that you do not fully understand. Most breakdowns in overseas business relations occur because of fractured communications and mutual misunderstandings.

If South Korea is likely to become a significant part of your business, you may wish to consider hiring a Korean-speaking member of staff. You might also consider taking up the challenge of learning Korean yourself. However, even if you do achieve a level of fluency, an interpreter or Korean-speaking member of staff is still an essential for business meetings.

GETTING STARTED

INTERPRETERS

While English is widely spoken among international businesses in South Korea, you will generally need to employ interpreters during formal meetings and negotiations to prevent any misunderstandings.

There are two forms of interpreting. Consecutive interpreting means you speak and then your interpreter speaks: this is the usual form for meetings, discussions and negotiations. Simultaneous interpreting involves the immediate translation of your words as you speak them. This requires special equipment and can be expensive. It is generally used only for large seminars and conferences. Interpreting is a skill requiring professional training. Just because someone is fluent in English and Korean, it does not necessarily mean that they will make a good interpreter.

If you are giving a speech or presentation, remember that the need to interpret everything will cut your speaking time approximately in half (unless using simultaneous interpreting). It is essential to ensure that the interpreter can cope with any technical or specialist terms in the presentation. If you are giving a speech, give the interpreter the text well in advance and forewarn them of any changes.



To get the best out of your interpreter:

- Hire a well-briefed professional interpreter. Though this is likely to be expensive, it will be money well spent
 - Have your own interpreter available, even if your South Korean counterparts have one for their side. With your own interpreter, you should also be able to get some post-meeting feedback concerning the nuances of what was said (and – just as importantly – not said)
 - Try to involve your interpreter at every stage of your pre-meeting arrangements. The quality of interpretation will improve greatly if you provide adequate briefing on the subject matter. Ensure your interpreter understands what you are trying to achieve
 - Speak clearly and evenly with regular breaks for interpretation. Don't ramble on for several paragraphs without pause. Your interpreter will find it hard to remember everything you have said, let alone interpret all your points. Conversely, don't speak in short phrases and unfinished sentences. Your interpreter may find it impossible to translate the meaning if you have left a sentence hanging
 - Avoid jargon, unless you know your interpreter is familiar with the terminology
 - Listen to how your interpreter interprets what you have just said. If you have given a lengthy explanation but the interpreter translates it into only a few words, it may be that they have not fully understood. Or they may be wary of passing on a message that is too blunt and will not be well-received by the audience
 - Make sure that your message is getting through clearly and in a tone that will not cause resentment.
- A list of translators and interpreters is available on request from UKTI in South Korea.

BUSINESS ISSUES AND CONSIDERATIONS

The South Korean market is a favourite among foreign direct investors. However, while the country's thriving economy, liberalising marketplace and widespread use of English in business makes it an appealing choice to UK investors, there are some significant cultural differences and challenges to be aware of.

Confucian values: South Korean society operates according to Confucian values. These state that people should respect authority, respect the collective, behave virtuously, work hard and learn hard, avoid extremes and live moderately. You will find that, if you can demonstrate these qualities, you will be more successful in your business relationships.

Kibun: There is also the concept of "face" (*kibun*), which is found in so many southeast Asian societies. South Koreans strive for harmony in their business and personal relationships. To prevent loss of face, they will avoid confrontation or will tell others what they want to hear rather than tackling issues head on. For example, rather than say "no", they might say "I'll try." This allows both the person making the request and the person turning it down to save face and maintain harmony in the relationship. Some Westerners can find this approach confusing. Try rephrasing the question in different ways so you can compare the answers you get. South Koreans are very protective of their *kibun*, or personal dignity. If you threaten it, you risk being excluded from future decision-making, so be very careful in your business negotiations and always be respectful and mindful of *kibun*.

BUSINESS ISSUES AND CONSIDERATIONS

BUSINESS ETIQUETTE

Relationship building

It is important to spend time establishing a good working relationship and building trust with South Koreans. Sport, families and hobbies are all good topics of conversation. South Koreans may enquire about your personal life, in an attempt to establish your age and status, and to build a relationship with you. You should answer these questions honestly and openly, but without being boastful.

You will find being introduced to a company by a trusted third party, such as the British Embassy, more effective than going in cold – UKTI in South Korea can help you here. If you make a mistake in business, always own up to it and demonstrate what you are doing to put it right.

Meetings

You will need to book meetings well in advance and make sure you arrive punctually, even if your host does not. Your approach should be formal but friendly, although avoid making jokes as this could be interpreted as a lack of respect for your host. The top-down management style of South Korean companies means it is important to show respect for authority. Ideally, the most senior person in the team should enter the room first and greet the most senior South Korean representative.

In general, you should introduce older people to younger people and women to men. Make sure that you show due respect and use people's titles correctly. Leaders should sit opposite one another around the table.

Remember that the aim of initial meetings is usually to get to know one another, so don't expect to begin business negotiations right away.

Handshakes

A slight bow, followed by a handshake, is the preferred way of greeting somebody in South Korea. More junior personnel will bow first to their senior colleagues. You should wait for more senior personnel to offer their hand first. Koreans prefer a softer handshake and, during the handshake, you may support your right forearm with your left hand. Some senior Koreans consider eye contact as rude, but that's not the norm. It is advisable to make direct eye contact when addressing Korean business professionals in order to show honesty and interest. A man greeting a Korean business woman should wait for her to initiate a handshake, as some women prefer to bow instead. Never use your index finger to point at somebody.



꽃피는 산골 쌈지길

산과 들에 지남새꽃이 피어났고
계곡의 물이 졸졸졸이 흘러나온 봄날
산길 위에서 봄의 정취를 마음껏 즐기세요.

세라워크

봄나물 비빔밥

"고궁의 황궁화 봄나물"
고궁에서 봄나물과 함께한 봄나물도
향긋한 정취를 마음껏 즐기세요.

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타로 & 사주

KOREA DESIGN FOUNDATION

BUSINESS ISSUES AND CONSIDERATIONS

BUSINESS ETIQUETTE (CONTINUED)

Body language

Body language is an important way of showing respect towards someone older or a more senior person in South Korea, as is using their honorific title when greeting them. Keeping your legs straight and your upper body in a slight stoop denotes respect. A slight bow is also used when expressing an apology (for example, if you tread on somebody's foot). You should also bow deeply when saying goodbye and say *Annyeong-hee-gaseyo*.

Sneezing and blowing your nose in public is considered rude (and sometimes funny). If you have to sneeze, try to make it quiet. If you do sneeze in front of somebody, make sure you apologise.

Use both hands when giving or receiving anything (including business cards), as it is regarded as polite.

Attire

South Koreans tend to dress appropriately for their work surroundings, as you would expect in the UK. Black, blue and brown-coloured suits are recommended. Tight skirts, low necklines and sleeveless tops should be avoided, as should shorts.

Hierarchy

Hierarchy is an important concept in South Korean business. See 'Meetings' on page 45 for details of how you should conduct business meetings with due regard for people's experience and seniority.

Names and titles

When addressing someone in business you should use their professional (professor, doctor, engineer) and honorific titles.

Women in business

Although Korean attitudes to women in business are changing slowly, it is still very rare for women to hold senior positions in South Korea. Consequently, the opportunity to work with a foreign company, with more enlightened attitudes towards equality, tends to be welcomed by many professional women in the country.

Punctuality

As has already been stated, you should be punctual for meetings and leave plenty of time for your journey to avoid arriving late. When engaged in a business relationship, you should ensure that delivery times are clear and that you act quickly to remedy any problems.

BUSINESS ISSUES AND CONSIDERATIONS

BUSINESS ETIQUETTE (CONTINUED)

Business cards

You will need to have a good supply of business cards as it is customary to exchange these (using both hands) when meeting a business person for the first time. Be sure to treat someone's business card with respect as to do otherwise risks insulting them. Examine the card before putting it away and never write on someone's card in their presence unless they are happy for you to do so. One good tip is to ask a question based on the information

on the card. Your business cards should be translated on one side into Korean.

Negotiations

South Koreans like to spend time getting to know their business associates, so don't expect important decisions to be reached in the initial meeting. Avoid becoming visibly frustrated or irritated as this could insult your host. Be patient, but firm, allow plenty of time for negotiations and remain dignified throughout.



Gift giving

Giving small gifts is part of the process of building a business relationship in South Korea. Items from the UK or your particular region will be especially well-received, as will items branded with your company logo.

It is customary for South Koreans to refuse the gift once or twice as a gesture of humility. You should give and receive a gift with both hands. Gifts should be wrapped and it is customary to wait until the giver is out of sight before opening them. Gifts should always be reciprocated at the same level.

Hospitality

Hospitality is an important part of South Korean business culture. You may be invited out to dinner in a restaurant or, occasionally, in someone's home. This is considered a great honour. You should always remove your shoes, and remember to point them towards the front door.

South Korea has one of the highest rates of alcohol consumption in the world and men are expected to partake in the country's drinking culture. Getting drunk is part of the process and your hosts may even ask you to sing (try to sing something with good grace, even if it's only a nursery rhyme, as a refusal is considered rude). If you've had enough to drink, avoid emptying your glass. If you don't want

to drink, excuse yourself on medical or religious grounds. It is considered polite to fill other people's glasses rather than your own.

Dining

There are a number of rules you should observe when dining. Most of them are basic good table manners, but there are a few that are specific to South Korea. For example, you should not hold your rice or soup bowl in your hand during the meal. Spoons and chopsticks should not be rested on any bowl or dish and you should not hold them together in one hand. When an elderly person gets up, you should also get up. Younger people should not pick up their tableware before older people.

BUSINESS ISSUES AND CONSIDERATIONS

INTELLECTUAL PROPERTY RIGHTS (IPR)



It is recommended that you register your patents and trademarks with the Korean Intellectual Property Office (KIPO) before you commit to any important deals with South Korean companies. In principle, the patent and trademark registration system in South Korea is based on which was the first company to register successfully with KIPO. Therefore, the sooner you register, the better. Companies that do not register in South Korea will be disadvantaged in any future disputes over IPR.

UKTI in South Korea can provide a list of local lawyers for UK companies requiring professional legal advice on business issues.

Korean Intellectual Property Office

International Co-operation Division
Government Complex Daejeon
Dunsan-dong
Seo-gu
Daejeon Metropolitan City
Korea

Tel: +82 42 481 5208

Fax: +82 42 471 7140

<http://www.kipo.go.kr/kpo/user.tdf?a=user.english.main.BoardApp&c=1001>

BUSINESS ISSUES AND CONSIDERATIONS

PROCUREMENT

The Republic of Korea is a member of the World Trade Organization (WTO) and has signed subsidiary agreements including TRIPs (Trade Related Aspects of Intellectual Property) and the Government Procurement Agreement (GPA).

The Public Procurement Service (PPS)

handles the purchase of goods and incidental services required by central and sub-central government bodies, government construction contracts and stockpiling raw materials. However, not all GPA-covered procurement is handled by the PPS. Korean government-invested corporations handle procurement in-house using the same open and formal procedures required by the GPA.

Potential bidders must register with the PPS at least one business day before the date the bid begins. Foreign bidders are allowed to register with the PPS prior to entering into a contract. Failure to register can mean your bid is rejected so it is a good idea to register promptly.

South Korea uses the Government e-Procurement System (GePS), which publishes details of all public procurement contracts. Bids can be viewed on the PPS website and are valid for at least 45 days after the bid opening date.

For more information visit
www.pps.go.kr/english

UKTI in South Korea can also offer advice on procurement.

BUSINESS ISSUES AND CONSIDERATIONS

REGULATIONS, INCENTIVES AND TAX

With the exception of high-risk items related to public health and sanitation, national security and the environment, which often require additional documentation and technical tests, goods imported into South Korea by companies with no record of trade-law violations don't require customs inspection.

Importers can make an import declaration online using the Korean Customs Service's (KCS) Electronic Data Interchange (EDI) system for paperless import clearance. There is no need to visit the customs house.

Import declarations may be filed at the customs house before a vessel enters a port or before the goods are unloaded into bonded areas. Goods don't have to be stored in the bonded area if the import declaration is accepted.

Exporters can file an export notice to Korean Customs by computer-based shipping documents at the time of export clearance. All commodities can be freely exported unless they are included on the negative list.

Korean Customs allows free customs entry to goods brought into South Korea that are hand-carried by foreign business people (such as laptop personal computers) for use during their stay in the country. There are some exceptions, but this is rare. Generally,

Korean Customs makes a note on the traveller's passport which requires them to take the item/s out of South Korea when they depart.

To view Korean customs regulations, visit: www.customs.go.kr/eng

Exchange controls

South Korea has liberalised foreign-exchange controls in line with OECD benchmarks.

An overseas firm that invests under the terms of the Foreign Capital Promotion Act (FCPA) is permitted to remit a substantial portion of its profits, providing it submits an audited financial statement to its foreign exchange bank.

To withdraw capital, firms must present a stock valuation report issued by a recognised securities company or the Korean Appraisal Board. Foreign companies not investing under the FCPA must repatriate funds through authorised foreign-exchange banks, once they have obtained South Korean government approval.

South Korea does not routinely limit the repatriation of funds, except in highly exceptional circumstances.

The Bank of Korea (<http://eng.bok.or.kr>) has detailed information about foreign-exchange control policies in the country.

Restrictions

Most imported goods no longer require South Korean government approval, but some products, mostly agricultural, face import restrictions, such as TRQs (Tariff-rate quotas) with prohibitive over-quota tariffs. South Korea implements quantitative restrictions through its import licensing system.

Investment rules and incentives

Definition of FDI - The South Korean government describes foreign direct investment (FDI) as “an investment made by a foreigner for the purpose of establishing a continued economic relationship with a corporation in the Republic of Korea or a business owned by a citizen of the Republic of Korea”. FDI includes: the acquisition of shares or equity from a Korean corporation or business; providing long-term loans to Korean corporations; contributing to non-profit organisations and other similar activities. FDI differs from a portfolio investment, the purpose of which is to earn margins from stock transactions for short-term profits.



BUSINESS ISSUES AND CONSIDERATIONS

REGULATIONS, INCENTIVES AND TAX

(CONTINUED)

Rules relating to FDI – FDI in South Korea is covered by the Foreign Investment Promotion Act (FIPA). This states that a foreigner may carry out investment activities in South Korea without restriction unless the investment is deemed harmful to national security, public order, the health and wellbeing of Korean nationals or Korea's environment, or unless it goes against established social morals, customs or laws.

The procedures for carrying out FDI are explained in the Market Entry section of this guide.

FDI incentives – The South Korean government aims to transform the country into one of the top 10 business-friendly economies in the world by 2012. It is keen to encourage foreign investors and has been making stringent efforts to ease excessive regulations and provide incentives for FDI.

The incentives include:

- **Tax support** – corporate and income tax on business income, dividends, technology introduction considerations and earned income have been reduced for foreign firms and investors. Acquisition tax, registration tax and property tax have also been lowered.

- **Cash grants** – central and local governments provide grants to foreign investors to build new factories, as long as they meet certain criteria. Among the factors taken into account are whether it is a high-tech industry or involves technology transfer and the number of jobs created.
- **Site location support** – foreign investment zones are designated to attract FDI. Businesses that locate in these zones receive certain incentives.
- **Other support** – land, factories and other national or public properties owned by central or local government may be used, leased or sold to foreign-invested companies through a private contract, with a lease period of up to 50 years. At the end of the lease period, the contract may be renewed for up to a further 50 years.

Further information about FDI incentives is available at www.investkorea.org

British Chamber of Commerce in Korea (BCKK)

The BCKK has around 200 members, of which approximately a quarter are Korean. Its aims are to promote the development of British trade, commerce and investment in South Korea; to represent the opinion of the British business community in South Korea on trade, commerce, finance and industry; to help create better understanding between the Korean and British business communities; and to provide opportunities for members to meet for business and social networking.

British Chamber of Commerce in Korea
20th Floor
Regus Business Centre
Korea First Bank Building
100 Gongpyrong-dong
Jongro-gu
Seoul
Korea 110-702.

Tel: +82 2 720 9407
Fax: +82 2 720 9411
Email: administration@bckk.or.kr
Website: www.bckk.or.kr

Free economic zones

The South Korean government has established special zones, called free economic zones, in certain areas to encourage FDI. These are self-contained living and business districts, with air and sea transport, logistics, international business centres, financial services, houses, schools, hospitals, shopping and entertainment. There are currently six free economic zones in South Korea, including: Incheon, Yellow Sea, Saemangum/Gunsan, Daegu/Gyeongbuk, Gwangyang, and Busan/Jinhae.

Customs and regulations

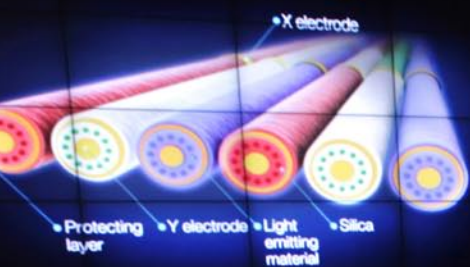
There are two methods of determining a duty amount: Declaration & Payment, and Notice of Assessment.

In Declaration & Payment, the person wanting to import goods makes a declaration on the payment of the customs duties direct to the customs house.

In Notice of Assessment, the customs house imposes and collects customs duties. In most cases, businesses use the Declaration & Payment method. The Notice of Assessment system is mainly used for the imposition of minor customs duties, such as on passengers' and crews' goods, unaccompanied baggage and postal matters. Related information and customs forms can be found on the Korea Customs Service website: <http://english.customs.go.kr>

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BUSINESS ISSUES AND CONSIDERATIONS

REGULATIONS, INCENTIVES AND TAX

(CONTINUED)

Export documentation

If you are exporting to South Korea, you will need the following documents to clear Korean Customs: commercial invoice, certificate of origin, packing lists, bill of landing and maritime insurance.

As an exporter of goods you need to develop an understanding of various issues, such as:

- the legal and regulatory requirements your consignments have to comply with
- the paperwork involved
- the right mode of transport, i.e. road, air, rail and sea
- packaging and labelling
- how freight forwarders can help you
- rules for dangerous goods.

UKTI in South Korea can provide guidance and information.

Labeling and packaging regulations

Country-of-origin labeling is required for commercial shipments entering South Korea.

Further labeling and marking requirements for specific products, such as pharmaceuticals and food, are covered by specific regulations from the South Korean government agencies responsible for these items.

Korean-language labels, except for country-of-origin markings that must be shown at the time of customs clearance, can be

attached locally on products in the bonded area, either before or after clearance.

The Korea Food & Drug Administration (<http://eng.kfda.go.kr>) is responsible for setting and enforcing Korean labels for food products, other than livestock products. These are regulated by the Ministry of Food, Agriculture Forestry and Fisheries (<http://english.mifaff.go.kr>) which also has its own set of standards for markings for the country-of-origin labeling of agricultural products.

The Korean Customs Service (<http://english.customs.go.kr>) publishes a list of the country-of-origin labeling requirements by Harmonized System Code number. Local importers usually print Korean-language labels when imported quantities are not large, and can consult with the Korean Customs Service as to where they can be attached to the product.

The Certificate of Origin should indicate the item's description, quantity, price, place of origin, exporter and importer, and be written in English, Korean or French. For items shipped directly to South Korea from their country of origin, the Certificate of Origin should be issued by the relevant customs authorities or Chamber of Commerce. The items themselves should be clearly marked with their country of origin.

BUSINESS ISSUES AND CONSIDERATIONS

REGULATIONS, INCENTIVES AND TAX

(CONTINUED)

Tax

The South Korean government website, www.korea.net contains a list of district tax offices which have foreign taxpayer service desks.

Further information on the country's taxation system is available from the National Tax Service www.nts.go.kr/eng or from UKTI in South Korea.

GETTING YOUR GOODS TO SOUTH KOREA

By sea: South Korea has extensive and modern infrastructure, including major port and airport facilities. Busan is the country's largest port and the fifth-largest in the world. It is located on the southeastern-most tip of the Korean peninsula, facing the Korean Strait. Busan is well connected to Seoul and the rest of South Korea by the KTX high-speed rail system. Incheon also has a major international port at Yeongjong.

By air: Incheon International Airport is the main gateway to South Korea. Located just over an hour west of Seoul, the airport is one of the most technologically advanced in Asia. Other international airports include Gimpo Airport, near Seoul; and Gimhae Airport, for Busan and other major cities.

Freight forwarding: Sea and air freight services to South Korea are provided by a range of companies, including Dynamic International (www.dynamic-freight-shipping.co.uk) and Seaspace International

(www.seaspace-int.com/freight-forwarding-south-korea), as well as many local firms. Freight forwarding companies like these can provide advice on the best way to ship goods to South Korea. It takes approximately two to three weeks to ship goods from the UK to South Korea by sea, but this will depend upon the level of service and the company providing it.

Courier: There are many companies providing courier services to South Korea. UKTI in South Korea can provide more information.

Postal parcel/express mail service:

The main South Korean postal service provider is Seoul-based Korea Post, part of the Ministry of Knowledge Economy. It provides postal, banking and insurance services. www.koreapost.go.kr/eng

BUSINESS ISSUES AND CONSIDERATIONS

GETTING PAID AND FINANCIAL ISSUES

Incoterms

Exporters will find Incoterms 2000 a useful guide for specifying their obligations for delivering goods safely in international contracts. Incoterms provide guidance on the commonly used terms in international trade. It is a 'must read' for a company's marketing and sales team.

Terms of payment

The payment terms you can normally expect in South Korea are "100 per cent Confirmed Irrevocable Letter of Credit," and these are the terms you should quote. You are unlikely to obtain deposits with order, or prior to shipment, and it may be counterproductive to try to insist on them.

Letters of Credit are normally opened four to six weeks prior to the shipment date. The expiry date of the Letter of Credit

will be geared very much to the promised delivery date. It is important, therefore, that delivery promises are fulfilled or the Letter of Credit will expire.

Koreans usually like to deal in US dollars because this is still the predominant currency in Asia. Sterling is an acceptable currency, but for price comparison purposes a sterling price will invariably be converted to US dollars, usually at a rate that is beneficial to the buyer. You may consider it appropriate, therefore, to quote in US dollars in the first instance.

Koreans are formidable negotiators, but they will pay a fair and competitive price. The price quoted should be on a FOB (Freight on Board) basis. Koreans usually like to organise the shipping themselves on the basis that they can negotiate more competitive rates.



BUSINESS ISSUES AND CONSIDERATIONS

GETTING PAID AND FINANCIAL ISSUES

(CONTINUED)

Banking

Opening hours

Banks in South Korea are open between 09.00 to 16.00, Monday to Friday.

The country's central bank is the Bank of Korea.

Local commercial banks include:

Hana Bank
Kookmin Bank
Korea Exchange Bank
Shinhan Bank
Woori Bank

Foreign commercial banks include:

ABN AMRO
Bank of America
Bank of Tokyo-Mitsubishi
Citibank
Deutsche Bank
HSBC
Mizuho Corporate Bank
SC First Bank

Merchant banks include:

Kumho Investment Bank
Meritz
Tong Yang Securities Inc.

All commercial banks are authorised foreign-exchange dealers. Licensed money changers are also found in urban centres, ports, airports and major shopping complexes.

Currency

The currency of South Korea is the Korean won (KRW). A single won is divided into 100 jeon. The jeon is no longer used for everyday transactions, and appears only in foreign exchange rates.

Under exchange-control rules travellers may import or export up to US\$10,000 per person without prior approval.

There are no limits on the amount of foreign currency (notes and/or traveller's cheques) travellers may import.

BUSINESS ISSUES AND CONSIDERATIONS

INSURANCE

The private sector in the UK provides credit insurance for exports of consumer products, raw materials and other similar goods. Speak to your banker or insurance broker for more information, or contact the British Insurance Brokers' Association for impartial advice.

British Insurance Brokers' Association

Tel: +44 (0)870 950 1790

(consumer helpline)

Email: enquiries@biba.org.uk

Website: www.biba.org.uk

Private-sector insurance has some limitations, particularly for sales of capital goods, major services and construction projects that require longer credit packages or that are in riskier markets. The Export Credits Guarantee Department (ECGD), a separate UK Government department that reports to the Secretary of State for Business, Innovation and Skills, provides a range of products for exporters of such goods and services.

Export Credits Guarantee Department

Tel: +44 (0)20 7512 7000

Email: help@ecgd.gsi.gov.uk

Website: www.ecgd.gov.uk

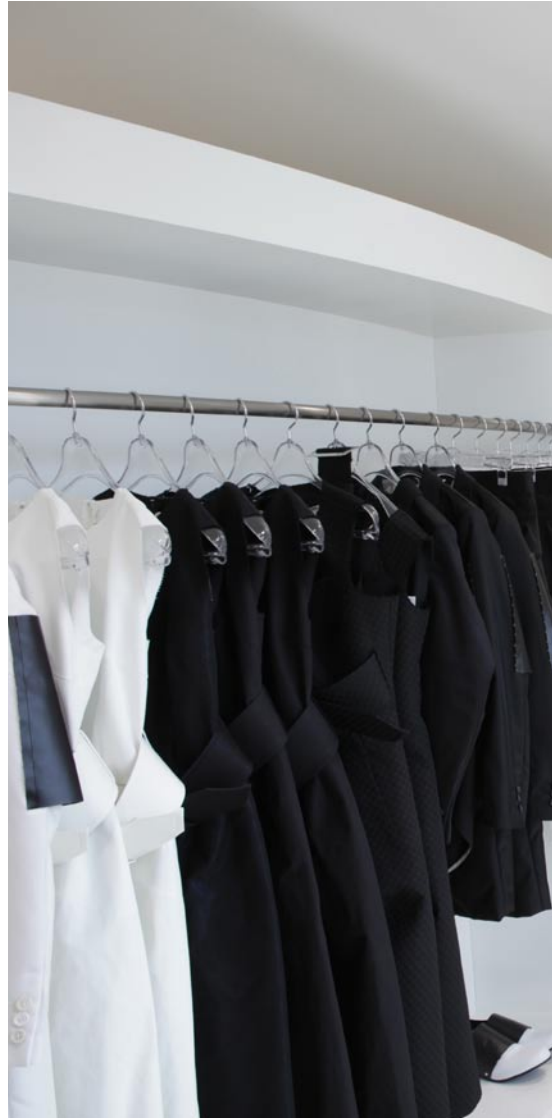


BUSINESS ISSUES AND CONSIDERATIONS

MANAGEMENT, CONTROL AND QUALITY ASSURANCE

UK companies use a variety of quality assurance and management control techniques in South Korea. These include extensive travelling by UK personnel, a controlling or liaison presence in South Korea and providing extensive training and management for South Korean staff. It is important not to allow milestones to slip by, whether these are attending a board meeting in a joint venture or arranging a quality audit at a supplier.

Particular attention to detail should be paid when sourcing products from South Korea. Specifications can be easily misunderstood, so they need to be very clearly explained and agreed, and a quality management system put in place with the South Korean company. Consultancies can undertake all or part of this process on your behalf.





BUSINESS ISSUES AND CONSIDERATIONS

BRIBERY AND CORRUPTION

Corruption remains an issue in South Korea. In 2010, the country was ranked 39th on Transparency International's corruption perception index. This is up from 40th place in 2008 and 43rd in 2007, so the country is moving in the right direction. Nevertheless, as the 12th-largest economy in the world, one might expect South Korea's business economy to be more transparent than it is. Although the number of cases of corruption in the public arena have decreased, the authorities have yet to stamp out bribery and corruption completely.

Our advice to companies encountering corruption is simple – don't get involved. Not only are there issues of business integrity to bear in mind, but also, of course, it is illegal. Invariably, corruption is related to lack of professionalism and control, both of which are damaging to long-term business.



BUSINESS ISSUES AND CONSIDERATIONS

GETTING TO SOUTH KOREA

By air

South Korea has international airports at Incheon, Gimpo and Gimhae.

Two airlines, Korean Air and Asiana Airlines, operate daily direct flights from London to Seoul (flight time around 11 hours). Incheon International Airport handles all international flights whereas Gimpo Airport handles all domestic flights and short flights to/from Tokyo, Osaka, Shanghai and Nagoya.

Getting to and from the airport

Incheon International Airport's website contains detailed information about buses, trains and taxis from the airport, including estimated times and fares to major destinations: www.airport.kr/airport/traffic/bus/busList.iaa?flag=E

Travelling within South Korea

South Korea has a well-developed transport network, with good road, rail and air links. Most domestic destinations are within an hour's flight of Seoul. Korea Air, Asiana Airlines and a few domestic discount carriers handle flights within the country. Gimpo Airport, located between the western area of Seoul and the newer Incheon International Airport, handles most domestic flights, as well as short-haul flights to Japan and China. Gimpo Airport is easily accessible via Subway Line 5 from Seoul, a journey that takes around 45 minutes. The capital has an excellent subway system, as well as plentiful buses and taxis. Gimpo Airport also has its own bus service.

Places to stay, eat and shop

As well as advising on business issues, the UKTI team in Seoul can offer practical, on-the-ground assistance with all aspects of your business trip, from where to stay through to good places to eat or hold product launches.

Visas

There are different types of visa for people who want to work or invest in South Korea. Foreign investors need to apply for a Foreign Investment Visa, known as a D-8.

To obtain a D-8 you will need to apply to the South Korean Embassy in London. Before you do so, you will need to appoint a Korean taxation accountant to act as your tax agent, to ensure that your taxes are paid on time. Your agent will fill in a form that has to be submitted to the immigration authorities. Anyone staying in South Korea for more than 90 days must apply for an alien registration card.

South Korean Embassy
60 Buckingham Gate
London, SW1E 6AJ.
Tel: +44 (0)20 7227 5500
Fax: +44 (0)20 7227 5504
<http://gbr.mofat.go.kr/eng/eu/gbr/main/index.jsp>

Time zone

South Korea is nine hours ahead of Greenwich Mean Time.

SOUTH KOREAN CULTURE

In a highly competitive business environment, it is more important than ever to understand the business culture of your target markets. Understanding business culture helps you to understand, anticipate and respond to unexpected behaviour. It also ensures that you behave in an acceptable way and avoid misunderstandings. Refer to the Business Etiquette section for detailed guidance.



SOUTH KOREAN CULTURE

POLITICS

South Korea split from North Korea in 1948, the North becoming a communist dictatorship allied with the, then, USSR and the South allying with the US to become a leading industrial nation. In 1950, South Korea was invaded by North Korea. The ensuing Korean War ended in 1953 without a peace agreement.

Over a period of four decades, South Korea transformed itself into one of the world's major economies. After years of authoritarian rule, a multi-party political system was introduced in 1987.

Relations with North Korea remain a concern, particularly in view of the North's nuclear ambitions. Until 2008, South Korea pursued a "sunshine" policy of engagement with its neighbour, refusing international calls for sanctions over the North's nuclear programme. However, President Lee Myung-bak, elected in 2008, has adopted a tougher tone against the North.

Tensions rose in 2009 when the North conducted a series of missile tests. Relations worsened further in 2010 following a cross-border clash. The demilitarised zone between North and South Korea remains one of the world's most heavily fortified frontiers.

President: South Korea's President, Lee Myung-bak, is from the centre-right Grand National Party, the party which also holds a majority in the National Assembly. With a background in Hyundai, the President has declared himself a champion of business, basing South Korea's future on "green growth". The consensual nature of Korean politics means it is often difficult to secure National Assembly approval for government legislation, despite its majority. However, Lee is committed to securing a swift, "green" recovery for South Korea.

SOUTH KOREAN CULTURE

SOUTH KOREA ECONOMIC FACTS 2011

SOUTH KOREA ECONOMIC FACTS 2011 (UNLESS OTHERWISE INDICATED)		
	South Korea	UK (as a comparison)
*Population	50 million	61.8 million
*GDP per capita (purchasing power parity – ppp)	US\$31,700	US\$35,900
*Nominal GDP	US\$1.164 trillion	US\$2.25 trillion
*GDP growth (real)	3.6%	1.1%
**World Bank ease of doing business ranking	8	7

Source: *Economist Intelligence Unit / **World Bank / ***World Economic Forum

SOUTH KOREAN CULTURE

RELIGION

According to government statistics, nearly half (46 per cent) of all South Koreans claim to have no particular religious beliefs. The main religion in South Korea is Christianity (29.2 per cent), followed by Buddhism (22.8 per cent). Both main religions have been widely influenced by Korean Confucianism.





SOUTH KOREAN CULTURE CHALLENGES

Although the business climate in South Korea is improving all the time, obstacles still remain. The main market access issues faced by UK companies include:

- restrictions on the opening of new retail stores
- pricing and reimbursement for pharmaceuticals – the Drug Expenditure Rationalization Plan has controlled prices, to the detriment of R&D-intensive companies producing patented drugs
- restrictions on the provision of legal and professional services
- restrictions on IT delegation/server location.

UKTI can offer advice on overcoming these challenges and provide up-to-date information about developments in the marketplace.



CONTACTS

If you have a specific export enquiry about the South Korean market, which is not answered by the information in this report, you can contact:

UK Trade & Investment Enquiry Service

Tel: +44 (0)20 7215 8000

Fax: +44 (0)141 228 3693

Email: enquiries@ukti.gsi.gov.uk

You will be signposted to the appropriate section on our website, or transferred directly to the British Embassy in Seoul. Alternatively, you may contact the British Embassy directly:

UKTI South Korea

British Embassy

Sejong-daero 19-gil 24, Jung-gu

Seoul 100-120

South Korea

Trade and investment manager:

Laurence Burrows

Tel: +82 (0)2 3210 5647

Email: Laurence.Burrows@fco.gov.uk

Country information

The British Chambers of Commerce in South Korea:

www.bccck.or.kr

BBC website:

http://news.bbc.co.uk/1/hi/country_profiles

Foreign & Commonwealth

Office country profile:

www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/country-profile

Culture and communications

CILT – National Centre for Languages – Regional Language Network in your area:
www.cilt.org.uk/workplace/employer_support/in_your_area.aspx

Kwintessential culture guides:

www.kwintessential.co.uk

Customs & regulations

HM Revenue & Customs:

www.hmrc.gov.uk

Economic information

The Economist:

www.economist.com/countries

Export control

Export Control Organisation:

www.bis.gov.uk/exportcontrol

Export finance and insurance

Export Credits Guarantee Department:

www.ecgd.gov.uk

RESOURCES/USEFUL LINKS

Market access

Market access database for tariffs
(for non-EU markets only):

<http://madb.europa.eu/mkaccdb2/indexPubli.htm>

SOLVIT – Overcoming Trade Barriers
(EU markets only):

www.bis.gov.uk/EUMarketAccessUnit

Standards and Technical Regulations

British Standards Institution:

www.bsigroup.com/en/sectorsandservices/Disciplines/ImportExport

National Physical Laboratory:

www.npl.co.uk

Intellectual Property Office:

www.ipo.gov.uk

Trade statistics

National Statistics Information:

www.statistics.gov.uk/hub

UK trade information

www.ukti.gov.uk

Travel advice

Foreign & Commonwealth Office:

www.fco.gov.uk/en/travel-and-living-abroad

NHS:

www.nhs.uk/nhsengland/Healthcareabroad

Travel health:

www.travelhealth.co.uk

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Any enquiries regarding this publication should be sent to our Enquiry Service by email: enquiries@ukti.gsi.gov.uk or telephone: + 44 (0)20 7215 8000 (Monday – Friday 09.00-17.00)

This publication is also available from our website at www.ukti.gov.uk

HELPING YOUR BUSINESS GROW INTERNATIONALLY

Solutions for Business

Funded by
UK Government

A range of UK Government support is available from a portfolio of initiatives called Solutions for Business (SfB). The “solutions” are available to qualifying businesses, and cover everything from investment and grants through to specialist advice, collaborations and partnerships.

UK Trade & Investment is the Government Department that helps UK-based companies succeed in the global economy, and is responsible for the delivery of the SfB product “Helping Your Business Grow Internationally”.

We also help overseas companies bring their high-quality investment to the UK’s dynamic economy – acknowledged as Europe’s best place from which to succeed in global business.

UK Trade & Investment offers expertise and contacts through its extensive network of specialists in the UK, and in British embassies and other diplomatic offices around the world. We provide companies with the tools they require to be competitive on the world stage.

Other South-East Asia Business Guides are available for Indonesia, Malaysia, the Philippines, Taiwan, Thailand and Vietnam.

For further information please visit www.ukti.gov.uk or telephone +44 (0)20 7215 8000.

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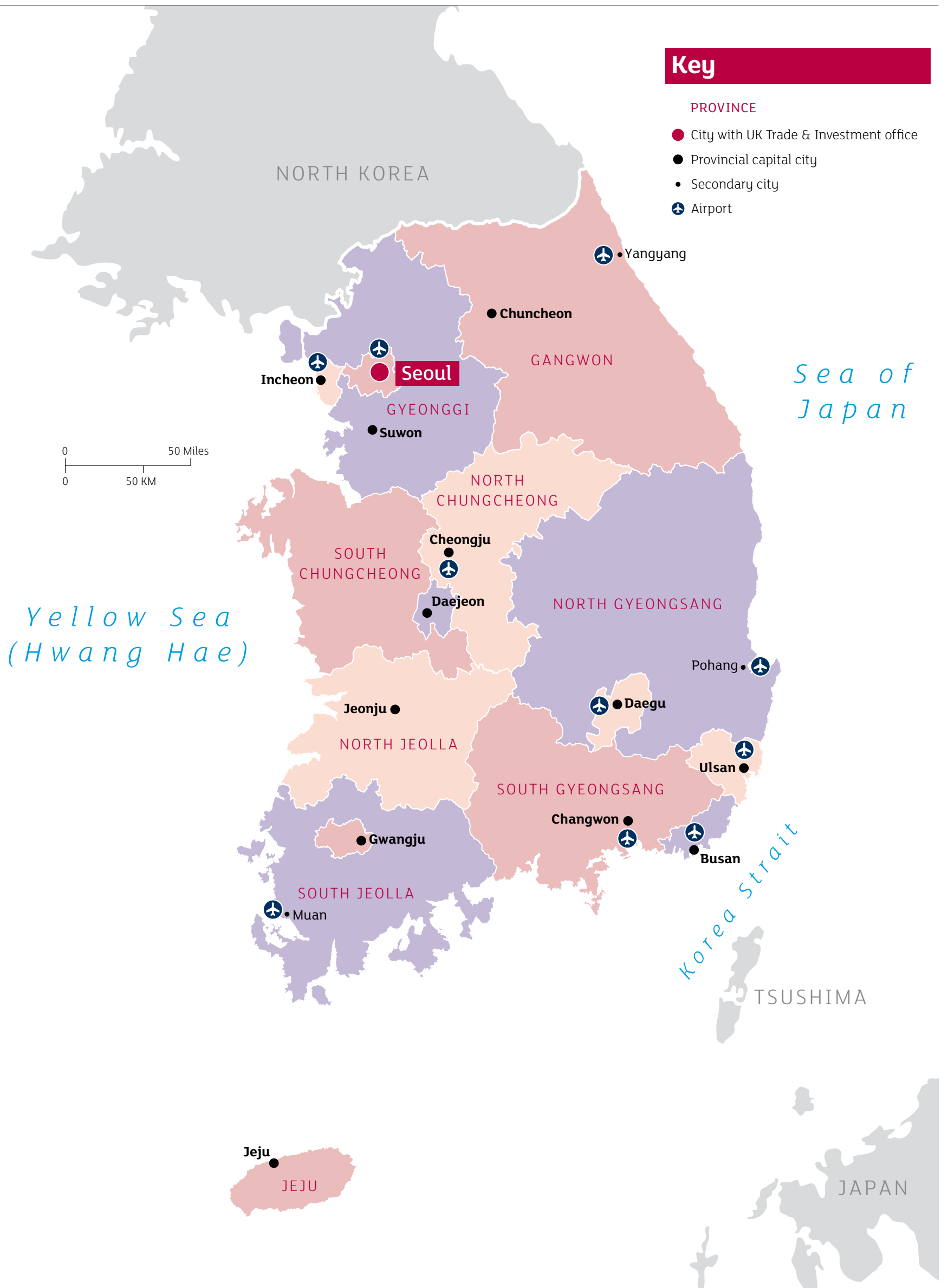
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