

THE  
INVESTOR

# DECODED X

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## SEARCHING FOR PERFECTION



Gave a fake address. Copied someone else's thesis. Called washing dishes a woman's job. Forced someone into marriage.

These are only some of the "horrifying" criminal acts committed by some Korean politicians or officials.

Now add, giving a wrong date. The wrong date for when Korea was founded, that is.

Due to a history complicated by Japan's colonial rule and dictatorships disguised as democracy, there's a bit of debate over when Korea's establishment date is.

President Moon Jae-in says it's 1919, when Korea



formed a temporary government to defy Japan.

Some hardcore conservatives, however, say 1948, when the war ended and Korea got its first president Rhee Syng-man.

The nominee for a newly created ministry handling small-and-midsized companies also said 1948. This now makes him arch enemy of state.

He also once said in a research paper that Rhee's "reign of terror" was necessary to get the country in order.

These comments weren't smart, but how much they say about the man's potential as head of a corporate-related ministry seems to be a whole different matter.

Read on for this week's DECODED X.

## TO TAX OR NOT TO TAX

It was a big deal when Seoul almost doubled the taxes on cigarettes under former President Park Geun-hye. For the government, it was great news, since it raked in 9 trillion won (US\$7.99 billion) of tax revenues.

Now, there's the issue of heating type cigarettes, and whether they should be slapped with as much taxes. It was already decided that the government won't, [but now officials are thinking otherwise, especially after seeing sales pick up.](#)

But there's also conflict among policymakers over taxation. The Finance Minister, whose job is to fund the country, wants a raise. The Health Minister says it should be determined if heating type cigarettes are AS harmful as ordinary cigarettes. And the feud will go on till the September National Assembly session.

Amidst all the fighting, KT&G, Korea's largest tobacco manufacturer, is now saying it will wait a bit till it starts to develop its own heating type cigarettes.



## CHANGING SPOTS

A few years ago, E-Land had a pretty bad reputation, and it wasn't all about business.

Yes, business wasn't great either, but the bad vibes were about office culture.

E-Land is a Christian company, and it wanted its employees to accept the religion and act "accordingly" as Christians, even if they weren't.

So they had to attend prayers and do deeds of "kindness" in accordance with the Christian spirit. They also had to stay late and show how much team spirit they have.

[But the firm has been sprucing up its business](#) – it's selling off assets to overcome debt and is poised to form a holding company – and it looks like culture is changing, too. No late nights, and no more prayers. Lights and computers shut off automatically when office hours are over.

## OPPORTUNITY KNOCKS

Rearming is one of Japan's long held aspirations. After it was forced to turn pacifist after WWII, the country has been eyeing every chance it can get to rearm.

And now, North Korea is providing that opportunity.

In Japan these days, infomercials hit you left and right on how to evacuate in missile crisis situations. These are aimed not only for the Japanese people, but for the US, China and Korean audience.

The media is all about how much danger Japan is in, and how concerned the government and the people of Japan are.

North Korean provocations have always supported Japan's rhetoric to rearm. With Kim Jong-un going nuts – along with big brother Donald Trump – this time, Japan may get its wish.



## AN EXODUS?

There are rumors of Samsung Electronics moving to the US, more specifically, California.

Samsung, of course, is refusing to say anything, but according to industry sources, the company is considering relocating overseas.

[On top of Lee Jae-yong getting a 5 year sentence](#), the new government comes with an assortment of regulations for conglomerates. And it's not just higher taxes, but the environment, which doesn't appear to be too friendly to "large companies."

The move has a lot of complications, especially because most of Samsung's production operations are still primarily in Korea, and they are worth just over 100 trillion won as of June this year. And production facilities are under the jurisdiction of local laws.

But considering that 90 percent of its sales come from overseas, why not? This has happened, of course, with other global companies, such as Burger King and Pfizer, just to name a few.

In the end, however, this is just a sob story, and it would be tough for Samsung to move out.

## BEGINNING OF RED TAPE

Virtual currency is all the newish(?) rage, and Korea has hopped on the bandwagon.

But the problem is, as with other countries and governments, there's no means to govern it.

So when fraud happens, there's no way to protect the investors. The retail investors, that is, who have been upping the ante in terms of bitcoin-related stocks.

The authorities are now saying that they are looking at the situation and may come up with regulations.



In China, authorities are already considering banning ICOs – Initial Coin Offerings – which is the equivalent to IPOs in the “real world.”

As of Sept.1, bitcoins, the world’s most widely traded virtual currency, were trading at US\$4774.15, according to the World Coin Index.

## **DECODED X**

Here are 4 things you need to know about DECODED X.

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