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UNIDO ITPO Korea Annual Report 2012



**United Nations
Industrial Development Organization**



UNIDO ITPO Korea
Annual Report 2012

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1. Highlights of ITPO Korea's activities in 2012

This year, 2012, has been a fruitful year for UNIDO ITPO Korea promoting business linkages between potential Korean investors and developing countries. Not only the projects and programmes, covering a wide range of countries and regions, were delivered but also the office has made constant efforts to promote its presence and role in Korea as well as the international community. These activities are summarised into the following list:

Overview of the key activities of ITPO Korea 2012

- **Africa project:** identification of potentials for investment and technology transfer in Western Africa, especially, in the renewable energy sector
- **Changchun project:** promotion of economic cooperation for creating an industrial park in the bordering regions among China, North Korea and Russia
- **Domestic survey:** identification of investment-related trends among both the current and potential Korean investors in South-East and Central Asia
- **Delegate programme:** trade capacity-building of enterprises in a selected developing country by facilitating the delegate's investment promotional activity among potential Korean investors
- **Outreach programme:** country promotion seminars for developing countries among Korean small-and-medium enterprises (SMEs) outside the Seoul metropolitan region, and workshops on international organisations for students to promote UNIDO and other UN organisations in Korea
- **Various activities to enhance the visibility:** ITPO Korea website renewal, participation in events to promote UNIDO and UNIDO ITPO Korea, press interviews, publication of newspaper articles

To expand the geographic scope of investment and technology promotion has been one of the main challenges for ITPO Korea when the projects and programmes were newly started in 2011. To solve this challenge, the office has established cooperative relations with an extensive number of developing countries, while also utilizing the already-established UNIDO network around the globe (see **Table 1.1**).

Importantly, the results of these relations, for instance, business linkages between Korea and developing countries, are being monitored and will be enriched through close cooperation with the local counterparts in 2013 and onwards.



Table 1.1 Countries covered under ITPO Korea’s activities

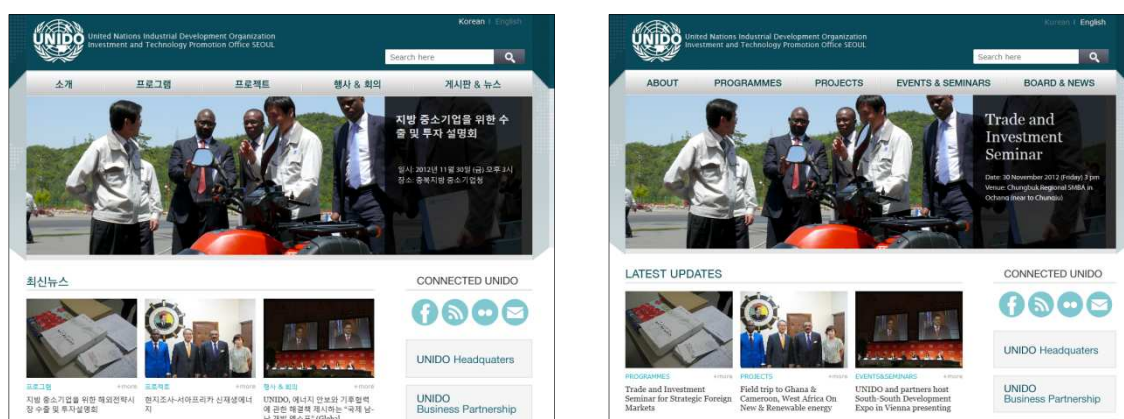
Activities	Countries
African project	3 Eastern Sub-Saharan countries 2 Western SSR countries
Changchun project	China, Russia and North Korea
Delegate programme	Vietnam
Domestic survey	7 Southeast Asian countries 3 Central Asian countries
Outreach programme (country promotion seminars)	4 African countries 5 Latin American countries 2 Eastern European countries 1 Central Asian country 2 Southeast Asian countries

Within Korea, too, ITPO Korea has run many activities to enhance its visibility and promote its public image as a facilitator of business match-making. Four activities may be referred to as major examples as follows:

- ITPO Korea website renewal
- Press interview for UNIDO Director-General Mr. Kandeh Yumkella and publication of newspaper articles about ITPO Korea
- Representation of UNIDO and ITPO Korea at World Green Energy Forum 2012
- Representation of UNIDO and ITPO Korea at the UN Meeting with UN Secretary-General Mr. Ki-Moon Ban

ITPO Korea website renewal

Figure 1.1 Korean and English versions of ITPO Korea website



ITPO Korea opened its renewed website from 1 September 2012 (www.unidoseoul.org). This renewal is expected to enhance the visibility of both UNIDO and its office in Korea. To promote UNIDO more effectively, the update on UNIDO HQ’s website will be automatically shown on ITPO Korea’s website. The English version has been newly added to make the

website accessible and reachable from overseas as well. Lastly, the website is now connected with social network services so that it becomes more user-friendly and interactive between ITPO Korea and people on Facebook, for example.

Press interview for UNIDO Director-General Mr. Kandeh Yumkella

Mr. Kandeh K. Yumkella, Director-General of UNIDO, visited Seoul to attend the Global Green Growth Summit 2012 from 9 May to 12 May 2012. ITPO Korea organized a press interview to provide Mr. Yumkella with a good opportunity to promote UNIDO in Korea, especially, in the sustainable industrial development field.

Figure 1.2 Press interview for UNIDO Director-General Mr. Kandeh Yumkella



This interview was carried in three country's widely-read newspapers, Korea Times, Munhwa Daily and Dong-A Daily. This press coverage is expected to boost the public recognition of UNIDO and ITPO Korea among various stakeholders, ranging from private enterprises to universities in Korea.

Publication of newspaper articles about UNIDO and ITPO Korea

Including the newspaper articles covering the press interview with Mr. Yumkella in May 2012, ITPO Korea promoted its activities and presence in Korea through the mass media (see **Annex 1**). The list of these publications is as follows:

- Korea Times, “Korea, living dream for developing countries”, 13 December
- Dong-A Daily, “Korea, living dream for developing countries”, 11 December
- A radio interview on Changchun project with Voice of America, 13 September
- Korea Times, “Changchun Project”, 4 September
- Chosun Daily, “Policy toward North Korea, please refer to the Changchun Project of UN agency”, 23 August
- Dong-A Daily, “UNIDO Director-General says ‘expand into developing countries for the green energy market’”, 10 May
- Korea Times, “UNIDO Chief indicates shift in energy market”, 11 May
- Munhwa Daily, “Korean green technology, a big help for developing nations”, 9 May
- Dong-A Daily, “Korean workforces of 3-4 retirees and young people to transfer technology to developing countries”, 17 April

Representation of UNIDO and ITPO Korea at World Green Energy Forum 2012

Figure 1.3 Dr. Soo-Taek Rhee, head of ITPO Korea, as a panelist at World Green Energy Forum 2012



To promote the role of UNIDO in facilitating business linkages in the sustainable industrial development field, ITPO Korea participated in World Green Energy Forum 2012 in Gyeongju in Korea. The session in which Dr. Soo-Taek Rhee, head of ITPO Korea, participated as a panelist, was themed “partnerships and business linkages – tools to boost the green energy sector”. As a follow-up of this participation, ITPO Korea will seek active cooperation between UNIDO and the provincial government of Gyeongsangbuk-Do which hosted this event.

Representation of UNIDO and ITPO Korea at the UN Meeting with UN Secretary-General Mr. Ki-Moon Ban

On 30 October all fourteen UN offices, including UNIDO ITPO Korea, gathered to welcome the UN Secretary-General Mr. Ki-Moon Ban on his mission to Korea. Each office prepared a brief presentation slide on its mandates and activities and UNIDO ITPO Korea represented UNIDO to Mr. Ki-Moon Ban. In his speech he emphasized poverty reduction in the context of the Millennium Development Goals (MDGs) and, also, shared some of the rising issues in negotiating the Sustainable Development Goals (SDGs) between developing countries and developed countries.

Figure 1.4 Mr. Ki-Moon Ban, UN Secretary-General, at the UN Meeting in Sondo on 30 October





2. Investment Promotion Projects and Programmes

Africa Project

As follow-up activities of 2011 Potential Investors Survey ITPO Korea conducted 3 fact-finding missions, including the one arranged for November, in 2012. The purpose of these missions is to identify potential investment opportunities in both eastern and western Sub-Saharan Africa in connection with the upcoming results of the 2011 survey.

Fact-finding missions in 2012

- **1st Fact-finding mission (11 March – 24 March):** Consultations were held between ITPO Korea and various counterparts in Kenya (KenInvest, Vision 2030 Secretariat and Kenya Leather Industry Association), Mozambique (Investment Promotion Centres, Confederation of Business Association and Chamber of Commerce of Mozambique) and Tanzania (Tanzania Chamber of Commerce, Industry and Agriculture, Tanzania Confederation of Industries and Tanzania Investment Centre)
- **2nd Fact-finding mission (4 June – 8 June):** After participating in the AU-UNIDO Conference on Economic Diversification and Manufacturing in Africa, ITPO Korea held a consultation among Korean potential investors (Vnesto Korea and Soosung Engineering) and the City of Tanga as well as running a meeting with the UNIDO regional office in Tanzania.
- **3rd Fact-finding mission (7 November – 22 November):** ITPO Korea had consultation meetings with counterparts in Ghana and Cameroon on investment promotion into their biomass and mini hydro-power sector. This mission is also planned to support UNIDO's activities in project cooperation with Korean counterparts, like Korea Energy Technology Planning and Evaluation (KETEP) in Ghana.

Current results of the missions

- **Investment promotion in the leather industry in Kenya:** In December 2011, through ITPO Korea's delegate programme, Mr. Guracha Adi from KenInvest came to Korea to promote investment opportunities in Kenya. As a follow-up activity, ITPO Korea visited KenInvest and Kenya Leather Industry Association to strengthen cooperation in promoting investment into the leather industry. Currently, a Korean potential investor has been identified and now looking to investment into the country by receiving leather samples from local producers.
- **Investment promotion in the herbal medicine industry in Tanzania:** While having a meeting with the Vice Minister of Industry and Trade of Tanzania, ITPO Korea has been requested to promote investment into the herbal sector. During the second fact-finding mission, a consultation was held with the Institute of Traditional Medicine (ITM) and a delegate programme for ITM is currently under the internal review of UNIDO HQ's substantive branch.
- **Investment promotion in a low-income housing project in Tanzania:** During the second mission to Tanzania, ITPO Korea arranged a meeting where a Korean delegation of potential investors (Soosung Engineering and Vnesto Korea) and the City of Tanga came to agree to sign a MOU for a joint project. At the current stage, the parties are revising the term sheet in order to reach the final contract for the low-income housing project.
- **Investment promotion in low-income housing projects in Zambia and Mozambique:** Through ITPO Korea's promotion among potential Korean investors, an MOU for low-income housing projects in these countries is now under negotiation as well.
- **Investment promotion in new and renewable energy sector in Cameroon and Ghana:** As a follow-up activity of ITPO Korea's research on potential investment opportunities in SSA, new and renewable energy sector and construction of low-income housing were selected to be promoted for investment by Korean investors. ITPO Korea will promote to arrange and try to dispatch a technical delegation of new and renewable energy development to West African states including Cameroon and Ghana in early 2013.

Figure 2.1 Consultation with the local ministries in Cameroon and Ghana





Changchun Project

ITPO Korea's delegation conducted a site inspection tour to Yanbian Korean Autonomous Prefecture (KAP), including Antu County, Hunchun City, Yanji City, and Beijing, China from July 23 to July 27, 2012. The main purpose of this tour was to find out the candidate spots for the regional economic cooperation mechanism in Northeast Asia.

Site inspection tour to Yanbian KAP and Beijing

Figure 2.2 Yanbian KAP (Antu County, Hunchun, Yanji)



Antu County

Presented on the International Tourism Joint Venture in Antu County:

- There are 21 tourism projects to be developed for this Joint Venture in Antu county, and the total amount of the investment reaches RMB 13.28 billion (about US 2

billion), and the expected the amount of foreign investment promotion is about 462 million (about US 72million). They are more concentrating on developing resorts facilities around Changbai Mountain (Baek-Du Mountain) as well as Mingyuan Lake (Light Moon Lake).

Shuangmufeng Custom between China and DPRK:

- Located in the east side of Changbai Mountain (Baek-Du Mountain). This custom has been officially operated since 2008, initially permitting only for trade not for tourism. Now, only Chinese can exceptionally visit DPRK with a special pass though this custom. Antu governors have been trying to negotiate with DPRK local governors for opening the south part of the Changbai Mountain (Baek-Du Mountain) to tourists.

Antu governors requested to UNIDO ITPO Korea for promoting investment and technology transfer from the Korean tourism industry:

- Any possible arrangement for transfer of know-how/advice on the hotel management including skills and technical transition from the Korean tourism industry as well as bringing Korean resort business into the region.

Figure 2.3 Yanbian KAP (Anty County, Hunchun, Yanji)



Hunchun City

- Hunchun City is located at the intersection of Chinese, North Korean, Russian borders. It also connected to the waterways of Republic of Korea and Japan. Hunchun governors emphasized the International Economic Zone and tourism projects which include international ferry lanes (China-Russia-Japan-Republic Korea), border sightseeing between China-DPRK and China-Russia, etc. The delegate visited FangChuan Tourism District where three countries (China, DPRK and Russia) are bordering as a site inspection.

Figure 2.4 Yanbian KAP (Anty County, Hunchun, Yanji)



Fang Chuan Tower



Border Areas between China-DPRK



Border Areas between China -Russia

Yanji City

- Talked with Xiao-yun, Deputy Bureau head of Yanbian KAP Tourism Bureau of Jilin Province, and discussed about possibility of establishing an industrial zone in the KAP region by inviting investment from China, Republic of Korea and Japan and by hiring DPRK's labourers. Mr Yuan introduced the tourism projects around Heilan River area in Yanji Province.

Beijing

Korean Embassy in China:

- Met with Ambassador and Minister for Economic Affairs of the Embassy, discussed about building an Economic Zone (cooperation mechanism) in this region is needed for various purposes including regional cooperation. Ambassador also recommended to cooperate with the Korean Consulate General in Shenyang (Liaoning Province, China) and to participate in the existing mechanism for regional cooperation. UNIDO's any interests and participation will be highly welcomed and appreciated.

UNDP Tumen Secretariat (Greater Tumen Initiatives (GTI)):

- Met with Mr. Zhu, SHU, Senior Programme officer and he gave us GTI's ongoing programmes and some of achievements from the main parts of the investment/trade, tourism and transportation.
- Tumen Secretariat needs more international cooperation for practical achievement for the regional cooperation. ITPO offices also expressed their interests in participating GTI programmes in particular the areas of Trade and Investment for further steps.
- Understanding was reached among the participants that GTI is functioning as a policy formulator and recommended these to each member state and UNIDO ITPOs can participate as an active implementer for regional cooperation in the field of industrial development.

UNIDO Regional Representative Office:

- Called to Mr. Edward CLARENCE- Smith, Representative and Head of UNIDO Regional office. UNIDO Regional office also covers Mongolia, so for the regional economic development, Mongolia could be a part in this project. In particular, for green growth projects need more regional cooperation, and in this aspect, Republic of Korea and Japan can have many things to do.

Figure 2.5 Yanbian KAP (Anty County, Hunchun, Yanji)



Expected outcomes

- To strengthen cooperation with Asian offices of ITPO and HQ in identifying practical ways to develop the concept of establishing a multi-lateral industrial park along the border line among China, Russia and DPRK
- In line with Changchun project, one more potential candidate spot (“Posyet”) in the Far East region in Russian Federation is currently under negotiation.
- Taking into account the rich tourism resources in the areas of Yanbian KAP, investment promotion for tourism industry development will be incurred in Republic of Korea by ITPO Korea.

Delegate Programme

In June 2012 UNIDO ITPO Korea invited Mr. Dinh Manh Hung, SPX Expert at UNIDO SPX Centre and Deputy Director at SME Promotion Centre, Vietnam Chamber of Commerce and Industry.

Goals of the delegate programme on 10-16 June 2012

- To facilitate the delegate to disseminate and promote among potential Korean investors, particularly in the steel casting sector, the latest information on the business environment in Vietnam.
- To provide the interested Korean companies with the opportunity to consult with the delegate on expansion into Vietnam.
- To help the delegate to establish contact points with the potential Korean investors for possible vis-a-vis business meetings in the future.
- To build knowledge-sharing between ITPO Seoul and the delegate about the current status of the relevant industry (steel casting) and corporate culture in Korea.

Programme schedule

Table 2.1 Programme schedule for Mr. Dinh Manh Hung

Date	Activities	Place
10 June (Sunday)	Arrival in Korea	
11 June (Monday)	Business meeting (KOSTEEL Co. Ltd.)	Seoul
12 June (Tuesday)	Business meeting (Daehan Steel Co. Ltd.)	Seoul
	Business meeting and production site tour (Hankookkijun Metal Co. Ltd.)	Incheon
13 June (Wednesday)	Production site tour (POSCO Co. Ltd.)	Pohang
14 June (Thursday)	Business meeting and production site tour (Taehwa Metal. Co. Ltd.)	Incheon
15 June (Friday)	Business meeting (Korea Trade and Investment Promotion Agency)	Seoul
	Trip to Exhibition (Global Transport Tech Exhibition 2012)	Ilsan
16 June (Saturday)	Departure for Vietnam	

Major business meetings with Korean potential investors

- **KOSTEEL Co. Ltd.:** Ms. Eun-Young Kim, the Managing Director of the Strategic Planning Division of KOSTEEL, participated in the meeting and expressed her interest in consolidating the company's presence in Vietnam. It has already obtained a license to sell steel products in Ho Chi Minh City and looking forward to expansion of its selling routes to Hanoi in the future. Also, the company is currently seeking new sources of steel supply within Vietnam so it will be ideal for both parties (KOSTEEL and SPX Vietnam) to keep in contact for information sharing on local



suppliers in Vietnam. The delegate also shared this ambition that investment by KOSTEEL into Vietnam will help such suppliers to enhance their production technology and steel-casting product quality.

- **Daehan Steel Co. Ltd.:** Mr. Jong-Kyoon Kim, the Director of the Culture Innovation Department, and Mr. Sun-Moo Hur, the Director of the Strategy Department of Daehan Steel said that the company is currently planning to invest into Vietnam. They said that the company, however, has not yet undertaken a feasibility study (which will be conducted towards the end of this year) and it will be of great value to the company if SPX Vietnam can provide information on company profiles of local steel suppliers as potential partners. The delegate also agreed to follow up on this view at their request in the future.
- **Hankookkijun Metal Co. Ltd.:** Mr. Byung-Hwan Hwang, the Director, acknowledged the role of SPX Vietnam and appreciated the delegate's visit to the firm. He consulted with the delegate on various aspects of the steel casting sector in Vietnam such as the current labor income level, exchange rate movement etc. In addition, more specifically, he expressed the firm's interest in outsourcing pig iron inputs (a major raw material for steel casting) from Vietnam suppliers. The delegate agreed that provision of adequate information on potential suppliers would be vital for Hankookkijun Metal to make its outsourcing decision. Mr. Hwang added that the company has already been outsourcing ceramic pipes from Vietnam and will seek information on Vietnamese suppliers of pig iron as well in the future.
- **Taehwa Metal Co. Ltd.:** The delegate met with Mr. Young-Wook Kim, the Overseas Sales Manager of Taehwa Metal, to discuss the possibility of future cooperation between the firm and SPX Vietnam. Mr. Young-Wook Kim presented to the delegate an overview of the company's history, major steel casting products, production capacity as well as technological capabilities. Currently, it mainly produces auto parts and compressor parts, respectively, making up for 45% and 35% of the total production volume. The delegate particularly pointed to the company's "automated" production process for steel casting and said that Vietnamese suppliers also need the skills and technology to install such a process.

Expected outcomes

- Establishment of contact points for possible vis-à-vis business meetings in the future
- Information sharing on the latest information relating to trade and investment channels into Vietnam in the steel casting sector
- Facilitation of business linkages between Vietnamese suppliers and Korean buyers in steel-casting equipment and related raw materials such as iron ore
- Effective benchmarking for Vietnamese suppliers through subcontracting, partnership and exchange activities organized by SPX Vietnam



Figure 2.6 Business meetings with Korean steel casting companies



Domestic Survey

Goals of 2012 Domestic Survey

- To identify trends in investment activity among Korean enterprises when entering into developing countries in Asia.
- To understand all the effects to the economic and social development caused by Korean companies in developing countries in Asia.
- To characterize foreign direct investment for potential investors.
- To promote mutual cooperative investment for sustainable development.

Survey design



- Targeted countries are 7 in Southeast Asia (Cambodia, Indonesia, Malaysia, Myanmar, the Philippines, Thailand and Vietnam) and 3 in Central Asia (Kazakhstan, Kyrgyz Republic and Uzbekistan)

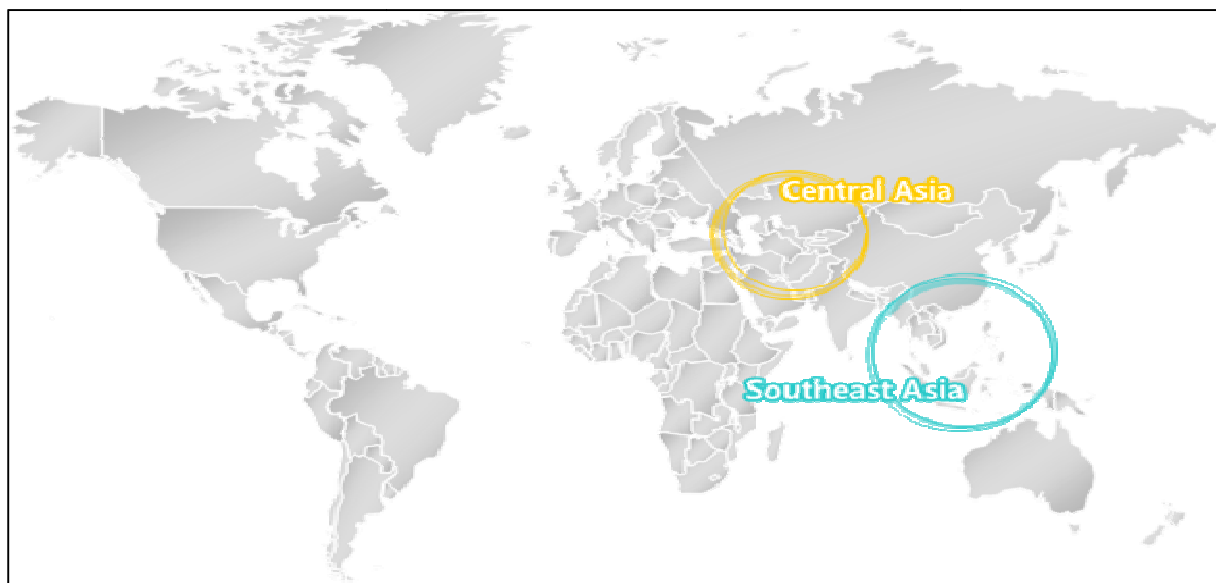
Table 2.2 Survey design

Research Subject	Korean Companies both currently investing and not currently investing in Asian developing countries
Sample Size	500 companies(focusing on Korean small and medium companies)
Duration	2012. 8. 6 ~ 9. 14
Sampling Method	Proportional allotment by companies investing after assigning minimal samples/ proportional allotment by industry type of countries investing after assigning valid samples

- The survey contents are divided into questions for companies currently invested in Asian developing countries and for companies that hold no FDI.
- The total number of companies investing in Asian developing countries are 2,618, including 2,521 in Southeast Asia and 97 in Central Asia. In cases of investing companies, proportional sampling was based on business sectors after securing minimum sample size for each country. Proportional sampling of companies not investing was in accordance with a standard of assigned industry rate from investing companies. As a result of sample distribution, 60% in case of companies investing and 40% in case of companies not investing were allocated randomly.

Survey results

Figure 2.7 Survey results on Southeast and Central Asian regions



Southeast Asia:

1. Characteristics of Investment of Korean Companies in Southeast Asia

- Target countries for this survey, 7 Southeast Asian developing countries include Vietnam, Cambodia, Thailand, Malaysia, Indonesia, the Philippines, and Myanmar. 287 companies have participated in this survey as target companies.
- Among the companies invested in Southeast Asia, 41.8% entered during the years '2005-2010', 62.7% entered in forms of 'production corporation,' with most of them invested in forms of 'new establishment/exclusive investments' (79.4%). 'Market potential of the relevant country'(53.0%) appeared to be the most responded reason for investment in Southeast Asia, followed by 'lower labor cost'(38.3%). Companies with investments in Southeast Asia responded that sales increased after entering invested country (42.9%).
- Most of companies invested in Southeast Asia experienced 'investment disputes'(3.5%), mainly on 'labor/management'(60.0%). However, most disputes were resolved (90.0%). Companies with investments in Southeast Asia appeared to have the following difficulties related to investment: 'unavailability of industry infrastructure'(18.5%) on local management, 'unavailability of high skilled workers'(24.7%) on labor, 'vague regulations'(24.0%) on local restriction, 'discriminative finance/tax for foreign firms' (12.5%) on tax/finance, 'unstable power supply'(20.9%) on local industrial infrastructure, and 'securing sales force'(25.4%) on market cultivation.
- For companies with investments in Southeast Asia, the rate of receiving support from investment promotion agencies was 22.0%, usually at the market survey stage(55.6%). Information needed from investment promotion agencies were 'rate of economic growth and prospect on currency rate'(15.7%) with regard to market survey, 'verification of investment feasibility study'(28.2%) with regard to creation of

business plan, and 'forecast on sales'(26.1%) with regard to feasibility studies. The data collected from the 2012 domestic survey have now been analyzed into substantive results in mid-October 2012. The survey report will be finalized soon.

- To utilize the survey results and to facilitate a feasibility study for interested Korean SMEs to selected developing countries in Southeast and Central Asia

2. Contribution to Local Society by Korean Companies

- On average, the number of all local labors in companies with investments in Southeast Asia was 384.1 people, and the number of all permanent employees is 319.3 people. Average wage per capita appeared as 17 million Won per capita/year.
- The level of localization considered by companies were 3.47 points (max. 5 points), 'localization score of production management was 3.12 points (max. 5 points), localization score of decision making was 3.20 points (out of 5 points), localization score of human resource was 3.29 points (max. 5 points), and 'level of company's contribution to local society was 3.23 points (max. 5 points).

3. Expected Potential Investments in Southeast Asia

- 32.1% of companies with investments in Southeast Asia appeared to have plans for expansion. 'The market potential of invested country'(63.0%) was the main reason for the investment. All 48 companies without overseas investment replied that they had intentions of investing in Southeast Asia. Through this survey, this region was confirmed as the most favourable investment area by companies without overseas investment.

Central Asia:

1. Investment Characteristics of Korean Companies in Central Asia

- 3 Central Asian developing countries are eligible for this survey: Kyrgyzstan, Uzbekistan and Kazakhstan and total 32 companies are eligible. Among the companies with investment in Central Asia, 50% entered during the years '2001-2005' with 16 companies entered as a type of 'production corporations'. Most of the respondent companies entered Central Asia as a 'newly established/exclusive investment' type (68.8%).
- Reasons for entering Central Asia were dominantly due to 'market potential of the invested country (56.3%) and 'ease to procurement of raw material'(15.6%). In cases of companies with investment in Central Asia, 40.6% responded that the sales in headquarters increased after investment in invested country.
- 6.3% responded that they experienced 'investment disputes' mostly caused by conflicts with 'local government'. Disputes were solved through 'local jurisdiction'. In the cases of companies investing in Central Asia, companies faced difficulties such as 'unavailability of industrial infrastructure' (18.8%) and 'local restriction' (18.8%) on local management, 'unavailability of highly skilled workers'(37.5%) on labor,



'vague rules and regulation'(28.1%) on local restriction, 'problems of local loan'(18.8%) on tax regime/finance, 'unstable power supply'(21.9%) on local industrial infrastructure, and 'securing sale force'(15.6%) on market cultivation.

- 25.0% of the companies with investments in Central Asia received support from investment promotion agencies, mainly at the stage of business planning(50.0%). Information needed from investment promotion agencies included 'the business status of participating firms in the same industry'(18.8%) with regard to market survey, 'verification of investment feasibility study'(28.1%) with regard to business planning, and 'forecast on sales'(15.6%) with regard to business feasibility study.

2. Contribution to Local Society by Korean Companies

- On average, the number of local employees per company that entered Central Asia is 42.7 people, and the permanent employee is 34.3 people. The ratio of permanent recruitment is 80.3%. Average wage of local employees appeared as 26.9 million Won per year/capita. Localization score of the companies is 3.30 points(max. 5 points). Localization score of production management is 3.17 points(max. 5 points). Localization score of decision making is 3.40 points (max. 5 points). Localization score of human resource is 3.00 points (max. 5 points). Companies' local social contribution score was 3.27 points (max. 5 points).

3. Expected Potential Investments in Central Asia

- 46.9% of the companies that have already entered Central Asia responded that they were having expansion plans. The main reasons to invest were 'market potential of the invested country (60.0%) and 'ease of procurement of raw material (6.7%'. Among the companies without overseas investment, 48 companies showed intention of overseas investment with secured funds. Since none of the surveyed companies selected Central Asia, preference level of the country as target country of investment seemed to be very low.

Follow-up activities

- To disseminate the results of Domestic Survey 2012, ITPO Korea will have a briefing meeting with Korea based Southeast/ Central Asia embassies/consulates as well as the companies which participated in the survey.
- ITPO Korea will conduct a feasibility study tour to two concerned nations in Southeast Asia and Central Asia in 2013. The nations will be designated according to comprehensive business atmospheres based on the results of the survey and consultations with those who attended the briefing meeting.



Outreach Programme

In 2012, under the outreach programme, ITPO Korea organised four country promotion seminars for various developing countries and three workshops on international organizations for students.

Goals of country promotion seminars (“trade and investment seminars”)

- Dissemination of latest information on the investment climate in specific sectors of interest to the local small-and-medium enterprises (SMEs) outside the Seoul metropolitan region
- Facilitation of establishing direct contacts through 1:1 business consultations and business meetings between local SMEs and embassies of developing countries
- Promotion of the roles of UNIDO and ITPO Korea in the areas of sustainable industrial development among SMEs, embassies of developing countries and co-organisers such as regional chambers of commerce and industry and other related government bodies

Goals of workshops on international organizations

- Enhancement of the general understanding of the work of UNIDO and other UN-related organisations, like UNESCAP, UNDP and UNEP, among university students outside the Seoul metropolitan region as well as their interest to engage in these organisations
- Promotion of the roles and activities of UNIDO and other UN-related organisations among university students in Korea

Overview of country promotion seminars organised in 2012

- **1st Country promotion seminar (26-27 April):**
 - Co-organiser: Ulsan Chamber of Commerce and Industry
 - Participant embassies: Angola, Kenya, Egypt and Senegal
 - Size of audience: 40 SMEs
 - Specific industrial sectors (identified by the local co-organiser): automotive parts, shipping parts, petroleum and chemicals
- **2nd Country promotion seminar (27-28 September):**
 - Co-organiser: Ulsan Chamber of Commerce and Industry
 - Participant embassies: Argentina, Colombia, Mexico and Ecuador
 - Size of audience: 60 SMEs
 - Specific industrial sectors (identified by the local co-organiser): automotive parts, shipping parts, petroleum and chemicals
- **3rd Country promotion seminar (11-12 October)**
 - Co-organiser: Gyeongnam Regional Office of Small and Medium Business



Administration

- Participant embassies: Brazil, Kazakhstan, Georgia
- Size of audience: 80 SMEs
- Specific industrial sectors (identified by the local co-organiser): automotive parts, shipping and aircrafts, parts manufacturing

- **4th Country promotion seminar (30 November)**

- Co-organiser: Chungbuk Regional Office of Small and Medium Business Administration
- Participant embassies: Sri Lanka, the Philippines and Azerbaijan
- Size of audience: 50 SMEs
- Specific industrial sectors (identified by the local co-organiser): automotive parts, food-processing, cosmetics and parts manufacturing

Current results (follow-ups of the seminars)

- These seminars have led to a total of 23 accounts of follow-ups between Korean SMEs and the participant embassies cooperating for business match-making.

Table 2.3 Follow-ups of the seminars between Korean SMEs and embassies

Company name	Embassy	Follow-ups
CNF Korea (coffee-mix processing)	Ecuador	- The embassy invited CNF Korea to the 11 th Seoul Café Show held on 22-25 November for match-making with potential business partners from Ecuador. - The embassy has also linked CNF Korea with 3 potential buyers in Ecuador for possible match-making.
	Colombia	- The embassy researched and provided a company profile list of local suppliers for CNF Korea for match-making.
	Argentina	- The embassy is processing CNF Korea's request to identify potential partners in Argentina to produce coffee vending machines.
JM Motors (fire-fighting water pump)	Mexico	- The embassy is arranging a consultation meeting in Mexico between JM Motors and the city of Tijuana for match-making with local partners for buying and operating the fire-fighting water pumps.
	Angola	- The embassy has arranged meetings in Angola between JM Motors and the related Ministries for both market entry into the country and match-making with local partners to sell the products.
	Ecuador	- The embassy has arranged meetings in Korea between JM Motors and the Ministry of Environment for business match-making needed for the ministry's procurement of its products in Ecuador.
Dae-In Chemicals (steel protection films)	Argentina	- The embassy researched and provided a company profile list of local suppliers in the related sectors (stainless panels and steel-castings) for match-making.
Chung-Gu Tech (shipping parts)	Colombia	- The embassies altogether identified and contacted 7 local enterprises for Chung-Gu Tech as potential buyers.
	Argentina	

Songwon (ventilation equipment)	Mexico	- The embassy has facilitated negotiation for business partnership among Songwon and 3 local Mexican companies involved in constructing the third factory of Hyundai Motors in Northern America.
Motorwell (automotive parts)	Colombia	- The embassy is researching to provide a company profile list of local automotive parts suppliers for match-making.
	Argentina	
MTK (automotive parts)	Argentina	- The embassies are researching to provide a company profile list of local automotive parts suppliers for match-making.
	Colombia	
	Mexico	
Jin-Asia (anti-dust facial mask)	Mexico	- The embassy has provided a company profile list of potential buyers in Mexico of Jin-Asia's anti-dust facial masks.
Duksan Construction	Ecuador	- The embassy has negotiated with Duksan Construction for the company's involvement in infrastructure development projects in Ecuador. - Also, the embassy has arranged meetings in Ecuador between Duksan Construction and the city of Loja for an infrastructure development project.
KJI Industrial (herbal foot patch)	Kazakhstan	- The embassy invited KJI Industrial to join a trade and investment delegation, organized by Korea Federation of Small and Medium Business, to Kazakhstan to arrange business meetings with potential local partners for match-making.
	Georgia	- The embassy, via an investment promotion agency of the Ministry of Foreign Affairs of Georgia, has provided a company profile of 1 potential buyer in Georgia for KJI Industrial.
Acecoat (sheet coating equipment)	Kazakhstan	- The embassy is processing Acecoat's request to identify local enterprises for a business partnership to co-manufacture sheet-coating equipment in Kazakhstan.
Dae-Yang Global (stone crushers)	Sri Lanka	- The embassies are processing Dae-Yang Global's request to identify local partners (suppliers) to cooperate for parts outsourcing and, eventually, to set up production sites in these countries through FDI.
	Azerbaijan	
Jun Tech (electronic parts)	The Philippines	- The embassy is processing Jun Tech's request to identify local business partners for technology-sharing for its successful FDI into the country in the future.

Figure 2.8 1:1 Business consultations at the trade and investment seminars







Overview of workshops on international organisations for students organised in 2012

- **1st Workshop (25 April):**
 - Co-organiser: Dong-A University
 - Participant organizations: UNESCAP Subregional Office for East and Northeast Asia, UNEP Northwest Pacific Action Plan (NOWPAP), UNOPS, UNDP Seoul Policy Centre
 - Size of audience: 200 students
- **2nd Workshop (10 October):**
 - Co-organiser: Gyeongsang National University
 - Participant organizations: UNESCAP Subregional Office for East and Northeast Asia, UNEP Northwest Pacific Action Plan (NOWPAP)
 - Size of audience: 80 students
- **3rd Workshop (29 November):**
 - Co-organiser: Chonbuk National University
 - Participant organizations: UNEP Northwest Pacific Action Plan (NOWPAP), UN Project Office on Governance, UN Office for Sustainable Development
 - Size of audience: 70 students

Expected outcomes

- Enhanced visibility of UNIDO and UNIDO ITPO Korea among university students throughout Korea
- Raising public awareness of UNIDO and other UN-related organizations in Korea

Figure 2.9 Workshops on international organisations for students



3. Strategic direction for 2013

ITPO Korea's achievements in 2012 can be summarised into four. **First, compared with 2011, the office has expanded the regional coverage of developing countries for investment and technology promotion.** The specific regions, covered by its activities held this year, include western and eastern Sub-Saharan Africa, Northeast Asia, Southeast and Central Asia, Latin America and Eastern Europe.

Second, ITPO Korea has made two important contributions to facilitating effective information sharing between Korean small-and-medium enterprises, as potential investors, and developing countries. One is the publication of 2012 Domestic Survey Report on the analysis of the latest investment-related trends among Korean SMEs in Southeast and Central Asia. The other is Outreach Programme where such enterprises throughout Korea can share the latest information on the environment for trade and investment from country promotion presentations of and 1:1 business consultations with the embassies of developing countries.

Third, ITPO Korea has also made constant efforts to mobilize cooperation among ITPOs in Far Northeast Asia. Especially, ITPO Korea has proactively sought to bring the other ITPOs together to collaborate on investment promotion in such areas as Changchun in China and Posyet in Russia. The ultimate goal of this long-term collaboration is to develop a regional project which will facilitate establishment of a multi-lateral industrial park.

Fourth, ITPO Korea has made meaningful contributions to increase the visibility of UNIDO in Korea. Alongside with the accounts of press coverage, including the one held for UNIDO's Director-General in Seoul in May, the office has organized events, like workshops on international organizations for students, to promote UNIDO among students and UN-related offices throughout the provincial regions of Korea.

For 2013 ITPO Korea plans to consolidate its projects and programmes, being initiated since 2011, with its clear vision for investment and technology transfer. Specifically, the activities of Africa Project will be designed in the way that the results of 2011 Potential Investors Survey, expected to come out in 2013, can be best promoted and utilized by potential investors in Korea. Likewise, for domestic surveys, the office will organise events to facilitate information sharing among embassies of developing countries and Korean businesses on the survey results for Southeast and Central Asia in early 2013. A new survey on Latin America will start as well in 2013. For Changchun Project, the office will continue to build its effort to mobilize cooperation among ITPOs in Far Northeast Asia. The trade and investment seminars (1:1 business consultations) under Outreach Programme will be held in new provincial regions in Korea, while pursuing a follow-up activity (for instance, a trade and investment mission for business match-making) of cooperation between local chambers of industry and commerce, and embassies of developing countries. **Lastly, collaboration with the UNIDO HQs, especially, for green industry sectors will be another very important aspect of what ITPO Korea will seek to achieve in 2013.**



4. Annexes

Annex 1. Press coverage about UNIDO and UNIDO ITPO Korea

FRIDAY, MAY 11, 2012 THE KOREA TIMES

UNIDO chief indicates shift in energy market

By Kim Seon-yeon
The executive director of the United Nations Industrial Development Organization (UNIDO) has indicated that the organization's focus is shifting from traditional manufacturing to energy and infrastructure, particularly in emerging markets. He noted that UNIDO is providing technical assistance and financing to help these countries diversify their economies and improve their energy efficiency.



UNIDO's Executive Director, Leena Ching-sung, said the organization is providing technical assistance and financing to help these countries diversify their economies and improve their energy efficiency. She highlighted the importance of sustainable energy solutions in driving economic growth and reducing environmental impact.

"개도국 청정에너지 보급" "신진국 시장 넓어져 원전"

By Kim Seon-yeon
The article discusses the growing interest in clean energy technologies, particularly nuclear power, in developing countries. It mentions that UNIDO is supporting these efforts through various programs and partnerships. The text highlights the potential of nuclear energy to provide a stable and low-carbon power source for industrial development.

"한강의 기적" 서울 오면 학교 온 듯 한국 녹색기술, 개도국에 큰 도움"

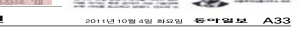
By Kim Seon-yeon
This article focuses on the success of South Korea's green technology sector, often referred to as the 'Miracle on the Han River'. It notes that these technologies are providing significant assistance to developing countries, helping them improve their environmental standards and industrial processes.



The article continues to discuss the impact of green technology on developing countries, emphasizing the role of UNIDO in facilitating these partnerships and providing the necessary support for successful implementation.

개도국 협력 이끌어낸 '한국형 투자모델' 만들자

By Kim Seon-yeon
This article advocates for the development of a 'Korean investment model' that can be adapted to the needs of developing countries. It suggests that such a model should focus on long-term, sustainable growth and mutual benefit for all parties involved.



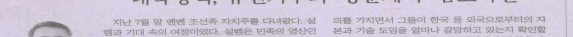
The article further elaborates on the components of the proposed investment model, highlighting the importance of local participation and capacity building in ensuring its success.

선망받는 나라의 자적

This article discusses the admiration and envy of other nations towards South Korea's rapid economic growth and technological advancement. It explores the factors that have contributed to this success and the lessons that can be learned for other developing countries.

대북정책, 유엔기구의 '장춘계획' 참고하길

This article suggests that South Korea's policy towards North Korea should take into account the 'Changchun Plan' developed by UN agencies. It argues that this plan provides valuable insights into the needs and challenges of the North Korean population.



The article concludes by emphasizing the importance of international cooperation and the role of UN agencies in addressing the humanitarian and economic issues facing North Korea.

THE KOREA TIMES FRIDAY, DECEMBER 14, 2012

Deflation tide sweeps Korea

By Lee Chang-sung
The article reports on the onset of deflation in South Korea, a phenomenon where prices fall and the value of money rises. It discusses the economic implications of deflation, including reduced consumer spending and increased debt burdens. The author notes that this is a significant concern for the Korean economy.

Being consumers, producers and policymakers...

This article provides a detailed analysis of the economic challenges facing South Korea, particularly the issue of deflation. It discusses the roles of consumers, producers, and policymakers in addressing these challenges and offers suggestions for policy interventions.

Opinion 9

Korea - living dream for developing countries

By Kim Seon-yeon
This opinion piece discusses the potential of South Korea as a model for developing countries. It highlights the country's economic success and technological achievements, suggesting that these can be replicated in other nations through appropriate policies and international cooperation.

North Korean missile strikes fear

The article reports on the launch of a missile by North Korea, which has caused significant concern and fear among neighboring countries. It discusses the implications of this action for regional stability and the international community's response.

Horrible news about our treatment of animals

This article discusses the issue of animal welfare and the treatment of animals in South Korea. It reports on various cases of animal abuse and slaughter, expressing concern over the lack of adequate regulations and enforcement. The author calls for greater awareness and action to protect animals.