

Foreign Investment Zone

Mieum

Industrial Complex



bjfez



❖ What is the Free Economic Zone(FEZ)?

FEZ, Free Economic Zone, is a specific area dedicated to providing the best environment for business and living to attract leading multinational companies and businesses.

Korea, located at the hub of Northeast Asia's economy has established the FEZs, taking advantage of geographical locations and strong infrastructures such as international airports and ports, and a tourism and leisure environment easily accessible to large neighboring markets. FEZs are supported by business-friendly regulatory environments including various incentives in the areas of labor, taxes, and one-stop administrative service.

❖ Busan-jinhae Free Economic Zone

Spearheaded by the Korean Ministry of Knowledge Economy, the BJFEZ was designated as one of the Korean FEZs on October 30th, 2003 according to the Regulations on Free Economic Zone Designation and Operation.

With total area of 104.8km², the BJFEZ is divided into 5 areas. New Port area, High-tech and manufacturing area, New International City including international schools, foreign hospitals and R&D Centers, Tourism and Leisure Area, which will be developed in three stages by the year 2020.

New Port will have a total of 30 container berths and it will work alongside the current Busan Port ranking 5th in the world for container throughput.

The BJFEZ will be the stepping-stone to Northeast Asia with a business-friendly labor system, liberalized foreign exchange system and capital market, as well as processing public documents in English.

To provide an optimal environment where people, capital and technologies are able to come together to create synergy effects in Northeast Asia

To become the world's premier logistics hub

To develop the optimal logistics base bringing together ports, airport, railways, and roads

To facilitate easier interaction of the New Port and the neighboring industries : aviation, automobile, machinery equipment, shipbuilding

To foster an efficient business environment by providing a one-stop administrative service with attractive incentives

To spearhead eco-friendly development for minimizing the impact of environmental pollution

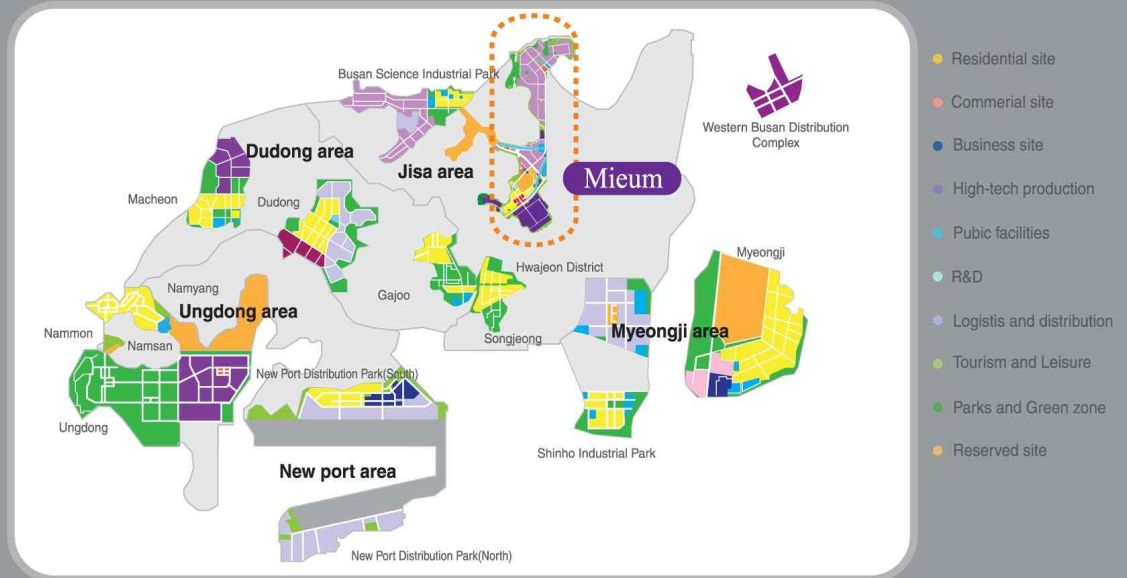
VISION



Providing an optimal business environment with ideal living conditions to meet global standards for foreign investors

Mieum

Busan-Jinhae Free Economic Zone



• Road

- ⇒ **Expressway** : 2 routes are being constructed, connecting the BJFEZ to major national expressways(200km)
- ⇒ **Local roads** : A total of 21 local routes are being built including the entry road to the New Port(172km)

• Railway

- ⇒ **Metropolitan railway** : Three tracks will be constructed, connecting the BJFEZ to the main train lines.
- ⇒ **Local railway** : Circular light electric rail lines will be constructed, connecting the BJFEZ to downtown Gimhae and Busan Metropolitan City.

• Port

- ⇒ The 30-berth Busan New Port, currently under construction, will have the capability of handling more than 10million TEUs per year by 2015, and a total of 4.6km² of hinterland site is to be built.

• Airport

- ⇒ Airport terminal building will cover an area of 341,400m²
- ⇒ Airport passenger terminal will have a capacity of 1,185,000 domestic passengers and 4,630,000 international passengers a year
- ⇒ A total cargo handling capacity of both the international and domestic terminal will be 560,000 tons per year



Mieum Parts and Materials Park



- ▶▶▶ Size : 328,185 m²
- ▶▶▶ Availability : 2nd half of 2011
- ▶▶▶ Land usage : Building coverage 70%, Floor space ratio 350%
- ▶▶▶ Lease : KRW 17,900 / 3.3 m²
- ▶▶▶ Foreign investment amount : USD 1.5 million or more when leasing 3,306 m²





Occupancy Requirements

Eligibility

- 100% foreign invested company
- JVs with a minimum 30% FDI ratio
- A minimum FDI amount of KRW 50million or more

Rent

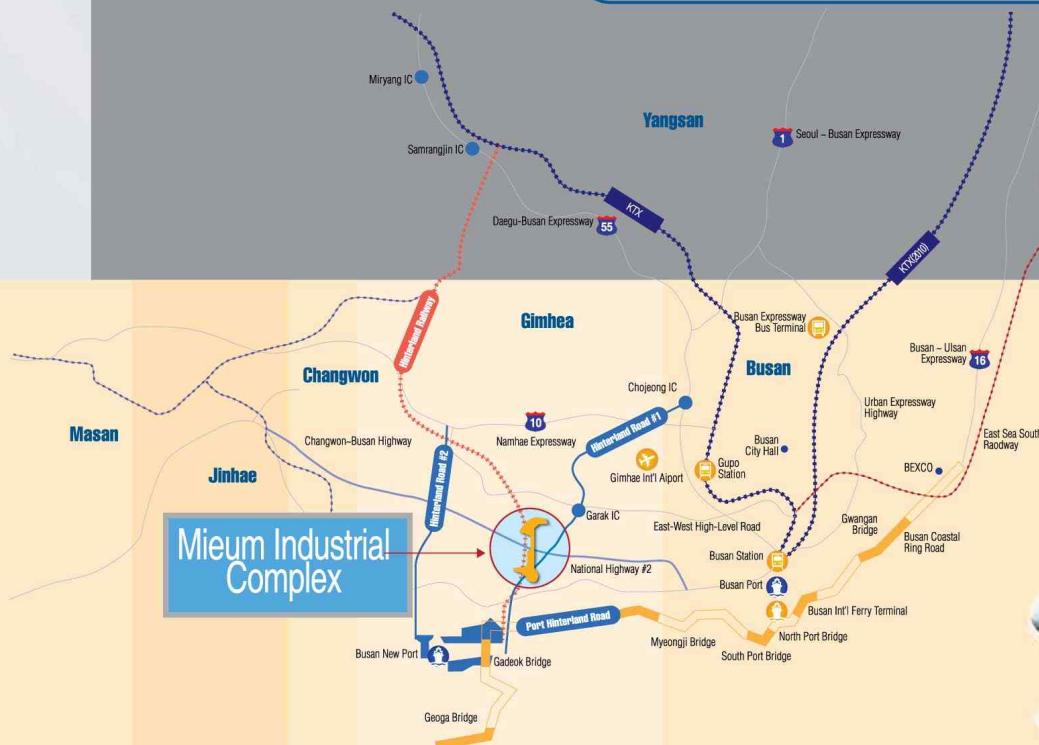
- lease period : up to 50 years (renewable every 10 year)

FDI amount for leasing area

- The amount of FDI shall be equivalent to that of the land price.

Investment Implementation

- Total investment to be completed within 5years upon land lease contract



FDI Incentive Program

❖ Tax Exemption

Eligible Companies	Tax Items	Exemption and Reduction
<ul style="list-style-type: none"> Manufacturing businesses with foreign investment of USD 10million or more 	Corporate/Income Tax	100% for the foreign equity portion for 3 years from the first taxable year, 50% for the following 2 years
	Acquisition/Registration Tax	100% for the foreign equity portion for 3 years from the first taxable year, 50% for the following 2 years
	Property Tax	100% for 7 years from the commencement of business, 50% for the following 3 years
	Customs Duties	100% for the imported capital goods within 3 years of business commencement, 50% for the following 2 years
<ul style="list-style-type: none"> High-tech businesses and with USD 1million or more, and manufacturing businesses with foreign investment of USD 30million or more High-tech R&D center with foreign investment of USD 2million or more 	Corporate/Income Tax	100% for the foreign equity portion for 5 years from the first taxable year, 50% for the following 2 years
	Acquisition/Registration Tax	100% for 7 years from the commencement of business, 50% for the following 3 years
	Property Tax	100% for 7 years from the commencement of business, 50% for the following 3 years
	Customs Duties / Special ExciseTax /Value Added Tax	100% for imported capital goods within 3 years of business commencement

❖ Rent Exemption and Reduction

Eligible Companies	For the land owned by the central government (75%)		For the land owned by Busan Metropolitan Government (25%)	
	FDI Requirement	Reduction Rate	FDI Requirement	Reduction Rate
<ul style="list-style-type: none"> High-tech Businesses 	USD 1million or more	100% of the rent	USD 1million or more	100% of the rent
<ul style="list-style-type: none"> Manufacturing businesses 	USD 5million or more	100% of the rent	USD 5million~ USD 10million	50% of the rent
			USD 10million~ USD 20million	75% of the rent
			USD 20million or more	100% of the rent

※ Ref : Article 19 of the Foreign Investment Promotion Act, Article 26 of the Busan Public Property and goods Ordinances

❖ Cash Grant

Subsidy	Contents
• Employee Training Grant	① Amount : Up to KRW 500,000 per month for each employee when hiring 20 or more new employees ② Limit : KRW 200million in total ③ Period : Up to 6 months
• Employment Grant	
• Consulting Subsidy	① Amount : Up to 30% of consulting fees (accounting, legal, etc) ② Limit : KRW 20million ③ Period : Up to 6 months

❖ R&D Support

Subsidy	Contents
• R&D Site	Support amount decided on a case by case basis
• Employment Subsidy	Within 50% of basic salary for up to 6 months(Maximum KRW 200million) in case of 5 or more research personnel on the payroll
• Land Purchase/ Building Space Rent Subsidy	Within 30% of land purchasing price 50% of rental fees for up to 2 years in case of 5 or more research personnel on the payroll
• Subsidies on Consulting Fees	Up to 30% of consulting fees (Maximum KRW 20million) in case of 5 or more research personnel on the payroll
• Employee Education & Training Subsidy	Maximum KRW 200million, up to six months





BJFEZ Busan-Jinhae Free Economic Zone Authority

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Contact

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※ The information above is subject to change depending on the progress of the designation of the Hwajon Foreign Investment Zone.