EXPANDING INTO THE US MARKET
WHY US & WHY NOW?

The US is aiming to become the world's most attractive market for manufacturing and other innovators

Now is the time to export manufacturing to the US.

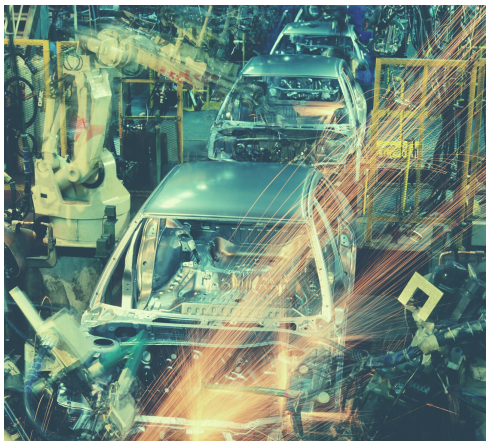
This is the notice that Korean innovators have been waiting for. Companies that build technologically advanced products in categories spanning energy, robotics, electronics, devices, IoT, and beyond need to pay attention.

The US now wants to become the manufacturer, not just the importer of critical electronics and devices.

Disruptions during COVID have revealed the true vulnerabilities of the US market. For example, if the delivery of electronics components produced in Taiwan is disrupted, it will bring the US to a standstill.

The US is facing growing competition from China and is set on protecting its businesses, consumers, and government interests. Rising superpower China is pushing the US to regain its own production capabilities, especially in critical and sensitive high technology, medical, and energy sectors.

Technological Desert Brings Cash Rain in the Form of the Government Spend



In the past 20 years, the US shipped jobs, technologies, and production orders to Asia. Exporting to China, S. Korea, and Taiwan, enabled the North American players to capitalize on super-profits while closing numerous US plants. Over the past 20 years, the manufacturing sector in the US has all but disappeared, with the reduction of core knowledge and skilled labor reflecting the deficit.

Engineering expertise is significantly lacking as technical schools have switched to a computer science focus. Currently, **business spending represents only 12% of the US GDP**, proving that US corporations buy most of what they need outside the country.

The US is now trying to play catch up - seeking to finance the return of manufacturing. In November 2021, the Joe Biden administration passed the US Infrastructure Investment and Jobs Act (The Infrastructure Bill).

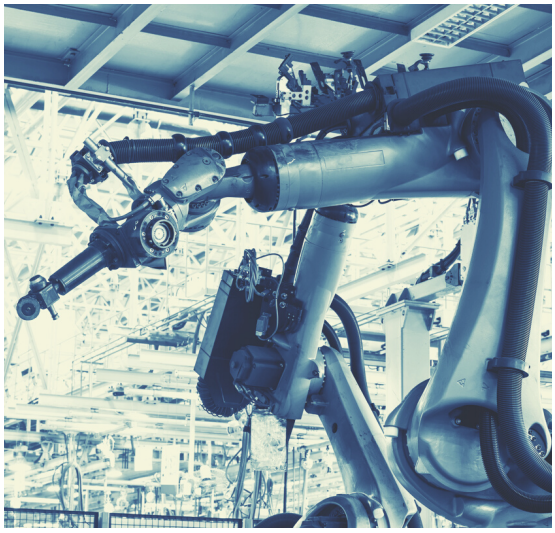
However, chip manufacturers like Intel, Foxconn, GE, and Tesla have been receiving direct subsidies and tax benefits for years. The new bill is **not enough** to ensure national security and make leading companies bring production back.

Why is this a Once-in-a-Lifetime Opportunity for Korean Manufacturers?

While Uncle Sam is ready to spend enormous amounts on building back the industrial manufacturing economy, it lacks know-how and skills. How will the US close that gap?

By engaging the global leading high-tech sector of South Korea.

It is time for Korean manufacturers to think of expansion **by direct investments in the US market** vs. just shipping the products made in Korea.



South Korea is well-positioned to build its factories in the US market to serve the US market, in addition to the rest of the Americas. Smaller Korean manufacturers that can not build their own plants must work with emerging, US high-tech manufacturers. Whether it be partnerships to secure future contracts (complex products) or outsourcing production to US-based, on-demand manufacturing (simple products), collaborations will be the key for small companies.

US-based collaborations will rise with large Korean manufacturers as they open production in North America. To support US-centric technologies and business models, big Korean firms will need to extend the supplier network that they now enjoy in Korea.

The process has already started: LG Energy and GM are building an environmental plant in TN, SK Group is building another battery factory with Ford as a joint venture, and Samsung is signing up for a similar joint venture with Stellantis to start building in 2025.

Manufacturers supporting the battery industry, in addition to other manufacturing efforts covered by the Infrastructure Bill, should follow the market closely. In turn, Korean manufacturers should establish their own joint ventures in the US market.
Companies from other industries, such as Duckyang, and Sungwoo Hitech (automotive and parts) have opened their own plants, while other Korean leaders have purchased US companies (KCC in aerospace engines and SK in chemicals). For all their US-based units to properly function, they need the support of the ecosystem that does not yet exist in the US.

Other Korean companies can and should fill in this significant void.

Whether it be a joint venture, buy, or build, the current opportunity in the US is at a critical point in time. Now is when manufacturers must decide to capitalize on it or remain stagnant in the market.

What Does Your Enterprise Need to Do to Take Advantage of the New Export Route?

Korean manufacturers should carefully study The Infrastructure Bill and connect with local partners (especially if they are mid-sized businesses) to jointly obtain the funds from the US government. Korean companies can build US-located capabilities to grow in industries targeted by the Bill. Key markets include R&D, roadworks, electrical, transportation, waterworks, broadband, high-tech, electronics manufacturing, IoT, robotics, and other strategic hardware.

Now is the time when thorough market analysis and strategy should take precedence. To successfully penetrate the sphere, it is necessary for Korean companies to secure a business development strategy and process optimized for the North American market in 2022 and beyond.

Sources:

1)GoodJobsFirst.org

2) EconomicTimes.com

3) AllOnGeorgia.com

About BDMT Global

Suzy Im, Managing Partner, BDMT Global

Headquartered in Boston and launched in 2014, Business Development & Marketing Transformation (BDMT) Global is a firm led by award-winning experts that offers strategic go-to-market, business development, and marketing services for international companies trying to break into the U.S. market and other global markets.

BDMT Global was established by Managing Partner Suzy Im and Head of Life Science Strategy and Operations Dr. Jake Lee, who has accumulated more than 20 years of industry experience through global pharmaceutical companies such as Pfizer, Lonza, Shire, Mgen, and Takeda, other multinational companies, biotechnology, and biopharmaceutical fields.

BDMT Global, a four-time award-winning company, has received the 'Gold Stevie Award' and the 'Silver Stevie Award' in 2020 recognizing the achievements based on the innovative outsourcing business model that achieved entry into the North American market and maximized sales during the pandemic crisis. The team has also won the North American Best Biz Award.

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