



The Florida | Korea Report



Florida-Korea Economic Cooperation Committee

"FLOR/KOR" "플로리다-한국 경제협력 위원회"

www.florkor.org



Spring 2017 Edition

PortMiami Hosts 2017 FLOR/KOR Summit

Florida Korea Economic Cooperation Committee ('FLORKOR') successfully conducted its 2017 Florida Korea Business Summit Program in partnership with PortMiami on the morning of this past March 17. PortMiami hosted the event at its Cruise Terminal B in Miami, FL, from 9:00 am-12 noon.



From left to right: Manny Mencia, Sr. V.P.-Int'l Trade & Business Dev., Enterprise Florida, Inc.; Minsok Chu, Pres. & Chief Rep., Korea Int'l Trade Assoc. (KITA) Wash., D.C.; Dave Woodward, Exec. Dir., FLOR/KOR; Chang Kyu Kim, Minister Counselor for Trade, Industry and Energy at the Embassy of the Republic of Korea in the United States of America; Eric Olafson, Manager, Trade Dev., PortMiami; Alicia Cumba, Admin. Coord., PortMiami; Don Wrinkle, Seaport Intermodal Coord., PortMiami and Sebastian Yavar, Cargo Dev., PortMiami at the 2017 Florida-Korea Summit this past March 17.

This summit program connected business, government, economic development, and tourism and education leaders with the very top officials of Korea government and companies interested in expanding ties with the state and the host city of Miami. Mr. Chang Kyu Kim, Minister Counselor for Trade, Industry and Energy at the Korean Embassy delivered the keynote remarks and The Honorable Jose "Pepe" Diaz, Miami-Dade County Commissioner, delivered welcome remarks on behalf of the county.

This year's summit was presented in partnership with PortMiami and with additional support from Enterprise Florida, The Florida Department of Economic Opportunity,

the Korea Trade Center - Miami (KOTRA), the Florida Chamber of Commerce and World Trade Center Miami. This important statewide gathering of Florida-Korea business and community event provided a unique opportunity for businesses to network with leading Korean companies.

S. Korea is the world's fifteenth largest economy and the third largest in East Asia. It is also one of Florida's largest trading partners - with over \$2.22 billion in bilateral trade in 2015. Some 35 key Korean companies and organizations have chosen to invest in Florida's economy statewide, and Miami has both a Korea Trade Center (KOTRA Miami) and an Honorary Korean Consul General, Mr. Burton A. Landy.

(continued on p. 2)

Who Will Replace Korean President Park?

The South Korean Parliament has voted to impeach President Park Geun-hye and the country's eight-member Constitutional Court voted unanimously to uphold Ms. Park's impeachment and removed her from office. South Korea will hold a snap election to replace former President Park Geun-hye on May 9, the country's acting president said at a cabinet meeting, formally setting a date for a poll that is expected to usher in a government with dramatically different political priorities.

The acting president, Prime Minister Hwang Kyo-ahn, also said that he won't run in the presidential race. The following is a list of potential candidates to replace Ms. Park.

MOON JAE-IN, 63
Democratic Party leader

As the likely presidential candidate of the main opposition party, the liberal Mr. Moon tops opinion surveys of potential replacements for Ms. Park. As a student activist in the 1970s, Mr. Moon was jailed for opposing the dictatorship of Ms. Park's father, President Park Chung-hee. He had been a friend and

ally of President Roh Moo-hyun since the 1980s. Mr. Moon supports the country's alliance with Washington, but he has argued that it needs a more "balanced diplomacy".

LEE JAE-MYEONG, 51
Mayor of Seongnam

A rising star among progressives, Mr. Lee calls himself the Bernie Sanders of South Korea. But he is more like President-elect Donald J. Trump in one respect: He uses Twitter, too. He has a huge audience there and has used his pointed comments to attack Ms. Park and her policies. He was one of the first major politicians to address the crowds of antigovernment demonstrators who have filled central Seoul on recent weekends. He says that Ms. Park "should be handcuffed" on criminal charges the moment she leaves office. Before running for mayor, he worked as a lawyer defending labor activists and political dissidents.

AHN CHEOL-SOO, 54
People's Party leader

A millionaire software mogul who leads a small opposition party, Mr. Ahn became a political

star for his plain talk about equality and justice and his searing criticism of the existing political parties and big business. "Bill Gates wouldn't have become Bill Gates if he were born in South Korea," Mr. Ahn once said, accusing Samsung, Hyundai and other major corporations of creating "zoos" where they have shackled small entrepreneurs with slavelike contracts.

PARK WON-SOON, 60
Mayor of Seoul

As mayor of the capital, Mr. Park is considered the second most powerful elected official in South Korea after the president. A former human rights lawyer, he is seen as a leader of the civil society movement and founded the country's most influential civil and political rights group. He has won many landmark legal cases, including South Korea's first sexual harassment conviction. A tireless critic of what he calls growing social and economic inequality.

Sources: Wall Street Journal 3-15-17 & NYT 12-9-16

FLOR/KOR Successfully Carries Out 2017 Florida-Korea Summit (continued from p. 1)

The country implemented the Korea-US Free Trade Agreements (KORUS FTA) in 2012, and has been increasing activity investment abroad. Indeed, according to keynote speaker Minister Counselor Kim's presentation, Korean foreign direct investment to the U.S. more than doubled from the time the KORUS FTA was implemented through 2015, increasing from U.S.\$2.2 billion to \$5.7 billion. Further, both Samsung and LG have announced plans for major invest-

ment projects in the U.S. in the near future.

Also, PortMiami's business panel presenter, Mr. Eric Olafson, Manager, Trade Development, mentioned that according to the most recent quarterly data the Port's trade with Asia has increased 16% since October of last year.

Also, FLOR/KOR held its annual meeting of members and a business card

exchange as part of this year's Summit on March 17 at PortMiami. FLOR/KOR Chair Kimi Springsteen presided over the meeting with Mr. Chang Kyu Kim, Minister Counselor for Trade, Industry and Energy at the Korean Embassy delivering brief welcome remarks and FLOR/KOR Executive Director Dave Woodward gave a brief review of the past year's activities and accomplishments. Plans for next year's Summit will be announced soon.

Samsung Taps Liner Service from Mexico to Miami to Avoid Border

A new all-water container service moving Samsung products from Mexico through the Port of Miami to the Southeast is providing some shippers a cheaper and faster option, shaving off roughly half the time and a quarter of the cost from traditional trucking cross-border options. It's not just the next chapter for Miami, port officials say, it's the next chapter for North American free trade: an all-water route that eschews costly and time-consuming transits at the U.S.-Mexico land border.

"Everyone says, 'What's next with NAFTA?' The next highway for NAFTA is an all-water route," Eric Olafson, Miami's manager of trade development, told JOC.com at the 16th annual TPM Conference in Long Beach. "It's hard to conceptualize, because people are so focused on trade with Mexico that goes across the (land) border and we're coming out with a new route."

Since November of last year, Miami has hosted a weekly SeaLand Marine service, importing Samsung electronics out of Mexico's Port of Veracruz, said Miami Port Director Juan Kuryla. It includes roughly 25 to 35 forty-foot-equivalent units each week of televisions, phones and a variety of electronic products manufactured south of the border, Kuryla said. It takes roughly four days, at most five, for the cargo to move from the manufacturing hub in the Valley of Mexico to Samsung's distribution center in Jacksonville, Florida, Kuryla said. After a two-day transit by sea, the electronics arrive in Miami and are transited overnight to the Samsung distribution center in North Florida via Mi-

ami's new on-dock Florida East Coast Railway service.

"If it leaves by 11 o'clock, it's in Jacksonville the next morning," said Olafson. According to Olafson, the all-water route saves roughly four to five days of transit time and about 25 percent of all-inclusive costs versus traditional routes moving goods across the U.S.-Mexico land border. And those ships don't head back empty-handed, he said. "We're evenly divided, the Port of Miami, imports and exports. So, those ships are picking up product that's headed back to Mexico, too," Olafson said. That includes waste paper, furniture and consumer goods Miami is exporting to Latin America. Samsung is the only shipper using the all-water service, for now, port officials said. Despite a slow economy, Mexico remains a manufacturing powerhouse. It is the leading exporter of domestic appliances in Latin America and the sixth largest in the world. Kuryla and Olafson said they hope the Samsung service will prove to be a successful pilot for future all-water import services. "We're going to try and piggyback off this," Kuryla said. "If it's working for Samsung, why shouldn't it work for someone else doing something similar, or even other industries?" Kuryla said the port will be joining a Florida trade mission to Mexico in May and hopes to make some progress on that front.

But Miami has spent the last year on a trade mission of sorts, positioning itself as a major gateway for U.S. imports of all kind. It's a vision emboldened by the port's new FECR on-dock rail service, a new tunnel leading to Florida's inter-

state highway system, 50-foot harbor depths and multiple rail departures per day. There is still debate over how successful Miami will be in becoming a major gateway for imports destined beyond the Florida market. Port officials, though, have indicated their 2015 import volume is evidence that the answer is a resounding, "Yes."

Container traffic at the Port of Miami jumped 20 percent in January, beating out U.S. Southeast competitors in Charleston and Virginia, which saw traffic flatline in the first month of the year. The Port of Miami ranked third on JOC.com's list of the top 10 fastest-growing U.S. import ports for 2015. The gateway handled roughly 409,346 import 20-foot-equivalent units last year, up 18.86 percent year-over-year. But, it's more than just a pitch for Port Miami, Olafson and Kuryla said. All marine gateways with access to Latin America stand to benefit from an all-water cross-border service, they said.

U.S.-Mexico cross-border trade along the land bridge is costly and time-consuming, the men said. It played a significant role in the first two decades after the North American Free Trade Agreement went into effect if only because it was the way shippers were used to moving their goods. The proximity of southern U.S. ports to manufacturing in Mexico makes an all-water cross-border service cheaper and more efficient, Olafson said. It may be a new idea, but Miami has been a proving ground. (Contributed by Eric Olafson, PortMiami, Source: Journal of Commerce 2-14-17)

Samsung Plans U.S. Expansion, Would Shift Manufacturing from Mexico



Samsung Electronics Co. is planning a major investment to expand its U.S. production facilities, according to people familiar with the matter, with at least five states in discussions. The initial capital investment is expected to be around \$300 million, several of the people said, with Samsung shifting some production of oven ranges to the U.S. from Mexico. The move could generate around 500 jobs, those people said. Talks are continuing and no final decisions have been made, with a start date for oven-range production still undetermined, the people said, so the details may change.

In subsequent years, Samsung could eventually ramp up U.S. manufacturing of refrigerators, washers, dryers and other home appliances, which could make the total investment significantly larger, according to people familiar with the discussions. But no

firm deadline or commitment is set for those decisions, the people said. Samsung's interest in a U.S. factory was influenced by the election of U.S. President Donald Trump, according to people familiar with the matter. Mr. Trump campaigned on a desire to create more manufacturing jobs in the country—and has threatened potential penalties for companies that don't comply. The South Korean electronics giant, the world's largest manufacturer of smartphones, memory chips and televisions, has had initial discussions with Alabama, Georgia, North Carolina, Ohio and South Carolina, according to the people. Among those, South Carolina is a strong contender, according to a person familiar with the developments, with Samsung expressing interest in a site around Blythewood, S.C.

In response to an inquiry from The Wall Street Journal, Samsung confirmed its U.S. plans for the first time in a company statement. It said "preliminary" discussions had taken place about a new home-appliance facility. "However, this is a complex process that, like all strategic business decisions, will not be made final until it is determined through proper due diligence and planning that it is the best option for Samsung," the company said. Samsung started reviewing U.S. options "early last fall," the company said, meaning before the November election. A Samsung spokeswoman declined to elab-

orate beyond the statement.

The Suwon, South Korea-based firm has signaled to the states that it prefers to move into an existing facility rather than build a new one, according to people familiar with the discussions. Many of Samsung's home appliances are currently manufactured in Mexico. For decades, Samsung has spent heavily in the U.S., ranking as one of the country's largest direct foreign investors. In November, just days before Mr. Trump's election, the technology giant said it would invest more than \$1 billion in its Austin, Texas semiconductor factory to boost production of processor chips for smartphones and other devices.

Since Mr. Trump's election, some large firms across Asia have pledged to expand U.S. operations or investments. Samsung's hometown rival LG Electronics Inc. said last week that it would build a new home-appliance manufacturing factory in Tennessee, creating at least 600 jobs and investing \$250 million. In a sign of Samsung's stature in the U.S., Samsung Vice Chairman Lee Jae-yong was the only executive from a foreign company to be invited to a mid-December tech industry meeting with Mr. Trump, then the president-elect, according to people familiar with the matter.

Source: Wall Street Journal 3-8-17

South Korea's LG Electronics to Build U.S. Factory in Tennessee

South Korean conglomerate LG Electronics Inc. said it is planning to build a new washing machine factory in Tennessee, its first major U.S. plant, and hire at least 600 workers by the end of 2019. LG's decision to locate production in the U.S. could aid its push into the American home-appliance market, where it has gained share in recent years competing against rivals such as Michigan-based Whirlpool Corp.

A U.S. plant would also help the foreign company avoid U.S. tariffs aimed at its washers produced abroad. For instance, the U.S. Department of Commerce last year imposed tariffs on LG washers made in China, as the company looked for other production bases, including Thailand and Vietnam. William Cho, chief executive of LG's North America division, said U.S. duties were among the company's considerations but not the prime motive for building the U.S. factory. While new factory jobs would further U.S. President Donald Trump's goal of boosting American manufacturing, LG's decision was part of a long-term plan in the works since 2010, Mr. Cho said, adding that a U.S. factory would speed up deliveries to American customers, reducing shipping time

and costs, and allow it to more quickly respond to market demands.

Mr. Cho said having local facilities and shorter supply chains would generate significant benefits. "Increased speed to the market makes us more nimble," he said. LG said it considered locating its U.S. factory in eight states, including ones in the Midwest, but ultimately decided on Tennessee, which offered a grant worth about \$20 million for the construction of the 829,000-square foot factory on 310 acres of land near Clarksville, Tenn., according to a person familiar with the matter. LG will lease the land from a local agency and the agreement includes discounted rents and property tax abatement, according to this person. A state spokesman declined to disclose the incentives offered to LG, saying a formal legal agreement wasn't yet in place.

LG's products have gained traction in the U.S. in recent years. Its share of the U.S. retail washer sales grew to 16.5% in 2016, up from 13.2% in 2012, according to TraQline data compiled by the research firm Stevenson Co. LG billed the highly automated Tennessee factory as "the world's most

advanced production plant for washing machines." The company previously had a small assembly plant in Alabama in the U.S. about two decades ago.

Foreign companies have been opening factories in the U.S. for years. Netherlands-based airplane maker Airbus Group SE and Japan-based heavy equipment maker Komatsu Ltd. have U.S. factories in Alabama and Tennessee, respectively. LG isn't the only appliance manufacturing taking aim at the U.S. market. Last year, the Chinese manufacturer Haier Group paid \$5.6 billion for General Electric Co.'s appliance unit.



Source: Wall Street Journal 2-28-17

FLORIDA-KOREA TRADE

The total merchandise trade with South Korea in \$millions

| | 2014 | 2015 | 2016 | 2015-2016 (%change) |
|-----------------|---------|---------|---------|---------------------|
| Total Trade | 2,130.0 | 2,214.8 | 2,153.9 | -2.8 |
| Florida Exports | 342.6 | 268.1 | 315.3 | 18.5 |
| Florida Imports | 1,787.4 | 1,948.7 | 1,838.0 | -5.7 |

Note: Total Trade between Florida and Korea fell 2.8% during the most recent two-year reporting period, while Florida exports grew about 18.5% according to the most recent trade data Available from Enterprise Florida.

Top 10 Florida-Origin Exports to Korea:

1. Liquid Crystal Devices Nesoi; Lasers; Opt Appl; Pt
2. Civilian Aircraft, Engines, and Parts
3. Fruit Juices Not Fortified with Vitamins or Minerals
4. Automatic Data Process Machines; Magnetic Readers Etc
5. Turbojets, Turbo-propellers & Other Gas Turbines
6. Waste and Scrap of Paper or Paperboard
7. Chemical Woodpulp, Dissolving Grades
8. Print Mach Incl Ink-Jet Mach Ancil T Prnt Pt Nesoi
9. Instruments & Apparatus for Physical or Chemical Analysis
10. Polyamides in Primary Forms

S. Korea/PortMiami Trade Data

South Korea Ranked as PortMiami's #16 Trading Partner with 12,621 TEUs in 2016

Imports: 8,470 TEUs Exports: 4,151 TEUs

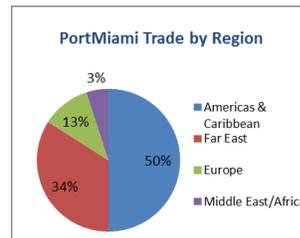
Top Commodities

Top Imports

1. Vehicle Parts
2. Paper
3. Machinery
4. Electrics/Instruments
5. Plastic Products

Top Exports

1. Waste Products
2. Food Products
3. Household Products
4. Machinery
5. Vehicle Parts



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BOOTH INFORMATION
Enterprise Florida Inc. has secured exhibit spaces for Florida companies to showcase products and services at IGF. This event is an effective marketing tool to optimize your presence in a promising market.

Turnkey 9-square meters booth
(3m wide x 3m deep) **USD \$2,000**
Register by February 28th and only pay **\$1,600.00!** You must submit payment by February 28th to receive this discount.

- Turnkey Booth Includes:**
- Carpeting, fascia board, three spotlights and electrical socket.
 - One information desk and chair for furniture.

KOIMA will also provide B2B meetings if feasible for the parties involved.

Space is limited and will be sold on a first-come, first served basis.



Enterprise Florida offers trade grants to offset 50% of booth cost for qualifying Florida companies.

REGISTRATION DEADLINE
Thursday | March 30, 2017

Join Enterprise Florida at the Korea Import Goods Fair (IGF) 2017!

The 15th Korea Import Goods Fair is presented by the Korea's Importers Association (KOIMA) and sponsored by the Korean Ministry of Trade, Industry & Energy (MOTIE). This event is intended to provide foreign manufacturers and suppliers the opportunity to introduce brands and high-quality products to Korean importers and consumers. Korea's import market ranks 10th in the world with a trade volume that is approximately around \$500 billion.

In 2016, IGF was a tremendous success with 234 exhibitors representing 46 countries and with over 20,000 visitors attending the fair. In addition to the exhibition area, several seminars and workshops will be presented by industry experts to help exhibitors understand Korea's distribution channels and trade policy.

Any company interested in establishing new business relationships and/or expanding its footprint in the Asian market should plan to attend IGF, Korea's only import-oriented exhibition.

Several opportunities exist for Florida companies in the following areas

Food & Beverages, Handicrafts, Cosmetics, And Household Items, Children's Items, Jewelry & Accessories, Sports & Leisure Items, Electric & Electronics Products and Appliances, Daily Necessities, Trade and Travel Services



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Acknowledgements & disclaimer:

We welcome contributions and input from our members and readers, and while every effort is made to report all information accurately, and apologize for any errors or omissions on our part. Please contact us with any suggested revisions or comments.

This publication was produced with support from the Florida Department of Economic Opportunity (DEO).