

THE
INVESTOR

DECODED X

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ON EDGE



South Korea is on edge.

North Korea has conducted another missile test, and polls show that people are now fearing for their lives.

Latest surveys showed that 60 percent of the public wants nuclear armament to fend of Pyongyang, or at the least redeploy US nukes in South Korea.

Cheong Wa Dae and the US, however, are both far from ready to jump the gun, driving another wedge between the government and public sentiment.

Then there's the series of failed government appointments – including the Supreme Judge and the Minister of SMEs and Startups.

Despite these developments, credit rating agencies say unless the geopolitical risks turn long-term, South Korea is still an okay place to invest and aren't bracing for an investor exodus. Read on for this week's issue of **DECODED X**.



THE TUTOR

With Vice Chairman Lee Jae-yong behind bars, Samsung is trying to create the illusion that [all that happened at South Korea's top conglomerate](#) was orchestrated by Choi Gee-sung, who was sentenced to four years for his role in the Choi Soon-sil Gate.

Before, Samsung did its hardest to create a distance between Choi and Lee due to reports speculating that Choi was Lee's "career coach," and that Lee can't do anything by himself.

Now, it's doing its hardest to show Choi was indeed the coach who led Lee into temptation. That it was all Choi's doing.

Meanwhile, sources say Samsung had already been planning to disassemble the Future Strategy team this year, before the corruption gate surfaced.

IF IT WALKS LIKE DUCK, TALKS LIKE A DUCK



It turns out, the secretary general who leads the NGO that undertook the job of [surveying toxic materials in female sanitary pads](#) had benefited from an NGO leadership course funded by Yuhan Kimberly.

Why this could be a problem is because it adds to suspicions that Yuhan Kimberly and the NGO, and also the university professor who surveyed the pads, were colluding.

When the survey results first came out, those manufactured by Kleannara brand were catapulted into the spotlight for its



high toxic content. But later, it turned out that it wasn't just Kleannara but also Yuhan Kimberly, P&G and other high-profile companies.

Yuhan Kimberly is saying all this is nothing but a misunderstanding.

WE DIDN'T KNOW WE WERE SO BIG

[McDonald's has been in hot water for a while](#), first due to the little girl who alleged got the "hamburger disease" from the fast food chain's burgers, then research showing some of its burgers were infested with food poisoning bacteria. Then there were allegations that its popular Bulgogi burgers were causing enteritis.

While the criticism piled on, McDonald's had remained more or less silent, refusing to issue a statement.

Turns out the people inside the company couldn't agree because they were scratching their heads on whether McDonald's was big enough, or global enough to put out an official statement.

Meanwhile, it looks like McDonald's won't be sold to a private equity fund, which would be looking for a short-term exit. McDonald's needs a long-term, strategic partner, and they won't find it in an equity fund.

STILL THE RED TAPE

One of the craziest things about doing business in Korea is the red tape, according to a LOT of people.

It also goes for accelerators for startups and venture companies, which have a tough time setting up funds to finance their latest pet projects.

The biggest issue is, surprisingly, about who runs the funds. There are a billion standards for who can do this, such as they have to have had fund managing experience, at least one lawyer or accountant should be included.

In the end, accelerators, such as the largest SparkLabs, end up setting up shop overseas. But even this doesn't go down well, because offshore funds are always perceived with a doubtful eye.



THAAD OR NO THAAD

While Beijing continues to sulk over THAAD, South Korean pharmaceutical companies are looking for a way to edge into the Chinese markets.

China is the world factory, but it ain't the easiest place to do business in, and the same goes for the pharmaceutical industry.

To sell meds in China, manufacturers have to pass Chinese-made clinical trials. But to do this, the products have to be made in China, and not elsewhere. And we know while it may not be too hard to build factories there, it involves plenty of risks and costs.

Smaller global pharmaceutical companies appear to be fed up with this, and in their place, Korean firms that recently have been gaining on their global rivals in the biosimilar industry with the likes of Celltrion and Samsung Biologics, are trying to put their foot in the door.

DECODED X

Thanks for reading. Below are 4 things you should know about DECODED X.

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