FDI in Korea

FDI Statistics

21.3 Billion

*Source: Ministry of Trade, Industry & Energy (based on declared amount)
FDI in Korea

Foreign-Invested Companies in Korea

223 of 500 companies invested in Korea

* Source: Fortune, Invest KOREA(2015)
FDI in Korea

Reasons for Investing in Korea

*Source: Invest KOREA(April 2016)
FDI in Korea

Sales of Foreign-invested Companies in Korea (‘15)

Key Sales Channels
- Domestic market
- Export

Key Export Markets

<table>
<thead>
<tr>
<th>Market</th>
<th>Sales Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>28.2%</td>
</tr>
<tr>
<td>Japan</td>
<td>23.9%</td>
</tr>
<tr>
<td>U.S.</td>
<td>14.9%</td>
</tr>
<tr>
<td>Germany</td>
<td>3.9%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>2.8%</td>
</tr>
<tr>
<td>Singapore</td>
<td>2.5%</td>
</tr>
<tr>
<td>Other</td>
<td>23.7%</td>
</tr>
</tbody>
</table>

Incentives for Auto Parts Industry
Automobile Cluster in Korea

Distribution of Domestic Finished Car Manufacturers and Primary Parts Suppliers

<table>
<thead>
<tr>
<th>City</th>
<th>Parts Suppliers</th>
<th>Finished Car Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incheon</td>
<td>55</td>
<td></td>
</tr>
<tr>
<td>Incheon</td>
<td>440,000 (GM Daewoo)</td>
<td></td>
</tr>
<tr>
<td>Seoul</td>
<td>55</td>
<td></td>
</tr>
<tr>
<td>Sohari</td>
<td>350,000 (KIA)</td>
<td></td>
</tr>
<tr>
<td>Hwaseong</td>
<td>600,000 (KIA)</td>
<td></td>
</tr>
<tr>
<td>Pyeongtaek</td>
<td>160,000 (Ssangyoung)</td>
<td></td>
</tr>
<tr>
<td>Gyeonggi-do</td>
<td>190</td>
<td></td>
</tr>
<tr>
<td>Asan</td>
<td>300,000 (Hyundai)</td>
<td></td>
</tr>
<tr>
<td>Seosan</td>
<td>150,000 (Donghae-KIA)</td>
<td></td>
</tr>
<tr>
<td>Chungcheongnam-do</td>
<td>93</td>
<td></td>
</tr>
<tr>
<td>Daejeon</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Gunsan</td>
<td>260,000 (GM Daewoo)</td>
<td></td>
</tr>
<tr>
<td>Gunsan</td>
<td>20,000 (Tata Daewoo)</td>
<td></td>
</tr>
<tr>
<td>Jeollabuk-do</td>
<td>71</td>
<td></td>
</tr>
<tr>
<td>Jeonju</td>
<td>100,000 (Hyundai)</td>
<td></td>
</tr>
<tr>
<td>Gwangju</td>
<td>620,000 (KIA)</td>
<td></td>
</tr>
<tr>
<td>Gwangju</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>Jeollanam-do</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Gyeongsangnam-do</td>
<td>134</td>
<td></td>
</tr>
<tr>
<td>Changwon</td>
<td>210,000 (GM Daewoo)</td>
<td></td>
</tr>
</tbody>
</table>

Ganwon-do: 4
Chungcheongbuk-do: 23
Gyeongsangbuk-do: 66
Daegu: 50
Ulsan: 39
Ulsan: 6,000 (Daewoo bus)
Ulsan: 1400000 (Hyundai)
Busan: 300,000 (Renult Samsung)
Busan: 77
Gyeongsangnam-do: 134

Source: Korea Auto Industries Coop. Association (KAICA), Respective companies of finished automakers.
Business location support for various zone types

- **8** Free Economic Zones
- **104** Foreign Investment Zone
- **13** Free Trade Zones
- **1,158** Industrial Complexes

Local Conditions and Benefits

Region-Specialized Support for Auto Parts R&D Projects

- Utilization of green car energy (Gyeonggi-do)
- Automotive outfit and electric parts (Chungcheongnam-do)
- Green commercial vehicle (Jeollabuk-do)
- Clean diesel vehicle (Gwangju)
- Micro-mobility (Jeollanam-do)
- Sophistication of auto parts (Jeollanam-do)
- Construction of tuning base (Jeollanam-do)
- Commercialization of intelligent cars (Daegu)
- Intelligent green car (Daegu)
- Tuning support center (Daegu)
- Car convergence parts (Gyeongsangbuk-do)
- EV parts (Ulsan)
- Global quality certification (Busan)

Source: Ministry of Industry, Trade and Energy
Revised Foreign Investment Tax Exemption Policies

Qualifying Industries

37 Subsectors of 11 New Growth Industries
- New growth engine, original technology
- Directly related materials, processing technology

Exemption Eligibility

- Establishment or operation of production facilities / places of business based on new growth industry technology
- Foreign investment of USD 2M or more

Exempted Taxes

- Corporate tax / Income tax – 7 years (100% for 5 years, 50% for 2 years)
- Acquisition tax / Property tax – up to 15 years
- Customs / Special consumption tax / VAT – up to 7 years
Industries that Qualify for Tax Exemptions

37 Subsectors of 11 New Growth Industries

- Intelligent Semiconductors & Sensors, Materials of Semiconductors, etc., OLED, 3D Printing
- Autonomous Motor Vehicles, EVs
- Unmanned Vehicles, Space
- Base SW, Convergence Security
- High-Performance Fiber, Ultra-Light Metals, Hyperplastic, Titanium
- New Industries/Environment of Energy
- Composite Materials
- Next-generation Software
- Aerospace
- Content
- Intelligence Information
- Electronic Information Devices
- Next-Generation Broadcasting/Communications
- Future Motor Vehicles
- Robots
- Bio-Health
- Advanced Manufacturing Robots, Safety Robots, Medical & Life Robots, Robots: Common
- Bio-Compound Medicines, Medical Equipment & Health Care, Bio-Agricultural & Fishery Products & Foods, Bio-Cosmetic Materials
- Realistic Content, Cultural Content
- 5G, UHD
- AI, IoT, Cloud, Big Data, Wearable Smart Devices, Convergence with IT
Autonomous Motor Vehicles

Commercialization in 3 Levels by 2020

- Conducting temporary operation for test and research (2016)
- Creating self-driving test city (K-City) (by 2019)
- Establishing Advanced Driver Assistance System (ADAS) (by 2020)
- Developing 8 major parts and systems KRW 145.5 B (by 2021)
- Easing standards of antenna power supply (2017)
- Commercializing Cooperative Intelligent Transport System (C-ITS) (by 2018)
Future Motor Vehicle

Electric-Powered Motor Vehicles (EVs)

**Incentive**
- Purchase subsidy up to KRW 26M
- 50% discount of highway toll fees
- 50% discount for use of public parking lots

**R&D**
- Doubling energy density of lithium-ion battery
- Developing 1-ton electric trucks, electric tractors, and 3- or 4-wheel micro mobility scooters

**Supply**
- Increasing public institutions’ purchase ratio of EVs up to 40%
- Replacing all fuel-powered cars in Jeju with EVs (by 2030)

**Infrastructure**
- Installing 2,500 public rapid-charging Stations (by 2017)
- Increasing the number of charging stations to 20,000 (by 2017)
- Lowering charging fees by 50%
Appendix

Detailed List of Technologies that Qualify for Tax Exemptions

Technologies subject to Tax Credit by Field of New Growth Engine and Original Technology
Enforcement Decree of the Restriction of Special Taxation Act, Table 7

Materials and Process Technologies
Directly Related to New Growth Technologies
Enforcement Rule of the Restriction of Special Taxation Act, Table 14

Statutes of the Republic of Korea English website (http://elaw.klri.re.kr)
Accessible via the Invest KOREA website by clicking on the ‘Statutes of the Republic of Korea’ banner on the bottom of the main page.
History

- FDI Promotion Regime, Republic of Korea

2003  •  Invest KOREA is established
1999  •  Office of the Foreign Investment Ombudsman opens
1998  •  Korea Investment Service Center is established
1998  •  Foreign Investment Promotion Act is enacted
1962  •  KOTRA is established

- Ministry of Trade, Industry & Energy
- Foreign Investment Committee
- KOTRA
  Korea Trade-Investment Promotion Agency
- Management Support
- SME Support
- Strategic Marketing
- Business Information
Introduction of Invest KOREA

Overseas Branches for Investment Attraction

36 offices
devoted to investment

North America
Canada
Toronto
Vancouver
U.S.
Washington
Chicago
Dallas
Detroit
Los Angeles
New York
Silicon Valley

Europe
Austria Vienna
Belgium Brussels
Denmark Copenhagen
France Paris
Italy Milan
Netherlands Amsterdam
Spain Madrid
Sweden Stockholm
Switzerland Zurich
U.K. London
Germany
Frankfurt
Hamburg
Munich

Middle East
U.A.E. Dubai

Greater China
China
Beijing
Guangzhou
Qingdao
Shanghai
Hong Kong
Taiwan
Taipei

Japan
Japan
Tokyo
Fukuoka
Nagoya
Osaka

SE Asia & Oceania
Australia
Sydney
Melbourne
Singapore

North America
Europe
Middle East
Greater China
Japan
SE Asia & Oceania
Introduction of Invest KOREA

IK’s Contribution to FDI Attraction (‘16)

IK’s attraction
USD 17.1 B

Korea’s total attraction
USD 21.3 B

IK’s contribution
80.43%

*Source: Invest Korea
Introduction of Invest KOREA

One-Stop Service

Overseas Network of 36 KBCs
(Korea Business Center)

Central Government

Local Governments

Pre-Investment Services

Provide information and administrative support

Investment Services

Support site surveys, partner search and incentive negotiations

Post-Investment Services

Resolve investors’ grievances / Improve business and living environment

Project Manager System

Foreign Investment Ombudsman
Introduction of Invest KOREA

Project Manager (PM)

1. Being Industry Experts
   - Investment Proposals (IR materials)
   - Industry Reports (Monthly/Quarterly reports)
   - Industry Expert Networking

2. Being FDI Accelerators
   - Project Hunting (Round Tables, IR)
   - Organizing 1:1 Meeting with domestic players
   - Consultation (incentives, government policies)
   - SCRM Management*

   *Smart Customer Relationship Management (SCRM): An online database that enables systematic management of investment projects around the world at one sight

3. Investment Goal Achievement
   - Allocated Investment Goal by Region
   - Quarterly Project Inspection Conference

Allocated Investment Goal by Region
Quarterly Project Inspection Conference

---

Invest KOREA
## Incentives for FDI

<table>
<thead>
<tr>
<th>Tax Reduction</th>
<th>Investment Qualifications</th>
<th>Incentives</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-tech Business</td>
<td>▪ Contribute significantly to domestic economy and technology</td>
<td>▪ Income, corporate tax: 100% for 5 years, 50% for 2 years after that</td>
</tr>
</tbody>
</table>
| Foreign Investment Zone | ▪ Individual type  
  ▪ Manufacturing: min. $30M  
  ▪ Tourism & Resort, International convention: min. $20M  
  ▪ Logistics: min. $10M  
  ▪ R&D center: min. $2M & min. 10 researchers | ▪ Local tax: 100% for 15 years  
 ▪ Customs: 100% for 5 years |
| ▪ Complex type  
  ▪ Manufacturing: min. $10M  
  ▪ Logistics: min. $5M | | |
| Free Economic Zone | ▪ Manufacturing, Tourism & Resort, International convention: min. $10M  
  ▪ Logistics, Medical institutions: min. $5M  
  ▪ R&D center: min. $1M & min. 10 researchers | ▪ Income, corporate tax: 100% for 3 years, 50% for 2 years after that  
 ▪ Local tax: 100% for 15 years  
 ▪ Customs: 100% for 5 years |
| Land Support | ▪ More than 30% of foreign investors’ stock rate | ▪ Reduction of rent fee  
 ▪ Support for infrastructure |
| Cash Grant | ▪ More than 30% of foreign investors’ stock rate  
 ▪ Manufacturing: Parts & materials specialty or high-tech business  
 ▪ R&D center: New R&D facilities and min. 5 researchers | ▪ Negotiable |
Introduction of Invest KOREA

Activities

Foreign Investment Week

2017. 11. 7(Tue) ~ 11. 9(Thurs)
Grand InterContinental Seoul Parnas
Introduction of Invest KOREA

Supports

Job Fair

Get to Know Korea

Roundtable
Services

Introduction of Invest KOREA

Invest Korea Plaza

Major Services

- Secretarial and reception services
- Dedicated office space
- Administrative services
- Investment consulting service through the ICC
  *Target tenants: Venture capital, private equity, hedge fund

Offices for rent

- 40 rooms available
- Office size: 21.3-53.2 square meters
  (Size adjustment possible)

Red Carpet Service

- Site visits
- Free accommodations
- Meeting arrangements
- Transportation
- Interpretation
- Airport pick-up & fast track service
Thank you

Invest KOREA, Invest in Success
Websites & KOTRA Express

www.investkorea.org

www.investkorea.org/en/published/express.do

blog.investkorea.org/wordpress/

facebook.com/investkorea

www.linkedin.com/company/invest-korea

www.youtube.com/user/INVESTinKOREA
New Investment Opportunities: FTA

FTA with 52 countries

Trade Volume as of 2016
(USD 100 Million)

*Source: Ministry of Trade, Industry & Energy, Korea International Trade Association

*New Investment Opportunities: FTA

FTA with 52 countries

Trade Volume as of 2016
(USD 100 Million)

*Source: Ministry of Trade, Industry & Energy, Korea International Trade Association
New Investment Opportunities: FTA

FTA Hub

Made in Korea
FTA Network

Global Companies

Chinese Companies

Global Market

Chinese Market