



# GLOBAL LINK to SUCCESS

26. September 2017  
IHK Stuttgart

# Korea

Where Success Knows No Limits

03 FDI in Korea

10 Incentive for Auto Parts Industry

19 Introduction of Invest Korea





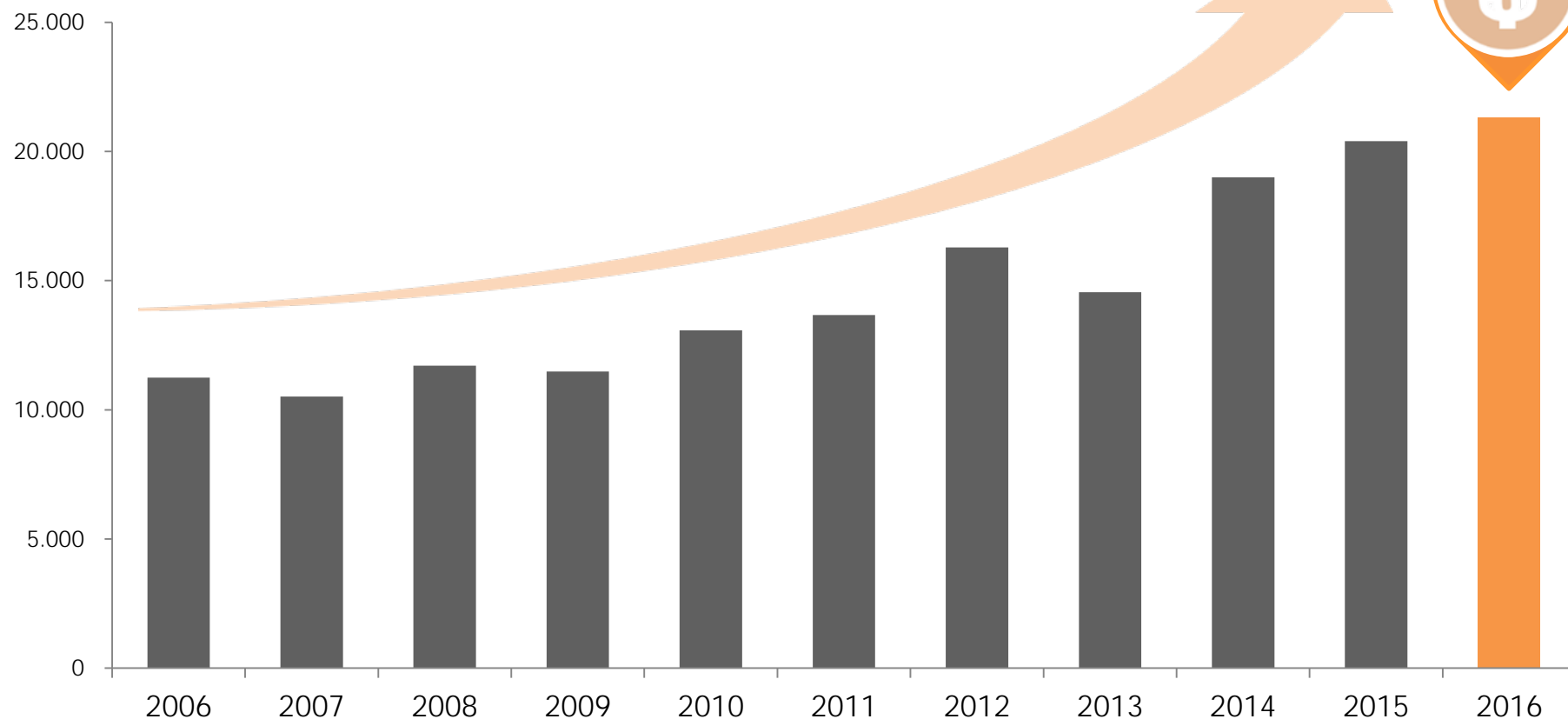
# — FDI In KOREA

# FDI Statistics

21.3  
*Billion*

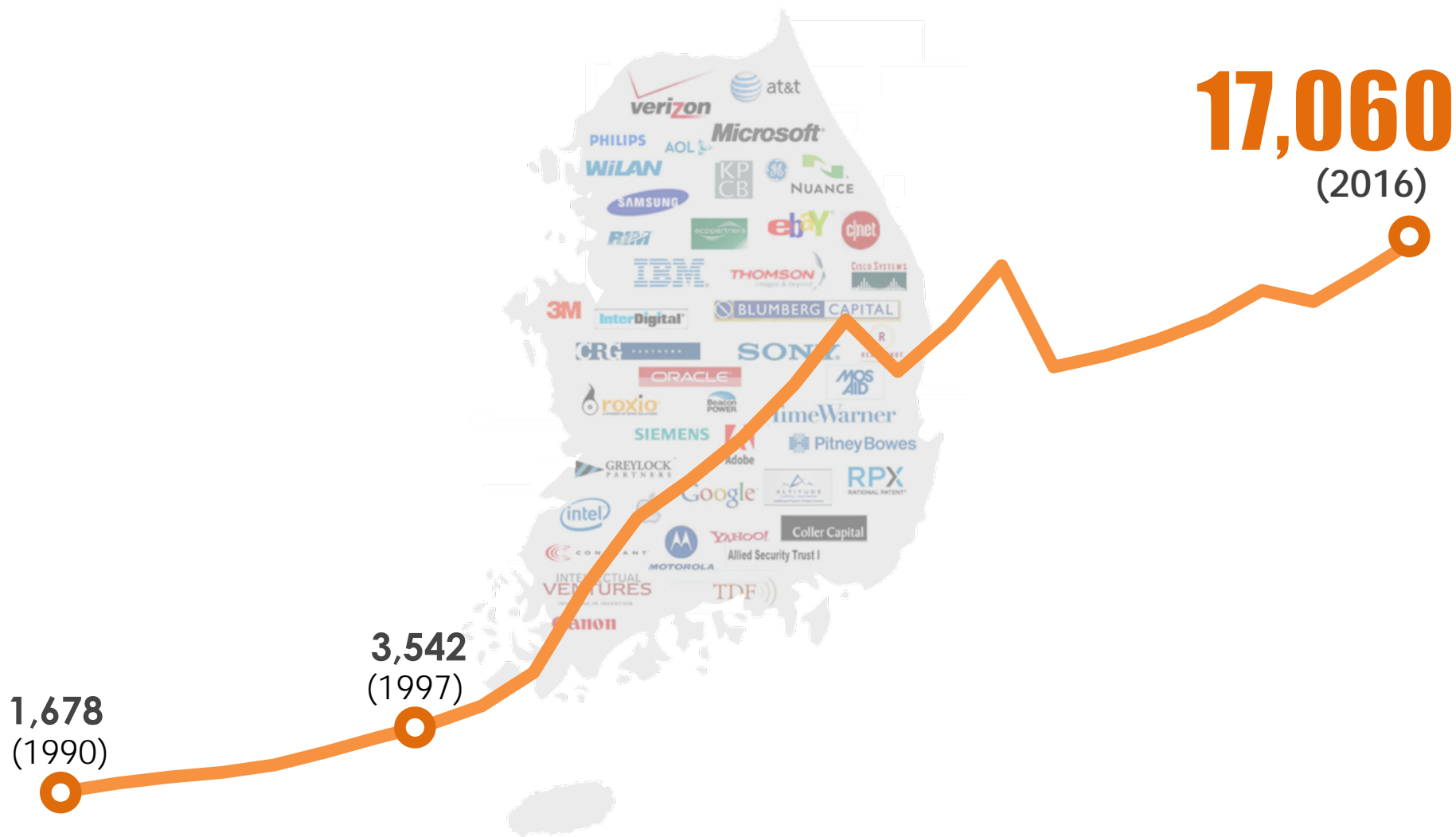


(USD Million)



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

# Foreign-Invested Companies in Korea



\*Source: KOTRA(2016)

# Foreign-Invested Companies in Korea

223 of 500 companies invested in Korea



TOTAL



ExxonMobil

GLENCORE

DAIMLER



Human Energy™



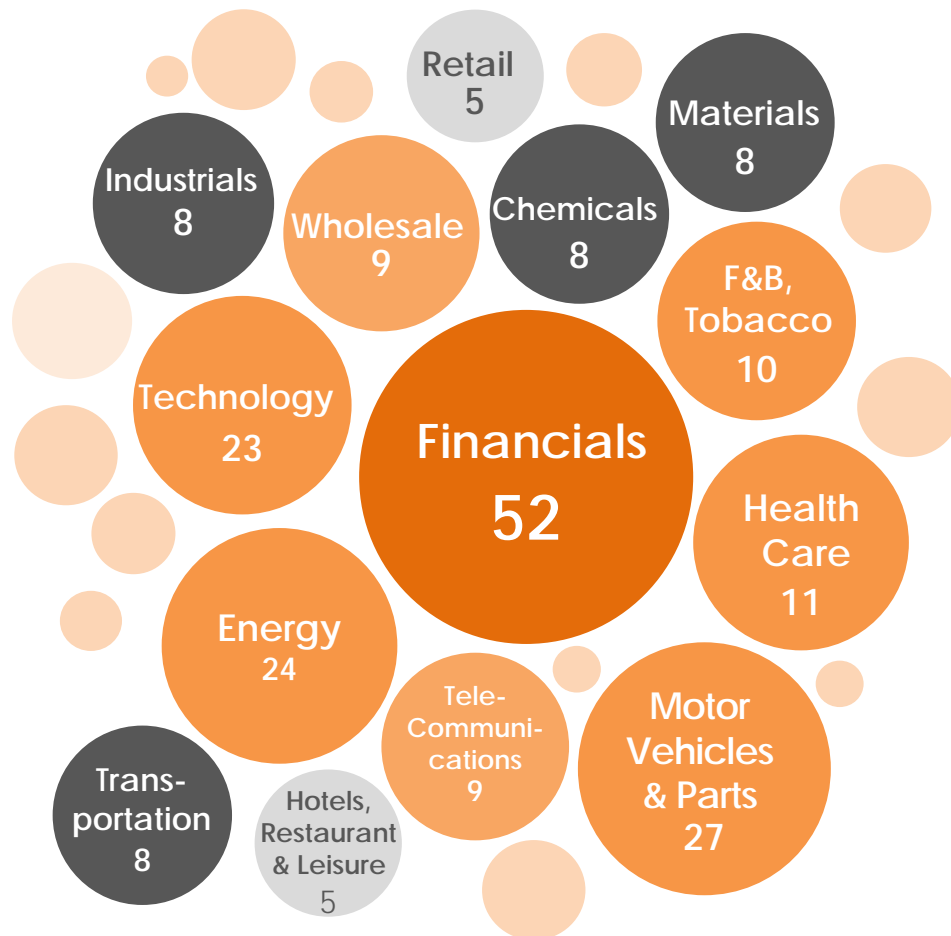
TOYOTA



ICBC



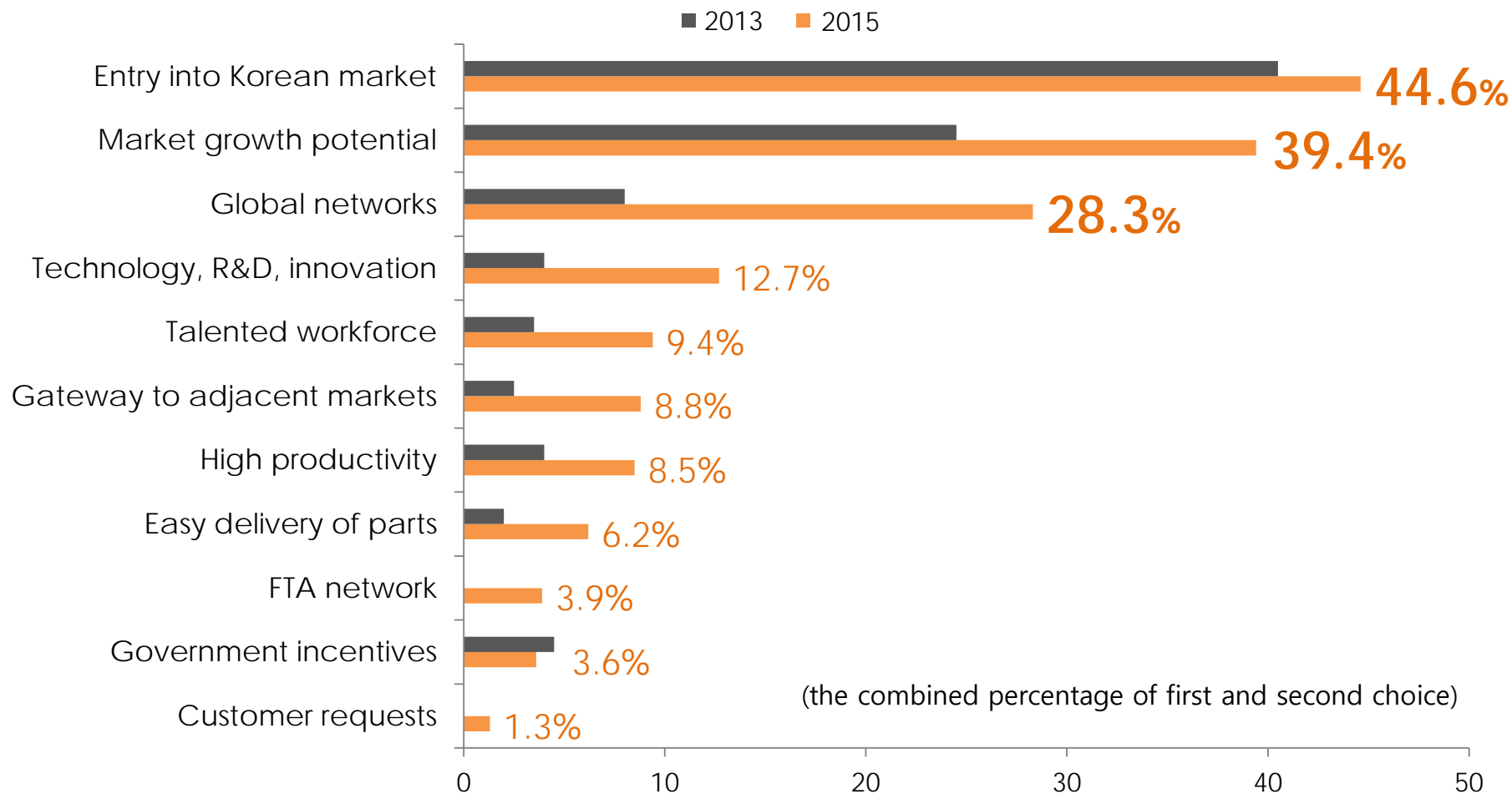
Major Industries



\* Source: Fortune, Invest KOREA(2015)

# Reasons for Investing in Korea

## Reasons for Investing in Korea

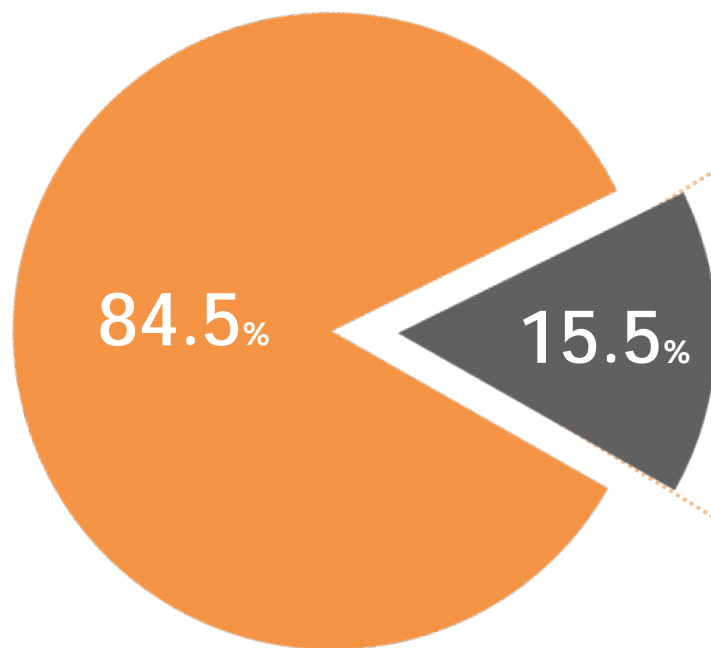


\*Source: Invest KOREA(April 2016)

# Sales of Foreign-invested Companies in Korea('15)

## Key Sales Channels

■ Domestic market ■ Export



## Key Export Markets

China	28.2 %
Japan	23.9 %
U.S.	14.9 %
Germany	3.9 %
Hong Kong	2.8 %
Singapore	2.5 %
Other	23.7 %

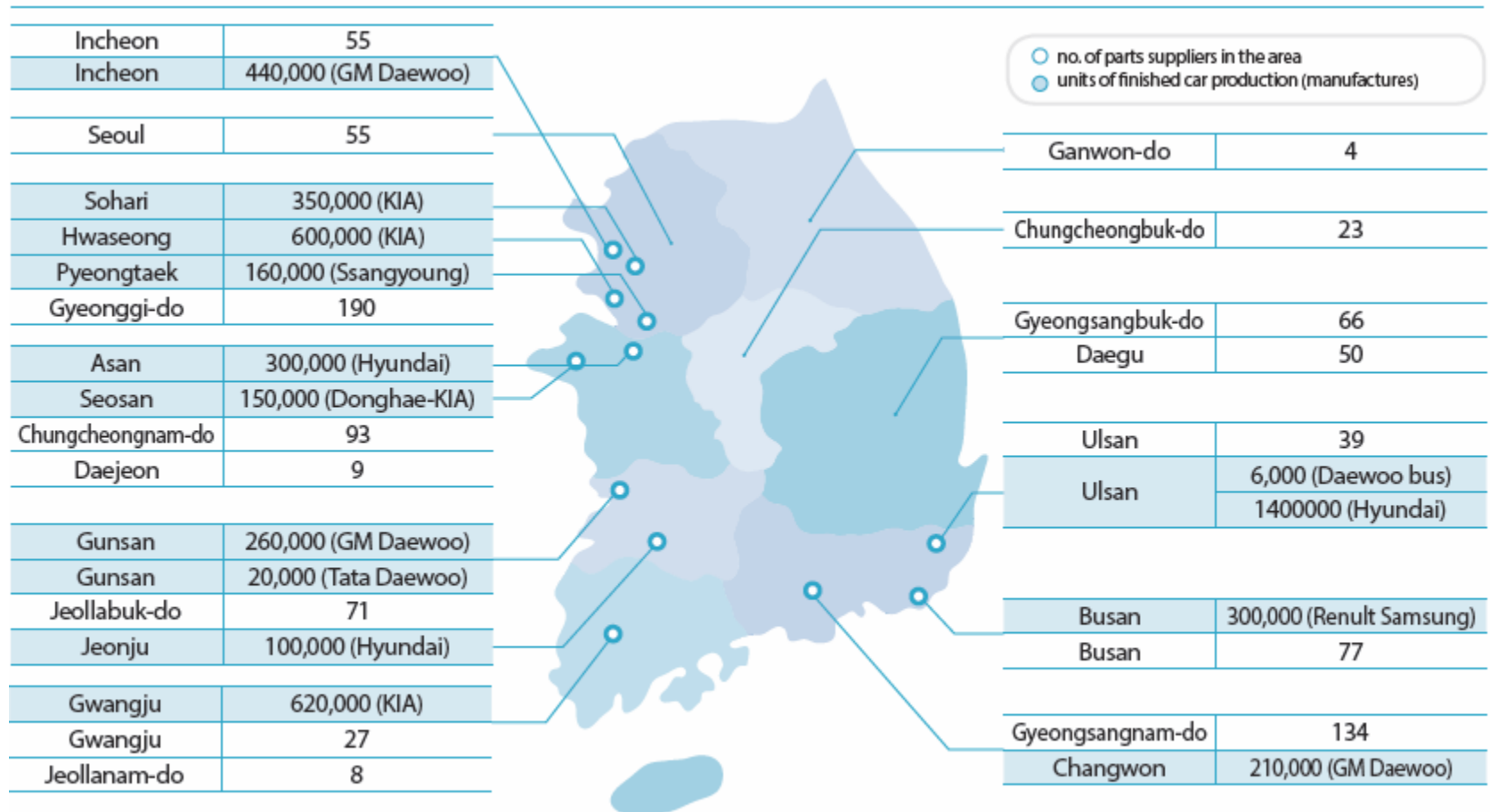
\*Source: Invest KOREA(January 2017) "2016 Survey on the Management Status of Foreign-invested Companies"



# Incentives for Auto Parts Industry

# Automobile Cluster in Korea

## Distribution of Domestic Finished Car Manufacturers and Primary parts Suppliers



Source: Korea Auto Industries Coop. Association (KAICA), Respective companies of finished automakers

# Free Economic Zone

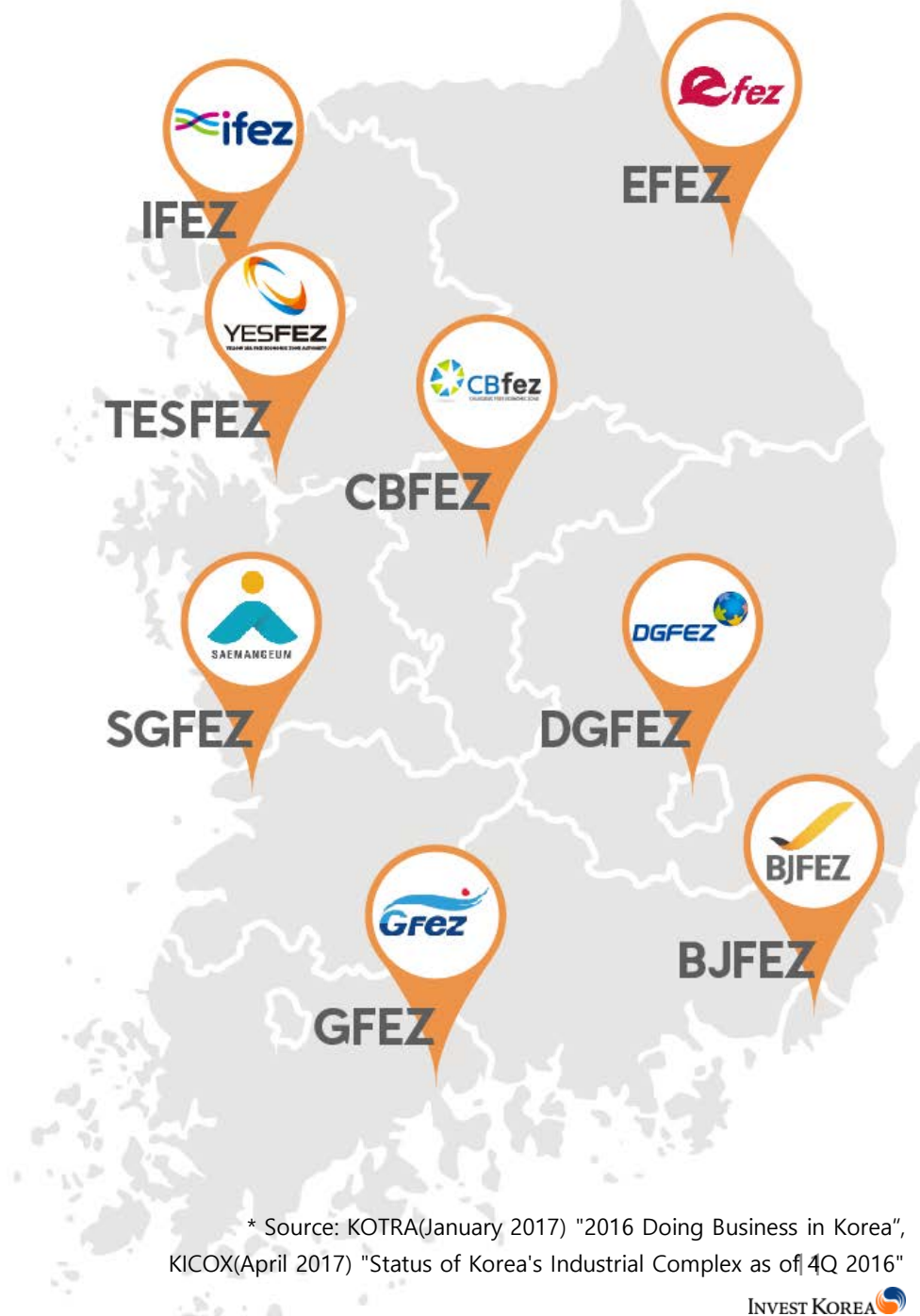
**B**usiness location support for various zone types

8 FREE ECONOMIC ZONES

104 FOREIGN INVESTMENT ZONE

13 FREE TRADE ZONES

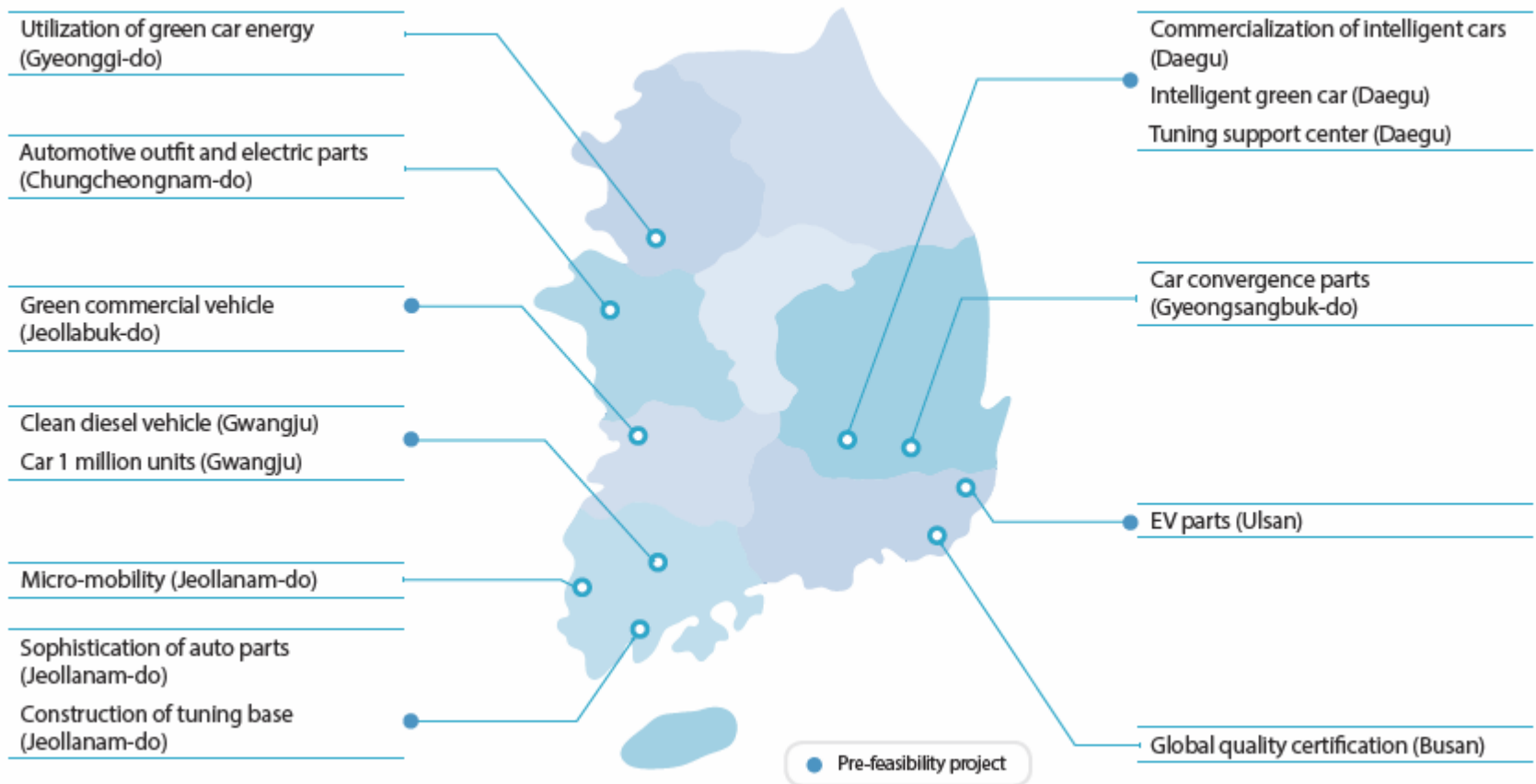
1,158 INDUSTRIAL COMPLEXES



\* Source: KOTRA(January 2017) "2016 Doing Business in Korea",  
KICOX(April 2017) "Status of Korea's Industrial Complex as of 4Q 2016"

# Local Conditions and Benefits

## Region-Specialized Support for Auto Parts R&D Projects



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

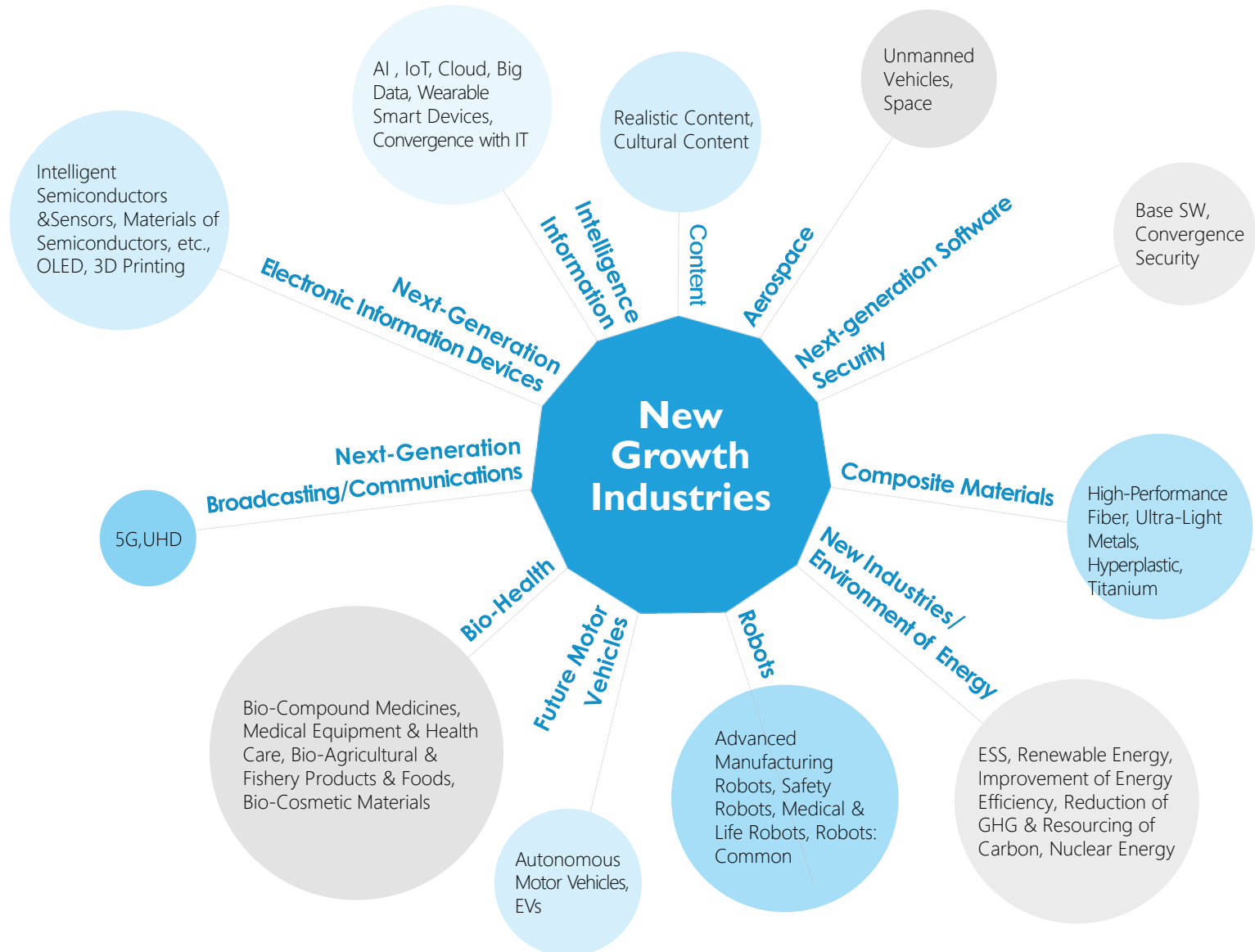
## Exempted Taxes

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

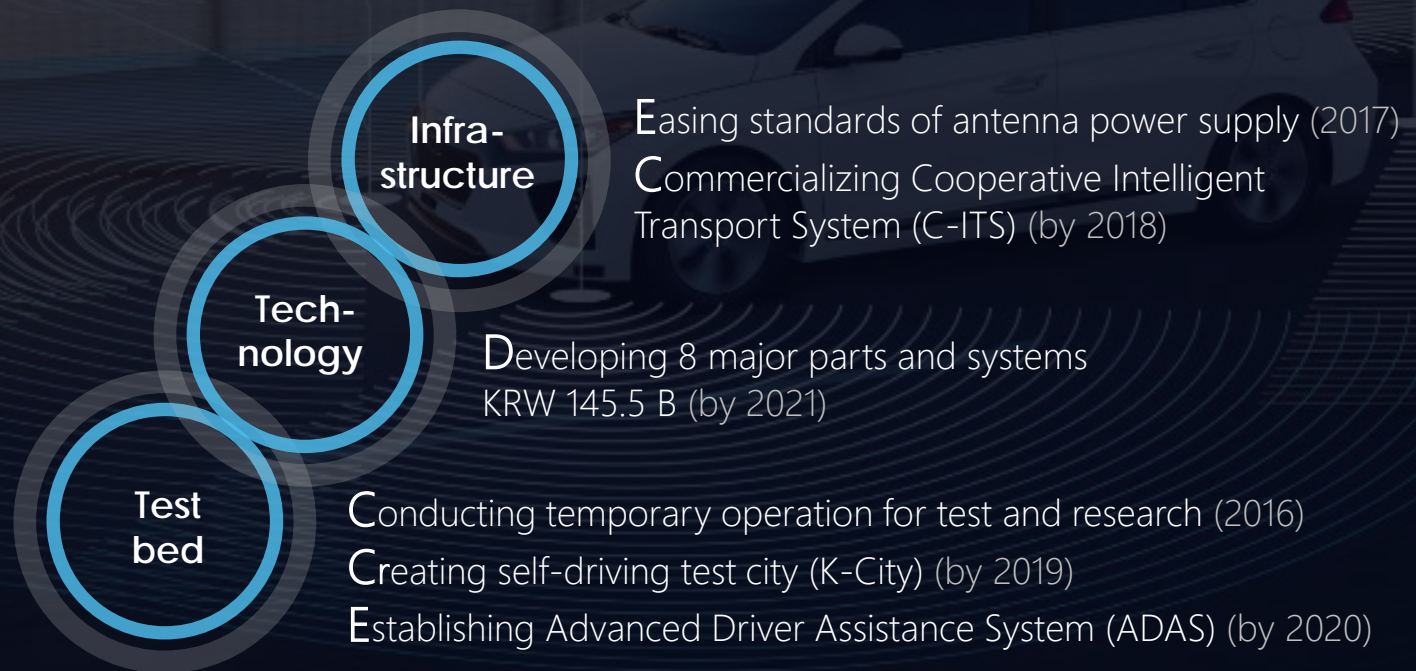
37 Subsectors of 11 New Growth Industries



# Autonomous Motor Vehicles

## Commercialization in 3 Levels

by 2020



# 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%

## 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.



A nighttime aerial view of a city, likely Seoul, with illuminated skyscrapers and a river. The image is partially covered by a dark blue diagonal overlay on the right side.

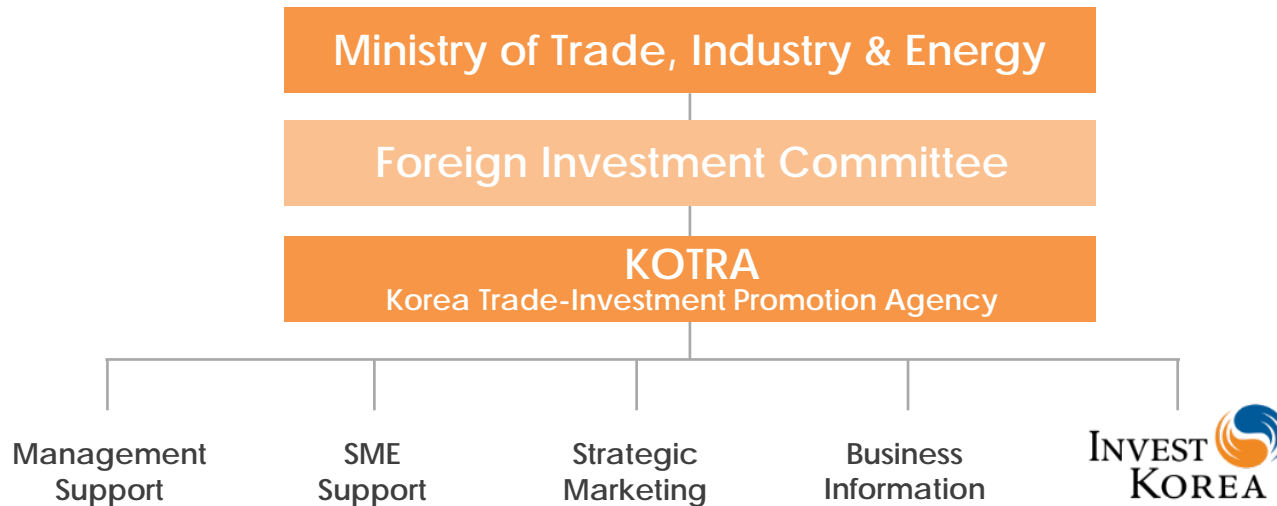
# Introduction of Invest KOREA



# History

- 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

## - FDI Promotion Regime, Republic of Korea



# Overseas Branches for Investment Attraction

36 offices  
devoted to investment

## 9 North America

### Canada

Toronto  
Vancouver

### U.S.

Washington  
Chicago  
Dallas  
Detroit  
Los Angeles  
New York  
Silicon Valley

## 13 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

## 1 Middle East

**U.A.E.** Dubai

## 6 Greater China

### China

Beijing  
Guangzhou  
Qingdao  
Shanghai  
Hong Kong  
**Taiwan**  
Taipei

## 4 Japan

### Japan

Tokyo  
Fukuoka  
Nagoya  
Osaka

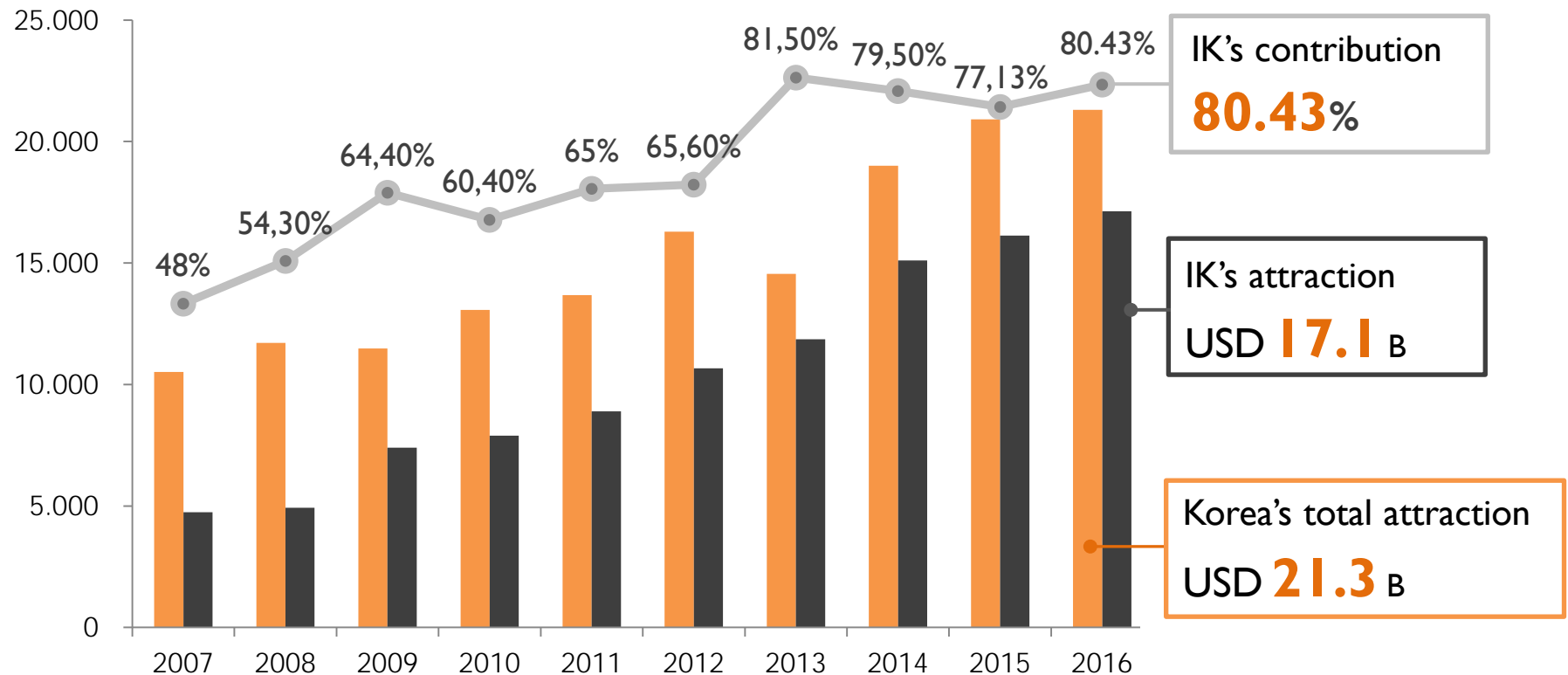
## 3 SE Asia & Oceania

### Australia

Sydney  
Melbourne  
Singapore

# IK's Contribution to FDI Attraction('16)

(USD 100 Million)



\*Source: 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

# Project Manager (PM)

Industry  
Expert



Investment  
Promotion  
Expert

## 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

## 1. Being Industry Experts

- Investment Proposals (IR materials)
- Industry Reports (Monthly/Quarterly reports)
- Industry Expert Networking

## 3. Investment Goal Achievement

- Allocated Investment Goal by Region
- Quarter Quarterly Project Inspection Conference



# Incentives for FDI

		Investment Qualifications	Incentives
Tax Reduction	High-tech Business	<ul style="list-style-type: none"> <li>Contribute significantly to domestic economy and technology</li> </ul>	<ul style="list-style-type: none"> <li>Income, corporate tax: 100% for 5 years, 50% for 2 years after that</li> <li>Local tax: 100% for 15 years</li> <li>Customs: 100% for 5 years</li> </ul>
	Foreign Investment Zone	Individual type <ul style="list-style-type: none"> <li>Manufacturing: min. \$30M</li> <li>Tourism &amp; Resort, International convention: min. \$20M</li> <li>Logistics: min. \$10M</li> <li>R&amp;D center: min. \$2M &amp; min. 10 researchers</li> </ul>	
		Complex type <ul style="list-style-type: none"> <li>Manufacturing: min. \$10M</li> <li>Logistics: min. \$5M</li> </ul>	
	Free Economic Zone	<ul style="list-style-type: none"> <li>Manufacturing, Tourism &amp; Resort, International convention: min. \$10M</li> <li>Logistics, Medical institutions: min. \$5M</li> <li>R&amp;D center: min. \$1M &amp; min. 10 researchers</li> </ul>	<ul style="list-style-type: none"> <li>Income, corporate tax: 100% for 3 years, 50% for 2 years after that</li> <li>Local tax: 100% for 15 years</li> <li>Customs: 100% for 5 years</li> </ul>
Land Support		<ul style="list-style-type: none"> <li>More than 30% of foreign investors' stock rate</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of rent fee</li> <li>Support for infrastructure</li> </ul>
Cash Grant		<ul style="list-style-type: none"> <li>More than 30% of foreign investors' stock rate</li> <li>Manufacturing: Parts &amp; materials specialty or high-tech business</li> <li>R&amp;D center: New R&amp;D facilities and min. 5 researchers</li> </ul>	<ul style="list-style-type: none"> <li>Negotiable</li> </ul>

# Activities

## Foreign Investment Week

2017. 11. 7(Tue) ~ 11. 9(Thurs)

Grand InterContinental Seoul Parnas





# Supports

## Job Fair



## Get to Know Korea



## Roundtable



# Services

## Invest Korea Plaza

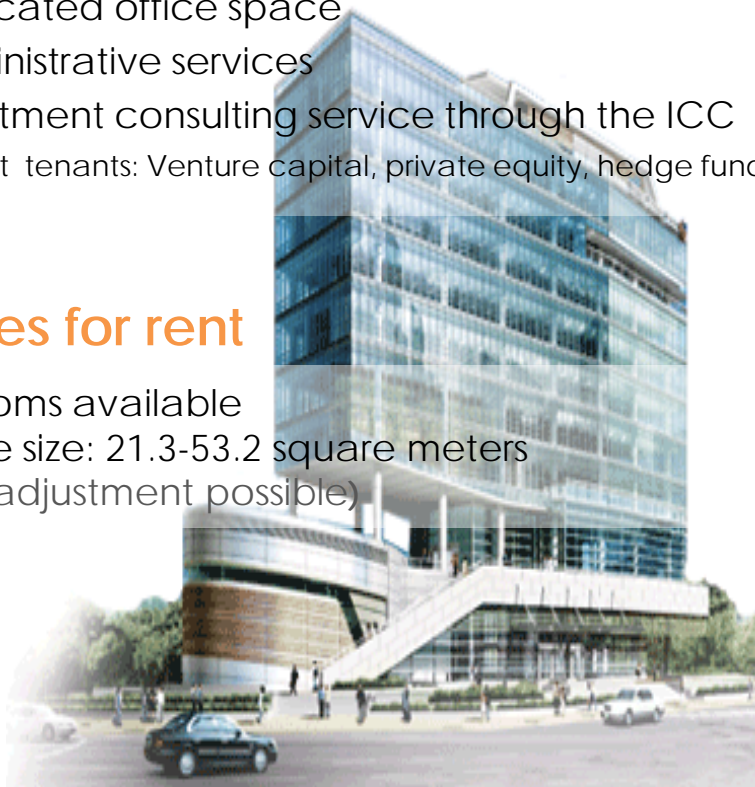
### Major Services

- 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](http://www.investkorea.org)



[www.investkorea.org/en/published/express.do](http://www.investkorea.org/en/published/express.do)



[blog.investkorea.org/wordpress/](http://blog.investkorea.org/wordpress/)



[facebook.com/investkorea](https://facebook.com/investkorea)

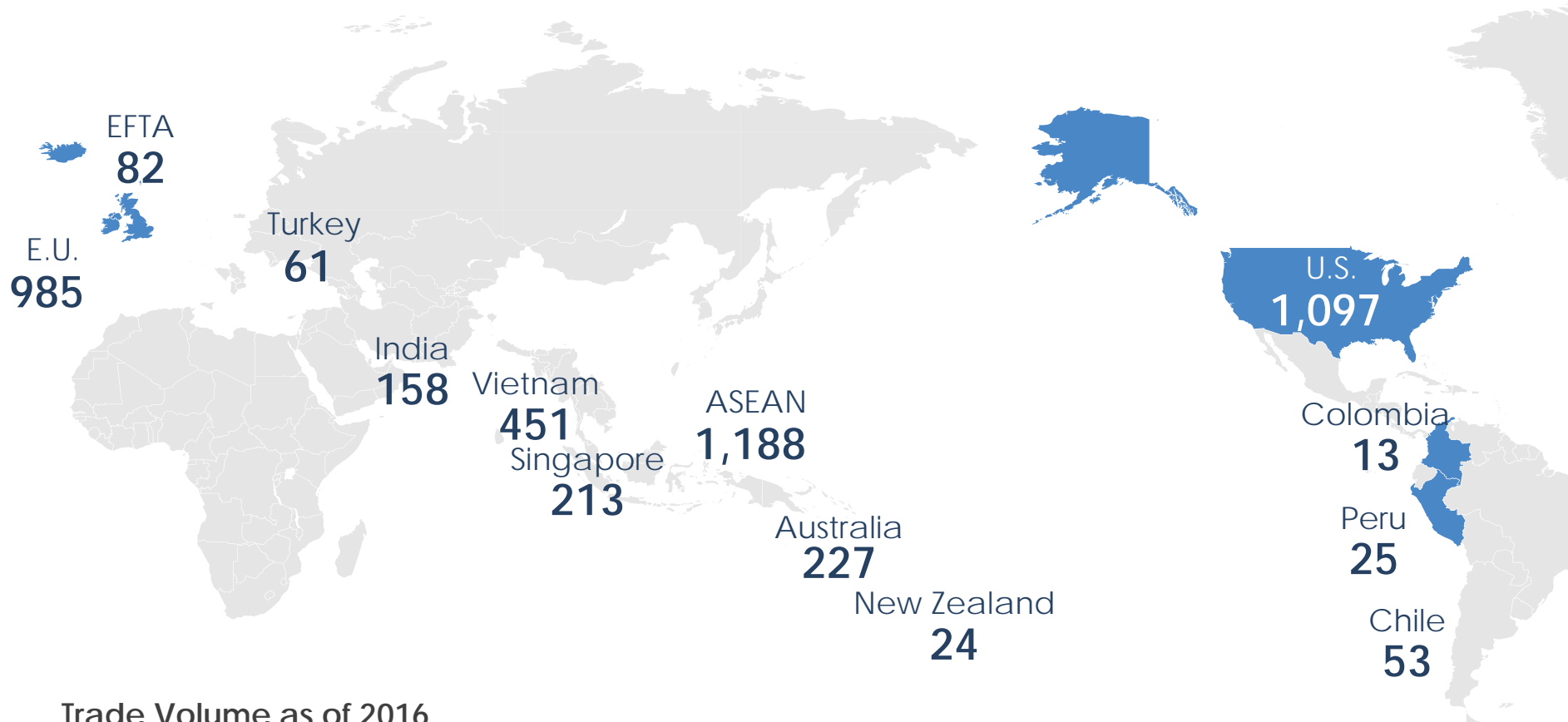


[www.linkedin.com/company/invest-korea](http://www.linkedin.com/company/invest-korea)



[www.youtube.com/user/INVESTinKOREA](http://www.youtube.com/user/INVESTinKOREA)

# FTA with 52 countries



Trade Volume as of 2016  
(USD 100 Million)

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

## Made in Korea FTA Network

Global  
Companies

Chinese  
Companies

Global Market



Chinese Market

