

ECCK Newsletter



September 30, 2013, No 3

Secretary-General's Message

In our last update, we informed you of various overarching issues the ECCK has been tackling, such as amendments to “preferential tax treatment for foreign workers” and the issue of “ordinary wages.” We hope for positive decisions by the Ministry of Strategy and Finance, the Ministry of Employment and Labour, and the Supreme Court.

From September, the ECCK has actively engaged in discussing trade issues with the delegations from the European Commission. More visits will come in the next few weeks that may be of interest to you. First, a delegation from DG Connect of the Commission is visiting Seoul this week to discuss ways to foster ICT cooperation with Korea. Of course, the highlight in October will probably be the visit of Mr Karel De Gucht, European Commissioner for Trade, on October 15, 2013. He has kindly agreed to deliver a keynote speech at the ECCK's General Meeting on the same day.

In October, we will also have two major back-to-back events. The “2013 Korea-EU IPR Conference on Trademarks & Industrial Designs” will be held in Seoul on October 23. Experts from the Office for Harmonization in the Internal Market (OHIM) under the European Commission will give thoughtful presentations on IPR issues. The conference will immediately be followed by the “2013 Busan-EU Business Forum & B2B Meeting” in Busan for two

days from October 24. The ECCK is co-hosting both events.

Meanwhile, the Chamber has been geared towards more industry-specific activities. We plan to draft position papers by existing committees this week, and share them with the EU Delegation and relevant Korean ministries for further discussion. Moreover, we expect to launch a few more committees - i.e. Chemicals, Food & Beverages, and Logistics - by the end of October. Your interest and input will be greatly appreciated. The setting up of the Energy & Environment Committee will be put off to 2014, however.

We have to admit some setbacks in the past few weeks. One of our new initiatives, namely, the Executive Training Session, had to be cancelled due to low participation. The Corporate Social Responsibility (CSR) programme and the Working Group on Gender Equality & Diversity have experienced delays in their launch. Nevertheless, please be assured that we are focused on catching up on our schedule and achieving our proposed plans.

I wish you all a good start into the final quarter of this year and hope you are all on track in achieving your goals - both business and personal.

Christoph Heider
Secretary-General

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ECCK General Events in September

***Meeting with the Minister of Environment
on K-REACH***



On September 5, Mr Heider attended a meeting with the Minister of Environment to discuss issues related to K-REACH. The meeting was joined by AmCham, Seoul Japan Club, and business representatives from chemical companies. The new Act proposed by the Korean Government requires all chemical substances to be registered, evaluated, and authorised for market use. Mr Heider and other participants pointed out that the Act might cause significant delay in testing and production, despite its good intention to improve safety. The ECCK will further engage in the discussion through the Chemicals Committee, which will be launched soon.

Letter to the Foreign Investment Ombudsman

The ECCK sent an official letter to the Foreign Investment Ombudsman to deliver common concerns gathered from member companies. Outstanding issues included a pending decision on “ordinary wages” and new amendments to “preferential tax treatment for foreign workers.” The ECCK’s position was that the inclusion of regular bonuses and other payments in ordinary wages in a retroactive manner would seriously undermine Korea’s attractiveness as an investment destination. We also emphasised that regulatory stability is of critical importance and that abrupt changes in tax laws would hurt Korea’s credibility.

ECCK Policy Luncheon Series Commenced

The Chamber hosted its first Policy Luncheon Series with Dr Choong-Yong Ahn, Foreign Investment Ombudsman, at Conrad Hotel, Seoul,

on September 24, 2013. Dr Ahn delivered a presentation titled, “FDI Promotion under the Park Geun-hye Administration.”



In his welcoming speech, Mr Thilo Halter said, “Although the European business community generally understands the intention of the Korean Government, some of us have fair concerns about the consequences of recent changes in its laws and regulations.” Dr Ahn also said that the lack of predictability in the investment environment is detrimental to proactive FDI promotion. He emphasised that an investment climate conducive to sustainable Global Value Chains (GVC) growth would be essential for sustainable economic growth in Korea.

Korea-EU Economic and Trade Issues Meeting

Mr Heider attended a meeting held by the Korea International Trade Association on September 27. The meeting was convened to better understand Korea’s perspective on potential trade issues with Europe. It was a rare opportunity to listen to Korean business representatives on the FTA, their expectations for business cooperation, and interest in the European market. Mr Heider shared valuable insight with researchers, scholars, and a number of CEOs from Korean SMEs. The ECCK will reflect this input in developing and expanding its service areas.

ECCK Committee Activities in September

CFO Committee

On September 5, the CFO Committee held its quarterly meeting, “New recruiting methods: How to find the best finance & accounting



professionals". Mr Seung Yong Lee, Managing Director of AppleOne Korea, was invited to speak about recruiting channels and methods. Mr Lee also addressed the advantages and disadvantages of foreign companies in terms of employer attractiveness.

Cosmetics Committee

The ECCK Cosmetics Committee had a senior group meeting on September 9. Participants discussed market access issues for 2013 with an FTA Working Group meeting ahead. Labelling and advertisement guidelines were the most outstanding issues in the cosmetics sector. The Committee gathered opinions and made proposals regarding the revision to the current guidelines.

Finance Committee

The ECCK's financial services seminar was held on September 12 under the title, "The Current Status & Implementation of the Foreign Account Tax Compliance Act (FATCA)." The Act, enacted in 2010, requires foreign financial institutions (FFIs) to report to the US IRS on information regarding financial accounts held by US taxpayers or by foreign entities in which US taxpayers hold a substantial ownership interest. Non-compliance may subject FFIs to a 30% withholding tax on US source income. Mr Alan Granwell from DLA Piper's Washington, DC office and Mr Jay Shim from Lee & Ko explained the implementation of the Intergovernmental Agreement (IGA) and how FFIs in other countries are coping with these rules.

Healthcare Committee

On September 17, the new Healthcare Committee visited the Korea Research-based Pharmaceutical Industry Association (KRPIA), which represents pharmaceutical companies committed to new drug development through R&D. The ECCK and KRPIA discussed recent market access issues and cooperation on pharmaceutical issues.

The Committee also joined a meeting at the EU Delegation with Ms Signe Ratso, Director in DG Trade of the EU Commission, on September 25.

Since Ms Ratso is the chair of the Working Group on Pharma and Medical Devices, the meeting provided regulatory updates in preparation for dialogues with the Korean authorities. The ECCK also participated in a joint meeting on pharmaceuticals and medical devices organised by the US Embassy on September 27. Multinational companies based in the EU and the US discussed common market access issues in Korea.

Taxation Committee

The Taxation Committee held its annual Taxation Conference on September 24 to discuss tax law amendments, most of which are scheduled to take effect from January 1, 2014. Mr Jeremy Everett, Mr Hoon Lee, and Ms Tae Yeon Nam from Kim & Chang gave an overview of the tax policy initiatives under the Park Administration, as well as the latest tax trends affecting foreign companies and individuals in Korea. The Kim & Chang team also addressed recent tax and customs audit issues and their implications for changes to the flat tax rate for foreigners.

Other Activities

"Grow Together" with KOTRA

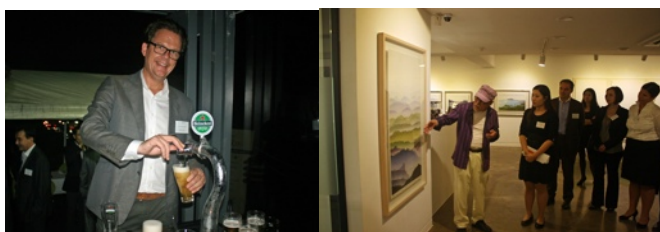
The ECCK and the Korea Trade-Investment Promotion Agency (KOTRA) held a welcoming ceremony for "Grow Together", a group of university student volunteers who take part in CSR activities supported by foreign-invested companies.

If you are interested in sponsoring this programme, please contact Mr Bo Sun Kim at dsg@ecck.eu or 02-6261-2702.



Networking Night on September 13

On an indulging Friday evening before the festive Chuseok holidays, the ECCK hooked up with friends and members on the rooftop of Palais de Seoul, a gallery overlooking Gyeongbok Palace. The mood was cozy and hazy with our good friend Mr Jan Arie Smit, General Manager of Heineken Korea, pouring fresh beer straight from the barrel (special thanks to Heineken for complimentary beer!) and artist Junkwon Kim explaining his unique multi-coloured woodcut prints in person. It was the perfect get-together for a perfect autumn night.



- Agenda:
Extraordinary General Meeting (EGM)
By-election of a Board Member
Dinner with Mr Karel De Gucht

2013 Korea-EU IPR Conference on Trademarks & Industrial Designs

- Time & Date: 09:00-18:00, October 23, 2013
- Venue: Park Ballroom, 5F, Conrad Hotel, Seoul
- Organiser: The ECCK, The Office for Harmonization in the Internal Market (OHIM), The Korean Intellectual Property Office (KIPO)
- Co-sponsor: Lee & Ko

2013 Busan-EU Business Forum & B2B Meeting

- Time & Date: October 24-25, 2013
- Place: TBD
- Official invitations will be sent out.

ECCK Policy Luncheon Series II

- Time & Date: 11:30 - 14:00, October 25, 2013.
- Venue: TBD
- Speaker: Mr Sungbo Lee, Anti-Corruption & Civil Rights Commission (ACRC)

Upcoming Events

Healthcare Committee Opening Event

- Time & Date: 08:00, October 1, 2013.
- Venue: Bellevue Suite (36F), Lotte Hotel Seoul
- Speaker: Mr Moo-young Yoo, Director General of Pharmaceutical Safety Bureau, Ministry of Food and Drug Safety

ECCK General Meeting & Dinner with Karel De Gucht, European Commissioner for Trade

- Time & Date: 18:00 - 20:00, October 15, 2013.
- Venue: TBD

Send us your news!

We publish member news on our newsletter and website (www.ecck.eu). If you would like to publicise your company's CSR activities, change of the management, opening of branch offices, and the like, please send them to us via email at ecck@ecck.eu.

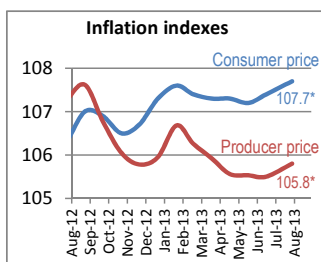


BNP PARIBAS

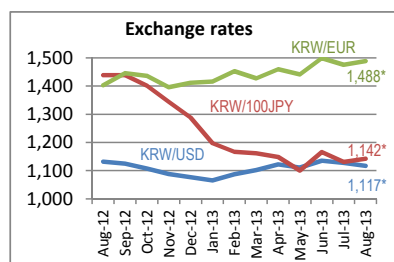
MACROECONOMIC INDICATORS SOUTH KOREA

| | Figures | Tendency |
|------------------------|-------------|---------------|
| GDP 2012 (bln WON) | 1,272,459.5 | + 2.9% / 2011 |
| Export* (bln USD) | 46.4 | +1.2% / July |
| Import* (bln USD) | 41.5 | -4.1% / July |
| Unemployment rate* (%) | 3.1 | - 0.1 / July |

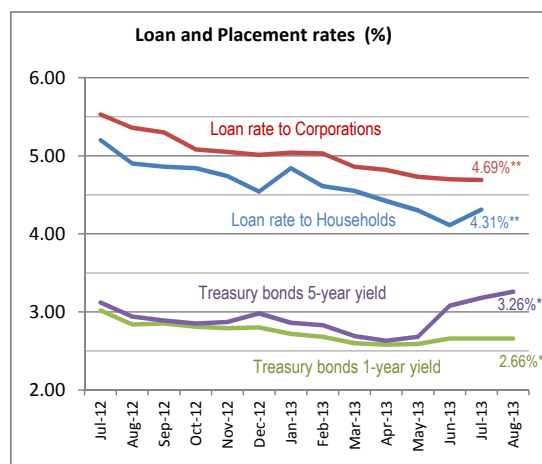
Source: BOK *Data for Aug 2013



Source: BOK *Figures for Aug 2013



Source: BOK *Figures for Aug 2013 (month average)



Source: BOK **Figures for July 2013 and * for Aug 2013