

Grand Inter-continental Hotel  
Grand Celadon Ballroom

**Foreign Company Day 2004**  
**Welcoming Address**

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**By**

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**Minister of Commerce, Industry & Energy**

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Chairman of Korea Foreign Company Association                 ,  
Distinguished business leaders,  
Ladies and gentlemen,

We are here today to celebrate the 4th annual Foreign Company Day.

On behalf of the Korean government, I thank you for the contribution you've all made to Korea's economy in the past year.

Above all, I congratulate all the Award recipients for 2004, including Mr.                 , CEO of S-LCD.

It was a year ago today that I learned of my appointment as the Minister of Commerce, Industry, and Energy.

During the past year, much of my time went into making trade, energy, and industrial policy, as well as working for balanced national development.

But a top priority - the area I have been most interested in and most closely attached to - was foreign investment policy.

As you know, FDI policy in Korea has undergone significant change the past few years.

For example, in the early stages of market reform, there was room for improvement in the perception of foreign companies in Korea.

But after seeing the benefits that foreign companies bring, foreign companies are viewed as friends today, living and working together as good neighbors in

Korea.

This is why I believe the Foreign Company Day is special, because it is a birthday that the people of Korea celebrates for our new friends.

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Ladies and gentlemen,

Before we know it, we are already half-way through the last month of the year.

Despite many challenges, I trust that everyone will be wrapping up an eventful year of tireless engagements and demanding schedules.

From last September to early this month, I had the pleasure of accompanying President Roh Moo-hyun on his state visits to ten countries, in Latin America, Asia, and Europe to promote trade, investment, and energy cooperation.

Nonetheless, the Korean economy has faced challenges including those associated with oil prices, domestic demand, and facility investment.

Despite the prevailing conditions, however, foreign-invested companies continue to play a significant role in the Korean economy, and are contributing to its growth and development.

Exports are important to the Korean economy, and foreign-invested companies have not only helped exports grow, but through steady investment in facilities, has created jobs.

Currently, 15% of all production comes from foreign companies, almost one

out of ten working Koreans are employed at foreign companies, and foreign companies account for 13.2% of exports from the domestic manufacturing sector.

Ladies and gentlemen,

As I mentioned last November at the Korean Government Appreciation Dinner reception, 2004 will be an unforgettable year.

FDI, turning around after a four-year slide, is already \$10 billion this year. Also this year, total FDI exceeded \$100 billion for the first time in modern Korean history.

What's more, in terms of investment quality, many multi-national corporations are choosing Korea as their R&D centers and regional headquarters.

In particular, new investments from existing investors are taking place at a brisk pace.

Renault-Samsung has made a 500 million dollar engine facility investment plan, and GM-Daewoo announced that it will develop hybrid cars locally only two years after first entering the Korean market.

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The Korean economy is at an important crossroad, where decisions will chart a new direction for the future.

Many factors, however, both external and internal, are rendering accurate projections difficult.

External factors include the rapidly expanding China, severe global competition, runaway oil prices and shortage of raw materials.

Some of the internal challenges are sluggish domestic demand and stagnant facility investments.

The Korean government is laying out diverse measures to actively respond to these challenges at home and abroad.

First, it is carrying out deregulation and further liberalizing the market to make Korea a land of opportunities and favorable country in which to do business.

It is creating a base on which the Korean economy can achieve growth in the longer-term by pursuing technological innovation, promoting balanced national development and exploring future growth engines.

To efficiently adapt to the rapidly changing global economic environment, Korea has already signed FTAs with Chile and Singapore.

It will strive to be more open next year, by expanding FTAs with other parts of the world including, Japan, ASEAN, Canada, Mercosur, and even with EFTA.

To attract foreign investment, the government will endeavor to revise and enhance relevant law and institutions, and improve the investment environment.

It ensures that expanded investment incentives such as tax reduction and the provision of industrial sites and Cash Grants are efficiently utilized by investors.

Project Managers will provide most convenient, one-on-one services from a to z.

The existing foreign companies in Korea will be granted "after services," different from those of any other countries, through the Ombudsman and Home Doctors, which have been introduced by UNCTAD as a world-wide exemplary case.

Dealing with labor issues, the government will continue to enforce laws and principles.

At the same time, the special team at Invest KOREA is working hard to ensure successful and cooperative labor-management relations at foreign-invested companies.

As you well know, labor unions are also making efforts to cooperate with foreign-invested companies.

Ladies and gentlemen,

Concrete efforts will be made to improve the investment environment including tax and accounting systems, as well as the living conditions such as foreign schools and immigration procedures.

Some have voiced their concerns about reverse discrimination against the domestic companies.

However, the Korean government has faith in foreign companies for their great contribution to the economic growth, enhanced competitiveness through restructuring, job creation and national security.

All government agencies are working day and night to seek ways that both

our nation and foreign companies can succeed and prosper together.

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Ladies and gentlemen,

In order for us to see greater success and achievements, the Korean government's efforts alone will not be enough.

Foreign investment also has to expand in quantity and should be made in high value-added industries.

I hope that the 4th Foreign Company Day will serve to promote cooperation between foreign and Korean companies and produce many successful cases of cooperation in the days to come.

The Korean government will not spare its efforts in providing a better business environment to support foreign companies so that they will continue to prosper in Korea.

This is because we believe that the best policy to attract foreign investment is to make the existing businesses successful.

This is your day. I hope you will enjoy yourselves as you share diverse views and exchange words of encouragement.

I hope that the Korean government, local governments and relevant organizations as well as foreign companies will reaffirm their commitment to cooperate with one another on this meaningful day.

Let me once again congratulate foreign companies and also thank Mr. and the Korea Foreign Company Association for organizing this event.

Soon, we will be welcoming in the Year of the Rooster. In this festive season, I wish the very best for your families and your businesses. Merry Christmas and Happy New Year.

Thank you!