

KOREA NATIONAL FOOD CLUSTER

FOODPOLIS

2017
No. 014

FOCUS

The dream of rising as a food industry leader starts to take concrete shape

The base for the Agency for the Korea National Food Cluster, which was launched in 2011, has finally been completed, and its opening ceremony was held on December 7, 2016. The event was all the more significant as local residents took part, as well as many dignitaries and influential figures from different fields, to express their expectations for the Cluster to revitalize the local economy.

EXPORT ISSUE

The revision of US and Chinese food safety laws poses a new challenge

Companies exporting to the US and China are facing new challenges due to the US's FDA Food Safety Modernization Act and China's Food Safety Law, both of which have been newly revised. Both laws place special focus on protecting the interests of their citizens and ensuring food safety. All pertinent companies must make sure to check the newly amended requirements to avoid potential losses and damage.



Ministry of Agriculture,
Food and Rural Affairs



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Korea National Food Cluster – Embodiment of Industrial·Academic·Research·Government Collaboration



CEO
Hee Jong, Choi

The opening ceremony for the Agency for the Korea National Food Cluster was held last December. Equipped with the Food Quality and Safety Center, Functional Food Evaluation Center, Food Packaging Center, Pilot Plant, and Food Venture Center, the Cluster provides a wide range of corporate-centered services through diverse programs such as consulting with specialized coordinators of different fields. The Cluster is also designed to help food companies reach new heights by offering advanced systems across all necessary stages, from ingredient procurement to research, manufacturing, marketing, human resources, and export.

Korean foods continue to gain worldwide popularity and recognition. Korean ramyeon (instant noodles) is being sold at canteens in the Alps. Office workers in New York are often seen enjoying bibimbap served in a to-go cup on the street. Londoners gather at Korean restaurants to dine out on weekends. As such, the Korea National Food Cluster is designed to nurture Korean food companies to better reach out to food lovers across the world. It aims to function as a one-stop platform providing the services required by resident companies to grow into world-class players. Tesla's driverless vehicle, touted as a leading example of the Fourth Industrial Revolution, was borne of innovative ideas and solid public-private collaboration. It is also crucial for the food industry to bring experts of diverse fields together to drive its progress through convergence technology.

In order to be the leading example of the Fourth Industrial Revolution in the food sector, we will strive to remain at the forefront of the world's food industry by achieving innovation, providing integrated services, and establishing an expansive network. We sincerely wish for the continued success of all resident companies from Korea and beyond that have newly set up a base in the Korea National Food Cluster and are preparing for greater challenges in 2017. We would also like to extend our warmest gratitude to all who remain dedicated to and passionate about helping Korea rise as a food industry leader. Thank you.

Last year witnessed increased exchanges!

Home www.foodpolis.kr

Blog <http://blog.naver.com/foodpolis1>

E-Blog <http://foodpolis.info>

Facebook <http://www.facebook.com/foodpolis.kr>

Weibo <http://weibo.com/foodpolis>

CREIDITS



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First Important Step Forward to Lead the World Food Market The Dream of Rising as a Food Industry Leader Starts to Take Concrete Shape

Writing Kim, Kyung joo Photograph Na, U yeon

The opening ceremony for the Agency for the Korea National Food Cluster was held on December 7, 2016, with a multitude of guests gathered together to celebrate the occasion. The Agency, built on a 52,675m² site (building area of 14,168m² and total floor area of 28,705m²) within the Korea National Food Cluster located in Wanggung-myeon, Iksan-si, Jeollabuk-do, is now ready to provide a full spectrum of dedicated services to resident companies in association with the five main facilities of the Functional Food Evaluation Center, Food Quality and Safety Center, Food Packaging Center, Pilot Plant, and Food Venture Center.

The opening ceremony was attended by 250 guests, including Kim Kyeong-kyu, Deputy Minister for Food Industry Policy at the Ministry of Agriculture, Food and Rural Affairs; Kim Il-jae, Lieutenant Governor for Administrative Affairs of Jeollabuk-do; Jeong Heon-yul, Mayor of Iksan; Jo Bae-suk, National Assembly Member; experts from industrial, academic, and research circles; and local residents,

testifying to the Jeollabuk-do region's excitement over the Cluster. The ceremony began with a performance by the Iksan City Pungmul Band (Korean traditional percussion band), followed by the progress report by Choi Hee-jong, Director of the Agency. Director Choi said, "The Agency has already conducted a series of joint R&D projects with resident companies and launched technological support services, and it is expanding its support system in full scale to remain prepared as the number of resident companies is expected to continuously increase."

He added, "We believe the best way to repay those who have supported the Cluster is to make it a success. This is why the entire staff at the Agency is fully committed to delivering customer-oriented services and helping resident companies win in the marketplace."

During the ceremony, the contributions made by the 11 persons of merit for the successful completion of the Agency building were

acknowledged with the presentation of award certificates. Deputy Minister Kim Gyeong-gyu said in his congratulatory speech, "The Korean government recognizes the importance of the food industry, which is demonstrating notable progress around the world, as the nation's future growth engine. We will capitalize on the many strengths of the Korea National Food Cluster to increase the nation's competitiveness and focus our resources on fostering the Cluster into an advance base for export."

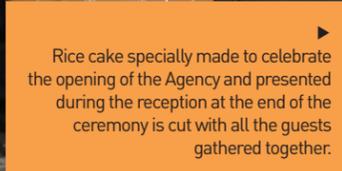
After the first part of the ceremony was over, the guests moved to the square in front of the Agency to take a commemorative photo, proceed with the ribbon-cutting, and plant a commemorative tree. They were then led by the Agency's staff on a tour around the facilities, displaying keen interest in each facility. Lastly, they joined the reception held in the first-floor lobby and drank a toast to celebrate the opening of the Agency.



Kim Gyeong-gyu, Deputy Minister of Food Industry Policy at the Ministry of Agriculture, Food and Rural Affairs, is presenting award certificates to those recognized as persons of merit by contributing to the construction of the Agency.



Choi Hee-jong, Director of the Agency, is extending his gratitude to those who helped foster the project and bring the Agency into reality during his progress report.



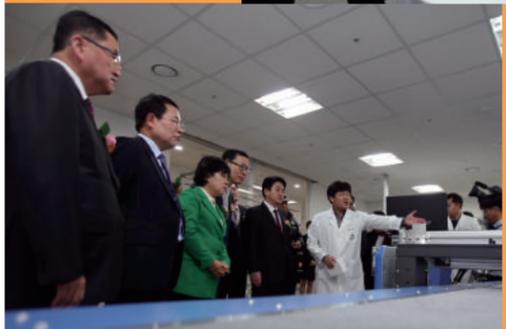
Rice cake specially made to celebrate the opening of the Agency and presented during the reception at the end of the ceremony is cut with all the guests gathered together.



The ribbon-cutting ceremony that took place in front of the main entrance of the Agency



The guests are drinking a toast to the success of the Korea National Food Cluster.



The guests are touring the facilities led by Cluster staff.

Serving as the Hub of Northeast Asia's Food Industry!

The Agency for the Korea National Food Cluster was finally completed and has begun its work in earnest. The Korea National Food Cluster, which boasts unparalleled geographical advantages for logistics and export with Gunsan Port, Gunsan Airport, and Saemangeum Port all reachable within 50 minutes, is aimed at nurturing companies in the food industry.

The Cluster is expected to play an instrumental role in food R&D through networking with research organizations in Korea and beyond, including six government-funded research institutes within Daedeok Innopolis, Sejong Government Complex, and Jeonbuk Innovation City. The Cluster will help Korea's food industry, which is now mostly supported by domestic demand, focus more heavily on export, while serving as the hub of Northeast Asia's food industry as an R&D-centered government-led industrial complex created to advance the development of the nation's agriculture and fisheries.

Organized by the Editorial Team



Staging of the Groundbreaking Ceremony and Publicizing of Lot Sales

- Jul. 2012. The masterplan for the Korea National Food Cluster is announced
- Jun. 2012. The site for the food industry complex is selected and approved (Ministry of Land, Infrastructure and Transport)
- Dec. 2011. The development plan for the food industry complex is established (LH)
- Feb. 2011. The Agency for the Korea National Food Cluster is launched

Establishment of the Cluster Development Plan and Announcement of the Masterplan

- Jul. 2012. The masterplan for the Korea National Food Cluster is announced
- Jun. 2012. The site for the food industry complex is selected and approved (Ministry of Land, Infrastructure and Transport)
- Dec. 2011. The development plan for the food industry complex is established (LH)
- Feb. 2011. The Agency for the Korea National Food Cluster is launched



Completion of the Design for the Agency for the Korea National Food Cluster

- Dec. 2013. The designs for the business support facilities are completed
- Sep. 2013. Land compensation for the complex site begins



Initiation of the Signing of Lot Purchase Contracts

- Dec. 2015. A company signs for a lot purchase in the Cluster's industrial zone
- Oct. 2015. A company signs for a lot purchase in the Cluster's industrial zone
- Oct. 2015. An area of 116,000m² is reserved for FIZ
- Jan. 2015. Four companies sign for lot purchases in the Cluster's industrial zone



Signing of Lot Purchase Contracts and Completion of the Six Supporting

- Dec. 2016. A company signs to move into the Cluster's FIZ
- Dec. 2016. Five companies sign for lot purchases in the Cluster's industrial zone
- Dec. 2016. The opening ceremony of the Agency for the Cluster is held
- Nov. 2016. A company signs for a lot purchase in the Cluster's industrial zone
- Oct. 2016. Two companies sign for lot purchases in the Cluster's industrial zone
- Oct. 2016. The six supporting facilities are completed
- Sep. 2016. Six companies sign for lot purchases in the Cluster's industrial zone
- Sep. 2016. A company signs to move into the Cluster's FIZ
- Aug. 2016. The third round of lot sales in the Cluster's industrial zone is publicized
- Jul. 2016. A company signs for a lot purchase in the Cluster's industrial zone
- May 2016. A company signs for a lot purchase in the Cluster's industrial zone
- May 2016. The second round of lot sales in the Cluster's industrial zone is publicized
- Apr. 2016. A company signs for a lot purchase in the Cluster's industrial zone





2017 FOOD TREND

Home Meal Replacements and Health-Enhancing Functional Foods Expected to Show Accelerated Growth

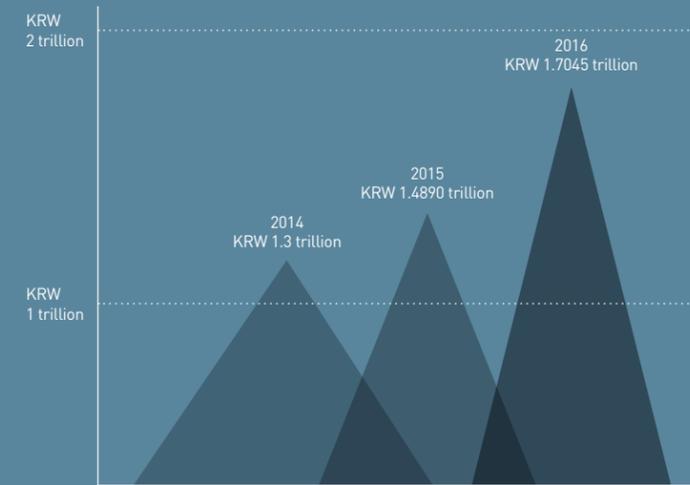
Home Meal Replacements and Health-Enhancing Functional Foods Expected to Show Accelerated Growth The size of the world's food market in 2015 reached about USD 5.6 trillion. This is larger than the IT market and automobile market combined. Although most countries are witnessing a decrease in overall consumption due to the economic slowdown and population aging, the premium food market is gaining more and more popularity with an increasing number of consumers choosing to purchase functional, high-quality, and convenient food products. Let's take a look at the major issues and trends expected to influence the food industry in 2017.

Organized by the Editorial Team
Source: 2017 Food Industry Issues and Outlook (Choi Ji-hyeon, Korea Rural Economic Institute)

HMR Growth Accelerating with a Record-Breaking Number of Single-Person Households

On November 3, 2016, Dr. Choi Ji-hyeon (Senior Researcher at the Korea Rural Economic Institute) projected at Korea Food Outlook 2017 that the food market in 2017 will see continued growth in home meal replacements (HMR) and functional foods and rising

Korea's HMR Market Size



controversies over GMO labeling, pointing to the continuance of consumers' focus on well-being and safety.

Choi said that food industry sales in 2017 are expected to increase by 2.9%, with notable growth in HMRs, health-enhancing functional foods, sauces, and coffee. In fact, exports of mussel seasoning products in 2016 were found to have increased by 46.9%, with the total exports of processed foods in 2016 (January through August) standing at USD 2.5 billion. The size of Korea's HMR market, which has recorded an average annual growth rate of 14.5% since 2010, is expected to exceed KRW 2 trillion this year. The main driving force, according to Choi, is the rapidly growing percentage of single-person households in Korea (the highest among all types of households), which will reach 28% (5,398,263 households) by next year. As such, the consumption of HMRs is anticipated to accelerate even further. In particular, single-person households are found to demonstrate higher income elasticity (for dining out frequency) and price elasticity (for food purchases) than two-person households.

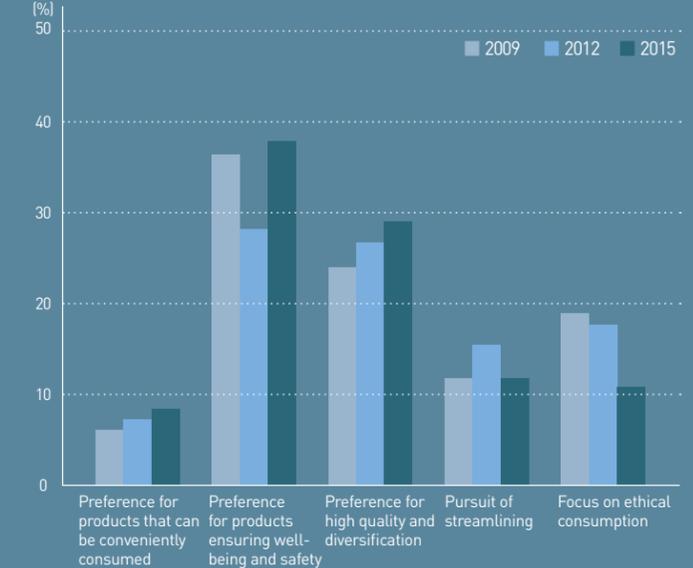
With demand surging, the competition among suppliers continues to intensify. Purchasing channels for HMRs continue to diversify, from upscale department stores to discount stores and hypermarkets. Therefore, the HMR market is expected to record rapid growth throughout next year with an increasing number of products, including PB products of distributors, being developed and released.

Health and Safety are the Keywords

Choi went on to project that consumers in 2017 would show a strong preference for products ensuring well-being and safety as well as products that can be conveniently consumed and that are packaged in small amounts. The range and quality of such products are also expected to increase rapidly. Choi added that controversies over GMO labeling for the raw ingredients of processed foods would continue as laws that stipulate target products and the scope of raw ingredients are expected to be revised and modified.

The US made GMO labeling mandatory in July 2016, and Europe has

Analysis of Food Consumption Trends



required GMO labeling for all products containing GMOs since 2003. Japan has implemented a GMO labeling system for eight crops and 33 processed foods. Korea is also reinforcing its safety measures and place-of-origin indication system to better ensure food safety for consumers. For example, the government made it compulsory to apply HACCP to most commonly consumed items and to mark the origins of the top three ingredients of processed foods, instead of the top two as in the past.

In 2017, the recently enacted Improper Solicitation and Graft Act will negatively influence the sales of high-priced alcoholic beverages and processed foods. However, experts predict that the demand for gift sets of processed foods priced KRW 50,000 or less will increase. In their analysis, the Act can serve as a blessing in disguise by stimulating the development of new products, under the premise that consumer confidence does not shrink.

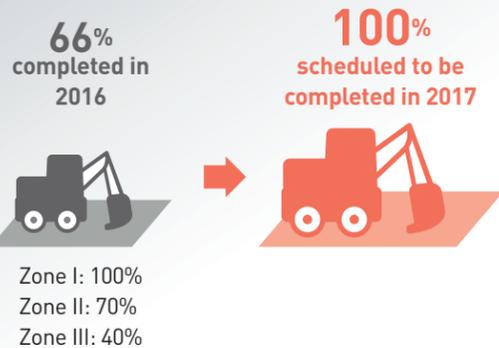
Outlook for and Issues of Individual Sectors

Sectors	Major Issues
Sauces	Growth of the Korean sauce market and exports of sauces to other countries such as the US
HMRs	Diversification of products for different channels from department stores (upscale deli products) to discount stores (meals) and convenience stores (to-go meals, small-sized single-dish offerings, etc.)
Health-enhancing functional foods	Need for preparations to minimize the negative impact of voluntary deliberations and expand the use of ingredients sourced in Korea
Bread	Diversification of products focused on well-being as well as desserts; wider opportunities for companies to advance into overseas markets on the back of the Korean Wave
Condiments	Greater effort to expand the market required by developing a wider range of products, especially those designed and packaged to maximize portability and convenience
Processed meat and dairy products	Low-priced gift sets expected to lead to growth in sales; export of raw milk and modified milk powder to China expected to increase
Confectionery	Market share of imported products expected to grow due to the failure of domestic brands to set new trends and their business slowdown; pursuit of differentiation and co-prosperity with local producers through the use of locally sourced ingredients
Alcoholic beverages	Slight decline in the market due to the Improper Solicitation and Graft Act and the intensified competition among local and imported products projected

The Korea National Food Cluster's Services Will Further Diversify in 2017

Site and Infrastructure Construction

The site construction for the industrial zone will be completed



Supporting facility for sauce manufacturers

- The construction of the Sauce Industrialization Center will begin.



The construction starts in 2017 → Will be completed by the end of 2018

Business Investment

Business investment opportunities will be further expanded (total number of companies)



- 23 Korean companies
- 2 foreign investors
- Support for investment promotion activities
 - Investment presentations staged in Korea and beyond
 - Investment promotion booths operated in Korea and beyond
 - Site tours
 - Investment consulting teams operated in Korea and beyond

R&D Support

We have expanded the technological troubleshooting services for corporations by reinforcing our industrial-academic-research network

- Joint research with local companies (expanded)
- Joint research with international research institutes (expanded)
- Consulting support (expanded)
- Advanced technology development (newly launched)
- Technology development for job placement (newly launched)
- Technology development for venture businesses (newly launched)



We provide support for inspections, analyses, and test-product manufacturing

- Inspection and analysis support (expanded)
- Support for test-product manufacturing (newly launched)



Comprehensive Support for Resident Companies We prioritize agrifood policy projects



We prioritize agrifood policy projects

- Providing incentives for those selected as targets of support for agrifood policy projects (34 projects in six sectors*)
- * Horticulture, rural development, livestock, food, processing, and support for exporters



We ensure a reliable supply of agricultural products

- Conducting surveys to identify demand for agricultural products used as raw ingredients to ensure a reliable supply of ingredients



We help resident companies find the necessary workforce and reinforce their competence

- Supporting the recruitment of interns as needed
- Providing R&D-related education



We help resolve issues related to logistics and distribution

- Providing diagnosis for the logistics and distribution of resident companies and helping them establish improvement plans



We provide support for marketing activities

- Supporting the promotional activities of resident companies by providing opportunities to join our investment booths in Korea and beyond
- Selecting resident companies with excellent products and helping them join the list of vendors for shopping channels



We focus on fostering future leaders of the industry

- Selecting ventures and startups with technological prowess and high growth potential and providing training and consulting services and support for promotional activities



We provide a wide range of information* to promote resident companies' exports

- Upgrading and offering information on export safety, customs duties and clearance, and overseas market developments
- * Information that is scattered across pertinent organizations (KOTRA and aT) are brought together and provided to companies in a tailored manner

The Hottest K-Food in the World



Most Popular Korean Dish of the Year Picked by Londoners

The No. 1 dish among the 10 most popular Korean dishes that Londoners enjoy is dak galbi (spicy stir-fried chicken). The second-place dish is cheese kimchi fried rice, and the third is Korean-style fried and seasoned chicken. Last November, the Korean Embassy in the UK; the Ministry of Agriculture, Food and Rural Affairs (MAFRA); and Korea Agro-Fisheries & Food Trade Corp. (aT) joined hands to select the most popular Korean dishes in London, promote them to locals, and boost the import of Korean agricultural products. The above rankings were the result of a survey conducted as an extension of this collaboration project.

Busan Barbeque, which serves dishes accentuated with Korean flavors and presented in American style, has emerged as a must-visit destination in London. Its most sought-after dishes include its Busan Burger seasoned with garlic soy sauce, Korean-style fried chicken, and Philly cheese steak made with bulgogi.

Daniel O'Sullivan, owner-chef of the Korean eatery Kimchi Cult located in Glasgow, lived in Korea for three years from 2008 and was fascinated by Korean food. He learned how to cook Korean dishes and was initiated into the local recipes of Jeonju, a city often acclaimed as a gourmet capital. He opened his Korean fast food eatery in 2011 after accumulating

“Many are unfamiliar with chopsticks, so they use forks and spoons instead for their Korean food experience. Still, they are delighted and enchanted all the same”

experience with a food stall and pop-up restaurant in London.

K-Food's reach around the globe keeps spreading. Local food companies actively advancing into overseas markets and the government's support programs are creating synergy in combination with the ongoing popularity of Korean culture, and K-Food is rising as the center of global attention.

Large corporations are also focusing on developing new beverages and frozen foods to appeal to consumers not only in their longstanding key markets such as the US, Europe, and Japan but also in the emerging markets of China and Southeast Asia and Muslim food markets worth KRW 170 trillion. The popularity of K-Food is being driven further by the opening of food markets through FTAs. Last year, Korea concluded an FTA with China, the world's largest food market, and K-Food has soared in popularity there as perfectly nutritious, health-boosting food.

The Korean government is working to expand these trends through various support measures. Recently, the government converted the food industry into a target of promotion from a target of regulation, abolishing and lifting restrictions that had hampered its advancement and increasing its financial support for R&D. The K-Food Fair is a leading example of the government's all-out support. It is a large-scale culinary festival held in cities around the world

to provide opportunities for local residents to experience Korea's agrifood products as well as other aspects of Korean culture. Since its inception in 2013, the Fair has served as a cornerstone for Korea's small agrifood companies to jump into markets that are full of opportunities such as China, Southeast Asia, and Muslim countries, thereby stimulating new demand for Korean agrifood products. In fact, the export of Korean agrifoods to the host countries of the Fair in 2013 and 2014 rose by 12.3% and 5.8%, respectively.

K-Food continues to expand its presence

Tourists enjoy instant noodles made by Korean ramyeon maker Nongshim at a canteen in the Alps' Jungfrau. Amazingly, more than 100,000 cups are being sold every year at this canteen alone. Last year, thousands of employees of a Chinese company visited Korea to feast on Korean-style fried chicken paired with beer, just like a famous actress they saw in a hit TV drama. Sulbing, a dessert café franchise that succeeded in advancing into overseas markets with traditional Korean rice cake, is noted for its fusion items: injeolmi (sticky rice cake coated with nutty bean powder) toast and double cheese bar rice cake, both of which are touted by global consumers as “an exquisite combination of Western and Asian culinary experiences.” Global consumers are no longer just passively listening to K-pop or watching



dramas. They are actively exploring the Korean culture contained within by imitating the K-pop stars. Naturally, they take an interest in what the main characters in dramas eat.

The success story of a group of young Korean Americans, who sold Korean rice dishes served in cups from a food truck in the US, became widely known through YouTube. Wielding spoons in their hands, the locals in the video praised the rice cups as “spicy but addictive.” These days, an office worker on a street enjoying bibimbap in a to-go container is not a rare sight. Although many of them are clumsy with chopsticks, they willingly use them to enjoy Korean food the Korean way.

As can be seen, Korean food is becoming a cultural experience penetrating daily life in many countries, thus highlighting the unlimited growth potential of Korea's food export sector.

The food industry is no longer just about simple manufacturing. It is about convergence, involving diverse areas from culture to agriculture, fisheries, and service. Korea's food companies are expected to rapidly expand their global fan base and strengthen their presence.

Source Embassy of the Republic of Korea in U.K
Koreantaste.co.uk

Welcome Greetings to All Resident Companies of the Korea National Food Cluster

Springboard of Food Companies

In 2016 alone, 17 Korean companies and two international companies decided to move into the Korea National Food Cluster. All the companies expressed high expectations about the Cluster's infrastructure and research support, which will serve as their springboard to grow into global players. The Cluster is working hard to further improve and expand its support as an increasing number of companies from Korea and beyond are expected to follow suit.

Organized by the Editorial Team



Agricultural Corporation Daesang
CEO No Yeong-bae **Established in** 2011
Involved in Grain fermentation and processing
Major item Fermented grain products

Ducksung Tech
CEO Guk Chang-su **Established in** 2005
Involved in MRO (maintenance, repair, and operating supplies) and livestock product manufacturing
Major item Adhesive tape, backlit film for mobile phones, soft-boiled eggs, and edible minerals
www.ducksungtech.alltheway.kr
 • Ducksung Tech, founded in 2005, is an MRO company that supplies consumables to 3M, Apple, and other multinational companies. It plans to expand its presence in the food industry by capitalizing on diverse ingredients (such as eggs and mineral water) and releasing products that satisfy today's discerning consumers



Sambo Corrugated Board
CEO Ryu Dong-won **Established in** 2001
Involved in Manufacturing

Major item Corrugated cardboard and cardboard boxes
www.isambo.com

Seine Food
CEO Go Yang-geun **Established in** 2007
Involved in Pickled foods and kimchi
Major item Pickled radish cubes sold with Korean fried chicken
 • Seine Food, founded in 2007, specializes in pickled fruit and vegetable products and supplies sweet pickled radish cubes to many major fried chicken brands. It concluded an MOU to move into the Cluster on October 11, 2016. The company plans to fully take advantage of the Cluster's global network, R&D support, and marketing support in combination with its production facility completed in November 2016 to actively make inroads into overseas markets.



C&C
CEO An Jin-yeong **Established in** 2016
Involved in Importation, manufacturing, processing, and distribution of coffee products
Major item Roasted and unroasted coffee beans

and coffee beverages
www.cncgreenbean.com

SCDD
CEO Gang Byeong-su **Established in** 2011
Involved in Manufacturing, trading, and wholesale and retail
Major item Laver products (laver sheets for gimhap rolls, lightly toasted and unseasoned laver, lightly toasted seasoned laver, and laver crisps)
 • SCDD is a trading company specializing in Korea-sourced laver products. It processes laver into diverse products through a processing factory in Jeollanam-do on a contract basis and exports finished products to Thailand. It concluded an MOU to move into the Cluster in May 2016 and plans to expand its export channels on the back of its production facility completed in 2017.

239Bio
CEO Lee Sam-gu **Established in** 2016
Involved in Production, processing, and distribution of crickets and health-enhancing functional foods
Major item Research of alternative protein sources using crickets and development of related foods
 • 239 Bio, a food venture company, concluded an MOU to move into the Cluster in April 2016 to establish a facility for R&D and the production of health-enhancing functional foods using cricket extract. It purchased an area of 2,862m2 within the Cluster, on which a production facility will be built in early 2017.



General Nature
CEO Baek Jin-su **Established in** 2014
Involved in OEM of foods, health supplements, and functional foods
Major item Probiotics, Cheonggukjang food, Fermented Grain Enzyme
<http://generalnature.co.kr>
 • General Nature, specializing in health-enhancing foods and ingredients, concluded an MOU with the Cluster in April 2016 and has engaged in the development of advanced formulas for lactic acid using grain enzymes and cheonggukjang (fast-fermented bean paste) powder based on the Cluster's R&D support. It plans to build a production facility within the Cluster in 2018 and export its products to China and Africa.



JS Bio
CEO Kim Jong-min and Jeong Yun **Established in** 2015
Involved in R&D, production, and sales of red ginseng and red ginseng-related products
Major item Organic red ginseng liquid set
www.organic2.co.kr
 • JS Bio concluded an MOU with the Cluster in May 2016. It specializes in the production of health-enhancing functional foods, such as red ginseng extract, and plans to complete a production facility within 2017 to start exporting to China and other Asian countries.

Kemide
CEO Mun Jae-seok **Established in** 1998
Involved in Production of food additives
Major item Food additives (anti-foaming agents, decolorants, and anti-browning agents)
www.kemide.co.kr
 • Kemide, a food additive manufacturer, concluded a lot purchase contract on April 29, 2016, and plans to build a production plant in 2017. It recently purchased more land near its existing lot within the Cluster to further expand its business and better capitalize on the

Cluster's corporate support system.

Pin Company
CEO Sin Ju-yeon **Established in** 2016
Involved in Manufacturing of rice cake, bread, and confectionery
Major item Bread

From Bio
CEO Sim Tae-jin **Established in** 2006
Involved in Wholesale and manufacturing of ingredients for foods and functional foods
Major item Ingredients for foods and functional foods
www.frombio.co.kr
 • From Bio, founded in 2006, specializes in health-enhancing functional foods aimed at reducing body fat, improving the condition of joints, and maintaining a healthy stomach. It plans to initiate the construction of its facility to enrich and extract ingredients for functional foods in June this year and develop and manufacture ingredients for functional foods.



Korean Traditional Food Association
CEO Jeong Yeong-seok **Established in** 1992
Involved in Services for member companies, product exhibition, and sales on a contract basis
Major item Over 850 member companies producing traditional foods with agricultural and fisheries products
www.koreaslowfood.com



• The Korean Traditional Food Association concluded an MOU with the Cluster in May 2016

to build a cultivation facility for microorganisms used for fermented foods. The land purchase was completed on September 22 of the same year. It plans to complete the facility within 2017 and thus lay the foundation for the co-prosperity of all member companies.

Anyway Korea
CEO Kim Jae-jung **Established in** 2016
Involved in Fresh farm produce and processed foods
Major item Organic farm produce and processed foods
www.555917.com.cn

Cheongha Food (Agricultural Corporation)
CEO Park Jeong-suk **Established in** 2016
Involved in Quail breeding and sales of quail eggs
Major item Peeled quail eggs

Soonsoobon
CEO Kim Cheol-ho and Kim Yong-tae **Established in** 2014
Involved in Food service and catering
Major item Porridge products specially made for infants, seniors, and patients

Haru Morning
CEO Lee Sang-min **Established in** 2007
Involved in Packaged meals and catering for corporations
Major item Packaged meals and precooked foods
www.harumorning.com

Gold of Prague
CEO Lukas Mikeska **Established in** 2015
Involved in Production of malt and beer
Major item Beer (craft beer and bottled beer)

Core Bio
CEO Hwang Jo-seop **Established in** 2014
Involved in Production of non-alcoholic beverages
Major item Fermented beverages and fermented condiments



The Cluster's First-Ever Groundbreaking Takes Place

Groundbreaking of BTC and C&C 2016.11.11.

The groundbreaking ceremony for production facilities of BTC and C&C took place on November 11, 2016. BTC plans to complete the construction of its production facility with the floor area of 3,340m² on its 20,224m² lot by May 2017, while C&C aims to complete its production facility with the floor area of 1,995 m² on its 4,975m² lot by February 2017 and start manufacturing coffee beverages. CEO Kim Tae-yeong of BTC, which was founded in 2006, said, "I am thrilled to be building our company's very first production facility backed by extensive support from the Korea National Food Cluster, which is

equipped with world-class R&D support facilities and the outstanding bases for agricultural ingredient supplies of Iksan and Jeollabuk-do. We plan to aggressively advance into overseas markets based on close collaboration with the Cluster for global networking, R&D, and marketing." CEO An Jin-yeong of C&C said, "We feel privileged to be the first SME in the coffee business to have joined the Korea National Food Cluster. We believe it will provide new momentum for our company and have great expectations for the Cluster's R&D support."

Joun Health, the Third Company to Join the Cluster, Breaks Ground

Groundbreaking of Joun Health

2016.11.25.

Joun Health, the third company to have decided to move into the Korea National Food Cluster on November 25, 2016, held its groundbreaking ceremony for its production facility. Joun Health, founded in 2012, is a venture company that produces 16 functional foods including probiotics (Cell TI), omega-3, vitamins, and coenzymes. It concluded a

lot purchase contract with the Cluster and confirmed its move-in in December 2014 and plans to put its production facility into full operation from May 2017 onwards. CEO Kim Han-jun said, "We were attracted to the Cluster because of its outstanding R&D support facilities and programs. We aim to develop into an industry leader by developing advanced functional foods based on collaboration with the Cluster's Functional Food Evaluation Center."

Aiming to Globalize Sesame Oil with Support from the Food Venture Center

Queens Bucket



Queens Bucket won the golden ticket to move into the Food Venture Center by earning the Grand Prize in the 2016 Korea National Food Cluster Venture Startup Contest held last November to unearth prospective SMEs and food ventures. The company recently announced that it has been making preparations to complete its move-in by May 2017.

Queens Bucket was selected as the winner of the fiercely competitive contest against 15 other contestants by demonstrating its vision to take the lead in the world food ingredient market through the production of premium sesame oil and perilla oil and by-product recycling.

CEO Park Jeong-yong said, "Queens Bucket produces sesame oil and perilla oil, two staples of Korean cuisine, using a unique method far removed from conventional methods. We take pride in successfully bringing back the flavors and fragrances of the sesame oil and perilla oil of the old days." CEO Park emphasized that Queens Bucket's manufacturing process, which clearly stands apart from the mechanical oil extracting method used for mass production, is the key to bringing back the traditional flavors and fragrances. He added, "We are planning to manufacture our sesame oil products at our production facility to be built within the Cluster and supply them to upscale distributors and restaurants across the Americas and Europe to promote the consumption of this time-honored traditional sauce of Asia."

Through the Food Venture Center, the Korea National Food Cluster helps its resident companies save new product development and initial investment costs by allowing them to freely use the Cluster's R&D support facilities and research equipment.

Yun Chan-seok (R&D)
 avenue2@foodpolis.kr

- Food packaging development: Food packaging design and improvement and packaging properties evaluation
- Packaging safety evaluation: Food packaging safety evaluation and local and inter-national standards
- Packaging process improvement: Packaging equipment, packaging process, and packaging materials
- Distribution safety evaluation: Distribution safety evaluation taking into account the distribution environments of Korea and overseas

Lee Jae-hong (R&D)
 jhlee@foodpolis.kr

- Fermentation: Optimization and commercialization of effective microorganism cultivation conditions during fermentation
- Formulation: Production of test products that satisfy the standards for the six formula types of functional foods and their commercialization
- Education: Education to equip staff with expertise in each stage of the process (fermentation, formulation, HACCP/GMP, etc.)
- Consultation: Technology support and consulting for resolving on-site difficulties to improve and optimize the process

Han Jin-su (R&D)
 jinsoo07@foodpolis.kr

- Manufacturing and process standardization: Entire manufacturing and processing process of functional foods
- Quantitative analysis of reference materials: Profile establishment and quantitative analysis of functional ingredients
- Ginseng product development: Cultivation, processing, distribution, and analysis of ginseng

Gwon Do-dan (R&D)
 ohoradd@foodpolis.kr

- Food analysis: Ingredients and microelements of finished products (nutrition analysis and harmful substance analysis)
- Sensory quality evaluation: Identification of taste components and measurement of their content
- Establishment of the database and network of local food experts (industrial-academic-research)

Jo Han-cheol (Investment Promotion)
 foodpoliskorea@foodpolis.kr

- Foreign investment promotion across the Americas and Asia (including Hong Kong)
- Consulting on direct foreign investment procedures and research on Asia's food markets
- Establishment of a network between corporations, government agencies, and research institutes for high-value product development
- Consulting on import and export targeting prospective investors

Choi Jeong-wuk (Investment Promotion)
 CJWY@foodpolis.kr

- Eco-friendly packaging: Support for the development of eco-friendly packaging materials and the verification of their applicability
- Packaging material analysis: Physico-chemical analysis of packaging materials (permeability, tensile strength, etc.)
- Distribution safety evaluation: Distribution safety evaluation that takes into account the distribution environments of Korea and overseas

Lee Hyeon-sun (R&D)
 happyhs@foodpolis.kr

- Effectiveness evaluation of functional ingredients: Effectiveness evaluation of functional ingredients and research on their mechanisms
- Product development support: Consulting for the acquisition of certification for individual functional foods and for the development of new functional foods
- R&D task support: R&D task development for central and local governments and networking

Song Hyeok-hwan (R&D)
 nasong99@foodpolis.kr

- Ingredient standardization: Entire process of ingredient standardization required for the production of functional foods
- Structural analysis: Identification of components by separating and refining functional ingredients and analyzing their structures
- Q-ToF: Identification of unknown or unidentified components using Q-ToF equipment
- Metabolomics: Metabolome analysis of plants using Omics

Bae Jeong-min (R&D)
 jmbae@foodpolis.kr

- Good laboratory practices (GLP): Safety evaluation for functional foods and ingredients
- Functional food effectiveness evaluation (in-vivo)
- Corporate support: Joint technology development and check analysis

Kim Ji-hyeon (Investment Promotion)
 breadjh64@foodpolis.kr

- Consultation of promotional strategies for corporations and their products
- Sensory quality evaluation: Corporate consulting through sensory evaluation and equipment analysis
- Cause analysis and support for the resolution of off-flavors and alien substances found in food products

Yang Hyo-jeong (Investment Promotion)
 prokimi@foodpolis.kr

- Establishment and operation of strategies to attract foreign investors in China
- Identification of prospective foreign-invested companies in China and review and analysis of business feasibility
- Recommendation of prospective Korean business partners for companies in China
- Information on import and export and pertinent services targeting resident companies from China
- Establishment of networks in China

Lee Yeong-ju (Corporate Support)
 llyoungj@foodpolis.kr

- Consulting on sourcing local agricultural ingredients: Matching resident companies and local producers
- Consulting on export: Consulting on exporting products of resident companies
- Food market research and analysis: Research and analysis of food market trends in Korea and beyond
- Consulting for food ventures: Support for uncovering prospective food ventures and helping them move into the Cluster

Coordinator support is one of the distinctive advantages provided to resident companies of the Korea National Food Cluster. This program offers specialized coordinators of different fields to diagnose and manage the difficulties experienced by resident companies, thus fostering their competitiveness and minimizing their risk when they undertake new projects or conduct R&D.

Jeong Jun-jae (R&D)
 jjj3@foodpolis.kr

- Packaging standardization: Packaging standardization to ensure the efficiency of product packaging and box packaging
- Packaging material analysis: Physico-chemical analysis of materials (properties, safety, etc.)
- Packaging development: Design, structural analysis, and development of packaging

Bae Seung-hyeon (R&D)
 shb3629@foodpolis.kr

- Formulation: Production of test products that satisfy the standards for the six formula types of functional foods and their commercialization
- Process control: Production of test products and finished products and process control on a contract basis
- Technology consultation: Consultation on production technology and support for the resolution of difficulties regarding the production process

Oh Na-na (Investment Promotion)
 nana@foodpolis.kr

- Review and analysis of the feasibility of advancing into local and overseas food markets
- Consulting on local and international food export regulations and market situations
- Analysis of and support for prior tasks required to become a vendor of large-scale local and international chain stores
- Establishment of food business networks in Korea and beyond

Han Wu-ri (Investment Promotion)
 ur.han@foodpolis.kr

- Investment promotion targeting Japanese food companies
- Establishment and operation of strategies to attract foreign-invested companies
- Support for foreign-invested companies advancing into Korea
- Food market research and analysis
- Consulting and cooperation on export
- Establishment of a food company network

Byeon Se-gwang (Corporate Support)
 bskodak@foodpolis.kr

- Food industry statistics and market analysis
- Corporate support program planning and operation
- Research of demand for food industry professionals and job matching

Jo Jung-sang (R&D)
 js-man@foodpolis.kr

- Food safety: Tracking and analysis of odor patterns and identification of odor-causing substances (agricultural chemicals, antibiotics, etc.)
- Process control: Management of harmful physico-chemical substances throughout the entire food manufacturing process
- Food Sanitation Act: Con-sultation of legal matters for distribution
- Reporting of manufactured items for each food type, self-inspection of quality, nutritional component analysis and labeling, etc.

Kim Gi-hwa (R&D)
 kkh0109@foodpolis.kr

- Electronic nose analysis: Analysis of odor patterns and identification of odor-causing compounds
- Electronic tongue analysis: Analysis of five flavor patterns using sensors
- Sensory evaluation: Evaluation of sensory characteristics such as preference analysis and descriptive testing

Kim Yeong-won (Investment Promotion)
 news0@foodpolis.kr

- Lot purchase and move-in consulting: Support for resolving difficulties regarding lot purchasing and move-in
- Workforce consulting: Support for resident companies to source their workforce
- Distribution and marketing consulting: Support for the distribution and marketing of resident companies

Jeong Min-gyeong (Investment Promotion)
 jmk2580@foodpolis.kr

- Corporate PR activities and online and offline promotion of the Cluster
- Support for planned PR via major media (PPL, print advertising, etc.)
- Support for interactive marketing and PR via new media (such as SNSs)

Sin Jun-sik (Planning and Operation)
 na0366@foodpolis.kr

- Consulting on corporate promotional strategies
- Diagnosis, establishment, and implementation of corporate promotional strategies
- Management diagnosis and consulting on management efficiency
- Establishment of innovative goals and action plans through management diagnosis
- Diagnosis of performance management and reward systems and proposal of improvement measures

Revision of Food Safety Laws in the US and China

How to Respond to Reinforced Food Safety Requirements

Non-tariff barriers in the food industry are increasing as evidenced by the revision of the Food Safety Modernization Act of the US and the Food Safety Law of China. As for the US, liabilities for food safety accidents have been reinforced, thus requiring more stringent compliance with safety standards throughout the entire process from production to distribution. As for China, the altered provisions pertaining to labeling, such as the indication of food additives on the packaging for any imported food, should be accurately and thoroughly examined.

Organized by the Editorial Team
Source: Information to Support Export of Agricultural and Fisheries Products, aT



Ownership of Food Imported into the US Not Clearly Specified

The FDA Food Safety Modernization Act (FSMA) of the US, which affects many food manufacturers, distributors, and retailers, was signed into law in January 2011. The FSMA amends the Federal Food, Drug, and Cosmetic Act enacted in 1938. It is the most sweeping reform of US food safety laws in over 70 years, aimed at ensuring food sanitation and safety from farm to table. Its implementation was further reinforced by seven foundational rules, which were finalized in 2016. The seven rules are Preventive Controls for Human Food; Preventive Controls for Animal Food; Produce Safety; Foreign Supplier Verification Program; Accredited Third-Party Certification; Sanitary Transportation; and Registration of Food Facilities. More stringent amendments were recently made to the final rules of Preventive Controls for Human Food, Produce Safety, and Registration of Food Facilities, for which exporters must make thorough preparations. The "Preventive Controls for Human Food" rule requires food manufacturers to establish a food safety plan specifying how they will manage production procedures, sanitation, and distribution; minimize hazards; and operate preventive controls. The rule also mandates the submission of the aforementioned plan in written form to the FDA.

The latest amendments raise the issue of clearly identifying who has the ownership of food imported into the US and where responsibility lies. Typically, importers acquire the ownership of (responsibility

for) the food they import, but importers can refer to wholesalers, retailers, or distributors. In accordance with the "Foreign Supplier Verification Program" rule, it must be verified that food imported into the US has been produced in a manner that provides the same level of public health protection as that required of US food producers. As such, the FDA established the "Accredited Third-Party Certification" rule for the accreditation of third-party certification bodies to conduct food safety audits of foreign facilities and the foods they produce. The FDA may reject entry of food that is not accompanied by a certification from an accredited third-party certification body. Violation of the rule can result in civil liability and criminal penalties. In conclusion, the FDA gained the authority to enforce product recall of all imported foods. The US government appears to have taken firm steps forward to comprehensively regulate all aspects of safety for foreign foods and foreign facilities.

Be in the Know on China's Food Additive and Labeling Requirements Beforehand

China is experiencing a continued increase in imported food consumption due to its rapid economic growth. In response to this trend, the Chinese government has continuously heightened non-tariff barriers in the food market in an attempt to protect the rights and health of its people. For example, the Chinese government placed a total ban on the import of makgeolli (unrefined Korean rice wine) that contains aspartame, an action that brought makgeolli

exporting to China to a halt. Furthermore, the moisture content of first-grade rice is set at less than 16.0% in Korea, while China set it at 15.5% or lower. This also complicated the export of Korean rice to China. In a recent seminar held by MAFRA and aT, Manager Im Hang-sik of the Chinese branch of the Korea Testing & Research Institute said, "Many Korean food companies seem to find China's requirements about the use of food additives and labeling difficult and often fail to make it through customs."

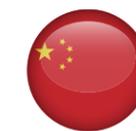
The revised Food Safety Law of China, which took effect in October 2015, focuses on regulating foods sold online, modified milk powder (baby formula), and health-enhancing foods. As for foods sold online, each and every seller must register its current CEO's name to clarify where responsibility lies for food safety incidents. If those who purchased foods via a website suffer any damages, they can demand that the seller's CEO and food producer compensate them for the damages. In accordance with China's Administrative Measures on Product Formula Registration of Infant Formula Milk Powder, all formula makers, both local and international, may distribute and market no more than nine products of up to three brands at once. It is a particularly serious blow to Korean companies, most of which are also suppliers of private-label products in addition to their own name brands. As for health-enhancing foods, only the ingredients that fall into the 87 types of ingredients approved by the Chinese government can be used, and companies must be able to produce scientific evidence to be marketed in China. All labels and product

descriptions must be translated into Chinese and gain prior approval of the Chinese Food and Drug Administration (CFDA) or Ministry of Health. More detailed information about the revised food safety regulations of the US and China is available at aT's website for export support information for agricultural and fisheries products (www.kati.net) by clicking "Export and Safety Information" and then "Bulletin for Food Safety Laws."



Seven Foundational Rules for the Implementation of the FSMA

- Preventive controls for human food
- Preventive controls for animal food
- Produce safety
- Foreign supplier verification program
- Accredited third-party certification
- Sanitary transportation
- Registration of food facilities



Revised Food Safety Law

- Registration of the CEO's name for online food sellers
- Administrative Measures on Product Formula Registration of Infant Formula Milk Powder
- Extensively reinforced health-enhancing food regulations
- Translation of labels and descriptions into Chinese and prior approval of CFDA or the Ministry of Health required

FOODPOLIS NEWS



The First Resident Company Workshop Took Place in 2016 2016.05.19

The Korea National Food Cluster held the first resident company workshop in 2016 at Plaza Hotel in Seoul. It was attended by five companies that concluded lot purchase contracts with the Cluster (including Harim and AZ System) and eight registered foreign-invested companies and companies scheduled to conclude lot purchase contracts. General Manager Kim Gyeong-gyu of the Ministry of Agriculture, Food and Rural Affairs (currently Deputy Minister of Food Industry Policy) and other government officials of Iksan and Jeollabuk-do were present and actively interacted with the participating companies.

The introduction of the companies was followed by presentations of those that purchased lots within the Cluster on the progress of their preparations to move in. Harim said that it is making adjustments between its items to be produced at the Hamyeol Industrial Complex and those at the Korea National Food Cluster

The Awarding Ceremony for the 2016 KNFC Food Venture Startup Contest Takes Place 2016.11.24



The Ministry of Agriculture, Food and Rural Affairs organized the 2016 Korea National Food Cluster Food Venture Startup Contest in order to discover SMEs and would-be entrepreneurs dreaming of growing into world-class food makers and provide them the opportunity to

and that the construction of its production facility within the Cluster will begin in 2018. In November 2016, C&C announced its plan to first construct a warehouse on its purchased lot of roughly 5,000m² for its imported raw ingredients. Other companies, such as Neocrema and BTC, have also revealed that they were planning to break ground for their factories in the second half of 2017 or that their factory design is in progress. LCM Korea, one of the seven companies scheduled to sign a lot purchase contract, is currently establishing an investment plan due to surging demand in the Chinese market and is willing to share its knowhow as an exporter (with rich experience of working with US partners) with other resident companies. The workshop concluded with the Cluster promising to follow up on the groundbreaking schedules and needs of resident companies, offer appropriate support, and make necessary arrangements with the companies planning to conclude lot purchase contracts with the Cluster.

move into the Cluster's Food Venture Center. This contest, staged by the Cluster, brought together would-be entrepreneurs brimming with innovative ideas about food processing and manufacturing.

The contestants were screened through the first stage of document screening and then the final stage of presentation screening. A total of nine contestants advanced to the final, and the first prize (Grand Prize) went to Queens Bucket that presented its plan to reinforce its foothold in the global food ingredient market through the production of premium sesame oil and perilla oil and the by-product recycling business. The second prize (Excellence Prize) was won by Union Tech that proposed its idea on an agricultural and fisheries produce drying

business, and the third prize (Vision Prize) was awarded to Home Cook Service that proposed dietary life ideas suited for small families. Also, those companies among the nine final contestants that received an evaluation of 70% or higher in the first and second screenings were granted the right to move into the Food Venture Center and freely use the Cluster's support facilities and research equipment to save development and investment costs. The Cluster's Food Venture Center leases factories and office space to food companies that have technology and ideas but lack capital and equipment.

Employment Presentations on the Move 2016. 6. 2 / 2016.11.16

The Korea National Food Cluster joined



hands with local universities to conduct the Korea National Food Cluster Employment Presentations on the Move. One presentation took place at Wonkwang University on June 2, 2016, and the other at Chonbuk National University on November 16, 2016, detailing the Cluster's vision and recruitment information of its resident companies for job-seeking students. The presentations at each of the two universities were attended by over 250 students and young job seekers in food-related fields. The presentations included special lectures on entering the job market, cases of successful former job seekers, and overviews and recruitment plans of the Cluster's resident companies. Human resources managers from the seven resident companies scheduled to move into the Cluster were also invited to the venues for one-on-one employment consultation as an extension of the Cluster's support for job matching.

Resident Companies Take Part in the Iksan Grand Job Fair 2016.11.02

Resident companies of the Korea National



Food Cluster took part in the 2016 Iksan Grand Job Fair held at the Main Gymnasium of Wonkwang University, conducting on-site PR activities for the Cluster and offering recruitment consultations for job seekers. The Iksan city government and the Cluster jointly opened a booth dedicated to the Cluster and exhibited PR materials and data to promote the Cluster's projects, vision, strategies, and support programs. The companies scheduled to move in, including BTC, Sambo Corrugated Board, Seine Food, C&C, Ever Chemtech, Won Pharm, SCDD, and Harim, set up booths and provided recruitment consultations. Young job seekers at the fair that day showed great interest in the Cluster, visited each corporate booth, and collected employment information.

The Korean National Food Cluster's Presentations for Food Experts End in Great Success

■ 2016 Presentation for Korean Food Grand Master

Date April 19 (Tue), 2016
Venue Yousung Hotel, Daejeon
Attended by About 142 participants
The background, objectives, and missions of the Korea National Food Cluster were introduced under the theme of "Korea National Food Cluster and Korean Food Masters."

■ 2016 Presentation for the Korea Food Industry Association

Date April 20 (Wed), 2016
Venue Conference Room, Korea Food Industry Association
Attended by Working-level subcommittee members representing 29 member companies
The vision of the Korea National Food Cluster was explained in depth to the subcommittee members of the Association with special focus on the Cluster's aim to embrace the needs of individual food companies and lead to breakthroughs.

■ 2016 Presentation for SNU FNP

Date April 21 (Thu), 2016
Venue Choi Byeong-ho Hall, College of Human Ecology, Seoul National University

Attended by 70 participants
Details on the Korea National Food Cluster were delivered in front of SNU FNP, which consists of CEOs of major food companies.

■ 2016 Presentation for the Korea Rice Foodstuffs Association

Date May 11 (Wed), 2016
Venue Grand Ballroom, First Exhibition Hall, KINTEX
Attended by About 200 participants
Details on the Korea National Food Cluster were delivered to the members of the Korea Rice Foodstuffs Association.

■ 2016 Presentation for the Foundation of Agri, Tech, Commercialization & Transfer

Date May 26 (Thu), 2016
Venue Champagne Hall, Novotel Ambassador Suwon
Attended by About 70 participants
Improvement ideas for technology transfers and food manufacturing were proposed and exemplary R&D cases were shared with the Foundation, while also highlighting the benefits of the Korea National Food Cluster designed to reinforce the competitiveness of businesses.

■ 2016 Presentation for the Korea Foodservice Industry Association

Date May 30 (Mon), 2016
Venue Ulsan Family Service Center
Attended by About 150 participants
- Details on the Korea National Food Cluster were delivered to the members of the Korea Foodservice Industry Association.

■ 2016 Presentation for the Korea Chamber of Commerce and Industry

Date June 22 (Wed), 2016
Venue Conference Room, KCCI Building
Attended by About 80 participants
Ongoing projects, updates on lot purchases, and investment incentives provided by local government bodies were explained in depth.

■ 2016 Presentation for the Advisory Panel for Co-prosperity

Date June 22 (Wed), 2016
Venue Conference Room, KCCI Building
Attended by Over 60 members of the Advisory Panel for Co-prosperity of the Agrifood and Maritime Fisheries Industries
The latest developments of the Korea National Food Cluster were shared with

and pertinent materials were handed out to the Advisory Panel members to relay the information to the companies seeking the Panel's advice.

■ 2016 Presentation for SNU FNP

Date June 22 (Wed), 2016
Venue Conference Room, KCCI Building
Attended by About 80 participants
Ongoing projects, updates on lot purchases, and investment incentives provided by local government bodies were explained in depth.

■ 2016 Presentation for the Jeonbuk Center for Creative Economy and Innovation

Date July 28 (Thu), 2016
Venue Jeonbuk Center for Creative Economy and Innovation
Attended by Over 100 participants
Details on the Korea National Food Cluster were shared with local bio research institutes and business incubators such as the Jeonbuk Center for Creative Economy and Innovation, successfully raising the interest of Jeonbuk-based companies in the third round of lot sales.

Special Seminars

Special Seminar Staged as Part of the International Academic Conference of the Korean Society of Food Science and Technology 2016.08.18



The Korea National Food Cluster took part in the International Academic Conference of the Korean Society of Food Science and Technology held at EXCO in Daegu over three days from August 17, 2016, and staged a special seminar. The seminar was attended by over 200 participants who showed great interest in the presentations made by five speakers, including Yun Chan-seok of the R&D Department of the Agency for the Korea National Food Cluster, under the theme "Marketing That Captivates Consumers and a Scientific Approach towards Flavors."

FI Korea 2016 – Food Ingredients and Food Technology Seminar

Date September 21 (Wed), 2016
Venue seminar room, Exhibition Hall of the aT Center
Details Delivering cases of support for food ingredients research and the latest developments in the area
Outcome The Cluster unearthed companies wishing to have additional consultation through a demand survey and conducted in-depth interviews with them on site.

The 15th World Korean Business Convention – Business Networking Seminar

Date September 28 (Wed), 2016
Venue Samda Hall B, ICC Jeju
Details Highlighting the roles and vision of the Korea National Food Cluster
Outcome The Cluster unearthed companies seeking to purchase new land sites through a questionnaire survey and conducted in-depth interviews with them, introducing the lot sales status and benefits for investors.

Special Seminar with the Korean Society of Food Science and Nutrition 2016.11.02

The Korea National Food Cluster held a special seminar on how to improve the public awareness of its corporate support facilities



and how to stimulate the industrial-academic-research network on November 2, 2016, at ICC Jeju in association with the Korean Society of Food Science and Nutrition. Approximately 300 participants gathered together to listen to four presenters, including Han Jin-su of the R&D Department of the Agency for the Korea National Food Cluster, who elaborated on pertinent procedures and case studies under the theme "Systematic Approach towards the Development of Health-Enhancing Functional Foods."

Seminar Seeking to Revitalize Food Venture Startups 2016.11.22

The Korea National Food Cluster and Wonkwang University's LINC jointly organized a seminar to revitalize food venture startups on November



22, 2016, at the third-floor seminar room of the University's Library. This seminar, aimed at sharing information about consumption trends, available financial aid (MIFAFF Fund of Funds), and technology transfers with companies scheduled to move into the Food Venture Center, was attended by about 80 participants who gathered to discuss "Food Venture Startup Strategies Based on Changing Food Consumption Trends." CEO Choi Jeong-gwan of Innova Market Insight made a presentation on the top ten trends of the global food industry, while Director Lee Gil-jae of the Jeonnam Agrifood Business Incubator made a presentation about how to support the incubation of agrifood startups through technology transfers. The presentations received an excited response from potential entrepreneurs in the food industry.

Overseas Investment Promotion Presentations

2016 Overseas Investment Promotion Presentations Held in China

The Agency for the Korea National Food Cluster hosted a series of investment promotion



presentations in China in 2016 following those held in Tokyo, Japan, in 2015. On January 24, 2016, the first presentation co-hosted with the Chinese Ministry of Commerce was held with over 200 guests present, including government officials of the Ministry, the vice chairperson of CCPIT, the vice chairperson of CCPIT Shanghai, and members of the business community, successfully highlighting the Cluster as a prospective investment target. In addition, the Agency made extensive contacts with major government agencies of the presentation locations of Qingdao, Yantai, and Sichuan and laid the foundation for continued support for investment promotions.

Investment Promotion Presentation in Qingdao, China

Date June 1 (Wed), 2016
Venue Shangri-La Hotel
Details Attended by over 30 guests including the head of the Bureau of Commerce of Qingdao, the head of aT's branch in Qingdao, and executives from 10 food companies

Outcome This presentation, held in a major city of Shandong Province, drew wide attention among prospective investors.

Investment Promotion Presentation in Yantai, China

Date June 2 (Thu), 2016
Venue Wanda Vista Yantai
Details Attended by over 50 guests including the head of the Bureau of Commerce of Yantai, chairperson of the Yantai Municipal People's Association for Foreign Countries, chief secretary of the Yantai Food Industry Association, representative of the Korean Chamber of Commerce in Yantai, and representatives of over 15 food companies

Outcome This presentation, held in a major city of Shandong Province, drew wide attention among prospective investors.

Investment Promotion Presentation in Sichuan, China

Date October 17 (Mon) - October 19 (Wed), 2016
Venue Provincial capital of Sichuan, China
Details Prospective investors for 2017 were uncovered through the presentation.

Interested in Investing in the Korea National Food Cluster?

What are the qualifications to become an investor?

The Korea National Food Cluster will consist of five districts, which will house industrial facilities, R&D facilities, logistics facilities, corporate support facilities, and other facilities. A candidate company will be given approval to move into the desired district if it falls under the appropriate category (food manufacturing, beverage manufacturing, food-related business, etc.).

What conditions must be met to move into the Cluster's FIZ?

An FIZ, or Foreign Investment Zone, refers to the part of a national or local industrial complex designated for medium- and small-scale foreign-invested companies. It is divided into lots that are rented out to such companies. In compliance with Article 12 of the Foreign Investment Zone Operation Guidelines, a company wishing to move into the zone must be invested with KRW 100 million or more by foreign investors or have the percentage of foreign investment retained at 30% or higher. Also, it must be registered as a foreign-invested company at the point of the conclusion of the move-in contract and must build a new production facility on site. The lease period can be renewed every 10 years up to a maximum of 50 years.

What are the benefits for resident companies of the FIZ?

National taxes (corporate tax and income tax) are exempted 100% for five years and reduced by 50% for the next two years for companies moving into the FIZ if the qualifications are met. As for local taxes, acquisition tax and property tax are exempted. Customs duties are exempted from capital goods only. In addition, land leases are exempted in their entirety or in part, and an employment subsidy and an education and training subsidy are provided if the preset qualifications are met.

Do the benefits for resident companies of the FIZ vary by their percentages of foreign investment?

All companies permitted to move into the FIZ are exempt from land leases, customs duties, and value-added tax and are given an employment subsidy and an education and training subsidy. However, the extent of benefits regarding other taxes is determined by the percentage of foreign investment. A joint venture established by a consortium of local and foreign investors or entities is given fewer incentives than a company 100% established and owned by a foreign investor.

Tax Benefits

The following tax benefits are provided to only those companies with a foreign investment percentage of 30% or more and with the invested amount standing at USD 10 million or more.

<p>National taxes</p> <p>Corporate tax exempted 100% for 3 years</p> <p>reduced by 50% for the next 2 years</p>	<p>Local taxes</p> <p>Acquisition tax exempted 100% for 7 years from the date of the initiation of the business and reduced by 50% for the next 3 years</p> <p>Property tax exempted 100% for 15 years from the date of the initiation of the business</p>	<p>Customs duty</p> <p>Fully exempted for capital goods brought in for 5 years from the date of investment declaration</p>
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Land leases

Exempted and reduced as follows

<p>100% exempted</p> <p>For companies engaged in high-tech businesses with a foreign-invested amount of USD 1 million or more</p> <p>and</p> <p>with the number of full-time employees standing at 200 or more</p>	<p>90% reduced</p> <p>For companies engaged in manufacturing with a foreign-invested amount of USD 2.5 million</p> <p>and</p> <p>with the number of full-time employees standing at 150-199</p>	<p>75% reduced</p> <p>For companies engaged in manufacturing with a foreign-invested amount of USD 5 million or more</p> <p>and</p> <p>with the number of full-time employees standing at 70-149</p>
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Investor Subsidies

Classification	Details	
Investment subsidy	Jeollabuk-do	For up to 10% of the invested amount that exceeds KRW 1 billion with a ceiling of KRW 5 billion
	Iksan	For up to 5% of the invested amount that exceeds KRW 1 billion with a ceiling of KRW 5 billion
Employment subsidy	Jeollabuk-do	If the number of full-time employees exceeds 20 by newly hiring local residents, KRW 1 million per head for all employees beyond that number will be given for up to 6 months with a ceiling of KRW 1 billion per company.
	Iksan	If the number of full-time employees exceeds 20 by newly hiring local residents, KRW 500,000 per head for all employees beyond that number will be given for up to 6 months with a ceiling of KRW 200 million per company.
Education and training subsidy	Jeollabuk-do	If the number of full-time employees exceeds 20 by newly hiring local residents, KRW 100,000-500,000 KRW per head for all employees beyond that number will be given for up to 6 months with a ceiling of KRW 500 million per company.
	Iksan	If the number of full-time employees exceeds 20 by newly hiring local residents, KRW 500,000 per head for all employees beyond that number will be given for up to 6 months with a ceiling of KRW 200 million per company.

For free investment consultation
1688-8782
www.foodpolis.kr

The Korea National Food Cluster is optimized for companies aiming to further their reach and advance into the global food market.

The Korea National Food Cluster, located in Iksan, Jeollabuk-do, is designed to serve as the hub of Northeast Asia's food market and provide ample opportunities for food companies in Korea and beyond.



Benefit I Exemption and reduction of national and local taxes

- Corporate and income taxes exempted 100% for 5 years and 50% for the next 2 years
- Property tax exempted 100% for 5 years and 50% for the next 2 years; acquisition tax exempted 100%



Benefit II A variety of subsidies

- Industrial relocation subsidy, investment subsidy, employment subsidy, education and training subsidy, etc.



Benefit III Support for SMEs

- Support for facilities and their operating expenses
- Support for expenses related to pioneering new markets, participating in fairs, and engaging in marketing activities

Consultation for lot purchases and move-in
1688 - 8782