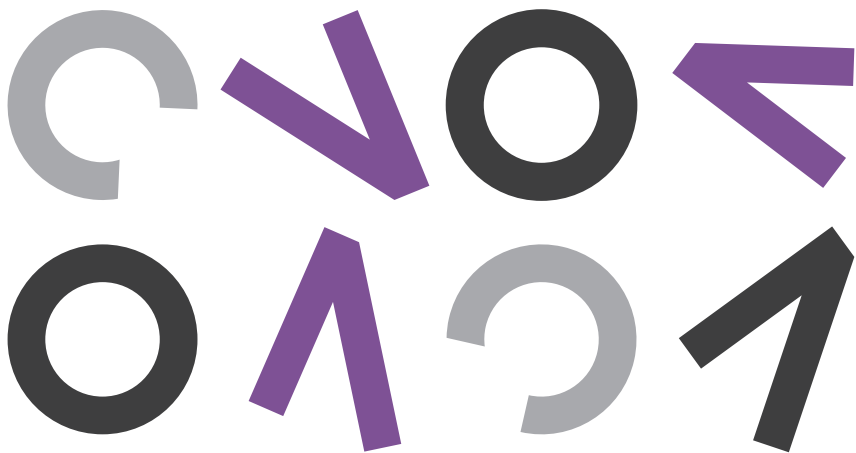




Industrial Sites in Korea



2023

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CONTENTS

I . Guide to Selection of Investment Sites 04

- 1. The Selection of Sites 04
- 2. Understanding of Industrial Sites 08

II . Introduction to Industrial Complex Sites 15

- 1. Industrial Complexes 15
(National, General, Urban High- tech, and Agricultural and Industrial Complexes)
- 2. Lease-type Industrial Complexes 30

III . Priority Regions for Foreign Investment Inducement 35

- 1. Foreign Investment Zones 35
- 2. Lease Complexes Exclusively for Foreign-Invested Companies 46
- 3. Free Economic Zones 48
- 4. Free Trade Zones 56



IV. Priority Regions for Investment Inducement 63

1. Saemangeum	63
2. Enterprise Cities	68
3. Jeju Special Self-Governing Province	74
4. High-Tech Industry Investment Zone	78

V. Support Systems for Repatriating Enterprises 83

1. Support Systems for Repatriating Enterprises	83
2. Support Programs for Promotion of Investment in Local Areas	87
3. Factory Establishment Support Program	91

I . Guide to Selection of Investment Sites

1. The Selection of Sites

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.

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.

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.

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

Planned Sites	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
Individual Sites	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.

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

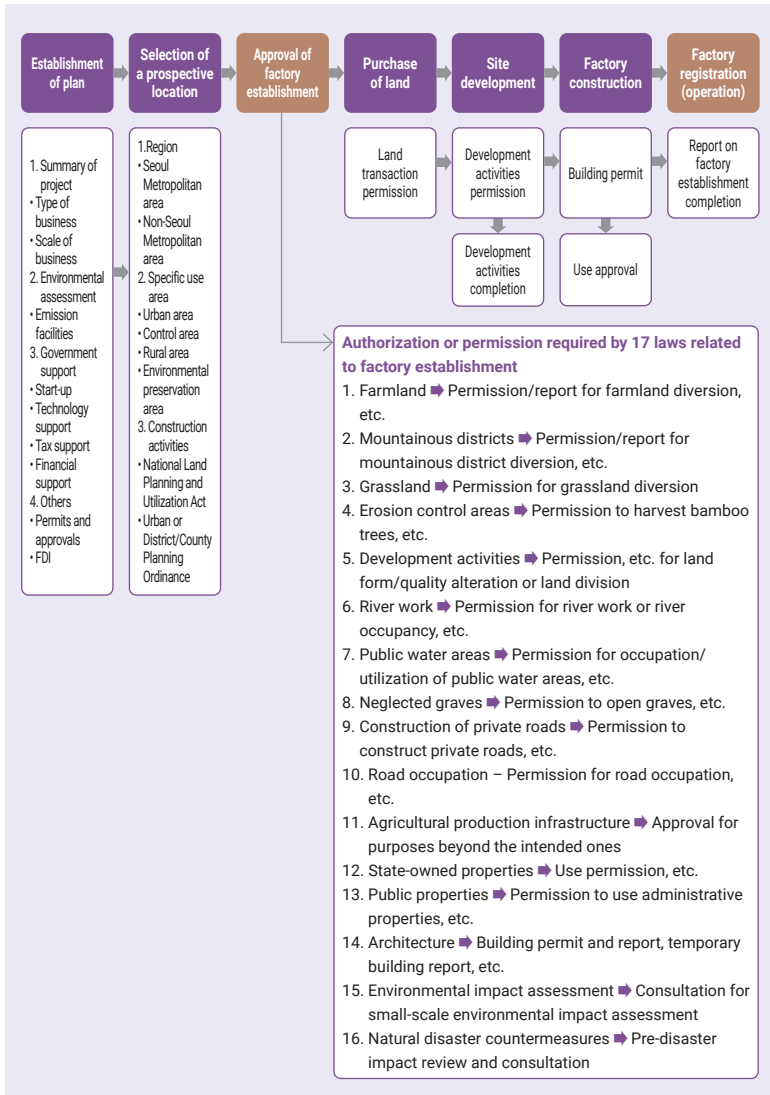
The two different types of sites have their own strengths and weaknesses in various aspects such as establishment procedures, location conditions, ease of land use, maintenance of infrastructure, and the environment.



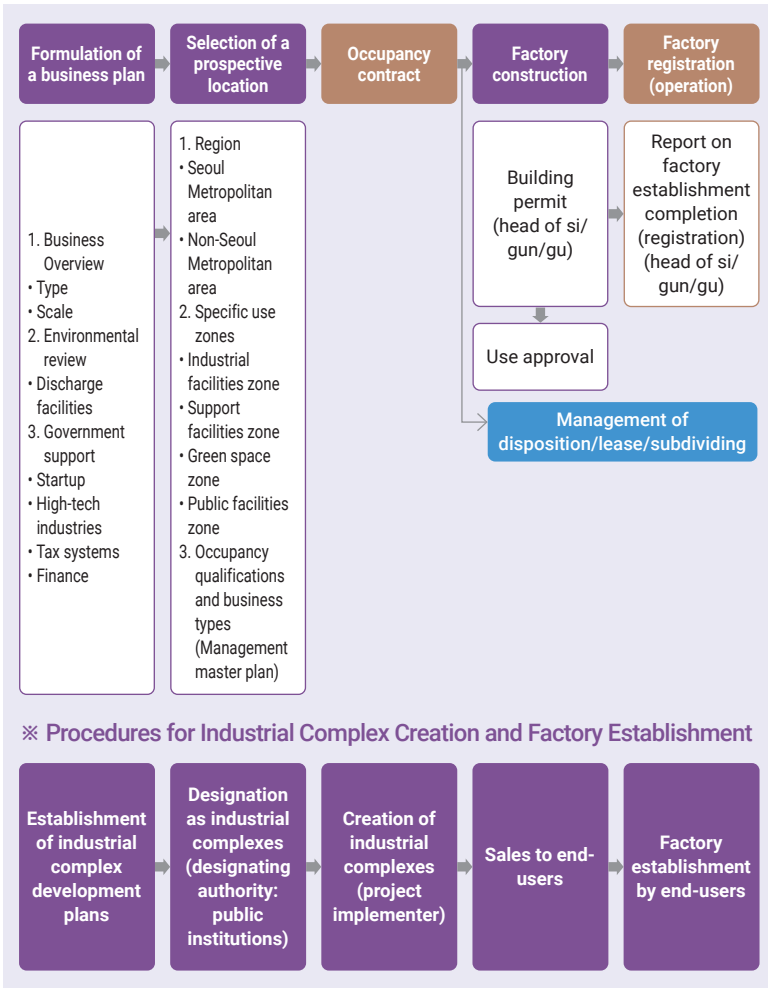
	Planned Sites	Individual Sites
Goals	Pursuit of balanced regional development through planned national and local economic development and regional economic invigoration	Pursuit of improved efficiency of land use by flexibly responding to the demand for corporate locations and timely development of idle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

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 2022, Korea Industrial Complex Corporation (2022)
- Analysis of factors deciding manufacturing sites, Korea Industrial Complex Corporation - Cho Hye-young (2013)



II. 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
National Industrial Complex	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 Dose as an industrial complex
General Industrial Complex	An industrial complex designated pursuant to Article 7 to promote appropriate decentralization of industries and to revitalize the regional economy
Urban High-tech Industrial Complex	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
Agricultural and Industrial Complex	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



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

Announcement of tenancy criteria* (15 days or longer)	<ul style="list-style-type: none"> • Contents: Eligible industries, occupancy requirements, occupancy priorities, etc. • Methods: The Factory Establishment Online Information Network, daily newspapers if necessary
↓	
Application for occupancy contracts	<ul style="list-style-type: none"> • Application forms and required documents <ul style="list-style-type: none"> - An industrial complex occupancy agreement application form - A business plan (a leasing business plan in case of a rental business) - Other documents that prove the occupancy requirements and priorities
↓	
Tenancy screening	<ul style="list-style-type: none"> • Review of occupancy requirements and business types in the business plan
↓	
Selection of occupant*	<ul style="list-style-type: none"> • Selection of occupants based on occupancy priorities in the event of competition
↓	
Execution of the occupancy agreement	<ul style="list-style-type: none"> • Decision-making within 5 days of occupancy agreement application: Contract execution (Occupancy agreement confirmation letter issued by the management agency)

* 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 1,650m². However, if the management master plan specifies that the land can be divided into less than 1,650m², 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 2 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.

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
Occupant Enterprises in Industrial Complexes	<ul style="list-style-type: none"> Companies in an industrial complex or a technopark acquiring real estate (until Dec. 31, 2022) 	<ul style="list-style-type: none"> 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) 25% reduction of acquisition tax for industrial buildings acquired through repair 	<ul style="list-style-type: none"> Article 78 of the Restriction of Special Local Taxation Act
Occupant Enterprises in Agricultural and Industrial Complexes	<ul style="list-style-type: none"> 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 An SME doing business as an occupant enterprise in a Local SME Special Support Area* (5 years from the designated date) 	<ul style="list-style-type: none"> 50% of income tax or corporate tax for 5 years 	<ul style="list-style-type: none"> Article 64 of the Restriction of Special Taxation Act

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

2) Financial Support

- Financial support for occupant enterprises in industrial complexes
- 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Digital transition, energy innovation, eco-friendliness pursued focusing on industries, space and people
	Industrial complex upgrading project	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Create a university campus – corporate research center combination to foster new talents and create an industrial cooperation model
	Campus innovation part creation project	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Support the organization and operation of an industry-academia-research committee and discover and support joint R&D projects
	Local investment promotion subsidy program	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Subsidize expenses for establishment and design of convergence systems for GHG reduction for jointly used facilities or services in industrial complexes
	Transportation expense support program for youth workers in industrial complexes	<ul style="list-style-type: none"> Provide transportation expenses of 50,000 won per month to youth employees working for an SME in remote industrial complexes
	Factory establishment support program	<ul style="list-style-type: none"> Cut costs and facilitate factory construction by providing services required for obtaining permits and approvals for factory establishment

D. Designation Status

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

Complex Type	No. of complexes	Designated Area (1,000㎡)	Industrial Facilities Area (1,000㎡)				
			Total Area	Sales Area	Sold	Unsold	Sales Rate (%)
National	47	799,817	285,838	255,957	250,445	5,512	97.9
General	701	555,117	335,613	264,904	248,250	16,654	93.7
Urban Hi-Tech	38	9,216	4,648	2,690	1,914	776	71.2
Agro-industrial	476	77,265	58,202	56,130	54,182	1,948	96.5
Total	1,262	1,441,415	684,301	579,681	554,791	24,890	95.7

* 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
Seoul	National	1	1,925	1,448	1,448	-	100
	General	3	1,360	852	726	126	85
Busan	National	1	8,841	4,317	4,317	-	100
	General	30	33,897	16,754	15,438	1,316	92
	Urban hi-tech	4	945	439	161	278	37
	Agro-industrial	1	258	189	189	-	100
Daegu	National	1	8,559	3,207	2,638	569	82
	General	16	35,352	18,394	17,532	862	95
	Urban hi-tech	2	316	98	25	73	26
	Agro-industrial	2	355	290	290	-	100
Incheon	National	2	11,360	7,377	7,377	-	100
	General	12	9,152	5,437	5,021	416	92
	Urban hi-tech	2	1,404	645	416	229	65

(Unit: Number, 1,000 m², %)

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	20,071	10,978	10,847	131	99
	Urban hi-tech	1	467	221	141	80	64
	Agro-industrial	324	262	262	262	-	100
Daejeon	National	1	67,809	4,398	4,398	-	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	16,125	6,551	6,231	320	95
	Urban hi-tech	1	317	-	-	-	-
	Agro-industrial	4	592	458	458	-	100
Sejong	General	13	9,034	4,638	4,507	131	97
	Urban hi-tech	1	898	228	140	88	61
	Agro-industrial	4	563	439	439	-	100
Gyeonggi	National	5	172,901	30,493	30,493	-	100
	General	175	75,411	34,779	33,230	1,549	96
	Urban hi-tech	11	1,949	390	362	28	93
	Agro-industrial	1	117	117	117	-	100
Gangwon	National	1	4,278	1,227	1,213	14	99
	General	25	14,887	7,808	6,770	1,038	87
	Urban hi-tech	6	465	143	143	-	100
	Agro-industrial	45	7,123	5,032	4,934	98	98
Chungbuk	National	2	9,011	2,540	2,540	-	100
	General	83	72,688	29,191	28,325	866	97
	Urban hi-tech	2	273	201	201	-	100
	Agro-industrial	43	6,222	4,903	4,762	141	97

(Unit: Number, 1,000m², %)

Region	Type	No. of complexes	Designated Area	Industrial Facilities Area			
				For sale	Sold	Unsold	Sales Rate
Chungnam	National	5	28,139	11,513	9,655	1,858	84
	General	64	73,591	37,194	35,783	1,411	96
	Urban hi-tech	3	1,633	204	204	-	100
	Agro-industrial	93	14,800	10,593	10,442	151	99
Jeonbuk	National	6	88,226	18,165	17,736	429	98
	General	23	33,909	21,083	19,869	1,214	94
	Urban hi-tech	1	110	39	39	-	100
	Agro-industrial	60	11,280	8,331	7,574	757	91
Jeonnam	National	5	174,906	52,021	51,261	760	99
	General	30	39,943	19,260	15,719	3,541	82
	Urban hi-tech	1	190	-	-	-	-
	Agro-industrial	69	11,715	7,714	7,431	283	96
Gyeongbuk	National	6	74,595	36,218	34,579	1,639	95
	General	77	51,112	23,116	22,223	893	96
	Agro-industrial	69	11,695	8,688	8,278	410	95
Gyeongnam	National	9	61,101	27,662	27,662	-	100
	General	115	64,905	26,986	24,146	2,840	89
	Urban hi-tech	1	145	82	82	-	100
	Agro-industrial	81	11,909	8,874	8,766	108	99
Jeju	National	2	1,947	375	375	-	100
	General	1	197	88	88	-	100
	Agro-industrial	3	312	240	240	-	100

(Unit: Number, 1,000 m², %)

Region	Type	No. of complexes	Designated Area	Industrial Facilities Area			
				For sale	Sold	Unsold	Sales Rate
Total	National	47	799,817	255,957	250,445	5,512	98
	General	701	555,117	264,904	248,250	16,654	94
	Urban hi-tech	38	9,216	2,690	1,914	776	71
	Agro-industrial	476	77,265	56,130	54,182	1,948	97
	Total	1,262	1,441,415	579,681	554,791	24,890	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)
- Industrial Land Information System (www.industryland.or.kr)
- National Industrial Complex Status Statistics 2022, Korea Industrial Complex Corporation (2022)

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 (1,000m ²)	Designated Year
Lease Only I (~2007)	Bukpyeong	Donghae-si, Gangwon-do	93	2007
	Jecheon	Jecheon-si, Chungbuk	82	2007
	Gunsan 2 (formerly Gunjang)	Gunsan-si, Jeonbuk	983	2006
	Jeonju Advanced Technology	Wanju-gun, Jeonbuk	53	2007
	Daebul	Yeongam-gun, Jeonnam	326	2006
	Pohang Steel 4	Pohang-si, Gyeongbuk	605	2006
	Sacheon (1, 2)	Sacheon-si, Gyeongnam	392	2006
	Gumi (4th)	Gumi-si, Gyeongbuk	331	2007
Lease-only II (2008~)	Gwangreung Techno Valley (formerly Palya)	Namyangju-si, Gyeonggi-do	31	2008
	Bucheon Ojeong	Bucheon-si, Gyeonggi-do	30	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	571	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㎡)
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 (☎ 055-922-4323)
 - * Dalseong 2 to Yeosu complex in the above table: Inquire the project operator and local government concerned.

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)
- Korea Land & Housing Corporation (www.lh.or.kr)



III. Priority Regions for Foreign Investment Inducement

1. Foreign Investment Zones

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.

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 a maximum of 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.

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.

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
Hi-tech, new growth driver tech businesses		USD 2.5 million or more	200 or more		
Individual-type	• 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.				
Service-type	<ul style="list-style-type: none"> • The conditions for rent reduction/exemption are the same as those applied to complex-types. • 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. 				

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

2) Other tax reduction/exemption benefits

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

E. Designation Status

1) Current Designation Status of foreign Investment Zones

Type	Complex-type	Individual-type	Service-type	Total
Number	30	77	3	110

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

Region	Complex	Designated Area (1,000m ²)	Rent (KRW/m ² , 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 Tangjeong	85.3	630	Dangjin branch of KICOX
Gwangju	Woljeon	99.1	1st 2nd	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

* For individual-type and service-type foreign investment zones, please refer to the website of the Korea Industrial Complex Corporation (Main Business ➡ Foreign Investment Zone Operations ➡ Designation and Management Agencies).

F. Management Organization (inquiries)

- Korea Industrial Complex Corporation
(☎ 070-8895-7272)
- 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
(☎ 061-760-5441)
- Iksan City Investment Inducement 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
- Guidelines on Foreign Investment Zone Operations
(Ministry of Trade, Industry and Energy Announcement No. 2021-771)
- Korea Industrial Complex Corporation
(www.kicox.or.kr)
- Gyeonggi Housing & Urban Development Corporation
(www.gh.or.kr)
- Busan-Jinhae Free Economic Zone Authority
(www.bifez.go.kr)
- Gwangyang Bay Free Economic Zone Authority
(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
Rent (KRW/m², month)	414	366	355	362
Rental Deposit	One-year rent paid in advance as a rental deposit			
Lease Limit	3,305 m ² for USD 1.2 mil.	3,305 m ² for USD 1 mil.	3,305 m ² for USD 1.2 mil.	3,305 m ² for USD 1 mil.
Building-to-land Ratio/ Floor Area Ratio	80% or less / 350% or less			
Lease Period	Up to 50 years (recontract every 10 years)			
Conditions	Foreign investment ratio of 30% or higher, FDI amount of KRW 100 mil. or more			
Eligible businesses	Businesses accompanying high technology, high-tech businesses, R&D centers, general manufacturing (26, 29, 30)	Businesses accompanying high technology, high-tech businesses, R&D centers, logistics facilities, general manufacturing (24 to 31)		General manufacturing (20, 22, 23, 25, 26, 27, 28, 29, 30)

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

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)
 - * Gyeonggi Urban Housing & Urban Development Corporation website
Business Information ➡ Industrial Complex Creation ➡ Foreign
Investment Zones and Lease Complexes

3. Free Economic Zones

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. 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
Local Tax	Acquisition Tax	100% exemption possible for up to 15 years by local government ordinance	-
	Property Tax	Reduction/exemption possible for up to 15 years by local government ordinance	-

2) Deregulation Measures

Category	Benefits
Relaxation of Labor Regulations	<ul style="list-style-type: none"> • Exempt from the obligation to prioritize employment protection for persons of national merit, the disabled, and the elderly. • Permission of unpaid holidays for workers • Work expansion subject to worker dispatch and extension of dispatch periods.
Exclusion from the application of the Seoul Metropolitan Area Readjustment Planning Act	<ul style="list-style-type: none"> • 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.
Freedom of Forex Trading	<ul style="list-style-type: none"> • Direct external payment for ordinary transactions within the range of USD 20,000 or less.



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

C. Designation Status

Name	Location	Area(km ²)	Population	Project Period	Characteristics
Incheon	Incheon (Yeonsu-gu, Jung-gu, Seo-gu)	122.42	539,373	2003 ~2030	<ul style="list-style-type: none"> • Hub airport of Northeast Asia Incheon International Airport and Incheon Port, transportation network connecting Incheon to the Seoul metropolitan area • A "Service Industry Hub" through the connection of global education, R&D, MICE tourism, financial and knowledge services, marine leisure, cultural and artistic content, and cutting-edge distribution and logistics • Hub of convergent industries focusing on biomedicine, high technology and high-tech cars
Busan-Jinhae	Busan (Gangseo-gu) · Gyeongnam (Changwon)	51.1	204,000	2003 ~2023	<ul style="list-style-type: none"> • Sea & Air (complex logistics) system linking Gimhae Int'l Airport and New Busan Port • Center of global industrial cluster focusing on shipbuilding, automobiles and machinery • Core area of next-generation digital industry such as electric vehicles and data centers
Gwangyang Bay Area	Jeonnam (Yeosu, Suncheon, Gwangyang) · Gyeongnam (Hadong-gun)	59.8	800,000	2004 ~2022	<ul style="list-style-type: none"> • Situated on the arterial route connecting Asia-North America-Europe and efficient export and logistics transportation through Gwangyang Port • An international trade city combining new industries and culture & tourism, with 5 districts under the themes logistics, manufacturing, housing, tourism and complex functions

Name	Location	Area(km ²)	Population	Project Period	Characteristics
Gyeonggi	Gyeonggi (Pyeongtaek, Siheung)	5.24	34,000	2015 ~2027	<ul style="list-style-type: none"> • Global high-tech cluster where 3,350 global companies are located, housing 40% of the Korean knowledge-based high-tech manufacturing businesses including IT, semiconductors, mecatronics, parts and materials • Pyeongtaek-Poseung area (BIX) focusing on high-tech, logistics and distribution industries, Hyeondeok district • Siheung Baegot area for R&D of unmanned vehicles
Daegu-Gyeongbuk	Daegu-Gyeongbuk (Gyeongsan, Yeongcheon, Pohang)	18.45	76,000	2013 ~2024	<ul style="list-style-type: none"> • A steel industry cluster centered on Pohang (POSCO, Hyundai Steel, Dongkuk Steel), a national medical industry cluster (total project budget of KRW 4.6 trillion), an IT/SW industry cluster • R&D base for new growth industries - 4,800 researchers working in 135 R&D institutes, 2 special R&D zones (Daegu Technopolis, Sinseo Advanced Medical Complex) etc.
East Coast Area	Gangwon (Gangreung, Donghae)	4.80	13,000	2013 ~2022	<ul style="list-style-type: none"> • Optimal location for parts & materials industries with ultralight nonferrous metals cluster and R&D center support • The best place to attract tourists from Northeast Asia due to its connection with China, Japan and Russia

Name	Location	Area(km ²)	Population	Project Period	Characteristics
Chungbuk	Chungbuk (Cheongju)	4.88	50,000	2013 ~2022	<ul style="list-style-type: none"> • 7 expressways passing through the area, Cheongju Int'l airport, Pyeongtaek Port and Dangjin Port • Fosters future-oriented high-tech aero industry • Bio hub offering one-stop support as the core of the Northeast Asian bio cluster consisting of 'Osong Life Science Complex', 'Osong Advanced Medical Complex', and 'Health and Medical Administration Town'
Gwangju	Gwangju (Gwangsan-gu, Nam-gu, Buk-gu)	4.371	29,249	2020 ~2025	<ul style="list-style-type: none"> • A leading city in AI industry by forming a cluster for AI industry convergence, the only business exempt from software preliminary feasibility study • Creation of an energy industry convergence complex to converge energy and other industries, designation of de-regulation zone for unmanned low-speed special vehicles, green energy and ESS generation

Name	Location	Area(km ²)	Population	Project Period	Characteristics
Ulsan	Ulsan (Nam-gu, Buk-gu, Ulju-gun)	4.7	27,000	2020 ~2030	<ul style="list-style-type: none"> • Large companies in core industries such as automobiles, shipbuilding, petrochemicals. Ulsan Port can hold massive liquid cargo, as it is the world's 4th largest port for holding liquid cargo. • Announced vision to become world's most advanced hydrogen city by 2030 and 10 related projects: Hy-product hydrogen production of 820,000 tons/year (50% of national production), hydrogen pipeline of 130km (60% of the nation), establishment and operation of 140 units of the world's largest hydrogen town • Hydrogen green mobility deregulation zone, genome service industry deregulation zone, special R&D zone for small but strong battery businesses, energy industry convergence complex for nuclear power phase-out, deregulation zone for carbon capture utilization

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 / Hyundaiok: ☎ 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)

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)
- * 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"> • 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* * High-technology and products: 20/100 or higher for SMEs, 30/100 or higher for others * General manufacturing: 30/100 or higher for SMEs, 40/100 or higher for middle standing companies, 50/100 or higher for other companies
Export-oriented Repatriating Companies(those selected as support benefits recipients)	<ul style="list-style-type: none"> • 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)
Foreign-invested Companies (manufacturing industry or knowledge services industry)	<ul style="list-style-type: none"> • A company in which foreigners have invested more than KRW 100 million, equivalent to 10/100 or more of the total number of shares • 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* * A new foreign-invested company should satisfy the conditions within 3 years of the completion of factory establishment (business commencement) * Export portion requirement shall not apply for new growth driver businesses investing USD 1 million or more
Knowledge Services Industry	<ul style="list-style-type: none"> • 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
Wholesale Businesses Aimed Largely at Export Transactions	<ul style="list-style-type: none"> • 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
Multi-purpose Logistics Related Business	<ul style="list-style-type: none"> • An integrated logistics-related company engaged in logistics business such as unloading, transportation, storage, and exhibition of goods, • Business of brokering international shipping • Business of international vessel or aircraft goods supply • Development and lease of logistics facilities

Type of Business	Occupancy Requirements
SMEs that are Suppliers of Tenant Companies	<ul style="list-style-type: none"> An SME consigned to manufacture for manufacturing and knowledge service businesses in the zone, or persons who signed a technology supply contract with a tenant company * Can move in up to 30/100 of the total area of the land of factories owned by the central or local government
Export Start-ups	<ul style="list-style-type: none"> A start-up with seven years or longer of experience in manufacturing or knowledge services has pledged to meet occupancy conditions within 5 years of the start of occupancy

C. Incentives and Support Programs

Type of Business	Occupancy Requirements
Customs Duties Suspension	<ul style="list-style-type: none"> Free trade zones are regarded as a foreign country and are subject to customs duties exemption Customs duty is exempted or refunded for domestic goods declared into an FTZ
Application of Zero VAT Rate	<ul style="list-style-type: none"> 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
Tax Reduction or Exemption for Foreign-invested Companies	<ul style="list-style-type: none"> Foreign investment of USD 10 million or more in the manufacturing industry or USD 5 million or more in the logistics industry <ul style="list-style-type: none"> Corporate tax/ Income tax: 100% exemption for 3 years, 50% reduction for 2 years thereafter Acquisition tax/ property tax: 100% exemption for 3 years, 50% reduction for 2 years thereafter * Tax reduction/exemption period can be extended (up to 15 years) or the reduction rate can be raised according to local government ordinances ** Tax reduction/exemption benefits in the Masan Free Trade Zone regardless of the amount of foreign investment
Outside Work Allowed	<ul style="list-style-type: none"> 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.
Special Exceptions such as Exemptions	<ul style="list-style-type: none"> Exemption from traffic inducement charges and obligatory employment of persons subject to employment protection (elderly people, people of national merit, and people with disabilities)
One-Stop Service	<ul style="list-style-type: none"> One-stop service for the entire process including occupancy permission and building permits

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 (1,000m²)	957	1,256	1,157	248	343	818	991	
No. of companies	190	62	33	19	20	41	35	
Sales Rate (%)	100.0	98.7	97.8	130	74.6	99.6	91.6	
Persons employed	5,314	1,905	962	61	284	1,472	513	
Rent (KRW, m²/month)	Land	452	96	76	221	103	233	62
	Standard factory	639 ~784	497 ~603	546 ~694	355 ~430	652 ~718	414 ~748	439 ~476

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

Company	Condition	Reduction Rate
Foreign-invested company (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%

Company	Condition	Reduction Rate
Reshoring companies (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 (1,000m²)	12,195	1,142	1,429	9,020	1,964	3,459	
No. of tenant companies	67	3	15	50	1	667	
Occupancy rate (%)	76.8	79	100	92.9	100	92.2	
No. of employees	2,785	24	740	1,246	40	15,087	
Rent (m²/month)	Land	321	117	500	129	-	2,750
	Buildings	1% of assets	-	-	1.5% of assets	-	-

* Occupancy rate and number of employees are as of end-June 2020.

** Rent in Incheon International Airport is based on average price in logistics complex no. 2, while rent per plot is: individual publicly assessed land price x 5.85% (annually)

[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 (☎ 044-200-5758)
- 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 (☎ 1577-2600)

F. Related regulations and reference sources

- The Act on Designation and Management of Free Trade Zones.
- Notice of rent in free trade zones in 2022 (Notice of the Ministry of Trade, Industry and Energy no. 2021-880)
- Notice of rent in port-type free trade zones (Notice of the Ministry of Oceans and Fisheries, no. 2022-8)
- Korea Industrial Complex Corporation, 2022 industrial site guide
- Free trade zone management authority (www.motie.go.kr/ftz)
- Incheon Int'l Airport Corporation (www.airport.kr)



IV. 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 km²), create lakes (118 km²), and develop Gogunsangundo (3.3 km²) and a new port (4.9 km²) 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) A business model can be created using the advantages of Saemangeum.

A business model under which products are produced in Saemangeum and then exported to take advantage of customs duty exemptions to cut export costs and enhance price competitiveness can be established. Also, a mutual certification sharing institute among countries can be established to simplify the certification procedure when importing and exporting.

C. Incentives and Support

1) Tax Benefits for Foreign-Invested Companies

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

2) Subsidies (for domestic and foreign companies)

Subsidy	Detail	Note
Land purchase expense and facility investment	<ul style="list-style-type: none"> Up to 50% of land purchase expense and 34% of facility investment Up to 10%/p added depending on number of employees 	Central government: 75%; Local government: 25%
Employment subsidy and education and training subsidy	<ul style="list-style-type: none"> Employment subsidy up to KRW 1 bil Education and training subsidy up to KRW 500 mil. 	-

* Additionally, local governments may provide subsidies for investment (land purchase, rent, construction, equipment purchase, infrastructure etc.), land, employment and education and training.

D. Designation Status

• Area: 409 km² (Land: 291 km², Lakes: 118 km²).

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

• Land Utilization by Site

Site	Area (km ²)	Ratio (%)	Development Plans
Area 1 (industrial, research, etc.)	74.4	25.6	<ul style="list-style-type: none"> Saemangeum industrial complex, Saemangeum new airport and surrounding areas High-tech manufacturing, knowledge industry, convergence research, industrial and research support service, new and renewable energy, green hydrogen production and commercialization infrastructure
Area 2 (complex development land, etc.)	62.1	21.3	<ul style="list-style-type: none"> Smart lakeside city, new port, accessible to axis roads Saemangeum hub city function and industrial, logistics, culture and tourism functions
Area 3 (tourism, leisure, etc.)	31.6	10.9	<ul style="list-style-type: none"> Northern area of Byeonsan Bando National Park Priority on development of water leisure complex and tourism complex, water-friendly tourism and leisure facilities

Site	Area (km ²)	Ratio (%)	Development Plans
Area 4 (hinterland city site)	10.0	3.4	<ul style="list-style-type: none"> To be developed into a self-sufficient city with population of 40,000 or more by combining agriculture and bio industries and residential areas
Agriculture and bio zone (agriculture and bio business sites)	103.6	35.6	<ul style="list-style-type: none"> 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

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)

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)

2. Enterprise Cities

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. Major Characteristics

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

Category	Enterprise Cities	Industrial Complexes
Development Subject	<ul style="list-style-type: none"> Private entities in principle Private + public also possible 	<ul style="list-style-type: none"> Public entities in principles Private development only for portions of direct use
Development Stages	<ul style="list-style-type: none"> Creation + sale at the same time (Industrial location and corporate investment at the same time) 	<ul style="list-style-type: none"> Development anticipating corporate occupancy (Frequent failure to sell all the developed lots)
Operator Requirements	<ul style="list-style-type: none"> Minimum equity capital ratio (10% or more of total project costs) 	<ul style="list-style-type: none"> Public: None Private: Limited to direct use
Complex Size	<ul style="list-style-type: none"> Minimum size stipulated by type (1- 2 million pyeong or larger) 	<ul style="list-style-type: none"> Local industrial complex: At least 150,000 m² National industrial complex: None
Living Conditions	<ul style="list-style-type: none"> Good living conditions as multifunctional cities (Education, medical care, culture, etc.) 	<ul style="list-style-type: none"> Less desirable living conditions due to concentration on production features

C. Designation Status

Location	Area (10,000m ²)	Project Period	Project Operator	Major Facilities	Planned Population	Competent Ministries
Chungju	701	'07~'12	Chungju Enterprise City Development Co., Ltd	Industrial sites, research facilities, training centers	28,400	Ministry of Land, Infrastructure and Transport
Wonju	529	'08~'19	Wonju Enterprise City Development Co., Ltd.	Industrial sites, research facilities, high-tech medical facilities	31,788	

Location	Area (10,000m ²)	Project Period	Project Operator	Major Facilities	Planned Population	Competent Ministries	
Taeon	1,546	'07~'25	Hyundai City Development Co., Ltd.	Golf course, theme park, high-tech complex	17,175	Ministry of Culture, Sports and Tourism	
Yeongam, Haeam	Samho	865	'06~'25	Seonam Haeam Leisure Corporation	Golf course, resort complex, marina, horseriding field		10,000
	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~'21	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"> The foreign investment ratio is 30% or more or a foreigner is the largest shareholder The ceiling is 50% of the foreign investment amount 	-	• 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"> • 30% or less of the normal rent(up to 10 yrs) • 10% or less of the normal sale price
	Subsidy for land purchase	<ul style="list-style-type: none"> • The foreign investment ratio is 30% or more or a foreigner is the largest shareholder • New growth driver industries: FDI of USD 3 mil. or more & 30 or more full-time employees • Medical devices, tourism, R&D: FDI of USD 2 mil. or more & 20 + full-time employees 	• 10 + full-time employees or FDI of KRW 1 bil. or more	• 15% of the site purchase price (up to KRW 300 mil.)
			• 20 + full-time employees or FDI of KRW 2 bil. or more	• 15% of the site purchase price (up to KRW 3 bil.)
			• 100 + full-time employees or FDI of KRW 20 bil. or more	• 40% of the land purchase price (up to KRW 6 bil.)
	Employment subsidy	<ul style="list-style-type: none"> • FDI of USD 10 mil. or more & 50 + full-time employees 	• New employment of over 10 full-time employees	• Up to KRW 600,000 per 1 excess employee (ceiling of KRW 1 bil, up to 1 year)
	Subsidy for education & training	<ul style="list-style-type: none"> • The ceiling is 50% of the FDI amount, up to KRW 5 bil, 	• New employment of over 10 full-time employees	• Up to KRW 600,000 per 1 excess employee (ceiling of KRW 1 bil, up to 1 year)
	Facility subsidy		• Factory establishment or expansion of KRW 2 bil. or more	• Up to 10% of investment over KRW 2 bil. (ceiling of KRW 2 bil.)
	Special subsidy for large investment	• FDI of USD 30 mil. or more & 300 + full-time employees/day		-
Taeon	-	-	-	• Provided pursuant to the Foreign Investment Promotion Act

Area	Support	Eligibility	Conditions	Details
Yeongam	Land subsidy		-	• Up to 50% of the normal sale price (rent to be decided case-by-case)
	Employment subsidy	• The foreign investment ratio is 30% or more or a foreigner is the largest shareholder	• Over 10 local residents as full-time employees	• Up to KRW 600,000 per 1 excess employee (up to 12 months)
	Subsidy for education & training	• Manufacturing, service industries with FDI of USD 30 mil. or more • New growth driver industry technology & FDI of USD 2 mil. or more	• Over 10 domestic persons as full-time employees	• Up to KRW 600,000 per employee (up to 12 months)
	Facility subsidy	• The ceiling is 50% of the FDI amount, and 25% of the reinvestment amount	-	• Payment considered within the budget range: Subsidy reflecting investment (50%) + Subsidy reflecting employment scale (50%)
	Special subsidy for large investment		-	• Priority given after deliberation of the committee
Haenam	Land subsidy	• The foreign investment ratio is 30% or more or a foreigner is the largest shareholder • FDI amount by industry according to the criteria for designation of individual-type FIZs	-	• Within 50% of the normal rent of industrial complexes • Within 30% of the land purchase price in individual sites measuring 5,000m ² or more, up to KRW 300 mil.
	Employment subsidy	• The ceiling is 50% of the FDI amount, and 25% of the reinvestment amount	• Over 20 full-time employees	• Within KRW 500,000 per 1 excess employee (up to 6 months)
	Subsidy for education & training			
	Facility subsidy		• Companies that established or expanded factory facilities	• Within 5% of the facility investment over KRW 2 bil.

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) Taean Enterprise City
 - Taean-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)
 - Wonju Enterprise City Corp (www.wonjuco.kr)
- 3) Chungju Enterprise City
 - Chungju City (www.chungju.go.kr)
 - Chungju Enterprise City Corp (www.nexpolis.com)
- 4) Taean Enterprise City
 - Taean Enterprise City (www.taeanec.com)
 - Hyundai City Development Co., Ltd. (www.hdcity.co.kr)
- 5) Yeongam-Haenam Enterprise City
 - Solaseado (overall information - solaseado.go.kr)
 - Solaseado (Guseong district - 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.

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
Location	Ara-dong, Jeju	Wolpyeong-dong, Jeju
Area	1,099,000m ²	848,163m ²
Eligible businesses	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

Incentives for Jeju Investment Promotion Zones

Tax/Charges	Reduced Items	Details
National Tax	Corporate tax / Income tax	Exempted for tenant companies for 3 yrs, 50% reduction for 2 yrs
	Customs duty	Customs duty exemption for capital goods imported by Dec. 31, 2023 to be directly used in the eligible business
Local Tax	Acquisition tax	75% reduction for 5 years for real estate and vessels
	Property tax	75% reduction for 10 years
Charges	Development charges	Exempted
	Farmland preservation charges	50% reduced
	Substitute grassland creation charges	50% reduced
	Substitute forest resources creation charges	50% reduced
	Charges for use or occupancy of public waters	Exempted
	Sewerage burden-causing entity charges	15% 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)

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)
- Jeju Free International City Development Center
(www.jdcenter.com)

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

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.

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.

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 Act: 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 Act: 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

D. Inquiries

- Ministry of Trade, Industry and Energy (☎ 1577-0900)
- Korea Industrial Complex Corporation (☎ 070-8895-7272)

E. 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)

V. 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 (according to the Korean Standard Industrial Classification), and knowledge service (according to the Industrial Development Act) industries.

2) Restructuring of an overseas place of business

It should be one of the following: liquidation, transfer or downsizing* of the overseas place of business (25% or more). However, if there is no existing domestic place of business, the requirements for restructuring an overseas place of business are exempted.

* Downsizing of R&D production: Reduction of 10%-25% of standard ordinary R&D expenditures

Cooperative reshoring: 10% of production volume (sales, etc.)

3) The same controlling shareholder for both the domestic and overseas places of business

The actual controller of the domestic parent company (the owner of the domestic applicant company if there is no domestic parent company) must actually control the overseas place of business (including holding 30% or more of the stake, etc.).

4) Investment in a domestic place of business

Investment in the new establishment or expansion of a domestic place of business in the same line of business as that in the overseas place of business (based on the sub-classes in the Korean Standard Industrial Classification).

* However, even if the lines of business do not match in the sub-classification, the domestic and overseas places of business can be recognized as being in the same line of business subject to the evaluation of the Support Committee for Repatriating Enterprises if the materials/parts are the same or the production process, etc. is similar.

※ However, a company should not have received benefits for foreign investment (tax/rent reduction, etc.) under the Foreign Investment Promotion Act, or 10 years or more should have passed from receiving benefits.

B. Selection Procedures for Repatriating Enterprises

1) Time of application

For a company that already completed restructuring of its overseas place of business or investment in domestic place of business, a deadline for application shall apply.

* At the time of application, completion of restructuring or domestic investment is not required, and application can be filed when a company is preparing for restructuring or domestic investment.



2) Selection Procedure

Category	Details
Application and Selection	<p>① Application & Receipt (Applicant ➔ KOTRA)</p> <ul style="list-style-type: none"> • Application under the name of a domestic company: A domestic parent company that substantially controls the overseas place of business. * When there is no domestic parent company, the actual controller of the overseas place of business establishes a domestic corporation (or registers as an individual business owner). • Submission of an application form and supporting documents: Send the original by mail and the application form and attached documents by e-mail.
	<p>② Review & Examination (KOTRA)</p> <ul style="list-style-type: none"> • Review of the qualifications of the reshoring enterprise and the 1st examination. • Fact-finding surveys of the overseas subsidiary. • Review by evaluators.
	<p>③ Examination Report (KOTRA ➔ Ministry of Trade, Industry and Energy)</p> <ul style="list-style-type: none"> • Preparation of the examination report and submission of supporting documents.
	<p>④ Decision on selection and issuance of a confirmation letter (Ministry of Trade, Industry and Energy ➔ Applicant company)</p> <ul style="list-style-type: none"> • Review of the examination report. • Decision on selection and notification.
Support by incentives after selection	<p>⑤ Application by Incentive (U-turn company ➔ agency in charge)</p> <ul style="list-style-type: none"> • Application for incentives.
	<p>⑥ Decision on support (institution in charge ➔ U-turn company)</p> <ul style="list-style-type: none"> • Decision made after deliberation by the agency in charge of incentives.

* Restructuring consulting fees are provided even before being selected as a reshoring company. Additional requirements can be made by the relevant incentive providing organization even after the selection as a reshoring enterprise.

C. Incentives and Support Programs

1) Incentives and Support by Phase

Phase	Support
Restructuring of Overseas Place of Business	<ul style="list-style-type: none"> Up to USD 20,000 from the Overseas Place of Business Restructuring Consulting Support Project 11-44% of relocation transportation costs and fees
Investment in Domestic Place of Business	<ul style="list-style-type: none"> Support for occupancy in industrial complexes and facilities of local governments nationwide and payment of subsidies for land purchase, construction investments, and machinery purchase . 50-100% tariff reduction upon import of used/new capital goods to be used. Subsidy for smart factories in the areas of factory construction, Level-2 upgrade, and robotic automation for long-term competitiveness of K-Manufacturing Employment subsidy (KRW 600,000/month/person for SMEs) and support for overseas manpower hiring
Operation of Domestic Place of Business	<ul style="list-style-type: none"> Financial support including 50-100% corporate tax reduction for up to 7 years, facilities/operation funds financing, and preferential treatment in guarantee insurance R&D support and IP protection Listening to difficulties faced by off-shore enterprise and support for repatriation by the Ministry of Trade, Industry and Energy

2) Support Programs by Company Type and Reshoring Region

Company Type	Reshoring Region	Subsidy			Tax	Employment incentive	Manpower		Consulting	Smart Factory	Site Support	Financial Support	Preference in Guarantee & Insurance	R&D								
		Site	Facility	Relocation			Foreigner hiring															
							E-7	E-9														
SME and Middle-standing Company	Non-Seoul Metropolitan Area	○	○	○	○	○	○	○	○	○	○	○	○	○								
	Seoul Metropolitan Area (outside overconcentration control region)	×			○										○	○	○	○	○	○	○	○
	Seoul Metropolitan Area (inside overconcentration control region)	×	△	△	×															×		
Large corporations	Non-Seoul Metropolitan Area	×	○	○	○	×	Support for all areas		×	×	○	×		Support for all areas								
	Seoul Metropolitan Area (outside overconcentration control region)	×			○										×	×	×	×	×	×	×	
	Seoul Metropolitan Area (inside overconcentration control region)	×	△	△	×															×		

D. INQUIRIES

- U-Turn Support Team of KOTRA (☎ 02-3460-7361~5)

2. Support Programs for Promotion of Investment in Local Areas

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

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
High-tier regions in need of balanced development	Site subsidy	-	-	Within 9%
	Facility subsidy	Within 3%	Within 5%	Within 7%
Mid-tier regions in need of balanced development	Site subsidy	-	Within 10%	Within 30%
	Facility subsidy	Within 5%	Within 7%	Within 9%
Low-tier regions in need of balanced development	Site subsidy	-	Within 20%	Within 40%
	Facility subsidy	Within 8%	Within 11%	Within 14%
Special area for responding to industrial crisis	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
Incentives for new employees	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%
Incentives for local specialized businesses	The main business operated by the place of business is a local specialized business.	3%	5%	10%
Site incentives	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

- Local Investment Support Team, Korea Industrial Complex Corporation (☎ 070-8895-7115)



3. Factory Establishment Support Program

A. Summary

- Under the factory establishment support program, the factory establishment support centers in the regional headquarters of Korea Industrial Complex Corporation and its 13 branches* provide free consultings and serves as agents for taking care of the matters necessary for obtaining permits and approvals for factory establishment, in order to help business start-ups and companies save costs and facilitate the establishment of factories.

* Seoul, Incheon, Gyeonggi, Cheonan, Gumi, Daegu, Changwon, Ulsan, Busan, Gwangju, Yeosu, Jeonbuk, Wonju

B. Support Process

Steps	Details
Request consultation and service 	[Applicant → Center] Request consultation and service at the regional factory establishment support center.
Provide consultation and service 	[Center] Provide service and support paperworks and other requests
Examination and approval	[Local gov'n't] The recipient of request(local government, industrial complex management authority) examines the related laws and approves factory establishment

C. Inquiries

- Site Support Team of Korea Industrial Complex Corporation
 (☎ 070-8895-7275)

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