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Theme

“Start-up Korea & Local Diplomacy”

Korea's Metropolitan & Provincial Government Diplomacy | Daegu, Gwangju, Sejong, Jeju

Local Government Diplomacy in Other Countries | GAROK USA, GAROK France, GAROK UK

Partners in Local Diplomacy | Korea Institute for Industrial Economics & Trade, Gyeonggi Research Institute

Local Diplomacy News | Korea-Central Asia Roundtable Conference, Annual Luncheon Meeting with Foreign Missions in Korea

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COTENTS

01

Korea's Metropolitan & Provincial Government Diplomacy

[Local Diplomacy of Daegu Metropolitan City] 4
Daegu emerges as global hub city, interacting
with world via the sky

[Local Diplomacy of Gwangju Metropolitan City] 8
Gwangju, a City of Opportunity with high start-
up success rates, shines for the future

[Local Diplomacy of Sejong City] 12
The start of differentiated local diplomacy, a leap
forward toward a global administrative city

[Local Diplomacy of Jeju Special Self-Governing Province] 16
Jeju, Leading Local Diplomacy with Aiming
Global Values



02

Local Government Diplomacy in Other Countries

[GAROK USA] 20
The Time to Seize Opportunities Has Come as
the “Start-up Korea” Era Begins

[GAROK France] 24
Start-ups Play a Leading Role in Local Diplomacy in
France, Under the Slogan of “Startup Nation”

[GAROK UK] 28
Revitalizing Start-ups: The U.K. Government’s
Efforts and Local Diplomacy



03

Partners in Local Diplomacy

[KIET Center for SMEs and Venture Business Research] ... 32
Potential Regional Unicorns: Status and Implications

[GRI Economic & Social Policy Division] 34
The Innovation Ecosystem of Silicon Valley



04

Local Diplomacy News

[Korea–Central Asia Roundtable Conference] ... 38
The 1st Korea–Central Asia Roundtable
Conference on Local Cooperation

[Annual Luncheon Meeting Foreign Missions in Korea] ... 40
The 14th Luncheon Meeting with Foreign
Missions in Korea



Local Diplomacy of Daegu Metropolitan City



▲ Meeting with Ching Kiat Lim, Executive Vice President of Changi Airport Group — May 22, 2023. Changi Airport, Singapore

of the Special Act for New Daegu-Gyeongbuk Airport in April and the integration of Gunwi County into Daegu in July. The construction of a new airport is being advanced quickly with the goal of opening in 2030, boosted by the finalization of state funding and having been exempted from preliminary feasibility studies. The new airport will act as a global high-tech complex accommodating both logistics and passengers. It will be responsible for more than 30% of the logistics and passengers concentrated in Incheon Airport, eventually becoming a new hub for Korean security to replace the role of Incheon Airport in times of emergency. A high-tech industrial complex and air city will also be built behind the new airport in an effort to create a new mega-economic zone centered on the area. The K-2 brownfield will

be developed into a global new growth city equipped with cutting-edge infrastructure by taking lessons from Dubai and Singapore's Marina Bay.

Daegu Mayor Hong Joon-pyo visited Dubai in May to work on a development strategy for the new airport and took part in a briefing session on public-led development methods. While there, he spent time learning about large-scale development projects and examining advanced cases of urban development. He also visited Singapore's Changi Airport, a global logistics hub airport that operates without curfew hours although it's a civilian-military airport like Daegu Airport. In addition, he met Executive Vice President of Changi Airport Group Ching Kiat Lim to discuss the airport's various ideas, innovative operation cases, and ways to cooperate for the successful operation of the new airport.

• Joining hands with Silicon Valley to nurture unicorn companies

Daegu Metropolitan City attended the 2023 Consumer Electronics Show (CES 2023) held in Las Vegas, USA, in January where it signed an MOU with Plug and Play (PNP). PNP, the world's largest venture capitalist and start-up incubation institution, is a start-up accelerator that has discovered and invested in more than 1,600 companies, including 35 unicorn

• Daegu emerges as global hub city, interacting with world via the sky

Daegu Metropolitan City has taken a powerful step forward by completing a new economic development axis and designing the next 50 years of its future. This comes in the wake of both the parliamentary passage

▼ Daegu Metropolitan City — Noon.com Company: Signing Ceremony for Local Business Support Agreement for Middle East Expansion, Headquarters in Dubai, United Arab Emirates



▲ Signing an MOU on future industry promotion between Daegu and Plug and Play — Jan. 5, 2023, CES, Las Vegas, USA

companies such as PayPal and Dropbox. More recently, it has become an innovation platform that operates more than 60 open innovation programs.

Daegu City and PNP will work together to operate co-op programs aimed at helping start-ups in Daegu, share industrial trends in AI, blockchain, and big data (ABB) and hold innovation workshops on new technology conversion for local companies.

Daegu City also held a corporate meeting to gather knowhow on the success of America's innovative start-up ecosystem from promising venture entrepreneurs in Silicon Valley, and aimed to establish a cooperative system. The meeting was attended by two noteworthy organizations. The first was LVIS, a brain disease diagnosis and treatment company. The second organization was Bear Robotics, the world's first self-driving serving robot company. This corporate meeting addressed cooperation measures to create a global brain cluster and the ecosystem for robotics and food technology.

In the meantime, 31 small and medium-sized venture companies in Daegu attended CES 2023, and had business consultations valued at nearly

\$100 million. Daeyoung Chaevi, in particular, won the innovation award with its "prebook system for EV charging" linked to electric vehicle chargers. Having established networks successfully with global companies in Silicon Valley and improved its local start-up ecosystem innovatively, Daegu City plans to redraw its industrial map based on a quantum leap in new industries.

• Daegu becomes start-up hub that surpasses regional limitations

Daegu Metropolitan City and Samsung Electronics have been working together to develop the Samsung Creative Campus upon the former Cheil Industries site into a start-up hub and to revitalize the local start-up ecosystem. As part of such efforts, Samsung Electronics opened the Daegu Campus, the first regional base of C-Lab Outside, at the Daegu Samsung Creative Campus in February 2023. C-Lab Outside is a start-up nurturing program Samsung Electronics has been running since 2018 as part of an external expansion

of C-Lab Inside, an in-house venture development program launched in 2012. Every year, five local innovative start-ups are selected through C-Lab Outside and offered office space in the Samsung Creative Campus along with up to 100 million won of financial support and step-by-step personalized consulting services. The Daegu Samsung Creative Campus is a place where start-ups and culture & art spaces such as Daegu Center for Creative Economy & Innovation and the Opera House can exist in tandem. Furthermore, in November 2023, Daegu Mayor Hong Joon-pyo met with Samsung executives, including the president of Samsung Global Research Kim Wan-pyo, and discussed participating in a special purpose corporation (SPC) dedicated to the construction of The New Daegu-Gyeongbuk Airport. This will ultimately set the stage for a new future Daegu City where Samsung Electronics will draw together in Daegu, the starting place of the global enterprise Samsung.

• Promotion of new future industries by strengthening global urban diplomacy

In an effort to thoroughly boost the kinds of international exchange that had been dampened due to the COVID-19 pandemic, Daegu Metropolitan City

signed an MOU on friendly relations with Bukhara of Uzbekistan, a key hub in Central Asia. On top of that, Daegu concluded a friendly city cooperation pact with Johor Bahru, Malaysia in May. Notably, a 20-member delegation from the state of Johor, led by Dato Hasni—head of the Johor Economic, Cultural, and Tourism Office—visited Daegu in September to reaffirm the possibility of mutual growth by discussing ways to cooperate in high-tech industries and green energy. Located in the southernmost part as the capital city of the Malaysian state of Johor and connected to Singapore across the Johor Strait, Johor Bahru is considered a promising investment destination in terms of geographic location, excellent safety, and political stability. Johor Bahru is expected to have vigorous trade and cooperation with Daegu in new future industries, including AI, blockchain, and big data. Daegu Mayor Hong Joon-pyo reconfirmed the strategic partnership between the two cities when he signed an MOU with Johor Bahru. Sultan Ibrahim of the Johor state, who Mayor Hong had met to discuss cooperation, was elected the next king of Malaysia according to their constitutional monarchy in October 2023 and will ascend to the throne on Jan. 31, 2024.

Daegu plans to establish global inter-city cooperative relationships to nurture new future industries and boost international cooperation to successfully build a new airport.

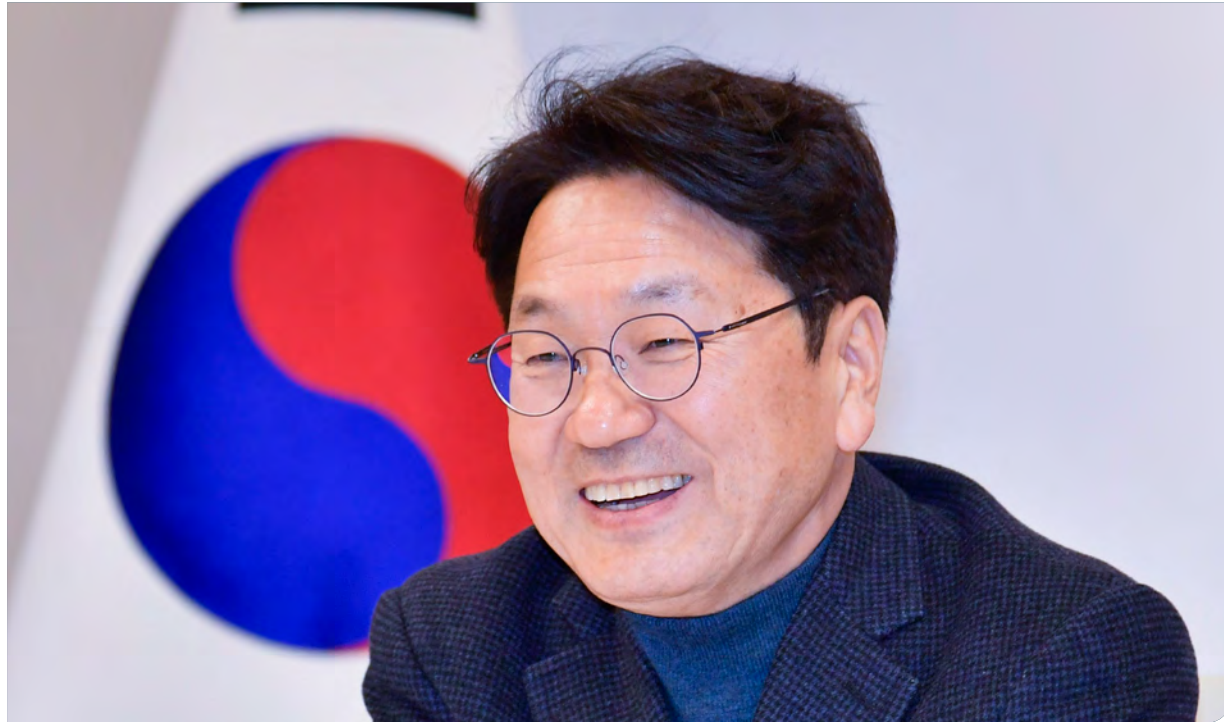


▲ Opening ceremony for Samsung Electronics' C-Lab Outside of Samsung Electronics—Feb. 22, 2023, Daegu Samsung Creative Economy Campus



▲ Malaysian Johor state's delegation visiting Daegu — Sept. 27, 2023, Daegu City Hall

Local Diplomacy of Gwangju Metropolitan City



▲ Gwangju Biennale Arts Day

Gwangju is a city of opportunity. As a city focusing on artificial intelligence (AI) and future cars, Gwangju boasts high start-up success rates and is currently nurturing its many industries and creating more jobs. The Fourth Industrial Revolution has become a new turning point for Gwangju. At a time when other regions chose to put energy into public infrastructure projects and stability, Gwangju opted for a focus on AI and challenges. To encourage start-ups, the entire city has been transformed into a space for demonstration, and its budgetary spotlight has centered on “investment in the future.” Gwangju has its eye on a new future that is not just one or two years away, but 10 or even 50 years ahead. This follows the logic that only then will young people stay, the city will become vibrant, and each citizen can be happy. The city



▲ Presentation of Creating Gwangju Station Startup Valley, the Largest in the Honam Region, and Vision for City of Opportunities with high Startup Success Rates

that revolutionized history is now a beacon that revolutionizes “my life” with the motto “Gwangju, city of opportunity, where my life shines.”

• Gwangju, a city of opportunity boasting high start-up success rates

With AI and future cars as its driving force, Gwangju Metropolitan City is ready for a leap forward in nine major industries while also preparing for a new future with start-ups as a new growth engine. Having already established a world-class national AI data center project and the second phase of an AI project successfully, Gwangju is solidifying its industrial base thanks to a series of favorable events. These include attracting the “more than 3.3 million square-meter national industrial complex for future cars” and the “specialized complex for materials, parts, and equipment” for the first time in 14 years. Becoming a city with high start-up success



▲ 2023 Gwangju Start-up Festival

rates is possible only when certain necessary conditions are met. This includes securing market competitiveness by local companies and sufficient angel investors. The ultimate goal is to show start-ups and venture capitalists that they have no other choice but to come to Gwangju. In doing so, Gwangju is doing its utmost to complete the start-up growth ladder by embracing investment, infrastructure, and talent. To such ends, the 8th popularly elected government of Gwangju Metropolitan City has laid out a comprehensive plan to become a start-up success city and plans to implement a total of 48 detailed projects, including 25 new projects, by 2027.

• Three start-up city strategies: investment, infrastructure, and talent

The first key to successful start-ups: investment—Gwangju expedites 500 billion won in start-up funds

To stimulate investment—the first step to a successful start-up—Gwangju is accelerating the creation of 500 billion won in start-up funds. The city plans to expand investment opportunities for local start-ups by creating a 326 billion won fund for technology start-ups so that promising start-ups with technical expertise in new future industries such as AI and culture can receive investments more easily. On top of that, there will also be a 20 billion won “start-up growth ladder fund” intended to provide customized support at each stage of start-up development.

Gwangju Station Start-up Valley

Gwangju is also prioritizing its start-up infrastructure. More specifically, the Gwangju Station Start-up Valley is a central pillar of start-up infrastructure that will soon be finalized. This will be done by expanding its functionality as a foothold for start-ups and a place for investors and start-up institutions to get together. Aside from the Gwangju Station Start-up Valley, if the AI start-up camps No. 1 and No. 2, the I-PLEX, and the Gwangju Content Cube (GCC) are connected to the start-up demonstration building of the AI complex, start-up infrastructure will be installed across the city.

“Gwangju is yours for the asking”: City becomes a demonstration space

The entire city will become a demonstration test bed so that anyone with ideas can come to Gwangju and follow their dreams. As the



▲ Meeting with Burkhard Jung, Mayor of Leipzig, Germany

demonstration stage is the most important factor for the successful marketing of start-up products, the Gwangju city government is providing full support by establishing a “demonstration city team.” Companies can give demos of their innovative technologies and services in Gwangju while citizens are offered the chance to identify new technologies and services before anyone else. It is also increasing start-up success rates through follow-up support measures such as technology and service verifications and market development. This is achieved by linking infrastructure throughout Gwangju City and direct and indirect support to attract investment while trying to support solutions to urban problems through AI technology.

The final puzzle to start-up success: nurturing talent

Gwangju is achieving its goal of establishing a talent nurturing ladder at each stage of growth that leads to early childhood, secondary, university, and professional education and talent training. This is done by implementing such things as AI-based children's imagination playgrounds; gifted high schools, convergence universities, and graduate schools; and training institutes such as an AI academy for training professionals (NHN Academy), Samsung Electronics' semiconductor contract department, and Google Cloud AI camp,

• “Everyone has a hand public relations” in Gwangju's unconventional sales campaign

Gwangju Mayor Kang Gijung's unconventional declaration that “everyone must be a part of the public relations team for companies” is seen as a key to speeding up the process of Gwangju becoming a city of opportunity with higher start-up success rates. Such global companies as Google, Bloomberg, and Siemens are watching Gwangju, which also plays a part in the city's sales policy. Mayor Kang devoted himself to boosting international exchange, which had previously been suspended during the COVID-19 pandemic, and his efforts have resulted in meetings with ambassadors and representatives from more than 36 countries since the current local administration took office. Starting with a meeting with U.S. Ambassador to Korea Philip S. Goldberg in August last year, he had more than 40 video conferences and meetings with such countries as Germany, Japan, China, Britain, Italy, Portugal, France, and

Vietnam.

As a result of efforts to diversify and expand exchanges with friendly sister cities abroad in a move aimed at expanding the horizons for international exchange, Gwangju Metropolitan City established a sisterhood relationship with Vietnam's Nghe An Province in October last year and signed a friendly cooperation agreement with Uzbekistan's Samarkand City in August of this year. Mayor Kang, who attended the Consumer Electronics Show (CES) in Las Vegas, visited Google's headquarters in Silicon Valley to discuss ways to cooperate, including the nurturing of talented individuals. He is also pushing ahead with plans to strengthen cooperation on AI and cultural exchange through the active use of local diplomacy with the United States and Germany.

Taking pride in being the central city of culture and arts, AI, and big data, Gwangju is strengthening its competitiveness while actively utilizing such cultural centerpieces such as the Gwangju Biennale—considered one of the world's top three biennales—for local diplomacy.



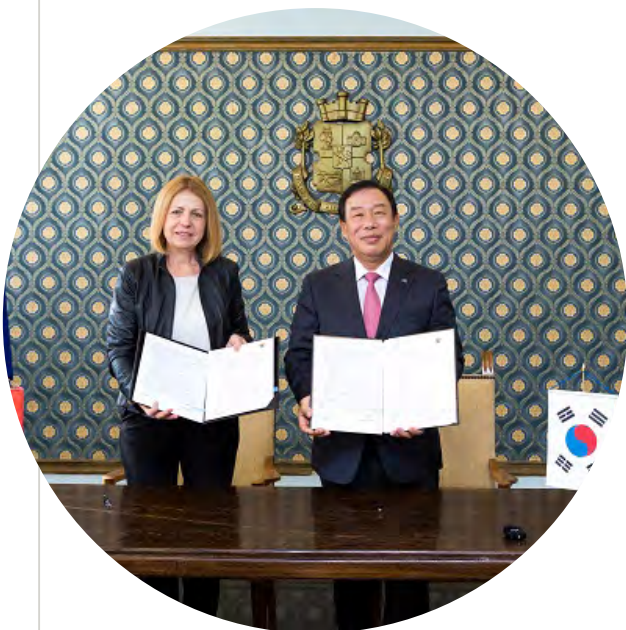
▲ Speech on Hosting of the 2025 Gwangju World Archery Championships at the World Archery Congress in Berlin, Germany

Local Diplomacy of Sejong City



• The start of differentiated local diplomacy, a leap forward toward a global administrative city

Sejong is a city that has been under continuous development according to a national plan with the aim of achieving balanced national development and strengthened national competitiveness. Eleven years after the launch of its development, it has achieved the miracle of having 47 central government agencies in what was formerly empty fields. Adjacent to such major cities as Daejeon, Cheongju, and Gongju in the Chungcheong region, Sejong has established itself as a mid-sized city with a distinct identity as the “administrative capital of the Republic of Korea,” populated by 400,000 people. Sejong’s city construction experience was a great inspiration for “Nusantara,” Indonesia’s new administrative



▲ The signing of a friendship and cooperation city agreement between Sejong and Sofia (Nov. 9, 2023)

capital, and Saudi Arabia’s “Neom City.” As Indonesian President Joko Widodo officially benchmarked Sejong City’s experience, Indonesian government officials have been steadily visiting Sejong. Based on its identity as the administrative capital of the Republic of Korea, Sejong City is attempting differentiated international exchanges as a local government.

To take a leap forward toward becoming a global administrative capital, Sejong City is solidifying its status as an international city by establishing cooperative relationships with capitals around the world. The target cities are Sofia, Bulgaria; Belfast, Northern Ireland; Putrajaya, Malaysia; Ankara, Turkey and etc. Throughout the 10 years since its launch as Sejong City in 2012, it has established friendly city pacts with 9 major cities

from eight countries. Based on extended international exchanges in smart city, economy, culture, and trade, Sejong City plans to advance its growth into a global capital of future strategy.

Sejong’s case, in particular, has great implications due to the fact that it started exchanges in a distinctly different way from other local governments and has enjoyed great success. To start with, it forged a relationship with Sofia, Bulgaria under the EU International Urban Regional Cooperation (IURC) program hosted by the European Union. Since then, the two cities have been maintaining regular exchanges, including five working-level meetings, a visit by a local government delegation from Sofia, and the signing of a letter of intent on cooperation in August 2022 in addition to the conclusion of a



▲ Posing with the Bulgarian ambassador who visited an exhibition on the hidden Cyrillic letters and Hangeul (Jan. 30, 2023)

friendship and cooperation city agreement following a Sejong City delegation's visit to Sofia in November 2022. As a result, Sejong City was chosen as a model city for the EU IURC program and was invited to the European Commission in Brussels, Belgium to present its case. This is a testament to Sejong's efforts to raise the city brand as Korea's administrative capital and strengthen its competitiveness as an international city.

• Sejong: the central city of global Hangeul culture

Sejong City visited Sofia, the capital of Bulgaria, in November 2022 to sign a friendship and cooperation city agreement. As a speedy follow-up measure, it held an exhibition on the "Hidden Cyrillic Letters" of Bulgaria's unique script. The exhibition was prepared through collaboration between the city, the Bulgarian embassy, and the Korea Foundation, based on the shared concept that King Sejong created Hangeul in South Korea and that the Cyrillic letters were created in Bulgaria. It was an opportunity to boost cultural exchange and cooperation with overseas cities, provide various attractions for citizens to experience, and promote the excellence of Hangeul in Sofia.

Korean music, cosmetics, TV shows, movies, and food have sparked interest in Korean culture recently around the world and have increased the popularity of learning Hangeul. In response to this trend, Sejong City has come up with plans to create a Hangeul cultural complex and prepare its own specialized Hangeul projects and Hangeul cultural assets. Sejong is realizing its grand dream of becoming the center of Hangeul cultural exchange by interacting with cities around the world and spreading the Korean language and K-culture.

• Sejong's trusted platform to nurture start-ups and enterprises

Sejong City expects Bulgaria, a member of the European Union, to function as a gateway to enter the European market. Sejong is playing an especially significant role as a platform that helps start-ups and other companies in Sejong go abroad.

A case point is a visit to Sejong City by a delegation from Sofia in August 2022. During the trip, the delegation inspected the city's eco-friendly solar power facilities and expressed great interest in them. Taking a cue from the fact that eco-friendly energy facilities are being expanded in Europe in a move to achieve their carbon-neutral goal by 2050, Sejong City acted to help companies under its jurisdiction actively enter Europe. The city identified companies in the energy facilities industry in the region wishing to enter the European market and arranged meetings with the Invest Bulgaria Agency to discuss market entry. As a result, there have been active discussions aimed at exploring new markets, as seen from a certain company that prepares to set up a joint venture with a local energy firm in Bulgaria.

Sejong is also pushing for exchange and cooperation in agriculture and economy. Bulgaria is a supplier of certain high-quality raw materials, being responsible, for example, for 80% of the world's rose oil output. As such, the city has discovered local cosmetics companies wishing to use Bulgarian rose extract to support their collaboration for the joint development and production of goods.

Sejong City has a strategy to use its experience from being selected as a national model city for the smart city project in January 2018 as an advantage. From its various attempts for international exchange and the perspective of sustainable city development, it is expanding opportunities to go global by private companies, including start-ups, while supporting

experiments with innovative smart technologies and services in cities overseas.

Sejong City is helping start-ups with smart technologies participate in demonstrations not only in Sejong but also in overseas cities so that it can contribute to the win-win development of Sejong, Korea, and the global economy.



▲ Greeting the president of the Bulgarian Chamber of Commerce and Industry and the country's ambassador to Korea (Oct. 19, 2023)

• True exchange means embracing each other's culture

The crisis that erupted during the World Scout Jamboree in Saemangeum in August created the momentum to promote friendship between Sejong City and Bulgaria. At the time, before the heat wave and typhoon resulted in the decision to let the Jamboree participants from around the world pull out of the event, Sejong City preemptively invited Bulgarian participants to the city. The scout members, who will no doubt become major players in Bulgaria's future, reaffirmed that Sejong City would be a reliable partner of friendship and cooperation, touring this strategic capital of the future where the past, present and future are in harmony amid the citizens' hospitality.

Sejong City is striving to get closer to people from around the world in an open mind through international exchange with major cities from around the world. The city's invitation to the Bulgarian scout troop was also

made on the basis that true exchange means embracing each other's culture.

In the future, Sejong City will share its major municipal administration schedule with the friendship and cooperation cities from around the world and use events as an occasion to strengthen exchange and cooperation. In particular, Sejong plans to make the 2026 International Garden City Exhibition and the 2027 Chungcheong Summer World University Games opportunities to publicize Sejong, the administrative capital of the Republic of Korea, to the world. As one way of bringing this plan to fruition, Sejong proposed a joint project to create a rose garden with Sofia, Bulgaria for the 2026 International Garden City Expo, which is being pushed to use its abundant green areas and various foundations for gardening. As a step towards realizing this joint project, roses grown in Bulgaria were brought into Korea for the first time in April, and they are being carefully managed now after going through the quarantine process.

Sejong City is collaborating with major cities around the world in various fields. This will enable the city to support international diplomatic efforts at the government level for the prosperity of the Chungcheong region and the whole of the Republic of Korea as well as Sejong. The city will continue to help the world get to know Korea better as it grows into a global leader, and it has high hopes that the world will be supportive of the future of Sejong, the strategic capital of the world.



▲ The Bulgarian troop from the World Scout Jamboree in Saemangeum is welcomed by Sejong City (Aug. 12, 2023)

Local Diplomacy of Jeju Special Self-Governing Province



• Jeju: in pursuit of ASEAN Plus Alpha policy, setting the Pacific as a diplomatic stage

Jeju is the southernmost island of Korea, but if you change your viewpoint by centering the Pacific Ocean, Jeju is a forward base toward the world. The ASEAN Plus Alpha policy, promoted by the 8th popularly elected government of Jeju, aims to diversify Jeju's diplomatic domain, which has been disproportionately concentrated in China and Japan, to the whole of the Pacific Rim and the Middle East by using Jeju's geopolitical advantages.

With a population of 700 million and an annual economic growth rate of around 5% currently, ASEAN already stands out as one of Jeju's core



▲ Sept. 17, 2022 — Opening ceremony of the Jeju ASEAN Hall



▲ Jun. 23, 2023 — Opening ceremony of the Jeju Office in Singapore

export markets. The portion of exports to ASEAN rose from 13.3% in 2021 to 18.7% in 2022, and these exports are expanding to include various industries such as semiconductors, agriculture, and gaming. Jeju also has much room to exercise leadership in forward-thinking values such as carbon neutrality and green growth.

Jeju opened an overseas office in Singapore in June as a base for its ASEAN Plus Alpha policy. At present, under an exchange agreement with Vietnam's Nam Dinh Province, migrant laborers are working on Jeju farm households. Jeju is also expanding the number of partnership cities to Indonesia, the Philippines, Thailand, Cambodia, and the United Arab Emirates while trying to open direct flights with ASEAN cities and expand export outlets for Jeju products.

Jeju will expand its diplomatic stage to the Middle East and Africa as well as Southeast Asia and China by carrying out its unique local diplomacy through the utilization of Jeju's strengths and potential.

• Results of Jeju's local diplomacy

Given that cross-border cooperation and diplomacy on global issues have been sluggish, it is becoming more important to respond to the climate crisis, promote cooperative development, and expand human and physical exchange at the local government level. This is because exchange and cooperation between local governments can result in reorganizing toward common interests and the seeking of new solutions.

Jeju is sharing the brand "Jeju" and its global value by interacting with cities overseas, international organizations, and consultative groups with which it has built up partnerships. It is also promoting Jeju's vision and increasing competitiveness while communicating with cities around the world in various fields such as those related to carbon neutrality, new and renewable energy, and industries of the future.

The fruitful experience of the "Vitamin C diplomacy" through which tangerines were sent to North Korea



▲ Oct. 23, 2023 — 2023 Global Green Hydrogen Forum

in 1999 and the symbolism of an “island of world peace” arising from the promotion of diplomacy for peace under the Special Act on Jeju Free International City since 2002 are great assets that Jeju can use to boost local diplomacy.

The current Jeju provincial government achieved the following results by capitalizing on Jeju’s many experiences and assets. First of all, it secured diversity in its exchange by expanding its exchange cities. For the first time since the launch of the new administration, a working-level exchange agreement was signed with the Spanish region of Galicia in Europe. Last year, the Dolhareubang and Jeju Olle symbols were installed along Spain’s Camino de Santiago pilgrimage route, and a symbol of Galicia was built on Jeju Olle Course 1. In the wake of the Jeju Forum, Jeju signed a working-level exchange agreement with the U.S. state of Maryland for the second time since the first was signed in Hawaii in 1986.

Second, the ASEAN Plus Alpha policy was launched to help expand Jeju’s diplomatic domain. After announcing the ASEAN Plus Alpha policy, Jeju signed a working-level exchange agreement with Da Nang, Vietnam on Aug. 1 of this year,

and on Dec. 1 a similar accord was finalized with Bangkok, Thailand. In addition, preparations for tourism, cultural, and human exchanges are being made with other cities like Siem Reap in Cambodia, Cebu in the Philippines, and Penang in Malaysia. In February 2024, Jeju plans to sign a working-level exchange agreement with Sharjah, United Arab Emirates to begin exchanges with the Middle East in earnest. The island is also maximizing the practical benefits reaped from diplomacy by creating infrastructure and platforms aimed at improving access to trade logistics, including the opening of direct flights intended to expand human and physical exchange with ASEAN countries. Efforts so far have resulted in tangible results such as discussions on human exchange and fishery exports with Vietnam’s Nam Dinh Province.

Third, the foundation for public diplomacy involving provincial residents has been laid. At the National Diplomacy Center, the fourth of its kind to open in Korea, various seminars and networking activities related to local diplomacy are held, and the Jeju ASEAN Hall offers opportunities to publicize ASEAN culture through permanent exhibitions.

• Jeju's diplomacy in 2024

In 2024, Jeju will spread the “global value” it has built up so far and carry out diplomacy that will bring practical benefits to the provincial residents. Toward such ends, Jeju plans to promote accessibility to the island. What’s needed most is to expand tourism and trade exchanges—and eventually extend them to cultural, educational, and human exchanges—is the opening of direct travel lines, including sky and sea routes. Jeju has, on many occasions, discussed opening direct flights during diplomatic visits to Thailand, Singapore, and China.

Measures to diversify the sphere of exchanges are also being actively pushed. Based on the ASEAN Plus Alpha policy, Singapore opened an office in Jeju in June, and various exchange agreements have been sought for the benefits of residents, including a substantial increase in exports and the diversification of tourists. Jeju has also been expanding the sphere of exchanges to promote the values of peace and ecology, and plans to expand human exchanges such as the cross-functional work of civil servants as well as exchange student programs.

Jeju was invited to the World Cultural Heritage Week in Sharjah, UAE in February 2024 as a guest of honor and is making preparations for the event

now. It will be a good opportunity to prove and promote Jeju’s global value in the Middle East by showcasing Jeju’s UNESCO-listed haenyeo (women shellfish divers) culture and various other cultural performances. Jeju plans to promote its outstanding tourism resources and share its vision of new industries of the future such as civilian space programs and green hydrogen.

Third, Jeju will increase its leadership capabilities in the international community. The island has been protecting and preserving its natural heritage—which boasts UNESCO’s triple crowns—while pursuing universal values as an island of world peace. Jeju, which is leading Korea in carbon neutrality, is an optimal test-bed where trailblazing policies and industries gather. These assets and strengths make Jeju ideal to show leadership in the international community.

When all is said and done, global problems are regional problems. Jeju plans to be a leader on global issues through the Jeju Forum, and, if necessary, it will push for the formation of an international network or an international consultative body centered on the major agenda items. It aims to make the “Global Peace Cities Solidarity,” founded in 2021, a permanent international organization by setting an agenda with participating cities.



▲ Oct. 26, 2023 — Singapore Workcation Seminar

The Time to Seize Opportunities Has Come as the "Start-up Korea" Era Begins

By Park Won-ick, head of Planet New York at The Millk



▲ Zach Beecher, head of strategic partnership at America's Frontier Fund.
(Courtesy of Park Won-ick, head of Planet New York at The Millk)

South Korean start-ups have recently been in the spotlight in the United States, and various events are being actively held to help the U.S. government, corporations, and investment firms explore ways to cooperate with Korean start-ups. South Korea, boasting high-tech and skilled manpower, is emerging as an alternative for collaboration amid the continuing conflict between the U.S. and China.

Zach Beecher, head of strategic partnership at America's Frontier Fund (AFF), said in a keynote speech at a start-up event organized by the Korea Innovation Center Washington DC on November 1, 2023 that there is great potential for South Korea's start-up ecosystem. He also expressed his hope for

active cooperation with Korea.

(AFF, headquartered in Silicon Valley, San Francisco, is a venture capital firm which focuses on investment in high-tech start-ups in order to enhance innovation, security and manufacturing capabilities in the U.S. Scientists, policy experts, and national security leaders as well as ordinary investors work together at the fund.)

Beecher also said that Korea can be said to actually be a "start-up country", adding that 24% of the Korean population is involved in start-ups in one way or another. The percentage of South Koreans involved in start-ups over the total population is twice that of China, reflecting Korea's high education level and its interest in technology and start-ups.

The start-up ecosystem in both Korea and the U.S. is creating a synergistic effect as various U.S. investment companies—including AFF—and U.S. government officials invest in Korea or help Korean start-ups advance into the U.S. market.

• Strategic Development of AI in the U.S. and the Continuing Growth of Private Ecosystems

Several hundreds of developers rushed to "OpenAI DevDay," OpenAI's first developer conference

held in San Francisco on November 6. Keynote speeches and major presentations were scheduled to be broadcast live during the event, though application for attendance was closed early due to the influx of developers who wanted to attend. This clearly illustrates the current state of the AI start-up ecosystem in the U.S.

One of the most important characteristics of the U.S. start-up ecosystem is that investment in key strategic areas has continued without a letup. Investments in AI start-ups and related ecosystems have continued to grow despite the many difficulties that the global start-up ecosystem as a whole has experienced amid the U.S. Federal Reserve's interest rate hikes and the tightening of global liquidity.

According to Crunchbase data, about a quarter (26%) of total investments by U.S. venture capital firms went to AI start-ups as of the end of August this year. This figure represents more than a twofold increase from 11% in 2022. Meanwhile, the value of venture capital deals for start-ups throughout the world fell 31% year-on-year in the third quarter of this year, according to PitchBook data compiled for Bloomberg.

Silicon Valley big tech companies such as Google and Microsoft are taking the lead in strategic investment in the private sector, paving the way for

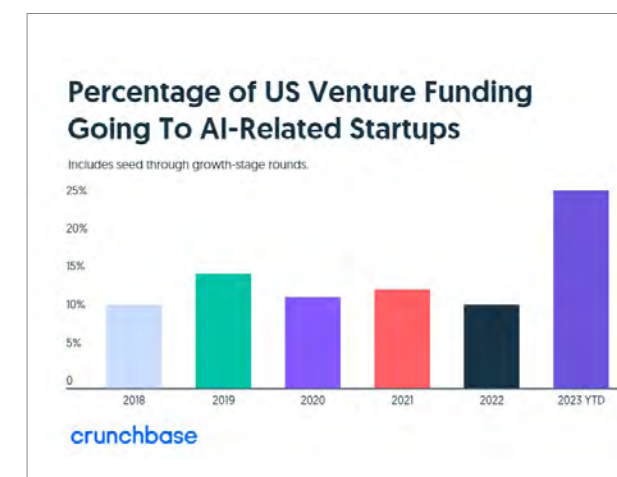
the creation of an AI start-up cluster called "Cerebral Valley" in San Francisco. The U.S. government is also encouraging the growth of AI start-ups in an effort to strengthen national competitiveness. On October 30, the Biden administration issued an executive order on AI to preserve the U.S.'s hegemony in the field.

• Silicon Valley and New York City: The Top 2 Places for AI

Where is the start-up ecosystem most developed in the U.S.? According to Startup Genome, Silicon Valley and New York City have continued to occupy the top positions—first and second respectively—in the Global Startup Ecosystem Ranking.

Silicon Valley and New York City scored 59 points and 56 points respectively in the 2023 evaluation that was based on a variety of factors, including the number of exits (to initial public offering or acquisition) worth between \$50 million and \$1 billion, the growth rate of exits, the rate of start-ups attracting additional investment, the time it takes for startups to exit, the size of the market in a specific region, talent, knowledge and connectedness.

Los Angeles, the heart of the U.S. entertainment industry, ranked fourth (52 points), and Boston, which is renowned for its excellent research talent in the biotech and life sciences fields, took the sixth place (51 points). Seattle, where Microsoft and Amazon's headquarters are located, and Washington, D.C., where the White House and regulators such as the U.S. Food and Drug Administration are located, ranked 10th (41 points) and 11th (35 points). Miami is one of the fastest-growing start-up ecosystems in 2023, having moved up 10 positions from 2022 to reach the 23rd place with 23 points.



Silicon Valley is the place where the start-up investment culture of a long-nurtured group of startup founders and successful entrepreneurs is flourishing more briskly than anywhere else in the world. It has established a solid system in which senior entrepreneurs help junior entrepreneurs succeed and make a return on investment. There are also many cases in which famous founders and entrepreneurs participate in angel investment and seed funding for startups.

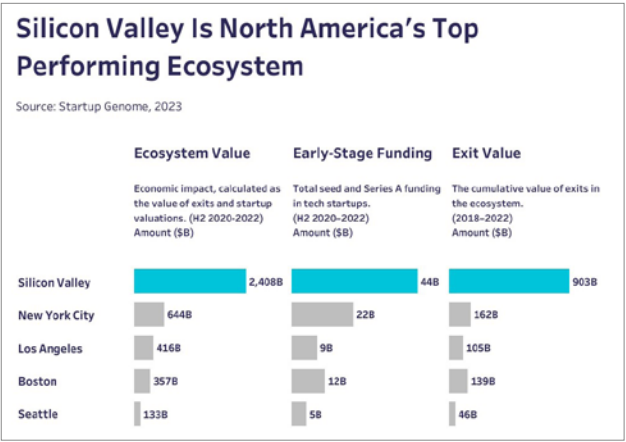
Sand Hill Road in Menlo Park, where Meta Platform (the parent company of Facebook) is headquartered, has become the main street of venture capital. Well-known venture capital firms such as Kleiner Perkins, Sequoia Capital, Andreessen Horowitz, Accel, New Enterprise Associates, Khosla Ventures, and Gray Rock Partners are based in the area to provide financial backing for the Silicon Valley start-up ecosystem.

New York City has the advantage of having a strong investment ecosystem buttressed by Wall Street. Investment companies in Wall Street invest mainly in late-stage start-ups ahead of their listing on the stock market. However, there have recently been an increasing number of cases in which more investment firms seek to make profits by investing in start-ups at an earlier stage.

It is also worth noting that New York City is inundated with outstanding talent graduating from Ivy League schools that include Columbia University, Cornell University, Princeton University, and New York University. There is also such an abundance of talented people not only in technology fields, but also those of cultural and art—including food and fashion—that starting a business is very brisk across a wide variety of industries. New York City, the largest city in the U.S. by population, also has the largest consumer base in America.

Recently, New York City has been attracting

attention over investment in AI start-ups as there is a bountiful pool of AI researchers and professionals, including NYU professor Yann LeCun who oversees AI research and development at Meta. Recently acquired by OpenAI, the headquarters of Global Illumination are also located in New York City. Runway AI, which has attracted much investment, and Hugging Face are based in the city as well. Additionally, Newlab, a start-up incubator located in the Brooklyn Navy Yard, is acting as a cradle for start-ups in the innovation cluster.



• U.S. Start-up Support Policy and Implications

The foundation of American innovation is built upon the start-up ecosystem created primarily by the private sector. However, this private-led ecosystem was made possible under a “competition first” system. Companies that continue to innovate have managed to keep their competitiveness, and at the same time new businesses can come into being while the government acts as a referee in charge of a game, intervening at the right moments to prevent unfair competition and implementing appropriate support and promotion policies.

In 1985, shortly after AT&T was forcibly split into several companies in an antitrust case, Microsoft

first released the Windows operating system. Then 1990s, the U.S. Department of Justice (DOJ) filed an antitrust lawsuit against tech giant Microsoft, opening the way for the establishment and growth of Google in 1998. The DOJ has now launched an antitrust lawsuit against Google in September this year, which marks the biggest antitrust case in more than 20 years.

The U.S. government is actively providing support for start-ups. One of the best examples of its support programs is SelectUSA. SelectUSA is a U.S. federal program run by the Department of Commerce in cooperation with the United States Chamber of Commerce with the aim of promoting corporate investment in the U.S. Since its inception in 2012, the program has facilitated \$196 billion in investments and contributed to the creation of more than 198,000 jobs in America.

The Department of Commerce hosts the SelectUSA Investment Summit every year. More than 3,600 people from 70 countries across the world participated in the 9th SelectUSA Investment Summit held in Washington, D.C., in early May 2023. Some 100 delegates from 62 South Korean organizations and corporations, including battery manufacturers, steelmakers, and semiconductor producers, participated in the event.

Among U.S. state governments, Maryland stands out as actively supporting and nurturing local start-ups through the Maryland Technology Development Corporation (TEDCO). Maryland is also making efforts to attract and assist foreign companies under the Global Gateway Program.

Government officials, investors, and start-up managers operating in the U.S. seem to believe that the ongoing U.S.–China conflict will bring great opportunities for South Korea. While U.S. investment in Chinese start-ups has been cut off, the U.S. and South Korea are expected to take

steps toward mutual cooperation as the former requires a new engine of innovation and the latter needs a wider market and more investors. Both countries can also enhance the understanding of each other through more active exchanges and collaboration.



▲ A view of Newlab, a start-up incubator located in the Brooklyn Navy Yard, New York City. (Courtesy of Newlab)

The Milk is cross-border media startup based in Silicon Valley. It produces and provides innovative trend content (articles and reports) in major locations such as Silicon Valley, New York City, Atlanta, and Seoul. In early 2020, it attracted \$3.8 million in series A investment.



Start-ups Play a Leading Role in Local Diplomacy in France, Under the Slogan

By Kim Hyoung Jin, Head Manager of the France office of the Governors Association of the Republic of Korea

The term “Startup Nation” first appeared in 2011 as the title of a book analyzing Israel’s brilliant economic development. However, in France this expression has been widely used to refer to its own country since President Emmanuel Macron declared it a key slogan for his re-election bid in 2017. In fact, after winning re-election, President Macron said that fostering start-ups would determine the future of the country and pushed for pro-business economic policies by abolishing or easing various regulations. France, which has been historically notorious for stifled business activity due to strong labor unions, strikes, and social welfare programs, has surprisingly emerged as the most competitive country in Europe in terms of corporate investment since 2020.



According to global accounting firm Ernst & Young (EY), France reported 1,259 cases of foreign investment in the country from global companies in 2022, edging out the U.K. and Germany to claim the top spot in Europe according to the investment attractiveness ranking for the fourth consecutive year. France is expected to maintain its strong position until 2030. It goes without saying that the central government’s bold reform policy has contributed greatly to the strengthening of France’s competitiveness. However, the fact that the country’s provincial regions have made concerted efforts to join hands in enhancing national competitiveness should also be recognized as a contributor to this success.

France has a three-level local autonomy system consisting of communes (basic units), départements (intermediate units), and régions (large units). Régions are granted greater power and authority for economic development than any other unit. Each of 13 régions in mainland France is implementing various start-up support policies designed to develop their own individual potential. In addition, 22 “métropoles” (metropolitan regions) across France, which were created in the form of a union combining neighboring communes around large cities, are also leading players in revitalizing start-ups. This article introduces two representative

examples of local diplomacy in régions and métropoles, specifically international exchanges related to the revitalization of start-ups at the local government level.

• France's Local Diplomacy Pursues Pragmatic Multilayered Exchanges: Start-ups Set Good Example

Having experienced devastation during the Cold War between the East and West in the 1950s after World War II, French people have come to share the perception that war should be avoided even through exchanges between cities. This led to sisterhood relations between French and German cities becoming popular from 1950 to the early 1960s. Intercity exchanges that began in this way took the form of solidarity-promoting aid aimed at narrowing the wealth gap between the Northern and Southern Hemispheres in the 1970s. Since the 1980s when movement between countries became more frequent, intercity exchanges have evolved into urban diplomacy that seeks practical interests.

Today, practical and theme-based multilayered exchanges have become a major trend for local diplomacy. Under this trend, different people from various fields such as civic organizations, cultural communities, youth groups, corporations, and schools at all levels are able to participate in exchange programs to produce real, concrete effects. This also helps local authorities in France and other European countries steer away from the formation of sisterhood ties between cities based on the traditional concept that local governments should lead international exchanges in an exclusive manner that might focus only on formalities, resulting in little more than symbolic effect. In

such a context, support for start-ups is considered an ideal way for local authorities to promote local diplomacy. And as start-ups can naturally promote creativity in global openness, providing them with opportunities to set up an overseas presence during the incubation period or while in the process of exploring markets after launching their business is a much-needed incentive many start-ups hope for.

• Start-ups Join Ile-de-France Delegation in Overseas Visits, Seeking Practical Economic benefits

Ile-de-France is one of 13 régions in mainland



France. In terms of landmass, it is only 2.2% of mainland France, but 18.8% of the total population resides there. Ile-de-France is a region that plays a pivotal role in the French economy, accounting for 31% of the country’s gross domestic product. Ile-de-France is home to a large concentration of important economic infrastructure, including the La Défense business district—the largest of its kind not only in Paris but also in Europe—and Station F, a large-scale start-up campus located in an area 15 times as large as Yeouido Park in Seoul. As home

to 39% of France's doctoral researchers, it also has enormous potential for technological innovation, producing a higher level of investment in R&D than any other region in Europe. In light of its industrial status, the government of Ile-de-France is putting start-ups at the forefront of international exchanges.

Valérie Pécresse, president of the Regional Council of Ile-de-France, selected 17 innovative local companies with high growth potential to send their representatives to accompany her on a five-day visit to Japan starting November 6, 2023. She held B2B meetings and investment events in Tokyo and Kyoto during her trip. The 17 firms, which come from a wide variety of fields, included Xtree, a large-scale construction material 3D printer maker; Cimel électronique, a remote meteorological observation solution provider; and Lo Neel, an eco-friendly premium fashion brand. Similarly, in late September, she visited Quebec, Canada, together with representatives of six local companies, limiting the business delegates only to the AI field. Ile-de-France and Quebec have been promoting friendly exchange projects since 2007, renewing their agenda every four years. Start-up exchanges in the field of new technology have frequently been included on the agenda as a core program.



• Auvergne-Rhône-Alpes and Lyon Métropole: the Big Booster program

Auvergne-Rhône-Alpes is the second most vibrant région for start-ups after the metropolitan area of Ile-de-France. It has the advantage of being located in an area encompassing large cities such as Lyon, Grenoble, Clermont-Ferrand, Chambéry, and Annecy which have traditionally well-developed industries. However, it has managed to establish today's start-up ecosystem as the government of the région began to implement various start-up support policies early on.

The Big Booster program, which combines start-up support and international exchange projects, can also be regarded as an effective support policy for revitalizing local start-ups. Lyon is a sister city of Boston, Massachusetts, a representative start-up city in the U.S. that hosts the annual "MassChallenge," known as the Olympics of start-ups. The Metropolis of Lyon (Métropole de Lyon), in cooperation with Auvergne-Rhône-Alpes, has developed the idea of offering local start-up developers the opportunity to participate in the Boston MassChallenge event. Lyon runs the Big Booster program as a way to provide selected start-ups with the opportunity to grow into more competitive businesses by experiencing the MassChallenge incubation process.



Around 100 start-ups are shortlisted as potential competitors for MassChallenge every year, and then two months of "boot camp" training take place to narrow down the final 20 among them to be sent to the Boston event. After undergoing a four-month acceleration program during MassChallenge, three start-ups are finally chosen as winners to be awarded a cash prize of 100,000 euros.



These efforts by the Metropolis of Lyon and Auvergne-Rhône-Alpes have resulted in great success. Thirty-six local start-ups along with the region's delegation demoed their products at the Consumer Electronics Show (CES) held in Las Vegas, Nevada (U.S.A), in January 2023. Thirty of these start-ups, which accounted for more than one-fifth of all French exhibitors participating in the event, also engaged in promotional activities. In addition, most key cities in France have been given the French Tech label, an accreditation awarded to cities recognized for their start-up ecosystem. This is done to help accelerate start-ups while highlighting start-up exchanges for

incubating, B2B activities, and investment attraction for industrial complexes as their major international exchange programs. Among those cities are Toulouse Métropole, a mecca for the aerospace industry; Montpellier Métropole, which has well-developed eco-friendly high-tech industries; and Rennes Métropole, where artificial intelligence (AI) and network security fields are developed.

The French model appears to be the right approach and we should take a similar approach today. We need to study how to enhance the potential of cities and provinces and further strengthen national competitiveness by prioritizing the development of local industries and the acceleration of economic growth as seen in the French case when working out domestic policies and pushing for exchanges with municipal and provincial governments in other countries.



Revitalizing Start-ups: The U.K. Government's Efforts and Local Diplomacy

by Heesok Yoo, Head of the U.K. Office of the Governors Association of the Republic of Korea (GAROK)



The United Kingdom (U.K.) is the place where the history of modern science began. It is still one of the major countries leading the world's scientific and technological development based on its long history, experience, and accumulated resources. It has more than 100 Nobel Prize laureates in the field of science and technology, and four U.K. universities rank among the top 10 universities

globally. The country ranks third in the world in terms of research publications that receive the top 1% or top 10% most-frequent citations. By taking advantage of such long-accumulated science and technology capacity, the U.K. has produced the largest number of unicorns (start-ups with a valuation of \$1 billion or more) in the world after the United States and China.

• Utilization of Science and Technology for the Future and for Start-ups

As is the case with South Korea, the U.K. has long strived to systematically support start-up activities and promote entrepreneurship, and it has continued to implement various policies and programs to such ends.

Prestigious universities and professional institutions such as Connected Places Catapult are serving as business incubators and accelerators. They provide technical support, mentoring, and funding to start-ups to help them grow. This grants early-stage start-ups easy access to structured support programs and a network of outstanding experts and investors.

In addition, the U.K. government is providing start-up loans through banks to help entrepreneurs start and grow their businesses. Preferential loans with very low interest rates are available for start-ups, and mentoring services are also provided.

Apart from such direct support, tax breaks are also offered as incentives to investors who provide financial support for start-ups. The British government also makes alternative funding options such as crowdfunding and peer-to-peer (P2P) lending possible for start-ups to help improve their access to financing.

In particular, Innovate UK, a governmental department that executes most of the government's R&D investments, is creating an environment favorable to systematic and comprehensive support for start-ups across the country through a variety of state funding options.

In March of this year, the U.K. announced the "Science and Technology Framework". This framework lays out the direction of the Rishi Sunak government's mid- to long-term science and technology policy. Measures to strengthen science- and technology-based

international cooperation through the creation of the International Science Partnership Fund take center stage in the framework.

• A New Trend in U.K.-Korea Local Diplomacy

The British government has been making efforts to diversify trade channels and solidify international cooperation since the beginning of Brexit. It has shown continued and increasing interest in collaboration with South Korea, a country that is particularly strong in manufacturing technology. This trend is evident not only in the central government but also in local governments of the U.K.

The recent history of the international exchange between the two countries' local governments has had its ups and downs. As of the end of last year, a total of 10 local governments—both small and large—in each country had established friendly and cooperative relations. However, actual exchanges between them lull in the aftermath of the COVID-19 pandemic, with exception of those between the Greater London Authority and the Seoul Metropolitan Government and also between Gloucester City in England and Paju City in Gyeonggi-do. In particular, local governments in the U.K. gave the impression that they were, relatively speaking, less interested in international exchange, and that their interest, if any, was confined to EU member states or Commonwealth countries.

Under such circumstances, exchange between Liverpool and Busan Metropolitan City in June this year and that between Belfast and Sejong City in August proved to be meaningful developments. Looking at the partnership between Busan and Liverpool, which was led by the British innovation

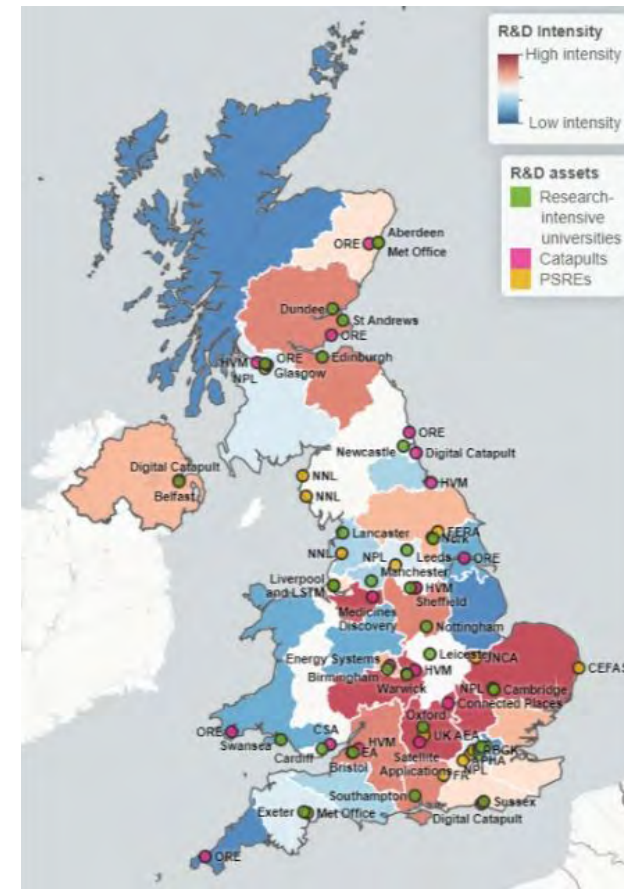


agency Connected Places Catapult, the two cities have called for companies involved with the metaverse, hydrogen energy, and big data to visit each other, while promising to push for joint research and cooperation among them. Technoparks are also expected to serve as a platform for economic, technological, and industrial cooperation between the two cities.

Sejong City signed a friendship and cooperation agreement with Belfast to collaborate on “intelligent city” tech and cybersecurity, as well as joint participation in international events. At the same time, Sejong Technopark signed a memorandum of understanding (MOU) with Invest Northern Ireland to support companies wishing to enter each other’s markets. They also agreed to work together on joint research and product verification support projects in areas such as digital technologies, hydrogen, and net-zero emissions. The agreements are of particular note as they are part of efforts by the two cities to find a practical collaboration model amid the U.K.’s growing interest in South Korea.

• Starting with Cooperation in Revitalizing Start-ups to Combat the Difficulties of Effective Diplomatic Relations

In the U.K., each region has its own individual focus that centers on different research fields, each with its own strengths. Accordingly, each boasts its own outstanding research and innovation systems that are distinct from one another. Despite these distinct differences, some claim that in reality most of the U.K.’s R&D and innovation systems are centralized, and that the government has not considered each region’s unique opinions or priorities sufficiently when setting out policies. In response, the British government announced that it would review each region’s R&D and innovation policy making process to better reflect diverse opinions and perspectives. It also said that it would support each region’s excellent industrial clusters, promote new investment programs and partnerships at the regional level, strengthen networks between industries and academia as well as those between public and private sectors, and attract more private and foreign investments. The U.K. government is, in particular, expanding support for existing public research institutes and networks, including Catapult centers, innovation centers, and universities. At the same time, it continues to strengthen performance-oriented activities such as human resources training, support for small- and medium-sized enterprises (SMEs), business creation, and technology transfer. In South Korea, there are many innovative institutions and universities with regionally specialized strength. If these institutions lead exchanges and promote partnership and cooperation between local governments in Korea and the U.K. based on strengthened trust, the



two countries will hopefully be able to make great progress in expanding local diplomacy.

A delegation from Jeonbuk TechnoPark, based in Jeollabuk-do (North Jeolla Province), recently

visited the U.K. to provide consultations to Korean firms seeking to advance into overseas markets as part of a project to establish a cooperative platform for technology commercialization. It arranged technology exchanges between Korean and British companies after closely examining the Korean companies and consulting each of them about investor relations. In order to bridge the gap between R&D and mass production in the battery field, the delegation visited the national UK Battery Industrialisation Centre (UKBIC) and discussed how to provide effective support for start-ups and SMEs as well as training programs for them. In addition, it signed an agreement with Cenex, the non-profit research and technology consultancy that supports low-emission vehicle infrastructure projects in the U.K. and the EU and builds business cases for new low emission vehicles. We look forward to seeing active contact and practical exchanges between the above-mentioned science and technology innovation institutions, even before local governments of both Korea and the U.K. engage in diplomacy.



KIET Center for SMEs and Venture Business Research, Jung-Ho Kim, Research Fellow



Potential Regional Unicorns: Status and Implications

The number of unicorns—companies with a valuation exceeding approx. 1 trillion KRW (\$1 billion) that are not listed on the stock market—has increased worldwide. In South Korea, 34 unicorns had emerged by 2022. There is, moreover, a growing interest in what are referred to as “potential unicorns”: companies in the pre-unicorn stage with a valuation of over 100 billion KRW (approx. 1 billion USD) but less than 1 trillion KRW, or cumulative investments totaling over 100 billion KRW. As large-scale fundraising has become challenging due to recent interest rate hikes, it is anticipated that potential unicorns will increase domestically as opposed to traditional unicorns.

Among the 70 potential unicorns selected by the government through 2022, 12 (17%) are located outside the capital region of South Korea. Recently, technology-based potential unicorns in particular have been on the rise in the non-capital regions. These potential unicorns contribute to the creation of attractive jobs that are both connected to emerging regional industries and are also generally preferred by the younger generation. Potential unicorns not only contribute to the founding and concentration of other start-ups in the region but they can also become objects of growth for these start-ups. Accordingly, various local governments

are showing interest in and creating support measures for potential unicorns.

To systematically support and nurture regional potential unicorns, it is essential to understand the differences in characteristics between potential unicorns in the capital and non-capital regions. Understanding the specific characteristics of each industry and sector, as well as the unique features of the start-up and scale-up processes for potential unicorns across different regional types, is necessary in order to establish region-specific support measures.

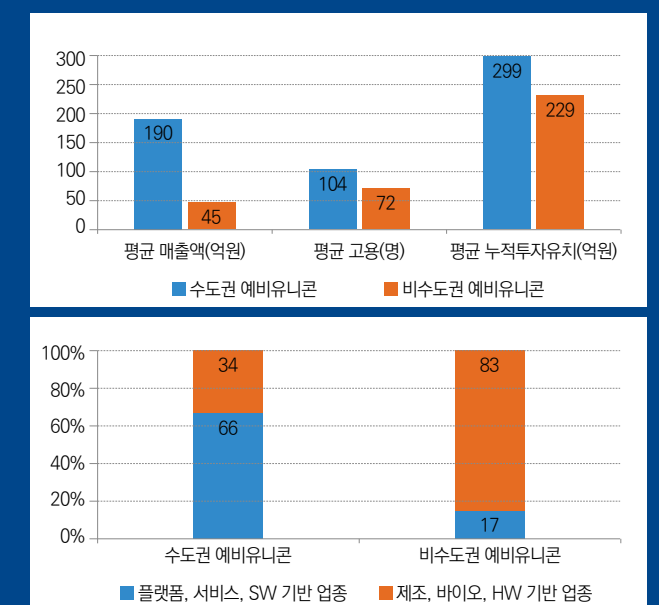
When comparing potential unicorns selected by the government in Greater Seoul and non-metropolitan areas, distinct differences become apparent. The average revenue, number of employees, and cumulative investment for potential unicorns in Greater Seoul are 19 billion KRW, 104 employees, and 29.9 billion KRW, respectively. In contrast, potential unicorns in non-metropolitan areas show averages of 4.5 billion KRW in revenue, 72 employees, and 22.9 billion KRW in cumulative investments. While the average operational experience of both types of potential unicorns is similar (around 7 years), the significant disparity in scale arises due to variations in the industries and sectors they are based in, ultimately affecting the scale-up period (the period after technological development for substantial business growth in revenue and employment).

Approximately 66% of potential unicorns in Greater Seoul are in IT platforms & services or software (SW) industries, where the scale-up period is relatively short after founding has been completed. In contrast, about 83% of potential unicorns in non-metropolitan areas are in manufacturing, hardware (HW), and bio-related industries, where the scale-up process takes longer. The higher relative employment level (69%) compared to the relative revenue level (24%) for potential unicorns in non-metropolitan areas indicates that, despite lower short-term market performance, there is a stronger employment effect due to the nature of their industries. Consequently, considering the scale characteristics of industries, long-term support policies should be formulated from a strategic perspective.

Meanwhile, potential unicorns in non-metropolitan areas are concentrated in specific regions, including Daejeon, Gyeongbuk (Pohang), Daegu, Chungbuk (Cheongju), Ulsan, and Jeju, each of which share a number of common characteristics. Firstly, they are strategically located in regions with favorable conditions for technological entrepreneurship and growth, namely a foundation of technology, industry, advanced and specialized personnel, and collaboration between academia and industry. Additionally, some potential unicorns initially founded in the metropolitan area have relocated their bases to different regions to take advantage of expanded research and development facilities, specific regional ecosystems (robotics, new materials, bio, batteries, etc), and collaboration between academia and industry. Secondly, most founders have substantial practical prior entrepreneurial experience in their respective industries, averaging 5–7 years and thus demonstrating a high-level understanding of technology. Thirdly,

these companies primarily adopt a business-to-business (B2B) revenue structure and business model rather than business-to-consumer (B2C). These characteristics emphasize the importance of regional entrepreneurial ecosystems, knowledge diffusion based on emerging or specialized industries, close collaboration and exchange between demand and supply companies, and the supply of human resources for the founding and growth of potential unicorns.

In the future, with the activation of technology and skill-based entrepreneurship in regional industries, the cultivation of emerging industries and related ecosystems, and the expansion of region-based venture investments, more potential unicorns are expected to emerge. In non-metropolitan areas in particular, the transition of key industries to emerging industries, the interconnection between supporting potential unicorns, collaboration with corporations in demand for the empirical expansion of start-up bases, substantialization of scale-up support programs for regional start-ups, and support for the relocation of scale-ups from Greater Seoul to non-metropolitan areas will be crucial.



〈 Comparison of the Scale and Base Industry Composition of Potential Unicorns by Region 〉

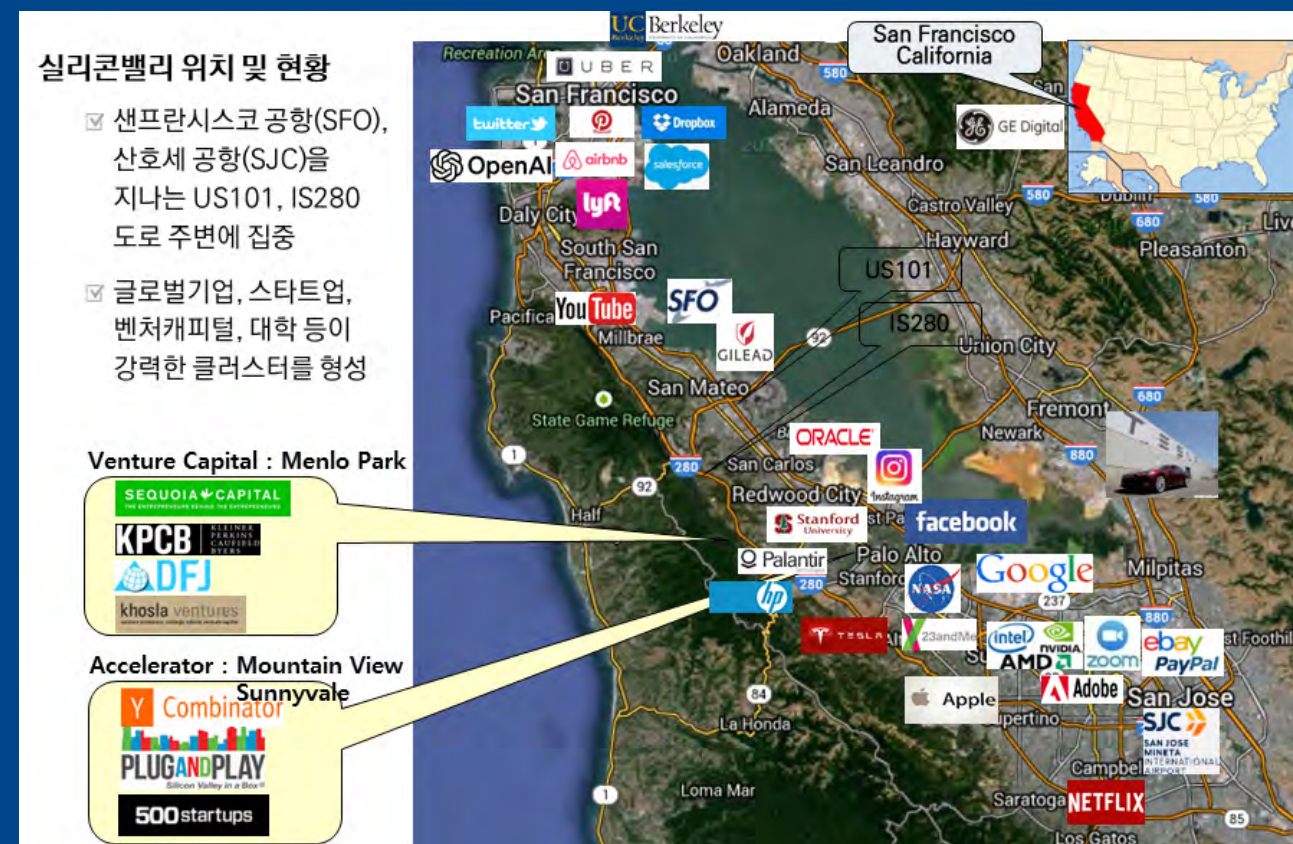
GRI Economic & Social Policy Division, Seong Young-cho, Senior Research Fellow



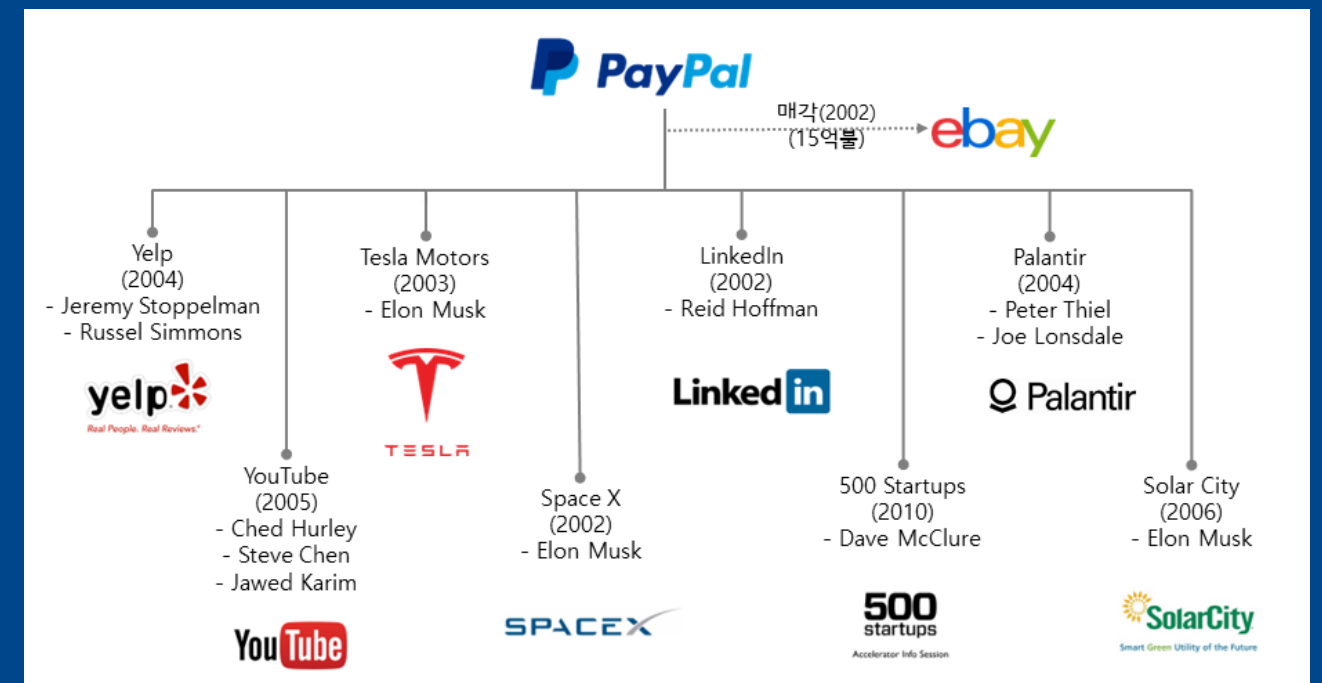
The Innovation Ecosystem of Silicon Valley

Silicon Valley—located in an area in California, U.S.A., that stretches from San Francisco to San Jose—is a hub for advanced technology companies specializing in artificial intelligence, the internet, electronics, digital platforms, bio-tech, and more. Administratively, it comprises four counties: Santa Clara, San Mateo, Alameda,

and Santa Cruz. Although often cited globally as an exemplary innovation cluster, the actual area of Silicon Valley covers a vast expanse of 4,800km² (1,854mi²), which is equivalent to half the size of the Gyeonggi-do province in South Korea. Situated within the 50 km (30 mile) stretch between San Francisco International Airport (SFO) and San Jose International Airport (SJC), Silicon Valley is home to a multitude of advanced internet companies such as Google, Facebook, and Apple.



▲ Figure 1. Silicon Valley Innovation Ecosystem Map (Source: Created by the author based on Google Maps)



▲ Figure 2. Overview of Startups Founded by PayPal Alumni (Source: Created by the author)

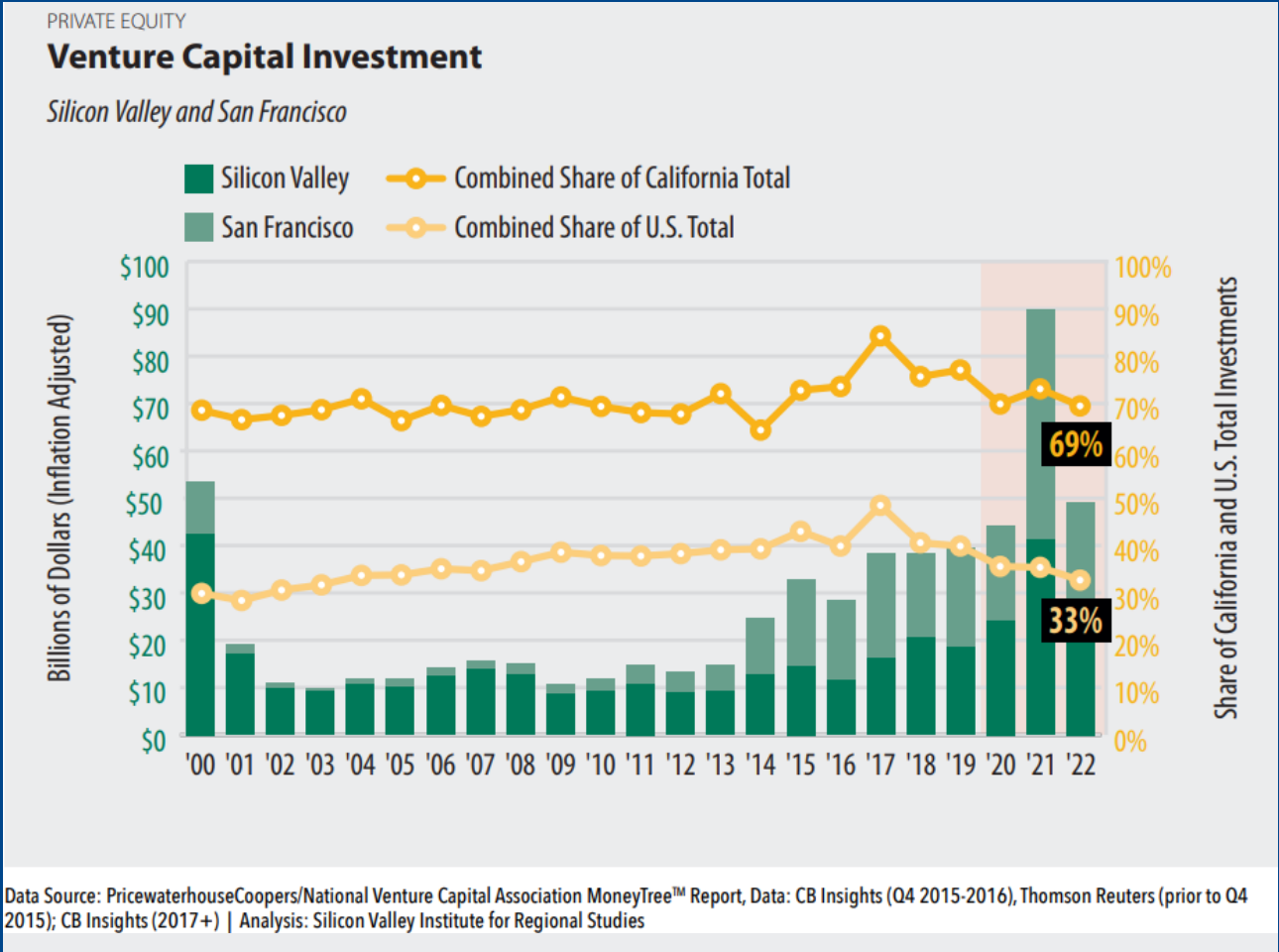
These big tech companies reside alongside hardware giants like Intel, NVIDIA, Cisco, and AMD, as well as the database company Oracle, the video-sharing platform YouTube, and the streaming service Netflix.

Hewlett-Packard (HP), considered the first venture enterprise in Silicon Valley, was founded in this region, and it is also where the company grew into a global corporation. PayPal, the world's largest fintech company, also got its start in Silicon Valley and has prospered there. Following the successful sale of PayPal to eBay, its founders and employees used the proceeds to establish innovative companies like YouTube, LinkedIn, Tesla, and Palantir, all of which have had a profound impact on our daily lives.

In San Francisco, alongside SNS companies like X (formerly Twitter), Instagram, and Pinterest, there are also companies that have flourished based on the sharing economy, including Uber, Lyft, and Airbnb. You can also find the company OpenAI there, where they have been leading the

development of large language models and artificial intelligence technology with ChatGPT. Recently, San Francisco has positioned itself as a more suitable region for start-up creation and growth than the traditional Silicon Valley area, distinguishing itself from the region despite sometimes naturally being perceived as part of Silicon Valley itself. Located in the Palo Alto region, Stanford University is considered the birthplace of Silicon Valley and it continuously produces exceptional talent, thus playing a pivotal role in driving innovation in area.

Substantial effort and support are required to overcome the many challenges that start-ups face during their growth journey. Throughout the process, many start-ups utilize an "accelerator", which is a start-up strategist who plays a crucial role in supporting start-ups. An accelerator takes on the role of a mentor in crucial aspects of startup growth, such as business model development, pitch preparation for demo days, connecting with investors, legal advice. In Silicon Valley, accelerators like Y Combinator and Plug and Play, highly



▲ Figure 3. Venture Capital Investments in Silicon Valley (Source: Silicon Valley Index 2023)

regarded by start-ups, are actively engaged in such support roles.

As of 2022, venture capital investments in the United States and California amounted to \$150.4 billion and \$70.7 billion, respectively. The San Francisco and Silicon Valley regions attracted \$49.2 billion in investments, constituting 33% of the total U.S. investments and 69% of California investments. Clearly, Silicon Valley proves to be an exceptionally favorable environment for startups to secure funding. This region hosts top-tier venture capital firms such as KPCB, Sequoia Capital, Khosla Ventures, among others, serving as a driving force that attracts significant investments. Moreover, Silicon Valley actively supports early-stage start-ups through high-caliber accelerators.

In a landscape where over 33% of nationwide venture capital funds are invested, leading venture capital firms are diversifying their investments across innovative technology companies. Given the region's active M&A environment, many startups successfully “exit” through M&A, paving the way for subsequent entrepreneurial ventures. The influx of talented individuals aspiring to take on new challenges and innovation remains constant, serving as a dynamic force in shaping Silicon Valley's start-up ecosystem and enabling continuous innovation.

However, Silicon Valley is not solely comprised of success stories. Companies that once thrived can fade into history if they fail to adapt to the trends and technological shifts of their time. Examples

of such companies include Sun Microsystems, which dominated the UNIX market in the 1990s, and Silicon Graphics, a powerhouse in computer graphics technology. Both companies were founded in 1982, with Silicon Graphics filing for bankruptcy in 2009, and Sun Microsystems, unable to overcome financial difficulties, being acquired by Oracle in 2010.

Sun Microsystems was a pioneering company that downsized the high-cost mainframe computing market into the UNIX market. The company also developed the JAVA programming language which would later be used in the development of the Google Android operating system. Silicon Graphics elevated the level of special effects in films such as Jurassic Park and Terminator 2 using 3D computer graphics technology.

The headquarters of Sun Microsystems and Silicon Graphics were located in relatively favorable areas within Silicon Valley, including Menlo Park and Mountain View. Interestingly, the offices once used by these companies are now occupied by the world's leading internet companies, Facebook and Google. The Sun Microsystems headquarters is currently used by Facebook, with the Sun Microsystems sign flipped to display the Facebook “Like” icon on the front side. Google has modified parts of the Silicon Graphics headquarters, now named Googleplex, and it is renowned as one of the most employee-friendly corporate campuses. This example illustrates the concept that without innovation, any promising company may face obsolescence.



▲ Figure 4. SUN Microsystems & Facebook



▲ Figure 5. Silicon Graphics & Google



Korea - Central Asia Roundtable Conference on Local Cooperation

To strengthen local cooperation between South Korea and Central Asia, the Governors Association of the Republic of Korea (GAROK) hosted the “Korea–Central Asia Roundtable Conference on Local Cooperation” on September 25th at the Four Seasons Hotel in Seoul. The roundtable aimed to enhance exchange between Central Asian countries and local governments of South Korea, establishing a platform for local cooperation. It took place in accordance with the “Korea–Central Asia Cooperation Forum,” a ministerial-level meeting, with plans for coordination starting from 2024.

A wide variety of participants from a range of difference fields were in attendance, including Director Generals from local governments such as Seoul and Daegu, ambassadors from the five Central Asian countries, and representatives from the Ministry of Foreign Affairs and academia.

This multilateral exchange platform is expected to systematically support interactions between local

governments and the Central Asian region, especially in areas where there are no overseas GAROK offices.

Nurgali ARYSTANOV | Ambassador of Kazakhstan

Not long ago, parliamentary leaders from Korea and Central Asia gathered in Korea, initiating the new C5+K parliamentary conference. ... Initiating the Korea–Central Asia Roundtable Conference on Local Cooperation at this moment is expected to set a new direction for future cooperation between Korea and Central Asia. ... Our embassy will continue to support and assist this initiative.



Aida ISMAILOVA | Ambassador of Kyrgyzstan

Local governments play a central role, like a heart, in implementing social and economic programs and strengthening community relations. ... The Kyrgyz Republic highly appreciates Korea's experience and achievements in various fields. ... We look forward to active cooperation with Korean local governments to enhance efforts for sustainable development.



Salohiddin KIROM | Ambassador of Tajikistan

Tajikistan considers Korea as one of the most important partner countries in the Asian region. ... We highly value the cooperation between Korea and Central Asian countries within the framework of the Korea–Central Asia Cooperation Forum.



Begench DURDYEV | Ambassador of Turkmenistan

Turkmenistan, as the presiding country, plans to host the 16th Korea–Central Asia Cooperation Forum on November 1, 2023. ... In late March this year, events commemorating Turkmenistan's culture were held in Seoul and Uijeongbu. ... The embassy organized various exhibitions, joint concerts, and screenings of Turkmen films.



Alisher ABDUSALOMOV | Economic Counsellor of Uzbekistan

Uzbekistan's Minister of Foreign Affairs visited Korea in September, and we also hosted a Korea–Uzbekistan business forum attended by around 300 participants. ... Uzbekistan is interested in establishing and activating ties between regions or local governments. For instance, we are eager to connect Korean companies in industries such as agriculture, textiles, and pharmaceuticals."



14th Luncheon Meeting with Foreign Missions in Korea



On December 1st, Gyeongsangbuk-do Governor and Chairman of the Governors Association of the Republic of Korea (GAROK) Lee Cheol-woo hosted the 2023 Annual Luncheon Meeting with Foreign Missions in Korea. Hosted by the Chairman of GAROK, this year marked the 14th year of the Luncheon Meeting for foreign Missions in Korea. The 14th luncheon Meeting was attended by 77 foreign ambassadors from 73 countries, making it a successful and well-attended occasion. Chairman Lee Cheol-woo delivered a welcome

speech, followed by a congratulatory address from Victor Bounbou, Head of the Council Diplomatic Corps (CDC) and Ambassador of Gabon. The signing of a cooperation Memorandum of Understanding (MOU) between the GAROK and CDC in May of this year was emphasized as a significant development that will provide a systematic institutional foundation for supporting inter-local government exchange. Subsequently, presentations were made regarding major upcoming international events to be hosted by local governments in 2024, including the “2024 Korea Future Mobility Expo” in Daegu Metropolitan City, the “2024 Gangwon Winter Youth Olympic Games” in Gangwon State, and the “Gunsan Craft Beer Festival & Saemangeum National Marathon Competition” in Gunsan City. These presentations received great enthusiasm during the event. Additionally, promotional materials including brochures featuring key international events hosted by local governments in 2024, were distributed to ambassadors as a way of actively promoting the international activities of locals.



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Lee Cheol-woo | Governor

The event, which began with 22 participants in 2010, has grown into a meaningful annual gathering. It now hosts over 80 ambassadors just 14 years later. This growth signifies the increasing interest in and support from ambassadors towards local diplomacy.

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Victor BOUNGOU | Gabon Ambassador

In May of last year, CDC and GAROK signed a collaborative MOU, committing to actively support diplomatic activities among local governments.

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Damir KUSEN | Croatia Ambassador made a toast



Editorial Review

GLOCALISM QUARTERLY magazine features the diplomatic activities of Korean local governments divided into four main sections.

The first section, “Korea’s Metropolitan & Provincial Government Diplomacy”, covers the local diplomatic activities conducted by metropolitan cities and provinces in Korea. It gives an overview of various activities in a number of fields, including economics, trade, and cultural exchange, according to different topics.

The second section, “Local Government Diplomacy in Other Countries”, introduces the kinds of local diplomacy activities that are being undertaken by local governments outside of Korea. In particular, the six overseas GAROK offices can use this section to share projects being developed by local governments in foreign countries in order to provide guidance that be used by Korean local governments.

The third section, “Partners in Local Diplomacy”, features information on specialized institutions and expert opinions that address the specific theme of each issue. The third issue (Winter 2023) contains contributions from experts based on the theme “Start-up Korea & Local Governments” in Domestic and Foreign(U.S.A.).

The fourth section, “Local Diplomacy News”, is a space where foreign embassies in Korea, relevant domestic and international institutions for international exchange, and local governments can promote their projects. In this issue, it highlights events organized by GAROK with foreign embassies, along with impressions and commitments from attending ambassadors.

Starting with the Spring 2023 issue, this magazine will regularly cover news on the diplomatic activities of Korean local governments as the seasons change. We hope that this magazine will effectively convey the meaning of “local diplomacy” and serve as a catalyst for emphasizing the importance of international exchange activities for local government.

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