

*Keynote speech
on the occasion of AMCHAM General Membership Meeting
by Minister Yoon Sang-jick
June 10, 2013
Grand Hyatt Hotel, Seoul*

Chairman Pat Gaines, and President Amy Jackson of AMCHAM,

Distinguished guests,

Ladies and gentlemen,

I am very happy to be here to have an opportunity to engage in in-depth conversation with you.

I already had a chance to meet you on May 14 on the occasion of AMCHAM's *Hwangap* Reception. A dinner and a luncheon in one month! That is proof of the importance AMCHAM members and American businesses have for the Korean economy.

Since its establishment in 1953, AMCHAM has worked to expand investment and trade between the two countries. AMCHAM's outreach efforts, including the 'Door-knock Program' have played a critical role in bringing about the KORUS FTA. Thanks to AMCHAM's outstanding work, the KORUS FTA is taking our economic cooperation to the next level.

Also, on the occasion of President Park's visit to the US in May, the AMCHAM members expressed their full support in expanding economic cooperation between our two countries.

I would like to express my deepest gratitude for your efforts.

Korea and the U.S. have enjoyed a long-lasting friendship. This year marks the 60th anniversary of the US-Korean alliance. And it was the US that President Park chose as the destination of her first official overseas visit.

The numbers also speak for themselves. The US is Korea's 3rd largest trading partner following China and Japan, and as of 2011 bilateral trade exceeded 100 billion dollars.

The US is the number one destination for Korea's overseas investment, and also the biggest investor to Korea. One fifth of Korea's overseas investment goes to the US, and one fourth of Korea's total FDI comes from the U.S.

Korea is an important partner to the US as well. Korea is the 7th largest export market for US goods, and the 3rd largest export market in Asia in terms of services.

The KORUS FTA which took effect in March last year laid a solid foundation for deeper economic cooperation between our countries.

The heads of our two nations stated in May that the KORUS FTA "embodies the positive evolution of our partnership and demonstrates how deeply the United States and the Republic of Korea are committed to a shared future of growth and prosperity."

There were many hurdles to overcome before the FTA finally came into effect, but the positive effects it has already shown proves that the objections and worries that had been raised in the process were misguided.

With the KORUS FTA, the US became Korea's 3rd largest trading partner in 2012, moving up from 4th place in 2011. Over the past year, we have seen a 48% increase in imports of US cars to Korea, and a 130% increase in imports of orange juice from the US. The US products are competing fairly for the Korean consumers.

The KORUS FTA has made institutions more transparent and has lowered investment barriers. Accordingly, after the FTA came into effect, American companies have more than doubled their investment to Korea.

Cooperation between Korean and American businesses is also growing in terms of its scope, expanding beyond the manufacturing sector such as automobiles and electronics towards the energy and services sector.

In this regard, MOTIE and DOE announced a Joint Statement in May to enhance cooperation in the energy sector, including Shale Gas, Gas Hydrates, and Clean Energy.

If the KORUS FTA is to succeed in the future it is essential that we allow the businesses from Korea and the US alike to take advantage of the opportunity it offers and enjoy its benefits. To this end, my Ministry will do its part to ensure that the FTA is fully implemented.

Ladies and gentlemen.

From your business activities in Korea I can see that you have substantial interest not only in the US-Korean relationship but also in Korea's recent economic policies.

Korea has still yet to recover the high growth rates it experienced before 2007. There is also room for improvement in the economic scheme to achieve the government's goal of a 70% employment rate.

To address these issues, the Korean government is pursuing a few sets of policies.

The first is “creative economy.”

Creative economy values creativity and innovation. It creates jobs and adds value by bringing science, technology, and ICT together in order to encourage convergence among industries as well as between industries and culture.

One of the examples of the creative economy, I believe, is the “open market” run by eBAY Korea. I became familiar with the case at the meeting with foreign investment enterprises last April at the Blue House.

In the “open market” model, eBAY's innovative idea and Korea's outstanding IT infrastructure are combined to provide a new way for farmers, traditional market merchants, and many other small-business owners to sell their products abroad, an opportunity that was unimaginable until now.

Another good example is Washington University's Foldit. Foldit is a computer game that uses crowd-sourcing to help develop treatments for diseases that doctors have been unable to cure. Creative thinking has transformed computer games into life-saving tools.

The Korean government, by reforming laws and institutions and reducing regulations, plans to establish an industrial ecosystem where the individual imagination and creativity may be fully integrated into traditional industries.

In particular, MOTIE plans to upgrade the manufacturing and energy industries, by combining these with knowledge-based industries such as engineering and design.

In the case of American businesses such as yourselves, for whom "innovation" has always been a core value, the drive toward the creative economy will provide new opportunities to diversify your business activities within Korea.

In addition, I strongly believe that, if we combine the ideas and knowledge of Korean and American enterprises who harbor different social, economic, and cultural backgrounds, we will see new examples of cooperation like eBAY Korea and Foldit that may produce more innovative ideas for the future.

To fully enjoy the benefits of the creative economy, we need a system in which everyone is rewarded fairly for the efforts they provide. To this end, the Korean government aims to provide a business environment that ensures fair competition and a level playing field.

I believe this is in line with the values of American entrepreneurship, which emphasizes 'fair play' and 'transparency'.

In particular, American businesses have long been dedicated to Corporate Social Responsibility activities and Creating Shared Values. Korea's emphasis on 'fair competition' is sure to offer more favorable conditions to enhance your brand image and expand your businesses in Korea.

MOTIE plans to actively take part in establishing a healthy business environment by working to create a market where small and medium sized companies can realize their full potential.

In the process, my Ministry will work closely with the business sector and listen to their opinions to ensure that the newly introduced measures would not be a burden to them.

Lastly, President Park and economic policy makers are making a substantial effort to create a business friendly environment.

I understand that the domestic business environment, including labor and investment related measures are as important for the foreign investment companies as it is for domestic companies.

Based on this understanding, the Korean government announced measures to improve investment-related regulations in early May as part of its efforts to support the businesses in expanding their investments.

Foreign companies in Korea draw significant attention from my Ministry in that they account for 6.2% of total employment and 14.1% of added value in the economy.

In particular, MOTIE is currently considering policy measures to strengthen support for foreign investment companies, based on their contribution to job creation and innovation. We will listen closely to your opinions in bringing these measures into practice.

The global economy currently faces a number of challenges. The recovery of the Eurozone economy is slow, and the emerging countries are showing weakened growth.

As Korea learned from its own experiences, the key to overcoming such difficulties is to open up the markets. As such, I can assure you Korea is fully committed to free trade.

In 2011 Korea surpassed the \$1 trillion mark in trade value and became the world's 9th largest trading nation. Korea's dependence upon foreign trade is 110% as of 2011, the highest among the G-20 nations.

These figures indicate the great importance of trade for the Korean economy. And this entails the need for an open trade policy.

With the inauguration of the new government early this year, MOTIE has come to be in charge of trade policies, including negotiations for and implementation of trade agreements.

MOTIE and its predecessors have long been moving forward with strategies to expand trade and to establish partnerships with the business sector. As is such, commitment to a more open economy and business friendly environment is deeply engraved in the Ministry's DNA.

Following the footsteps of the predecessors, MOTIE will continue to help foreign businesses operating in and out of Korea.

As the words "global supply chain" imply, in today's world no one nation can seek to conclude all economic activities within its own borders.

For example, GM Korea designs its cars in Korea, sources the parts from other countries builds the cars in Korea, and then sells them to the US, EU, Asia, and many other nations.

I believe the current decision for GE Offshore Marine Services and Siemens Energy Sector to invest in Korea, also reflects the global strategies of these companies in light of their global supply chains.

This also indicates that, the expansion of the economic territory through the FTAs has much significance for the foreign investors.

Korea has incorporated 57% of the world economy in its economic territory through the FTAs already in effect, and has acquired 40% of the world population as its consumers. These figures are to rise with the additional FTAs now under negotiation.

MOTIE will continue its efforts towards an open economy to ensure that your investments are successful not only in terms of its Korean operations, but also in the context of its global operations.

Korea and the US have enjoyed a friendship lasting 60 years. Now with the KORUS FTA as a firm platform of economic cooperation, and the pursuit of creative economy and fair competition as its supporting pillars, I believe we have formed a basis for a deeper and future-oriented economic partnership.

Once again, I would like to thank the Chairman and the President of AMCHAM for having me today. I would also like to express my gratitude to the staff for organizing this meeting.

I wish all of you the best in your personal and professional endeavors.

Thank you.