1. Overview

Trade Policy Direction

Main Focus

Action Plan

BEFORE

FTA Negotiations

AFTER (since June 2013)

Strong Industry-Trade Relevancy

Diversify Policy Measures

Strong Policy Linkage
(Trade-Investment-Industry-Energy)

Single track
(Negotiate-Implement-Utilize-Assist)

Pursue FTA negotiation

Policy Gap between Industry & Trade

Separate track for Negotiation/Domestic Measures

Lead to Job Creation and SME Export Competitiveness
2. Expand and Better Utilize FTA Network

The linchpin of regional economic integration efforts

- RCEP
- CJK
- CK
- KORUS
- TPP

10+6 (ASEAN, Korea, China, Japan, India, New Zealand, Australia)

Japan, China, Korea, U.S.

Japan, Australia, U.S., Canada, Singapore, Mexico, Vietnam, Chile, Peru, Brunei, Malaysia, New Zealand
2. Expand and Better Utilize FTA Network

1. Korea-China FTA
   - Modality Deal Outcome (’13.9): Liberalization of 90% tariff lines and 85% import value
   - Signing (’15.6.1)

2. TPP (Expressed interest on ’13.11.29)
   - Monitor negotiation trends and participating conditions
   - Final decision on participation will be made upon in-depth analysis and stakeholders’ comments

3. RCEP
   - Take lead by fully utilizing KC/CJK FTA
   - AKFTA upgrade and bilateral FTAs with Indonesia and Vietnam

4. Win-Win FTAs with EMEs
   - Pursue mutually beneficial FTAs meeting Emerging Economies (EMEs) demands on development and cooperation

5. Australia•Canada•New Zealand
   - KAFTA: Effective (’14.12.12.)
   - Korea-Canada FTA: Effective (’15.1.1.)
   - Korea-New Zealand FTA: Signing (’15.3.23.)
3. Boost Trade Partnership

Pursue Cooperation Initiatives under Regional Circumstances

- **(China)** Expand presence through strategies based on the market’s economic reform, enhanced consumption level and growing domestic market

- **(SE Asia)** Infrastructure cooperation to ensure solid foundation for growth

- **(Middle East)** Partnership in the power plant, nuclear plant, and renewable energy

- **(Central Asia)** Cooperation on industry and energy infrastructure needs

- **(Europe)** SME policy coordination and Innovation for creative economic cooperation by pursuing technical cooperation and increase investment

- **(Americas)** Public service sectors and future energy, defense and medicine
4. Support Overseas Expansion and Employment

Support Overseas Business Challenges

- **Intensify marketing through EXPOs and trade missions**
  * China, North America, Europe

- **Tailored information on foreign markets, FTA utilization and NTBs**
  - TRADENAVI [http://www.tradenavi.or.kr], FTA Call Center (1380),
    Foreign Certification Acquisition-related call center (1381)
  - Establish Korean chamber of commerce (KOCHAM) (10 cities in 2014)

- **NTB Council for information gathering and response mechanisms**
  - Publish 2nd Trade Barrier Report in December 2014

- **Monitor import restriction trends and develop response methods**
5. Foreign Investment Promotion

Promote Foreign Investment: 2014 Aim to Draw $17 billion

- PR to be focused on perks unique to Korea: FTA with China, NE Asia Oil Hub
  ➡️ Attract regional HQs R&D center, resort complex of multinational companies

- Regain strong investment from Japanese/Chinese capital
  * (Japan) High-end parts and materials industry  (China) Resorts, F&B companies, etc.

- Revise Act on Free Economic Zone
  ➡️ relax eligibility conditions, introduce public bidding for complex resorts

- Performance-based incentive system including tax incentive and leasing fees

- Continue to promote re-shoring("UTurn company") and high value-added
  * Currently 56 UTurn companies, incl. Iksan Jewelry(Joint R&D center) and Busan shoes(clustered complex, employee training etc.)
5. Foreign Investment Promotion

Continue IR Promotion to Attract Global HQs and R&D Centers

- Develop recognition criteria and incentive system (to be completed by year-end)
  - (Tentative) income tax incentives include 17% treatment (flat) and 50% reduction for R&D Centers

- Scale up IR promotion and seek opportunities in prospective projects
  - in areas where global HQ/R&D centers are clustered (Singapore, China etc.)

Attract High Value-Added Investment (esp. Parts and Materials)

- (Advanced Technology) Growth drivers to value chain enhancement*
  - Industries such as aviation, pharmaceutical, energy, engineering and IT services

- (Parts & Materials) Select and target prospective investors based on adverse trade analysis, organize joint public-private seminar with interested Korean companies
  - Seek to attract investment from Japan (2014), Germany and U.S. (2015)
Thank you