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# Journal

Incheon Free Economic Zone

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Mar + Apr 2011 Vol. 38



Hot Issue

 **Confirms large-scale investment in IFEZ!**

Theme Special

GO IFEZ! To become an international business city buzzing with people  
IFEZ, Way to a Compact City with residential and commercial functions in harmony

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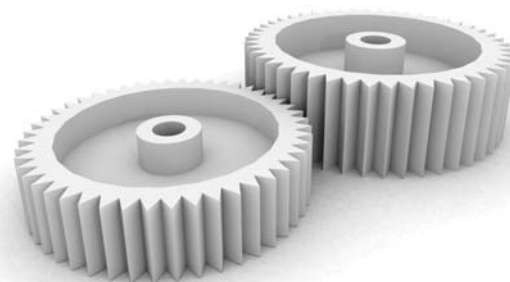
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#### COVER STORY

Just as gears control the rate at which energy is converted into motion, IFEZ is developing on a harmonized basis with human beings coexisting with nature; tradition with modernity. In the near future, this beautiful coexistence will generate synergy effects that will drive the development of Korea.



## IFEZ, THE MOST WONDERFUL IDEA IN THE WORLD

In 2010, the book <20\$ Per Gallon>, which gave an outline of Songdo International City the answer to problems facing modern cities, was in the news for some time. Lately, Songdo International City has been gaining a great deal of attention around the world as a new development model that represents the future of cities. Bloomberg Business Week, a weekly economic magazine published in the United States, selected Songdo International City development project as one of the world's eight greatest construction projects, and the Guardian, a daily news paper in the United Kingdom, has identified Songdo as one of the world's five cities of the future. In addition, as Incheon Free Economic Zone has gained recognition as a successful model of a new concept urban development project, it's being benchmarked by many countries around the world, including Ecuador and Egypt, and there have been also many requests to provide consultancy on urban development projects in various countries. Ironically, IFEZ's value and significance is being widely acclaimed around the world while being overlooked here in Korea.

The second stage of the IFEZ development project has entered its second year in 2011. We have gone through many large and small internal disturbances in the aftermath of the global financial crisis and economic downturn in the domestic real estate market over the last few years. However, IFEZ has firmly and consistently pressed ahead with its plans.

One good example of this is that Korean conglomerates have recently begun investing in IFEZ one after the other. Lotte Group announced that it will directly develop and operate 'Songdo Lotte Shopping Town', a mega-scale multi-functional shopping mall valued at 1 trillion Won, while Korean Air Group has entered into an agreement to invest 133 billion Won in the establishment of Wangsan Marina, a leading project within the Yongyu and Muui tourism cultural complex. One top of that, Samsung Group has decided to invest over 2.1 trillion Won to establish Bio Park, which will do a great deal to promote IFEZ as a Mecca of bio-medicine, and will be a powerful new growth engine for Korea in the global arena. Accordingly, an increasing number of Korean conglomerates are expected to make investments in IFEZ following Samsung's decision, which in turn will spur the investment of foreign enterprises.

Therefore, I believe now is the best time to rectify irrational laws and regulations as IFEZ is getting significant attention at home and abroad. It's been 7 years since the establishment of IFEZ. In view of the changes that have occurred over this time, we should re-examine the development direction of IFEZ. Most of all, like Nike's business slogan 'just do it!', we have to implement innovative measures on non-essential laws and regulations that are regarded as the chief obstacles to the development of IFEZ. Reverse discrimination against domestic businesses and restrictions on investment in the Seoul metropolitan area should be alleviated or abolished and non-tax incentives and financial support should be reinforced. The phenomenon of globalization is frequently accepted as conventional wisdom these days. However, capital and enterprise still clearly have their origins in nation states. It's time for us to consider again for what and for whom the IFEZ project has been initiated.

Honorable readers of <IFEZ Journal> and staff members, a modern society is one characterized by speed. Although conditions of life around us are rapidly changing, unfortunately many of us continue to live without thinking deeply about these changes. If we do not have a vision or dream, there will always be regret in life. Let's build a dream and face challenges together so that we can live without regrets and take pride in the future that we have created together. Let's make IFEZ the most wonderful idea and the most pleasant city to live in the world. Dreams will come true if we strive for them with determination. Dreams will be realized if we dream together. In line with the teachings of Confucius saying "people living far away come to us if we please those who live near", I promise to do my best to make IFEZ full of things to eat, see and enjoy in order to satisfy people near and far. Thank you.

Lee, Jong-cheol Commissioner of IFEZ

Congratulations!

# SAMSUNG, CONFIRMS LARGE-SCALE INVESTMENT IN IFEZ!

IFEZ has achieved another remarkable large-scale investment success and has created the conditions to accelerate the progress of the project in order to become a truly global business city in name and reality. There are high hopes that the partnership between Samsung Electronics, Korea's number one conglomerate, and IFEZ will pave the way for a major new growth engine in IFEZ that will also spearhead the development of Korea in the near future.



Samsung Electronics has decided to establish biosimilar production and R&D facilities in the Bio-Medi Park of Songdo following the establishment of a joint venture with a global firm. Song Young Gil, Mayor of Incheon Metropolitan City, and Lee Jong Chul, Commissioner of Incheon Free Economic Zone Authority, signed an agreement with Samsung Electronics to invest in the bio pharmaceutical sector of Songdo International City at the head office of Samsung on the 25th of February. Designed to establish a bio park for international high-tech bio firms, IFEZ's Bio Medi Park is slated to be established in an area 274,000m<sup>2</sup> in size in block five of Songdo International City with a total budget of 2.1 trillion Won.

It has been revealed that the main reasons why Samsung came to the decision to invest in the bio sector of IFEZ are its excellent geographic location in proximity to Incheon international airport, the essential infrastructure for the globalization of the biosimilar business, and the favorable business environment with strong collaborative networks among industry, academia and research centers such as Celltrion, CJ bio research center and Korea Biotechnology Commercialization Center, a subsidiary organization of the Ministry of Knowledge Economy, and finally, the large pool of highly talented individuals that are available to work here. This investment agreement is of great importance as it allows IFEZ to establish the environment for it to become a Mecca of the bio-medical industry in Korea and the region, with Songdo International City rapidly putting in place the infrastructure to establish a bio industrial cluster.

Based on the agreement, IFEZ has gained significant momentum in becoming a global powerhouse that will spearhead the future development of Korea. In addition, this agreement is the first example of a joint venture between a Korean conglomerate and a foreign firm to invest and locate in IFEZ, which is expected to greatly boost the investment of Korean conglomerates into IFEZ and establish the foundation for IFEZ to become an economic powerhouse in the region. Building on this momentum, IFEZ will re-double its strategic efforts to establish Songdo Bio Medi Park and attract increased foreign direct investment.



- + Samsung plans to invest over 2.1 trillion Won in the bio pharmaceutical business sector
- + Samsung Electronics, Incheon city government and IFEZ signed an agreement to invest in the bio pharmaceutical industry



## <Introduction to Samsung Bio Park construction project>

### ◆ Investment Overview

- Project name: Establishment of bio park with a foreign high-tech bio company
- Key projects: Establishment of biosimilar R&D center/ construction of the production facility
- Land area : 274,000m<sup>2</sup> in block five of IFEZ

### ◆ Total budget

- Over 2.1 trillion won

### ◆ Foreign investor

- Quintiles
- Headquartered in Durham, North Carolina (Inside of RTP)
- The number one global player in the research/development and commercialization of drugs, bio and health care
- Has successfully developed and commercialized about 30 best selling medicines
- Sales Revenue: 29 billion USD (2009), the number of employees: 23,000 in about 60 countries

### ◆ Significance of the investment

The global medicine market reached 790 billion USD in 2009, 18 times bigger than the memory semiconductor market of 42.9 billion USD.

In particular, the new bio drug sector in which Samsung Electronics has decided to invest is a very promising industry which is rapidly growing by more than 20% every year. Samsung aims to foster a new growth engine by entering the bio industry. The business expansion of Samsung Electronics into the bio industry is expected to produce many significant effects and reverberate in many areas. First, the investment will be a stepping stone that will lead to a lot of innovation and growth among domestic bio and pharmaceutical companies, which only account for a 1.5% market share (13.9 trillion won) worldwide, and the bio industry will be a catalyst to advance a new era of convergence of harmony between the IT and BT industries.



GO IFEZ! To become an international business city buzzing with people

## THE FIRST STAGE PLAN OF INVESTMENT PROMOTION IN THE DISTRIBUTION BUSINESS SECTOR OF IFEZ

Like a rabbit running better uphill than downhill, IFEZ is dreaming of taking a greater leap in 2011, the year of the rabbit. Consistently accomplishing many great and small feats, IFEZ is taking one step further to realize the goal of the second stage of the project: the boosting of investment promotion. In this issue of the magazine, we will take a close look at the first stage plan of investment promotion in the distribution sector to establish an international business city buzzing with people and packed with things to eat and see, full of opportunities to enjoy and relax. This will be the foundation upon which to entice investment into Songdo.

+ Written by I Seon-hye Lee, Service industry attraction division

### We dream of an international city buzzing with people

2011 is the 8th year of the opening of Incheon Free Economic Zone Authority. For the last 8 years, IFEZ has steadily grown and expanded with the ultimate goal of establishing an international business city that represents North East Asia. In the second year of the second stage of the project, IFEZ presents itself as the most advanced model among the 6 free economic zones in Korea, positioning itself as a new growth engine that will lead the economic development of Korea before long. With the first stage of the project successfully completed and the second stage currently being executed with the aim of establishing a settled environment and boosting investment attraction, what kinds of preparations should IFEZ make to draw foreigners and tourists here? Every day foreign tourists visit Korea after entering through Incheon international airport and Incheon port.

However, the majority of them move quickly on to Seoul or other cities in the Seoul metropolitan because there are many things to see, eat and enjoy there, and few remain in the Incheon area. When the Global Fair and Festival 2009 was held in Incheon, Korea, most tourists didn't stay in Incheon but went to Myeongdong or Dongdaemun for shopping or entertainment after seeing the show. A survey revealed that most visitors couldn't find satisfactory places to shop in Incheon or IFEZ and finally returned to Seoul. Even in



2011, IFEZ doesn't have the proper environment to foster a distribution industry. The development is not finished yet and the number of settled residents doesn't meet the requirement for mega-scale marts such as E-mart and Home Plus to open branches.

Incheon and IFEZ must transform itself into a 'city visitors love to come to' with lots of things to see, enjoy, lots of opportunities to eat and relax as well as having a variety of amenities that can attract visitors in order to become a young, dynamic and energetic city in the near future. In particular, scheduled to host the 17th Asian Games in 2014, Incheon has to immediately get anchor tenants to attract visitors for shopping. Reflecting this necessity, Incheon Free Economic Zone Authority has established the first stage plan of an investment promotion in the distribution industry sector.

### Background and expected results of the first stage plan

By and large, the first stage plan of the investment promotion in the distribution sector is classified into three parts.

The target infrastructure includes a multi-functional shopping mall, a global distribution company and downtown duty free shops, and IFEZ is recruiting a developer specialized in the operation of these three entities. We aim to attract firms that have the capabilities to develop and operate

businesses because the potential investor will not be simply assigned to construct the building. Rather, the investor will be given the responsibility for operating the building to assure a more efficient operating system.

Here, let's look into the broad definition of 'distribution'. When it comes to distribution, you might think of transportation and logistics. However, in accordance with the distribution industry development act, large-scale stores such as mega-sized marts, specialty shops, department stores, shopping centers and multi-functional shopping malls are classified as belonging to the distribution industry. In addition, this business type can be grouped under the heading 'selling facility' because it is included as a wholesale and retail business in accordance with the standard industry classification table regarding the service industry.

Some might doubt whether investment promotion activities are necessary for the distribution industry and selling facilities.

In general, the concept of the shopping mall is a collective group of shops run by buyers or their lessees after the developer constructs the building and divides the space to sell.

This concept is easily understandable if we take the shopping mall of Dongdaemun as an example. Because the operating system of the developer is based on generating revenues through selling the building, the developer is not held responsible for operation after constructing and selling the shopping mall. Since each buyer runs his or her own business independently, consistent, united contents can't be created. Under the general concept of the shopping mall, an individual buyer is reluctant to take risks opening the shop if the business conditions are not favorable after the developer completely sells the building. In other words, this traditional concept cannot be applied easily to IFEZ, where a settled environment is not available yet and buyers have to take great risks. For these reasons, IFEZ began to look into the advanced multi-functional shopping malls that exist in foreign countries. The operating system of the developer in the multi-functional shopping mall is not based on selling, but leasing. From the early design stage, the developer not only plans their preferred lessees, but also achieves united composition. Profits are generated on the basis of operat-

ing revenues such as leasing and advertisement. Therefore, after the facility is ready for operation, the developer has to recruit lessees for running the stores and take responsibility for full operations in the future. Global distribution companies such as COSTCO or IKEA that have warehouse and selling facilities and developers specialized in operating downtown duty free shops for tourists who go abroad through Incheon are included in the plan because they share common features.

In conclusion, Incheon Free Economic Zone Authority will strive to entice distribution companies that have sufficient sustainable working experience to operate a facility systematically based on an integrated, long-term plan as well as anchor tenants that can attract both local and foreign tourists. In this sense, I would say attracting developers specialized in the operation of a facility in the distribution sector is a prerequisite for IFEZ.

#### To make visitors love coming to IFEZ over and over again

Currently, the service industry promotion division of Incheon Free Economic Zone Authority is collecting a data-base of potential developers that fit the concept of each district in order to attract multi-functional shopping malls.

We are also looking into a resort shopping mall along with outlets, a theme park and casino in order to avoid the duplication of concepts in the different districts of Songdo, Yeongjong and Cheongna and we hope to match them with the overall development plan. We are planning to form a task force team with the developers of each district this April with an aim of opening a total of three shopping malls by 2014.

If multi-functional shopping malls are to be established and operated in each district of Songdo, Yeongjong and Cheongna as planned, it's expected that we can add one more feature for tourists to enjoy when they visit Incheon during the 17th Asian Games in 2014. In the future, the service industry promotion team will do its utmost to complete the first stage plan of investment promotion in the distribution sector successfully and will strive to develop IFEZ so that it becomes an international business city buzzing with people.



**Written by** Il Seon-hye Lee. Seon-hye Lee works at the distribution & logistics team of service industry attraction division, Incheon Free Economic Zone Authority. Seon-hye Lee is responsible for attracting multi-functional shopping malls, global distribution companies and duty free shops at the distribution and logistics team.

# IFEZ, WAY TO A COMPACT CITY WITH RESIDENTIAL AND COMMERCIAL FUNCTIONS IN HARMONY

+ Written by I Young-Seop Kwon, a researcher of Korea Research Institute of Human Settlements

## What is a Compact City?

A Compact City refers to the concept of building a city complex within a larger city outfitted with a variety of functional programs, including residences, offices, shopping facilities and accommodation in a dense arrangement that facilitate all human activities within the boundary of the city. This fairly new concept is used in contrary manner to the expansion-oriented new town or residential development characterized by its focus on broadening the external size.

The global oil crisis in the 1970s served as a turning point that caused a shift in land development trends from quantitative spillover expansion toward building a compact city, which is partly attributable to the need for saving energy and resources due to the depletion of petroleum resources along with other factors such as urban decline and the ageing populations.

The concept of a Compact City originated from the idea of a virtual city that efficiently used resources, which was proposed by two American mathematicians, George Dantzig and Thomas L. Saaty, in 1973. Since then, urban scholars have taken on board the ramifications of the energy crisis and maintained a paradigm shift toward the Compact City that enables sustainability.

According to M. Jenks, a Compact City features urban compaction, an organically connected transportation network, environmental control and prestigious urban management. Here are some of the tangible benefits of a Compact City.

First, transportation costs are reduced in addition to consequential energy savings and environmental conservation as the traveling distance within a densely organized city is shortened. That is, enhanced accessibility stemming from condensed development decreases the

demand for automobiles as well as traveling distance while reducing energy consumption and air pollutant emissions thanks to a development oriented toward encouraging the use of public transportation and bicycles, as demonstrated by the installation of bicycle-only roads together with pedestrian roads. Second, a densely organized city is most likely to replace the use of automobiles with public transportation and walking and is also human-friendly because most functional properties, including residences, retail outlets and leisure facilities are within close proximity.

Third, a Compact City will be able to enhance the quality of life as it is typically accompanied by suburban development restrictions, which leads to the conservation of nature and acquisition of green spaces. It is also environment-friendly because it enables us to secure sufficient public open spaces as a densely organized development arranges residences and work places within a short distance. It is pretty easy to see the case for building a compact city within an urban district as it is more resource-saving, human-oriented and environment-friendly than extensive spillover expansion. Roppongi Hills, Shiodome and Shinagawa in Japan, The Docklands in the UK and Sony Center in Berlin are some of examples.

Roppongi Hills has integrated a number of functional programs, including offices, residences, leisure spaces, resting places, cultural and educational facilities and retail outlets into a redevelopment area that was turning into a kind of slum. The number of permanent residents in offices, residences and broadcast center buildings is estimated to be 20,000. The floating population on holidays reaches as many as 100,000 with the overall design of various functions and buildings retaining coherence and consistency.

## Strategy to develop IFEZ into a Compact City

How are we, then, able to apply the concept of a compact city to the development of IFEZ, which is a typical extensive expansion type development project? The concept of a Compact City is not necessarily designed to be applied to existing urban districts only and there are actual cases where the concept of a Compact City has been applied to the development of a new city. IFEZ needs to learn the implications of these cases.

Louvain La Neuve, a Belgium city developed in the 1970s with several development strategies in line with the concept of a Compact City was developed based



on nine different principles, including various new towns, human scale, harmony with surrounding topography, convergence of city and university, pedestrian city, construction of town center, security of flexibility in land acquisition, building complex and city within a natural environment. Among them, five factors in relation to various new towns (co-existence and co-prosperity of a heterogeneous population including students, professors, researchers, scientists, merchants and managers), human scale, construction of town center and building complex have something to do with a Compact City. When it comes to the scale as one of the features of a Compact City, the maximum walking distance within Louvain La Neuve is as short as 2km in a densely organized and populated city of 3.6km<sup>2</sup> in an area with 50,000 residents.

IFEZ is different from Louvain, the new town, in terms of time, scale and functionality. However, the philosophical principles and urban development strategies of Louvain are timelessly valued and are certainly worth being benchmarked. They are basically about developing a superior urban space to improve the quality of life by organically integrating a variety of functional programs, including residences, offices, retail outlets and leisure facilities along with building complexes designed to minimize the demand for transportation, promote pedestrian-oriented complex design on a human scale, and create sufficient amount of green areas as well. IFEZ needs to develop a vast land of opportunities into a compact city by consulting the development strategies of Louvain, the new town, within the vision of a global business hub in Northeast Asia. In particular, considering its role as one of the landmark industrial and economic hubs in Korea, IFEZ will be able to develop into a city within a city that creates significant synergy effects, which are common in a compact city, by integrating relevant facilities by reflecting the trend of industrial convergence and thus enabling close and organic interactions among all stake-holders of the city. It will further be able to advance into one of the most favored cities that global companies and talents desire to visit, work in and reside in.

Written by I Young-Seop Kwon, the author of this article and researcher for the Korea Research Institute for Human Settlements serves as an active member of DMC Working Group and an evaluator in the Techno Park Project Evaluation Commission under the Ministry of Knowledge Economy.

A Mecca of global high-tech industries

# VISITING SONGDO SCIENCE VILLAGE

The Songdo Science Village is a fully integrated R&D venture cluster with lab and housing functions combined together so that researchers from prominent research organizations from home and abroad and professionals working for venture companies can focus on research activities 24 hours a day. Let's learn more about the Songdo Science Village, which is gearing up to be the driving force behind the future high tech industries of IFEZ.



- ↑ Meet-You-All Tower
- ↙ Meet-You-All Tower Annex A
- ← Get-Pearl Tower

The Songdo Science Village is largely divided into industrial technology complexes 1 and 2. Industrial technology complex 1, already established in an area of 453,523 $\beta$ , accommodates six main buildings including the Get-Pearl Tower, the first landmark building of Songdo International City, the Meet-You-All Tower and Venture Buildings A and B. Currently, a total of 160 high tech companies and supporting organizations and subsidiary bodies of the UN are located here with total sales revenue reaching 2.5 trillion won in 2009.

In the meanwhile, industrial technology complex 2 is under construction at section 5-7 of Songdo International City. The total area encompasses 655,919 $\beta$  and construction is scheduled to be finished by the end of 2013. Industrial complex 2 is divided into a technology complex zone, a business zone and a multi-functional facility zone. The technology complex zone is designed to have eight integrated research institutions in the fields of IT and BT, mechatronics, auto parts, precision machines, a convergence center, NT and design along with urban-style manufacturing plants. In addition, the business zone will have business supporting facilities including a 70-stories tall landmark skyscraper, residential officetels, office buildings, a science center and an observation center while the multi-functional facility zone will be designed to establish Street Mall, which will facilitate research and business activities 24 hours a day.

Once completely established, industrial technology complex 2 of the Songdo Science Village is expected to create about 10.6 trillion Won in economic ripple effects directly and indirectly and should create around 77,000 jobs and attract 3,800 firms. Accordingly, the Songdo Science Village will be Asia's best high technology center and will feature prominent domestic and foreign universities, talented individuals of the highest calibre, technology intensive companies, and technically competitive research centers.

### Complex 1, Songdo Science Village

Completed back in 2005, the 453,523 $m^2$  large complex is playing an important role in helping 160 companies, academia and research institutions to create world-class technical innovation based on integrated, extensive technical infrastructure that includes the Get-Pearl Tower and Meet-You-All Tower, which are conveniently accessible from the Technopark station on line number 1 of Incheon subway system.

**Complex 2, Songdo Science Village**

Scheduled to be completed by the end of 2013, this 655,919m<sup>2</sup> large expanded complex of Songdo Science Village will grow to become one of the world's best technology eco-systems in the near future with a focus on new growth engine industries as well as globally competitive R&D centers with research and residential facilities combined so that researchers and professionals from domestic and foreign research institutions and venture companies can conduct research activities around the clock.

- Mechatronics center
- ↘ Street Mall
- ↓ IT · BT · AT center
- Songdo science Village



**History**

- 2007. 01 Prepared the master plan for the Science Village
- 2007. 04 Prepared the land use plan and development plan
- 2007. 06 Assigned the additional industrial technology complex (by the Ministry of Commerce, Industry and Energy)
- 2007. 07 Completed the business plan
- 2007. 09 Entered into an agreement to expand Songdo Technopark (IFEZ)
- 2007. 11 Assigned a private developer for the IT and BT center
- 2008. 07 Ground-breaking ceremony for the IT · BT · MT center
- 2009. 04 Assigned a private developer for Street Mall in the multi-functional facility zone
- 2009. 07 Sold IT center space
- 2009. 09 Ground-breaking ceremony for Street Mall in the multi-functional facility zone
- 2009. 12 Revealed the overall development plan and schedule of the additional complex
- 2010. 05 Assigned a private developer for the AT center
- 2010. 07 Sold the lab-style officetel in Street Mall
- 2011. 01 Completed the construction of the IT center



**Future plan**

- 2011. 04 Sell the space within the Mechatronics center and the BT center (TBD)
- 2011. 04 Start the construction and sell the space within the AT center (TBD)
- 2011. 04 Sell the officetels and selling facilities of Street Mall (TBD)
- 2012. 06 Complete the construction of Street Mall in the Songdo science Village
- 2013. 12 Complete the whole construction of the Songdo science Village

Presents a rough sketch of a top-notch global firm in Songdo International City

# POSCO E&C

## CEO Chung Dong-Hwa

Standing out as one of the companies that has the strongest ties with IFEZ, POSCO E&C moved its head office to Songdo International City last July and is getting ready to take the leap to becoming a top-notch global enterprise in name and reality. We met Chung Dong-hwa, President of POSCO E&C.

**Q. I'm so privileged to meet you. First of all, please introduce yourself to the readers of <IFEZ Journal>.**

As an engineer of POSCO, I have worked in the field for the last 31 years. My view of life is <Do your best and God will do the rest>. I believe that opportunities come to us no matter what if we do our best rather than sit and wait and trust to luck.

Like my view of life, I value challenges. This is because I believe a company can't guarantee either growth or its future without challenges. Therefore, I have stressed the importance of maintaining a spirit that enjoys overcoming challenges based on strong executive power ever since I was appointed as CEO in 2009.

I enjoy taking the initiative and frequently visit overseas markets to check order-receiving activities and to encourage our staff. As a result, POSCO E&C has successfully advanced into Peru in South America for the first time as a construction company and subsequently received the order for building a multi-functional thermal power plant. In addition, POSCO E&C has made successful inroads into the plant market in Japan, where approval process is well known to be very complicated, and constructed a steel mill with great success.



**Q. Please tell us more about your own particular management philosophy.**

Right after I became the president of the company, I consistently emphasized that only advanced ideas, technologies and passion can realize the survival and growth of a company.

In short, POSCO E&C has three management principles: 'field-focused management, creative management and responsible management.

I particularly like field-focused management among these because it signifies a strategy of maximizing customer satisfaction by securing safety and quality and protecting the environment in the field. In addition, this management principle contains our strong commitment to establishing the best quality management system through standardization and maintaining strict processes at construction sites.

Creative management is the key management strategy to maximize cost reduction in this economic crisis. This means POSCO E&C is devoted to breaking with customary practices and business process system, and is engaged in generating value with creative ideas and focusing on the working process. This principle also contains a strong will to raise the morale of employees and create an exciting atmosphere in the work place. Lastly, responsible management has been a long-held principle, in our company DNA so to speak, since the foundation of POSCO E&C. This manifests itself in a devotion that ensures that POSCO E&C will not simply maximize its profit. Instead, the company will contribute to the nation and the local community by returning its profits to society and constantly share in the development of society.

**Q. POSCO E&C relocated its head office to Songdo International City in July last year. Please explain the special significance of the relocation.**

Ever since forming a joint venture company named NSIC with Gale, an American developer, back in 2002, POSCO E&C has taken the lead in developing Songdo International City. Actually, we planned to relocate the head office in 2005 and completed the relocation in July last year.

The relocation of the head office signifies that POSCO E&C is determined to concentrate its capabilities on actively attracting investment and successfully executing this project and, furthermore, is committed to contributing to the future of global Incheon and Songdo.

Additionally, I think the relocation is of great significance because POSCO E&C is Korea's first conglomerate to have ever moved to Songdo International City, despite the fact that an incentive program is not available for the local businesses in IFEZ yet. Since foreign companies consider the presence of famous Korean conglomerates an important factor for their investment decision, the relocation of POSCO E&C is expected to play a critical role in attracting foreign companies into Songdo.

**Q. Please introduce your new management strategies and goals for the year 2011.**

At the 16th anniversary ceremony of our foundation last November, I urged all employees to newly prepare for the next 10 years with a firm resolution to succeed in the market place no matter what. We need firm determination to overcome this challenging business environment.

That day, POSCO E&C revealed its ambitious goal of attaining 50 trillion won of orders and 30 trillion won in sales revenue. POSCO E&C also presented its 'vision 2020' in the hope of becoming one of the top 10 global construction companies with 100 trillion won of orders and 60 trillion won in sales revenues by the year 2020 in collaboration with affiliated companies of the POSCO Group, such as POSCO Plantec, POSCO A&C and Daewoo Engineering.

POSCO E&C has come up with three key management strategies, outlined below, in order to achieve its vision, maintain sustainable growth again this year and ensure internal stability.

First, we will establish the foundations for growth in order to become one of the top 10 construction companies in the world. Second, we will take drastic cost saving measures to secure the highest cost competitiveness. Third, we will foster excellent talents earlier than our competitors and establish a very efficient working environment to become an intelligent company.

**Q. Lastly, please say a few words to our <IFEZ Journal> readers.**

As the first Korean conglomerate that has relocated its head office to Songdo International City beyond its given role as a co-developer, POSCO E&C will maintain a genuine sense of responsibility and a pioneering spirit as an investor.

Just as POSCO, the parent company of POSCO E&C, established the world's largest steel mill in the barren lands of Pohang and Gwangyang in the past, POSCO E&C will do its best to help Songdo International City to be become a truly international city that provides global companies with the best business environment and one of the most pleasant, eco-friendly cities in the world.

Furthermore, we will try to contribute to boosting the local economy based on a win-win management approach to small and medium sized construction companies and raw material suppliers and will actively interact with people from all walks of life to gain credibility and empathy from the public. Thank you.

Explores the repository of resources for the future of human beings

# KOREA POLAR RESEARCH INSTITUTE



On February 17th, IFEZ signed an agreement with the Korea Polar Research Institute, a subsidiary research unit of Korea Ocean Research Institute to relocate and construct its office in Songdo International City. Building on this initiative, IFEZ is expected to establish the highest level of polar research infrastructure. Let's meet Korea Polar Research Institute, Korea's first polar research center, which is exploring future treasure troves of natural resources to ensure the prosperity and health of mankind.



## KOPRI takes up its position as an international polar research institute.

Korea's polar research history began in 1987 with the establishment of the Polar Research Center of Ocean Research Institute, which was set up as part of an Antarctic station construction program. Since then it has expanded from a mere Polar Research Laboratory to a Polar Research Center and Polar Research Unit. The Korea Polar Research Institute has made rapid growth and is now a bona fide international polar research institute that operates the King Sejong Station in the Antarctic and the Dasan Station in the Arctic. In addition, KOPRI is actively participating in associated international organizations such as ATCP, SCAR and JASC, and at the same time has gained international recognition by publishing research achievements in distinguished international journals. It was in 2006 that KOPRI first established its tie with IFEZ. With the organization consistently growing since its establishment as a subsidiary research center of KORDI, KOPRI moved to Songdo International City to boost polar research activities and expand its infrastructure. It's very clear why KOPRI has chosen to move to Songdo. Polar research activities require a location with geographical advantages like an airport and port in order to facilitate international cooperative initiatives and to operate research infrastructure such as the research station in the Antarctic and Arctic and the Korea's first ice breaker ship, the ARAON. Obviously, Songdo satisfies all these requirements completely. KOPRI will take this opportunity of entering into a MOU with IFEZ to take another leap forward. With its competence increasing, KOPRI expects to grow together with IFEZ in many ways by boosting Incheon New Port, the home port of ARAON, by creating jobs for individuals with excellent talents in Incheon and contributing to stimulating the local economy by hosting international conferences and inviting



international organizations and offering educational and cultural opportunities in association with ARAON and its promotional hall.

## KOPRI carries out in-depth research projects in response to global issues

Antarctic is a vital part of the earth that can help us secure national interests through scientific research while the Arctic is special in light of the fact that the region requires joint development through joint research with neighboring countries. In the 21st century, scientific research efforts related to global climate change are expected to attract significant attention and polar regions will play a critical role in researching the issue of global climate change. Accordingly, we believe that expanding research activities on a continuous basis in these undeveloped and non-polluted regions of the world is a sound way to secure the national interests for this nation. Today, as abnormal climate phenomena such as unexpected cold weather, extremely heavy snow and scorching heat are emerging as one of the greatest issues of our day, the importance of the polar regions is increasing as the optimal location to detect and predict these climate changes. Therefore, KOPRI is concentrating on research activities to verify the causes of global climate changes by restoring records of the past using the polar research infrastructure and forecasting weather conditions in the future. In addition, KOPRI is intensively carrying out research projects into technology that has the potential for commercialization, verifying geographic structures and crust movements in the polar regions and securing key fundamental technologies based on conditions in the Antarctic. In particular, KOPRI is making every effort to lead international joint research activities and establish collaborative networks through large-scale research projects such as 'K-Polar', and is promoting international joint research through the co-utilization of research infrastructure in the polar regions, in response to global issues. KOPRI is actively engaged in a variety of research activities with regard to the atmosphere, paleoclimate, geographical features, geophysics, glaciers, meteoric stones, ocean environments and life resources in the polar regions to find out the causes behind environmental changes on earth. Its significant achievements include a study on the commercialization of material that prevents freezing, developing exclusive glacier drilling technology and conducting studies on meteoric stones found in the Antarctic. KOPRI is never satisfied with what it has accomplished in the past. KOPRI will continue its in-depth polar research projects in response to various global issues in 2011 as well as making consistent efforts to develop as a global polar research institute in name and reality with the advanced operation of its ice-breaker vessel, the ARAON, the construction of Jang Bogo Antarctic Research station in the Antarctic, and the construction of its head office in Songdo as well as engaging in leading international joint research activities.

## NEWS BRIEF

**TESCO MAKES A 47 MILLION USD INVESTMENT**

Devoting all its strength to promoting investment, IFEZ has had considerable success in attracting large-scale foreign direct investment. The Tesco Group, one of the world's three largest distribution companies, has agreed on 47 million USD worth of foreign direct investment that involves the construction of Tesco Global Leadership Academy, in Muui-do, Yeongjong District.

Foreign investment in IFEZ amounted to 492 million USD in 2010, a 3.2 times increase from 155 million USD a year earlier, which is a very steep rise. IFEZ plans to do its utmost to attract anchor companies from home and abroad. In particular, it will focus on promoting investment from the eastern part of China, Hong Kong, Singapore and Taiwan as well as from economies in the Middle East.

**IFEZ SIGNED AN AGREEMENT WITH KOREA POLAR RESEARCH INSTITUTE TO ESTABLISH A RESEARCH CENTER**

IFEZ has entered into an agreement with Korea Polar Research Institute, a subsidiary institute of Korea Ocean Research Institute, to construct the research building of KOPRI. According to the agreement, Incheon city government will provide an area 35,887m<sup>2</sup> in size at blocks five and seven in Songdo district and the central government of Korea will finance the total cost of the construction - of 88.2 billion Won. The KOPRI's building will be constructed in two stages. During the first stage, the research infrastructure and facilities that include the main building, the R&D building, and the support building will be constructed so that the organization can carry out mandated duties and functions. One the other hand, special research facilities like the special R&D building and the sample reservation building will be constructed during the second stage.

**KEMPINSKI HOTEL GROUP PROMISES TO INVEST IN THE YONGYU MUUI PROJECT**

Reto Wittwer, chairman of the Kempinski Hotel Group, which is participating in the Yongyu-Muui project, paid a visit to Incheon and promised to invest in the Special Purpose Corporation and to attract at least six five-star hotels. Accordingly, Yongyu-Muui project will be financed and a long-cherished wish of developing the region as an international tourist city is expected to begin. Chairman Reto made a firm promise to invest in the SPC and to help attract at least 6 five-star hotels by forming a consortium with the International Hotel Federation, Kempinski Hotel and other hotel groups, thus pledging his strong commitment to transform Yongyu-Muui into an international city of culture, tourism and leisure.

**PRATT&WHITNEY SIGN AN AGREEMENT TO ESTABLISH AN MRO CENTER**

Song Yong Gil, mayor of Incheon metropolitan city, and his delegation signed an agreement with Pratt & Whitney to establish an MRO (Maintenance, Repair and Overhaul) center in Yeongjong Haneul City when on a visit to the eastern part of the United States to promote the investment of global companies.

Mayer Song said, "IAT Corporation, established in cooperation between P&W, a global firm, and Korean Air, Korea's biggest airline company, is expected to make a significant contribution to vitalizing the Yeongjong District and creating jobs for highly qualified persons by advancing the technology-intensive MRO project, which is aimed at globalizing the Korean aviation industry." He also revealed, "Incheon city is in close discussion with the central government of Korea to develop Yeongjong District as the foothold of the MRO project and provide various incentive programs for the tenants companies."

## NEWS BRIEF

**치료제 신약 공동개발 조인식  
비알씨(주) - 펩트론 협약식  
2011년 2월 16일**
**BRC SIGN A JOINT RESEARCH AGREEMENT WITH PEPTRON**

With the anti-obesity drug market growing rapidly all across the world, BRC corporation, a foreign company that has invested in IFEZ, has linked up with Peptron, a pharmaceutical company located in the Daedeok R&D complex, to develop a new drug that effectively prevents obesity. This agreement is expected to make a great contribution in advancing the profile and credentials of IFEZ.

Given the fact that currently existing drugs to tackle obesity are inadequate in many respects, the new drug, which will be jointly developed by BRC and Peptron, will have a totally different mechanism from conventional medicine and its efficacy will be much greater. Based on a peptide mutant that is more life-friendly and special nutrients to vitalize human physiology, the new drug will significantly contribute to boosting the stagnant anti-obesity drug market once it has been developed.

**THE SECOND STAGE OF THE U-CITY MODEL PROJECT HAS BEGUN**

IFEZ has launched the second stage of the ubiquitous model city project. Led by KT Consortium Corporation, the second stage of the project will cost about 3 billion Won and establish 4 different types of U-Service for testing in the second and forth blocks of the Songdo district. The chances for success are expected to be good this time with a variety of evaluation methods applied.

If successfully completed, this test project will provide citizens with four different services including U-security, intelligent traffic control, U-mobile, and a safe environment for pedestrians in school zones. In addition, IFEZ will develop a 'standard operating process' as the operating model in the future to plan and establish the optimal U-city operating system that will contain regulations, guidelines, a project management system and organization and HR management design.

**IFEZ WILL ESTABLISH AN ENERGY-SAVING PARK**

IFEZ is planning to establish a low-cost energy saving park through the world's most advanced park management and maintenance system.

The energy saving park is designed to reduce the budget by precluding highly inefficient facilities and adopting environment-friendly and re-cycling facilities from the earliest stages and introducing revenue-creating facilities to maximize the ability to finance maintenance costs independently. The energy saving park is expected to enable IFEZ to reduce the average development cost per square meter of the parks and green fields in Songdo International City by 20 percent from 150,000 won to 120,000 won.

**I-TOWER TO BE CONSTRUCTED IN AN ENVIRONMENT-FRIENDLY WAY**

Designed to accommodate international organizations including the UN and the head office of IFEZ, I-Tower will be constructed in an environment-friendly way. While designing the building to provide a better investment environment for domestic and foreign investors and the optimal working environment with state-of-the-art information and communication infrastructure, IFEZ is planning to construct I-Tower in an eco-friendly manner in line with its low carbon green growth strategy. The basic direction applied in the eco-friendly construction of I-Tower to achieve low carbon levels and green growth includes saving energy and improving the internal and external environment and ecological system to ensure comfort and sustainability. With a total cost of 182.4 billion won, I-Tower will be built on 24,042.5m<sup>2</sup> of land by November 2012.

# NEWS BRIEF



## THE INTELLIGENT TRANSPORTATION SYSTEM WILL BE IMPLEMENTED IN SONGDO INTERNATIONAL CITY

The Intelligent Transportation System will be implemented in Songdo International City. As part of the operation of an intelligent transportation system, IFEZ has recently implemented a transportation information collecting system by installing CCTVs and web cameras at major intersection and roads from the first to fourth blocks of Songdo International City and commenced a transportation information service by establishing Bus Information Terminal(BIT) at bus stops that display the estimated time of bus arrivals by route in addition to real-time news and video clips about major projects. The Intelligent Transportation System is expected to enable IFEZ to decrease air pollution by resolving traffic congestion and help move IFEZ one step forward to becoming an environment-friendly green city in the near future.



## IFEZ HAS COMMENCED PROVIDING APPLICATION SERVICES FOR SMART PHONE USERS FOR THE FIRST TIME

IFEZ has launched application services for smart phone users. IFEZ App includes the mobile service (m.ifez.go.kr) that introduces IFEZ, public notices, key projects and guidelines to investment as well as a mobile map service (m.map.ifez.go.kr) that helps users to search for locations and contact and find out information about public organizations, parks, companies and research centers, hotels, banks, restaurants and hospitals as well as bus routes. Intra-city bus arrival time information will be available all across Incheon and the English version will be serviced for foreigners living in Incheon as well. IFEZ App is to be downloaded from the mobile web site (m.ifez.go.kr) free of charge.



## YONSEI UNIVERSITY UNVEILS SONGDO CAMPUS

Yonsei University opens its campus in Songdo. The university will offer a variety of undergraduate programs at Songdo Campus including courses administered by the department of global convergence engineering, which is aimed at fostering individuals with superior talents in the IT sector, pharmacy, medicine, dentistry. Underwood International College, a premier educational institution, free major and global undergraduate program for foreigners. Non-degree programs include the English camp, leadership camp and citizens' programs and foreign organization pilot programs. In addition, Yonsei University Songdo Campus is scheduled to open departments in energy environment related subjects, nanotechnology related global convergence engineering and 'Yonsei-CalArts School of Arts, in partnership with CalArts, the school of arts established by Walt Disney in California in the United States, in 2012.



## IFEZ HAS ESTABLISHED AN INVESTMENT RELATED DATA BASE AT ITS HOME PAGE

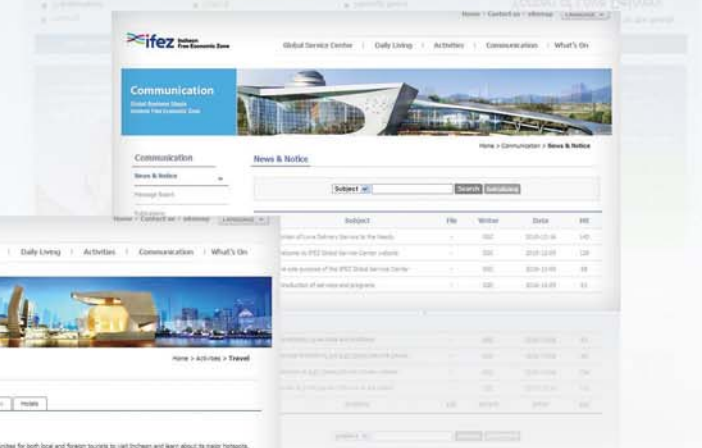
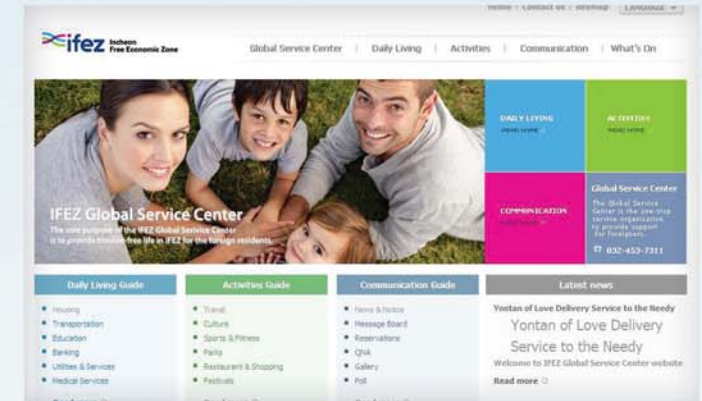
IFEZ has accumulated a data base at its home page for visitors to find all investment related information including investment success stories, recent investment trends and investment incentive programs. IFEZ has organized the key contents and related regulations of investment incentive programs in a clearly understandable manner and directly made links to 38 related regulations. In particular, IFEZ has revealed how current tenant companies have performed in resolving difficulties they have faced in the time period up until the end of 2010 and posted the investment success stories of five companies, such as Lippo Incheon Development, Amex, the constructor of Incheon Grand Bridge, GM Daewoo and Samsung Tesco, and up-to-date investment trends and FDI outlook for the year 2011.

# THE IFEZ GLOBAL SERVICE CENTER HAS OPENED ITS HOMEPAGE!

The guidebook for living in Korea and information on key telephone numbers and websites for Incheon are available

The IFEZ global service center has recently opened its website (<http://global.ifez.go.kr>) and posted <The guidebook for living in Korea> and <The key telephone numbers and websites for Incheon>. <The guidebook for living in Korea> contains information on various support services for foreigners that are provided by both the government of Korea and private organizations as well as useful information on staying in Korea, acquiring citizenship, housing, food, clothing, transportation, prenatal services, raising children, education, health care and medical services, the social welfare system, employment and labor.

In addition to business issues, <The key telephone numbers and websites of Incheon> includes all contact information and websites covering accommodation facilities, housing, water supply, gas, electricity, education, finance, banking, public transportation, driving, health care, broadcasting, shopping, food, tourism and leisure. Designed to enhance the convenience of life and business for foreign companies and expats, the IFEZ global service center website provides 41 different forms in eight areas with regard to information on lifestyle, culture and communication, a bus and subway map service, key telephone numbers and also allows foreigners to make suggestions on the living environment of Korea by participating in Q&As and a survey. IFEZ plans to keep updating the global service center website to provide foreigners with useful information with regard to daily life in real time and promote communication and exchange with foreigners through cellular phone and the Internet media like SMS, MMS, Twitter and Facebook.



## IFEZ has sent the investment information database to tenant companies

IFEZ has sent a text message in the form of SMS to inform tenant companies and investment promotion agencies, including Invest Korea, about the investment information database of its homepage ([www.ifez.go.kr](http://www.ifez.go.kr)). The investment information database includes information on general investment procedures, investment procedure by business type, investment incentive programs and related regulations in a clearly understandable way with a direct link to 38 incentive-related regulations. In addition, IFEZ has posted information and news on 61 problems resolved for tenant companies and 31 cases of providing investment incentives along with the investment success stories of five companies that include Lippo Incheon Development, Amex, Schenker Korea, GM Daewoo and Samsung Tesco.

