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ECCK

CONNECT

AUGUST 2021

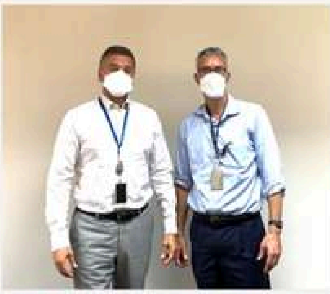
ECCK Connect Monthly
August 2021 Issue

The Copernican Revolution of International Taxation

Yulchon LLC shares information on the OECD/G20 'Digital Tax' Regime that is scheduled to be announced in November, 2021.

START READING

MORE ON MONTHLY READS



ECCK News

Check the ECCK's advocacy activities and more in August 2021.

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New Members

ECCK welcomes its newly joined members in August 2021.

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EU Project

Under the slogan "Together. Resilient. Europe." Slovenia will take over the Presidency of the Council of the EU

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Honorary Seoul Citizen

Meet Batdelger Bodigal, Honorary Citizen of Seoul from Mongolia!

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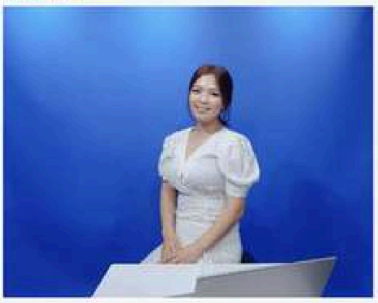

New Age of BALTIC

Sun Blanket Foundation Holds its First Exhibition, New Age of BALTIC

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All ECCK members are eligible for the exclusive ECCK Premium Membership to receive complimentary benefits and recognition in addition to the general membership benefits. Our valued ECCK Premium Members are:

General News

In August, the Chamber actively involved in facilitating dialogues with the Korean and European governments. The highlights include meeting with H.E. Mr. Sten Schwede, newly-appointed Estonian Ambassador to Korea.

ECCK Meets Estonian Ambassador to Korea

AUGUST 18, 2021

On August 13, ECCK President Christoph Heider had a meeting with H.E. Mr. Sten Schwede, newly-appointed Estonian Ambassador to Korea.

During the meeting, Mr. Heider provided an overview of the ECCK and shared details about the White Paper, one of ECCK's publication that contains the difficulties and suggestions of European companies regarding the Korean business environment. The two also took time to discuss future cooperation.

Donation Opportunity to ECCK's Charity Partners

AUGUST 30, 2021

As the Chuseok holiday's approaching in less than a month, ECCK would like to propose a donation opportunity to our charity partners. To participate CSR donation program, you can directly make donations through the bank accounts presented below.

"Since the COVID-19 outbreak, the businesses have been deeply impacted and so have charity organizations. Through this opportunity, I would like to encourage our member companies to make monetary donations to our selected charity organizations," said ECCK President Christoph Heider.

The ECCK has started its charity initiatives since the difficult times caused by COVID-19 pandemic.

Charity Partners

- **Anna's House:** A welfare organization run by Father Kim Ha-jong (Father Vincenzo Bordo), an Italian-born Catholic priest. Since 1990, it has been providing shelter for homeless and runaway teenagers in Seongnam, Gyeonggi Province. (사회복지법인 안나의집: Nonghyup Bank 171405-51-047081 / Contact: 031-757-6336)

▪ **House of Bethania**: A social welfare shelter for migrant workers in Korea run by Father Ha Dae-Geon (Father Christophe Bérard) and Symeon Kyung Ok Hwang. (천주교서울대교구이주사목위원회: Woori Bank 1005-401-277443 / Contact: 02-802-9313)

▪ **Jeon Jin Sang Clinic**: A medical social welfare center run by Dr. Marie-Helene Brasseur, a Belgian Doctor who has been serving neighbors in Siheung-dong, Seoul for 45 years. (전진상복지관: KB Bank 037-01-0318-564 / Contact: 02-924-9970)

▪ **Shinmyeong Orphanage**: A childcare facility in Korea run by Ms. Sunju Choi. (신명보육원: Suhyup Bank 2010-0797-6832 / Contact: 032-522-3944)

Previous Donations From ECCK Members

▪ Fissler donates KRW 30 mil to ECCK Charity Partners — March 9, 2021
▪ Donation of KRW 9 million of food products from Nestlé to ECCK Charity Partners | December 14, 2020
▪ ECCK holds Charity Race with Renault Samsung Motors | November 4, 2020

ECCK Holds Sixth UN-SDGs Webinar with Evonik

AUGUST 26, 2021

ECCK hosted its sixth live webinar on United Nations Sustainable Development Goals (UN-SDGs) in partnership with Evonik on August 19, 2021.

Presented by Dr. Harald Schwager, Member & Deputy Chairman of the Executive Board of Evonik, the webinar was held under the theme of "Evonik Improves Life Day In, Day Out". After graduating from the University of Karlsruhe with a degree in chemistry in 1984, Dr. Schwager has been taken over various positions. Since September 2017, he has served as deputy chairman of the Executive Board of Evonik Industries AG in Essen, Germany.

During his presentation, Dr. Harald Schwager introduced Evonik's approach to sustainable development goals. "Sustainability is the most important topic for the world, for society and for the economy." said Deputy Chairman of the Executive Board Schwager. "If we want to develop sustainability solutions, we need industries and companies like Evonik. Without industries, without the innovative strength of the industries, creativity, and its research, development will not be able to anchor sustainability of people in the lives of everyone."

About ECCK's SDGs Webinar Series

Until December 2021, ECCK will be hosting a virtual webinar series every month featuring leading individuals from global companies advancing the SDGs. Our previous participants include Chairman and CEO of Baker Hughes Lorenzo Simonelli, Member of the Board of Executive Directors of BASF SE Saori Dubourg, Vice President of Environmental Responsibility of Lego Group Tim Brooks, Group Chief Investment Officer and Member of the Group Executive Committee of Swiss Re Guido Fürer, CEO and President of the Executive Committee of Solvay, Dr. Ilham Kadri and Member & Deputy Chairman of the Executive Board of Evonik, Dr. Harald Schwager.

In our upcoming webinar series, companies in various sectors including Mercedes-Benz, Kyobo Life, etc. will discuss business practices and corporate vision and efforts on implementation of UN-SDGs.

For the launch of the webinar series in March, Ban Ki-moon, 8th Secretary-General of United Nations, shared a congratulatory message. "When there is a strong tripartite partnership between government, business leaders and civil societies, there is nothing which we cannot do. We need to count on private sectors to help drive further success, and we will all benefit from robust vision and action by companies to set the right sustainable business strategies and corporate culture.", said H.E. Ban Ki-moon. "That's why I am so pleased that the ECCK has organized this webinar series with global business leaders to share their experiences and commitment with us."

Christoph Heider, President of ECCK, said, "United Nations Sustainable Development Goals are a very important milestone in opening the future for the next generation. We believe that this webinar series will provide a platform to promote the importance of the efforts and roles of private sector for the successful implementation of the SDGs and to explore various solutions to the challenges for businesses."

For more information on ECCK's upcoming SDGs Series, please contact event@ecck.or.kr.

Change of Entry Regulations to Korea

AUGUST 30, 2021

The suspension of visa-free entry to the Republic of Korea, which has been in effect for over a year, will be lifted for citizens of the European Union and Schengen countries from September 1, 2021. This means that short-term stays (less than 90 days) will again be possible without a visa.

Instead, European nationals residing outside Korea and travelling to Korea must then apply via the Korea Electronic Travel Authorization – or in short K-ETA – at least 24-hours prior to departure. The application can be either done online or via the K-ETA app. For further information, please refer to the web-page of K-ETA (www.k-eta.go.kr).

The requirement for the Re-entry Application for foreigners residing in Korea instead is still maintained.

ECCK Tourism Working Group Meeting

AUGUST 26, 2021

On August 25, the ECCK Tourism Working Group had a virtual meeting on Korea Tourism Organization's plan to boost the Korea Tourism Industry.

The meeting began with a presentation session by Ms. Jong Sook Kim, Director of Europe, Americas & Oceania Team, Korea Tourism Organization. During the presentation, topics such as current visitors status in Korea, plan to boost visitor numbers in Korea, countries that KTO planning to focus on, etc. were covered.

The group further discussed the issues during a Q&A session lead by Ms. Sujin Hong, Manager of Europe, Americas & Oceania Team, Korea Tourism Organization.

ECCK Quarterly Report Q2/2021 Published

AUGUST 4, 2021

It is with great pleasure that we hereby share with you the 14th edition of our Quarterly Report, looking back at the second quarter of 2021.

As true European advocacy organization this report contains information about EU, EFTA, and UK trade and FDI for Q2/2021. The purpose of the report is to provide a succinct overview of the most pertinent developments for European industry in Korea.

In order to assure the highest relevance of our reports' contents, we welcome your feedback. Naturally, we also warmly invite you to let us know of any trade or market access issues that are not included herein.

ECCK CSR Partners

The ECCK strives to give back to the ones in needs as part of a responsible member or Korean society. In order to achieve this goal, we strongly encourage our members to participate in this CSR initiatives to our CSR partners.

Anna House

A welfare organization run by Father Kim Ha-jong (Father Vincenzo Bordo), an Italian-born Catholic priest. Since 1998, it has been providing shelter for homeless and runaway teenagers in Seongnam city.

사회복지법인 안나의집: Nonghyup Bank 171405-047081 / Contact: 031-757-6336/ Website: www.annahouse.or.kr

Jeon Jin Sang Clinic

A medical social welfare center run by Dr. Marie-Helene Brasseur, a Belgian Doctor who has been serving neighbors in Siheung-dong, Seoul for 45 years.

전진상복지관: KB 037-01-0318-564 / Contact: 02-802-9313 / Website: www.jeonjinsang.or.kr

House of Bethania

A social welfare shelter for migrant workers in Korea run by Father Ha Dae-Geon (Father Christophe Bérard) and Symeon Kyung Ok Hwang.

천주교서울대교구 이주사목위원회: Woori Bank 1005-401-277443 / Contact: 02-924-9970

Myongdo Welfare Center

Myongdo means the Bright Way. Myongdo is a community based welfare center offering individualized personal educational and rehabilitation programs to persons with learning disabilities with the aim of enabling them to live independent lives, living and working in society alongside their non handicapped peers.

성골롬반 복지재단: Nonghyup 689-01-171908 / Kwangju 1107-020-616498 / Contact: 061-279-4879 / Website: www.myongdo.or.kr/index.php


Shinmyung Orphanage

A childcare facility in Korea run by Ms. Sunju Choi. Helps children become self-reliant, operates child counseling support services, self-reliance support integrated services, emotional cultivating support services, and youth leaders development projects to help children grow into healthy members of society even after they are discharged.

신명보육원: Suhyup Bank 2012-0797-6832 / Contact: 032-522-3944 / Website: www.sm1952.or.kr


ECCK Charity Partners

Médecins Sans Frontières (MSF)

An international, independent medical humanitarian organisation that provides medical assistance to people affected by conflict, epidemics, disasters, or exclusion from healthcare. MSF's actions are guided by medical ethics and the principles of impartiality, independence and neutrality. MSF was founded in 1971 by a group of doctors and journalists and now is a worldwide movement working in more than 70 countries.

Website: www.msf.or.kr

Concern Worldwide Korea

Established in 2015 as the first branch office in Asia, Concern Worldwide is the largest Irish humanitarian organization founded in 1968 tackling the root causes of extreme poverty and hunger in the poorest countries. Concern works for the vulnerable people in the context of conflict or climate change like Bangladesh, Ethiopia, Somalia, Syria and DPR Korea, helping people to achieve major and long-lasting improvement in their lives.

Website: www.concern.or.kr

RMHC Korea

A global non-profit corporation established in 1974 in the United States. It has been providing a home-like house to children and their families who are being treated at hospitals for severe diseases to provide psychological stability and support. In Korea, has been operating its 1st home-like house since 2019.

Website: www.rmhc.or.kr

Previous Donations:

Donations with ECCK Members (Q4 2022 ~ Jan 2023) — February 9, 2023

Nestlé Korea's Donation to ECCK's CSR Partner — September 8, 2022

ECCK Donation to Anna House — August 8, 2022

ECCK Donation to Jeon Jin Sang Clinic — July 11, 2022

Fissler donates KRW 30 mil to ECCK Charity Partners

March 9, 2021

ECCK is pleased to share the news that our long-valued member Fissler GmbH has made a generous donation to ECCK Charity Partners who are having a difficult time due to the prolonged Covid-19 crisis. Fissler has provided KRW 30 million worth of its kitchen utensils to social welfare charities and organizations to help families and communities in need. Donations were delivered to the Chamber's charity partners including Anna's House, Jeon Jin Sang Clinic, and Migrant Pastoral Commission. We would like to express our sincere gratitude and appreciation to Fissler for their kind donation. The ECCK will continue to help promote a healthy giving culture and increase donations to benefit social welfare charities and organizations who are suffering from the pandemic.

(Image Source: Fissler Korea)

Donation of KRW 9 million of food products from Nestlé to ECCK Charity Partners

December 14, 2020

ECCK is pleased to share the news that our long-valued member Nestlé has made a generous donation to ECCK Charity Partners this festive season. Nestlé has provided over KRW 9 million worth of its food products to social welfare charities and organizations to help families and communities in need. Donations were delivered to the Chamber's charity partners including Anna's House, Jeon Jin Sang Clinic, House of Bethania, EGDS, Shinmyeong Orphanage, and Star of the sea. We would like to express our sincere gratitude and appreciation to Nestlé for their kind donation.

ECCK Charity Partners

- Anna's House: A welfare organization run by Father Kim Ha-jong (Father Vincenzo Bordo), an Italian-born Catholic priest. Since 1990, it has been providing shelter for homeless and runaway teenagers in Seongnam, Gyeonggi Province. (사회복지법인 안나의집: Nonghyup Bank 171405-51-047081 / Contact: 031-757-6336)
- Jeon Jin Sang Clinic: A medical social welfare center run by Dr. Marie-Helene Brasseur, a Belgian Doctor who has been serving neighbors in Siheung-dong, Seoul for 45 years. (전진상복지관: KB Bank 037-01-0318-564 / Contact: 02-924-9970)
- House of Bethania: A social welfare shelter for migrant workers in Korea run by Father Ha Dae-Geon (Father Christophe Bérard) and Symeon Kyung Ok Hwang. (천주교서울대교구 이주사목위원회: Woori Bank 1005-401-277443 / Contact 02-802-9313)


Father Vincenzo from Anna's House receives Nestlé food products from ECCK Staff and Santa Claus

ECCK holds Charity Race with Renault Samsung Motors

November 4, 2020

ECCK held the opening ceremony of the "ECCK Charity Race" on November 4 at the Seoul Dragon City Hotel. This charity rally is organized to better promote a giving culture and increase donations to benefit social welfare charities and organizations in Korea who are suffering from the COVID-19 outbreak.

Over the course of three-day event, volunteers from ECCK member companies will drive Twizy vehicles, sponsored by Renault Samsung Motors, Seoul to Busan. A total of five Twizy vehicles will depart from Seoul and go through Daejeon and Daegu and arrive in Busan on November 6. ECCK member companies are encouraged to donate to one of the three donee organizations proposed by the Chamber.

The opening ceremony was attended by **Dirk Lukat**, ECCK Chairperson and CEO of Schenker Korea, **Dominque Signora**, CEO of Renault Samsung Motors, **Vincent Lelay**, Vice President of AccorHotels Korea, **Maria Castillo Fernandez**, Ambassador of the European Union to the Republic of Korea, **Philippe Lefort**, and Ambassador of France to the Republic of Korea, **Father Vincenzo Bordo** of Anna's House, and **Dr. Marie-Helene Brasseur** of Jeon Jin Sang Clinic.

The ceremony opened with welcoming remarks by ECCK Chairperson **Dirk Lukat**. "After we heard that our charity partners are going through difficult times due to the COVID-19 outbreak this year, we decided to organize this charity rally event to support them. As a responsible member of the Korean society, ECCK will continue to pay attention to and strive to increase corporate social responsibility and to realize social values. I strongly hope that today's charity race will become a good example of this.", said Chairperson Lukat.

At the opening ceremony, Hanwha Total Petrochemical, a member of ECCK, delivered a donation of KRW 15 million.

European Chamber of Commerce in Korea ECCK Charity Race

Donation Period: November 4-November 6, 2020

- **Anna's House:** A welfare organization run by Father Kim Ha-jong (Father Vincenzo Bordo), an Italian-born Catholic priest. Since 1990, it has been providing shelter for homeless and runaway teenagers in Seongnam, Gyeonggi Province. (사회복지법인 안나의집: Nonghyup Bank 171405-51-047081 / Contact: 031-757-6336)
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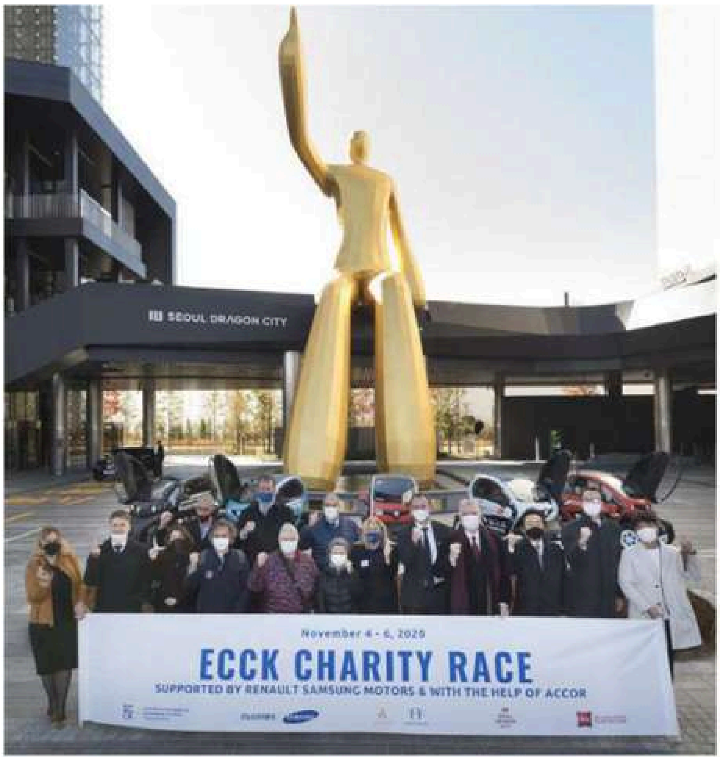

Press Contact:

Jeong Hyun Kim, Manager, PR&Communications

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ECCK Quarterly Report
Q2 / 2021

GENERAL OVERVIEW

In June, President Moon Jae-in paid a weeklong visit to Europe, demonstrating Seoul's commitment to playing a bigger role in addressing ongoing global issues and improving strategic partnerships with Austria and Spain. President Moon's Europe trip highlighted the visit to G-7 summit in the UK's County of Cornwall. As a guest, he attended sessions on healthcare, climate change and economy. Through this year's G-7 summit, President Moon had an opportunity to confirm South Korea's enhanced international status and improved relations with European countries. After the summit, President Moon paid a visit to Austria, which marked him as the first South Korean president to make a state visit to Austria since the two nations established ties in 1892. During his stay, President Moon had a summit with his Austrian counterpart, Alexander Van der Bellen and a meeting with Chancellor Sebastian Kurz on improving bilateral relations. The president's trip to Europe concluded in Spain, where he met with King Felipe VI and Prime Minister Pedro Sanchez to discuss upgrading economic partnerships between the two counties.

With the highly contagious delta variant sweeping the nation, Korea had a setback on slowing the spread of the virus despite its vaccination plan rolling out. According to the Korea Disease Control and Prevention Agency (KDCA), 48% of new patients were infected with the delta variant in the third week of July, compared with 3.3% in the fourth week of June. The number of confirmed cases continued to rise in July and Korea recorded its highest-ever 1,842 of new daily COVID-19 infections. As a result, a level 4 social distancing guidelines was implemented in the Seoul Metropolitan Area, which includes Seoul, Gyeonggi Province, and Incheon. The KDCA reports around 11% of population has completed vaccination, including receiving both shots for vaccines requiring two doses, while 30% have received one dose.

The Ministry of Economy and Finance (MOEF) raised this year's growth outlook for economy to 4.2%, up from its December estimate of 3.2% and the Korean economy is projected to grow 3% next year. The ministry's forecast is higher than the Bank of Korea's projection of 4% and the 3.6% growth estimate by the International Monetary Fund (IMF).

10 Years Anniversary of EU-Korea FTA: Updating and Modernizing a Successful Trade Deal with the KGCCI

Symposium with HUFS on 'A decade of Korea-EU FTA: Looking back, looking forward'

This year marked the 10th anniversary of EU-Korea Free Trade Agreement (FTA). To commemorate the special pact between two economic powerhouses, the ECCK hosted '10 Years Anniversary of EU-Korea FTA: Updating and Modernizing a Successful Trade Deal?' with the Korean-German Chamber of Commerce and Industry (KGCCI) and the German Embassy in Korea. Also, an academic symposium was held in cooperation with Hankuk University of Foreign Studies (HUFS) on the topic of 'A decade of Korea-EU FTA: Looking back, looking forward'. On July 1, the ECCK hosted 'The 10th Anniversary Conference on the EU-KOREA FTA' with the Korea International Trade Association (KITA) and BusinessEurope.

In July, the 'Korean New Deal' commemorated its first anniversary. President Moon held a 'Korean New Deal 2.0 Strategic Meeting' at Cheong Wa Dae. During the event, the government announced the upgrade to the original plan includes an increase to the fiscal investment plan from KRW 160 trillion to KRW 220 trillion to be made by 2025 and expansion of the Green New Deal taking into consideration carbon neutrality.

Trade in Goods between Europe (EUR) and Korea (KOR)						
	H1/2021		H1/2020		H1/2021 vs H1/2020	
Unit Value: USD Million	EUR > KOR	KOR > EUR	EUR > KOR	KOR > EUR	EUR > KOR	KOR > EUR
EU	31,882	31,572	26,449	21,743	20.5%	45.2%
UK	3,030	2,938	1,938	2,304	56.4%	27.5%
EFTA	2,750	796	2,014	911	36.5%	-12.6%
Total	37,662	35,306	30,401	24,958	23.9%	41.5%

<Table 1> Trade in Goods between Europe (EUR) & Korea (KOR)

In H1/2021, exports from the EU to Korea increased by 20.5% to USD 31.9 billion (compared to USD 26.4 billion in H1/2020). Exports from the UK and EFTA to Korea increased by 56.4% and 36.5% respectively. While exports from Korea to the EU and UK increased by 45.2% and 27.5% respectively, exports to EFTA decreased a combined 12.6% to 0.8 billion.

H1/2021 - Foreign Direct Investment (Arrived) in Korea						
	H1/2021		H1/2020		H1/2021 vs H1/2010	
Unit Value: USD million	No. Businesses	Value	No. Businesses	Value	No. Businesses	Value
EU	117	4,109	93	930	25.8%	341.9%
UK	22	78	34	201	-35.3%	-61.2%
EFTA	9	32	15	77	-40%	-58.1%
Total	148	4,219	142	1,207	4.2%	249.5%
All countries	1,004	8,137	740	4,981	35.7%	63.4%
European share	14.7%	51.9%	19.2%	24.2%	-23.2%	113.9%

<Table 2> H1/2021 - Foreign Direct Investment (Arrived) in Korea

European Foreign Direct Investment (FDI) in Korea in H1/2021 increased by 249.5% compared to H1/2020, representing 51.9% of the total foreign direct investment. German FDI accounted for 26.6%, Singaporean FDI for 12.6 %, and Irish FDI for 11.2%. Germany was the largest European investor in Korea during this period with a total of USD 2.2 billion in arrived direct investments; the second and third largest European investors were Ireland and Malta with USD 910.4 million and USD 681.0 million in arrived direct investments, respectively.

COVID-19 Updates

ECCK has reached out to the Korea Disease Control and Prevention Agency (KDCA) for clarification on that foreign resident in Korea who have gone through the whole vaccination process overseas should be exempted from the quarantine. On July 7, the KDCA delivered its clarification that the quarantine procedure will be waived if a foreign resident in Korea left for another country and completed the vaccination process in the country and requested a Korean embassy in the country to issue a quarantine exemption letter. When returning to Korea with the quarantine exemption letter and the negative result of the PCR test, the foreign resident in Korea will be exempted from the quarantine procedure as foreigners residing overseas.

ECCK MARKET OVERVIEW

Chemicals Committee

The ECCK had a meeting with the Korean Occupational Safety & Health Agency regarding the MSDS IT system and trade secret review procedures in cooperation with the KOTRA Ombudsman. Also, the ECCK joined the 2021 Chemical Safety Policy Forum, which the Ministry of Environment kicked off to improve current system of hazardous chemicals management and establish transparent communication platform.

Cosmetics Committee

The Ministry of Food and Drug Safety (MFDS) revised the functional cosmetics screening rules to accept ISO test method for Sun Protection Factor / UV (SPF/UV) index on June 2021. This was a long-standing issue raised by ECCK and finally officially accepted. Also, a further recommendation by the ECCK has been taken up by the "Regulatory challenge" initiative run by Prime Minister's office; the recommendation is related to natural related claims with ISO index.

Fashion & Retail Committee

On June 10, the Prime Minister Kim Boo-kyum announced that the Korean government will improve the current Korean regulations which are much more excessive than relevant foreign regulations, under the initiative of 'Regulatory Challenge'. The Office of Government Policy Coordination received suggestions from several economic organizations including ECCK and as a result, the regulation on 'Price Labeling Requirement' which has been raised from ECCK for a long time was selected as one of the tasks of 'Regulatory Challenge'. ECCK and Fashion & Retail Committee had a separate meeting with the Ministry of Trade, Industry and Energy and KOTRA's Office of Foreign Investment Ombudsman on June 16 and submitted the opinion letter to the MOTIE on July 21 regarding 'Price Labeling Requirement'.

Food Committee

The Ministry of Environment (ME) distributed guidelines related to the enforcement of prohibition of repackaging on June 22. Also, the ME announced the final separate discharge mark regulation on July 9. The ECCK arranged an information session with the Korea Environment Corporation (KECO) on July 27. At the briefing members had an opportunity to learn more about the contents of repackaging violations and check the packaging status of each member company's products through various examples. In addition, it clarified the contents of the packaging inspection system and the packaging material & structure evaluation system in general. During the Q&A session, they also covered new separate discharge mark which will be implemented starting from January 1, 2022 for newly introduced products in the market.

Passenger Vehicles Committee

The Ministry of Environment (ME) announced the Notification of 'Annual Low and Zero Emission Vehicles Supply Target', and revised the definition and the measuring method related to calculation of achievement result for supply target in vehicle sellers, topics suggested in ECCK White Paper 2020. The Notification clarified the definition of 'Combined Fuel Economy' and the test standards of 'Zero Emission Mileage' for plug-in hybrid vehicles reflecting recommendations in ECCK White Paper.

ECCK REPRESENTATION

- April 8: Meeting with Ministry of Trade, Industry and Energy (MOTIE) Europe Trade Division
- April 20: ECCK Roundtable Meeting with National Assembly Member Hong Jungmin
- April 22: Meeting with Anti-Corruption and Human Rights Commission (ACRC) Ombudsman Kim Tae-Eung
- April 30: Meeting with Gwangju City Mayor Lee Yong-seop
- May 25: Meeting with Korea Carbon Industry Promotion Agency
- June 1: Meeting with Seoul Metropolitan Government Job Policy Division
- June 16: Meeting with Gyeonggi Provincial Government Trade Division
- June 23: Meeting with Seoul Vice Mayor Kim DoSik
- July 1: Meeting with National Assembly Member Hong Jungmin
- July 1: Meeting with National Assembly Member Kang Sunwoo
- July 6: ECCK Business Round Table with Vice-President of the European Commission Frans Timmermans
- July 6: Meeting with Korea Internet & Security Agency (KISA) on cooperation with ECCK
- July 8: Meeting with Gyeongsangbuk-do Governor Lee Cheol Woo
- July 8: Meeting with National Assembly Member Jang Chulmin
- July 16: Meeting with Busan Mayor Park Heong-joon
- July 20: Meeting with MOTIE Director General Park Jungwook

July, 2021
ECCK

New Members
August 2021

	NATIONALITY	REPRESENTATIVE (TITLE)
FRESENIUS MEDICAL CARE KOREA	Germany	Ms. Clare (Hee-Kyong) Kim (Managing Director)
OVE ARUP & PARTNERS KOREA LTD	Hong Kong	Mr. Steve Yoon (Country Manager)
UNITED TERMINAL KOREA, LTD.	Korea	Mr. Oliver Cruz (CEO)

The Copernican Revolution of International Taxation

I. The New Origins of the International Tax System

Traditionally, the authority to tax corporations has been exercised by the state having jurisdiction over the physical location of the corporation's permanent establishment. However, this traditional rule has allowed multinational corporations that do not have a separate permanent establishment in a specific country to avoid taxation in the countries where their markets are located by transferring profits from one country to another with a lower tax rate. This pattern is particularly popular among multinational companies whose main business activity is the provision of digital services.

According to the Organization for Economic Cooperation and Development (hereinafter referred to as the "OECD"), the amount of tax avoidance by such multinational corporations varies between US$100-240 billion annually for each OECD member, which is roughly equivalent to the amount of their respective total corporate tax revenues. In fact, it is estimated that these annual tax revenues losses account for about 4-10% of each state's global corporate income tax revenue.[1]

II. G7 Agreement

At the inaugural G7 Finance Ministers and Central Bank Governors Meeting held on 4-5 June 2021 in London, the Group of 7 agreed on the conditions under which the jurisdiction of the territory where direct sales are derived can tax multinational corporations, regardless of the location of their permanent establishment (hereinafter referred to as the "G7 Agreement").

Specifically, under the G7 Agreement, the world's largest and most profitable multinational corporations are now taxable by countries that are hosts to markets where those corporations derive profits of at least 20% in excess of 10% of their global margins.[2]

It is noteworthy that although the discussions leading up to the new international tax system were centered on multinational corporations providing digital services, the G7 Agreement did not specifically refer to the types of business operated by multinational corporations. In other words, unlike in the past, when discussions mainly targeted digital service providers, the G7 Agreement covers all multinational corporations of a certain size or larger without taking their specific field of business into account.

III. OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting[3]

The G7 Agreement was embodied at the 12th General Assembly of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (hereinafter referred to as the "IF BEPS") held in July 2021 (hereinafter referred to as the "OECD Agreement"). The OECD Agreement largely presented two approaches (so-called "Two-Pillar Solution") to prevent tax challenges by multinational corporations.[4]

The first approach ("Pillar 1") is called the 'unified approach.' This approach prescribes that when a multinational corporation generates sales and profits beyond a certain threshold in a given market, tax authority is granted to the country in which that market is located, regardless of whether the company has a permanent establishment or physical presence there.

The second approach ("Pillar 2") establishes the lowest corporate tax rate at a global level so that the income of multinational corporations is not taxed at an effective rate below the threshold. This is to prevent tax avoidance not addressed by Pillar 1. The specific minimum corporate tax rate will be finalized at the time of agreement in October 2021. For now, the OECD Agreement tentatively set a minimum corporate tax rate at least 15% for all OECD members. The ultimate goal of Pillar 2 is to prevent countries from competing against one another in excessively cutting corporate tax rates to provide tax havens, and ultimately to deter multinational corporations' from engaging in tax shopping.

The OECD Agreement further requires OECD members to hammer out the remaining pending issues and agree on a detailed implementation plan by October 2021.

IV. What European Global Companies should Pay Attention to

In accordance with the basic principle of the existing international tax rules, taxation on a foreign company was possible only when that company had a physical place of business within the jurisdiction of the country which intended to tax it. If the OECD Agreement is developed into an international norm, however, a significant number of countries that host a market for multinational corporations will be able to tax all corporations that generate sales and profits beyond a certain amount, regardless of whether they have a permanent establishment or not.

Presumably, based on the newly created norms, countries where multinational corporations operate business will actively tax profits which had been previously overlooked due to the absence of a permanent establishment. Considering this likely trend, multinational corporations subject to the OECD Agreement should take a keen interest in its specific terms.

1. Expansion of the Scope of Application

The OECD Agreement has expanded the scope of corporations that are subject to taxation in two ways.

The first is the expansion of applicable industries. As mentioned earlier, initial discussions surrounding the new international tax system revolved around multinational 'digital' service providers, but the scope of the proposed system has now expanded to include multinational manufacturing companies whose core business is simply the transaction of goods. In other words, not only digital service providers but any corporation whose main business is manufacturing could also be taxed by a country in which its markets are located (except for mining and financial services).

Second, the OECD Agreement plans to expand the scope of application by lowering the 'global sales standard' for judging target companies. It has been agreed that the target of the new tax system shall be any multinational corporation with a global consolidated turnover of more than €20 billion (equivalent to about 27 trillion won in Korean currency) that has a profit margin above 10% (i.e. profit before tax/revenue). In addition, it should be noted that depending on the success of this new taxation system, the G7 and OECD will further consider lowering the global sales threshold of the applicable companies from €20 billion to €10 billion 7 years after implementation.

2. Double Taxation

If the revenue sourcing standards of the OECD agreement are not meticulously designed, global companies are likely to face the problem of double taxation. Although the OECD Agreement clearly recognizes that the introduction of a new tax system should prevent double taxation for individual multinational corporations, it does not suggest specific measures to prevent this problem from arising. Moreover, considering that the market-located countries are expected to impose aggressive taxation policies based on the new system, multinational corporations will solely suffer the damage caused by double taxation if they fail to thoroughly comprehend the new norms.

V. Trends of the Korean Government in Relation to the New International Tax System

The Korean government fully expects and intends to increase tax revenues through the OECD Agreement since it can now validly tax multinational corporations doing business in its territory. Still, the Korean government acknowledges that it will have to share the authority to tax multinational corporations headquartered in Korea with other countries in which those corporations also operate.

Crucially, the Republic of Korea is a member of the IF BEPS Council, which consists of a total of 24 countries, and can participate in all IF BEPS steering committees and working-level meetings.

In particular, the latest IF BEPS Council meeting revealed that the Korean government's New International Tax Standards Division (newly established in February 2021) under the Tax and Customs Office of the Ministry of Economy and Finance is designing the domestic taxation system in line with the establishment of new international tax rules.

SOURCES

[1] For more information, see OECD/G20 Inclusive Framework on BEPS, Base erosion and profit shifting, <https://www.oecd.org/tax/beps/flyer-inclusive-framework-on-beps.pdf> accessed 19 August 2021.

[2] For more information, see G7 Finance Ministers and Central Bank Governors Communiqué, <https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/991640/FMCBGs_communique_-_5_June.pdf> accessed 19 August 2021.

[3] For more information, see OECD BEPS, International collaboration to end tax avoidance, <https://www.oecd.org/tax/beps/> accessed 19 August 2021.

[4] For more information, see OECD/G20 Base Erosion and Profit Shifting Project, Statement on a Two-Pillar Solution to Address the Tax Challenges Arising From the Digitalisation of the Economy, <https://www.oecd.org/tax/beps/statement-on-a-two-pillar-solution-to-address-the-tax-challenges-arising-from-the-digitalisation-of-the-economy-july-2021.pdf> accessed 19 August 2021.

ABOUT MR. JOO HYUN PARK

Joo Hyun (Julian) Park is an attorney-at-law and a member of Yulchon's Dispute Resolution Group, specializing in international disputes. Mr. Park received his LL.B. from Seoul National University and his J.D. from Hanyang University Law School. He has also completed coursework for the S.J.D. degree at the Graduate School of Law, Seoul National University, with a focus on International Transaction Law.

Park started out his legal career as a judge advocate in the Korean Air Force and the Ministry of National Defense. Afterwards and immediately prior to joining Yulchon, Mr. Park worked for the National Board of Audit and Inspection and International Legal Affairs Division at the Ministry of Justice. As a consequence of these diverse experiences, he has expertise in responding to administrative regulations of the Korean government and risk management for overseas companies investing in Korea. Currently at Yulchon, Mr. Park practices primarily in the areas of international/domestic litigation and international arbitration, and also provides legal advice on international transactions and trade.

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HONORARY SEOUL CITIZEN

Meet Batdelger Bodigal

Photo of Botdelger Bodigal Courtesy Botdelger Bodigal

There are about 2.52 million foreigners living in Korea, marking about 4.9% of the total population. It could be said that South Korea has become a 'Multicultural Society' where various races and cultures coexist.

The ECCK met with Batdelger Bodigal, Honorary Citizen of Seoul from Mongolia. Ms. Bodigal has been actively engaged in various projects where she demonstrated her abilities and influence to enhance the lives of the foreigner communities residing in Korea.

"I never thought I would be staying in Korea for such a long time and be a voice for and help those who need my help," said Ms. Bodigal. She entered Jeonbuk National University with a scholarship program and started her life in Korea as an international student.

Q You received the Seoul Honorary Citizenship in 2017. Could you explain about that?

A **Batdelger:** Language is a very important element of communication among people. However, in order to fully know and adapt to a country, being able to speak a language is not enough. I believe it is necessary to learn about culture, customs, etc. through hands-on experience. After marrying my husband, whom I was dating in college, and becoming a married immigrant woman myself, I ran into a reality that was not easy to take in. This made me vow to do what I can to help married immigrant women to Korea based on the difficulties I have experienced.

In February 2014, I worked at the Seoul Global Center, which provides foreigners with various living information, consultation services with field experts, cultural programs, etc., and had the opportunity to meet many of the various people. At the same time, I came to know a lot of the difficulties they faced. I shared their stories on a live broadcast program for over 4 years in hopes of reducing prejudice towards them, and to act as a medium that bridges the foreigners and the Koreans. I was recognized as a Seoul Honorary Citizen for this project.

Q Did you experience any difficulties living in Korea as a foreigner?

A Batdelger: I could say prejudice and negative attitudes of some people towards foreigners. When I first came to Korea as an international student, of course, the language barrier was tough to overcome, but teammates' attitudes towards me while working on a group project was the most difficult for me. They naturally assumed that I would not work well and would be a burden, just because I was a foreigner. I understand that there could have been a few instances where international students failed to commit to their obligations but stereotyping such behavior for all foreigners and underestimating the talented individuals seemed a little unfair.

Q Could you explain the projects and activities you have been doing to help the multicultural communities in Korea?

A Batdelger: I have been handling projects in a wide variety of fields. First of all, I worked with government agencies, such as the Ministry of the Interior and Safety (MOIS), Ministry of Government Legislation (MOLEG), etc. to become a voice that conveys foreigners' needs by providing consultations and contributing columns for newspapers.

Additionally, I carried out volunteer activities for married immigrant women, Mongolian communities in Korea, etc. One of the most memorable activities was the experience of easing the financial burden of pregnant women by working together with the National Medical Center. When the ones I helped expressed their gratitude and decided to name their children after me, I felt very proud.

Based on my experience as an international student, I have also been helping foreign students with college admissions for the past 5 years by providing consultations for those of different cultures and languages.

Q If you could pick one, which activity or project of yours made you the proudest?

A Batdelger: It was most fulfilling to work with the Mongolian community in Korea to donate for the residents of Gyeongsangbuk-do, who are having a rough time amid the COVID-19 situation. I wanted to convey to the residents the message that foreigners are not the target of unconditional help, and that they will live together to help. What surprised me when I proceeded with the project was that on the 8th day of the donation, I collected a donation of 10 million KRW and donated it to all under the name of the Mongolian community in Korea. Donating monetarily for someone is never easy, as transparency of the process is very important. However, the donators believed in me and actively engaged in carrying out the good deeds.

Q What are your long-term goals in life?

A Batdelger: Playing the role of a pioneer who develops the multicultural society of the Republic of Korea further in the future. I will strive to demonstrate my abilities in various fields and have a positive impact on more people. Above all, I think the most important thing is to make efforts to improve the awareness and attitudes towards the foreigners. Moreover, I want to study and gain experience in a field I am yet familiar with, so I could provide the suitable support for those in need.

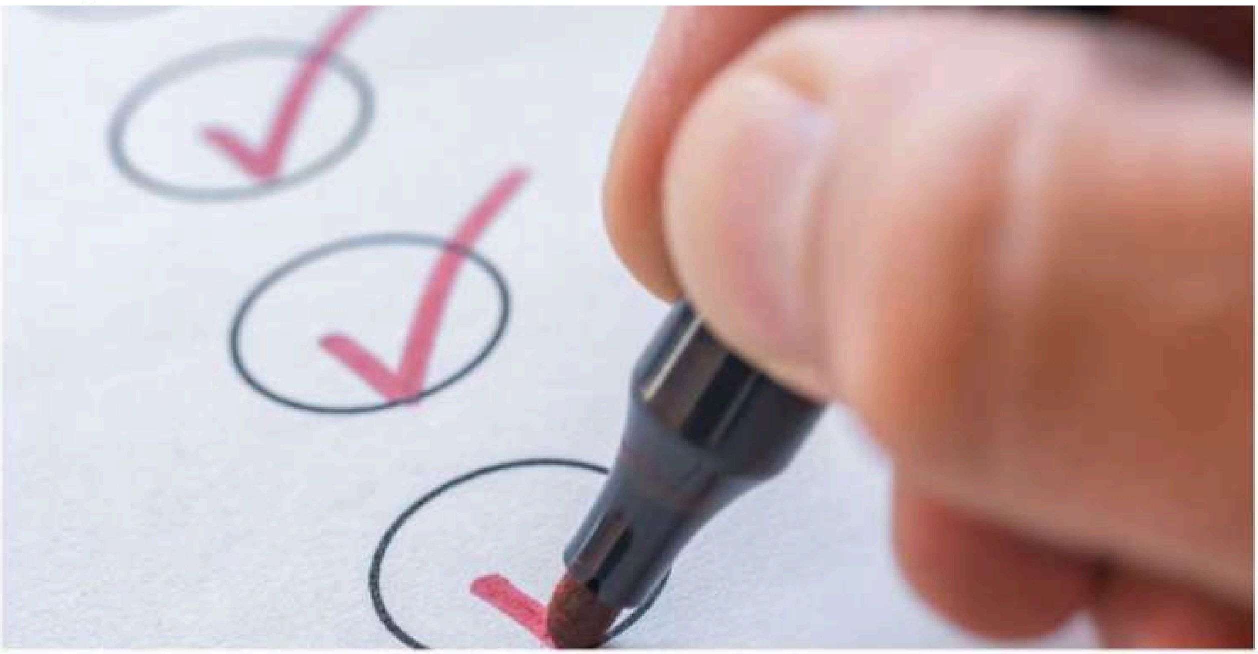
Slovenian Presidency of the Council of the EU

Under the slogan "Together, Resilient, Europe." Slovenia will take over the Presidency of the Council of the EU © Government Communication Office

Slovenia has assumed the Presidency of the Council of the European Union on July 1, 2021, for the second time. By taking over the six-month Presidency, Slovenia is to be responsible for managing and finding solutions for various matters raised by the 27 European Union member states in the Council and take on the role of neutral broker.

The Slovenian presidency has assured to contribute to dealing with challenges Europe has been experiencing, such as the COVID-19 pandemic, economic crisis, etc., also emphasizing, "Under the slogan "Together. Resilient. Europe.", the Slovenian Presidency will actively contribute to strengthening the EU's resilience to health, economic, energy, climate and cyber crises. The main issues of the further development of the EU will be at the centre of the discussion about the future of Europe. Working together, supporting each other and acting in solidarity for the good of each and every European citizen will be key to strengthening the EU's resilience."

The Programe of the Slovenian Presidency of the Council of the European Union



The Slovenian Presidency's Main 4 Priorities during the Slovenian Presidency of the Council of the EU from 1 July to 31 December 2021 are as follows:

- The resilience and recovery of the European Union. A strategically autonomous European Union.
- The Conference on the Future of Europe.
- A union of the European way of life, the rule of law and equal criteria for all.
- A credible and secure European Union. A union that is capable of ensuring security and stability in its neighbourhood.

The Trio Presidency Programme

The Trio Presidency Programme © European Union

During its presidency period, the Slovenian Presidency will work together with Germany and Portugal as a trio on a joint 18-month programme of the council. The joint action will be geared towards dealing with the COVID-19 pandemic and its consequences, such as protecting the EU citizens, handling the socio-economic consequences of the crisis, etc.

The main points for the 18-month trio programme, according to the Slovenian Presidency are as follows:

- To speed up the robust and sustainable recovery, strengthen the resilience of the single market, boost investment and create jobs, and strengthen the recovery and autonomy of the European economy.
- To build a climate-neutral, green and fair Europe.
- To take forward the digital transformation of Europe.
- To consider the social dimension of the crisis and strengthen the European social model.
- To protect citizens and freedoms and strengthen the importance of the rule of law and human rights.
- To strengthen the resilience of our societies in cases of emergencies such as pandemics or large-scale cyberattacks.
- To reach an agreement on the future relationship and comprehensive partnership between the EU and the United Kingdom.
- To promote, together with the High Representative of the Union for Foreign and Security Policy, European values at the international level.
- To start the Conference on the Future of Europe.

SOURCE

https://slovenian-presidency.consilium.europa.eu/en/

ARTS & CULTURE

Sun Blanket Foundation Holds its First Exhibition

"ART Corner H," a gallery space of the Sun Blanket Foundation that non-profit organization which supports 'End-of-protection children', held the first exhibition of four Baltic artists, Ieva Trinkunaite, Sandra Strele, Eagle Nolkute and Alexei Gordin.

Artwork of Alexei Gordin. Courtesy Sun Blanket Foundation

The three Baltic countries, known as Estonia, Latvia and Lithuania, have been growing rapidly in global art community, producing internationally active curators, artists and thinkers since the mid-2000s.

Artwork of Ieva Trinkunaite. Courtesy Sun Blanket Foundation

Founded in the late 70s, the Baltic Triennial was transformed into a dynamic international event organized by the Contemporary Art Centre (CAC), the largest art organization in the coast of the Baltic Sea, launched in 2016 and won the 58th Golden Prize in Venice Biennial.

Contemporary art in the Baltic country is currently under discoursed, but a new generation of artists are moving from local art forms that represent 'baltic identity' to art with contemporary universal themes such as reflection on modern society, natural ecology, and social justice.

New Age of BALTIC Exhibition. Courtesy Sun Blanket Foundation

NEW AGE OF BALTIC

ADDRESS

ART Corner H
95, Eulji-ro
Jung-gu, Seoul

DURATION

July 30 - September 4, 2021

Key Benefits of Joining the ECCK

COMMITTEES AND FORUMS

ECCK regularly hosts professional forums to closely follow market trends and changes in the regulatory environment relevant to the interests of our members.

ADVOCACY

ECCK strives to ensure a fair and open business environment for its members by facilitating dialogues with the Korean government, EU Delegation to Korea, European Commission, influential business associations as well as the media.

BUSINESS PROMOTION

ECCK members can maximize their company exposure by distributing or sponsoring promotional materials at selected ECCK events or publishing company news on our website on request.

NETWORKING OPPORTUNITIES

ECCK functions as the first point of contact for European executives or officials visiting Korea and regularly hosts various formal and informal gatherings to help our members expand their networks.

PROMINENT PLATFORM FOR INFORMATION

ECCK members receive a variety of complimentary periodicals– newsletter, magazine, white paper, membership directory, and survey report– to stay updated on the current market and regulatory issues in Korea.