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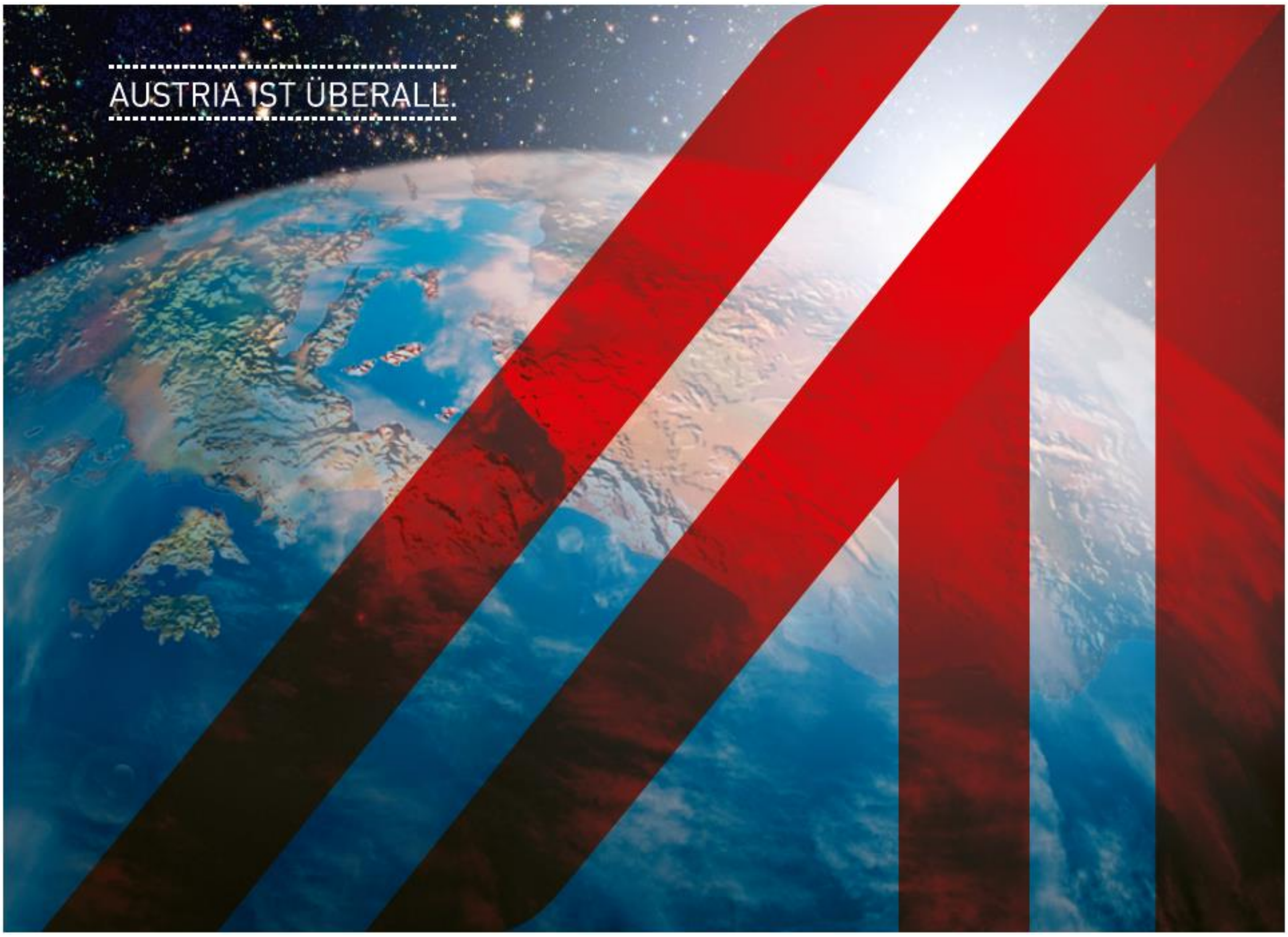

AKTUELLE NACHRICHTEN AUS KOREA

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ECONOMY

Korea's exports aren't very competitive: KITA (Korea Joongang Daily, 28.11.2016)

Only one out of three Korean exporters have a competitive edge in key markets, a recent study showed, not a good sign as dark clouds hover over a trade environment that may become more protectionist.

According to a survey of 1,125 exporters by the Korea International Trade Association (KITA) on Sunday, 36.7 percent of those polled make products that can easily compete against those of their global rivals. Some 45.6 percent make products that are equal to competitors.

But almost 18 percent make products that are inferior to the competition.

Some 50.7 percent of the companies polled make superior products but only 34 percent are considered good at marketing abroad.

Despite Korea having a relatively high penetration of smartphones and a robust social media scene, exporters have yet to find ways to make the best out of those systems. A mere 32.2 percent of the respondents were using social networks to promote themselves and attract more customers and only 14.8 percent have adopted e-commerce to increase exports.

In a related vein, the poll respondents received a 31.3 score on a scale of 100 when it comes to their ability to combine information and communications technology (ICT) for their businesses, even though ICT is increasingly constituting a key driver of productivity, speed and flexibility. Only 4.1 percent of the exporters are engaged in high value-added service sectors such as marketing.

As for their key concerns, 33.9 percent cited unrest in the international financial markets including an anticipated interest rates rise by the Fed and fluctuations in key currencies. Next came changes in international oil and materials prices, mentioned by 27.7 percent, followed by the slowing Chinese economy.

As measures to boost their competitiveness, 31.6 percent of respondents plan to slash costs, followed by strengthening sales channels, cited by 22 percent, and quality improvement through investments in research and development, by 18.8 percent.

“Recently flagging exports are largely attributable to the global economic downturn but the key factor for exporters is their corporate competitiveness,” said KITA in the report, “which is a must to cope with uncertainties in the aftermath of extended period of low growth in the global economy and trade environment transformation.”

Korea relies on exports for almost half its gross domestic product. In the first 10 months of this year, the United States was the second-largest export market after China, according to the Korea Customs Service. The share of the United States is 13.6 percent for all Korean exports Korea. China’s share is 24.9 percent.

Some 77 percent of exporters polled said their performance is expected to recover after the second half of next year but 21 percent said they don’t expect a recovery.

S. Korean economy projected to grow 2.5% in 2017: state-run think tank (The Korea Herald, 27.11.2016)

The South Korean economy will likely expand 2.5 percent next year as a drop in domestic demand and investment will weigh heavily on Asia's fourth-largest economy, a state-run think tank said Sunday.

"The 2017 economy will grow an estimated 2.5 percent as a slight recovery in exports will be offset by a slowdown in construction investment and private consumption," the Korea Institute for Industrial Economics and Trade said in a report.

"But external uncertainties, including the new US government's economic policies, a possible US rate hike, a Chinese slowdown and geopolitical risks will be major factors next year."

The think tank revised up its earlier forecast for 2016 to 2.7 percent from 2.6 percent, noting that the country's gross domestic product grew 2.9 percent through September on the back of brisk construction investment.

It also predicted that exports, the country's main economic driver, will rise 2.1 percent next year on the back of recovered world trade and increased oil prices.

The KIET report said a boom in the local real estate market led by the Seoul government's deregulation drive has contributed to propping up Asia's fourth-largest economy throughout this year, which has been suffering from faltering exports and flaccid consumption.

It expected South Korea's exports, which account for about 30 percent of the country's GDP, to fall 6.9 percent at the end of the year, with private consumption gaining 2.5 percent and facility investment backtracking 3.8 percent.

However, construction investment will likely jump 9.8 percent to counterbalance the decline in exports and facility investment.

The think tank said South Korea's key export items, such as ships, steel and mobile devices, will continue to struggle in 2017 due to a protracted global glut of the sectors, with strengthening trade protectionism expected to put more pressure on the country's exporters.

Conglomerates face government extortion (The Korea Times, 27.11.2016)

Prosecutors' investigations show that domestic conglomerates have been forced to contribute a total of 77.4 billion won to the Mir and K-Sports foundations, which were masterminded by President Park Geun-hye's shadowy aide Choi Soon-sil.

The amount is not small even for big companies, which complain that it was by no means the first time the government pressured them for donations.

Midway through 2015, President Park came up with the idea herself of creating the Youth Hope Fund, which finances various programs for young jobseekers to grapple with the rising unemployment rate.

Corporate giants coughed up 88 billion won for the fund.

They also had to cough up 21 billion won for a research institute on "intelligent knowledge," 20 billion won for a fund on internet-based promotional campaigns and 10 billion won for a fund for small-sized merchants.

Overall, local groups donated 216.4 billion won under the Park administration, which was inaugurated in early 2013. And the problem is that such goodwill activities are not voluntarily done.

"When senior government bureaucrats ask us to take part in a specific government-initiated project, we practically have no choice but to accept it," said an official at a Seoul-based group.

"The incumbent administration seems to regard companies as its private ATM. We don't understand why we should give money for initiatives, which should be collected through taxes."

Also while establishing 17 innovation centers across the world geared toward stimulating the creative economy, 15 companies were compelled to take charge of creation of a center and its operation.

As a basic economic tenet in her campaign platform, Park has tried to realize a creative economy through convergence of different industries and promotion of startups.

But criticisms have sprung up that the concept lacks concrete content and the related efforts failed to boost the moribund economy, which has struggled to find its feet in recent years.

"The government announced its blueprint for the creative economy innovation centers in September 2014. And it let us know our region a day before through the Federation of Korean Industries (FKI)," said a representative of another conglomerate.

"Back then, we asked what we should do and the answers were like, 'You can do whatever you are good at.' Then, we were at a loss regarding what we should do with the center."

Origin of forced donations

President Park might grumble that she just followed suit from her predecessors and that is true.

The forced donations practice stretches back to 1983 when the Ilhae Foundation was set up as part of efforts to deal with the aftermath of North Korea's deadly bombing in Yangon earlier in the year.

Then South Korean President Chun Doo-hwan, the intended target of the attack, avoided the attack but 17 South Koreans including Cabinet ministers and four Burmese officials were killed.

The Ilhae Foundation, which was named after Chun's penname, was designed to support the families of the victims. Toward that end, companies were to give 59.8 billion won in 1984.

Chun and his successor Roh Tae-woo, both army generals-turned-presidents, covertly requested slush funds from companies. But after they were punished in the 1990s for their misdeeds and the relevant law was strengthened in 2004, such unlawful demands almost disappeared.

Sometime later, forced donations became the norm again.

During the Kim Dae-jung administration that spearheaded an initiative providing fertilizers to North Korea, controversies sprouted up as it was found to have solicited 10 billion won from companies.

President Park's immediate predecessor Lee Myung-bak also resorted to this method of raising funds _ his government conducted two campaigns of helping the financially vulnerable and seeking shared growth between big firms and small ones.

The corporate side contributed around 500 billion won and 700 billion won for the two initiatives, respectively.

"When tycoons are embroiled in scandals or illegal activities, they tend to give reluctant consent to the idea of donating their private funds in order to beg for forgiveness," said an industry source who asked not to be named.

"When the country suffers natural disasters including droughts and floods, we also have to donate money. That is the case for major sporting events like the Olympics. The accumulated amount would reach trillions of won."

How to bring change?

Understandably, the business circle is opposed to the involuntary contributions. And an increasing number of experts agree something should be done.

"From the perspective of companies, they would not be able to flatly refuse the government's demands because it has so many tools to disrupt their business such as tax audits and antitrust investigations," said a Seoul analyst.

"Hence, the government can easily twist the arms of conglomerates to collect funds."

In the case of Choi, who is suspected of having illegitimately meddled in state affairs, observers said she could flex her muscles to make firms open up their purses.

Prof. Kim Sang-jo at Hansung University claims a new regulation should be introduced.

"We need to phase in a new corporate rule that dubious expenditures including forced donations should be reported to and discussed at board of directors' meetings," Kim said.

Out of 23 companies that transferred more than 1 billion won to the Mir and K-Sports foundations, only two discussed it at board of directors' meetings.

Public citizens are also implicated by the forced contribution.

For example, tax experts said that out of 77.4 billion won funded to the Mir and K-Sports foundations, a maximum of 18.7 billion won would be returned to the donors in the form of tax credits.

In other words, the two foundations were created on 58.7 billion won donations and 18.7 billion won taxes, which would further raise the ire of already-angry taxpayers.

Finance minister reaffirms relentless push for corporate restructuring (The Korea Herald, 25.11.2016)

South Korea's top economic policymaker said Friday that the government will continue its push to restructure ailing sectors such as shipbuilding and shipping in order to help Asia's fourth-largest economy take another leap in the future.

"The government has been implementing corporate restructuring schemes as they are not an undeniable task for the survival of the economy and a future growth," Finance Minister Yoo Il-ho said during a minister-level meeting.

"The corporate restructuring is the process of shaking off accumulated shoddy practices and forging a future-oriented path, and we can produce some tangible results by constantly pursuing it," he said.

The minister said the government is working to map out details of the corporate restructuring plans for the shipbuilding, shipping, steelmaking and petrochemicals sectors.

As part of the moves, the government will speed up the restructuring of such shaky sectors as the shipbuilding and the shipping, the minister said.

Earlier, the government said it will place orders for more than

250 ships, worth about 11 trillion won ($9.59 billion), with domestic shipyards by 2020, as the two sectors have been suffering from massive losses due to a global slowdown and contracting demand.

South Korean shipbuilders have been under severe financial strain since the 2008 global economic crisis, which sent new orders tumbling amid a glut of vessels and tougher competition from Chinese rivals.

The country's top three shipyards -- Hyundai Heavy Industries, Samsung Heavy Industries Co. and Daewoo Shipbuilding & Marine Engineering Co. -- suffered a combined operating loss of 8.5 trillion won last year. The loss was due largely to increased costs stemming from a delay in the construction of offshore facilities and an industrywide slump, with Daewoo Shipbuilding alone posting a 5.5 trillion-won loss.

The shipbuilders have recently drawn up sweeping self-rescue programs worth 11 trillion won in desperate bids to overcome the protracted slump and mounting losses.

The country's so-called Big 3 shipyards plan to cut their workforces to some 42,000 by 2018 from the current 62,000 with their combined docks to be reduced to 24 from the current 31.

Hyundai Heavy will spin off its non-shipbuilding businesses, such as wind power and other alternative energy-related businesses, and Samsung Heavy will sell property such as hotels, while Daewoo Shipbuilding plans to cut 5,500 jobs by 2018.

The government also said earlier it will extend as much as 6.5 trillion won in fresh financing to help boost shipping companies' competitiveness. The financial aid package also came as the collapse of Hanjin Shipping Co., South Korea's No. 1 shipper, has caused a worldwide logistics disruption and a drop in cargo handled at the country's seaports.

Korea’s household debt hits all-time high (The Korea Herald, 24.11.2016)

South Korea’s household debt hit a new high in the third quarter this year, data showed Thursday, posing a greater threat to the vulnerable economy anticipated to be hit by higher interest rates.

The Bank of Korea’s data showed that household credit rose by 38.2 trillion won ($32.3 billion) in the July-Sept. period to reach 1,295.8 trillion won at the end of September, the highest volume in the country’s history.

When added to the 7.4 trillion won household lending by banks in October, the total household debt exceeds 1,300 trillion won, reaching the level at a much faster pace than previously anticipated for this year.

The quarterly gain is also the largest since the central bank began compiling related data in 2002. From a year earlier, household credit soared 11.2 percent.

Household credit consists of household loans extended by financial institutions, such as banks and credit card companies and credit purchases at leasing businesses. Household loans rose 3 percent quarter-to-quarter to 1,227.9 trillion won as of the end of September. Credit purchases also went up 2.9 percent quarter-to-quarter to 67.9 trillion won.

The BOK attributed the continued rise in household credit to bigger loans extended by non-bank institutions such as the National Credit Union Federation of Korea and the Korea Federation of Community Credit Cooperatives.

“The demand for loans was re-directed from banks to credit cooperatives because banks recently began to apply a stricter screening process in lending,” said BOK’s financial statistics team head Lee Sang-yong.

The increased proportion of non-bank lending in the total household debt means the quality of household debt has worsened.

According to the BOK’s statistics, interest rates on household loans at NCUF and KFCC in September were 4.46 percent and 3.83 percent, respectively, higher than the average rate of 3.03 percent at first-tier banks.

Observers say the anticipated raise of the US interest rate at the Federal Reserve in December will lead to higher market interest rates, weighing on Korean households who have borrowed money on low interest rates and the government’s 2014 easing of mortgage regulations.

Heavily indebted households tend to cut back on spending, which leads to weaker domestic demand.

To curb household lending, the Financial Services Commission said the government will regularly conduct stress tests not only on banks but non-bank financial institutions involved in household loans.

The FSC will also introduce a new system using "debt service ratio" in December at financial institutions to analyze money borrowers' repayment ability in advance. The DSR, published by the Bank for International Settlements, reflects the share of income used to service debt.

Meanwhile, the state-run think tank Korea Development Institute urged the government to return its loan-to-value and debt-to-income ratios back to the pre-2014 level.

In August 2014, the government had eased mortgage regulations by raising LTV from 60 percent to 70 percent, and DTI, from 50 percent to 60 percent, to prop up the then-slumping real estate market.

"Since the easing, the total household debt largely exceeded the gains in household income. It is desirable to curb household debt by restoring the (LTV and DTI) ratios to the previous level," Kim Ji-seob, research fellow at the KDI, said in the report.

Hyundai Heavy stumbles again on union risk loading (The Korea Times, 23.11.2016)

Hyundai Heavy Industries (HHI) is facing strong opposition from its union members who threaten to stage a full-scale strike unless the scraps a plan to spin off its non-shipbuilding units.

HHI workers claim the shipbuilder's plan to divide itself into six separate entities will weaken the labor union's bargaining power and lead to massive layoffs. Union leaders say they will not return to the negotiating table until the company retracts the reorganization scheme, making it unlikely for both sides to conclude this year's wage talks in December.

"We will hold an all-out strike and take other steps against management unless it abolishes the spinoff plan," a labor union official said. "That is our precondition for completing this year's wage negotiations. Without it, there will be no deal."

He said the planned spinoff will diminish the union's cohesiveness and make it easier for management to dispose of non-shipbuilding units, which will result in massive job cuts.

Both union and management have held dozens of negotiations since May, but remain unable to reach an agreement. To pressure management to offer more concessions, union workers have staged 12 partial walkouts. The workers walked out Wednesday and plan to walk out again on Friday.

"At this point, Hyundai Heavy's labor union has no other choice but to oppose everything the company management wants to do, forcing it to accept union demands," said an industry analyst, who declined to be named. "I don't think both sides will be able to conclude wage talks before the year's end for the third consecutive year."

On Nov. 16, Hyundai Heavy announced its plan to reorganize its business into six independent units next year in a bid to bolster its competitiveness and improve its financial health. The company will be divided into shipbuilding, offshore plants and vessel engines; electrics and electronics; construction equipment; renewable energy; robotics; and services.

In addition, Korea's largest shipbuilder is facing protests from politicians and residents in North Jeolla Province for its plan to close a shipyard in Gunsan.

Hyundai Heavy said it would have to close the Gunsan shipyard if it continues to fail in securing new orders. The dock currently has orders to build 13 oil tankers and the company expects the work will be completed by June.

"We have no other choice but to explore many options if we don't win new orders," an HHI official said. "But nothing has been finalized yet at this point."

But the analyst said the company wants to close the Gunsan shipyard as quickly as possible and operate only a shipyard in Ulsan to increase operational efficiency and save costs.

"There is no question that unless Hyundai Heavy secures substantial orders, it will close the Gunsan plant and shift all the work to Ulsan to operate more efficiently," the analyst said. "But the shipbuilder will have to deal with fierce protest from politicians and residents in North Jeolla Province. But still the company has to do so to tide over the prolonged industry slump."

Korea, MERCOSUR hold preliminary talks on FTA (The Korea Herald, 22.11.2016)

South Korea and the South American trade bloc MERCOSUR had preliminary talks on launching official negotiations on a trade deal, as Asia's fourth-largest economy is seeking to tap deeper into the populous region, the trade ministry here said Tuesday.

At the two-day exploratory dialogue held in Buenos Aires, Argentina, on Monday (local time), representatives of South Korea and four members of MERCOSUR, which means the Southern Common Market in Spanish and consists of the countries of Argentina, Brazil, Paraguay and Uruguay, will discuss the basic directions and structural elements of the future trade agreement, according to the Ministry of Trade, Industry and Energy. Venezuela is the fifth member of MERCOSUR but will not participate in the trade deal.

If the two sides reach an agreement at the dialogue, they will declare the launch of official negotiations on the trade deal.

"An agreement with MERCOSUR will help our companies have a competitive edge in the market," the trade ministry said in a release. "Along with the latest free trade agreement with Central American countries, South Korea will likely establish a trade network in the American continent."

MERCOSUR has a total population of some 286 million people and its economic size is estimated at $2.78 trillion, accounting for 45 percent and 52 percent of the South American continent's population and gross domestic product, respectively.

Two-way trade volume reached $12.3 billion in 2015, with South Korea exporting goods worth $7.4 billion to the economic bloc.

South Korea has been widely focusing on expanding FTAs with many economies for years since 2003 when it first signed an FTA with Chile.

It now has FTAs with world economic powerhouses such as the European Union, the United States and China, while it signed the FTA with six Central American countries last week.

FINANCE

Monthly Income of Families Headed by Those in Their 40s Shrinks for the First Time Since 2003 (The Korea Economic Daily, 28.11.2016)

The monthly average income of households headed by those in their 40s has shrunk for the first time since the data were collected by the Statistical Bureau. According to the National Statistical Office on November 27, the monthly income of those households whose family head is aged between 40 and 49 was 5,052,153 won in the third quarter, down by 1,569 won (-0.03%) from the same period last year. This is the first time for the income of families whose heads are in their 40s to fall since 2003 when the bureau started collecting the data.

The income of families led by those in their 40s has steadily gained since the first quarter last year when the year-on-year figure was 4.52 percent. It was then followed by 5.09 percent in the second quarter. But the third-quarter growth rate declined to 3.32 percent this year and then to 0.20 percent in the second quarter.

All kinds of income were down or slowed down its growth rate. As for business income, it stopped short of 978,000 won a month, down 5.9 percent from a year ago. Property income, which includes interest and dividend incomes, was down to 5,759 won a month in the third quarter from 10,900 won four quarters ago. As for earned income, which comprises the largest portion in household income, it fell short of rising 2.9 percent to 3.65 million won in the third quarter, from a 5-10 percent growth rate in previous quarters.

Three reasons to invest in Korea loading (The Korea Times, 25.11.2016)

What do "The Avengers," "Transformers," and "Interstellar" all have in common? Korea was used as their test bed before they were released worldwide. "Interstellar," despite being a very scientific and complex film (the theory of relativity, and worm holes, etc.), attracted more than 10 million people here.

One global film distribution insider said that the secret of the movie's success was that Koreans have a good understanding of sci-fi movies thanks to the country's advanced technologies.

Global movie distributors are also increasingly producing their own movies in Korea, like "The Age of Shadows" and "The Wailing." This means that new business models are gaining popularity where foreign distributors are not only using Korea as a test bed, but are creating their own content in Korea before distributing them worldwide through their distribution networks.

Such a phenomenon is also taking place in other industries, including newly emerging industries and high-end consumer goods.

One company, for example, which participated in a roundtable meeting during the 2016 Foreign

Investment Week in September, announced a plan to establish an aerospace research and development (R&D) center in Korea to use it as an innovation hub. Another company announced plans to raise a $500 million fund to invest in food companies and Korean content with strong brand power, in a bid to enter both the Korean and global market.

As such, foreign companies do not merely view Korea as a production base or a place to do business in, but as a global business hub and an optimum test bed for new products. Why is that?

First, Korea is becoming an increasingly innovative country. Only half a century ago, Korea, with a per capita income of $67, did not have any resources or technology to boost its economy. Today, the country is an economic powerhouse, being the 11th largest economy and the 6th largest exporter in the world.

The people's industriousness aside, this rapid growth is attributed to the country's innovation, which is supported by high-quality education. Not surprisingly, Korea ranks first in R&D investment to GDP ratio, and was named the world's most innovative country by the European Commission and Bloomberg.

For corporations wishing to create new demand by investing in new industries and thereby leading the market, Korea is an optimal investment destination. If they are able to fully utilize Korea's advanced manufacturing, the ICT infrastructure suitable for industrial convergence and other innovative capacities, they will surely find new drivers of growth here.

Second, Korea is connected to the world through its extensive free trade agreement network. Korea has inked agreements with over 50 countries around the world, including the three largest economic blocs _ the United States, China and the EU. The total GDP of these countries make up three-quarters of global GDP. As such, Korea plans on expanding its FTA network with newly emerging economies, including Latin America and Central Asia.

The FTA network and its incentives, together with a solid industrial foundation, excellent manpower and the Korean wave, are some of the reasons why global corporations like Siemens and BASF have already established their Asia headquarters and R&D centers in Korea to expand their businesses globally.

Third, the government is working tirelessly to foster the world's best investment environment. To ensure early settlement of foreign-invested companies and to reduce investment-related risks, the government is continuously providing various incentives, including tax reductions, cash and location support. The Foreign Investment Ombudsman, the first of its kind, is providing one-stop services to resolve grievances that might occur during business operations.

Moreover, the government's Three-Year Plan for Economic Innovation and structural reform in four key areas of the economy, both of which were noted for being the best growth strategy at the G20 Summit, are transforming Korea's investment environment. These efforts are leading to tangible results as Korea ranked fourth in the World Bank Doing Business Index, and fifth in national credit rating.

For these reasons, Korea's FDI is continuously increasing in volume. Despite global economic uncertainties, its FDI surpassed $20 billion for the first time in 2015, and a record high amount of $15 billion has been attracted as of the third quarter this year.

Even as we speak, many foreign investors are looking out for investment opportunities in Korea. Like the African proverb, "If you want to go fast, go alone. If you want to go far, go together," Korea is more than ready to work together with our partners. Come to Korea and unlock the key to success!

Hyundai Motor Sells All of Its Stake in KAI (The Korea Economic Daily, 25.11.2016)

Hyundai Motor sold all of its stake (4.85%) in Korea Aerospace Industries on November 23. Among KAI's major shareholders, excluding its creditors, Hanwha Techwin has become the only company which maintains a major shareholder position at KAI, raising expectations that Hanwha group would eventually take over KAI.

After selling a 5-percent stake in KAI through a block deal in March and a 0.15-percent stake later, Hyundai Motor finally sold all of its remaining stake (4.85%) in KAI.

Hyundai Motor's 4.85-percent stake in KAI was sold to Hana Financial Investment not through a block deal but through a total return swap format.

KAI was created in 1999 as a joint venture of Samsung Aerospace, Daewoo Heavy Industries (aerospace division), and Hyundai Space and Aircraft Co.

Since Hyundai Space and Aircraft Co. became affiliated with Hyundai Motor Group, Hyundai Motor has maintained its stake in KAI.

KAI achieved record-breaking performances last year, with its sales and operating profit estimated at 2.9 trillion won and 280 billion won, respectively.

Finance ministry reels under Choi scandal loading (The Korea Times, 23.11.2016)

Cho Won-dong, former senior secretary for economic affairs for President Park Geun-hye, arrives at the Seoul Central District Court, Wednesday, to attend a hearing to review the legality of his detention.

The finance ministry is bearing the brunt of the political scandal involving President Park Geun-hye and her longtime confidant Choi Soon-sil, as its senior officials are making headlines connected to the corruption case.

The ministry has lost the momentum to push ahead with its economic agenda amid the leadership vacuum.

Analysts say the lack of a control tower is troubling in the critical moment when the government should be setting economic policy directives for next year in coordination with Cheong Wa Dae.

Strategy and Finance Minister Yoo Il-ho said Wednesday that officials should not be devastated.

"The finance ministry has been working based on principles and convictions," he said at the meeting with senior officials. "It has never served the interest of a specific individual or any administration."

His comment, however, has not prevented some from raising suspicions that the key economic policies of the Park Geun-hye administration — such as nurturing of startups, development of the service industry and the so-called creative economy — may have been aimed at stuffing Choi Soon-sil's purse.

Prosecutors showed that some top officials at the ministry were indeed involved in the scandal.

Among them is Cho Won-dong, former deputy finance minister. The prosecution filed an arrest warrant for him on the allegation that while serving as senior presidential secretary for economic affairs he pressured former CJ Group Vice Chairwoman Lee Mi-kyung to resign. The former CJ vice chairwoman, who was leading the group while her younger brother CJ Group Chairman Lee Jae-hyun was in jail, allegedly got on the wrong side of President Park by broadcasting comedy programs satirizing politicians including Park.

Cho is also suspected of helping a small plastic surgery clinic frequented by Choi Soon-sil and her daughter with its plan to advance into the overseas market. It is rumored that Cho was replaced after the plan failed. Arriving at the Seoul Central District Court for interrogation Wednesday, Cho told reporters he feels miserable.

Also in the spotlight is vice finance minister Choi Sang-mok. Though he was not indicted, the prosecution wrote in the indictment against Choi Soon-sil that he helped with the establishment of Mir Foundation, which is allegedly under her control, while serving as secretary for economic and financial affairs at Cheong Wa Dae. He allegedly chaired the meeting for establishment of the foundation, at the order of former Cheong Wa Dae senior secretary for policy coordination An Chong-bum.

The vice minister allegedly told the prosecution he only followed the orders of Cheong Wa Dae and denied knowing Choi Soon-sil.

Vice Minister Choi had gained trust from not only seniors but also junior officials for his expertise and gentle manner. He was picked as one of the role models by junior officials.

While some criticize that the elite officials should not have succumbed to unjust orders from Cheong Wa Dae, others also point out that officials at the culture ministry who objected to Choi Soon-sil's meddling were forced out.

China's Anbang Insurance Turns Its Attention to Japanese Assets (The Korea Economic Daily, 23.11.2016)

China's Anbang Insurance, which was quiet for a while, is out again to acquire overseas corporate assets and real estate properties in droves. This time, the insurance giant is focusing on residential real estate properties in Japan, away from the United States. According to foreign media reports on November 22, Anbang Insurance is in talks with the Blackstone Group, a U.S. private equity firm, to take over Japanese residential properties worth US$2.3 billion.

Most of the properties are middle-class apartment complexes in cities like Tokyo, Nagoya, and Osaka. These were bought by the Blackstone Group from GE and others in 2014 at about 190 billion yen ($1.7 billion).

If the deal goes through as planned, this is the largest transaction ever pulled off in Japan after

Morgan Stanley purchased 13 hotels owned by ANA Holdings at 281 billion yen ($2.5 billion).

Beginning with the Waldorf Astoria New York deal in 2014, Anbang has fast emerged as the world's leading investor. Until recently the Chinese insurer's focus has been in the United States where it took over Strategic Hotels & Resorts at $5.5 billion earlier this year and its failed bid to acquire Starwood Hotels and Resorts Worldwide.

TECHNOLOGY

KT boosts ties with Samsung, Nokia, Ericsson-LG for NB-IoT (The Korea Times, 25.11.2016)

KT's network strategy unit Senior Vice President Seo Chang-seok, left, and KT's supply chain management strategy unit Chief Procurement Officer Hahn Won-sic, center, pose with executives of the telecom company's network equipment providing partners Samsung Electronics, Ericsson-LG and Nokia at the company's office in Gwanghwamun, central Seoul, Friday, after signing an agreement to cooperate in establishing a nationwide narrowband Internet of Things network.

KT said Friday it is strengthening partnerships with network equipment providers — Samsung Electronics, Ericsson-LG and Nokia — to establish the world's first nationwide narrowband Internet of Things (NB-IoT) network by the first half of 2017.

The nation's second-largest mobile telecom company will work with the three to upgrade its existing long-term evolution (LTE) network. This will help the telecom company not only expedite the completion date but also save costs on building the nationwide NB-IoT network.

"KT will continue to cooperate with Samsung Electronics, Ericsson-LG and Nokia to complete building the nationwide NB-IoT network by the first half of 2017," KT's supply chain management strategy division Chief Procurement Officer Hahn Won-sic said. "We will push to make aggressive investments and establish an ecosystem here, to get the nationwide NB-IoT network to vitalize the domestic IoT industry."

KT and the three partners have signed a contract to cooperate in upgrading the telecom company's LTE network for NB-IoT services.

The company plans to commercialize NB-IoT services following global technology standards set by the international telecom industry organization 3rd-Generation Partnership Project (3GPP) in July.

The telecom company said it will upgrade LTE base stations to provide a separate frequency bandwidth dedicated to NB-IoT services. In this way, the company does not need to build extra base stations, resulting in a reduction of costs, it said. The company will also be able to tap into some 300,000 routers that have already been set up nationwide to provide NB-IoT network services even in underground parking lots. KT added such close coverage will help IoT devices consume less energy.

KT said it plans to cover 85 cities in Korea with its NB-IoT network by March 2017 and expand it nationwide by June, while releasing commercialized services.

Meanwhile, KT's NB-IoT partner LG Uplus has also said it will work with China's network equipment giant Huawei to speed up the establishment of nationwide NB-IoT services. The two companies are also in discussion over allowing a network roaming system to share NB-IoT network infrastructure to minimize radio shadow areas.

LG's G6 is rumored to adopt iris, mobile payment (The Korea Herald, 25.11.2016)

LG Electronics is rumored to adopt several new technologies, including iris recognition and mobile payment for its upcoming flagship smartphone, G6.

Experts said the tech firm needs to blow the competition out of the water with the G6 in order to make up for the 800 billion won ($67 million) loss caused by the failure of the previous G5 model.

LG recently unveiled a new type of all-in-one module that could serve as both a camera and an iris scanner at the Korea Electronics Show in October. Industry sources predict the technology is likely to be applied to the G6 considering its bigger competitor Samsung's latest moves to adopt iris recognition in its new devices.

G6 is also reported to adopt a mobile payment system, dubbed LG Pay, using Magnetic Secure Transmission, or MST solution, similar to Samsung Pay.

The MST solution allows for easy payment by touching a smartphone to magnetic card readers used in most retail stores.

LG is also expected to ditch the non-removable battery, which was adopted in the G5 model. It will instead use a removable battery for the issues of safety and yield -- which refers to the amount of salable products able to be produced. Samsung's Note 7, which was discontinued due to exploding batteries, used a non-removable battery.

LG Electronics declined to comment on the specifications of the upcoming G6.

The tech company, which had a cumulative loss of around 800 billion won from the failure of G5, is pinning its hopes for the next flagship device G6, according to industry watchers.

"Unlike strong sales in home appliances and television, LG posted historical losses from its mobile communication unit this year. For a rally in shares, the rebound from G6 is important next year," said Kim Ji-san, an analyst at Kiwoom Securities.

Noh Keun-chang, a senior analyst at HMC Investment Securities, said, "The speed of loss reduction in the MC unit is critical next year as the TV profitability may go down due to the price stabilization of LCD panels."

Samsung set to buy QD Vision
loading (The Korea Times, 23.11.2016)

Samsung Electronics plans to buy QD Vision, a U.S.-based technology firm specializing in quantum dot materials, in its bid to stay ahead of the next-generation display competition against LG's OLED TVs.

"We decided to acquire (QD Vision)," Samsung Advanced Institute of Technology (SAIT) President Chung Chil-hee told reporters, ahead of a weekly Wednesday meeting with presidents of Samsung affiliates.

Samsung did not confirm the exact value of the deal. But it is estimated to be some $70 million (82.14 billion won).

Samsung has been the global TV market leader for 11 consecutive years. The transaction came as Samsung hopes to tighten its grip on the high-end TV market by promoting the technological edge of its quantum dot TVs.

The Seoul-based firm is expected to generate synergy in applying core technologies for the nano-sized materials, called quantum dots, into its premium TV lineup, using QD Vision's expertise and patents.

The U.S.-based firm was established by a group of MIT researchers in 2004, focusing on developing core technologies for quantum dot materials. The company has so far partnered with a group of global TV manufacturers _ including China's TCL, Hisense and Sony of Japan.

Samsung Electronics is seeking to expand its presence in the next-generation television market by collaborating with QD Vision in such areas as heavy metal-free quantum dot technologies.

In particular, the latest announcement is expected to heat up the already-intense rivalry between Samsung and LG over the next standard for the TV industry.

LG has aggressively promoted the technological advantages of its self-lighting OLED pixels, as they do not require any backlight panels and can deliver a deeper black color.

But Samsung is expressing confidence in its quantum dot TVs, with Kim Hyun-seok, president of Samsung Electronics' visual display division, touting quantum dot LED (QLED) TVs to be the mainstream of the future TV industry, as it embraces the core selling points of the LCD and the OLED.

At this year's Consumer Electronics Show (CES) in Las Vegas, Kim highlighted that its quantum dot SUHD televisions come with 1,000 nits of brightness, the industry's highest level among high-dynamic-range (HDR) TVs. In recent years, HDR has been the talk of the town in the television and content industry, as the technology can display a wider range of dark and light levels, creating more vivid images.

"The role of quantum dot displays will become more and more important, with the HDR gaining more traction," he told reporters at CES 2016.

Globally-renowned content creators _ including Netflix and Amazon _ have recently started to offer the HDR services, even though it is expected to take more time for its standardization in the industry.

"The latest deal is expected to generate massive synergies, as Samsung will be able to take preemptive actions over potential patents suits by taking advantage of QD Vision's patents over quantum dot core technologies," said Hyundai Securities analyst Kim Dong-won.

"Expectations are that Samsung can expand its reach into the next-generation TV leadership by releasing its QLED TVs earlier than expected."

Samsung says no confirmed cases of faulty batteries in Galaxy S7 (The Korea Herald, 22.11.2016)

Samsung Electronics Co. has said there has been no confirmed cases of faulty batteries with the Galaxy S7 smartphone, amid foreign media reports that some of the devices caught fire while charging.

The statement by Samsung's American unit, issued last Friday, came as Samsung is trying to limit the damage done by the unprecedented discontinuation of the Galaxy Note 7 over safety concerns.
"Samsung stands behind the quality and safety of the Galaxy S7 family. There have been no confirmed cases of internal battery failures with these devices among the more than 10 million devices being used by consumers in the United States," Samsung said in the statement.

"However, we have confirmed a number of instances caused by severe external damage," it said. "Until Samsung is able to obtain and examine any device, it is impossible to determine the true cause of any incident."

The US Consumer Product Safety Commission has received a total of five cases of battery fires or failures involving the S7, the S7 Edge or the S7 Active so far this year, according to Samsung officials.

Those cases were related to battery chargers or cables, not the devices.

An official at Samsung said the statement was issued after media reports about some incidents in North America, but there have been no such reports in South Korea.

'Samsung's acquisition of Harman is not about carmaking' (The Korea Herald, 22.11.2016)

Samsung Electronics on Monday reaffirmed its intention of becoming a Tier 1 car supplier instead of becoming an automaker, denying rampant speculation that had followed its surprise announcement to acquire a leading maker of connected car solutions

"Over the last week since the Samsung-Harman deal, we have visited many key automotive clients globally and made sure that we wanted to become primary solution provider, Tier 1," said Harman International Industries' CEO Dinesh Paliwal at the press briefing held in Samsung Electronics' Seocho office building in Seoul.

Harman's CEO Dinesh Paliwal speaks at the press briefing held in Samsung Electronics' Seocho building on Monday. (Samsung Electronics)

"(We made sure) we do not want to enter into carmaking," he added.

Harman -- which signed an acquisition deal with Samsung Electronics a week ago -- is currently supplying its infotainment and car audio technologies to global automakers including Mercedes-Benz, BMW, Audi, Toyota, Volkswagen and Hyundai.

"Samsung's acquisition of Harman actually signals that the company does not want to become an automaker," Samsung's automobile team chief Park Chong-hwan added at the event, emphasizing how automakers are the company's target customers.

In the automobile market, the two companies are expected to create synergy as Harman holds system knowledge, software development and automobile eco-system while Samsung has expertise in display, mobility and 5G.

Alongside the automobile business, Samsung and Harman plan to work together to improve the audio technologies of the tech giant's smartphones and home appliances.

"Since we are globally number one in audio technology, we plan to create new opportunities by applying the audio technologies into Samsung's smartphones and home appliances," Paliwal said.

As for the possible adoption of Harman's audio technology into Samsung's flagship smartphone Galaxy series, Park said, "We may adopt Harman's luxury audio technology into Galaxy S series possibly in 2018."

Following the press event, the Harman chief met with Samsung Electronics' vice chairman Lee Jae-yong to further discuss their partnership and vision.

AKTUELLE NEWS - SCHLAGZEILEN

Aufgrund der Medienpräsenz geben wir auch einen Einblick in die koreanische Berichterstattung anhand kurzer Auszüge der koreanischen Presse und die momentanen Auswirkungen der Geschehnisse auf die koreanische Wirtschaft:

[BREAKING] Opposition party pushes for President's overseas travel ban

(21.11.2016, The Korea Times)

The opposition Justice Party has declared President Park Geun-hye's impeachment as its top agenda on Monday, seeking cooperation of other opposition parties to unseat the scandal-plagued head of state.

The third biggest party in the National Assembly has pressed the prosecution to impose an overseas travel ban on the President and take legal actions to bring take her to the prosecution office for questioning.

Prosecutors Find Incontrovertible Evidence of Presidential Wrongdoings

(21.11.2016, The Korea Economic Daily)

An unprecedented incident is under way in which the sitting President is investigated for violating laws. The Prosecutors' office, which is investigating suspicions of Choi Soon-sil meddling in state affairs, pointed out on November 20 President Park Geun-hye as an accomplice to wrongdoings in cahoots with others like Choi, former presidential senior advisor to policy affairs Ahn Jong-beom, and presidential personal secretary Jeong Ho-seong. The prosecutors will formally indict Ms. Park as a suspect and keep looking into matters further for additional charges.

Opposition vows to impeach Park

(20.11.2016, The Korea Herald)

Opposition heavyweights Sunday vowed to pursue the impeachment of President Park Geun-hye over the influence-peddling and corruption scandal tied to her longtime confidante Choi Soon-sil.

The comments came following an announcement from the prosecutors that the president was an accomplice to a series of crimes committed by Choi and Park's aides.

Offenlegung nach § 25 Mediengesetz i.d.g.F.

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