Grow Your Exports to South Korea & Japan Webinar
Great Lakes St. Lawrence Governors & Premiers

• More than 30 years of collaboration among the region’s chief executives:

- Illinois
- Indiana
- Michigan
- Minnesota
- New York
- Ohio
- Ontario
- Pennsylvania
- Québec
- Wisconsin

• Growing the region’s economy and protecting the world’s greatest freshwater system

  • Chair: Wisconsin Governor Tony Evers
  • Vice Chair: Ohio Governor Mike DeWine
Great Lakes St. Lawrence Governors & Premiers

Award-Winning Project Portfolio

**Economy**
- Promoting SME Exports
- Growing Strong Clusters
  - **Maritime Transportation**
  - Tourism
  - Cruising
- Attracting Foreign Investment

**Environment**
- Managing Sustainable Water Use
- Restoring and Protecting the Great Lakes St. Lawrence
GSGP Trade Missions

PROVEN RESULTS

1,000+ companies assisted per year

$1.06 billion in 2016-2021 export sales

32+ trade missions

Abu Dhabi, Argentina, Australia, Brazil, Chile, Czech Republic, Colombia, Dubai, Germany, India, Indonesia, Mexico, New Zealand, Peru, Poland, Romania, South Africa, Qatar, Québec, Tanzania, Thailand, Turkey, Vietnam, UAE and the United Kingdom
Recipient of 2020 President’s “E” Award for Export Service

The President’s “E” Award is the highest recognition any U.S. entity can receive for making a significant contribution to the expansion of U.S. exports.
ACCESSING INTERNATIONAL MARKETS - SOUTH KOREA
SOUTH KOREA
SOUTH KOREA

Population 51 MILLION
Urban 81% (50% of the Population in Seoul & It’s Suburban Area)
GDP $1.63 trillion (as of 2020)

Economic Scope
World’s 10th largest economy and 4th in Asia, with a value of US$1.6 trillion GDP and US$1 trillion trade (by GDP as of 2020, Source: IMF)

Leading Industries
ICT, Electronics, Semiconductor, Display, Automobile, Aerospace, Machinery, Shipbuilding & Marine, Steel, and Petrochemical...
ADVANCEMENT

Modern South Korea experienced a century of development within a decade
The South Korean economy moved up two notches by beating Brazil and Russia and became the 10th-largest economy in the world in 2020, according to the IMF World Economic Outlook.

### 10th Largest Economy (as of April 2021)

<table>
<thead>
<tr>
<th>Rank</th>
<th>TOP EXPORT COUNTRIES (as of June 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CHINA (25.86%)</td>
</tr>
<tr>
<td>2</td>
<td>USA (14.46%)</td>
</tr>
<tr>
<td>3</td>
<td>VIETNAM (9.46%)</td>
</tr>
<tr>
<td>4</td>
<td>HONG KONG (5.98%)</td>
</tr>
<tr>
<td>5</td>
<td>JAPAN (4.89%)</td>
</tr>
<tr>
<td>6</td>
<td>TAIWAN</td>
</tr>
<tr>
<td>7</td>
<td>INDIA</td>
</tr>
<tr>
<td>8</td>
<td>GERMANY</td>
</tr>
<tr>
<td>9</td>
<td>SINGAPORE</td>
</tr>
<tr>
<td>10</td>
<td>MEXICO</td>
</tr>
</tbody>
</table>

### TOP IMPORT COUNTRIES (as of June 2021)

<table>
<thead>
<tr>
<th>Rank</th>
<th>TOP IMPORT COUNTRIES (as of June 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CHINA (23.28%)</td>
</tr>
<tr>
<td>2</td>
<td>USA (12.29%)</td>
</tr>
<tr>
<td>3</td>
<td>JAPAN (9.84%)</td>
</tr>
<tr>
<td>4</td>
<td>AUSTRALIA (4.0%)</td>
</tr>
<tr>
<td>5</td>
<td>VIETNAM (4.40%)</td>
</tr>
<tr>
<td>6</td>
<td>TAIWAN (3.81%)</td>
</tr>
<tr>
<td>7</td>
<td>GERMANY (4.42%)</td>
</tr>
<tr>
<td>8</td>
<td>SAUDI ARABIA</td>
</tr>
<tr>
<td>9</td>
<td>RUSSIA</td>
</tr>
<tr>
<td>10</td>
<td>SINGAPORE</td>
</tr>
</tbody>
</table>

Source: KITA, Figures in parentheses are percentage of Korea’s total export and import in 2021.
On May 22, 2021, 4 major Korean companies announced plans to invest $39.4 billion in the US

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Investment ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAMSUNG</td>
<td>$17 billion in a new foundry plant</td>
</tr>
<tr>
<td>LG Energy Solution</td>
<td>$14 billion in battery plant</td>
</tr>
<tr>
<td>HYUNDAI</td>
<td>$7.4 billion in electric vehicle production &amp; recharging infrastructure</td>
</tr>
<tr>
<td>SK hynix</td>
<td>$1 billion building R&amp;D in Silicon Valley</td>
</tr>
</tbody>
</table>
COVID-19 & TRAVELS
COVID-19 UPDATE
Vaccine Doses Given (accumulated per day)
As of October 12th, 2021 at 00:00 a.m

- Fully Vaccinated: **59.6%**
- Partially Vaccinated: **77.9%**

Source: MOHW
COVID-19 UPDATE

As of October 12th, 2021 at 00:00 a.m

- Total Testing: **15,007,584** / Deceased: **2,594 (0.78%)**
- Accumulated Confirmed Cases: **334,163**
- Released from Quarantine: **299,260**

**4th Wave**
Toughest-ever Virus Curbs

3,271

**3rd Wave**
Large Scale Cluster Infections

1,240

**2nd Wave**
Small Cluster Transmissions

441

**1st Wave**
Religious Group Shincheonji

813

Source: MOHW
Starting on July 12th, the metropolitan area is placed under the toughest social distancing level of 4 which is a semi-lockdown with entering the 4th wave of pandemic, and mostly all other areas nationwide have stepped up their distancing to Level 3. However, the government is continuing to expand benefits for those who have completed vaccination.

**UNDER LEVEL 4 RULES**
- Gatherings of three or more people banned after 6 p.m., Entertainment establishments ordered to be shut down, dine-in customers allowed at restaurants until 10 p.m.
- In-person classes closed
- Private events restricted. Weddings allowed up to 49 people with meals and 99 people without meals. Funerals only be joined by relatives
- If necessary for the company's essential management activities and official duties, it shall comply with the basic quarantine rules and allow it to be held without restrictions on the number of people. In the case of exhibitions and fairs, the facility area shall be limited to one person per 6㎡, the operation of the pre-booking system shall be recommended, and the distance of 2m (min. 1m) between users shall be kept.

**LEVEL 1**
- No cap on private gatherings
- No curfew on business operation hours
- Events under 500 allowed

**LEVEL 2**
- Private gatherings up to 8 people
- Operation of restaurants and entertainment venues until 12pm
- Events under 100 allowed

**LEVEL 3**
- Private gatherings up to 4 people
- (*Exception: Up to 8 people if fully vaccinated people are included)
- Operation of restaurants and entertainment venues until 10pm
- Events under 49 allowed

**LEVEL 4**
- Private gatherings up to 4 people before 6pm & 2 people after 6pm
- (*Exception: Up to 6 people if fully vaccinated people are included)
- Events under 49 allowed

**COVID-19 UPDATE**

Vaccine Doses Given (accumulated per day)
As of October 12th, 2021 at 00:00 a.m

<table>
<thead>
<tr>
<th>Daily Cases</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 500</td>
<td>No cap on private gatherings</td>
<td>Private gatherings up to 8 people</td>
<td>Private gatherings up to 4 people (except up to 8 people if fully vaccinated people are included)</td>
<td>Private gatherings up to 4 people</td>
</tr>
<tr>
<td>&lt; 250</td>
<td>No curfew on business operation hours</td>
<td>Operation of restaurants and entertainment venues until 12pm</td>
<td>Operation of restaurants and entertainment venues until 10pm</td>
<td>Operation of restaurants and entertainment venues until 6pm (except up to 6 people if fully vaccinated people are included)</td>
</tr>
<tr>
<td>&gt; 500</td>
<td>Events under 500 allowed</td>
<td>Events under 100 allowed</td>
<td>Events under 49 allowed</td>
<td>Events under 49 allowed</td>
</tr>
</tbody>
</table>

Source: MOHW
3 SOUTH KOREA NEW DEAL INITIATIVES
The government announced the upgrade of Korean New Deal, Korean New Deal 2.0 on July 14, one year after the introduction of the original plan.

### Fiscal Investment Planned by 2025

- **Original Plan 1.0**: $103 billion
- **New Deal 2.0**: $145 billion

### Extra Jobs by 2025

- **Original Plan 1.0**: 1.9 million jobs
- **New Deal 2.0**: 2.5 million jobs

### Highlights of New Deal

#### Digital New Deal
- **Digital SOC**: Road, Ports, Cities
- **D.N.A (Data, Network, AI)**: Digital Dam, 5G Network
- **Digitizing Education Infrastructure**: Education, Smart Devices
- **Non-contact**: Healthcare, Metaverse Business

#### Green New Deal
- **Green Energy**: Eco-friendly Energy, Electric & Hydrogen Vehicles
- **Green Factories**: Green Clusters, Smart Green Factories
- **Buildings, Cities**: Green Infrastructure

#### Human New Deal
- **Investment**: Develop Human Resources
- **Employment**: Strengthen employment & social securities
- **New 2.0 Young Adult Packages**: Help Bridge the gap
- **New 2.0**:
4 UNDERSTANDING MZ GENERATION
TREND COMPARISON: GENERATION Y & Z

- Baby Boomer
- Gen X
- Gen Y “MILLENNIALS”
- Gen Z

- Digital Technologies, Remote
- Have negative outlook on pace of economic recovery
- Criticizing the workaholic and paternalistic culture
- Give-up generation with dating, marriage and home ownership
- Extremely important to be PERSONALIZATION

Image Source: arborcompany, theconversation
MZ Generation
WHO ARE THEY?

BORN BETWEEN

1981 ~ 1995
1996 ~ 2005
DIGITAL FIRST GENERATION “MILLENNIALS”

- # of single-person household increase
- V-COMMERCE (Video Commerce)
- NOT OWNERSHIP BUT “ACCESS”
- Danggeun Market (Karrot)
  “Secondhand Goods-trading app”
  "Secondhand Goods-trading app”

https://www.hankyung.com/news/article/201612126985g
http://ceoin.co.kr/news/view.php?id=95
METAVERSE

According to Strategy Analytics, Metaverse market will be about $282 billion by 2025

MZ generation created their own territory in technological era.

---

Gucci made partner with ZEPETO to create app and social media to personalize avatars and create virtual worlds.

Local Hospital built the metaverse platform in a smart operating room.

Hyundai Motor Test drive the Sonata N line in Virtual Space.

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https://www.koreatimes.co.kr/www/tech/2021/06/419_311126.html
5
PROMISING INDUSTRIES
## S. Korea’s Top 12 Leading Industries

<table>
<thead>
<tr>
<th>Position</th>
<th>Industry</th>
<th>Source: Industrial Statistics Analysis System (ISTANS), Korea Institute for Industrial Economics and Trade (KIET)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Automobile</td>
<td>Secondary Battery</td>
</tr>
<tr>
<td>2</td>
<td>Display</td>
<td>Semiconductor</td>
</tr>
<tr>
<td>3</td>
<td>Electronics</td>
<td>Shipbuilding</td>
</tr>
<tr>
<td>4</td>
<td>Machinery</td>
<td>Steel</td>
</tr>
<tr>
<td>5</td>
<td>Petrochemicals</td>
<td>Textile</td>
</tr>
<tr>
<td>6</td>
<td>Refinery</td>
<td>Telecommunication</td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Alphabetical order*
## TOP 10 PROMISING SECTORS for US EXPORTERS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Aerospace Industry</td>
<td>7.9</td>
<td>5.4</td>
<td>6.7</td>
<td>8.5</td>
<td>9.2*</td>
</tr>
<tr>
<td>2. Cosmetics</td>
<td>8.1</td>
<td>8.8</td>
<td>9.4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3. Cyber Security</td>
<td>1.7</td>
<td>1.9</td>
<td>2.1</td>
<td>2.1*</td>
<td></td>
</tr>
<tr>
<td>4. Defense Industry Equipment</td>
<td>34</td>
<td>43</td>
<td>39</td>
<td>38</td>
<td>41</td>
</tr>
<tr>
<td>5. Energy: New and Renewable (NRE)</td>
<td>7.1</td>
<td>6</td>
<td>7.2</td>
<td>7.8</td>
<td>8.6*</td>
</tr>
<tr>
<td>6. Entertainment and Media</td>
<td>2</td>
<td>2.1</td>
<td>2</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>7. ICT</td>
<td>2.1</td>
<td>2.4</td>
<td>2.8</td>
<td>2.8*</td>
<td>-</td>
</tr>
<tr>
<td>8. Advanced Manufacturing – Smart Factory</td>
<td>49</td>
<td>52</td>
<td>53</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>9. Medical Equipment and Devices</td>
<td>5.9</td>
<td>6.2</td>
<td>6.8</td>
<td>7.8</td>
<td>-</td>
</tr>
<tr>
<td>10. Specialty Chemicals</td>
<td>55</td>
<td>51</td>
<td>52.5</td>
<td>54.1</td>
<td>55.7*</td>
</tr>
</tbody>
</table>

*Alphabetical order
Source: 2020 Country Commercial Guide for U.S. Companies

*Estimated
**Projected
TOP 5 PROMISING SECTORS for EXPORTS

- Defense and Aerospace
- Bio-Health (Bio-Pharma, Med-tech)
- Advanced Manufacturing
  AI, Robotics, IOT, Big Data, Machine Learning, Clouding
- E-Mobility
- Food & Beverage / Consumer Health Products
1. DEFENSE & AEROSPACE

Plans to spend around $3.9 billion on defense research and development in 2021
South Korea’s Ministry of National Defense (MND) announced a 2021 defense budget of $48 billion in December 2020

S. Korea’s Defense Budget in 2017-2021

- Military Operating Expenses $18 Billion (3.6% increased)
- Maintenance Cost $13 Billion (12.1% increased)
- Defense Improvement Cost $16 Billion (2.4% increased)

S. Korea’s Defense Budget in 2017-2021 (US Billion)

Source: Ministry of National Defense

Maintenance Cost in Korea during 2011~2021

Source: Ministry of National Defense
# Best Prospects and Opportunities

<table>
<thead>
<tr>
<th>C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aircraft upgrades</td>
</tr>
<tr>
<td>Avionics, high-tech sensors, radars, and missile system</td>
</tr>
<tr>
<td>Support for combat equipment</td>
</tr>
<tr>
<td>Anti-terrorism products</td>
</tr>
</tbody>
</table>

1. DEFENSE & AEROSPACE

**Market Size and Imports of Aerospace 2016-2020**

(Unit: US$ Billion)

- Over 98% of the total aerospace imports into Korea are for commercial & defense aircraft and their parts and components.
- 77% of Korea’s aircraft, parts and component imports were from the U.S. in 2020.

**Global Aerospace Players in S. Korea**

- Boeing, the world’s largest private aerospace company, has established the **Boeing Korea Engineering and Technology Center** in Seoul, the largest of its kind, and has been conducting research on next-generation aerospace technologies.

**Promising Sectors in Aerospace Industry**

- Satellite Launch Services
- Navigation System (Radar / Surveillance Devices)
- Drone
- Projectile
- High-tech Mission Equipment / Components
- Sensors, Optical Devices For Aircraft And UAVs

Source: Korea Aerospace Industries Association (KAIA), Invest Korea
**2. BIO-HEALTH INDUSTRY**

Bio-Health Industry include:
- **Pharmaceutical, Medical Device & Biotechnology Sectors**

- Chemical Drugs
- Biologics
- Biotechnology-based
- IT/Machine-Based
- Biologics
- Bio-based Chemicals
- Bio-food
- Bio-environment
- Bio-electronics
- Bio-process/device
- Bio-energy/resources
- Bio-info/services

**Pharmaceutical**
- $24.3 billion in 2019

**Medical Devices**
- $7.8 billion

**Biotechnology**
- $7.6 billion

**Bio-Health Market for 10 years**

- **$28 B (2010)**
- **$39.7 B (2019)**

- **4% (CAGR)**

- Bio-Health Industry has been growing by 4% CAGR for a decade
- 7% CAGR for last 5 years

- Total Import growing by 5% CAGR for a decade
- 10% CAGR for last 5 years

2-1. PHARMACEUTICAL

Market: $24.3B
4% CAGR for 10 years
6% CAGR for 5 years

Import: $8.1B
5% CAGR of 10 years
10% CAGR of 5 years

Top 10 Imported Drugs (2019)
(2019, Unit: $ million)

<table>
<thead>
<tr>
<th>No.</th>
<th>Items</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Avastin inj.</td>
<td>90.6</td>
</tr>
<tr>
<td>2</td>
<td>Viread Tab.</td>
<td>56.6</td>
</tr>
<tr>
<td>3</td>
<td>Lipitor Tab.</td>
<td>49.3</td>
</tr>
<tr>
<td>4</td>
<td>Saxenda Injection 6mg/MI</td>
<td>47.3</td>
</tr>
<tr>
<td>5</td>
<td>Mavyret Tab.</td>
<td>45.1</td>
</tr>
<tr>
<td>6</td>
<td>ZOSTAVAX inj</td>
<td>44.6</td>
</tr>
<tr>
<td>7</td>
<td>Trajenta Tab.</td>
<td>44.2</td>
</tr>
<tr>
<td>8</td>
<td>Tagrisso Tab.</td>
<td>43.5</td>
</tr>
<tr>
<td>9</td>
<td>Eylea Injection</td>
<td>38.4</td>
</tr>
<tr>
<td>10</td>
<td>Baraclude Tab.</td>
<td>36.9</td>
</tr>
</tbody>
</table>

Top 10 Countries for Drugs Supplies (2019, Unit: $ million)

<table>
<thead>
<tr>
<th>No.</th>
<th>Country</th>
<th>No. of Manufacturers</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>US</td>
<td>67</td>
<td>866</td>
</tr>
<tr>
<td>2</td>
<td>UK</td>
<td>53</td>
<td>786</td>
</tr>
<tr>
<td>3</td>
<td>Germany</td>
<td>74</td>
<td>697</td>
</tr>
<tr>
<td>4</td>
<td>Switzerland</td>
<td>39</td>
<td>533</td>
</tr>
<tr>
<td>5</td>
<td>Japan</td>
<td>59</td>
<td>223</td>
</tr>
<tr>
<td>6</td>
<td>France</td>
<td>47</td>
<td>210</td>
</tr>
<tr>
<td>7</td>
<td>Netherland</td>
<td>20</td>
<td>204</td>
</tr>
<tr>
<td>8</td>
<td>Denmark</td>
<td>11</td>
<td>177</td>
</tr>
<tr>
<td>9</td>
<td>Sweden</td>
<td>15</td>
<td>150</td>
</tr>
<tr>
<td>10</td>
<td>Belgium</td>
<td>13</td>
<td>147</td>
</tr>
</tbody>
</table>

R&D Investment by TOP 10 Bio-Pharma (2019, Unit: US$, Million)

<table>
<thead>
<tr>
<th>Company</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Celltrion</td>
<td>353</td>
<td></td>
</tr>
<tr>
<td>Yakult</td>
<td>202</td>
<td>125</td>
</tr>
<tr>
<td>GC-Pharma</td>
<td>145</td>
<td>136</td>
</tr>
<tr>
<td>Chong Kun Dang</td>
<td>136</td>
<td>125</td>
</tr>
<tr>
<td>Gwangdong</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Samsung Bio</td>
<td>71</td>
<td>44</td>
</tr>
<tr>
<td>Hanni Pharm</td>
<td>205</td>
<td>190</td>
</tr>
<tr>
<td>Daewooong</td>
<td>131</td>
<td>127</td>
</tr>
<tr>
<td>Chiel Pharma</td>
<td>22</td>
<td>21</td>
</tr>
<tr>
<td>Dong A ST</td>
<td>72</td>
<td>69</td>
</tr>
</tbody>
</table>

https://www.bizhankook.com/bk/article/21703
### 2-2. MEDICAL DEVICES

South Korea’s market size for medical devices in 2019 was **$7.8 billion**

#### Market Demand for High-End Medical Devices Relies on Imports.

<table>
<thead>
<tr>
<th>No.</th>
<th>Top 3 Countries To Supply</th>
<th>Import</th>
<th>Share(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>US</td>
<td>1,939.8</td>
<td>46.63</td>
</tr>
<tr>
<td>2</td>
<td>Germany</td>
<td>709.5</td>
<td>17.06</td>
</tr>
<tr>
<td>3</td>
<td>Japan</td>
<td>387.8</td>
<td>9.32</td>
</tr>
</tbody>
</table>

*Unit: $ million*

### Top 10 Medical Device Imports (2019)

<table>
<thead>
<tr>
<th>No.</th>
<th>Items</th>
<th>Import</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Soft Contact Lens (daily-wear)</td>
<td>151.9</td>
</tr>
<tr>
<td>2</td>
<td>CT system</td>
<td>99.2</td>
</tr>
<tr>
<td>3</td>
<td>MRI system</td>
<td>98.2</td>
</tr>
<tr>
<td>4</td>
<td>Coronary Artery Stent</td>
<td>92.4</td>
</tr>
<tr>
<td>5</td>
<td>Multifocal intraocular lens</td>
<td>89.7</td>
</tr>
<tr>
<td>6</td>
<td>Disposable Dialyzer</td>
<td>88.8</td>
</tr>
<tr>
<td>7</td>
<td>IVD Reagents for clinical Immunochemistry</td>
<td>76.1</td>
</tr>
<tr>
<td>8</td>
<td>Electrosurgical system electrode</td>
<td>70.9</td>
</tr>
<tr>
<td>9</td>
<td>Knee Prosthesis</td>
<td>68.1</td>
</tr>
<tr>
<td>10</td>
<td>Sight Corrective ophthalmic lens</td>
<td>61.5</td>
</tr>
</tbody>
</table>

*Unit: $ million*

---

3. ADVANCED MANUFACTURING

- By 2022, global smart factory market will reach to $205.4 billion
- South Korea’s smart factory is expected to reach $12.76 billion by 2022, which is the second-fastest growth in Asia after China with 12.2% annual growth rate

**Number of 5G & AI smart factories in S. Korea by 2025**

<table>
<thead>
<tr>
<th>Year</th>
<th>100</th>
<th>300</th>
<th>600</th>
<th>1000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2024</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2025</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**S. Korea’s Major Suppliers Of Smart Factory Solutions**

- **Conglomerates:**
  - Samsung SDS, Posco ICT, CJ OliveNetworks
- **Telecom Companies:**
  - SKT, KT, LG U Plus
- **Automation Robotics:**
  - LS Electrics, Hyundai Robotics
- **SMEs:**
  - Testar-Hommel, ThiRA-UTECH, Zin Corporation
- **Foreign Companies:**
  - Siemens, Schneider Electric

Source: Ministry of SMEs and Startups

By 2022, global smart factory market will reach $205.4 billion. South Korea’s smart factory is expected to reach $12.76 billion by 2022, which is the second-fastest growth in Asia after China with 12.2% annual growth rate.
3-1. ROBOTICS IN KOREA

Ministry of Trade, Industry and Energy Plans for Robotics by 2023

<table>
<thead>
<tr>
<th>Number of Robotics’ companies</th>
<th>Market Size For Robotics Industry</th>
<th>Number of Industrial Robots</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 20 2018 2023</td>
<td>6 2018 2023</td>
<td>320,000 2018 700,000 2023</td>
</tr>
</tbody>
</table>

$5.7 billion 2018 2023 $15 billion 2018 2023

Care Robots
Wearable Robotics
Medical Robots

Robot Density in the Manufacturing Industry 2019

Korea was faster to adopt robots due to the heavy concentration on manufacturing & labor costs are relatively high


4. E-MOBILITY: PAV / URBAN AIR TAXIS

**Personal Air Vehicle (PAV)**

**Hyundai Motor Co.** unveiled the S-A1 personal air vehicle (PAV) concept jointly developed with **Uber Technologies Inc.**, and the PAV is a core part of UAM services.

Hyundai also agreed MOU with Urban Airport (UK mobility company) to build an airport infrastructure in the urban area.

**Plans to Launch Air Taxi Service by 2025**

- The Korean government announced that a flying taxi will be launched within the next 5 years.

- The Ministry of Land, Infrastructure and Transport launched the "UAM (Urban Air Mobility) Team Korea" on the 24th, involving 40 organizations and companies including **Hyundai Motor**, **Korean Air**, **SK Telecom** and others.

Hyundai's S-A1 can be carrying 5 people with 8 propellers and it can flying 100km with 10 minutes charge.

**Image Source: Hanhwa**
5. AGRICULTURAL & FOOD PRODUCTS

$491.2 Billion Market (2018)
$109.5 Billion of Retail/ $151.5 Billion of Wholesales/ $138.2 Billion of Foodservice/ $92.0 Billion of Food Manufacturing

$36.77 Billion Food & Ag. Imports from World (2020)

5th Largest Export Market for US Food & Ag. Products:
$8.77 Billion Food & Ag. Imports from USA (2020)

41% of imported food items are consumer-oriented products including:
Beef, Pork, Frozen Fish, Fresh Fruits, Dairy, Alcoholic Beverages, Coffee, Tree-Nuts, Bakeries, Chocolate Confectionery

Source: 1) Korea Agro-Fisheries & Food Trade Corporation
2) Korea International Trade Association
3) ATO Seoul, FAS, USDA
5-1. Food Consumption Trends

Health-Conscious Consumers
- Aging Population
- Increasing Interests on Immunity & Nutrition
- Growing Sales of Health Functional Foods

Convenience
- Increase of Dual Income Families
- Single-Member Households
- Increasing sales of HMR & Meal-Kit

Online Shopping
- Impact of COVID-19
- Evolution of Deliveries (Market Kurly & Coupang)
- From Processed foods to fresh foods

Best Product Prospects
- Dairy
- Dried Fruits & Nuts
- Oil & Fats
- Beef/ Pork/ Poultry
- Sausages/ Ham/ Similar Products
- Chocolate
- Confectionery
- Bakery Ingredients
- Sauces & Preparations
- Food Preparations
- Healthy/ Natural Products
- Beer/ Wine
- Functional Foods
- Organic Foods
- Fresh Fruits
- Processed Vegetables, Fruits & Juices
THANK YOU!

Ken Yang  Sophia Lee  Min Lee
Doing Business in Japan

Key sectors, market opportunities and challenges
Fenetre Partners - Company Overview

- Leading consulting firm of trade, investment and international marketing, based in Tokyo, Japan

- Our clients are mainly from the US, Germany, the UK, Hong Kong, Korea, Singapore and Japan

- The main scope of our service is market entry support into Japan by providing market research, entry strategy consulting and its implementation

- Employs 30 staff and worked on over 300 international projects in the past 13 years
Key Figures about Japan

- Prefectures: 47
- Land Area: 378,000 km²
- Population: 125.65 million (2020)
- GDP: $4.88 trillion (2020)
- GDP Growth: - 4.4% (2020)
- GDP per Capita: $40,390 (2019)
- Median age: 48.6 (2020 est)

Source: Statistics Bureau Japan, Geospatial Information Authority of Japan, World Development Indicators database, World Bank
Nominal GDP of Japan

Burst of Bubble

Unit: Billion JPY

Reference: Cabinet Office

-4.4% +2.4%
2020 2021
Demographics of Japan

Reference: Statistics Bureau, Ministry of Internal Affairs and Communications
Industry Life Cycle – How Matured?

<table>
<thead>
<tr>
<th>Demand</th>
<th>Potential</th>
<th>Strong</th>
<th>Sophisticated and Segmentalized</th>
<th>Declining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitors</td>
<td>Few</td>
<td>Increasing</td>
<td>Stable</td>
<td>Declining</td>
</tr>
<tr>
<td>Profit</td>
<td>Negative</td>
<td>Low but Rising</td>
<td>Stable and High</td>
<td>Declining</td>
</tr>
</tbody>
</table>

Time

Market Size

Oligopoly
Market Opportunities in Japan

- Japan is not an ideal destination in general

- You should not choose Japan as your target market if you sell to average consumers

- However, some sectors are very attractive for leading American companies

- Key question is “Who is your potential customer in Japan?”

- Question 1: Are your Japanese customers growing by global expansion?

- Question 2: Can your products solve problems related with aging of society?
Target Sector 1: Big Global Manufactures

They are growing globally while the domestic market is not growing
Do you think the Japanese automotive companies are good potential customers?

Reference: Calculated by SPEEDA on the data from JAMA

Declined by approx. 3 million
### Thriving Japanese Manufactures in the Stagnant (Top 20)

#### Top Manufacturers in Growth from 2005 to 2014 on Tokyo Stock Exchange

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Company Name</th>
<th>Industry</th>
<th>Increase in net sales from 2005 to 2014 (Billion JPY)</th>
<th>Net sales in 2014 (Billion JPY)</th>
<th>Rate of increase in net sales from 2005 to 2014</th>
<th>Overseas sales ratio in 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>TOYOTA</td>
<td>Transportation Equipment</td>
<td>8,683</td>
<td>27,235</td>
<td>47%</td>
<td>78%</td>
</tr>
<tr>
<td>5</td>
<td>Honda</td>
<td>Transportation Equipment</td>
<td>3,997</td>
<td>12,647</td>
<td>46%</td>
<td>86%</td>
</tr>
<tr>
<td>9</td>
<td>Nissan Motor</td>
<td>Transportation Equipment</td>
<td>2,799</td>
<td>11,375</td>
<td>33%</td>
<td>85%</td>
</tr>
<tr>
<td>10</td>
<td>NIPPON STEEL &amp; SUMITOMO METAL</td>
<td>Iron and Steel</td>
<td>2,221</td>
<td>5,610</td>
<td>66%</td>
<td>39%</td>
</tr>
<tr>
<td>15</td>
<td>DENSO</td>
<td>Transportation Equipment</td>
<td>1,509</td>
<td>4,309</td>
<td>54%</td>
<td>61%</td>
</tr>
<tr>
<td>17</td>
<td>Fuji Heavy Industries</td>
<td>Transportation Equipment</td>
<td>1,431</td>
<td>2,878</td>
<td>99%</td>
<td>81%</td>
</tr>
<tr>
<td>19</td>
<td>Mitsubishi Heavy Industries</td>
<td>Machinery</td>
<td>1,401</td>
<td>3,992</td>
<td>54%</td>
<td>55%</td>
</tr>
<tr>
<td>21</td>
<td>BRIDGESTONE</td>
<td>Rubber Products</td>
<td>1,257</td>
<td>3,674</td>
<td>52%</td>
<td>83%</td>
</tr>
<tr>
<td>24</td>
<td>DAIKIN INDUSTRIES</td>
<td>Machinery</td>
<td>1,186</td>
<td>1,915</td>
<td>163%</td>
<td>75%</td>
</tr>
<tr>
<td>26</td>
<td>Aisin</td>
<td>Transportation Equipment</td>
<td>1,135</td>
<td>2,964</td>
<td>62%</td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>Sumitomo Electric Industries</td>
<td>Nonferrous Metals</td>
<td>1,083</td>
<td>2,823</td>
<td>62%</td>
<td>60%</td>
</tr>
<tr>
<td>31</td>
<td>Sumitomo Chemical</td>
<td>Chemicals</td>
<td>1,080</td>
<td>2,377</td>
<td>83%</td>
<td>61%</td>
</tr>
<tr>
<td>33</td>
<td>SONY</td>
<td>Electric Appliances</td>
<td>1,056</td>
<td>8,216</td>
<td>15%</td>
<td>71%</td>
</tr>
<tr>
<td>34</td>
<td>IFE Holdings</td>
<td>Iron and Steel</td>
<td>1,047</td>
<td>3,850</td>
<td>37%</td>
<td></td>
</tr>
<tr>
<td>37</td>
<td>Toyota Industries Corporation</td>
<td>Transportation Equipment</td>
<td>925</td>
<td>2,167</td>
<td>75%</td>
<td>52%</td>
</tr>
<tr>
<td>38</td>
<td>TOSHIBA</td>
<td>Electric Appliances</td>
<td>923</td>
<td>6,503</td>
<td>17%</td>
<td>59%</td>
</tr>
<tr>
<td>39</td>
<td>Mitsubishi Electric</td>
<td>Electric Appliances</td>
<td>912</td>
<td>4,323</td>
<td>27%</td>
<td>43%</td>
</tr>
<tr>
<td>42</td>
<td>Toyota Boshoku</td>
<td>Transportation Equipment</td>
<td>849</td>
<td>1,306</td>
<td>186%</td>
<td>55%</td>
</tr>
<tr>
<td>44</td>
<td>Astellas</td>
<td>Pharmaceutical</td>
<td>800</td>
<td>1,247</td>
<td>179%</td>
<td>64%</td>
</tr>
<tr>
<td>47</td>
<td>JTEKT</td>
<td>Machinery</td>
<td>786</td>
<td>1,356</td>
<td>138%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Source: Toyo Keizai Online (September 9, 2015)
Japanese Companies as Your Target Customers

### The ratio between
(A) the group’s revenue with Japanese customers worldwide (excluding the Japanese market) and
(B) the revenue of the Japanese subsidiary

<table>
<thead>
<tr>
<th>A is less than B.</th>
<th>40%</th>
</tr>
</thead>
<tbody>
<tr>
<td>A is equal to B.</td>
<td>12%</td>
</tr>
<tr>
<td>A is greater than B.</td>
<td>48%</td>
</tr>
</tbody>
</table>

- A is up to 50% greater than B. | 10% |
- A is 50% to 150% greater than B. | 13% |
- A is 150% to 300% greater than B. | 4% |
- A is over 300% greater than B. | 21% |

Business and revenue potential with Japanese partners is often strategic in nature. It generally results from German companies endeavouring to get involved in international projects with Japanese customers and actively supporting and accompanying the decision-making processes in Japan and in cooperation with the national companies in the destination countries.

Thus, 60 percent of the companies surveyed confirm that for every euro of revenue generated in Japan, at least one other euro of revenue is generated with Japanese customers in other parts of the world. For a third of this group, the additional revenue with Japanese customers outside Japan is at least four times the revenue in Japan itself.

Reference: German Business in Japan 2018 by AHK Japan
Purchasing Decisions are Made in Japan

Big Japanese Manufacture

Headquarters in Japan

Decision Makers

Command & Control

Subsidiaries Outside Japan

Local Engineers

Cheap & Commodity Parts & Tools

Directly Sell

Delivery

Need to Close a Deal

Important Components & Equipment
FDI Stock in Asian Countries (2012)

- Japan is the largest investor among the 4 countries in East and South East Asia
  - USA is the largest in India (Japan has overtaken USA in FDI inflows, 2014-2016)
  - South Korea is the largest in Vietnam (28.8% in 2016)

<table>
<thead>
<tr>
<th></th>
<th>China</th>
<th>India</th>
<th>Indonesia</th>
<th>Thailand</th>
<th>Philippines</th>
<th>Malaysia</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>87,247</td>
<td>15,470</td>
<td>11,574</td>
<td>57,627</td>
<td>6,444</td>
<td>20,232</td>
<td>4,504</td>
</tr>
<tr>
<td>USA</td>
<td>70,190</td>
<td>32,562</td>
<td>10,160</td>
<td>17,035</td>
<td>7,646</td>
<td>15,486</td>
<td>799</td>
</tr>
<tr>
<td>South Korea</td>
<td>52,892</td>
<td>3,074</td>
<td>1,234</td>
<td>2,139</td>
<td>364</td>
<td>2,902</td>
<td>5,777</td>
</tr>
<tr>
<td>Germany</td>
<td>19,762</td>
<td>12,561</td>
<td>2,104</td>
<td>3,744</td>
<td>-147</td>
<td>6,148</td>
<td>374</td>
</tr>
</tbody>
</table>

*The figure of Vietnam is in 2010

Source: Bilateral FDI Statistics – UNCTAD, 2014
Growing Sectors in Japan

- **Automotive**
  - 6 Japanese brands such as Toyota, Honda, Nissan, Suzuki, Mazda and Subaru in the top 25 of global car sales in 2017
  - The total number of Japanese cars sold in the world is approx. 28 million units, which occupies approx. 30% of the global market

- **Construction Machinery**
  - Globally known construction machinery companies such as Komatsu (World No. 2), Hitachi & KCM (World No. 3), CAT Japan, Kobelco, Kubota, Yanmar, Tadano, etc. are headquartered in Japan and their major R&D centers are located in Japan
  - In 2017, Hitachi has the world No. 1 market share for hydraulic excavators, Kubota has world No. 1 market share for mini hydraulic excavators and Tadano has world No. 2 market share for cranes

- **Robotics & Automation**
  - Japanese robotics and automation companies such as Mitsubishi Electric, Fanuc, Omron, Yaskawa, Keyence, Yokogawa, etc. have strong global presence
  - Approximately 60% of world industrial robots are manufactured by Japanese robotics companies in 2017
Target Sector 2: Solutions for Aging Population

How to take care elders and solve a problem of decreasing workforce?
Japan's Social Security-Related Expenditure is Increasing

- Demand for healthcare including medical and elderly care is expected to increase significantly

Reference: Nikkei Business
Japan's Working Population is Declining

- This problem is supposed to be solved by new technology which raises productivity

Reference: Mizuho Bank
Growing Sectors in Japan

- **Healthcare and Medical**
  - Medical device market has grown from approx. 20 billion to 30 billion USD in the last 15 years
  - Roughly half of medical devices used in Japan are imported mainly from the US and Europe
  - Healthcare market size including IT, services, supplement, food, exercise, prevention goods, etc. is estimated to grow from approx. 240 billion USD in 2016 to 310 billion USD in 2025

- **IT & Robotics**
  - Now companies face a serious problem of lack of labor especially in the service sectors such as logistics, retailing, customer service, agriculture, medical, construction, etc.
  - Solutions are needed to raise productivity by new technology for automation such as IoT, AI, Big Data, RPA, sharing service, drone, self-checkout, autonomous driving, etc.
  - IoT market is expected to grow with 13.3% to approx. 110 billion USD in 2023
  - AI market is estimated to grow with 46.6% to approx. 33 billion USD in 2023
  - Big Data market is estimated to grow with 8.9% to approx. 80 billion USD in 2022
  - RPA market is estimated to grow with 400% to approx. 400 million USD in 2022
Challenges for Doing Business in Japan

Language, culture and distribution channel
Entry Barriers of the Japanese Market

- **Language**
  - Few people can speak English

- **Business Culture**
  - Conservative and non-direct communication
  - High risk averse and long term orientation
  - Excessive level of quality requirement

- **Distribution Channel**
  - Complex and passive
  - Vertical or exclusive
History of Japan after 17th Century

- 1603: Isolation Policy (Edo Period)
- 1868: Plaza Accord
- 1945: Under GHQ Control
- 1952: Highest GDP (until 2017)
- 1985: Population decrease
- 1997: 
- 2008: 

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GSGP Trade Mission to South Korea & Japan 2022

Multi-Sector Trade Mission
February 21-25, 2022

Each mission participant will receive a customized schedule of B2B meetings to meet with prospective customers and business partners.

Mission Costs:
In-Person Participation Fee: US $1,500 per company (additional company participant $500)
Includes group ground transport, networking events, briefing and logistical assistance.

Brief Market Research & Customized Appointment Setting Fee*: South Korea US $2,970 Japan US $4,000
* Grant funding is available in many States to offset from 50-75% of mission costs.

Registration Deadline: December 15, 2021
http://www.gsgp.org/projects/international-trade/trade-missions/
Israel Trade Mission

May 15-19, 2022

• Multi-Sector Trade Mission to Israel
• Mission Participation Fee US $1,500 per company (each additional participant $500)

• Appointment Setting Fee US $3,200 IL, MI, OH, PA Complimentary

Mission registration deadline: February 18, 2022

• Grant funding is available in many States to offset travel costs and mission fees.

• http://www.gsgp.org/projects/international-trade/trade-missions/
Questions?
Zoë Munro

Program Director

P 614.507.3989
E zmunro@gsgp.org

www.gsgp.org