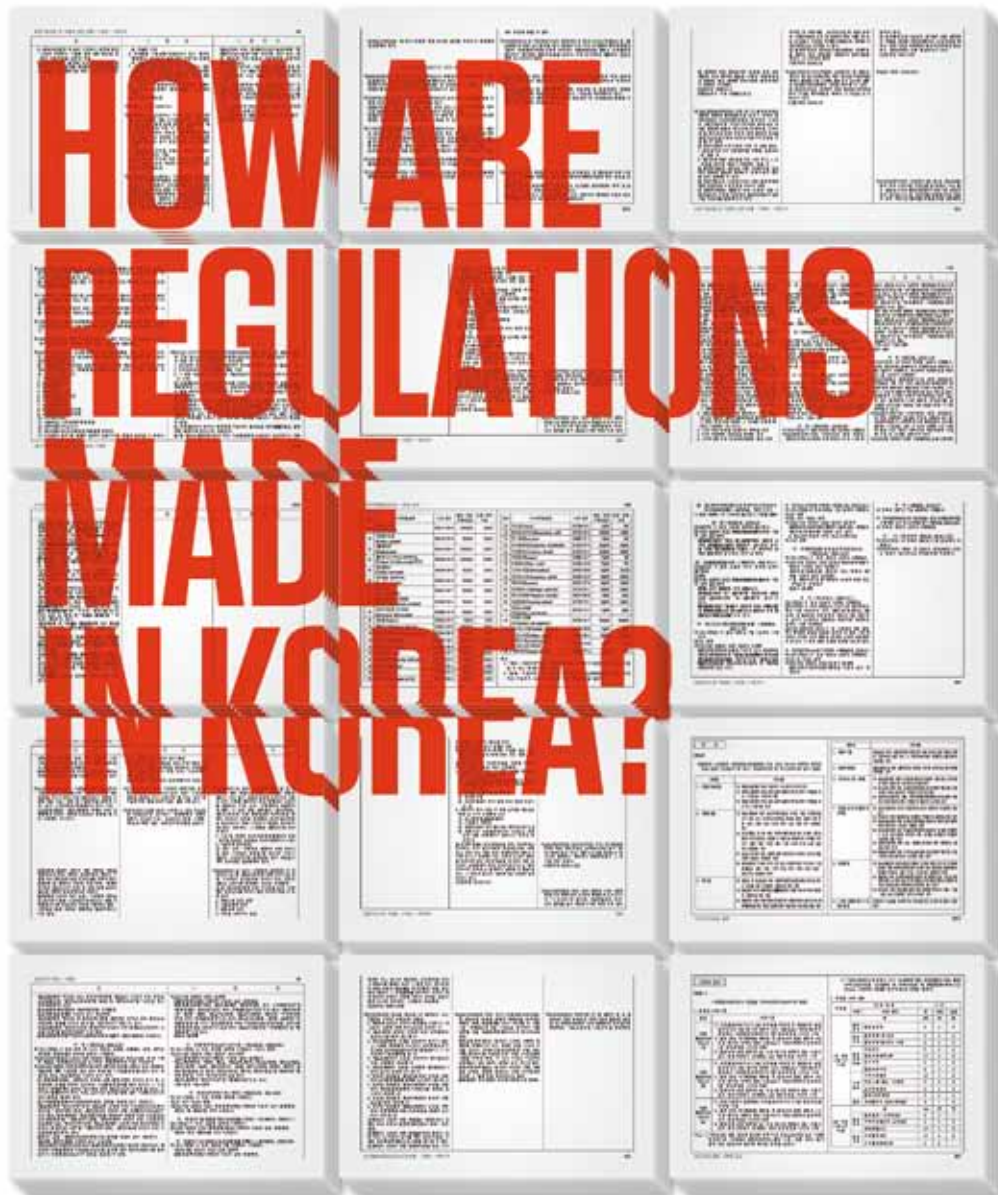


ECCK Connect Spring 2014 The Quarterly Magazine of the European Chamber of Commerce in Korea





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2 | President's Message

Dear Readers:

This spring has been very cruel for many people, although it should be the most beautiful season in Korea. We have been shocked, and deeply saddened, by the sinking of the Sewol; leaving more than 300 people dead or missing – including hundreds of young students. On behalf of the European Chamber, and its members, I extend our deepest condolences to the families and friends of those affected by this tragic accident. Our thoughts and prayers are with you all.

This catastrophe reminds us that we are all residents, and neighbours in Korea and we share your feelings of agony and loss.

In this regard, since its establishment, the ECCK has vowed to pursue cooperation and mutual benefits with Korean society. To this end, we have made efforts to learn about Korea and understand its systems, culture, and society in more depth. We will continue to work towards this noble goal.

The cover story of this issue is part of our effort to better understand Korea. We have undertaken comprehensive research about Korea's regulatory environment with a special focus on legislative procedures. One of the biggest challenges to foreign investors is keeping abreast of regulatory changes in Korea. In addition to the language barrier, it is difficult because we are unfamiliar with the inner workings of legislative process. Therefore, I am sure that the overview of this process will be very helpful for our members and anyone interested in doing business in Korea.

Also, we have covered the opening of the Dongdaemun Design Plaza, the latest update on information technology, and introduced a new section about European food and restaurants. Last but not least, Mickael Mas of Pragmaty shares his insight on Korea's IT compliance and vulnerability. I do hope you continue to find *ECCK Connect* informative and interesting.

Kind regards,



Thilo Halter, President of the ECCK



With every small step and gesture we make

We let your precious time with us

be peaceful and undisturbed

Because each moment should be

Entirely yours

*Every Thing,
Every You*

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OVERSEAS

LUXURY ▶ Moscow Hochiminh Hanoi Shenyang BUSINESS ▶ Tashkent RESORT ▶ Guam

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Conselit Co., Ltd

“We, at Conselit, provide European and Korean companies a variety of services such as facilitating market entry and sourcing strategic partnership to help them unlock their business potential in Korea and abroad.”

Conselit is primarily engaged in activities expediting business development between Italy and Korea. International experience and local knowledge supported by a wide network within the different markets allow us to help our clients succeed in their endeavours to do business in Korea.

Conselit was founded in 2012 and has rapidly grown over the past years. Lia Iovenitti, CEO, has been living and working in Korea for 20 years –working 10 years at the Embassy of Italy in Seoul – and understands well how the linguistic and cultural barriers can pose huge difficulties for European and Korean companies to deal with each other.

“Korea is one of the most lively business hubs in the world, and many European companies are starting to realize its importance. The problem is that Korea is relatively unknown to these European companies in terms of its cultural background, business protocol, people’s behaviour and the reasons behind that,” Iovenitti said. “What we do is to help them overcome these barriers and make the Korean market accessible for them and vice versa.”

Conselit was founded to address market asymmetries and currently operates in the following verticals:

Consumer sector

- Fashion and luxury
- Food & beverages, design, and education

Industrial sector

- Shipbuilding
- Cement & construction industry
- Chemical compounds
- Industrial goods
- M&A and cross border consulting

Representative agent

- Real estate office management and business services

Based in Seoul, Conselit currently operates worldwide through partnerships in L’Aquila (Italy), San Francisco (USA), São Paulo (Brazil) and Tel Aviv (Israel).

Conselit’s key differentiation points are its extensive network, language skills, talented team and determination to succeed.



New Members

AgustaWestland (UK-Italy)
 Brian McEachen,
 Head of AgustaWestland Korea
www.agustawestland.com

AkzoNobel (The Netherlands)
 OS Kang, Regional Director, Korea & Japan/MPC BU
www.akzonobel.com

Asia Ireland Chamber of Commerce in Korea (Ireland)
 Desmond Scully, Convenor
www.aicck.org

Audatex Korea Co., Ltd (USA)
 Soo Cheon Chung, Managing Director
www.audatex.com

AXA General Insurance (France)
 Xavier Veyry, CEO
www.axa.co.kr

Bridgestone Tire Sales Korea Co., Ltd (Japan)
 Shimabukuro Tetsuya, President
www.bridgestone-korea.co.kr

British Airways (UK)
 Edward Fotheringham, General Manager – Korea
www.ba.com

Busan Metropolitan City (Korea)
 Hur Nam-Sik, Mayor
english.busan.go.kr

DHR International Korea (USA)
 Philippe Tirault, Managing Director
www.dhrinternational.com

Dunlop Tyre (USA)
 Lee Seong Eon, President
www.dunloptyre.co.kr

February – April 2014

Ernst & Young (Korea)
 Nicolas Chambon, Senior Manager
www.ey.com

Halcyon Search International (Korea)
 George Whitfield, President
www.halcyonsearch.com

Hanjin Global Logistics Service (Korea)
 Park Kyung Jin, Manager
www.hanjin.co.kr

Harlan Korea Laboratories Co., Ltd (USA)
 Ed Cho, President
www.harlan.com

Hermes Korea (France)
 Anne Kebabtchieff, Finance & Admin Director
www.hermes.com

Hong Kong International Arbitration Centre
 (Hong Kong, SAP)
 Sunhwa Jeong, Assistant Counsel
www.hkiac.org

I-Care Asia Co., Ltd (France)
 Remi Delitte, General Manager
www.icareweb.com

IKEA Korea (Sweden)
 Andre Schmidtgall, Country Retail Manager
www.ikea.com

Korea Trade-Investment Promotion Agency (Korea)
 Ki Won Han, Commissioner
www.kotra.or.kr

MGI & DACHSER, Inc. (Germany)
 Roman Mueller, Managing Director
www.dachser.com

Pilz Korea Ltd. (Germany)
Peter Jeong Hun Kim, Managing Director
www.pilz.co.kr

Pirelli Korea (Italy)
Masimo Cunico, General Manager
www.kr.pirelli.com

Seoul Global Center (Korea)
Steven B. McKinney, Head
global.seoul.go.kr/

Sheppard, Mullin, Richter & Hampton LLP (USA)
Seth Kim, Representative/Foreign Legal Consultant
www.sheppardmullin.com

Shiba Korea Co., Ltd (Korea)
Kim Jin Suk, Manager
www.toyotire.co.kr

Sisley Korea (France)
Hong Byoung Eiy, General Manager
www.sisley-cosmetics.co.kr

Softmail, Inc. (Korea)
Bongkeun Oh, CEO
www.avastkorea.com

Sungjoo D&D Inc. (Korea)
Sungjoo Kim, CEO
www.sungjoogroup.com

Vector Korea IT Inc. (Germany)
Thomas Geyer, President
www.vector.com

Webasto Thermo & Comfort Korea Inc. (Germany)
Stefan J. Hueni, Representative Director
www.webasto.com

Mārcis Dzelve (Individual member)
Latvian Chamber of Commerce and Industry

Olivier Verjat (Individual member)
Hanjin Pacific

ECCK News

Annual General Meeting/New Board Member



The ECCK elected a new board member/vice-president at the Annual General Meeting convened on February 20, 2014 at Lotte Hotel Sogong. Steve Duckworth is a UK citizen and the Managing Director of Environmental Resources Management (ERM).

ECCK members also agreed to amend the chamber's Articles of Association in order to expand its membership, voting rights, and executive positions to companies from Iceland, Liechtenstein, Norway, and Switzerland – member states of the European Free Trade Association (EFTA).

New Advisory Board Members

Ulf Egestrand, CEO of TAU, representing Sweden in the ECCK Advisory Board, retired on December 31, 2013. He was succeeded by Stefan Moeller, attorney at Kim & Chang effective January 1, 2014.

Benjamin Vickery, Regional Coordinator at Savills Korea, joined the ECCK Advisory Board as of April 1, representing the United Kingdom. Vickery assumed the role as Steve Duckworth retired as a member following his election to the ECCK Board of Directors.

Also, Luigi Ripamonti, Second Secretary & Head of the Commercial Office at the Italian Embassy joined the Advisory Board on May 8, following the departure of Marco Zoli, President of Marposs Company Ltd from the Board.

The ECCK would like to express its gratitude to former members for their valuable support for the ECCK, and to welcome new Advisory Board members.

Committee/ Forum Activities

ECCK Annual Taxation Seminar

The ECCK hosted its first Taxation Forum on April 10, 2014 at the Conrad Hotel. The Chamber welcomed about 50 representatives from European businesses as well as four qualified speakers from Lee & Ko – one of the most renowned law firms in Korea.

Towards the end of 2013, the ECCK had heard from the industry on the worsening situation regarding taxation and audits. There were complaints that Korean tax policy and audit procedures seemed not in line with the governmental policy to promote direct foreign investment in Korea. The ECCK Taxation Forum was established to help members stay up-to-date on taxation policy and to learn about relevant issues.

The event was opened by Alex Lee (Samil PwC), chairman of ECCK Taxation Forum, with short welcoming remarks; followed by a presentation delivered by Jangwoon John Kwak from Lee & Ko. The restriction on the extension of the tax audit period is to be seen as the most notable update for the business community. Other important changes included the broadened scope of intergovernmental financial information exchange as well as an amendment to special income tax regime for foreign employees.



Subsequently, Joseph Hong gave an interesting presentation on tax disputes and recent audit trends. In general, it was pointed out that tax audits had been conducted quite insistently. However, in April, the government made a number of statements with an indication that pressure on industry might be eased to a certain degree.

The highest financial impact during tax audits is normally caused by transfer price adjustments. Therefore, it was very much appreciated that Sung Hyun Ryo provided valuable information on this important area. This also included an update on the OECD initiative called Basis Erosion & Profit Shifting (BEPS). This initiative's target is to design, by the end of 2015, new international standards addressing BEPS issues in a coordinated and comprehensive manner. Last but not least: Tea Heun Kim informed the attendees about important customs- and dispute-procedures including duty refund request based on transfer price adjustments by tax authorities.

ECCK Busan Taxation Seminar: Korean Tax Law Changes

ECCK Busan Chapter successfully held a seminar on tax law changes on April 16 at the Busan Global Centre.

For this seminar Sangdo Lee, partner of Samil PwC, and Robert Browell, senior manager, came down from Seoul and



delivered presentations for ECCK members in Busan. Both experts touched upon various aspects of Korean tax laws – including customs, VAT, re-organization, foreign investment incentives, and individual income tax. They also pointed out that the National Tax Service (NTS) had collected 190.2 trillion won in 2013 against 201.9 trillion won of estimated tax revenue – 8.8 trillion short of the budget. Thus, it was expected that the NTS would make a continued effort to reduce the underground economy by targeting hidden assets of wealthy individuals, suspicious asset transfer, offshore tax evasion, and shadow cash transactions.

With regard to policy direction, the Ministry of Strategy and Finance signalled more stringent policies to come, laying out mid and long-term objectives as follows:

- new requirements in tax policy
- aims to increase tax revenue as a percentage of GDP to 21% by 2017 (20.2% in 2012)
- increase in tax burden on corporations without raising tax rates
- exemptions and deductions to be reduced
- strengthening special audits to reduce tax fraud or evasion

The tax seminar provided a valuable opportunity to clarify tax policies and due practices for participants from 15 companies.



**Cosmetics Committee:
MFDS Delegation Visit to EU Committee**

The ECCK organized a visit to Europe for officials from the Ministry of Food and Drug Safety (MFDS). Ansook Park, director of the ECCK Cosmetics Committee, was tasked to organize and coordinate a tour with a MFDS delegation from March 10 to 14. The delegation was represented by Young-ok Kim, director at MFDS in charge of cosmetics policy. It was the first visit to Europe by the head of policy division since the MFDS had been promoted to ministerial status in 2013. The main purpose for the visit was to update cosmetic issues and policy direction between the EU and Korean government as well as to cultivate further cooperation with each other.

On March 11, the MFDS delegation had a series of meetings with Cosmetics Europe-The Personal Care Association, representatives of the EU cosmetic industry, and Directorate-General for Health & Consumers (DG SANCO) in the EU Commission. Notable issues included alternatives to animal testing, Product Information File (PIF), the Scientific Committee on Consumer Safety (SCCS), and updates on regulatory trends.

The MFDS delegation was particularly interested in alternative methods to animal testing and its progress status, the EU prohibits animal testing for developing cosmetics but securing the safety of cosmetic products is of pressing concern. In a meeting with DG SANCO, the counterpart to MFDS in the EU Commission, they gave explanations about the roles of SCCS, safety assessment of cosmetic ingredients, and risk assessment conducted by SCCS. In addition, the EU Commission introduced PIF filing process, and good manufacturing practice ('GMP') to cosmetics in the EU. The delegation was deeply interested in GMP implementation in the EU, for the MFDS is in charge of site inspection and certification but GMP itself is not mandatory yet in Korea.

While the MFDS provided updates on regulatory trends in Korea and suggested establishing a hot-line with the EU Commission for effective information exchange, the EU Commission informed the delegation of 'product notifica-



tion' – a newly harmonized EU system as well as its case-by-case approach to differentiating cosmetics and pharmaceutical products.

On March 12, the delegation moved to Paris, France, and visited FEBEA, a French association of companies in the field of cosmetics and beauty & wellness. The delegation also visited the manufacturing site of Parfums Christian Dior and the R&D Centre of Chanel Parfums Beautée. During the site visits, the delegation had discussion sessions on risk assessment of European cosmetics ingredients, the cosmetic products notification portal, and best practice examples of PIF process.

After the tour, the MFDS expressed great appreciation to the ECCK for organizing the delegation visit. The ECCK is pleased to have provided assistance to enhance mutual understanding about regulatory trends between the Korean government and the EU Commission.



SPS Study visit to the EU

The Directorate-General for Trade in the European Commission organized a one-week study trip to Europe in order to learn EU regulatory systems in line with FTA requirements, particularly the Sanitary and Phyto-sanitary (SPS) system and the implementation of legislation on food safety at a national level. Along with officials from the Ministry of Food & Drug Safety (MFDS), Hyokyung Suh, Food & Beverages Committee manager at the ECCK joined the study tour between April 7 and 11.

At the EU Commission in Brussels, the Korean delegation had an information meeting with Directorate-General for Health & Consumers (DG SANCO) regarding Rapid Alert System for Food and Feed (RASFF), EU Border Import Controls, and the EU legislation on food supplements. In the following days, they had a seminar at an IZS laboratory in



Brescia, Italy to learn the management of reference laboratories (i.e. application of EU standards, accreditation, and procedures) and the implementation of the RASFF system at a regional level. They also visited two raw milk cheese production sites in Castenedolo, Italy, and in Orbec, France for on-site study regarding the safety of non-sterilized cheese regulated under the Hazard Analysis and Critical Control Point (HACCP). In Paris, the French Food Safety Directorate (DGAL) gave presentations about the management of food alerts and crisis in France, focusing on what is expected from the industry under EU legislation, officials control policy, and competent authority supervision.



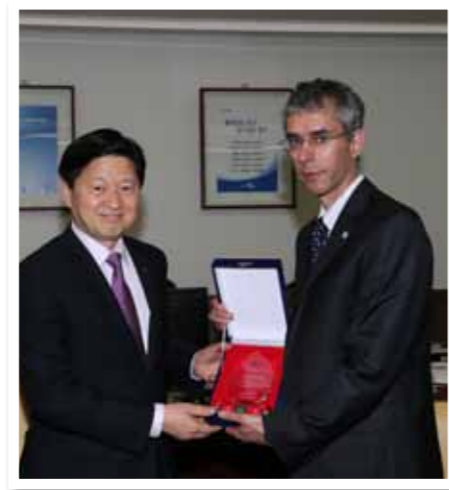
The Rapid Alert System for Food and Feed (RASFF)

The RASFF was put in place to provide food and feed control authorities with an effective tool to exchange information about measures taken responding to serious risks detected in relation to food or feed. This exchange of information helps Member States to act more rapidly and in a coordinated manner in response to a health threat caused by food or feed. Its effectiveness is ensured by keeping its structure simple: it consists essentially of clearly identified contact points in the Commission, European Food Safety Authority (EFSA), EFTA Surveillance Authority (EEA) and in member countries, exchanging information in a clear and structured way by means of templates.

Appreciation Plaque Ceremony at Jung-gu Office

On March 21, the ECCK visited the Jung-gu Office to present Mayor Changsik Choi with an appreciation plaque in recognition of his achievements and outstanding efforts in combatting counterfeiting and protecting intellectual property. A large number of street stalls in Seoul’s special tourist regions sell counterfeit products. Not only do these products infringe companies’ intellectual property rights, they are also hazardous to the consumer’s health and give a bad image of Korea to tourists. According to recent statistics, the street markets in the special tourist zones in Seoul are popular amongst tourists; Myeongdong special tourist zone visited by 71.4% of tourists, Dongdaemun by 58.3% and Namdaemun market by 37.9%.

In July 2012, Mayor Choi assigned a special task force to deal exclusively with infringement of intellectual property. This task force performs raids in Seoul’s special tourist zones against products that infringe intellectual property rights twice a week. As a result of their actions, visibility and sale of counterfeit products in the street markets have seen a significant decrease.



Seminar on Respect for Intellectual Property

On April 25, the ECCK organized a seminar on ‘Respect for Intellectual Property’. This seminar was held in relation to the anniversary of the World Intellectual Property Day, which was established in order to promote discussion of the role of intellectual property in encouraging innovation and creativity.

During the seminar, Eun Joo Min, Senior Legal Counsellor at the World Intellectual Property Organization (WIPO), gave a presentation on the importance of intellectual property. Indicative is a 2012 WIPO study, which found that industries dependent on copyright and related rights protection contributed over 8% to South Korea’s Global Domestic Product and in excess of 4% to South Korea’s employment.

It is therefore of vital importance to ensure that respect for intellectual property is both built and maintained. Under the moderation of Professor Young-Sun Cho from Korea University School of Law and former judge at the Korea Patent Court, a panel consisting of Lisa Cechetto, director of Business Development and Intellectual Property at Institute Pasteur Korea, John Kim, partner at Lee & Ko, and Min discussed the level of respect for intellectual property in Korea and how it could be maintained and improved.



ECCK Corporate Social Responsibility Forum

The ECCK organized the first Corporate Social Responsibility Forum on March 20 at the ECCK to share CSR-related knowledge and opportunities between ECCK member companies. In addition to discussing ways to make CSR more effective, the Forum plans to provide networking opportunities among member companies’ experts as well as CSR-related persons from Korean society.

Discussion took place on a diverse array of issues, including the rationale for CSR in Korea, the need for a baseline study to have a clearer picture of what European companies have contributed, and evaluative measures on whether the public image toward European companies have changed as a result.

As for the objective of CSR in Korea, companies offered answers ranging from enhancing positive sentiment for European companies as a whole, motivation for employees, public relations for individual companies and the resolution of social issues. As such, different companies were found to have different CSR objectives, thus suggestions were made to keep the CSR Forum’s focus general and spread over a wider range of issues. Provided that the size or CSR capacity of each company varies from one company to another, collaborative CSR activities organized by industry will also be considered in the future.

Sometimes publicizing CSR can be made easier and more effective by working with the Korean government. Such an arrangement allows the European company to engage in helping out an issue that is relatively risk free (i.e. pre-approved) and of large concern to Korean society.

One problem that should be resolved before all else is that very few experts seem to know what European companies do in terms of CSR activities in Korea. Hence, a baseline study of European company CSR in Korea might be the necessary first step to figure out not only what activities there have been but also evaluate the effectiveness, in order that better programs may be designed in the future.

2014 Korean Government Programs for Corporate Social Responsibility Consideration

The Community Relations Center (Korean non-profit organization) held a seminar on the Korean government's social responsibility programs. The seminar was designed to assist CSR-related strategy and programming at private companies by introducing government-sponsored social programs as presented by government ministries: Ministry of Health & Welfare, Ministry of Education, Ministry of Environment, Ministry of Culture, Sports & Tourism, and Ministry of Gender Equality & Family. For more information on these programs, please visit the Community Relations Center homepage at www.crckorea.kr under 'CRC 알람' information is only available in Korean).

ECCK Information & Communications Technology (ICT) Working Group

The ECCK organized the first ICT Working Group meeting on April 23 at Seoul Square. The meeting was organized in recognition of the ICT sector's enormous progress and emerging status as the primary driver of growth in the future for both Europe and Korea. With so many diverse sub-sectors within ICT, narrowing down a group from which common issues could be derived is a challenge in itself, especially as the ICT sector typically does not produce physical goods that cross borders. It is generally through the Working Group's recommendations that a future ECCK Committee's framework is established.

Among the issues discussed included potential roles for the ECCK, favoritism for Korean companies when bidding for government contracts, finding common ground with the Korean government's push for a creative economy, the status of ICT-related intellectual property rights, and the need for Korean companies to reform corporate culture as a prerequisite to internationalizing their operations.

Much has been discussed about the small size and insulation of Korea's ICT market, which so far has kept foreign

companies from actively pursuing access. This situation has ironically made the smaller Korean ICT companies less competitive internationally (while its corporate culture a hit or miss gamble in terms of success). The lack of experience working with international companies and standards will likely become detrimental, considering that the world is entering an era of competing eco-systems where the sharing of information between allied companies will prove crucial to the eco-system's, as well as individual company's success.

As result of the active discussions that took place, the ECCK and Working Group participants agreed that ECCK's research into the ICT sector should continue, while keeping open the possibility of producing a position paper and hosting seminars in the future.

ECCK March Network Night

On March 28, the ECCK held its March Network Night, open exclusively to members at our new offices in Seoul Square. With more than 70 members in attendance, Seoul Square offered a guided-tour of the building including the new Siemens office. The ECCK would like to express our thanks to Seoul Square, the National Theatre, Pernod Ricard Korea, and Heineken Korea for sponsorships and beverages.



Upcoming Events

ECCK Seminar on Flexibilization of Korean Labour Law

The ECCK will host a HR Forum, which will focus on the flexibilization of labour law and its implications.

- Date: Thursday, May 22, 2014
- Time: 14:00–18:00
- Venue: International Conference Hall at Minerva

Complex, Hankuk University of Foreign Studies (HUFS), 107, Imun-ro, Dongdaemun-gu, Seoul, 130-791

ECCK May Network Night

- Date: Tuesday, May 27, 2014
- Time: 18:30–19:00 Mini Classical Concert (Pianist Noel McRobbie)
19:00–21:00 Dinner & Networking (Registration starts at 18:00)
- Venue: Bar Rouge (lower level), JW Marriot Seoul
- Admission fee: 50,000won (member)/70,000won (non-member)

GNSS Asia: Latest developments in the eCall regulatory framework

eCall is an initiative with the purpose to bring rapid assistance to motorists involved in a collision anywhere in the European Union. Even if no passenger is able to speak due to injuries, a 'Minimum Set of Data' is sent, which includes

the exact location of the crash site. In this way emergency services know the exact location of an accident shortly after it has taken place. The EU's goal is to have this system seamlessly functioning throughout Europe by 2015.

GNSS.asia and the ECCK use this momentum to organize a special briefing session for Korean automotive industry with the aim to explain the latest developments in the eCall regulatory framework.

- Date: Wednesday, May 28, 2014
- Time: 10:00–12:00 (registration at 9:30 am)
- Venue: Seoul Square Building (3F), 416 Hangang-daero, Jung-gu, Seoul
- Feature Speaker: Gian Gherardo Calini
Head of Market Development,
European GNSS Agency (GSA)

This event is INVITATION ONLY

Garden Network Night (Busan)

- Date: Thursday, May 29, 2014
- Time: 19:00–21:00
- Venue: Lei Garden in Marine City, Haeundae
- Admission fee: 50,000 won (member)/70,000 won (non-member)
- For more information: +82 51 959 9696 or busan@ecck.eu

2014 Family Tour to Geoje

- Date: Friday, June 6, 2014
- Time: 08:00–20:00
- Fees: 30,000 won/20,000 won (3–12 years old)
- Itinerary:
Geoje Island
Ok-po Sea Battle Memorial Park
Historic Park of Geoje POW Camp
Geoje Sea World (Dolphin Park)

Transportation, lunch, and entrance fees are included.

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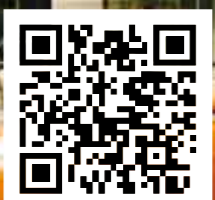
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The Paradox of IT Compliance and Cyber Security in Korea

Over the last two years, Korea has experienced successive waves of cyber security incidents, unprecedented in both criticality and scale. Since January 2013, a combined total of at least 144 million data records of individuals have leaked (on average, almost three personal data leakages for each Korean citizen), in which many of the country's most trusted organizations have been affected; these include major credit card companies, web portals, telecom operators, dozens of South Korean media and government websites – including those of the President and Prime Minister as was widely reported by the Korean media.

This is not, however, specific to Korea, as several American, European and Japanese companies have also been compromised recently in similar incidents, although at a smaller scale. Damage to public trust now runs deep and in order to prevent further data leakages, strong pressure is currently being exerted by both the public and the authorities, on organizations involved in the processing of personal or sensitive data to ensure they meet global cyber security standards.

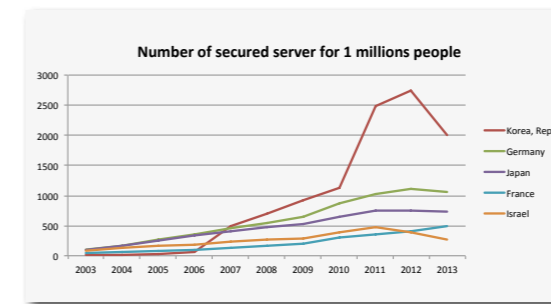
The main coercive tool available to authorities for ensuring the effective reduction of cyber threat is the Personal Information Protection Act (PIPA), enforced at the end of 2011. On the incentive side, the Korean Ministry of Security and Public Administration (MOSPA) has initiated a certification system, called PIPL whose objective is to examine whether public or private organizations meet the requirements of PIPA. Although the PIPL certification is voluntary, it has recently been announced that certified companies will benefit from exemptions from investigation and reduced administrative penalties.

This is a clear signal that PIPA audits are expected to be conducted in the coming months, and not only Korean companies but also foreign companies should be prepared; this could also be the right time for organizations to examine their exposure to cyber risk and define the best strategies for reducing cyber vulnerability.

The Paradox of Korea's Vulnerability to Cyber Threats

At the end of 2013, Korea was not only the country with the world fastest Internet average speed, but also with the highest smartphone penetration rate, led by one of

the most popular smartphone manufacturers. It has also made significant investments in the field of cyber security, having its own national champion for anti-virus, its own secured electronic payment system, and almost as many secured servers per inhabitant as France, Germany and Japan combined.

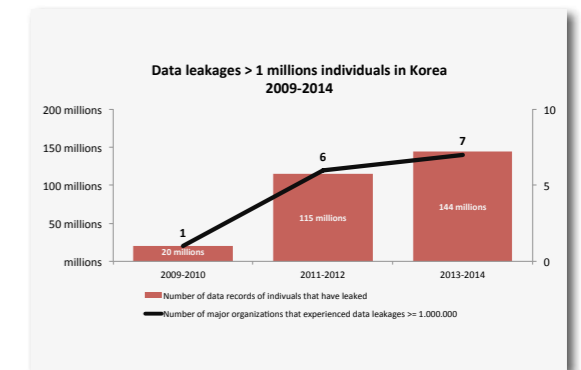


But as demonstrated by recent events, this didn't make it more secure against hackers' attacks. Some even argue that this significant investment to quickly build home-grown Korea-specific technologies may actually be one of the reasons for its current vulnerability to long-term global cyber threats.

For companies seeking to define and implement a strategy aimed at reducing exposure to cyber threats, it may be necessary to first try to identify the root causes of the security weaknesses currently experienced by Korea.

The most well-known issue is the country specific system for securing online transactions. Originally created in the 1990s with the objective of making the country a precursor in E-commerce, this system is based on MS Active-X technology; considered as outdated by security specialists and which Microsoft itself has made no secret of the potential security risks. Being mandatory for any kind of online transaction, it resulted in making Korean consumers develop the habit of constantly clicking 'yes' as their computer continuously asks to provide super-user privileges to install a new specific software required by each bank and E-Commerce website. The consequence is the high risk of inadvertently providing one's computer's

super-user privileges to illegitimate software, malwares, which resulted in the relatively high rate of virus infection of the country's computers; according to Panda Security the highest in the world in 2012 and second according to Kaspersky Security (only outdone by Spain) among OECD countries in 2013. For hackers aiming to penetrate corporate IT networks, this habit of employees over-trusting websites and constantly clicking 'yes' when being prompted to install new software, represents a significant weak point to be exploited.



Another potential issue may be related to an atmosphere of 'over-trust' which still exists today in Korea, with a huge number of non-encrypted personal Wi-Fi networks available in public spaces and lack of network traffic encryption, or even firewalls, in many SMEs. For local subsidiaries of global companies, the situation may be not that critical, as their global security policies are often at least partially enforced. But compared to the level of preparation of foreign companies operating, for example, in nearby China – following the 2010 cyber attacks against Google, and subsequent strengthening of cyber security in many China offices, the level of cyber security of subsidiaries of foreign companies operating in Korea may still be below standards, as demonstrated in the March 2014 hacking of McDonald's Korean website.

In addition, the government policies that kept quotas of computer science and other engineering majors unusually high during the last 10 years resulted in a surplus

of skilled labor and an associated drop in wages scaring away many of Korea's brightest students. For companies, this means a limited pool of highly skilled IT security engineers, and an increased vulnerability to the cyber threats posed globally.

Finally, in a culture of secrecy and the vital importance of 'not losing face', mistakes are often glossed over or even ignored. This culture of secrecy and shame makes it harder for IT systems administrators to confront the problem and can result in deliberate hiding of security breaches. Security experts like to say that there are now two types of companies: those that know they have been hacked and those that have been hacked without realizing it. As stated by security experts in a 2013 article from The Economist about hacking issues in China, 'the average time the [Chinese] hackers stayed inside a computer network [is] almost a year. They'll go into an organisation and then stay there for five, six years.' For organizations, it often means that the security breaches that have actually been made public are only the tip of the iceberg and would first need to be methodically and diplomatically uncovered through in-depth diagnosis. In a similar way, only by understanding and prioritizing the root causes of existing situations will companies be able to correctly assess and prioritize cyber risks, and finally define and implement adapted cyber security strategies.

Preparing for PIPA Auditing and Reducing Exposure to Cyber Threats: Where to Start?

On one hand, the penalties provisioned by PIPA, depending on the severity of the infringement, can go up to fines of several hundred million won, imprisonment with prison labour for up to 10 years, and can involve both organizational and personal liabilities. Level of compliance to PIPA will depend on the effective alignment of security processes, systems and databases with PIPA requirements. Therefore, it is recommended that companies conduct not only organizational, policy and process assessments to evaluate their level of PIPA compliance, but also in-depth IT network, system and database analysis to ensure PIPA alignment and minimize legal risks.

On the other hand, companies should take the opportunity of improving their level of PIPA compliance not only to avoid legal penalties, but also to prevent serious cyber threats to their business. As demonstrated by the recent massive data leakages, there is no margin for error, as one unique error could mean the permanent availability of vast amounts of personal and/or sensitive data in the public space, and always remember... the Internet never forgets!

A critical part of setting up a cyber security strategy is to develop a good understanding of the actual threats that exist in the specific environment. Lack of visibility on the actual risks can lead to excessive anxiety, and therefore to an excessively closed, controlled and paralyzed IT system with serious consequences for the competitiveness of businesses. Also, as illustrated by the Active-X problem, rigidity does not equate to security in cyber risk management. At a time when an increasing number of businesses are under pressure to move to Cloud, BYOD (Bring Your Own Device), and 'Big Data' technologies, decision-makers can easily be facing the paradoxical injunction of starting a forced-march implementation of cutting-edge technologies, increasingly perceived as critical for maintaining competitiveness, and of reducing at all costs the level of risk inherent to growing cyber threats.

In the past, as stated by the founder of Zynga, a company's IT systems are like a castle, with clear walls all around, and it was easier to identify potential areas of risk and to fix them. With cloud technologies and BYOD policies now becoming mainstream, the frontier between the inside and the outside of an organization has blurred, and the implementation of effective cyber security policies has become more challenging than ever. If phishing, trojans, keyloggers and other threats infecting employees' smartphones may result in losses of hundreds of thousands of won for an individual, companies could be subject to losses of billions or even the decimation of their brand image.

For going all the way along the thin path which allows to successfully achieve both smart prevention of cyber threats and digital competitiveness, in Social CRM, Big

Data, BYOD and Cloud, companies need to implement best-in-class practices, technologies and strategies, that are proven to be successful and achievable at reasonable cost. This can be initiated by undertaking a technical assessment of databases and existing network security with proven security experts, such as running penetration tests, achieving system and database re-engineering, and checking compliance with PIPA as well as operational risk. Equally important is the need to initiate a diagnosis of the company culture and habits at workplace in terms of cyber security and to set up training on security best practices, in order to increase awareness and reduce the risk by transforming mentalities.



Mickael Mas

A Big Data specialist, Mickael began his career in France before being based for three years in South Korea and four years in Taiwan. An entrepreneur in Seoul since 2011 he created from scratch, and is currently managing, the Korean subsidiary of Pragmaty; a French consulting firm which has been advising international and local corporations on

strategic, management and IT projects in France, China and Taiwan for more than 10 years.

In Korea and Taiwan, Mickael has been managing a series of technically and politically challenging data warehouse projects for world leaders in retail, luxury and finance industries, mainly working with local teams in IT, finance and marketing departments, while managing his own team of Korean engineers. He speaks fluent English, French and Chinese, as well as business Korean, and has an extensive practical experience of Data Security issues in Korea.

There are two types of companies: those that know they have been hacked and those that have been hacked without realizing it.

The Internet of Everything (IoE)

The Seoul Business Agency (sba.seoul.kr/eng) and ChosunBiz (biz.chosun.com) hosted a major conference on the creative economy entitled Internet of Everything Forum on April 9, 2014 at the Gwanghuamun NineTree Convention Hall. The event was the first of its kind in Korea, highlighting the enormous role and potential that IoE poses for both public interest as well as business opportunities.

Imagine yourself planning a family trip to the city centre on a sunny weekend. You know how crowded the city will be, as thousands of other families are sure to have the same idea as you. Among the many issues you will likely be faced with over the course of the trip will be parking, for the last time you attempted such an outing you were stuck in heavy traffic for over an hour searching for a place to park your car. Nevertheless, this time around, you swipe your mobile phone to access the city's parking reservation application on the evening before the trip, search for open spots in the city and press 'reserve.' The next day, you drive to the reserved spot as indicated on the map attached to the application, park your car and carry on with the day's planned activities. At the end of the day, you feel relaxed in not having frowned at heavy traffic, fulfilled in having spent quality time with family, and most of all have had time for additional activities due to efficient time management.



Parker (parking information app)
©Park Jung Hyun, ChosunBiz

not in comfort as pain in your knee joints has been getting worse over the past few days, making necessary a trip to the doctor soon. Traditionally, you would have to make reserve an appointment with a specialist, spend up to an hour getting to the hospital, wait another 20 minutes until the nurse comes to check your vitals, all to have five to ten minutes of face time with the specialist. In the end, the visit cost you

roughly two hours of your valuable daytime, not to mention the work hours you had to miss. Yet, with the help of wearable monitors and ingestible sensors, your vitals are sent to your smartphone or smart watch, sent immediately via internet to the doctor's office in advance of a 15-minute video conference call where the doctor would explain how to treat the ailment. The whole process took 20 minutes out of your day, as opposed to two hours.

These were some of the examples presented during the Keynote Speech of the Internet of Everything Forum hosted by the Seoul Business Agency and ChosunBiz on April 9. The term Internet of Everything (IoE) has been used as



a more encompassing notion of the previous Internet of Things (IoT), where information about the physical world around us, our own bodies, and the systems that regulate their functions are integrated into a network of knowledge via the internet so that we may be able to interact and respond to those inputs for the sake of creating better services or making existing ones more efficient. This trend also marks a shift in the usage of IT, going beyond the traditional personal computers to an era of 'smart' environments, whether it be home functions, automobiles, or health monitoring devices connected to the internet. If you're thinking wearable tech, smart cars, and self-regulating household appliances, you're on the right track.

Yet IoE won't be limited to personal environments, as the example of parking reservations illustrate. According to the Keynote Address delivered by Anil Menon, President of Globalization and Smart & Connected Communities at Cisco Systems, it's also about making our cities much more efficient. Consider the estimate that 70% of all energy consumption is usurped by urban buildings. That 30% of this energy use supposedly can be reduced by having different parts of the city 'talk to each other' via IoE implementation shows what efficiency can be achieved. In

other words, if no employees are present in an office, sensors should be able to shut off lights and air-conditioning. If garbage bins are not yet full, internal sensors should alert trucks to bypass such bins for quicker service. Indeed, city management was mentioned in the Forum by Menon to be the largest market for IoE in the future, with other areas as healthcare, education, the military, and transportation not far behind. Barcelona, the second largest city in Spain, has built itself into a hub for the knowledge economy while transforming itself into a world-leading 'smart city,' with many of the IoE-related projects implemented into its management of the city. As a result, its local economy has been remarkably strong, with growth in jobs and foreign investment, which is in stark contrast with what we've heard about the economy of other regions in Europe. Based upon the example of Barcelona, dare one say that that many of the problems of urban decay can be resolved by the efficiency brought about by IoE.

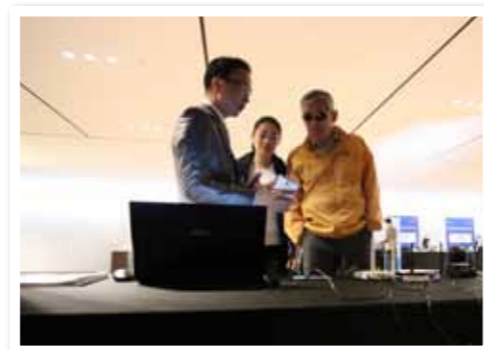
So what does IoE mean in terms of future business opportunities? Experts foresee the internet economy becoming a 13.8 trillion euro industry over the next ten years in terms of value creation from IoE. In order to take advantage of such a market, Menon advises that no one company can



dominate all aspects of loE, but must collaborate with other companies to achieve good results. In other words, competition in the future will be between larger eco-systems in which many companies cooperate and thrive, as opposed to one company handling everything – which will simply no longer be possible.

The Korean government, seeing the opportunity in loE to not only create an engine for future growth and employment, has organized meetings with business as well as research organizations under the umbrella of the Public-Private Cooperation Council for Creative Economy to lay out plans for its future. The government has pledged to deal with regulations that block the advancement of loE-related development, and seem willing to financially support research & development for small and medium-sized industries over the next few years. It also agreed to unify redundant government-supported projects spread out over many different ministries, encourage talent spotting from rural areas of Korea, and support the internationalization of Korean small & medium-sized ICT-related companies. Will these be enough to bring Korea's economy into the future headlined by loE products? Anil Menon offered the following advice for building a successful loE economy: one requirement is visionary leadership; another is the implementation of global open standards; a third is smart regulations; a fourth is the presence of public-private partnerships; and the other is the creation of new eco-systems where the environment for exchanging innovative thoughts can take place.

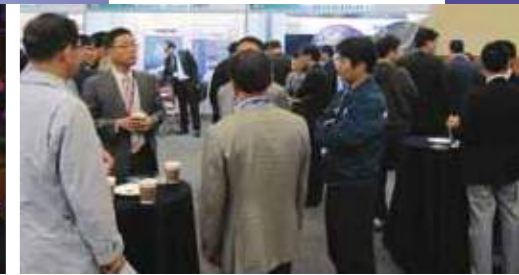
Yet, even with all these factors, the distance between plans and successful implementation is far away. We can only hope the Korean government's efforts can bear fruit in the near future and that European ICT companies could also become a contributing partner in those efforts. However, the one thing that assured by the full house at the Internet of Everything Forum, as well as the fervour of participants to learn more about loE, was that almost everyone would be jumping aboard the loE bandwagon in the years to come, and as a result, our world would never be the same.



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Regulatory Systems & Procedures: How Regulations are Made in Korea?

Regulation is one of the most challenging factors when doing business in Korea. Foreign investors often express their frustration over arbitrary changes in regulation or different interpretations of the same legislation. Indeed, the failure to follow up on regulatory changes may incur additional operational costs, and worse, penalties or legal action. However, monitoring rules and regulations is not an easy task for foreign executives/managers, considering the language barrier and the lack of familiarity with the country's systems. In this regard, the *ECCCK Connect* has decided to address the topic of how regulatory systems work in Korea, with the special focus on legislative procedures. The following articles will provide an overview of how regulations are made in Korea and how to better understand the overall regulatory environment.



This chapter was drafted based on public information available at the websites of the National Assembly, Ministry of Government Legislation (MOLEG), Regulatory Reform Committee (RRC), and Korea Legislation Research Institute (KLRI)

Legislative Procedures

The mainstays of Korea's regulatory systems are enacted laws and their derivatives. As of April 30, 2014, there are 4,353 statutes that govern the country's regulatory environment. If lower regulations such as notifications, internal rules, and municipal ordinances are included, roughly 15,300 government regulations and 50,000 municipal & local regulations are in place to manage the political, social, and economic aspects of life in Korea.

The legislative system takes a hierarchical structure with the Constitution as the paramount law under which Acts are enacted to realize constitutional notions, and administrative legislation - Presidential Decrees, Ordinances of the Prime Minister, Ordinances of Ministries, etc. are established to implement the Acts effectively. According to the Korean Constitution, both the legislature and the executive retain the right to submit bills. Legislation at the National Assembly is more sensitive to public opinion, thus represents the essential value of democracy. The government legislation follows the annual legislation plan, thus it is more predictable in terms of timing and contents. The flip side is that the National Assembly could push unpredictable and overly restrictive legislation swayed by political mood, whereas the government legislation might be slow to incorporate changes in the regulatory environment. Currently, the lawmakers have initiated 10,068 bills since the start of the 19th National Assembly in June 2012, and 1,299 government bills submitted from January 2013 are in the process.

All proposed bills goes through a parliamentary review process and are passed at the plenary session, provided there are no objections. Once bills have been passed at the National Assembly and promulgated, the government drafts and confirms enforcement decrees and rules

for its operation (in the forms of either Presidential Decrees, Ordinances of the Prime Minister, or Ordinances of Ministries).

Legislation at the National Assembly

Bills may be drafted either by an individual lawmaker or by a political party. The bill is submitted for deliberation only when 10 or more members of the National Assembly have sponsored the bill.

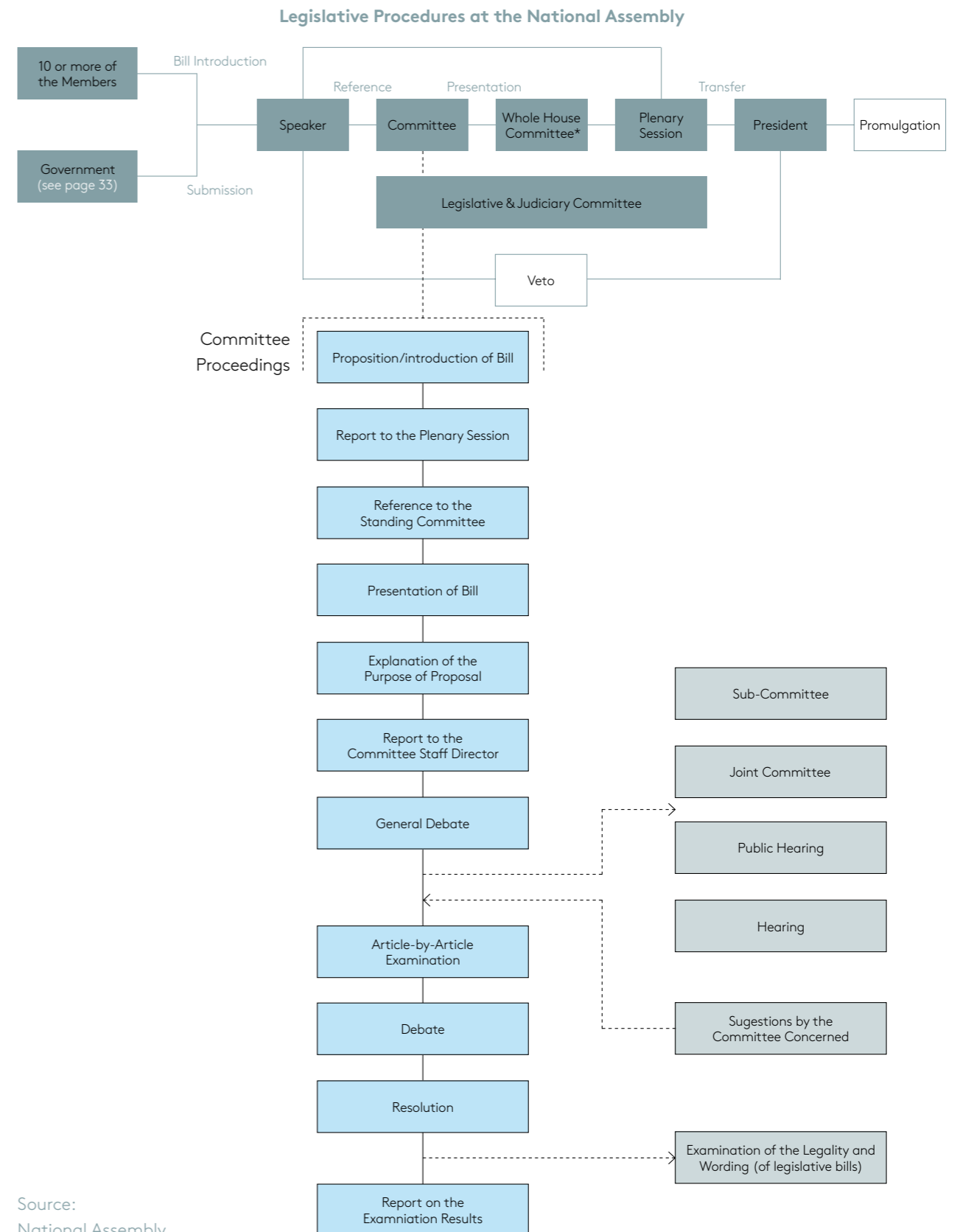
The Speaker of the National Assembly reports the bill at the Plenary Session and refers it to the relevant Standing Committee for examination. A Standing Committee may then examine specific bills through sub-committees. Also, the concerned Standing Committee must hold public hearings on the bills during its review.

Upon completing the process of examination at the Standing Committee, the bill is then referred to the Legislation and Judiciary Committee for examination of terms and system of legal wording. Once it has gone through this process, the bill is placed on the agenda of the Plenary Session where it will be deliberated upon and resolved.

When requested by a quarter or more of the registered Members of the National Assembly before/after the presentation of a major bill to the Plenary Session, the Whole House Committee, composed of all Assemblymen, is convened to examine the bill. In order for this process to be valid, the Whole House Committee must be convened with the attendance of one-fifth or more Members and make decisions with one-fourth or more of the Members present.

The most important or major bills are normally bills relating to government organizations, taxes, or those that impose burdens on the people.

The resolved bill is then sent to the government, and the President shall promulgate it within 15 days of the reso-



Source: National Assembly

lution. If the President vetoed the bill or requested reconsideration, the National Assembly may pass it again in a floor vote by the two-third of Members' ballots with the majority of the Members present.

Government Legislation

Government legislation is roughly divided into two parts. First, central administrative agencies draft bills on affairs under their respective jurisdiction or under joint jurisdiction by two or more ministries. Drafted bills are first reviewed through consultations and examination within the government before submitted to the National Assembly. Afterwards, the bills go through the same parliamentary review process as those initiated by lawmakers. The second part of government legislation is the government following up on the acts that are passed and promulgated, and legislates enforcement decrees and ordinances in accordance with the notions and requirements of acts. This is the stage where operational details are laid out to implement new laws.

(1) Enactment of Act

The government's legislative activities start with legislation planning. The purpose of this stage is to coordinate legislative efforts based on priority, timing, and contents, and therefore to maximize effectiveness in introducing bills and prevent a bottleneck in legislation.

Ministry of Government Legislation (MOLEG) plays a key role in planning and coordinating government legislation. The Minister of MOLEG notifies to each ministry about the guidelines of the upcoming legislation plan before October 31 of every year. Then, by November 30, the head of each ministry establishes their legislation plans from which the Minister of MOLEG puts together the government legislation plan for review by the Cabinet Council. The plan is then announced in the official gazette and reported to the National Assembly by January 31 next year.

According to the plan, the central government ministries

individually or jointly draft bills. The next step is to carry out a Corruption Impact Assessment, after which the competent ministry consults with other relevant agencies within the government on the bill. If necessary, the consultations with the ruling party or cooperation from opposition parties are also sought. After this process, the bill is published and made open to the public for collecting stakeholders' and public opinions.

Then, the Regulatory Reform Committee examines the bill in terms of its impact on obligations upon the public or the restriction of the rights (Analysis of Regulation Impact). After taking those steps, the bill comes to MOLEG for comprehensive review both in terms of legality and utility in practice. The bill is referred to vice-ministerial meetings for deliberation and is placed on the agenda for the Cabinet Council meeting. As a top policy deliberative organ, the Cabinet Council holds debates and decides whether to proceed. Once resolved, the bill requires the signature of the President as the Prime Minister and the relevant Ministers countersign before it is referred to the National Assembly for parliamentary review.

Next steps follow the parliamentary review process explained in the previous section.

(2) Lower Regulations

After going through the parliamentary review, bills become Acts with the signature of the President after the Prime Minister and the relevant Ministers countersign at the Cabinet Council. These are then promulgated by being published in the official gazette.

Lower regulations are established to specify promulgated Acts and effectively implement obligations laid out by them. Lower regulations do not require the parliamentary review, yet are coordinated and confirmed within the government. However, they must be published in advance to gather opinions from stakeholders or the public.

For Presidential Decrees, propositions go through all the preliminary processes and require the signature of

the President (the Prime Minister and the relevant Ministers countersign) to take effect. For Ordinances of the Prime Minister, they are published after the Prime Minister signs it. For Ordinances of Ministries, they are promulgated by the Minister or the Prime Minister after review at MOLEG.

Government Legislative Process Lead Time*

| | |
|---|---------|
| Drafting of Bills | 30-60 |
| Corruption Impact Assessment | 15-30 |
| Consultation with Relevant Ministries | 30-60 |
| Advance Notification/Publication of Legislation | 40-60 |
| Analysis of Regulation Impact | 15-20 |
| Review at MOLEG | 20-30 |
| Deliberation in Vice-Ministerial Meeting | 7-10 |
| Deliberation in Cabinet Council | 5 |
| Approval by the President / | |
| Reference to the National Assembly | 7-10 |
| Parliamentary Review Process | 30-60** |
| Signed by the President / Cabinet Council | 5 |
| Promulgation | 3-4 |

*days on average

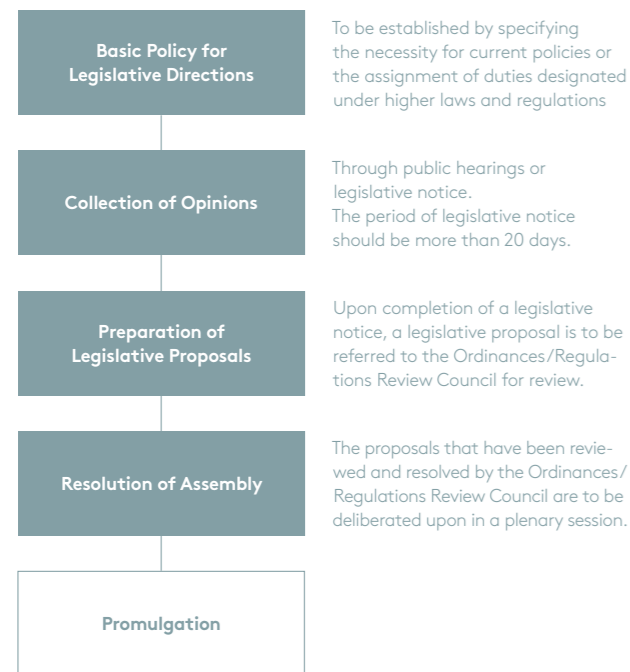
**subject to the National Assembly schedule or political situation



| | |
|------------|-------------------------------------|
| 법률(法律) | Act |
| 대통령령(大統領令) | Presidential Decree |
| 총리령(總理令) | Ordinance of the Prime Minister |
| 부령(部令) | Ordinance of the (name of) Ministry |
| 시행령(施行令) | Enforcement Decree |
| 시행규칙(施行規則) | Enforcement Rule |
| 조례(條例) | Municipal Ordinance |
| 규칙(規則) | Municipal Rule |
| 편(編) | Part |
| 장(章) | Chapter |
| 절(節) | Section |
| 관(款) | Sub-section |
| 조(條) | Article |
| 항(項) | Paragraph |
| 호(號) | Subparagraph |
| 목(目) | Item |
| 총칙(總則) | General Provisions |
| 통칙(通則) | Common Provisions |
| 보칙(補則) | Supplementary Provisions |
| 벌칙(罰則) | Penal Provisions |
| 부칙(附則) | Addendum (Addenda) |
| 시행일(施行日) | Enforcement Date |
| 경과조치(經過措置) | Transitional Measures |
| 별표(別表) | Attached Table |
| 별지서식(別紙書式) | Form |

Local Government Legislation

Local governments draft, review, and promulgate ‘municipal ordinances’ through a resolution of the local council and in accordance with the Local Self-Government Law. The legislation process takes similar steps but at a provincial or municipal level. In general, the process may be divided into five stages:



Source: Seoul Metropolitan Government

Where to Look At

Legislative process both at the government and the National Assembly have access points for stakeholders’ and public opinions. Local governments have a similar system in which citizens’ opinions are sought through public hearings or legislative notice. For government legislation, plans for each legislative item are made available at the MOLEG website. The status of planned legislation is also public information. In general, the government proceeds according to its initial plans and with the proposed intention, as proposals are to be aligned with the policy direction of the incumbent administration. Therefore, in

order to influence the process, it is imperative for stakeholders to keep raising issues related to any proposed legislation and to communicate with the relevant department(s) through official channels. During the period of prior notification, the relevant agency officially accepts proposals and opinions, in addition to holding public hearings.

For the legislature, opinion gathering is a constant process. However, standing committees play a critical role in reviewing and revising draft bills. As individual lawmakers could draft bills and propose amendments, legislation is not usually pre-planned or coordinated. Instead, media attention or the ebb and flow of public sentiment often serve as a catalyst for drafting specific regulations at the National Assembly. On top of it, the legislative process is increasingly being abused due to the intense polarization of Korean politics. For instance, the Legislative & Judiciary Committee has traditionally been granted authority to review all bills after deliberation at each committee to ensure their compatibility to the Constitution and other statutes. The chairmanship has been customarily given to the main opposition party to balance the power of the Speaker who can ex officio table the bill in the plenary session. However, such a mechanism frequently causes a gridlock in which the opposition blocks legislation at the final stage, while the ruling party resorts to the Speaker overriding the opposition by bringing it on to the floor. Before the implementation of National Assembly Advancement Act, it wasn’t unusual that a standoff ended up in a physical confrontation. Furthermore, it has become increasingly common that deliberation of bills are delayed but passed at the last minute as a political compromise. Under these circumstances, it is important to steadily provide information for individual lawmakers—especially in a relevant committee, through official online channel, petition, or hearings, so that delicate business or technical information is not missed out in debates.

Useful Resources

In recent years, the Korean government as well as the private sector has expanded its information services in English. More and more government agencies have started to upload regulatory updates in detail. Organizations that promote foreign

investment hold information sessions and work to strengthen their online resources. Law firms and consulting companies provide translation services, legislation updates, and analyses for customers. However, it is unfortunate that most critical information is either very limited or unavailable in English. The websites and publications below are introduced as useful resources for regulatory overview. To follow up on specific regulations, a relevant government ministry or institution should be contacted.

Korea Legislation Research Institute (KLRI)

www.elaw.klri.re.kr/eng_service/main.do

Ministry of Government Legislation (MOLEG)

www.law.go.kr/main.html

Both KLRI and MOLEG provide full-text translations of Korean laws and decrees. KLRI services require online registration (free). Both websites are easily accessible and have active search functions. Although they frequently update latest revisions and legislation, there is an inevitable time lag before the full text is uploaded. Lower regulations usually take longer time to be translated.

National Assembly English Website

korea.assembly.go.kr

www.assembly.go.kr (in Korean)

The National Assembly is currently offering information on assemblymen, the composition of standing committees, legislative schedules, summaries of recently passed bills, and general information in English. The Korean language site is much more informative at this point. The legislative information system allows users to search laws that have passed as well as full text of all draft bills, legislative status, and background information. Also available is the prior notification site where all legislative notices at the National Assembly are listed. Particularly useful is a tailored mailing service that requires registration. Once users select bills of their interest, they will receive update emails on the bills’ status, contents of debates in the committee or on the floor of the plenary session, analyses, and review papers.

Ministry of Government Legislation (MOLEG)

www.moleg.go.kr

The English webpage of MOLEG has not been updated and only provides translations of laws. However, its Korean sub-page (<http://making.law.go.kr>) contains important legislative information. According to the government legislation plan, all proposed items are listed on the page to figure out the government’s legislative direction. In addition, there are sub-pages on the current status of government proposed bills, the list of laws to be promulgated, and the list of statutes to be repealed by Constitutional Court decisions, and so on.

Recent Trends of Law & Regulation in Korea

Recent Trends of Law & Regulation in Korea is a quarterly magazine published by the Ministry of Justice since July 2010. The magazine lists the enactments of and the amendments to acts every quarter as well as major rulings at the Supreme Court and the Constitutional Court. It also contains useful tips about living in Korea and regulatory changes related to foreign investment. It is downloadable on the Ministry of Justice website, and the latest issue was published in December 2013.

Yonhap Daily News Briefing (YDB)

The Yonhap News Agency is Korea’s largest news gathering network, supplying news to both domestic and international newspapers, broadcasting companies, government offices, business organizations, and online portals. Launched in 1980, Yonhap’s 580 journalists and photographers stationed at headquarters, regional offices and overseas bureaus cover some 3,000 multimedia news items on a daily basis. Utilizing its large reporter-base, Yonhap publishes the Yonhap Daily News Briefing, an exclusive subscription-based business news service that tracks economic and trade-related legislation and reports in English to its clients. The YDB is considered to be a useful service for foreign businesses as the reporting of the process of legislation/regulation before enactment gives an advantage to the business, as they can either seek input into the formative process or have more time for preparation.

Thilo Halter, ECCK President
This article was originally published in
Korea JoongAng Daily on April 8, 2014.



That's not possible in Korea!

On March 20, President Park Geun-hye shook up government ministries by holding a forum to discuss deregulation with local business people and government officials. During the seven-hour marathon talks, participants put forward 52 proposals on deregulation after the President made it very clear that bureaucratic red tape and unnecessary procedures had hindered investment and employment. To remove outdated and inhibitive regulations, specific targets were set as the president pledged to cut 20 percent of overall regulations from 15,269 to 13,069 in three years, and to introduce the 'regulation cap' system implemented in Great Britain.

The foreign business community has been greatly encouraged to see the president's strong resolve to deregulate. Without a doubt, the most significant obstacle to foreign companies is the peculiar regulatory environment, along with its interpretations at administrative levels as well as sudden changes, sometimes with immediate or retroactive effects.

According to the Regulatory Reform Committee, there are 15,269 regulations imposed by the central government. However, there are additional 52,638 regulations authorized by local governments, adding extra layers of confusion and inconsistencies. Consequently, in a recent OECD report, Korea is ranked the fourth-least competition-friendly country in the OECD, indicating that the overall regulatory system does not provide a level playing field among conglomerates and small and midsize companies, or between domestic and foreign companies.

Not all regulations are bad or counter-productive. Yet it is obvious that excessive and inward-looking regulations have suffocated creativity and entrepreneurial spirits among talented Korean businesspeople, while they make eager foreign investors hesitate to invest in Korea as many creative services are impossible in Korea. In this sense, deregulation efforts are the key to attracting more investment, boosting economic growth

and achieving the vision of fostering a creative economy.

There are two aspects to transparency. First, there are too many peculiar regulations found only in Korea that restrict even the most common business practices seen in other countries. These so-called Galapagos regulations are obviously damaging Korea's competitiveness and foreign investor's enthusiasm toward the country. For example, many Koreans have cried out for abolishing the ActiveX-based public certificate system. Not only did it fail to prevent massive data leakage in the financial sector, but it has held back Korea's great potential in the online business by alienating foreign traders and shoppers.

As a foreign executive in the automobile industry, the sentence I heard often after arriving was, 'That's not possible in Korea.' But I have learned that many things are indeed possible in Korea. I believe the government must target these 'only in Korea' regulations to make the president's deregulation initiative successful. This will encourage foreign investors and give local SMEs a fair chance to reinvent and improve existing industries.

An equally important aspect is consistency in the process of change. Foreign companies often complain about unpredictable regulatory moves that are not clearly communicated and can be interpreted differently. Foreign investors are deeply concerned that rules and regulations may change without sufficient notice - leading foreign firms to be punished tomorrow even if they abide by rules today. In a similar sense, foreign executives express worries about auditing procedures for want of clarity on requirements. Investors do not like surprises at all. If the perception of the regulatory environment is tainted by unpredictability, investors will move to more reliable locations. I still believe this is the biggest hurdle to foreign investors interested in Korea.

To achieve regulatory transparency and successful deregulation, open-minded consultation with both local and international businesses is of a great significance. It would have been more encouraging if foreign executives and chambers had been invited to the Blue House forum last month. Listening to foreigner investors is not simply a service to foreigners or a means to attract foreign investment. It is a prerequisite to understand foreign markets for Korean companies. Still, we have high hopes. With the president's initiative, the first steps are definitely in the right direction.



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Daily/Weekly Schedule and Press Release Plan

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People

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YONHAP DAILY NEWS BRIEFING

Yonhap News Agency, South Korea's key newswire, has launched a new ambitious program, called Yonhap Daily News Briefing (YDB), tailored mainly for foreign and foreign-invested companies in the country. The custom service is set to go online at 4 p.m. every day from Monday through Friday with the exception of the weekly news release schedules to be provided also online at 8 a.m. on Mondays except weekends and holidays.

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Belgian Beer Tasting Evening

The beer market in Korea has traditionally been dominated by two domestic companies - Hite and Oriental Brewery ('OB'), yet there have lately been signs of a sea change. In recent years, Korean consumers' preference for lower alcohol drinks and the introduction of foreign imported beer have boosted as well as diversified the Korean beer market, according to market research done by Euromonitor. In particular, imported beer products have undermined the previously impenetrable duopoly, leading consumers to seek deeper and richer tastes from different corners of the world.

In November 2012, *The Economist* published a provocative article which claimed that 'brewing remains just about the only useful activity at which North Korea beats the South', in comparing the North's Taedong-gang Beer with South Korean counterparts. As admitted by many, consumers dissatisfied with its bland local beer switched to imported products. As a result, the imported beer market grew by 68% from 2010 to 2013 (i.e. 30% average annual growth) with brands imported from 43 countries according to the Korea Customs and Trade Development Institute. While Japan, the Netherlands, Germany, China, and Ireland were the top beer exporters to Korea in 2013, brewers in other countries continued to make inroads to the promising Korean market.

On March 20, the Belgian Embassy held a promotional 'Belgian Beer Tasting Evening' event at J.J. Mahony's bar located at the Grand Hyatt Seoul, where participants were given an opportunity to taste 16 different beers from eight Belgian brewers.

This event highlighted Belgium's centuries-old tradition of producing first-rate beer as well as its unique beer culture. As many as 150 brewers in Belgium have produced more than 1,000 brands of abbey beer, fruit beer, degustation beer, and other thirst quenchers, with 55,000 people currently being employed by, or related to, the industry. Among those, abbey beers – traditionally brewed in monasteries have the best reputation. Today, about 62% of Belgium's produced beer is exported around the world, becoming a savoury part of the world's dining and culture.

Korea is indeed an attractive market for Belgian brewers. Mass produced beer such as Leffe Blonde, Hoegaarden, and Stella Artois have already become household brands. Hopefully, the tasting evening will further open doors to introduce less known high quality beer to Korean consumers. As glasses of beer were endlessly coming in for tasting, the eight representatives of breweries all made passionate presentations with high hopes for business in Korea. Look for new Belgian brands in your local market and experience what treasures Belgium has to offer.



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www.wallonia-export.be, www.wallonia-international.be

Participating Breweries

Het Anker

Het Anker is one of Belgium's oldest breweries with a long history dating back to 1471. Today, this fifth generation family brewery is best known for its award winning 'Gouden Carolus' specialty beers. The brewery hotel, an on-site café-restaurant and a nearby whisky distillery, offer an authentic and truly unique taste experience to visitors.



This Mechelen Emperor's brew, traditional beer for the fox hunting of Charles V but named after his golden coins, is still being brewed with dark, well-balanced malts following the classical infusion method. The aromatic malts and high fermentation process combine the warm roundness of wine with

the freshness of beer. Because of its high density, the **Golden Carolus Classic** is classified under 'special beers'.



Traditionally, this gold coloured beer was brewed for the knights of the Order of the Golden Fleece in 1491. Even today, it is still brewed according to the ancient tradition using only the finest products: rich barley, fine hops, the best pale malt and herbs. **Golden Carolus Tripel** has a unique colour and a

rich taste thanks to its well-balanced hopping. To properly savour this high-quality ale, serve cool at a recommended temperature of 7°C (45°F) and pour out slowly in one movement.

The Jessenhofke

The Jessenhofke, a house brewery situated in Hasselt, is as stubborn as its brewer Gert Jordens. The Limburgse Biervrienden awarded its beers with 'the best home brew of 2002'. Passionate about the taste, Gert has developed various types of high fermentation beer using Belgian organic hops. Visitors can join tasting sessions with a lot of stories about Jessenhofke and the beer world in general.

Drinking beer during the meal is a part of the Belgian culi-



nary culture. **LGHT** is a perfect choice for a 'table beer' with 3.5 % ABV (alcohol by volume). Using the organic hops from Joris Cambie, it is brewed in accordance with the 'Reinheitsgebot' (the German Beer Purity Law). This beer will be renamed **RGLR**.



The name of the beer came from a Seitan producer, Maya, with whom Jessenhofke produces this beer. **MAYA** is a unique beer as this is the world's first beer following the 'cradle to cradle' (c2c) principle. It is a life-cycle approach to beer production in which all raw ingredients used for one product

can be again utilized for another product. The result is a blond, surprising, party beer!

Brasserie du Bocq

Set up in 1858 by Martin Belot, Brasserie du Bocq is still a 100% independent brewery and remains as one of the last traditional Belgian breweries. Located in the heart of the Condroz, a wonderful tourist region, this dynamic company uses the traditional manufacturing process of top fermentation beer with secondary fermentation in the bottle. Brasserie du Bocq adheres to using first-quality ingredients.



Blanche de Namur: Cloudy, smooth and mellow, the Blanche de Namur is a high-quality wheat beer. From the first sip, you will feel all its roundness and delicacy that make it an outstanding wheat beer. Its qualities, and the brewery's know-how, earned it the honour of being named the best wheat beer in the world in 2009.



Saison 1858: Lager unfiltered with a hint of wheat and a strong bitterness, very refreshing. It was awarded as the World's Best Saison in 2013

Participating Breweries

Brasserie de Silly

Brasserie de Silly, situated 45 kilometres south from Brussels, was founded in 1850 and has been active without interruption for six generations in the village of Silly. Initially founded as a farm-brewery, beer was brewed for the seasonal workers doing the harvest during the summer. Today, Brasserie de Silly specializes in a variety of Belgian craft beers. For over 164 years, the 'Silly' beers are brewed following the same brewing techniques that require a lot of attention to quality, control and innovation. Brasserie de Silly has received many awards, including Asia Beer Awards Gold 2010 for 'Saison Silly' and the Best Belgian Beer of Wallonia 2012 for 'Abbaye de Forest'.



Pink Killer: Fruity and sweet, Pink Killer is a beer based on malt, wheat and pink grapefruit; which explains its unique colour and the hint of bitterness typical of this fruit.



Titje: It is a white beer that possesses a refreshing flavour where the coriander plays the perfect thirst-quenching role. Upon tasting, the dried orange peel arouses a noticeable quiver. This beer was awarded Australian International Beer Silver Award in 2009 and Silver award at

White Sochi Beer Festival in Russia, 2012.

Brasserie Dubuisson

The Brasserie Dubuisson is one of the oldest and most authentic breweries in Belgium. Founded over 240 years ago, the brewery is still located on the same site and has been owned by the same family since it was founded. Hugues Dubuisson, the current owner-manager, represents the eighth generation. The Brasserie Dubuisson is famed in Belgium and abroad for speciality beers, particularly high-strength and premium beers. Its flagship beer, Bush Amber, celebrated its 80th birthday in 2013

and is the strongest naturally fermented Belgian beer with 12% ABV.



Bush Amber: This was formulated in 1933 under the name Bush Beer. This is the strongest of all Belgian beers with a high fermentation – 100% filtered. Smooth consistency delivers a bittersweet taste with powerful aromas.

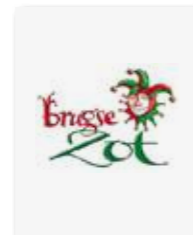


Pêche Mel Bush: This new beer started to be brewed in 2009 with the same rigour as other Bush beers. Made to an original recipe based on natural peach extracts, Pêche Mel'Bush redefines what a beer with fruit can taste like and will satisfy everyone who likes fruit-flavoured

beers. The natural flavours and extracts of the fruit complement the original bitterness of the Bush to create a rounded and perfectly balanced beer.

Brewery De Halve Maan

Brewery De Halve Maan is an authentic Bruges brewery established in 1856. Xavier Vanneste represents the sixth generation of the brewers' family. In 2005, he launched a new beer with a unique recipe – 'Brugse Zot'. From the start, this beer was an international success. From 2008, De Halve Mann again produced 'Straffe Hendrik' following the original recipe once developed and brewed by the family.



Brugse Zot, meaning the Fool of Bruges, has a perfect golden colour, a bright fruity aroma with hints of citrus and a fruity malty flavour. The beer is brewed with four different kinds of malt, and two aromatic varieties of hops, which give the beer its unique taste. Brugse Zot can be

described as a well-balanced, easy drinking beer. Thanks

to the re-fermentation in the bottle, the beer has a longer shelf life.



Straffe Hendrik is a bitter triple ale, re-fermented in the bottle, with an alcohol content of 9%. It is a strong and rich beer brewed with a subtle mixture of six different kinds of malt. The beer pours a blushing golden colour with a thick, white head. Its aroma is of honey floral hops and a

slight tickle from the alcohol. The palate is strong, with a malty flavour, and tastes of hop and caramel. The second fermentation in the bottle assures a longer shelf life.

Brouwerij Van Eecke

Started in 1624 in the village of Watou, near Poperinge, the hops capital of Belgium, Brouwerij Van Eecke is still a family owned business now managed by the seventh generation of brewers Philip & Hendrik Leroy. The brewery grows its own yeast-strings, cultivated in the Boezinge laboratory, to ensure quality and exclusive taste.



Poperings Hommelbier: 'Hommel' means hops in the local dialect. This beer is made only with aromatic hops from the Poperinge hop fields. This ale is considered worldwide to be in its exclusive style.



Kapittel Triple Abt is a tribute to the art of brewing. This fermented amber ale is regarded as the top of the Kapittel products.

Roman Brewery

Located in Flanders, the Roman Brewery is a family owned brewery since 1545 and is one of the oldest Belgian Family Brewers (BFB). In the first 400 years, the brewery only brewed brown top fermented beer, named Adriaen Brouwer, which is still one of the brewery's most important brands. Since the early 1980s, the second fermentation in the bottle became a specialty of the Roman Brewery. Abbaye Beer Ename, Sloeber, Gentse Strop and Adriaen Brouwer Dark Gold are all refermented beers.



Adriaen Brouwer Dark Gold (ABDG) was named after a well-known painter of Flanders who lived in Oudenaarde 400 years ago. It is a top fermented beer, refermented in the bottle to create a well-balanced palate with flavours of caramel, malt and dried fruit. At the European Beer Star Award

in Germany, ABDG won the Golden Award in the category 'Belgian Style Strong Ale' and the Golden Award as the 'Consumers' Favourite'.



Ename Abbey Beer is an official 'Abbey Beer' and has four types – Ename Blond (6.5% ABV), Dubbel (6.5%), Tripel (8.5%) and Cuvée Rouge (7.0%), recognized in Belgium. The refermentation in the bottle creates a wonderful and stable body. Since 1990, Ename is the Roman

Brewery's most important quality beer.

Cafe Dimi

Situated in the quiet neighbourhood near Gyeongbok Palace, the bistro offers freshly baked bread and handmade pasta every day. Dimi means 'a good taste'; it is a word used by yangban – the noble class of the Joseon dynasty several hundred years ago. The word captures the heart of 'yearning to know flavour' rather than 'already knowing the flavour.'

"Everything started with our love for good wine, the desire to share amusing experiences through flavour and good design," said Hi-jae Lee, the co-owner of the bistro. Lee was a graphic designer, then a sommelier, before she opened Dimi with her close friend in 2007; they didn't think of running a restaurant back then. As wine-lovers, they wanted to enjoy good food that matched their favourite wine with others. There were only three different pasta and sandwiches, handmade at a small kitchen inside.

As its taste and flavour became known by word-of-mouth, more customers – local and foreign – began to visit and enjoy its food and experience. Dimi expanded to the second floor of the building, the layout of which had been done by a designer friend, with a more European atmosphere.

Dimi serves authentic Italian food but they use local ingredients as much as possible. "As Italy and Korea are both peninsula countries, I find a lot in common including ingredients," Lee explained. However, she is adamant that she follows authentic recipes for the menu. "I'm proud of Dimi's handmade pasta," and she added, "We wish to share more amazing culinary experiences with more friends."

More information:

www.cafedimi.co.kr

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Zelen

"Try the fresh and green Bulgarian taste!" says Mihal Ashminov with a charming smile. Zelen – meaning 'green' in Bulgarian – is, so far, the only Bulgarian restaurant in Korea, with two branches in Hannam-dong and Itaewon. The opening of Zelen was a courageous experiment, for Bulgaria itself was hardly known to Koreans except for its yogurt products when the Itaewon branch first opened in spring 2007. Not surprisingly, 90% of customers were foreigners and very few Koreans visited Zelen in the first years.

Who would have thought that it would become such a popular dine-out place for trendy Koreans? Now, more than 70% of customers are locals as well as a sizeable amount of regulars among the foreign community.

They are all attracted to the authentic tastes of various Bulgarian dishes. Bulgaria is at a crossroads between Eastern and Western Europe, and is bordered with Turkey. Historically, the country was one of the main transportation hubs in Europe with diverse ethnic and cultural influences. All this has made Bulgarian cuisine rich, unique, but at the same time palatable to many different peoples.

On top of this it is Mihal's stubborn effort to maintain the quality that has made Zelen as it is now. Zelen only uses imported authentic ingredients and never tries to make 'fusion' food. "You have so many nice Korean and other restaurants for local tastes. What we do is to serve real Bulgarian food and introduce it to customers," said Mihal. He entered the food industry at a young age, taking cooking programs in high school and majoring in hotel management. After graduating from university, Mihal was headhunted by the Westin Chosun Hotel, came to Korea, and worked for the Chosun and Sheraton Hotels, where he met some of the top global chefs.

Bulgarians have 'everyday is a special day spirit', he added. It is why Zelen has started the ethnic food month



supported by European embassies. In January Zelen offered a special menu for 'Taste of Ukraine', and 'Taste of Poland' in April.

The restaurant is also available for private parties or events – fitting up to 80 seats or 150 people standing; it will continue to stay green and fresh.

For more information:

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Dongdaemun Design Plaza (DDP) Opens to the Public

Following seven-years of preparation, the Dongdaemun Design Plaza (DDP) officially opened its doors to the public on March 21, 2014. Created to showcase the world's latest design trends and innovations, the DDP is expected to serve as a place where the past, present, and future of Seoul can peacefully co-exist. With 'Dream, Design, Play' as its motto, the DDP will pursue innovative ideas, discover diverse new talents, and work to enrich the lives of the people. It will also be a base for the creative industries, an educational centre for young and talented individuals, and an open workplace for the people. Furthermore, the DDP aims to achieve complete financial autonomy by keeping its doors open 24 hours a day and capitalizing on the 60 major tourist attractions in the area.

Designed by the first female architect to win the Pritzker Architecture Prize, Iraqi-British Zaha Hadid, the DDP is the world's largest three-dimensional asymmetrical architectural structure. Zaha Hadid's DDP design, entitled 'Metonymic Landscape,' uses the historical, cultural, social, and economic contexts of Dongdaemun as its foundation and projects them into an image of its future. Hadid focused on the dynamism of the Dongdaemun area, which is in a state of constant flux from the early morning to late at night, and incorporated it into her architectural design, creating a unique structure that seamlessly connects natural and artificial spaces with curved, oblique lines and surfaces. This innovative design concept of the DDP highlights the symbolism of the Dongdaemun area and adds to its distinctive landscape. The DDP covers an area of 62,692m² with a total floor space of 86,574m² and consists of three basement floors and four floors above ground (containing the Art Hall, Museum, Design Lab, Design Market, and Dongdaemun History, and Culture Park), encompassing five different facilities with 15 unique spaces.

The DDP is expected to serve as a major location for exhibitions and a place where various brands and trends converge and collaborate for mutual prosperity through its vision, 'Dongdaemun: Reaching out to Seoul, Asia, and the world.' The opening of the DDP is being celebrated with a variety of exhibitions, such as the Kansong Art Museum Special Exhibition featuring over 80 national treasures, including the Hunminjeongeum Haerye, an original example of Korean design. This exhibition will be held as a part of a three-year agreement with the Kansong Cultural Foundation, through which the Kansong Art Museum and the DDP will jointly host shows. In 2014, various exhibitions will be held at the DDP as a collaborative effort to present a variety of creative designs. These exhibitions will include 'Design Sports: Science, Human, Fashion and Victory', 'Zaha Hadid: 360°', 'Design Allegory of Enzo Mari towards Utopia', and 'Ulm Models-Models after Ulm: Ulm School of Design 1953-1968'. Through these exhibitions, the DDP will come to serve as a starting point for design and a source of creative resources while making great contributions to sharing the value of Korean design, expanding the design world, and addressing urban issues.

The opening of the DDP is meant to transform the Dongdaemun area into a gateway to the design world by combining design with business and creating new value for the people. By attracting locals, as well as visitors from around the world, and by achieving a 'culturalization' of the area's commercial industries as well as a commercialization of its culture, the DDP aims to revitalize both the economy and cultural landscape of the Dongdaemun area. Visitors from all over the world will have the opportunity to experience the 'Metonymic Landscape' of the DDP, an ecosystem of creativity and an architectural vision blending both 'local' and 'global' concepts.



Art Hall 1 ©Sanghoon Park



Molding Stairs
©Chung Chuha



Design Lab 1
©Sanghoon Park



Nightview of DDP
©Park Haewook

Gestalten Verlag Sven Ehmann



German publisher and creative agency Gestalten is one of the few print media powerhouses that still stand strong against the digitalization of the entire media world. Gestalten has offices around the globe and is most famous for their numerous publications that are mostly edited and designed by experienced in-house professionals.

We had the pleasure of talking to the creative director, Sven Ehmann, who told us about the ups and downs of working at a publishing house today.

Hi Sven, how are you? Where are you right now as you're answering our questions?

I am at my desk in the Gestalten office. It's a sunny, clear and cold morning and I'm looking out the window onto a small park across the street with a moon man mural next to it, and an empty seat across from me (my colleague Lina is still on holiday). I am done with a first round of emails and will now work on a couple of texts before the first meeting of the day and some reviews in the afternoon.

Please introduce yourself and Gestalten to our readers.

I am Sven, the creative director at Gestalten. My personal background is in photography, journalism and concept development. I've worked across all kinds of media from print to digital, from linear to interactive, from small to large scale exhibitions and experiences. I am still dreaming about reinventing the daily newspaper (much needed) and I love the radio. Occasionally, I do some consulting work and some writing, lecturing and teaching as well. I started working with Gestalten in 2002, so it has been quite a while.

Gestalten was born as a company in 1995. After a first project called 'localizer', a publication on the visual culture of the techno scene, Robert Klanten decided to launch a proper publishing company. For a good while now we've been operating under the claim and idea of 'exploring visual culture', which is pretty timeless and describes very well what we do every day. The core idea of Gestalten was never to be a company about books but a company about content and people – so that after design books we would do, for instance, cook books and guides to personal happiness. Everything we do revolves around the idea of a global scene of creatives and anything that can be of interest to them. We started with graphic design, typography and illustration, and grew the range and themes to a point where we are also doing books on architecture, art, popular culture, motorcycles and food... you name it. And since we center our thinking on the content and people, we also started developing business ideas outside of the traditional book market. It is great to see how our audience has grown up and grown wider over time. It's fair to say that we have a truly global audience, one that ranges from students and young professionals to top executives. Whenever I have the chance to meet them – our customers,

our community – I am amazed to see their talents and also their openness and kindness.

During research I came across three different dates as the founding year of Gestalten. According to your website, it all started in 1995. How do you explain the years 1990 and 1997?

1995 is the year it all began. That was when the company was created. But 1997 was probably when the real programmatic approach became clear, and from there on we had a regular release schedule with about four titles per season. Not sure what I can tell you about 1990.

Since the mid-nineties, information and data have heavily increased in both speed and volume. Some call it progress, while others curse it a catastrophe. Did you, as a publishing house, face any troubles? If so, how did you handle them?

Information overload clearly is an issue here as well. A decade ago the main challenge was to find contents and the creators behind them. Today finding content is easy, but finding the story below (or above, or across) is the challenge. It is more about making sense and providing our readers a well-researched, well-edited story that provides them with a short cut. On a more personal level the structuring and restructuring of our research, of the gathering and contextualization of the results has become an ongoing task. I think overall we have established a very efficient routine, but since my role also includes looking outside of the existing areas – the unexplored territories – I can get lost a bit at times.

Could you tell us about the establishment of the different company branches?

We always wanted to provide a particular audience with a particular kind of very contemporary visual content. The book was and still is the medium to do that, but it was also clear from the beginning that there were other ways as well. The obvious shift that took place with the digital revolution (hardware, software and the internet) opened a number of opportunities, but at the same time we also saw interesting options in the more traditional fields such as retail and logistics. Step by step we tried out what would work best. First around the books, e.g. when working with clients, then more

around the content, e.g. selling fonts and action figures, and then telling stories differently, for example in form of video podcasts, and creating real-life experiences through exhibitions, workshops, and also shopping opportunities in the Gestalten Space. This has been a very organic development and it keeps developing.

In what ways do you think the merciless shift from print to electronic media might force traditional publishing houses like Gestalten to adapt in the future?

Since I moved from the digital world to publishing, I am not afraid of digital at all. And as a matter of fact, Gestalten was a pretty digital company already when I joined, in terms of our tools but also in terms of using and pushing the possibilities, for example, on our own website. We also tried a variety of ways to combine digital and printed content, and also set everything up to produce e-books. But the real issue is not the 'digital vs. print' or even the 'new vs. old' issue. The real question is: 'What is important and valuable enough, so that our audience is going to spend their time and money with us.' There are a number of challenges and opportunities out there. I can't say anything yet, but I am totally looking forward to those upcoming content experiences.

Is there any competition between the few art book-publishing houses or are you a secret society that gets together in the back of a barbershop every now and then to discuss the market?

It is a small industry and we are certainly interested in what the others are doing. I think due to events like the famous Frankfurt Book Fair, the publishers and sales people know each other quite well and might share some experiences over a beer or two. On my level, there is not too much exchange. Every once in a while we see a project realized at a competitor that we turned down. Occasionally, I am jealous of a project another publisher has on their list, but in the end it is way more important to understand the booksellers and the readers.

Over the past ten and twenty years, where do you see the biggest shifts in terms of featured trends and published contents?

The forceful arrival of digital clearly had the single biggest

impact. Along that we first saw a move towards digital - anything was done on computers - and then the logical counter development with lots of hand-drawn illustrations, DIY objects created for photo shoots and the whole crafts and makers movement. Right now there is a swing back to digital, but now hardware is the new software somehow, which very much reminds me of some of the things we did at interactive environments back then. Therefore, this is very exciting for me.

What's your favorite and what's your least favorite publication at Gestalten, and why?

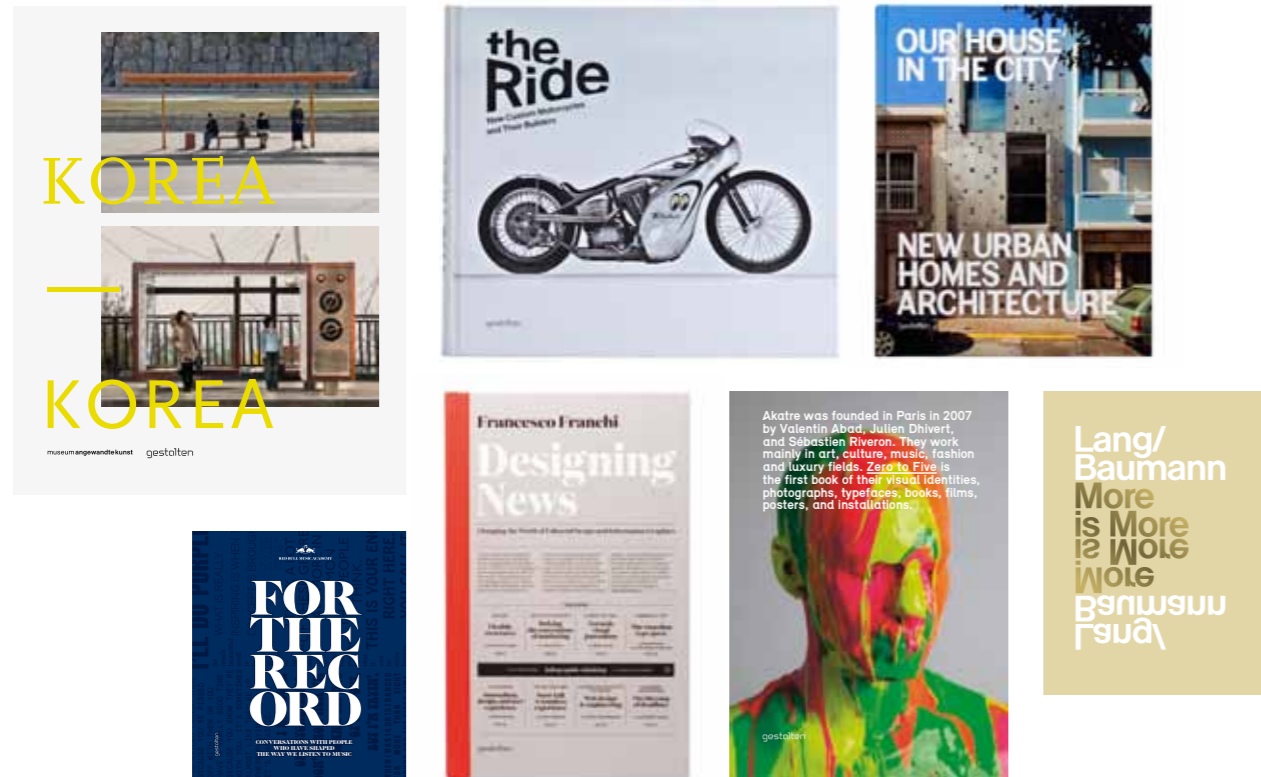
That's a tough one. But I can say that I am very happy with the books we did around information graphics and data visualization (e.g. Dataflow, Visual Storytelling and Around the World) since that is a subject I am very curious and passionate about. The fact that the designer here will work on serious content, often with journalists and developers, makes it the most appealing design field for me. The least favorite is even harder to pick. There are projects that don't run as smoothly as I would like them to, but is that enough of a reason. Maybe the least favorite ones are the ones that I felt we could and should have done but for some reason did not. That's the publisher's dilemma. You always have to make those tough decisions and need to understand that a good book is only a good book when it sells, too.

Have you made any major mistakes during your time that you can tell us about? Or are there any big decisions you regret today?

Of course. I think in the end, if you are honest and not just say 'there are no mistakes and problems, just challenges', you have to admit that you make mistakes on a pretty regular basis. The key is to learn from those mistakes as quickly as possible and to not repeat them, of course.

There have been a few projects in the past that had interesting potential, projects we didn't manage to see through and realize to full potential. For example, earlier on we developed a magazine format called Ubersee, which was set up to combine a variety of high quality, very inspiring images that would not make a full book. The first version didn't sell too well and a re-launch never really made it into the mar-





ket. So from that perspective, that was probably a mistake. But on the other hand – and that is what I meant before – we drew so many contacts and project ideas from those few issues of *Übersee* and turned them into successful publications, that I am sure in the bigger context it actually was actually a success.

Please describe to us a perfect day at work.

I like and need variety. So to me there is no such thing as one perfect day. I am happy if there is a healthy mix of meetings and time for myself with research, developing ideas, projects and strategies. I also think traveling is essential to meet people, see their work, their studios even before their latest idea is online. Away from the office is also where a lot of the more unusual ideas start. The only thing I would say that is a must, during any given perfect day, is good coffee.

What does Sven Ehmann do on a day off?

I have kids. That keeps me busy and entertained. Other than

that my latest love affair to follow on a day off is playing the guitar. I'm such an amateur.

What are your future plans?

We have a lot going on here at Gestalten, in terms of releases, new partners etc., but also the opening of a second retail location, more workshops, a couple of new ideas for the digital domain. That alone could easily fill plans for a couple of years. On a personal level, I think I am already trying to find more time to think about new formats, products and services. The business development and innovation angle has always amazed me, i.e. building unusual but useful combinations. I keep saying that if I could choose a dream project it would be about reinventing the daily newspaper, but I think the passion, experience and network we have could actually be applied to a variety of similar subjects. It would be nice to offer that to substantial challenges, e.g. to the innovation unit at the UN. Well, I am never short on big dreams.

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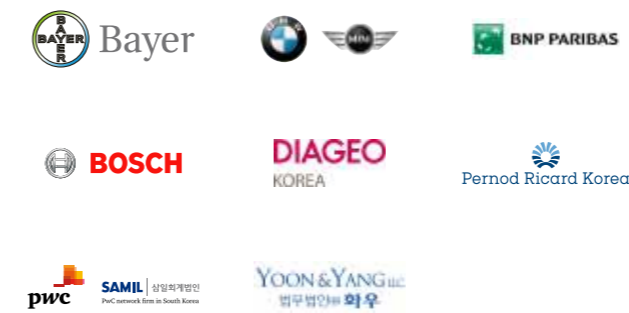
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