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# 2024 Industrial Sites in Korea

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# Guide to Selection of Investment Sites

## [ 1 ] | The Selection of Sites

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### A. Purpose of the Guide

- ‘Location’ is important not only for business establishments, but also for industrial factories as well. For investors, the choice of location has a significant influence on their investment outcome.

What is a good location for investors? A lot of research has been done on location over the years. While focus was placed on cost in the past, investors now consider a wide variety of factors when choosing the ideal location.

Starting with the designation of free trade zones in 1970, Korea has been promoting the attraction of foreign investment by designating foreign investment zones and free economic zones. Because there was a need to make the necessary information regarding Korea’s industrial site system accessible to foreigners, this guide focuses on providing information on investment sites for foreign investors and foreign-invested companies.

## B. Factors that Companies Consider

- 'A variety of factors such as internal corporate factors, industrial and external policy factors, etc. can influence a company's decision of a factory site depending on the characteristics of the company including size, type of business, and start-up/ relocating company.

Companies' site selection criteria have changed as times changed, moving on from the industrialization era, information era, and knowledge-based era. While traditional production factors such as land and capital were important in the industrialization era, knowledge and human resources have become more important in the knowledge-based era. In other words, while comparative advantage was placed on production costs in the past, more emphasis is being placed on sociocultural and institutional factors such as innovation, learning, interaction between innovators, institution, cooperation and trust.

A company decides its site depending on the type of industry and business it is engaged in, and the factors influencing a company's choice of site are changing with economic paradigm shifts. In the traditional manufacturing industry, companies chose their sites based on factors such as access to labor, transportation, land, raw materials, market, power supply, government support, etc., while in the field of new industries which value knowledge, information and innovation, more importance is placed on the factors that facilitate innovation and the proliferation thereof, while at the same time prioritize spacial proximity as close linkage between the functions of each step of the value chain. Some of the key factors determining a location include a wide pool of technology workforce, accessibility to R&D facilities, and clusterization of related industries.

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The process of determining a location also varies depending on the size of the area. On the metropolitan city level, macro factors such as government policies and labor market traits, while on the smaller regional level, priority is placed on infrastructure such as transportation and communication, labor market conditions, education and cultural environment, accessibility to front and back industries, etc. Decisions on details such as specific spots and buildings are made based on the traits of land and buildings.

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### **C. Factors that Foreign-Invested Companies Consider**

- A foreign-invested company should consider the type of the company and business when selecting a location. Generally, when operating a manufacturing business, it is advised to move into an industrial complex where it is relatively easy to move into or establish a factory by changing the use of the individual site concerned. National industrial complexes and general industrial complexes are planned sites where facilities related to major customers are clusterized and it is relatively easier to secure sites and the environment for operating a business is optimal. On the other hand, in individual sites, land can be flexibly secured depending on the needs of the company concerned.

However, because there are sites created for foreign investment attraction such as foreign investment zones, free economic zones and free trade zones created for attracting foreign investment in Korea, foreign-invested companies can consider operating a business in one of such areas. Such sites provide various incentives and support catering to foreign investors.

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In addition to areas focusing on foreign investment attraction, Saemangeum, enterprise cities, Jeju Special Self-Governing Province and high-tech investment zones offer various incentives based on their respective support legislation to attract domestic and foreign investors.

There are also other types of industrial sites that investors can choose depending on the nature of the intended business.

### Types of Industrial Sites Favorable to Foreign Investors

<b>Planned Sites</b>	Industrial Complexes	National, general and urban high-tech, agricultural and industrial, lease-type industrial complexes
	Priority regions for foreign investment inducement	Foreign investment zones, lease complexes for foreign-capital invested companies only, free economic zones, free trade zones
	Special areas for investment inducement from home and abroad	Saemangeum, enterprise cities, Jeju Special Self-Governing Province, high-tech investment zones
	R&D, Technology, Industrial Cluster Areas	Special R&D zones, international science and business belts, high-tech medical complexes, specialized complexes for ppuri industries, Technoparks, environmental industry research complexes, venture business development and promotion zones, areas for clustering new technology-based businesses, small urban manufacturers' clusters
	Balanced National Development Complexes	National innovation clusters, innovation cities, Sejong City (Multi-functional administrative city)
	Regulation Innovation Zones	Regulation-free special zones, special economic zones for specialized regional development
<b>Individual Sites</b>	Factory construction (subject to approval of factory establishment and start-up business plans) and operation in accordance with the special-purposes areas of the National Land Planning and Utilization Act	

\* The above is an informal classification to help the understanding of readers.



## { 2 } | Understanding of Industrial Sites

### A. Overview of Industrial Sites

- 'An industrial site, or location of an industry, refers to a space for carrying out industrial activities. Korea is pursuing an industrial location policy in order to efficiently secure space for production and other industrial activities and select good locations.

Industrial location policy can be defined as 'a policy to improve the utilization of limited land and to secure space for production and other industrial activities for strengthening the foundation for the nation's economic growth'. Korea's regulations related to industrial site policies can be classified into the following two laws

- The Industrial Sites and Development Act aims to contribute to the sound development of the national economy by promoting the balanced development of national land and sustainable industrial development through the efficient supply of industrial locations and rational positioning of industries.
- The Industrial Cluster Development and Factory Establishment Act aims to contribute to the sound development of the national economy through continued industrial development and balanced regional development, by promoting industrial clustering, supporting the efficient establishment of factories, and performing systematic management of industrial sites and industrial complexes.

## B. Types of Industrial Locations

- Industrial locations are classified into planned sites that are created by design and individual sites in which companies select and develop locations necessary for their factory construction. In Korea, the Industrial Sites and Development Act largely divides industrial locations into planned sites (industrial complexes) and individual sites locations (factory locations outside industrial complexes).

### 1) Planned Sites

A planned site is an industrial location developed according to a plan by selecting a certain area in order to collectively establish and foster a number of factories by the state, public organizations, and private companies. It mostly means an 'industrial complex'. The development and creation of planned sites has been frequently used as a means for economic growth through industrialization in developing countries including underdeveloped ones.

Development of regional planned sites is promoted in consideration of industrial clustering and regional conditions so as to promote balanced development between regions through appropriate deployment of industries. Planned sites allow companies to easily and conveniently secure industrial sites as they are useful for efficient use of land, prevention of environmental pollution, improvement of efficiency of infrastructure investment, and promotion of industrial cooperation and integration.

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## 2) Individual Sites

Individual sites refers to locations other than planned sites among industrial locations including all sites developed by individual companies according to their own needs.

The location of individual sites is determined according to each company's unique reasons, such as business conditions, geographic factors, and land prices, as well as the relevant entrepreneur's free will. In other words, a company can purchase a factory site in a place outside an industrial complex and then acquire the required permits and licenses on creating a site to build a factory.

The individual site system does not belong to the category of industrial complexes. However, it aims to ensure efficient implementation of individual site tasks by presenting standards for the designation and development of individual sites from the viewpoint of efficient management of national land and enhanced corporate location autonomy.

## 3) Comparison between Planned Sites and Individual Sites

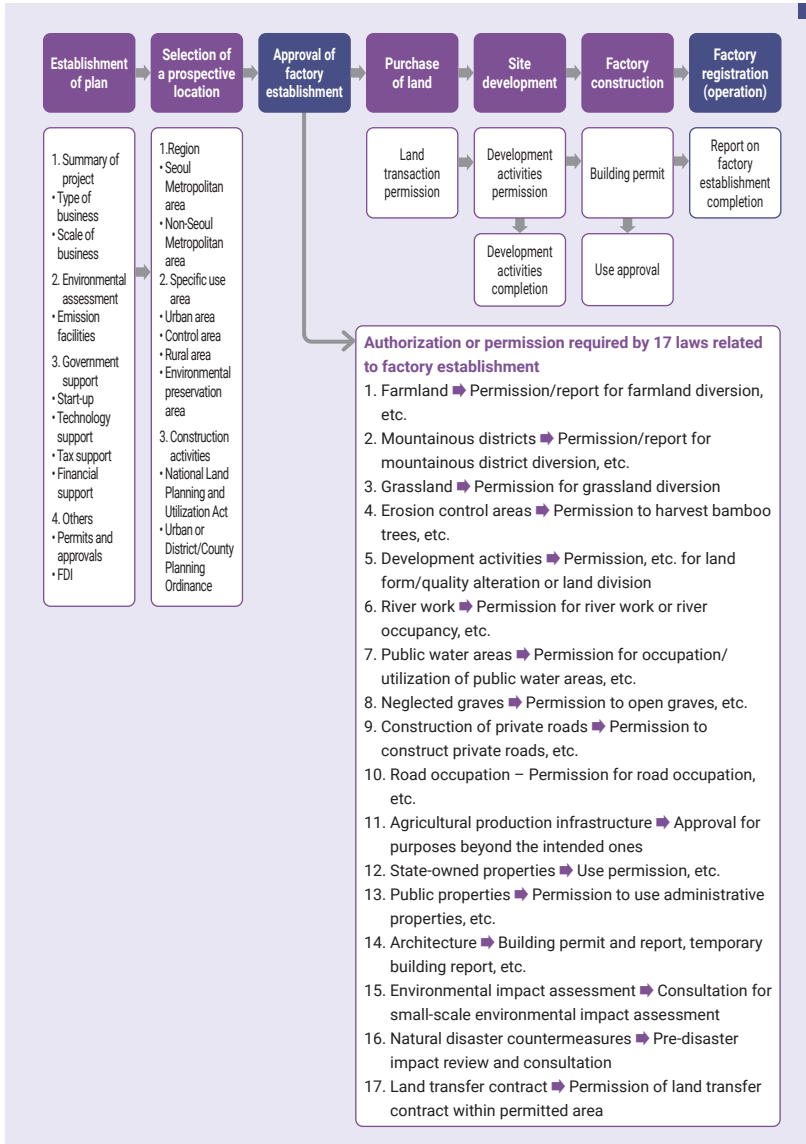
The two different types of sites have their own strengths and weaknesses in various aspects such as establishment procedures, location conditions, ease of land use, maintenance of infrastructure, and the environment.

Classification	Planned Sites	Individual Sites
Goals	Pursuit of balanced regional development through planned national and local economic development and regional economic invigoration	Pursuit of improved efficiency of land use by flexibly responding to the demand for corporate locations and timely development of idle land
Strengths	<ul style="list-style-type: none"> <li>• Various tax and financial support</li> <li>• Good SOC conditions such as industrial infrastructure</li> <li>• Easy procedures for factory establishment permission</li> <li>• Application of relaxed building-to- land ratio, floor area ratio, etc.</li> <li>• Exemption from landscaping obligations under the Building Law</li> <li>• Easy relocation of the pollution emission industry by installing common prevention facilities</li> <li>• Easy exchange of information and technology between companies through industrial clustering</li> <li>• Reduced logistics costs through integration of related companies</li> <li>• Enhanced companies' internal and external competitiveness and synergistic effects through networking via industrial clustering</li> <li>• Formation of commercial districts and economic and cultural benefits due to industrial clustering</li> <li>• Expectation of increased real-estate sales and employment opportunities through new concept industrial complexes (convergence complexes, smart industrial complexes, etc.)</li> <li>• Minimized social costs and environmental problems by collective arrangement of factory facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Possibility to secure inexpensive land</li> <li>• Possibility to select appropriate land in the right place at the right time</li> <li>• Possibility to be located near product markets</li> <li>• Relaxed industry type constraints compared to planned sites</li> <li>• Possibility to select small-scale land (flexible location decisions)</li> <li>• Easy disposal and expansion (building extension) of factory land</li> <li>• Possibility to select locations with a pleasant environment for high-tech industries in particular</li> <li>• Relaxed corporate regulations including factory establishment regulations</li> <li>• Enhanced support policies by local governments</li> <li>• The trend of easing regulations related to industrial locations</li> <li>• Increased number of job seekers due to employment difficulties</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>• Difficulty securing candidate sites at the right time and place due to long- term development commitment</li> <li>• Higher developed land sale price than separate sites</li> <li>• Limited expansion of facilities such as factories after moving in</li> <li>• Restrictions on occupant business types</li> <li>• Restrictions on disposal such as the sale of factory sites</li> <li>• Concerns about lower worker satisfaction due to differences in wage levels and welfare facilities from neighboring factories</li> <li>• Concerns about lower occupancy rate of domestic industrial complexes due to companies' relocation of production bases abroad</li> <li>• Increased financial costs when the land purchase rate remains low for a long time</li> <li>• Inconsistency in occupancy due to increased industrial complexes</li> </ul>	<ul style="list-style-type: none"> <li>• Complicated license/permission process for factory establishment</li> <li>• Difficulty converting the usage of factory sites</li> <li>• Restrictions on information exchange between companies</li> <li>• Smaller incentives such as tax benefits and financial support than planned sites provide</li> <li>• Insufficient industrial infrastructure (roads, water, etc.) and support facilities for education, culture, etc.</li> <li>• Difficulty controlling nearby environmental factors</li> <li>• Land price fluctuations due to instability in the real estate market</li> <li>• Possibility of complaints against factory establishment (leading to long-term confrontation)</li> <li>• Enhanced environmental regulations and increased costs of separate pollutant treatment</li> </ul>

## 4) Factory Establishment Process by Site Types

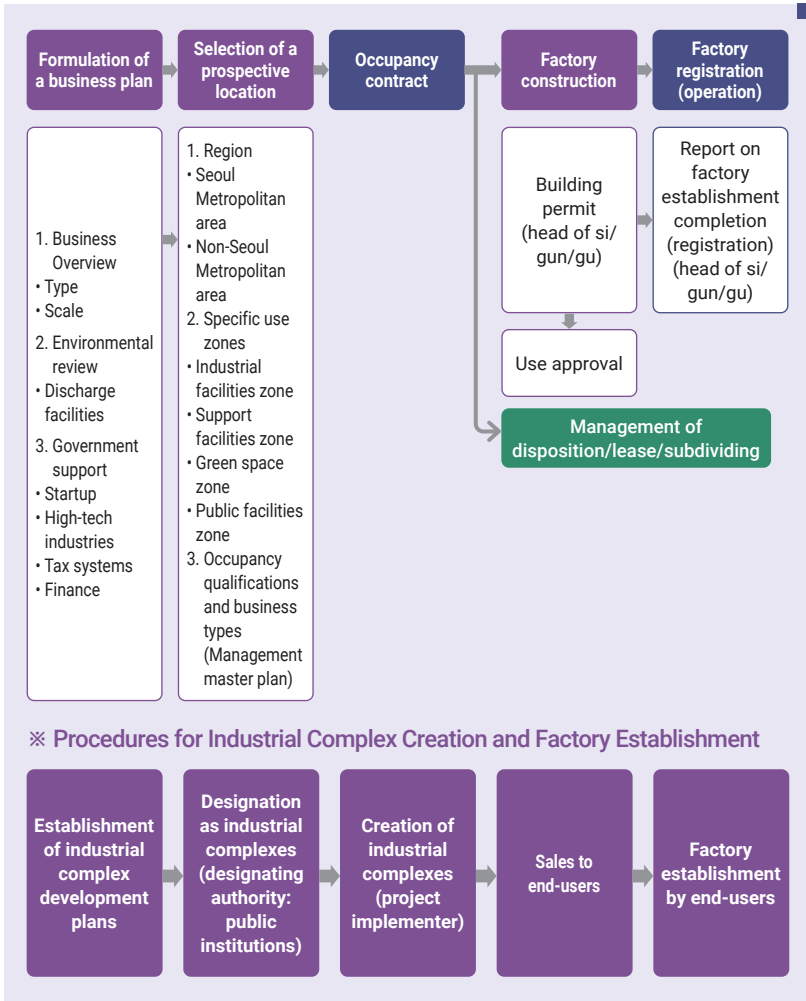
### ① Individual Sites

(Factory establishment approval and factory registration)



## ② Industrial Complexes

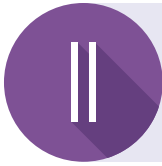
(Occupancy contract and factory registration)



### C. Reference Sources

- Industrial Sites Guidebook 2023, Korea Industrial Complex Corporation (2023)
- Analysis of factors deciding manufacturing sites, Korea Industrial Complex Corporation - Cho Hye-young (2013)





## Introduction to Industrial Complex Sites

### (1) | Industrial Complexes (National, General, Urban High-tech, and Agricultural and Industrial Complexes)

#### A. Overview

- “Industrial complexes” refers to sites designated and developed according to a comprehensive plan to collectively install residential facilities, cultural facilities, environmental facilities, parks and green space, medical facilities, tourism facilities, sports facilities, and welfare facilities, with the purpose of improving the functions of various facilities such as factories, the knowledge industry-related facilities, the cultural industry-related facilities, the ICT-related facilities, recycling industry-related facilities, resource storage facilities, logistics facilities, and education and research facilities along with related education, research, business, support, information processing, and distribution facilities. They are divided into national industrial complexes, general industrial complexes, urban high-tech industrial complexes, and agricultural and industrial complexes.



### Types of Industrial Complexes

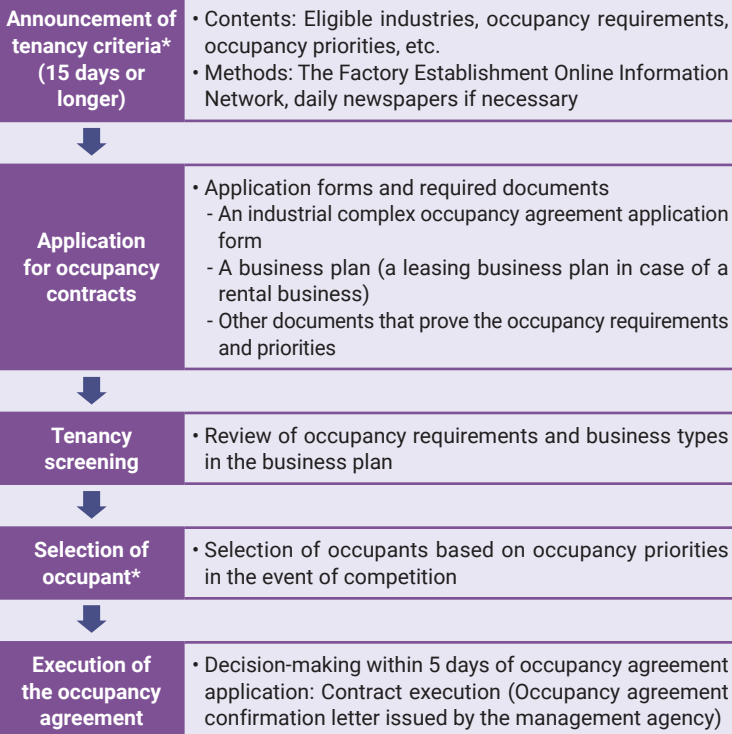
Type	Description
<p><b>National Industrial Complex</b></p>	<p>An industrial complex designated pursuant to Article 6 to promote national key industries, high-tech industries, etc. or to develop underdeveloped areas requiring the promotion of development or areas extending over at least two Special Metropolitan Cities, Metropolitan Cities, Special Self-Governing Cities or Dos as an industrial complex</p>
<p><b>General Industrial Complex</b></p>	<p>An industrial complex designated pursuant to Article 7 to promote appropriate decentralization of industries and to revitalize the regional economy</p>
<p><b>Urban High-tech Industrial Complex</b></p>	<p>Industrial complexes designated pursuant to Article 7-2 of the Industrial Sites and Development Act in an urban area under the Framework Act on the National Land in order to promote and develop knowledge businesses, cultural businesses, telecommunications businesses and other high-tech businesses</p>
<p><b>Agricultural and Industrial Complex</b></p>	<p>An industrial complex designated pursuant to Article 8 to attract and promote industries for increasing the incomes of farmers and fishermen in rural areas prescribed by Presidential Decree</p>

## B. Major Characteristics

### 1) A move-in contract must be signed with a management agency.

Anyone who intends to engage in manufacturing business in an industrial complex must enter into a contract with a management agency regarding its occupancy as prescribed by Ordinance of the Ministry of Trade, Industry and Energy (Article 38 of the Industrial Cluster Development and Factory Establishment Act)

#### Process of Signing an Occupancy Agreement



\* The announcement of occupancy criteria and the selection of occupant candidates are only applicable when signing pre-sale occupancy agreements.

## 2) Industrial sites have restrictions on its disposal.

### ① Disposal before the report on the completion of the factory establishment or within 5 years after the reporting thereof elapses

If an occupant enterprise that owns an industrial site, a factory, etc. in an industrial facilities zone, etc. intends to dispose of it before it reported the completion of the factory establishment (business commencement), etc. or within 10 years after the reporting thereof elapses, the company must transfer the asset to the management agency (Article 39 of the industrial Cluster Development and Factory Establishment Act, and Article 49 of the Enforcement Decree of the Industrial Cluster Development and Factory Establishment Act).

The price for transfer of an industrial site shall be determined by adding the interest and cost to the acquisition price, and the price for transfer of a factory, etc. may be determined based upon the current appraisal price of a certified public appraiser pursuant to the Act on Appraisal and Certified Appraisers (where an occupant enterprise makes a request, the transfer price of the industrial site may be not more than the amount obtained by adding the interest and cost prescribed).

### ② Disposal 5 years after completion of factory establishment, etc.

If an occupant enterprise that owns an industrial site, a factory, etc. has disposed of it five years after it reported on the completion of the factory establishment (business commencement), etc., the company must report the fact to the management agency. However, exemptions are given to the disposal to an occupant enterprise or to a person operating in the same line of business with the market price applied as no price limit is applied for disposal prices.

**3) There are restrictions on leasing business within industrial complexes (industrial sites).**

There are conditions for leasing factories in industrial complexes. Anyone who wants to rent an entire factory should be registered as a leasing business with the management agency. Leasing businesses only permitted to those whose factories are already registered. Partial lease is only possible after registering a factory, starting a business (non-manufacturing sector), and registering as a rental business. A leasing business that has rented an unregistered factory is not allowed to register the factory.

**4) There is a minimum size of land division for the industrial facilities zone within an industrial complex.**

Industrial facilities site within an industrial complex cannot be divided into less than 1,650m<sup>2</sup>. However, if the management master plan specifies that the land can be divided into less than 1,650m<sup>2</sup>, it can be done so according to the rules (Article 39-3 of the Enforcement Rules of the Industrial Cluster Development and Factory Establishment Act).

**5) The management agency may terminate the occupancy agreement with the occupant enterprise.**

The management agency may order correction within six months if the occupant enterprise or a support institution falls under the grounds for termination of the occupancy agreement and may terminate the occupancy agreement if the occupant enterprise or the support institution does not fulfill it (Article 42 of the Industrial Cluster Development and Factory Establishment Act).

## Reasons for Termination of the Occupancy Agreement

- ① When construction has not begun within 3 years without good cause\*
  - \* Good cause refers to cases where the start of the factory is inevitably delayed and is recognized by the management agency because a land purchaser cannot obtain permission to use land, etc., prior to completion authorization according to Article 37 of the Enforcement Decree of the Industrial Sites and Development Act, or for other reasons not attributable to the occupant.
- ② When it is recognized that the completion of the factory is virtually impossible
- ③ When business does not start without a justifiable reason within a year of the completion of the factory, etc., or business has been closed one year or longer consecutively
- ④ When the company or representative name, business type or business description, site area, construction area, factory (business) location (in case of relocating to another industrial site within the same industrial complex), etc., without signing an occupancy modification agreement
- ⑤ Where the terms and conditions of the occupancy contract (lease contract) are violated
- ⑥ When an industrial site or factory is leased or disposed of in violation of the regulations on leasing business or the disposal of industrial sites, etc.
- ⑦ When a subdivided industrial site or a shared proportion of an industrial site is disposed of in violation of the subdivision regulation of industrial sites

**6) Another use may be additionally designated in an industrial complex by other laws.**

For example, a complex-type foreign investment zone can be designated within an industrial complex, creating another special area within an industrial complex. In the Gumi National Industrial Complex, there is an individual foreign investment zone, complex-type foreign investment zone, and parts and materials-type foreign investment zone as well as the 'national lease industrial complex' designated by the Ministry of Land, Infrastructure and Transport. Because of the additional designations within an industrial complex, an industrial complex can have several areas with different regulations, so it is advised to inquire about exact regulations with the management agency in advance.

**7) An industrial complex is divided into five zones.**

An industrial complex can be divided into five zones such as an industrial facilities area, a support facilities area, a public facilities area, a green area, and a multi-functional area. Manufacturing is allowed in an industrial facilities zone or a multi-functional area. Therefore, before building a factory in an industrial complex, it is necessary to check whether a factory can be built in the particular location. The industrial facilities zone where factories are concentrated can limit business occupancy depending on the type of the manufacturing industry concerned.

## Areas by use in an industrial complex and the scope of permitted structures

Area	Definition	Permitted structures
<b>Industrial facility area</b>	Areas for supporting corporate production activities through efficiently laying out businesses and facilitating the construction of factories	<ul style="list-style-type: none"> <li>• Factory facilities, knowledge industry facilities, information telecommunication industry facilities, resources storage facilities, waste treatment facilities, logistics facilities, specialized local industries (agro-industrial complex), electric power facilities, venture enterprise cluster facilities, recycling industrial facilities, eco-friendly new technology facilitation facilities</li> </ul>
<b>Support facility area</b>	Areas for providing direct and indirect support to tenant businesses and employees in an industrial complex	<ul style="list-style-type: none"> <li>• Structures for supporting institutes to manage business and structures that the management authority install for support projects</li> <li>• Neighborhood living facilities pursuant to attached Table 1 of the Enforcement Decree of the Building Act, business facilities, and facilities needed for the support of tenant companies such as education and research facilities, which are deemed necessary by the management authority</li> </ul>
<b>Public facility area</b>	Areas for facilities installed for public purposes in order to facilitate the production activities of tenant companies	<ul style="list-style-type: none"> <li>• Public facilities installed by the government or a public institution</li> <li>• New and renewable energy facilities under Article 43 (6) of the Enforcement Decree of the Industrial Cluster Development and Factory Establishment Act</li> </ul>
<b>Green area</b>	Areas installed to minimize environmental pollution and secure leisure areas for rest and exercise to employees of tenant companies	<ul style="list-style-type: none"> <li>• Park facilities</li> <li>• Structures necessary for the maintenance of green areas</li> </ul>
<b>Complex area</b>	An area created pursuant to Presidential Decree where there is a need to cluster a company, research center, university, support facilities, etc. into a single area,	<ul style="list-style-type: none"> <li>※ The sum of the floor area of buildings used by tenant companies should be 50/100 or more of the sum of the floor area of buildings in a complex area</li> </ul>

### 8) An industrial complex is managed according to a basic management plan.

An institution devoted to the management of an industrial complex is called a “management agency” which must establish a basic management plan for the area that needs to be managed as an industrial complex (Article 33 of the Industrial Cluster Development and Factory Establishment Act). The important matters stated in a basic management plan are what types of manufacturing industries can enter the area and what kind of structures can be built there. In addition, although it varies by the basic management of each industrial complex, the minimum area of land division or ceiling on land sale are specified. In the case of a general industrial complex, the building exterior may be regulated too. Each industrial complex may have other special regulations in its basic management plan, so the plan deserves a thorough review. The management agency shall determine the type of business under the basic management plan.

\* To check the basic management plan for each industrial complex, enter the industrial location information system website(<https://www.industryland.or.kr>) and click "Industrial complex ➡ Industrial complex notice/announcement"



## C. Incentives and Support Programs

### 1) Tax Support

There are various preferential treatment measures for occupant enterprises in industrial complexes, with various tax benefits being the most common. The tax support reduces the companies' national and local taxes, thereby reducing their investment burdens and inducing businesses to relocate to industrial complexes, as stipulated in the Restriction of Special Taxation Act and the Restriction of Special Local Taxation Act.

Enterprise	Eligibility	Support	Legal Ground
<b>Occupant Enterprises in Industrial Complexes</b>	<ul style="list-style-type: none"> <li>Companies in an industrial complex or a technopark acquiring real estate (until Dec. 31, 2025)</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of 50% of acquisition tax for land acquired for construction of industrial building and industrial buildings acquired through construction and expansion, reduction of 35% of property tax for 5 years (75% reduction in industrial complexes in places outside the metropolitan area)</li> <li>25% reduction of acquisition tax for industrial buildings acquired through repair</li> </ul>	<ul style="list-style-type: none"> <li>Article 78 of the Restriction of Special Local Taxation Act</li> </ul>
<b>Occupant Enterprises in Agricultural and Industrial Complexes</b>	<ul style="list-style-type: none"> <li>Domestic persons running a rural income source development project in an agricultural and industrial complex located outside the city area with a population of 200,000 or more as of the complex designation date outside the overconcentration control region in the metropolitan area</li> <li>An SME doing business as an occupant enterprise in a Local SME Special Support Area*</li> </ul>	<ul style="list-style-type: none"> <li>50% of income tax or corporate tax for 5 years</li> </ul>	<ul style="list-style-type: none"> <li>Article 64 of the Restriction of Special Taxation Act</li> </ul>

\* Naju general complex, Gimje-Jipyeongseon general complex, Jangheung bio food complex, Bukpyeong national complex, Bukpyeong general complex Naju general innovation complex, Gangin, Jeongeup high-tech complex, Damyang general complex, Daema electronic vehicles complex, East-Hampyeong general complex, Sepung general complex (phase 1), Boryeong, Jupo 2nd agro-industrial complex

## 2) Financial Support

- Financial support according to the relevant development laws for national key industries, technology development and quality improvement projects, and high-tech industries
- Support for facilities funds and working funds for occupant enterprises in agricultural and industrial complexes
- Support for SMEs according to the Support for Small and Medium Enterprise Establishment Act, the Small and Medium Enterprises Promotion Act, and the Act on Facilitation of Purchase of Small and Medium Enterprise-Manufactured Products and Support for Development of their Markets, etc.
- Low-interest loans for business expenses in general and urban high-tech industrial complexes



### 3) Support Programs

#### Summary of Support Programs for Industrial Complexes

Category	Support Project	Content
Improvement of corporate management environment	Industrial complex improvement project	• The local government establishes a comprehensive plans to improve industrial complex clusterization effects and the central government supports support packages
	Smart green industrial complex project	• Digital transition, energy innovation, eco-friendliness pursued focusing on industries, space and people
	Industrial complex upgrading project	• Transition industrial complexes into industrial complexes into innovative places by expanding innovation, cultural, welfare, convenience facilities and industrial upgrading in old industrial complexes
	Industrial complex improvement project	• Enhancement of urban competitiveness by pursuing expansive renovation of old industrial complexes and industrial locations that were established 20 years or older
	Industry-academia convergence districts and industrial complex creation project	• Create a university campus – corporate research center combination to foster new talents and create an industrial cooperation model
	Campus innovation part creation project	• Create idle plots in university campuses into urban high-tech industrial complex and establish urban places, residential and cultural places
Support for tenant companies	Competitiveness strengthening projects for industrial clusters	• Support the organization and operation of an industry-academia-research committee and discover and support joint R&D projects
	Local investment promotion subsidy program	• When companies relocate to local areas or when a domestic company invests for facility expansion in a local area, provide subsidies for industrial sites and facility expansion
	Re-shoring company subsidy program	• Provide part of the investment by reshoring companies (11-59%) with central or local government funds
	Fine dust and GHG reduction project through ecological business development	• Subsidize expenses for establishment and design of convergence systems for GHG reduction for jointly used facilities or services in industrial complexes
	Program for nurturing small but strong companies (global leading companies)	• Outstanding companies with high growth potential in industrial complexes are identified and selected, and extra support is provided to nurture small but strong companies with innovative technology
	Operation of manufacturing trade platform (K-Factory)	• Support for commercialization of start-up products is provided to secure orders for SMEs and help diversity business

## D. Designation Status

### 1) Status of Designation and Sales of Industrial Complex by Type

(Unit: Number, 1,000㎡, %)

Complex Type	No. of complexes	Designated Area	Industrial Facilities Area				
			Total Area	Sales Area	Sold	Unsold	Sales Rate
<b>National</b>	47	781,691	302,053	273,272	268,543	4,729	98.3
<b>General</b>	712	560,484	339,014	268,952	253,870	15,082	94.4
<b>Urban hi-Tech</b>	41	11,135	4,912	3,463	2,714	749	78.4
<b>Ago-industrial</b>	476	77,566	58,488	56,351	54,464	1,887	96.7
<b>Total</b>	1,276	1,430,876	704,467	602,038	579,591	22,447	96.3

\* Source: National Industrial Complex Status Statistics, 2Q 2022, Korea Industrial Complex Corporation.

\*\* The total area refers to the total area of industrial facilities zones including undeveloped area. The sales area is the developed one in industrial facilities zones (excluding undeveloped area). The sales rate refers to the ratio of the sold area to the total sales area.

### 2) Designation Status of Industrial Complexes by Region

(Unit: Number, 1,000㎡, %)

Region	Type	No. of complexes	Designated Area	Industrial Facilities Area			
				For sale	Sold	Unsold	Sales Rate
<b>Seoul</b>	National	1	1,925	1,448	1,448	-	100
	General	3	1,360	852	726	126	85
<b>Busan</b>	National	1	8,841	4,317	4,317	-	100
	General	30	33,878	16,746	15,662	1,084	94
	Urban hi-tech	5	2,857	439	161	278	37
	Agro-industrial	1	258	189	189	-	100
<b>Daegu</b>	National	1	8,559	3,201	3,050	151	95
	General	16	35,351	18,394	17,251	1,143	94
	Urban hi-tech	3	345	98	25	73	26
	Agro-industrial	2	355	290	290	-	100
<b>Incheon</b>	National	2	11,360	7,377	7,377	-	100
	General	12	9,152	5,437	5,040	397	93
	Urban hi-tech	2	1,404	645	416	229	65

(Unit: Number, 1,000m<sup>2</sup>, %)

Region	Type	No. of complexes	Designated Area	Industrial Facilities Area			
				For sale	Sold	Unsold	Sales Rate
Gwangju	National	2	11,836	3,858	3,615	243	94
	General	9	20,109	11,024	10,901	123	99
	Urban hi-tech	2	521	221	166	55	75
	Agro-industrial	1	324	262	262	-	100
Daejeon	National	1	49,682	20,447	20,447	-	100
	General	3	3,483	1,795	1,795	-	100
	Urban hi-tech	2	104	-	-	-	-
Ulsan	National	2	74,383	51,138	51,138	-	100
	General	22	16,102	6,888	6,546	342	95
	Urban hi-tech	1	317	-	-	-	-
	Agro-industrial	4	592	458	458	-	100
Sejong	General	13	9,048	4,638	4,638	-	100
	Urban hi-tech	1	822	520	434	86	83
	Agro-industrial	4	563	439	439	-	100
Gyeonggi	National	5	172,901	30,347	30,347	-	100
	General	175	75,672	35,753	34,318	1,435	96
	Urban hi-tech	11	1,949	390	362	28	93
	Agro-industrial	1	117	117	117	-	100
Gangwon	National	1	4,278	1,221	1,213	8	99
	General	25	14,881	7,794	6,958	836	89
	Urban hi-tech	6	465	143	143	-	100
	Agro-industrial	45	7,137	5,032	4,947	85	98

(Unit: Number, 1,000 m<sup>2</sup>, %)

Region	Type	No. of complexes	Designated Area	Industrial Facilities Area			
				For sale	Sold	Unsold	Sales Rate
Chungbuk	National	2	9,011	2,540	2,540	-	100
	General	88	75,350	30,044	29,084	960	97
	Urban hi-tech	2	273	201	201	-	100
	Agro-industrial	43	6,224	4,897	4,848	49	99
Chungnam	National	5	28,139	11,513	9,980	1,533	87
	General	66	74,932	38,343	36,817	1,526	96
	Urban hi-tech	3	1,633	685	685	-	100
	Agro-industrial	93	14,797	10,622	10,427	195	98
Jeonbuk	National	6	88,226	19,706	19,197	509	97
	General	23	33,909	21,025	19,811	1,214	94
	Urban hi-tech	1	110	39	39	-	100
	Agro-industrial	60	11,279	8,331	7,588	743	91
Jeonnam	National	5	174,906	52,021	51,211	810	98
	General	31	40,238	19,025	16,521	2,504	87
	Urban hi-tech	1	190	-	-	-	-
	Agro-industrial	69	11,895	7,832	7,485	347	96
Gyeongbuk	National	6	74,595	36,101	34,626	1,475	96
	General	78	51,357	23,367	22,541	826	96
	Agro-industrial	69	11,822	8,790	8,414	376	96
Gyeongnam	National	9	61,101	27,662	27,662	-	100
	General	117	65,465	27,739	25,173	2,566	91
	Urban hi-tech	1	145	82	82	-	100
	Agro-industrial	81	11,891	8,852	8,760	92	99
Jeju	National	2	1,947	375	375	-	100
	General	1	197	88	88	-	100
	Agro-industrial	3	312	240	240	-	100

(Unit: Number, 1,000m<sup>2</sup>, %)

Region	Type	No. of complexes	Designated Area	Industrial Facilities Area			
				For sale	Sold	Unsold	Sales Rate
Total	National	47	781,691	273,372	268,543	4,729	98
	General	712	560,484	268,952	253,870	15,082	94
	Urban hi-tech	41	11,135	3,463	2,714	749	78
	Agro-industrial	476	77,566	56,351	54,464	1,887	97
	Total	1,276	1,430,876	602,038	579,591	22,447	96

\* Source: National Industrial Complex Status Statistics, 2Q 2022, Korea Industrial Complex Corporation.

\*\* There are 4 more sites by region than by type because each region selected separately 4 complexes: Korea Export Industries National Industrial Complex (Seoul and Incheon), Bitgreen National Industrial Complex (Gwangju and Jeonnam), Asan National Industrial Complex (Gyeonggi and Chungnam), Myeongji-Noksan National Industrial Complex (Busan and Gyeongnam).

## E. Inquiries

- National industrial complex:

Korea industrial complex corporation (☎ 070-8895-7000)

\* Excluded complexes: Daedeok Special R&D Zone; Dongducheon, Boeun, Gojeong, and Daejuk; Saemangeum Industrial Complex; Jeonju Carbon Material; Samil Resource Reserve; Bitgreen (Jeonnam Province); Wolseong Nuclear Power Plant; resource reserve national industrial complexes in Okpo, Jukdo, and Jisepo; Myeongji-Noksan (Noksan Residential Complex); Jeju Science Park 1; and Jeju Science Park 2.

- General, urban high-tech, and agro-industrial complexes: Industrial Complex Management Department in local governments

## F. Related Laws, Reference Websites and Sources

- Industrial Sites and Development Act
- Industrial Cluster Development and Factory Establishment Act
- Korea Industrial Complex Corporation ([www.kicox.or.kr](http://www.kicox.or.kr))
- Industrial Land Information System ([www.industryland.or.kr](http://www.industryland.or.kr))
- National Industrial Complex Status Statistics 2023, Korea Industrial Complex Corporation (2023)

## [ 2 ] | Lease-type Industrial Complexes

### A. Lease-only Industrial Complexes

#### 1) Overview

Lease-only industrial complexes refers to areas where land for factory sites is leased at a low cost to promote local economies and supply low-rent industrial sites. In order to promote investment and the reduction of location costs for SMEs, low-cost industrial sites are leased long-term to SMEs for up to 50 years.

#### 2) Major Characteristics

- ① **Lease-only industrial complexes are supplied first to foreign-invested companies and re-shoring (u-turn) companies.**

Lease-only industrial complexes are supplied to SMEs, foreign-invested companies, re-shoring companies and companies generating local jobs.

- ② **The lease period is long-term.**

Lease contracts for land is first signed for five years mandatorily, and the contract can be renewed every five years. As long as there are no causes for cancellation of contract, the contract can be renewed up to 50 years.



**③ Low rent**

The annual rent for the first year is set at 3% of the supply price of the industrial site, and rent is adjusted every year to factor in the change in price of land. However, in the case of industrial sites for lease designated on or before Dec. 31, 2007, the annual rent shall be set at 1% of the expense for site creation.

**④ The land is available for sale after a certain period.**

If a tenant company whose five-year mandatory lease period has expired wishes, it may ask the project implementer to sell the leased site. The sales price shall be equal to the expense for site creation if less than 10 years have passed since project completion, and below the appraised price if 10 years or longer have passed. For lease-only industrial sites designated on or before Dec. 31, 2007, the sale price shall be the appraisal price.

**⑤ Others**

The types of businesses permitted in lease-only industrial complexes shall be pursuant to the development plan of the industrial complex that it is designated in. Also, excluding the fact that the land cannot be sold because the factory is established through a lease contract, the general features and cautions that apply to industrial sites shall apply. The same shall be for incentives such as tax reduction/exemption applied to industrial complexes.

## 3) Designation Status

Lease Type	Complex	Location	Designated Area (1,000 m <sup>2</sup> )	Designated Year
Lease Only I (~2007)	Bukpyeong	Donghae-si, Gangwon-do	93	2007
	Jecheon	Jecheon-si, Chungbuk	79	2007
	Gunsan 2 (formerly Gunjang)	Gunsan-si, Jeonbuk	983	2006
	Jeonju Advanced Technology	Wanju-gun, Jeonbuk	53	2007
	Daebul	Yeongam-gun, Jeonnam	249	2006
	Pohang Steel 4	Pohang-si, Gyeongbuk	609	2006
	Sacheon (1, 2)	Sacheon-si, Gyeongnam	392	2006
	Gumi (4th)	Gumi-si, Gyeongbuk	298	2007
Lease Only II (2008~)	Gwangreung Techno Valley (formerly Palya)	Namyangju-si, Gyeonggi-do	31	2008
	Bucheon Ojeong	Bucheon-si, Gyeonggi-do	50	2008
	Gajang 2	Osan-si, Gyeonggi-do	304	2008
	Chungju Advanced Technology	Chungju-si, Chungbuk	217	2008
	Seokmun	Dangjin-si, Chungnam	468	2009
	Janghang Ecology	Seocheon-gun, Chungnam	338	2009
	Gunsan 2 (formerly Gunjang)	Gunsan-si, Jeonbuk	355	2008
	Jeonju Advanced Technology	Wanju-gun, Jeonbuk	69	2008
	Jeongeup Advanced Technology	Jeongeup-si, Jeonbuk	196	2009
	Gwangju Advanced Technology 2	Buk-gu, Gwangju	581	2008
	Daegu Technopolis	Dalseong-gun, Daegu	570	2008
	Yeongcheon Advanced Parts & Materials	Yeongcheon-si, Gyeongbuk	257	2009
	Gyeongsan 3	Gyeongsan-si, Gyeongbuk	42	2008
	Pohang Blue Valley	Pohang-si, Gyeongbuk	500	2020
	Changwon (lease only)	Changwon-si, Gyeongnam	232	2009
Sapo	Milyang-si, Gyeongnam	294	2008	

## B. National Lease Industrial Complex

### 1) Overview

As a follow-up measure for balanced regional development, national lease industrial complexes were designated for unsold and undeveloped industrial sites outside of the Seoul metropolitan area, in order to promote the sale of unsold sites and vitalize the local economy. The project period is from 2003 to 2010, and there are no additional designations so far.

National lease industrial complexes are similar to lease-only industrial complexes. The lease period is a minimum of five years and lease can be renewed. After the expiration of the lease period, the land can be sold based on the amount spent for creation of the complex at the time of sale.

### 2) Designation Status

Complex	Location	Designated Area (1,000 m <sup>2</sup> )
Dalseong 2 (formerly Guji)	Dalseong-gun, Daegu	71
Gangneung Science	Gangneung-si, Gangwon-do	377
Maengdong (lease only)	Eumseong-gun, Chungbuk	419
Gyeryong 1 (formerly Iman)	Gyeryong-si, Chungnam	180
Haeryong	Suncheon-si, Jeonnam	209
Naju	Naju-si, Jeonnam	299
Gwangyang Myeongdang	Gwangyang-si, Jeonnam	174
Jinju (formerly Sabong)	Jinju-si, Gyeongnam	181
Gumi Complex 4	Gumi-si, Gyeongbuk	144
Yeosu Nat'l Complex	Yeosu-si, Jeonnam	300
Gunsan 2 (formerly Gunjang)	Gunsan-si, Jeonbuk	137
Bukpyeong	Donghae-si, Gangwon-do	11
Jeonju Science	Wanju-gun, Jeonbuk	119
Jecheon	Jecheon-si, Chungbuk	57
Daebul	Yeongam-gun, Jeonnam	137

### C. Inquiries

- Korea Land & Housing Corporation (☎ 055-922-4810~1)
    - \* Dalseong 2 to Yeosu complex in the above table: Inquire the project operator and local government concerned.
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### D. Related regulations and reference sources

- Industrial Sites and Development Act
- Guidelines on the management and operation of lease-only industrial complexes (Notice of the Ministry of Land, Transport and Infrastructure no. 2022-179)
- Operational guidelines on support of industrial complexes (Notice of the Ministry of Land, Transport and Infrastructure no. 2021-1459)
- Industrial Land Information System ([www.industryland.or.kr](http://www.industryland.or.kr))
- Korea Land & Housing Corporation ([www.lh.or.kr](http://www.lh.or.kr))





## Priority Regions for Foreign Investment Inducement

### ( 1 ) | Foreign Investment Zones

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#### A. Overview

##### 1) Purpose

The zones are created to contribute to the sound development of the national economy by facilitating the inducement of foreign investment through support and convenience provided for foreign investment. Foreign investment zones are designated to attract foreign investors who do not want to purchase factory land. Incentives are provided for occupant companies in the region.

##### 2) Designation Procedures

The head of a metropolitan/local government applies for the designation of a foreign investment zone, the Foreign Investment Committee deliberates and makes designation (notification).

##### 3) Types of Foreign Investment Zone

Foreign investment zones are classified into complex-type foreign investment zones, individual-type foreign investment zones and service-type foreign investment zones.

The zone refers to an area designated to lease or sell in advance within a national or general regional industrial complex for the purpose of attracting small and medium-sized foreign-capital invested companies. Currently, the zone is only available for lease.

### **[Reference] Parts and Materials-type Foreign Investment Zones**

This type of complex-type foreign investment zone was first designated in 2008 for the purpose of promoting investment by foreign companies with advanced parts and material technologies from Japan, Germany, etc.

Individual-type foreign investment zones refers to an area designated exclusively for a single company's sole plant to attract investment from large investors by reviewing their needs for space, time, and incentives in a comprehensive manner.

Service-type foreign investment zones refers to an area designated for lease or transfer to a foreign-capital invested company operating a service business. Unlike a complex-type foreign investment zone engaged mostly in the manufacturing industry that requires large-scale land, a service-type foreign investment zone accommodates service businesses running research facilities, among others.



## B. Qualification and Designation Requirements

### 1) Complex-type Foreign Investment Zone

- ① A company invested solely by foreigners, or a joint venture company in which the share of a foreign-invested company is at least 30% (50% in the case of complex logistics terminal business and joint logistics center creation and operation business) of the total number of voting stocks or total amount of contribution and the amount of foreign investment therein is at least KRW 100 million.
- ② It shall have been registered as a foreign-invested company under Article 21 of the Foreign Investment Promotion Act by the time the occupancy contract is concluded.
- ③ Where a factory facility is newly constructed or a new machinery, facility or equipment is installed in an existing building, the factory facility or machinery or equipment shall be separately accounted from the existing factory facilities.
- ④ It shall contribute to the sound development of national economy.
- ⑤ No existing foreign-invested factory shall be relocated. However, in either of the following cases, such factory may be relocated with approval from the person having the authority to manage the relevant foreign investment zone in an industrial complex:
  - A. Where it relocates between foreign investment zones
  - B. Where a foreign-invested company increases the foreign investment by at least 30% of the total number of voting stocks or total amount of contribution

## 2) Individual-type Foreign Investment Zones

This designation is made when the minimum investment amount by industry pursuant to Article 25 (1) of the Enforcement Decree of the Foreign Investment Promotion Act is satisfied and a factory facility (business site) is newly constructed or machinery or facilities or devices are newly installed in an existing building, including cases where the same corporation installs factory facilities, machinery, and devices that can be separately accounted for in accounting from existing factory facilities, etc., or where the corporation acquires an unfinished building, receives approval of its use, and conducts business activities therein.

### Investment Requirement by Industry in Individual-Type Foreign Investment Zones

Amount	Business Types
USD 30 million or more	Manufacturing industry, new growth engine technology business, computer programming, system integration and management, data processing, hosting and related service business among information service business
USD 20 million or more	Resort condominium business, tourism business (tourist hotel business, floating tourist hotel business, Korean traditional hotel business), specialized resort business, general resort complex business, general amusement complex business, international conference facilities, industry-supporting service business, youth training facilities, performance facilities, sports industry promotion facilities, museums and galleries
USD 10 million or more	Complex logistics terminal business, joint collection and delivery complex operating business, harbor facilities operating business, cargo distribution business run within a harbor hinterland complex, airport facilities operating business and cargo distribution business run within an airport zone, and infrastructure building business through the implementation of private investment projects
USD 2 million or more	Research and development facilities for conducting business pursuant to the Enforcement Decree of the Restriction of Special Taxation Act with a minimum of 10 regular workers in exclusive charge of research with at least a master's degree related to the business and at least three years' research career



### 3) Service-type Foreign Investment Zones

Buildings that are new or additionally designated areas (building sites) or where the foreign-invested company's reported demand for occupancy is explicitly stated must be ready for immediate move-in. However, when a certain space is pre-designated for national and public property (including buildings), the reported investment amount must be an amount equivalent to 30% or more of the designated area.

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## C. Major Characteristics

### 1) Only companies registered as foreign-invested companies can move in (or lease).

To become a foreign-capital invested company, a foreigner must invest KRW 100 million or more and own at least 30% of the total shares or total investment (50% for logistics complex terminals and joint distribution centers). It should be noted that to become a foreign-invested company under the Foreign Investment Promotion Act, a company should satisfy either of: "Investment of KRW 100 million or more & stake ownership of 10% or more"; or "Investment of KRW 100 million or more & foreigners' stock ownership, etc. & dispatch of executives to the foreign-invested company".

### 2) The zone is operated as a long-term lease property.

The lease period in a complex-type foreign investment zone is 50 years with a renewal contract signed every 10 years. The lease period in a service-type foreign investment zone is a maximum of 10 years (50 years for R&D industries) while a building lease contract can be concluded within a total of five years.

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### 3) Eligible Occupant Businesses

The types of businesses eligible for a complex-type foreign investment zone are as follows, and the occupant business types permitted for each region are specified in its management basic management plan.

- ① Business associated with new growth engine industrial technologies (The Restriction of Special Taxation Act)
- ② Business that applies/manufactures advanced technologies and products (The Industrial Development Act)
- ③ Enterprise-affiliated research institutes and R&D business (The Special Act on Support of Scientists and Engineers for Strengthening National Science and Technology Competitiveness)
- ④ Complex logistics terminal business (The Act on the Development and Management of Logistics Facilities) or joint collection and delivery center operation business (The Distribution Industry Development Act)
- ⑤ Other types of business determined by management agencies in consideration of regional industrial characteristics

The businesses eligible to move into service-type foreign investment zones are natural science and engineering research and development business (KSIC: 7011, 7012, 7013), finance and insurance, knowledge service business, publishing among cultural businesses, game business, music, movie, audio, animation business, information service business, character and design business, resort condominium business among tourism businesses, tourism hotel business, water tourism hotel, Korean traditional hotel business, specialized resort

business, complex resort business, complex amusement facilities, international conference facilities, youth training facilities.

The businesses eligible to move into an individual-type foreign investment zone is the same as the amount standard for the abovementioned designation criteria.

#### **4) Lower rent than that for national and public lands**

In general, public land rent is set at 5% of the acquisition price whereas the rent at foreign investment zones largely stands at 1% of the acquisition price as long as certain requirements are met. When additional rent reduction requirements are met, the rent can even go below 1%.

#### **5) The obligation to attract foreign investment and realize factory construction within a certain period.**

The foreign direct investment must be made in an amount equivalent to the value of the building site to be rented for a complex-type and half the value of the site for a individual-type and a factory must be built in an area that meets the standard factory area ratio (at least 12%) by business type.

\* The FDI requirement is USD 20 million or more for tourism businesses and USD 10 million or more in a logistics business in a service-type foreign investment zone.

In principle, FDI for a foreign investment zone must be made newly from abroad. FDI made prior to the contract execution to enter a foreign investment zone is not recognized as an investment in the zone. If the FDI amount to be invested within five years cannot be invested or the minimum factory construction ratio cannot be met, the 5% rent for five years must be paid all at once. Where long-term loans were repaid and the foreign investment requirement is no longer met, a 5% rent is applied, so make sure to satisfy the FDI requirements according to the project plan within the set date.

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Unappropriated retained earnings used to establish or expand facilities, constituting at least 30% of the total number of voting shares or total contribution amount, are recognized as investment in the zone.

#### 6) The supplier occupancy system

An occupant enterprise in a foreign investment zone can request permission for its supplier without a foreign investment stake to use part of its factory to reduce time and costs, and the Minister of Trade, Industry and Energy can permit the occupancy after evaluation by the Evaluation Committee.

The supplier occupancy agreement can be valid within the remaining occupancy period for the relevant foreign-capital invested company. The agreement must be renewed every five years at least. The area for a supplier cannot exceed 30% of the occupant company's total factory building area.



## D. Incentives and Support Systems

### 1) Rent Reduction/Exemption and Subsidies.

Category	Reduction rate	Business	Condition		Note
			Investment	Full-time employees	
Complex-type	0%	Tenant companies	Normal rent (1% of acquisition cost)		-
	75%	Manufacturing	USD 5 million or more	-	-
			USD 5 million or more	70-149	-
	90%	Manufacturing	USD 2.5 million or more	150-199	-
	100%	Manufacturing	USD 5 million or more	-	Parts & materials complex
		Manufacturing	USD 2.5 million or more	200 or more	-
Hi-tech, new growth driver tech businesses		USD 1 million or more	-	-	
Individual-type	<ul style="list-style-type: none"> <li>Rents for individual-type foreign investment zones can be reduced by up to 100% if determined by the Foreign Investment Committee in consideration of impacts on the national economy.</li> </ul>				
Service-type	<ul style="list-style-type: none"> <li>The conditions for rent reduction/exemption are the same as those applied to complex-types.</li> <li>The central and local governments may subsidize building rent for service-type foreign investment zones up to an amount equivalent to 50% of the standard rental fee up to five years.</li> </ul>				

\* Inquire the relevant management authority for the specific rent reduction rates.

## 2) Other tax reduction/exemption benefits

Category	Complex-type	Individual-type
<b>Corporate Tax /Income Tax</b>	<ul style="list-style-type: none"> <li>• Manufacturing: USD 10 million ↑</li> <li>• Logistics and port business: USD 5 million ↑</li> <li>➔ 100% for 3 years from the start of business, and 50% over the next 2 years</li> <li>* Only for income tax filed on or before Dec. 31, 2018</li> </ul>	<ul style="list-style-type: none"> <li>• Same as the conditions for designation</li> <li>➔ 100% for 5 years from the start of business and 50% for the next 2 years</li> <li>* Only for income tax filed on or before Dec. 31, 2018</li> </ul>
<b>Acquisition Tax /Property Tax</b>	<ul style="list-style-type: none"> <li>• 100% reduction of tax subject to reduction for 3 yrs from the business commencement date, 50% for 2 yrs thereafter</li> <li>• 100% reduction of tax subject to reduction for 5 yrs from the business commencement date, 50% for 2 yrs thereafter</li> <li>* Subject to local governments' ordinances (for up to 15 years)</li> </ul>	<ul style="list-style-type: none"> <li>• 100% reduction of tax subject to reduction for 5 yrs from the business commencement date, 50% for 2 yrs thereafter</li> <li>• 100% reduction of tax subject to reduction for 5 yrs from the business commencement date, 50% for 2 yrs thereafter</li> <li>* Subject to local governments' ordinances (for up to 15 years)</li> </ul>
<b>Customs Duty</b>	<ul style="list-style-type: none"> <li>• 100% for 5 years from the date of report</li> </ul>	<ul style="list-style-type: none"> <li>• 100% for 5 years from the date of report</li> <li>* Individual consumption tax and VAT are also subject to reduction/exemption</li> </ul>

## E. Designation Status

### 1) Current Designation Status of foreign Investment Zones

(as of end-March 2023)

Type	Complex-type	Individual-type	Service-type	Total
<b>Number</b>	30	76	3	110

## 2) Status of Complex-type Foreign Investment Zones (30 complexes)

Region	Complex	Designated Area (1,000㎡)	Rent (KRW/㎡, month)	Management Authority
Gyeonggi	Jangan 1	418.2	289	Gyeonggi Housing & Urban Development Corporation
	Dangdong	239.4	383	Gyeonggi Housing & Urban Development Corporation
	Jangan 2	369.0	303	Gyeonggi Housing & Urban Development Corporation
	Oseong	353.9	323	Gyeonggi Housing & Urban Development Corporation
Daejeon	Daejeon Int'l	83.6	384	Daejeon metropolitan city
Chungbuk	Ochang	495.3	250	Chungbuk branch of KICOX
	Jincheon-Sansu	108.4	144	Chungbuk branch of KICOX
	Chungju	334.7	160	Chungbuk branch of KICOX
	Eumseong-Seongbon	165.3	202	Chungbuk branch of KICOX
Chungnam	Cheonan	492.5	336	Chungcheong HQ of KICOX
	Inju	164.8	178	Chungcheong HQ of KICOX
	Cheonan 5	336.6	207	Chungcheong HQ of KICOX
	Songsan 2	134.0	290	Dangjin branch of KICOX
	Songsan 2-1	165.3	290	Dangjin branch of KICOX
	Songsan 2-2	117.9	290	Dangjin branch of KICOX
	Asan Tangeong	85.3	630	Dangjin branch of KICOX
Gwangju	Woljeon	99.1	1st: 244 2nd: 265	Gwangju-Jeonnam HQ of KICOX
Jeonbuk	Iksan Parts	319.4	103	Iksan City
	National Food	116.0	122	Iksan branch of KICOX
Jeonnam	Daebul	1,183.3	79	Daebul branch of KICOX
	Gwangyang Sepung	82.6	248	Gwangyang Bay Area FEZ authority
Daegu	Dalseong	104.2	258	Dalseong branch of KICOX
Gyeongbuk	Gumi	332.4	183	Gyeongbuk HQ of KICOX
	Gumi Parts	246.3	166	Gyeongbuk HQ of KICOX
	Pohang Parts	264.9	127	Pohang City
Busan	Jisa	297.1	477	Busan-Jinhae FEZ authority
	Mieum Parts	299.6	500	Busan-Jinhae FEZ authority
Gyeongnam	Sacheon	495.9	248	Sacheon branch of KICOX
	Changwon Parts	71.3	451	Busan-Jinhae FEZ authority
Gangwon	Munmak	95.8	249	Gangwon HQ of KICOX

## 3) Status of Individual-type Foreign Investment Zones (76 complexes)

Company	Location	Area (1,000 m <sup>2</sup> )	Initial designation	Business/Products
Korea Kyongnam Taiyo Yuden	Sacheon, Gyeongnam	171.6	'99.10.28	Ceramic condensers
J.S.T. Korea	Yangsan, Gyeongnam	20.2	'00.03.14	Connectors
BASF Korea_Yeosu, Jeonnam	Yeosu, Jeonnam	591.7	'00.12.30	Safety glass for auto vehicles
BASF Korea_Gunsan, Jeonbuk	Gunsan, Jeonbuk	6.5	'01.01.12	Basic organic compounds
Dongwoo Fine-Chem	Pyeongtaek, Gyeonggi	252.3	'03.12.29	Production of vitamin B2
AGC-Asahi Glass Fine Techno Korea	Gumi, Gyeongbuk	341.1	'04.12.21	LCD color filters
MCC Logistics Korea	Saha, Busan	67.9	'04.12.23	Warehouse, storage
Toray Advanced Materials Korea – Factory 4	Gumi, Gyeongbuk	191.4	'04.12.27	IT film
AvanStrate Korea	Pyeongtaek, Gyeonggi	88.8	'04.12.30	TFT-LCD glass substrates
Hoya Electronics Korea	Pyeongtaek, Gyeonggi	18.6	'04.12.30	LCD Photo Mask
LINTEC Korea	Cheongju, Chungbuk	49.6	'04.12.31	Clean release film
AGC Displayglass Ochang	Cheongju, Chungbuk	81.8	'05.05.27	Flat glass substrates
Linde Korea_Gyeonggi	Yongin, Gyeonggi	48.6	'05.11.28	Industrial gas
Knauf Gypsum	Dangjin, Chungnam	17.8	'06.12.26	Manufacture and sales of drywall
Versum Materials PM Korea	Namgu, Ulsan	30.6	'06.12.28	Production of NF3
Lotte MCC	Seosan, Chungnam	66.6	'07.11.20	Leisure condo operation
Stanford Hotel Korea_ Mapo, Seoul	Seoul	3.4	'07.05.17	Service
HJ Magnolia ongyong Hotel & Resort	Yeosu, Jeonnam	116.4	'07.11.20	Leisure condo operation
3M Korea	Naju, Jeonnam	5.5	'07.12.27	Living and office appliances
Toray Battery Separator Film Korea	Gumi, Gyeongbuk	228.7	'08.03.31	Secondary battery separator
Linde Korea	Asan, Chungnam	15.8	'08.07.30	Industrial gas
Power Carbon Technology	Gumi, Gyeongbuk	74.5	'08.12.18	Carbon materials, anodes
Danone Pulmuone	Muju, Jeonbuk	119.9	'09.02.27	Dairy products
Eastman Fibers Korea	Namgu, Ulsan	37.7	'09.09.03	Acetate tow



Company	Location	Area (1,000 m <sup>2</sup> )	Initial designation	Business/Products
Seohan NTN Bearing co. Ltd.	Gyeongju, Gyeongbuk	86.6	'10.05.10	Ball bearing
Edwards Korea	Cheonan, Chungnam	40.0	'10.09.30	Semiconductor equipment
Rohm and Hass Electronic Materials Korea	Cheonan, Chungnam	61.5	'10.09.30	Chemical products and photosensitive materials
Onsemi Korea	Bucheon, Gyeonggi	6.6	'10.12.29	Semiconductor production
Oilhub Korea	Yeosu, Jeonnam	349.8	'10.12.30	Liquid cargo, pipeline
Cargill Agri Purina	Pyeongtaek, Gyeonggi	55.8	'10.12.30	Mixed animal feed
Hyundai Cosmo Petrochemical	Seosan, Chungnam	103.4	'10.12.30	Petrochemicals
Dupont Specialty Products Korea	Cheonan, Chungnam	28.1	'11.05.20	Organic chemical compounds
dkLotte MCC	Yeosu, Jeonnam	70.6	'11.05.20	Petrochemical substances production
Avancis Korea	Cheongju, Chungbuk	93.5	'11.05.20	Solar power module
Molex Korea	Ansan, Gyeonggi	13.9	'11.05.26	Electronic connectors
Denso Korea	Euiwang, Gyeonggi	20.6	'11.07.20	Auto parts
Pacific Air Controls	Asan, Chungnam	10.1	'11.07.20	Compressor housing
Taegutec	Daegu	57.8	'11.08.01	High functional cutting tools
SSLM	Daegu	110.4	'11.08.01	Separators for storage battery
Umicore Korea	Cheonan, Chungnam	31.7	'11.12.20	Secondary battery materials
Tongsuh Petrochemical	Ulsan	28.7	'11.12.22	AN, sodium cyanide
Air Products Korea_ Asan, CHungnam	Asan, Chungnam	7.7	'12.03.12	Industrial gas
Gould Pumps	Cheongwon, Chungbuk	47.0	'12.09.21	Industrial pump production
Dongwoo Fine-Chem	Iksan, Jeonbuk	38.7	'12.05.08	High purity alumina
ASE Korea	Paju, Gyeonggi	27.4	'12.09.28	Semiconductor packaging
Samsung Corning Advanced Glass	Asan, Chungnam	131.3	'12.10.02	OLED glass
Advantest Korea	Cheonan, Chungnam	39.6	'12.10.02	Semiconductor measurement instrument
Hyundai and Shell Base Oil	Seosan, Chungnam	19.0	'12.10.02	Base oil production

## III. Priority Regions for Foreign Investment Inducement

Company	Location	Area (1,000 m <sup>2</sup> )	Initial designation	Business/Products
<b>Nisso Namhae Agro</b>	Yeosu, Jeonnam	8.0	'12.10.05	Crop protection materials
<b>Ulsan Aromatics</b>	Ulsan	168.4	'12.10.11	p-Xylene, benzene
<b>Lotte Versalis Elastomers</b>	Yeosu, Jeonnam	140.4	'13.12.12	Synthetic rubber
<b>Toray Advanced Materials Korea</b>	Gunsan, Jeonbuk	215.0	'13.12.13	Petrochemical base chemicals
<b>Air Products Korea</b>	Hwaseong, Gyeonggi	5.9	'13.12.20	High purity nitrates and hydrogens
<b>Lego Land Korea</b>	Chuncheon, Gangwon	280.8	'14.04.29	Resort complex
<b>NRG Corporation</b>	Yesan, Chungnam	32.6	'14.06.30	Waste solid fuel production
<b>SK Advanced</b>	Ulsan	104.4	'14.11.13	Propylene production and sales
<b>Toray Advanced Materials-Factory 5</b>	Gumi, Gyeongbuk	269.7	'14.12.01	Carbon Fiber Reinforced Plastics
<b>Sumitomo Seika Polymers Korea</b>	Yeosu, Jeonnam	41.0	'15.04.09	Super absorbent polymer production
<b>TE Connectivity Korea</b>	Gyeongsan, Gyeongbuk	81.3	'15.11.30	Electronic connector production
<b>ASM Korea</b>	Hwaseong, Gyeonggi	7.2	'15.12.03	Machinery for semiconductor manufacturing
<b>Landing Jeju Development</b>	Seogwipo. Jeju	1,158.2	'15.12.05	Resort complex
<b>Air Products Korea</b>	Pyeongtaek, Gyeonggi	34.2	'15.12.21	Industrial gas production
<b>Greenland Jeju Healthcare Town</b>	Seogwipo, Jeju	224.7	'15.12.30	Resort complex
<b>Korea Umicore Ltd. II</b>	Cheonan, Chungnam	83.2	'16.07.20	Cathode active material
<b>Kuraray Korea</b>	Ulsan	6.5	'16.07.21	PVB film production
<b>Stanford Hotel &amp; Resort</b>	Tongyeong, Gyeongnam	16.8	'16.07.21	Resort complex
<b>KOLON BASF innoPOM</b>	Gimcheon, Gyeongbuk	27.3	'16.07.25	POM product production
<b>Air Products Korea</b>	Ulsan	6.5	'16.12.22	Industrial gas production
<b>Waker Chemicals Korea</b>	Ulsan	6.9	'17.11.02	VAE product production
<b>Toray BSF Coating Korea</b>	Cheongju, Chungbuk	13.0	'18.01.29	Lithium-ion secondary battery separator

Company	Location	Area (1,000 m <sup>2</sup> )	Initial designation	Business/Products
<b>MEMC Korea Company</b>	Cheonan, Chungnam	14.0	'18.07.02	Silicon wafer production
<b>Air Liquide Korea</b>	Yeosu, Jeonnam	15.3	'18.11.12	Chemicals for electronics business
<b>Aquaworld</b>	Busan	38.9	'18.12.24	Resort complex
<b>Matheson Gas Products Korea</b>	Asan, Chungnam	10.7	'18.12.20	Special gas for semiconductors
<b>IMC Endmill</b>	Daegu	58.3	'18.12.20	High functional cutting tools production
<b>SNF Korea</b>	Ulsan	27.9	'18.12.20	High polymer organic coagulant

#### 4) Service-type Foreign Investment Zones (3 complexes)

Company	Location	Area (1,000 m <sup>2</sup> )	Initial designation	Business/Products
<b>Intuitive Surgical Korea</b>	Mapo, Seoul	3,624	'17.04.20	Specialized science and technology service
<b>ABiotech</b>	Mapo, Seoul	779	'18.12.27	R&D
<b>Boeing Korea Engineering and Technology Center</b>	Gangnam, Seoul	1,458	'19.12.26	R&D

## F. Management Organization (inquiries)

- Korea Industrial Complex Corporation  
(☎ 070-8895-7273)
- Gyeonggi Housing & Urban Development Corporation  
(☎ 031-681-6474~5)
- Busan-Jinhae Free Economic Zone Authority  
(☎ 051-979-5326)
- Gwangyang Bay Area Free Economic Zone Authority  
(☎ 061-760-5271)

- Iksan City Future Industries Division  
(☎ 063-859-5229)
  - Pohang City Investment Inducement Officer  
(☎ 054-270-2826)
  - Local governments for individual-type and service-type foreign investment zones concerned
- 

## **G. Related Regulations and Reference Websites**

- Foreign Investment Promotion Act, Restriction of Special Taxation Act, Act on Restriction on Special Cases Concerning Local Taxation
- Guidelines on Foreign Investment Zone Operations  
(Ministry of Trade, Industry and Energy Announcement No. 391)
- Korea Industrial Complex Corporation  
([www.kicox.or.kr](http://www.kicox.or.kr))
- Gyeonggi Housing & Urban Development Corporation  
([www.gh.or.kr](http://www.gh.or.kr))
- Busan-Jinhae Free Economic Zone Authority  
([www.bifez.go.kr](http://www.bifez.go.kr))
- Gwangyang Bay Free Economic Zone Authority  
([www.gfez.go.kr](http://www.gfez.go.kr))

## ( 2 ) | Lease Complexes Exclusively for Foreign-Invested Companies

### A. Overview

- The complexes were designated to promote domestic investment by foreign-capital invested companies in the wake of the 1997 Asian financial crisis. All four designated complexes are located in Gyeonggi-do. Their purposes and characteristics are similar to those of complex-type foreign investment zones, with slight differences only in occupancy criteria and incentives.

### B. Occupancy qualifications and eligible businesses

Classification	Eoyeon-Hansan	Chupal	Poseung	Hyungok
<b>Rent</b> (KRW/m <sup>2</sup> , month)	414	366	355	362
<b>Rental Deposit</b>	One-year rent paid in advance as a rental deposit			
<b>Lease Limit</b>	3,305m <sup>2</sup> for USD 1.2 mil.	3,305m <sup>2</sup> for USD 1 mil.	3,305m <sup>2</sup> for USD 1.2 mil.	3,305m <sup>2</sup> for USD 1 mil.
<b>Building-to-land Ratio</b> / <b>Floor Area Ratio</b>	80% or less / 350% or less			
<b>Lease Period</b>	Up to 50 years (recontract every 10 years)			
<b>Conditions</b>	Foreign investment ratio of 30% or higher, FDI amount of KRW 100 mil. or more			
<b>Eligible businesses</b>	<ul style="list-style-type: none"> <li>• New growth driver industry</li> <li>• High-tech product manufacturing</li> <li>• High tech businesses</li> <li>• Corporate affiliated research centers and R&amp;D</li> <li>• General manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>• Businesses accompanying high technology</li> <li>• High-tech product manufacturing</li> <li>• General manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>• Businesses accompanying high technology</li> <li>• High-tech product manufacturing</li> <li>• General manufacturing (C24~31)</li> <li>• Industrial complex energy cluster business</li> </ul>	<ul style="list-style-type: none"> <li>• Businesses accompanying high technology</li> <li>• High-tech product manufacturing</li> <li>• High-tech businesses</li> <li>• Corporate affiliated research centers and R&amp;D</li> <li>• General manufacturing (C20,22,23,25~30)</li> </ul>

## C. Incentives

### 1) Tax Reduction/Exemption Criteria

Tax	Reduction/Exemption
Corporate Tax/ Income Tax	N/A
Acquisition Tax/ Property Tax	N/A (Excluding new growth driver industries)
Customs Duty	Customs duty, individual consumption tax, VAT exempted for imported capital goods

### 2) Rental Fee Reduction Criteria

Category	Reduction Rate	Reduction Requirements
Basic Rent		1% of the construction cost (1% of the officially announced land price when it is higher than construction cost)
National Properties	50%	FDI of USD 1 mil. or more & business accompanying high technology
	50%	Manufacturing with FDI of USD 5 million or more
Properties owned by Gyeonggi Province	50%	Manufacturing with FDI of USD 5 mil or more and less than USD 10 mil.
	75%	Manufacturing with FDI of USD 10 mil or more and less than USD 20 mil.
	100%	FDI of USD 1 mil. or more & business accompanying high technology
		Manufacturing with FDI of USD 20 mil or more

## D. Designation Status

(as of end-July 2022)

Complex	Construction Area (㎡)	Lease Area (㎡)	Remaining Area (㎡)	Occupant Enterprises (No.)	Occupancy rate (%)
Eoyeon-Hansan	323,548	287,750	35,798	20	89
Chupal	88,976	86,476	2,500	7	97
Poseung	95,774	95,774	-	5	100
Hyungok	500,709	485,142	15,567	29	97

## E. Inquiries

- Gyeonggi Housing & Urban Development Corporation  
(☎ 031-681-6474~5)
- 

## F. Related Regulations and Reference Sites

- Gyeonggi Urban Housing & Urban Development Corporation  
([www.gh.or.kr](http://www.gh.or.kr))
  - \* Gyeonggi Urban Housing & Urban Development Corporation website Business Information ⇒ Industrial Complex Creation ⇒ Foreign Investment Zones and Lease Complexes

# [ 3 ] | Free Economic Zones

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## A. Overview

- The purpose of a free economic zone is to facilitate foreign investment and seek balanced development among regions by improving the business environment for foreign-invested companies and companies reshoring to Korea and living conditions for foreigners. The area is developed considering multiple aspects such as industrial, commercial, living and education environments, which differentiates it from other zones and areas focusing on supply of industrial sites. The first FEZ was created in Incheon in 2003, and there are currently nine FEZs in operation including the Gwangyang Bay Area, Daegu-Gyeongbuk, Chungbuk, East Coast Area, Gwangju and Ulsan. nies. Currently, the zone is only available for lease.

## B. Incentives and Support Programs

### 1) Tax Reduction or Exemption

Category		Reduction/Exemption	Remarks
National Tax	Customs duty	100% exemption for 5 years	Limited to imported capital goods
	Acquisition Tax	100% exemption possible for up to 15 years by local government ordinance	-
Local Tax	Property Tax	Reduction/exemption possible for up to 15 years by local government ordinance	-

### 2) Deregulation Measures

Category	Benefits
<b>Relaxation of Labor Regulations</b>	<ul style="list-style-type: none"> <li>• Exempt from the obligation to prioritize employment protection for persons of national merit, the disabled, and the elderly.</li> <li>• Permission of unpaid holidays for workers</li> <li>• Work expansion subject to worker dispatch and extension of dispatch periods.</li> </ul>
<b>Exclusion from the application of the Seoul Metropolitan Area Readjustment Planning Act</b>	<ul style="list-style-type: none"> <li>• Application exemption for foreign-invested enterprises of Article 7 (Restriction on Acts within Overconcentration Control Region), Articles 8 (Restriction on Acts within Growth Management Region), Article 12 (Imposition and Collection of Overconcentration Charges), Article 18 (Total Quantity Regulation) and Article 19 (Regulation on Large-scale Development Projects) of the Seoul Metropolitan Area Readjustment Planning Act.</li> </ul>
<b>Freedom of Forex Trading</b>	<ul style="list-style-type: none"> <li>• Exempt from the obligation to prioritize employment protection for persons of national merit, the disabled, and the elderly.</li> <li>• Permission of unpaid holidays for workers</li> <li>• Work expansion subject to worker dispatch and extension of dispatch periods.</li> </ul>



### 3) Financial support, site support, others

Classification		Benefits	Conditions
<b>Cash grant</b>		<ul style="list-style-type: none"> <li>• Support for foreign-invested companies with a foreign investment ratio of 30% or more through negotiations</li> <li>- Support for installation of factory facilities and research facilities, employment subsidies, education, and training subsidies, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Foreign-invested enterprises with a foreign investment ratio of 30% or more</li> <li>- Determined after reviewing the involvement of advanced technology, technology transfer effects, job creation scale, etc.</li> </ul>
<b>Infrastructure Support</b>		<ul style="list-style-type: none"> <li>• Infrastructure support for roads, railroads, airports, port facilities, water and sewage, waste treatment facilities, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• 50% support for national expenditure and full support subject to approval by the Free Economic Zone Committee</li> </ul>
<b>Support for foreign education and research institutes</b>		<ul style="list-style-type: none"> <li>• Support for establishment preparation, initial operating expenses, construction expenses, etc. of foreign education and research institutes</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluation of contribution to national development, institutes' reputation, etc.</li> </ul>
<b>Rent Support</b>		<ul style="list-style-type: none"> <li>• 50-year lease possible for national and public land</li> <li>- Rent in the range of about 1% of the land price</li> </ul>	<ul style="list-style-type: none"> <li>• Foreign-invested enterprises</li> </ul>
<b>Rent Reduction/Exemption</b>		<ul style="list-style-type: none"> <li>• 50-100% exemption according to local government ordinance</li> </ul>	<ul style="list-style-type: none"> <li>• Foreign-invested enterprises</li> </ul>
<b>One-Stop service</b>		<ul style="list-style-type: none"> <li>• A project manager is designated and consulting on business, law, accounting, tax and also administrative support are provided</li> </ul>	
<b>Improvement of Living Conditions</b>	Education	<ul style="list-style-type: none"> <li>• Establishment and operation of foreign educational institutes (primary to high school, colleges) permitted</li> <li>• Support for establishment preparation, initial operating expenses, construction expenses, etc. of foreign education and research institutes</li> </ul>	
	Medical Service	<ul style="list-style-type: none"> <li>• Foreign medical institutes or foreigner-only pharmacies can be established and operated</li> <li>• Exceptions apply for auxiliary facilities (spa for recuperation, etc.) of medical institutes</li> </ul>	
	Others	<ul style="list-style-type: none"> <li>• Foreigner-only casino (USD 500 mil. or more) can be operated</li> <li>• Wider variety of foreign TV channels</li> </ul>	

## C. Designation Status

Name	Area (km <sup>2</sup> )	Population	Core strategic business	Project	
				Zone	Development direction
Incheon	122.42	546,267	<ul style="list-style-type: none"> <li>• Bio, health care</li> <li>• Smart manufacturing</li> <li>• Air, combined logistics</li> <li>• Knowledge, tourism</li> </ul>	Songdo Int'l City	Int'l business, IT, BT, education, R&D
				Yeongjong Int'l City	Air & logistics, tourism, complex leisure
				Cheongna Int'l City	Int'l business (finance), R&D, medicine, high tech business, distribution
Busan- Jinhae	51.1	204,000	<ul style="list-style-type: none"> <li>• Combined logistics, transport</li> <li>• Smart transport equipment</li> <li>• Advanced materials, parts, equipment</li> <li>• Bio, healthcare</li> </ul>	New port area	Combined logistics, high-tech manufacturing
				Myeongji area	R&D, office, hotel, convention, medicine, foreign education institute
				Woongdong area	Combined logistics, tourism & leisure, foreign education institute
				Jisa area	High-tech manufacturing, data center, R&D
				Dudong area	Combined logistics, R&D, tourism & leisure
Gwangyang bay area	59.6	800,000	<ul style="list-style-type: none"> <li>• Functional chemicals</li> <li>• Green energy</li> <li>• Metal materials and parts</li> <li>• Logistics and transport</li> </ul>	Gwangyang area	Int'l business logistics
				Yulchon area	Steel, machinery, assembly, metal, new & renewable energy
				Shindeok area	Residence, functional chemical materials, foreigner-only lease complex, etc.
				Hadong area	Marine plant, shipbuilding, shipbuilding equipment and materials, metal processing, residence, business, tourism, leisure, etc.
				Hwayang area	Tourism and leisure, sport resort complex
				Gyeongdo area	Accommodation, shopping, leisure and sports

Name	Area (km <sup>2</sup> )	Population	Core strategic business	Project	
				Zone	Development direction
Gyeonggi	5.24	34,000	<ul style="list-style-type: none"> <li>• Future mobility</li> <li>• Medicine and bio</li> <li>• Hydrogen energy</li> <li>• Logistics and convention</li> </ul>	Pyeongtaek Poseung (BIX) area	Electricity, electronics, auto, machinery, chemical, secondary battery, logistics
				Hyeondeok area	Distribution, logistics, hotel, accommodation, tourism, medicine
				Shiheung Baegot area	Unmanned vehicle, education, manufacturing-based 4th industry
Daegu-Gyeongbuk	18.47	76,000	<ul style="list-style-type: none"> <li>• ICT, robot</li> <li>• Medicine, bio</li> <li>• Future mobility</li> </ul>	Daegu technopolis zone	Auto, electronic parts, mechatronics,
				Suseong medical zone	High-tech medicine, knowledge service business, smart healthcare
				Shinseo high-tech medical zone	Medical equipment, new medicine, healthcare R&D
				International fashion design zone	Textile, fashion, high-tech textile
				Yeongcheon high-tech zone	Smart mobility parts, Aircraft, vehicle interior, medical equipment
				Yeongcheon high-tech parts and materials industry zone	Auto parts, electricity, machinery, metal
				Gyeongsan knowledge industry zone	Construction machinery, auto parts, high-tech medical and medical equipment
				Pohang convergence technology industry zone	Bio parts and materials, green energy, specialized R&D

III. Priority Regions for Foreign Investment Inducement

Name	Area (km <sup>2</sup> )	Population	Core strategic business	Project	
				Zone	Development direction
East sea bay area	4.33	24,000	<ul style="list-style-type: none"> <li>Resort-type leisure and tourism</li> <li>Hydrogen energy</li> <li>High-tech parts &amp; materials</li> </ul>	Bukpyeong int'l complex industrial zone	East Sea Rim hydrogen energy, advanced parts & materials
				Mangsang int'l complex tourism city	Residential global tourism city
				Okgye high-tech parts convergence industry zone	High-tech parts & materials, R&D, non-ferrous metal industrial cluster
Chungbuk	4.96	32,000	<ul style="list-style-type: none"> <li>Bio, health</li> <li>Smart IT parts</li> <li>Aero mobility</li> <li>Energy parts &amp; materials</li> </ul>	Osong bio valley	Next-generation global medical industry
				Cheongju aeropolis	Rotary-wing aircraft repair, future air mobility parts and materials
Gwangju	4.37	29,249	<ul style="list-style-type: none"> <li>Futuristic vehicles</li> <li>Smart energy</li> <li>AI convergence</li> </ul>	Futuristic vehicle industrial zone	Finished vehicle factory, high-tech parts and materials, auto R&D center, industry-academia convergence campus
				Smart energy industrial zone I·II	Energy innovation company, high-tech energy cluster, specialized energy R&D complex
				AI convergence zone	Future-oriented R&D complex
Ulsan	4.75	27,000	<ul style="list-style-type: none"> <li>Future mobility</li> <li>Future chemical new materials</li> <li>Hydrogen and low carbon energy</li> </ul>	Hydrogen industry hub zone	Hydrogen industry (anchor)
				Electrogen auto valley	Eco-friendly auto parts
				R&D business valley	Hydrogen industry (fuel cell)

## D. Inquiries

- Free Economic Zone Planning Office  
(☎ 044-203-4616)
- Incheon Free Economic Zone Authority  
(☎ 032-453-7032)
- Busan-Jinhae Free Economic Zone Authority  
(Busan: ☎ 051-979-5241 / Gyeongnam: ☎ 051-979-5261)
- Gwangyang Bay Area Free Economic Zone Authority  
(☎ 061-760-5561)
- Gyeonggi Free Economic Zone  
(Pyeongtaek: ☎ 031-8008-8633 / Hyundai: ☎ 031-8008-8635)
- Daegu-Gyeongbuk Free Economic Zone Authority  
(☎ 053-550-1554)
- East Coast Free Economic Zone Authority  
(☎ 033-539-7655, 7665)
- Chungbuk Free Economic Zone Authority  
(Osong: ☎ 043-220-8363 / Cheongju: ☎ 043-220-8372)
- Gwangju Free Economic Zone Authority  
(☎ 062-613-6063)
- Ulsan Free Economic Zone Authority  
(☎ 052-229-8672)

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## E. Related Laws and Reference Sources

- The Special Act on Designation and Management of Free Economic Zones
- Free Economic Zone Planning Office ([www.fez.go.kr](http://www.fez.go.kr))  
\* Refer to link to each FEZ authority in the above website.

## [ 4 ] | Free Trade Zones

### A. Overview

• A free trade zone is an area where smooth manufacturing, logistics, distribution, and trade activities are guaranteed through various benefits such as customs duty suspension, tax reduction/exemption, and low rent. It is operated for the purpose of attracting foreign investment, promoting trade, facilitating international logistics, and encouraging local development. Depending on the site conditions and management authority\*, the 13 FTZs can be classified into seven industrial complex types (Masan, Gunsan, Daebul, Donghae, Yulchon, Ulsan, Gimje) and five port-types (Busan, Pohang, Pyeongtaek, Dangjin, Gwangyang, Incheon) and one airport type (Incheon airport).

\* Ministry of Trade, Industry and Energy (industrial complex type), Ministry of Oceans and Fisheries (port type), Ministry of Land, Transport and Infrastructure (airport type).

### B. Occupancy Requirements

Type of Business	Occupancy Requirements
Export-Oriented Manufacturing Industry	<ul style="list-style-type: none"> <li>• One year or more in a row during the past three years from the date of occupancy application when the export amount was 50/100 or more compared to the total sales*                             <ul style="list-style-type: none"> <li>* High-technology and products: 20/100 or higher for SMEs, 30/100 or higher for others</li> <li>* General manufacturing: 30/100 or higher for SMEs, 40/100 or higher for middle standing companies, 50/100 or higher for other companies</li> </ul> </li> </ul>
Export-oriented Repatriating Companies(those selected as support benefits recipients)	<ul style="list-style-type: none"> <li>• One consecutive year or longer in a row during the past three years from the date of occupancy application when the sales excluding exports to Korea exceeded 30/100 of total sales (20/100 for SMEs)</li> </ul>

Type of Business	Occupancy Requirements
<p>Foreign-invested Companies (manufacturing industry or knowledge services industry)</p>	<ul style="list-style-type: none"> <li>The total amount of investment has exported 30/100 or more of its total sales (5/100 for knowledge service businesses) for a year or more in a row for three years starting from the occupancy contract application date*</li> <li>* A new foreign-invested company should satisfy the conditions within 3 years of the completion of factory establishment (business commencement)</li> <li>* Export portion requirement shall not apply for new growth driver businesses investing USD 1 million or more</li> </ul>
<p>Knowledge Services Industry</p>	<ul style="list-style-type: none"> <li>A company which has exported 5/100 or more of its total sales for a year or more in a row for three years starting from the occupancy contract application date</li> </ul>
<p>Wholesale Businesses Aimed Largely at Export Transactions</p>	<ul style="list-style-type: none"> <li>A wholesale company which has exported 50/100 or more of its total sales (30/100 for SMEs, 40/100 for middle-standing companies) for at least a year in a row for the past three years from the occupancy contract application date</li> </ul>
<p>Multi-purpose Logistics Related Business</p>	<ul style="list-style-type: none"> <li>Business of brokering international shipping</li> <li>Business of international vessel or aircraft goods supply</li> <li>Development and lease of logistics facilities</li> </ul>

### C. Incentives and Support Programs

Type of Business	Occupancy Requirements
<p>Customs Duties Suspension</p>	<ul style="list-style-type: none"> <li>Free trade zones are regarded as a foreign country and are subject to customs duties exemption</li> <li>Customs duty is exempted or refunded for domestic goods declared into an FTZ</li> </ul>
<p>Application of Zero VAT Rate</p>	<ul style="list-style-type: none"> <li>The zero rate of the value-added tax shall apply to domestic goods supplied to a free trade zone or foreign goods and services supplied or provided between tenant companies in the zone</li> </ul>

Type of Business	Occupancy Requirements
Tax Reduction or Exemption for Foreign-invested Companies	<ul style="list-style-type: none"> <li>• Foreign investment of USD 10 million or more in the manufacturing industry or USD 5 million or more in the logistics industry</li> <li>- Corporate tax/ Income tax: 100% exemption for 3 years, 50% reduction for 2 years thereafter</li> <li>- Acquisition tax/ property tax: 100% exemption for 3 years, 50% reduction for 2 years thereafter</li> <li>* Tax reduction/exemption period can be extended (up to 15 years) or the reduction rate can be raised according to local government ordinances</li> <li>** Tax reduction/exemption benefits in the Masan Free Trade Zone regardless of the amount of foreign investment</li> </ul>
Outside Work Allowed	<ul style="list-style-type: none"> <li>• Part of the production product process can be processed in domestic customs areas and relevant products can be exported. Foreign goods, such as equipment and facilities necessary for processing, can be taken out of domestic customs areas.</li> </ul>
Special Exceptions such as Exemptions	<ul style="list-style-type: none"> <li>• Exemption from traffic inducement charges and obligatory employment of persons subject to employment protection (elderly people, people of national merit, and people with disabilities)</li> </ul>
One-Stop Service	<ul style="list-style-type: none"> <li>• One-stop service for the entire process including occupancy permission and building permits</li> </ul>

## D. Designation Status & Rent

### 1) Industrial Complex-Type Free Trade Zones

(As of end-Dec. 2021)

Zone		Masan	Gunsan	Daebul	Donghae	Yulchon	Ulsan	Gimje
Date of Designation		Jan. 1, 1970	Oct. 6, 2000	Nov. 21, 2021	Dec. 12, 2005	Dec. 12, 2005	Dec. 8, 2008	Jan. 6, 2009
Area (1,000 m <sup>2</sup> )		957	1,256	1,838	248	344	838	991
No. of companies		197	59	32	20	19	40	34
Sales Rate (%)		100	100	97	96	73	100	92
Persons employed		5,652	1,921	1,289	129	262	1,264	524
Rent (KRW, m <sup>2</sup> /month)	Land	509	98	91	63	124	250	77
	Standard factory	699 ~862	508 ~617	582 ~745	371 ~669	659 ~750	524 ~715	459 ~503



**[Note] Rent Reduction in Industrial Complex-type FTZs  
(land and building)**

Company	Condition	Reduction Rate
<b>Foreign-invested company</b> (where foreign investment ratio is 30% or more or a foreigner is the largest shareholder)	• Manufacturing business with new investment of USD 5 mil. or more	75%
	• New investment of USD 2.5 mil. & 70-149 full-time employees	75%
	• New investment of USD 2.5 mil. or more & 150-199 full-time employees	90%
	• Parts and materials industry with new investment of USD 5 mil. or more	100%
	• New growth driver industries with new investment of USD 1 mil. or more	100%
	• New investment of USD 2.5 mil. or more & 200 or more full-time employees	100%
<b>Reshoring companies</b> (where a place of business is established or expanded outside the metropolitan area)	• Manufacturing businesses with reshoring investment of KRW 5 bil.	75%
	• Reshoring investment of KRW 2.5 bil. & 70-149 full-time employees	75%
	• Reshoring investment of KRW 2.5 bil. & 150-199 full-time employees	90%
	• High-tech businesses and new growth driver industries with reshoring investment of KRW 1 bil. or more	100%
	• Reshoring investment of KRW 2.5 bil. & 200 or more full-time employees	100%

## 2) Port/Airport-type Free Trade Zones

(As of end-Aug. 2022)

Port		Busan Port	Pohang Port	Pyeongtaek, Dangjin Port	Gwangyang Port	Incheon Port*	Incheon Int'l Airport**
Designation Date		'02.1.1	'08.12.8	'09.3.30	'02.1.1	'03.1.1	'05.4.6
Area (1,000㎡)		12,195	1,142	1,429	9,020	1,964	3,459
No. of tenant companies		69	7	16	50	1	689
Occupancy rate (%)		76.8	100	100	96.8	100	99.5
No. of employees		2,547	55	884	1,238	30	15,450
Rent (㎡ /month)	Land	365	117	500	145	-	-
	Buildings	1% of assets	-	-	1.5% of assets	-	-

\* Occupancy rate and number of employees are as of end-Dec, 2021.

### [Note] Rent Reduction in Port-type Foreign Investment Zone

Condition	Rent Reduction
Foreign investment of USD 5 mil. or more	50% for 3 yrs
Foreign investment of USD 10 mil. or more	50% for 5 yrs



## E. Inquiries

### 1) Industrial Complex-type Free Trade Zone

- Innovation Support Team, Free Economic Zone Planning Office  
(☎ 044-203-4633)
- Masan Free Trade Zone Office (☎ 055-294-2661~2)
- Gunsan Free Trade Zone Office (☎ 063-464-0702)
- Daebul Free Trade Zone Office (☎ 061-464-0745~7)
- Donghae Free Trade Zone Office (☎ 033-522-6113)
- Yulchon Free Trade Zone Office (☎ 061-727-9791~5)
- Gimje Free Trade Zone Office (☎ 063-545-4811~2)
- Ulsan Free Trade Zone Office (☎ 052-240-6000)

### 2) Port/Airport-type Free Trade Zones

- Port Logistics Planning Division, Ministry of Oceans and Fisheries (☎ 044-200-5756)
- Busan Port Authority (☎ 051-999-3000)
- Yeosu Gwangyang Port Authority (☎ 061-797-4300)
- Incheon Port Authority (☎ 032-890-8000)
- Pohang Regional Office of Oceans and Fisheries  
(☎ 054-242-1812~5)
- Pyeongtaek-Dangjin Port (☎ 031-683-0313)
- Incheon International Airport Corporation (☎ 032-741-2277)

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## F. Related regulations and reference sources

- The Act on Designation and Management of Free Trade Zones
  - Notice of rent in free trade zones in 2023 (Notice of the Ministry of Trade, Industry and Energy no. 2022-894)
  - Notice of rent in port-type free trade zones (Notice of the Ministry of Oceans and Fisheries, no. 2022-1102)
  - Korea Industrial Complex Corporation, 2022 industrial site guide
  - Free trade zone management authority ([www.motie.go.kr/ftz](http://www.motie.go.kr/ftz))
  - Incheon Int'l Airport Corporation ([www.airport.kr](http://www.airport.kr))
-



## Priority Regions for Investment Inducement

### (1) | Saemangeum

#### A. Overview

- The Saemangeum Development Project refers to a national project to build a “Global Treasure Saemangeum” that will emerge as an economic hub for Northeast Asia encompassing with outstanding competitiveness in economy, business, and tourism by constructing the world's longest seawall (33.9 km) connecting Gunsan and Buan to reclaim land (291 km<sup>2</sup>), create lakes (118 km<sup>2</sup>), and develop Gogunsangundo (3.3 km<sup>2</sup>) and a new port (4.9 km<sup>2</sup>) outside the seawall.

#### B. Advantages

##### 1) The Saemangeum Economic Rim with advanced infrastructure

The Economic Rim of Saemangeum is a geographical economic zone, not an administrative zone, which refers to the area where there are strong supply-demand networks within a radius that can be reached from Saemangeum within 1.5 hours by car. The Rim is highly accessible from large cities, international airports and ports, and around 8.3% of the country's factories (15,920) and 9.43% (5.89 million) of the country's population are concentrated in the area, forming a self-sufficient zone.

## 2) Low rent with long-term lease

In the case of long-term lease sites within industrial complexes, rent rate of 1% of assets is applied, and the complex can be leased within 50 years and the contract can be renewed up to 100 years, so permanent facilities can be established.

## 3) Designated as specialized complex for secondary batteries

The Saemangeum area was designated as a specialized national strategic complex in July 2023 and a total of 6.4 trillion won will be invested by 2027 with the goal of becoming a base for core minerals processing and recycling. A total of 14 secondary battery companies are planning to move in, with the move-in contract totaling 4.1 trillion won (as of May 2023), in order to create a secondary battery industry cluster.



## C. Incentives and Support

### 1) Tax Benefits for Foreign-Invested Companies

Eligibility		Benefits	
		National tax	Local tax
Businesses accompanying new growth driver technology	-		
Foreign-invested companies approved by the Saemangeum committee	<ul style="list-style-type: none"> <li>• Manufacturing with investment of USD 30 mil. or more</li> <li>• Tourism with investment of USD 20 mil. or more</li> <li>• Logistics with investment of USD 10 mil. or more</li> <li>• Research facilities with investment of USD 2 mil. or more</li> </ul>	<ul style="list-style-type: none"> <li>• Customs duty, individual consumption tax, VAT exempted for capital goods</li> </ul>	
Other foreign-invested companies	<ul style="list-style-type: none"> <li>• Manufacturing &amp; tourism with investment of USD 10 mil. or more</li> <li>• Medical institutes and logistics businesses with investment of USD 5 mil. or more</li> <li>• Research facilities with investment of USD 1 mil. or more</li> <li>• Service businesses with investment of USD 10 mil. or more</li> </ul>	<ul style="list-style-type: none"> <li>• Customs duty for capital goods exempted</li> </ul>	<ul style="list-style-type: none"> <li>• Acquisition tax exempted</li> <li>• Property tax exempted for 15 years</li> </ul>
Project implementer	<ul style="list-style-type: none"> <li>• Total project funds of USD 30 mil. or more</li> <li>• Foreign investment ratio of 50% or more and total project funds of USD 500 mil. or more</li> </ul>		

2) Financial and site support (for domestic and foreign companies)

Area		Jeonbuk	Gunsan	Gimje	Buan
<b>Employment subsidy</b>		Number of employees over 20 persons × 1 mil. won × 6 months (up to 1 bil. won)	Number of employees over 10~20 × 0.5~0.6 mil. won × 6 months (up to 200 mil. won)		
<b>Education &amp; training subsidy</b>		Number of employees over 20 × 100,000-500,000 won × 6 months (up to 500 mil. won)	Employees over 10-20 × 100,000-600,000 won~6 months (up to 200 mil. won)		
<b>Investment subsidies</b>	Relocation	Up to 10% of investments over 1 bil. won (up to 0.8 bil. won)	Up to 5% of investments over 2 bil. won (up to 5 bil. won)	Up to 5% of investment of investments over 1 bil. won (up to 5 bil. won)	
	Expansion	Up to 10% of investments over 1 bil. won (up to 0.8 bil. won)	Up to 3% of investments over 1 bil. won (up to 500 mil. won)	Up to 5% of investments over 2 bil. won (up to 5 bil. won)	Up to 5% of investments over 1 bil. won (up to 5 bil. won)
	Large-scale investment	Up to 10% of investments over 1 bil. won (up to 30 bil. won)	Up to 5% of investment (up to 10 bil. won)	Up to 10% of investment (up to 10 bil. won)	Up to 5% of investment (up to 10 bil. won)
	Tourism	Up to 10% of investments over 1 bil. won (up to 2 bil. won; 10 bil. won for large-scale investments)	Up to 5% of investments (up to 2 bil. won; 10 bil. won for large-scale investments)		
<b>Subsidy for factory facilities (foreign-invested companies)</b>			-		Up to 5% of investments over 5 bil. won (up to 10 bil. won)

Area	Jeonbuk	Gunsan	Gimje	Buan
<b>Industrial site subsidy (foreign-invested companies)</b>	Subsidy for rent and purchase (50% or less than market price)	Rent subsidy (50% or less of market price), subsidy for site purchase (30% or less than market price)	Rent subsidy (50% or less of market price), subsidy for site purchase (20% or less than market price)	Rent subsidy (50% or less of market price), subsidy for site purchase (30% or less than market price)
<b>Rent reduction/exemption (foreign-invested company)</b>	75-100% reduction based on investment amount + no. of people employed			
<b>Settlement subsidy (large-scale investors)</b>	100,000 won per person/month (up to 1 yr)	100,000 won per person/month (up to 3 yrs)	-	-
<b>Subsidy for infrastructure</b>	Up to 30% of the infrastructure installation expense (up to 5 bil. won)	-	-	-

\* Large-scale investors: Investment of 100 bil. won or more & satisfying standards on full-time employees

- Jeonbuk province/ Gunsan city  
: Manufacturing - 300 or more, tourism - 200 or more
- Gimje city: 300 or more
- Buan-gun: 100 or more

\*\* Subsidy for industrial sites and subsidy for infrastructure installation cannot be paid in duplicate with investment subsidies



### D. Designation Status

- Area: 409 km<sup>2</sup> (Land: 291 km<sup>2</sup>, Lakes: 118 km<sup>2</sup>).

\* 2/3 of the Seoul Metropolitan area, 140 times as big as Yeouido.

- Land Utilization by Site

Site	Area (km <sup>2</sup> )	Ratio (%)	Development Plans
<b>Area 1 (industrial, research, etc.)</b>	74.4	25.6	<ul style="list-style-type: none"> <li>• Saemangeum industrial complex, Saemangeum new airport and surrounding areas</li> <li>• High-tech manufacturing, knowledge industry, convergence research, industrial and research support service, new and renewable energy, green hydrogen production and commercialization infrastructure</li> </ul>
<b>Area 2 (complex development land, etc.)</b>	62.1	21.3	<ul style="list-style-type: none"> <li>• Smart lakeside city, new port, accessible to axis roads</li> <li>• Saemangeum hub city function and industrial, logistics, culture and tourism functions</li> </ul>
<b>Area 3 (tourism, leisure, etc.)</b>	31.6	10.9	<ul style="list-style-type: none"> <li>• Northern area of Byeonsan Bando National Park</li> <li>• Priority on development of water leisure complex and tourism complex, water-friendly tourism and leisure facilities</li> </ul>
<b>Area 4 (hinterland city site)</b>	10.0	3.4	<ul style="list-style-type: none"> <li>• To be developed into a self-sufficient city with population of 40,000 or more by combining agriculture and bio industries and residential areas</li> </ul>
<b>Agriculture and bio zone (agriculture and bio business sites)</b>	103.6	35.6	<ul style="list-style-type: none"> <li>• Establishment of state-of-the-art agriculture and bio facilities, enhancement of sufficiency rate of imported crops, eco-friendly agricultural facilities, agriculture and ecology tourism and residential areas</li> </ul>

### E. Inquiries

- Industrial and research sites: Industrial Promotion Division, Saemangeum Development and Investment Agency  
(☎ 063-733-1259)
  - Tourism and leisure sites: Tourism Promotion Division, Saemangeum Development and Investment Agency  
(☎ 063-733-1070)
  - FDI attraction: Exchange & Cooperation Team, Saemangeum Development and Investment Agency  
(☎ 063-733-1231, 1234~5, 1238)
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### F. Related Regulations and Reference Sources

- The Special Act on Promotion and Support for Saemangeum Project
- Saemangeum Development and Investment Agency  
([www.saemangeum.go.kr](http://www.saemangeum.go.kr))



## { 2 } | Enterprise Cities

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### A. Overview

- An enterprise city means a city developed by private enterprises to be equipped with primary economic functions, such as industry, research, tourism and leisure and self-sufficient multi-functions, such as housing, education, medical services and culture. Depending on its main function, enterprise cities were classified into industrial trade type, knowledge-based type and tourism and leisure type, but the types were merged with the amendment of the Special Act on the Development of Enterprise Cities in 2015 in order to enable convergent development.

#### **[Note] Balanced National Development Strategies and Enterprise Cities**

- Multifunctional administrative capital: Decentralization of government agencies (Chungcheong area)
  - Innovation cities: Dispersion of public institutions (outside the Seoul metropolitan area excluding the administrative capital)
  - Enterprise cities: Dispersion of private enterprises (outside the Seoul metropolitan area excluding the administrative capital)
- \* Synergy effects can be created when a city is designated as both an innovation city and an enterprise city

## B. Advantages

- The following is a summary of the difference between existing industrial complexes and enterprise cities:

Category	Enterprise Cities	Industrial Complexes
<b>Development Subject</b>	<ul style="list-style-type: none"> <li>• Private entities in principle</li> <li>• Private + public also possible</li> </ul>	<ul style="list-style-type: none"> <li>• Public entities in principles</li> <li>• Private development only for portions of direct use</li> </ul>
<b>Development Stages</b>	<ul style="list-style-type: none"> <li>• Creation + sale at the same time (Industrial location and corporate investment at the same time)</li> </ul>	<ul style="list-style-type: none"> <li>• Development anticipating corporate occupancy (Frequent failure to sell all the developed lots)</li> </ul>
<b>Operator Requirements</b>	<ul style="list-style-type: none"> <li>• Minimum equity capital ratio (10% or more of total project costs)</li> </ul>	<ul style="list-style-type: none"> <li>• Public: None</li> <li>• Private: Limited to direct use</li> </ul>
<b>Complex Size</b>	<ul style="list-style-type: none"> <li>• Minimum size stipulated by type (1- 2 million pyeong or larger)</li> </ul>	<ul style="list-style-type: none"> <li>• Local industrial complex: At least 150,000 m<sup>2</sup></li> <li>• National industrial complex: None</li> </ul>
<b>Living Conditions</b>	<ul style="list-style-type: none"> <li>• Good living conditions as multifunctional cities (Education, medical care, culture, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Less desirable living conditions due to concentration on production features</li> </ul>

## C. Designation Status

Location	Area (10,000m <sup>2</sup> )	Project Period	Project Operator	Major Facilities	Planned Population	Competent Ministries
<b>Chungju</b>	701	'07~'12	Chungju Enterprise City Development Co., Ltd	Industrial sites, research facilities, training centers	28,400	Ministry of Land, Infrastructure and Transport
<b>Wonju</b>	529	'08~'19	Wonju Enterprise City Development Co., Ltd.	Industrial sites, research facilities, high-tech medical facilities	31,788	
<b>Taeon</b>	1,546	'07~'20	Hyundai City Development Co., Ltd.	Golf course, theme park, high-tech complex	17,175	Ministry of Culture, Sports and Tourism

Location	Area (10,000㎡)	Project Period	Project Operator	Major Facilities	Planned Population	Competent Ministries	
Yeongam, Haeam	Samho	865	'06~'30	Seonam Haeam Leisure Corporation	Golf course, resort complex, marina, horseriding field	10,000	Ministry of Culture, Sports and Tourism
	Guseong	2,090	'06~'25	Southwest Coast Enterprise City Development Co., Ltd.	Golf course, theme park, water park, convention center	36,000	
	Sampo	429	'06~'26	KAVO and Jeonnam Development Corp.	F1 circuit, marina facilities	10,000	

### D. Incentives and Support Programs (foreign-invested company)

Area	Support	Eligibility	Conditions	Details
Common	Corporate tax/ Income tax/ Acquisition tax/ Property tax	Same as the criteria and support applied to foreign-invested companies in free trade zones		
Chungju	Site support	<ul style="list-style-type: none"> <li>The foreign investment ratio is 30% or more or a foreigner is the largest shareholder</li> <li>The ceiling is 50% of the foreign investment amount</li> </ul>	-	• Difference in sale price is subsidized up to 50% of the sale price
	Education & training subsidy		• New employment of over 20 Chungju citizens	• KRW 500,000 per 1 excess employee (up to 6 months)
	Employment subsidy		• New employment of over 10 Chungju citizens	• KRW 500,000 per 1 excess employee (up to 6 months)
	Cash grant		• New growth driver industry, high-tech product, parts & materials, manufacturing hiring 300+ employees	• Not to be provided at the same time with subsidies for local investment promotion

Area	Support	Eligibility	Conditions	Details
Wonju	Site support		<ul style="list-style-type: none"> <li>Industrial complexes</li> </ul>	<ul style="list-style-type: none"> <li>30% or less of the normal rent (up to 10 yrs)</li> <li>10% or less of the normal sale price</li> </ul>
	Subsidy for land purchase	<ul style="list-style-type: none"> <li>The foreign investment ratio is 30% or more or a foreigner is the largest shareholder</li> <li>New growth driver industries: FDI of USD 3 mil. or more &amp; 30 or more full-time employees</li> <li>Medical devices, tourism, R&amp;D: FDI of USD 2 mil. or more &amp; 20 + full-time employees</li> </ul>	<ul style="list-style-type: none"> <li>10 + full-time employees or FDI of KRW 1 bil. or more</li> </ul>	<ul style="list-style-type: none"> <li>15% of the site purchase price (up to KRW 300 mil.)</li> </ul>
			<ul style="list-style-type: none"> <li>20 + full-time employees or FDI of KRW 2 bil. or more</li> </ul>	<ul style="list-style-type: none"> <li>15% of the site purchase price (up to KRW 3 bil.)</li> </ul>
			<ul style="list-style-type: none"> <li>100 + full-time employees or FDI of KRW 20 bil. or more</li> </ul>	<ul style="list-style-type: none"> <li>40% of the land purchase price (up to KRW 6 bil.)</li> </ul>
	Employment subsidy	<ul style="list-style-type: none"> <li>FDI of USD 10 mil. or more &amp; 50 + full-time employees</li> </ul>	<ul style="list-style-type: none"> <li>New employment of over 10 full-time employees</li> </ul>	<ul style="list-style-type: none"> <li>Up to KRW 600,000 per 1 excess employee (ceiling of KRW 1 bil, up to 1 year)</li> </ul>
	Subsidy for education & training	<ul style="list-style-type: none"> <li>The ceiling is 50% of the FDI amount, up to KRW 5 bil,</li> </ul>	<ul style="list-style-type: none"> <li>New employment of over 10 full-time employees</li> </ul>	<ul style="list-style-type: none"> <li>Up to KRW 600,000 per 1 excess employee (ceiling of KRW 1 bil, up to 1 year)</li> </ul>
	Facility subsidy		<ul style="list-style-type: none"> <li>Factory establishment or expansion of KRW 2 bil. or more</li> </ul>	<ul style="list-style-type: none"> <li>Up to 10% of investment over KRW 2 bil. (ceiling of KRW 2 bil.)</li> </ul>
	Special subsidy for large investment	<ul style="list-style-type: none"> <li>FDI of USD 30 mil. or more &amp; 300 + full-time employees/day</li> </ul>	-	<ul style="list-style-type: none"> <li>Can be paid in excess of the scope prescribed in ordinances</li> </ul>
Taeon	-	-	-	<ul style="list-style-type: none"> <li>Provided pursuant to the Foreign Investment Promotion Act</li> </ul>

Area	Support	Eligibility	Conditions	Details
Yeongam	Land subsidy	<ul style="list-style-type: none"> <li>The foreign investment ratio is 30% or more or a foreigner is the largest shareholder</li> </ul>	-	<ul style="list-style-type: none"> <li>Up to 50% of the normal sale price (rent to be decided case-by-case)</li> </ul>
	Employment subsidy		<ul style="list-style-type: none"> <li>Over 10 local residents as full-time employees</li> </ul>	<ul style="list-style-type: none"> <li>Up to KRW 600,000 per 1 excess employee (up to 12 months)</li> </ul>
	Subsidy for education & training	<ul style="list-style-type: none"> <li>Manufacturing, service industries with FDI of USD 30 mil. or more</li> </ul>	<ul style="list-style-type: none"> <li>Over 10 domestic persons as full-time employees</li> </ul>	<ul style="list-style-type: none"> <li>Up to KRW 600,000 per employee (up to 12 months)</li> </ul>
	Facility subsidy	<ul style="list-style-type: none"> <li>New growth driver industry technology &amp; FDI of USD 2 mil. or more</li> <li>The ceiling is 50% of the FDI amount, and 25% of the reinvestment amount</li> </ul>	-	<ul style="list-style-type: none"> <li>Payment considered within the budget range: Subsidy reflecting investment (50%) + Subsidy reflecting employment scale (50%)</li> </ul>
	Special subsidy for large investment		<ul style="list-style-type: none"> <li>Investment of USD 300 mil. or more or daily full-time employees of 1,500 or more</li> </ul>	<ul style="list-style-type: none"> <li>Priority given after deliberation of the committee</li> </ul>
Haenam	Land subsidy	<ul style="list-style-type: none"> <li>The foreign investment ratio is 30% or more or a foreigner is the largest shareholder</li> <li>FDI amount by industry according to the criteria for designation of individual-type FIZs</li> </ul>	-	<ul style="list-style-type: none"> <li>Within 50% of the normal rent of industrial complexes</li> <li>Within 30% of the land purchase price in individual sites measuring 5,000㎡ or more, up to KRW 300 mil.</li> </ul>
	Employment subsidy		<ul style="list-style-type: none"> <li>Over 20 full-time employees</li> </ul>	<ul style="list-style-type: none"> <li>Within KRW 500,000 per 1 excess employee (up to 6 months)</li> </ul>
	Subsidy for education & training	<ul style="list-style-type: none"> <li>The ceiling is 50% of the FDI amount, and 25% of the reinvestment amount</li> </ul>		
	Facility subsidy		<ul style="list-style-type: none"> <li>Companies that established or expanded factory facilities</li> </ul>	<ul style="list-style-type: none"> <li>Within 5% of the facility investment over KRW 2 bil.</li> </ul>

## E. Inquiries

### 1) Wonju Enterprise City

- Wonju City government (☎ 033-737-2992)
- Wonju Enterprise City Corp (residential, commercial, other matters: ☎ 1899-5218 / industrial site: ☎ 1577-5286)

### 2) Chungju Enterprise City

- Chungju City government (☎ 043-850-6094)
- Chungju Enterprise City Corp (☎ 1544-8962)

### 3) Taeon Enterprise City

- Taeon-gun (☎ 041-670-2273)
- Hyundai Urban Development Corp (☎ 041-674-6076)

### 4) Yeongam Haenam Enterprise City

- Solaseado (overall information: ☎ 061-286-3123)
- Solaseado (Guseong district: ☎ 1644-4228)
- Enterprise City Team of Yeongam-gun (☎ 061-470-2776)
- Enterprise City Team of Haenam-gun (☎ 061-530-5677)

## F. Related Regulations and Reference Sources

### 1) The Special Act on the Development of Enterprise Cities

### 2) Wonju Enterprise City

- Wonju City Hall ([www.wonju.go.kr](http://www.wonju.go.kr))
- Wonju Enterprise City Corp ([www.wonjucec.co.kr](http://www.wonjucec.co.kr))

### 3) Chungju Enterprise City

- Chungju City ([www.chungju.go.kr](http://www.chungju.go.kr))
- Chungju Enterprise City Corp ([www.nexpolis.com](http://www.nexpolis.com))

### 4) Taeon Enterprise City

- Taeon Enterprise City ([www.taeanec.com](http://www.taeanec.com))
- Hyundai City Development Co., Ltd. ([www.hdcity.co.kr](http://www.hdcity.co.kr))

### 5) Yeongam-Haenam Enterprise City

- Solaseado (overall information - [solaseado.go.kr](http://solaseado.go.kr))
- Solaseado (Guseong district - [www.solaseado.com](http://www.solaseado.com))



## **[ 3 ] | Jeju Special Self-Governing Province**

### **A. Overview**

#### **1) Purpose**

The purpose of establishing the Jeju Special Self-Governing Province is to contribute to national development and guarantee substantial devolution to its local government in order to maximize on the geographical, historical, and cultural traits of its preceding local government, Jeju-do, with highly guaranteed autonomy based on self-regulation, accountability, creativity, and diversity; and also by developing Jeju-do into an eco-friendly free international city, where the economy and environment are harmonized, through extensive administrative deregulation, application of international standards, and management of environmental resources, etc. As an international free city under the principle “No Visa, No Tax”, incentives such as real estate investment immigration scheme are applied based on the Special Act on the Establishment of Jeju Special Self-governing Province and Development of Free International City.

#### **2) Main Sites**

##### **① Jeju Investment Promotion Zones**

This is a system that reduces taxes, etc. to realize a free international city representing Korea by overcoming the harsh environment of Jeju's geographic conditions and industrial structure, fostering core industries of Jeju Island, and providing incentives to domestic persons and foreigners investing in new industries. Similar to foreign investment zones, the zones are classified into individual-type and complex-type. Currently, 42 zones are designated and in operation.

## Designation Requirements for Jeju Investment Promotion Zones

Type	Area	Implementer	FDI	Eligible businesses
Individual	Area desired by the investor	Domestic and foreign persons making new investments	USD 20 mil. or more	Tourist hotel business, specialized and complex resort business, tourist cruise ship business, amusement park business, international conference facility business, etc.
			USD 5 mil. or more	Culture business, senior welfare facility business, youth training facility business, foreign education institute, medical institute, businesses using high technology, production of food and beverage products, cosmetics manufacture, etc.
Complex	Area with advantage in promoting FDI inducement	Central and local governments, public organizations, development centers, etc.	KRW 100 bil. or more	Identical to those applied to individual types.

## ② Jeju Advanced Science and Technology Complex

It is a national industrial complex created in Jeju to promote advanced knowledge industries such as bio and IT, facilitate the research of related technology and nurture professional manpower.

Complex	Complex 1	Complex 2
<b>Location</b>	Ara-dong, Jeju	Wolpyeong-dong, Jeju
<b>Area</b>	1,099,000㎡	848,163㎡
<b>Eligible businesses</b>	Telecommunication (IT, 26-29), Biochemical (BT, 10-13-20-21), R&D, Startups, etc.	Manufacturing (10-11-20-21-25~31-33) and knowledge service businesses (58-59-61~63-70-71-73-75)

## B. Incentives and Support

### 1) Tax reduction/exemption

Classification		Businesses (requirements)	Incentives
<b>Foreign-invested company</b>	New growth-driver industry	• Establishment and operation of factory, investment of USD 2 mil. or more	<ul style="list-style-type: none"> <li>• Acquisition tax, property tax reduced 85% for 10 years</li> <li>• Customs duty, individual consumption tax, VAT for import of capital goods exempted for 5 years</li> </ul>
	<ul style="list-style-type: none"> <li>• FIZ (stand-alone type)</li> <li>• Jeju advanced science and technology complex</li> <li>• Jeju investment promotion zone companies</li> </ul>	<ul style="list-style-type: none"> <li>• USD 30 mil. or more: Manufacturing, IT, etc.</li> <li>• USD 20 mil. or more: Tourism development, etc.</li> <li>• USD 10 mil. or more: Logistics, etc.</li> <li>• USD 2 mil. or more: R&amp;D facility</li> </ul>	
	Jeju investment promotion zone development project implementer	• Investment of USD 10 mil. or more or foreign investment ratio of 50% or more, with total development project expense of USD 100 mil. or more	
	<b>Foreign engineers</b>	-	
<b>Foreign employees</b>	-	• 19% flat tax rate can be applied (5 yrs)	

## 2) Financial &amp; other support

Subsidy	Details	Note
<b>Site subsidy</b>	Up to 25% of sales price, purchase price, rent	New growth driver industries
<b>Facility investment subsidy</b>	Up to 10% of facility investment	
<b>Employment subsidy</b>	Up to 500,000 won/month for 12 months per full-time employee in excess of 20 (up to 300 mil. won)	
<b>Initial business operation</b>	Up to 50 mil. won within 2 yrs if the number of full-time employees exceed 30	
<b>Exporters</b>	For companies which exported USD 1 mil. or more in the previous year, additional subsidies for site and facilities are provided up to 20%	
<b>Logistics</b>	Subsidy up to 50% of logistics expenses for shipment of finished products and transport of raw materials of finished goods manufactured in the province,	
<b>New and renewable energy facilities</b>	Up to 30% of self-use new and renewable energy facilities (up to 200 million won)	
<b>Consulting expenses</b>	Consulting expenses within 1% of the finalized foreign investment amount (up to 100 mil. won)	Paid when 10% or more of planned investment is carried out

\* For foreign-invested companies and non-profit corporations with foreign investment ratio of 30% or more or whose largest shareholder is a foreigner

### 3) Incentives for Jeju Investment Promotion Zones

Property tax	Reduction/exemption	
	Companies	Project implementer
<b>Corporate tax, income tax</b>	Exempted for 3 yrs, 50% reduced for 2 yrs thereafter	50% reduction for 3 yrs, 25% reduction for 2 yrs thereafter
<b>Acquisition tax</b>	75% reduced for 5 yrs	
<b>Property tax</b>	75% reduced for 10 yrs	
<b>Development charges</b>	Exempted	
<b>Farmland preservation charges</b>	50% reduced	
<b>Substitute grassland creation charges</b>	50% reduced	
<b>Substitute forest resources creation charges</b>	50% reduced	
<b>Charges for use or occupancy of public waters</b>	Exempted	
<b>Sewerage burden-causing entity charges</b>	50% reduced	

#### [Note] Exceptions Permitted for Foreign Investment

- For FDI of USD 500 mil. or more, casino establishment is permitted.
- Long-term stay of foreign investors permitted
  - Companies investing USD 500,000 or more and employing 5 or more Koreans: Eligible for F5 (permanent residence) visa.
  - Foreign investors purchasing resort facilities of USD 500,000 or more: F2 visa (5 yrs) → F5 (permanent residence) granted.
  - Foreigners owning resort facilities worth USD 200,000: 3 months → 1 year

### C. Inquiries

- Investment Promotion Zone: Foreign Investment Promotion Division, Tourism Bureau, Jeju Special Self-Governing Province.  
(☎ 064-710-3362)
  - FDI attraction: Foreign Investment Promotion Division, Tourism Bureau, Jeju Special Self-Governing Province.  
(☎ 064-710-3373)
  - Jeju Advanced Science and Technology Complexes: High-tech Industry Support Department, Jeju Free International City Development Center.  
(☎ 064-797-5593)
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### D. Related Regulations and Reference Sources

- Special Act on the Establishment of Jeju Special Self-governing Province and Development of Free International City
  - Ordinance on the Designation, Cancellation and Management of Jeju Investment Promotion Zones
  - Jeju Special Self-Governing Province Ordinance on tax reduction/exemption
  - Jeju Special Self-Governing Province  
([www.jeju.go.kr](http://www.jeju.go.kr))
  - Jeju Free International City Development Center  
([www.jdcenter.com](http://www.jdcenter.com))
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## ( 4 ) | High-Tech Industry Investment Zone

### A. Overview

- The zone is designated to support companies investing in high-tech industries\* by providing them with land for lease and customized de-regulation. The zone is classified into complex-types designated in certain areas, and individual-types designated in the area desired by companies.

\* High tech industries: ① Research and production of high-technology and high-tech products pursuant to the Industrial Development Act, ② Investments for operating businesses accompanying new growth-driver industry technology under the Restriction of Special Taxation Act.

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### B. Requirements for Designation

#### 1) Complex-type

- ① Eligible tenants shall be persons intending to invest in high technology satisfying the following requirements and their suppliers:
  - a. Manufacturing, IT, knowledge service business: Investment of KRW 1 billion or more.
  - b. R&D related to advanced technology and products in which investment was made: The investment shall be KRW 100 mil. or more and the number of full-time employees (limited to R&D personnel) shall be five or more.
  - c. Other investments in high technology: The conditions classified by business type and facility announced by the Minister of Trade, Industry and Energy after a consultation with the management authority of the high-tech investment zone shall be met.

- ② The development project of the area for which application for designation is made shall be completed and immediate move-in shall be possible.
- ③ The area for which application for designation is made shall be 50,000 square meters or wider.
- ④ The area for which demand for investment was confirmed shall be 60/100 or larger compared to the area for which application for designation was made.

## 2) Individual-type

- ① Manufacturing, telecommunication, knowledge service business: Investment of KRW 30 bil. or more or creation of new employment of 100 or more full-time employees
- ② Logistics terminal complex, joint distribution center: Investment of KRW 10 bil. or more or creation of new employment of 80 or more full-time employees.
- ③ R&D on technology and products eligible for investment: Either of the following shall be satisfied:
  - a. The investment shall be KRW 2 bil. or more and the number of full-time employees (limited to research personnel) is 10 or more.
  - b. The investment amount shall be KRW 100 mil. or more and the number of new full-time employees is 40 or more (including 5 or more research personnel).
- ④ Other high-tech investments: Where the need for designation is recognized through deliberation of the high-tech investment zone committee



## C. Incentives and Support

### 1) Support for expenses

A central or local government body may give priority to a high-tech investment zone over other projects and provide the expenses required for any of the following:

- ① Installation and operation of an industrial cluster infrastructure and industrial infrastructure for investment in high technology
- ② Establishment of a knowledge industry center
- ③ Establishment of sites for companies or research institutes moving into a high-tech investment zone, installation of convenience facilities such as medical facilities, education facilities, housing, etc.
- ④ Facilities investment of a reshoring company in a high-tech investment zone
- ⑤ Projects for establishing an industrial technology complex
- ⑥ Industrial technology development project
- ⑦ Projects for development of infrastructure for industrial technology
- ⑧ Technology transfer and commercialization promotion projects by local government institutes

## 2) Payment of Subsidy

A central or local government institute may provide the necessary support such as payment of subsidy to tenant companies in a high-tech investment zone, pursuant to Article 14-2 of the Foreign Investment Promotion Act, Article 12 of the Act on the Act on Assistance to Korean Off-shore Enterprises in Repatriation, Article 40 of the Special Act on Balanced National Development.

\* 2% is added when calculating the facility subsidy ratio among local investment promotion subsidies

## 3) Tax Support

A central or local government institute can provide tax support for the promotion of investment in high technology and high-tech investment zone pursuant to tax-related laws and ordinances.

## 4) Reduction/Exemption of Various Charges

A central or local government institute may, if necessary to promote investment in high technology, reduce or exempt charges such as substitute forest resource creation charges, farmland preservation charges, alternate grassland creation charges, charges for causing traffic congestion imposed on an industrial cluster infrastructure, knowledge industry center, occupant companies in a high-tech investment zone, or research institute installed or moving into a high-tech investment zone.

\* 50% reduction of alternative forest creation charges for semi-conservation forests/ 50% reduction of farmland preservation charges outside farmland promotion areas/ 100% exemption of charges for causing traffic congestion (manufacturing factories under the Industrial Cluster Development and Factory Establishment Act)

### 5) Reduction/Exemption of Rent for State or Publicly Owned Property

The central or local government institute may reduce or exempt the charges and rent for State or publicly-owned property for knowledge industry centers, companies, research centers in a high-tech investment zone. In this case, the details shall be as prescribed by Presidential Decree and by the ordinance of the local government concerned.

\* With the exception of foreign-invested companies and repatriating companies, companies in the Seoul metropolitan area shall be excluded.

### 6) Financial Support

The central or local government may purchase and lease out the land designated as a high-tech investment zone. In this case, the central and local government shall jointly purchase land, and the ratio to be borne shall be as follows:

- ① Metropolitan areas under subparagraph 1 of Article 2 of the National Land Planning and Utilization At: 30/100 by the central government; 70/100 by the local government.
- ② Areas other than metropolitan areas under subparagraph 1 of Article 2 of the National Land Planning and Utilization At: 60/100 by the central government; 40/100 by the local government.

### 7) Easing of Regulations

The persons with authority to determine city and gun management plans can designate the high-tech investment zone as a minimum regulation zone under Article 40-2 of the National Land Planning and Utilization Act.

### 8) Credit Guarantee

An institute that falls under any of the following can provide credit guarantee to facilitate the fund-sourcing of tenant companies in a high-tech investment zone.

- ① Credit guarantee funds under the Korea Credit Guarantee Fund Act
- ② Korea Technology Finance Corporation under the Technology Guarantee Fund Act
- ③ Credit guarantee foundation established under Article 9 of the Regional Credit Guarantee Act

#### [Note] High-tech investment zones vs. Other similar zones

	Specialized parts, materials, equipment complex	High-tech investment zones	Specialized national strategic high-tech industry complex
<b>Laws, regulations</b>	「Act on Special Measures for Strengthening the Competitiveness of Materials, Components and Equipment Industries」	「Industrial Cluster Development and Factory Establishment Act」 「Operation guidelines for high-tech investment zones」	「Act on Special Measures for Strengthening the Competitiveness Of, And Protecting National High-tech Strategic Industries」
<b>Requirements for designation</b>	Clusterization and increased competitiveness of the parts, materials and equipment industries	Promotion of domestic high-tech investment + whether the industry is a high-tech industry* * High technology and products (Industrial Development Act), new growth = driver technology (Restriction of Special Taxation Act)	Effect on national economy and security + classification as a national strategic high-tech industry* by the committee * Semiconductors, display, secondary batteries, bio

	Specialized parts, materials, equipment complex	High-tech investment zones	Specialized national strategic high-tech industry complex
<b>Major incentives</b>	<ul style="list-style-type: none"> <li>• Joint R&amp;D between supplier-business in demand</li> <li>• Establishment of test bed, support for infrastructure</li> <li>• Test center, nurturing of professionals, etc,</li> </ul>	<ul style="list-style-type: none"> <li>• Tax support, reduced charges, subsidies</li> <li>• Reduced rent and long-term lease of state-owned property</li> <li>• Minimum restrictions, credit guarantee, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Support for establishment of core infrastructure</li> <li>• Right to request designation as specialized national industrial complex, exemption of feasibility study</li> <li>• Increased tax credit rate, time-out system for permits and approvals (60 days)</li> </ul>
<b>Resolution body</b>	Committee for enhancing the competitiveness of parts, components and equipment (Minister of Economy and Finance)	High-technology investment committee (Minister of Trade, Industry and Energy)	Strategic high-tech industry committee (Prime Minister)
<b>Status</b>	<ul style="list-style-type: none"> <li>• 1st designation (Feb. 2021, 5 complexes)</li> <li>• 2nd designation (Jul. 2023, 5 complexes)</li> </ul>	<ul style="list-style-type: none"> <li>• 9 complexes (Sep. 2023): 1 complex-type, 8 individual-type</li> </ul>	<ul style="list-style-type: none"> <li>• 7 complexes designated (Jul. 2023) : 2 semiconductors, 4 secondary batteries, 1 display</li> </ul>

## D. Designation Status

Region	Name	Type	Area (㎡)	Direction of development
<b>Busan</b>	Prestige Biopharma	Individual-type	23,792	<ul style="list-style-type: none"> <li>Innovative new drug research center to open</li> <li>R&amp;D and commercialization innovation process for new bio drugs to be shared</li> </ul>
<b>Ulsan</b>	Hyundai Motors Ulsan electric vehicle factory high-tech investment zone	Individual-type	685,800	<ul style="list-style-type: none"> <li>New factory to be established</li> <li>Factory to focus on electronic vehicle investment</li> </ul>
<b>Gyeonggi</b>	KIA Autoland Gwangmyeong electric vehicle factory high-tech investment zone	Individual-type	498,908	<ul style="list-style-type: none"> <li>Existing factory to focus on electric vehicle manufacturing system and eco-friendly smart factories</li> </ul>
<b>Chungnam (3)</b>	Asan Tangjeong high-tech investment zone	Complex-type	72,728	<ul style="list-style-type: none"> <li>Attraction of semiconductor and display equipment and parts companies</li> </ul>
	MEMC Korea Company high-tech investment zone	Individual-type	295,336	<ul style="list-style-type: none"> <li>Ultra high-purity silicon wafer manufacturing</li> </ul>
	Nexcon Technology high-tech investment zone	Individual-type	30,582	<ul style="list-style-type: none"> <li>Expansion of secondary battery protection circuit</li> </ul>
<b>Jeonbuk (3)</b>	HR E&I high-tech investment zone	Individual-type	93,899	<ul style="list-style-type: none"> <li>Eco-friendly highly efficient construction machinery development, production and investment</li> </ul>
	Doosan high-tech investment zone	Individual-type	82,211	<ul style="list-style-type: none"> <li>flexible printed circuit boards for foldable phones</li> </ul>
	ENEREVER Battery Solution high-tech investment zone	Individual-type	32,674	<ul style="list-style-type: none"> <li>Investment in mass production of secondary battery separators</li> </ul>

## E. Inquiries

- Korea Industrial Complex Corporation  
(☎ 070-8895-7297)
  - Busan city government investment attraction division  
(☎ 051-888-4442)
  - Ulsan city government investment attraction and commerce division  
(☎ 052-229-7843)
  - Gyeonggi-do government investment and trade division  
(☎ 031-8008-2296)
  - Chungnam-do government investment site division  
(☎ 041-635-3356)
  - Jeollabuk-do government corporate attraction team  
(☎ 063-280-2751)
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## F. Related Regulations and Reference Sources

- Industrial Clusterization and Factory Establishment Act
- High-tech investment zone operation guidelines  
(Notice of the Ministry of Trade, Industry & Energy no. 2021-209)



## Support Systems for Repatriating Enterprises

### ( 1 ) | Support Systems for Repatriating Enterprises

#### A. Criteria for Selection as Repatriating Enterprises

##### 1) Operation of an overseas place of business for 2+ years

Normal business operations in the fields of manufacturing, information and communication, disease prevention and immunity under the Korean Standard Industrial Classification and knowledge service under the Industrial Development Act.

##### 2) A Korean corporation (individual) shall be the actual controller for the overseas place of business

Application for selection should be submitted by the Korean corporation (individual, overseas Korean, foreign-invested company also permitted) having actual control over the overseas place of business, for the place of business for which support is needed.

\* Foreign-invested companies shall not be a company that already received support (cash support, rent reduction, etc.) for foreign investment pursuant to the Foreign Investment Promotion Act.

\*\* Application can only be made by corporations, not a subsidiary or JV of a Korean company.



### 3) Restructuring of an overseas place of business

It should be one of the following: Liquidation, transfer or downsizing (reduction of sales of 25% or more) of the overseas place of business.

\* The requirements are not applied to the following:

- Companies owning high technology and product certification, companies using new growth driver technologies
- Companies owning core strategic technology certificate in parts, materials and equipment, companies using national core technology

\*\* Eased requirements (eased reduction rate requirement)

- R&D: 10~25% of ordinary R&D expenses
- Cooperative u-turn companies: 10% of production (sales)

### 4) Investment in domestic places of business

The type of business should be identical to that of the overseas place of business (same under the subcategory of the Korean Standard Industrial Classification), and either new establishment or expansion of domestic place of business should be done.

\* New establishment, expansion, purchase (lease) of factory, investment in manufacturing facilities

## B. Selection Procedures for Repatriating Enterprises

Category	Details
Application and receipt (Applicant company → KOTRA)	<ul style="list-style-type: none"> <li>• Application should be made under domestic company's name</li> <li>- Place of business invested in by a domestic parent company that has actual control over an overseas place of business</li> <li>* Where there is no domestic company, the actual controller should apply after establishing a corporation or individual business</li> <li>• Where to apply and submit: INVEST KOREA website and e-mail</li> </ul>

Category	Details
Review & examination (KOTRA)	<ul style="list-style-type: none"> <li>• Review of the qualifications of the reshoring enterprise and the 1st examination</li> <li>• Fact-finding survey of the overseas place of business (2 weeks)</li> <li>• Evaluation by outside evaluators</li> </ul>
Examination and report (KOTRA → Ministry of Trade, Industry and Energy)	<ul style="list-style-type: none"> <li>• Preparation of the examination report and submission of supporting documents</li> </ul>
Decision on selection and issuance of a confirmation letter (Ministry of Trade, Industry and Energy → Applicant company)	<ul style="list-style-type: none"> <li>• Review of examination report</li> <li>• Decision on selection and notification</li> </ul>
Support by incentives after selection	<ul style="list-style-type: none"> <li>• Application by incentive (u-turn company → Agency in charge)</li> <li>• Decision to grant incentive (Agency in charge → u-turn company)</li> </ul>

## C. Aftercare

### 1) Deadline for completion of investment implementation by a reshoring company

If a company submitted a plan for restructuring its overseas place of business and investing in a domestic place of business, restructuring of overseas business should be completed within 4 years and construction or expansion of a domestic place of business should be finished within 5 years.

\* However, a company that started to reduce production before the designation date may complete construction or expansion within 4 years.

## 2) Aftercare period of a reshoring company

Classification	Period	Details
Company that reduced its overseas place of business	Within 3 years from the commencement date of the year following the year in which reduction was completed	Within 3 years from the date of application for settlement of subsidies (1st day of the applying month)
Company with a domestic place of business	Within 3 years from the date on which construction or expansion of place of business is completed	Within 3 years from the date of application for settlement of subsidies (1st day of the applying month)
Reshoring company that received investment incentives	Within 3 years from the date of application for settlement of subsidies (1st day of the applying month)	Prohibition of sales or reduction of pre-owned domestic place of business

## D. Incentives and Support

Classification	Company size	Reshoring area	Incentives
<b>Investment subsidies</b>	No restriction	<ul style="list-style-type: none"> <li>• Outside Seoul metropolitan area: No restrictions</li> <li>• Seoul metropolitan area: High-tech industries</li> </ul>	<ul style="list-style-type: none"> <li>• Up to KRW 60 billion per company (KRW 30 billion per place of business)</li> <li>* Investment subsidies + relocation subsidies</li> <li>** Up to KRW 15 billion per place of business in the Seoul metropolitan area</li> <li>• (Site subsidies+Facility subsidies) × Incentive ratio</li> </ul>
<b>Relocation subsidies</b>	No restriction	-	<ul style="list-style-type: none"> <li>• Up to KRW 400 million per company</li> <li>• Overseas place of business relocation expense × Incentive ratio</li> </ul>

Classification	Company size	Reshoring area	Incentives
<b>Tax reduction/exemption</b>	No restriction	Areas outside overconcentration control zones in the Seoul metropolitan area	<ul style="list-style-type: none"> <li>• Corporate tax and income tax: 100% for 5 yrs + 50% for 2 yrs</li> <li>* A company reshoring to an area outside overconcentration control zones in the Seoul metropolitan area that reduces or retains its overseas place of business shall be granted 100% exemption for 3 years and 50% reduction for 2 years thereafter</li> <li>• 100% reduction of import customs duty for new and used capital goods</li> <li>* 50% reduction for companies reducing or retaining its overseas place of business</li> </ul>
<b>Employment subsidies</b>	SMEs, middle-standing companies	No restrictions	<ul style="list-style-type: none"> <li>• Subsidies paid for 2 years for up to 100 new recruits</li> <li>* KRW 7.2 mil./person per year for priority companies, KRW 3.6 mil./person per year for middle-standing companies</li> </ul>
<b>E-7 VISA</b>	No restrictions	No restrictions	<ul style="list-style-type: none"> <li>• Issuance of E-7 visa for foreign production managers that worked for a foreign place of business for 5 years or longer</li> <li>* Within 30% of the insured domestic employees in the place of business</li> </ul>
<b>E-9 VISA</b>	SMEs	No restrictions	<ul style="list-style-type: none"> <li>• Manufacturing (less than 300 persons or less than KRW 8 billion in capital), businesses other than manufacturing (only for codes 46792, 582, 89201)</li> <li>• Expansion of foreign employment (E-9) quota: Number of employees permitted in manufacturing + Number of employees permitted for reshoring companies (domestic companies employed for the past year)</li> <li>• Support for designating local employee (persons who worked for the local place of business for at least one year)</li> </ul>

Classification	Company size	Reshoring area	Incentives
<b>Restructuring consulting</b>	SMEs, middle-standing companies	No restrictions	<ul style="list-style-type: none"> <li>• Subsidies of 30~70% of consulting expenses (up to USD 20,000)</li> <li>• Eligible overseas places of business: China, Vietnam, U.S., Japan, Indonesia, India, the Philippines, Thailand</li> </ul>
<b>Smart factories</b>	SMEs, middle-standing companies	No restrictions	<ul style="list-style-type: none"> <li>• Smart factories: 3 additional points + priority for government grants</li> <li>• Robot-using manufacturing innovation support programs: 2 additional points + 50% of business expense (up to KRW 300 mil.)</li> </ul>
<b>Site support</b>	No restrictions	<ul style="list-style-type: none"> <li>• Rent reduction: Outside the Seoul metropolitan area</li> <li>• Others: No restrictions</li> </ul>	<ul style="list-style-type: none"> <li>• Special cases for using state owned property                             <ul style="list-style-type: none"> <li>- Designated contract for state-owned property permitted, lease permitted for up to 50 years</li> <li>- Special treatment and reduction when calculating rent (up to 50%)</li> <li>- For purchase of state-owned property, payment can be postponed or paid in installments</li> </ul> </li> </ul>
<b>Financial support</b>	No restrictions	No restrictions	<ul style="list-style-type: none"> <li>• Loans of up to 90% of the facility investment amount are provided, interest rate reduced by up to 1%p</li> <li>* Market interest rate applies starting 2025</li> <li>• Operating funds loaned, up to 80~100% of funds required (import/export amount), 1%p reduction in interest rates</li> </ul>

Classification	Company size	Reshoring area	Incentives
<b>Guarantee, insurance support</b>	No restrictions	No restrictions	<ul style="list-style-type: none"> <li>• Korea Credit Guarantee Fund</li> <li>• Korea Technology Finance Corporation</li> <li>• Trade (export) insurance and guarantee</li> </ul>
<b>R&amp;D support</b>	No restrictions	No restrictions	<ul style="list-style-type: none"> <li>• Additional points given to reshoring companies when applying for Ministry of Trade, Industry and Energy's R&amp;D projects</li> </ul>

### E. Inquiries

- U-Turn Support Team of KOTRA (02-3460-7361~4)



## **( 2 ) | Support Programs for Promotion of Investment in Local Areas**

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### **A. Conditions for Provision of Subsidy**

#### **1) Relocation to a local area**

Where a company in which the number of full-time employees in the existing place of business is 30 persons or more that has operated a business in an overconcentration control zone in the Seoul metropolitan area for one year or longer relocates its headquarters, factory, research center, etc. to a local region.

\* Investment amount shall be at least KRW 1 billion (KRW 30 billion for large corporations) / 30 or more full-time employees shall be hired in the place of business in which investment is made.

\*\* The existing place of business should be closed down or sold before investment is completed.

#### **2) Creation or expansion of place of business in local areas**

Where a company with 10 or more full-time employees which has operated in Korea for one year or longer newly establishes a place of business or expands its existing one in a local area to expand its existing business or to start a business that is closely related to its existing business.

\* Investment amount shall be at least KRW 1 billion (KRW 30 billion for large corporations). The number of full-time employees hired in the place of business in which investment is made shall be 10% of the existing full-time employees(at least 10 persons).

\*\* Unlike relocation, the existing place of business should be maintained(no obligation to maintain place of business for those located in an overconcentration control zone in the Seoul metropolitan area).

## B. Procedure for Providing Subsidy

Process	Detail
<b>Investment agreement</b> ↓	<ul style="list-style-type: none"> <li>• Signing of MOU between company and local company</li> <li>* Only investment agreements made within 3 years before applying for subsidy are valid</li> </ul>
<b>Application for subsidy</b> ↓	<ul style="list-style-type: none"> <li>• [Company → Local gov'n't] Within 3 months (1 year from the contract date) of the day on which commencement of construction is reported by the company to the local government</li> <li>* Where the date of report of commencement of construction is earlier than the date of signing land contract, within 3 months from the report date</li> <li>• [Local gov'n't → Ministry of Trade, Industry &amp; Energy] Within 1 month of the company's request</li> </ul>
<b>Decision to grant subsidy</b> ↓	<ul style="list-style-type: none"> <li>• Field inspection and subsidy deliberation committee</li> </ul>
<b>Payment of subsidy</b> ↓	<ul style="list-style-type: none"> <li>• After confirming commencement of construction, the full amount of subsidy for land and 70% of facility subsidy are paid</li> </ul>
<b>Implementation of investment (3 yrs)</b> ↓	<ul style="list-style-type: none"> <li>• Completion of investment and employment within 3 yrs of the commencement of construction</li> </ul>
<b>Settlement of subsidy</b> ↓	<ul style="list-style-type: none"> <li>• [Company → Local gov'n't] Request settlement within 3 months of completion of investment</li> <li>• [Local gov'n't → Ministry of Trade, Industry &amp; Energy] Request confirmation within 6 months of the company's request for settlement</li> <li>• Remaining subsidy paid after accounting firm's confirmation (30% of facility subsidy)</li> <li>* Amount of settlement = Subsidy × Ratio of investment completed</li> </ul>
<b>Project implementation (5 yrs)</b> ↓	<ul style="list-style-type: none"> <li>• Business operation and employment to be checked every year</li> </ul>
<b>Project completion</b>	<ul style="list-style-type: none"> <li>• Complete project after confirming compliance with business operation and employment commitment when implementation period is over.</li> <li>• If employment exceeds the committed number, employment incentives (up to KRW 1 billion) are paid.</li> </ul>



### C. Payment of Subsidies

- **The amount of subsidy is calculated as:** Investment amount x subsidized ratio (basic ratio + additional incentives), and the subsidized ratio depending on the type of subsidy and region are as follows:

#### 1) Site Subsidy & Facility Subsidy (Basic ratio)

Site subsidy is paid only for companies in the Seoul metropolitan area relocating to a local area, and the ceiling is 50% of the land purchase price. In the case of facility subsidy, the ceiling is 24% of the facility investment amount.

Region	Subsidy	Large companies	Middle-standing companies	SMEs
<b>High-tier regions in need of balanced development</b>	Site subsidy	-	-	Within 9%
	Facility subsidy	Within 3%	Within 5%	Within 7%
<b>Mid-tier regions in need of balanced development</b>	Site subsidy	-	Within 10%	Within 30%
	Facility subsidy	Within 5%	Within 7%	Within 9%
<b>Low-tier regions in need of balanced development</b>	Site subsidy	-	Within 20%	Within 40%
	Facility subsidy	Within 8%	Within 11%	Within 14%
<b>Special area for responding to industrial crisis</b>	Site subsidy	-	Within 25%	Within 50%
	Facility subsidy	Within 11%	Within 19%	Within 24%

\* Up to KRW 10 bil. paid with central government funds + Local government funds (for “win-win type local jobs, up to KRW 15 bil. in central government funds).

## 2) Other incentives (Additional incentives)

Additional incentives of up to 20%p can be added to facility subsidy.

Incentive Type	Details	Large companies	Middle-standing companies	SMEs
<b>Incentives for new employees</b>	15~19	-	-	2%
	20~29	-	-	3%
	30~39	-	-	4%
	40~49	-	1%	5%
	50~59	-	2%	6%
	60~69	-	3%	7%
	70~79	-	4%	8%
	80 or more	3%	5%	10%
<b>Incentives for local specialized businesses</b>	The main business operated by the place of business is a local specialized business.	3%	5%	10%
<b>Site incentives</b>	Businesses taking occupancy in structure upgrading complex, FEZ, parts and materials complex and high-tech investment complex	2%		
	Specialized energy companies in energy industry convergence complexes and specialized hydrogen companies in hydrogen complexes			

\* Incentives for local specialized businesses and site incentives cannot be applied at the same time.

## D. Inquiries

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KOTRA자료 24-009

## 2024 Industrial Sites in Korea

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**Published in** Jan. 2024  
**Publisher** Yu Jeoung Yeol  
**Published by** KOTRA  
**Desing** REDRHINO Communication  
**Address** (06792) 13, Heolleung-ro, Seocho-gu, Seoul  
**Telephone** +82-1600-7119  
**Website** [www.kotra.or.kr](http://www.kotra.or.kr)  
**ISSN** 3022-5108

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