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# Korean Free Economic Zones



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# KFEZ Korean Free Economic Zones

**As centers of international business where global capital and information gather, the Korean Free Economic Zones offer the ideal management environment for multinational firms.**

Korean Free Economic Zones are specially designated areas created to improve the business and living environment for foreign-invested firms in Korea. Since the 2003 inauguration of an FEZ in Incheon, the number of FEZs in operation has grown to eight: Incheon, Busan-Jinhae, Gwangyang Bay Area, Daegu-Gyeongbuk, Saemangeum-Gunsan, Yellow Sea, East Coast and Chungbuk.

Accumulated foreign direct investment in the KFEZs amounted to \$9.96 billion as of 2014, with 2,235 companies, including multinational firms such as GE and BMW, operating in the KFEZs. The KFEZs have become even more attractive to global investors who knock on the Korean door first when seeking opportunities in Asia.

Accumulated  
FDI

# \$9,958,000,000

No. of resident  
firms in KFEZ

# 2,235EA



## "From tideland to futuristic city with skyscrapers" 13 years of KFEZs' pioneering efforts

『Sixty years ago, South Korea was an economic wasteland. Today, it is not only the world's 15th largest economy, but also a vibrant democracy and an emerging cultural force.』

TIME U.S. / December 2012

### KFEZs in the past

Not long ago, the eight KFEZs were remote tidelands, wastelands and dilapidated manufacturing grounds. The major industries were agriculture, fisheries, mining and stockfarming. Just a few, small manufacturing plants operated in some areas.



Gwangyang Bay area in the past



Saemangeum-Gunsan in the past



Tideland of Songdo in the past

### Growth begins in KFEZs

The KFEZs sites began witnessing sea changes with the enactment of a KFEZ-related law in 2002 which promoted foreign investment, national competitiveness and balanced regional growth. The agriculture and fisheries in old areas were replaced by cutting-edge industrial complexes, global educational institutes, and cultural and leisure facilities, ready for the cities to become truly global.



Garyeok drainage floodgate and tourism zone, Saemangeum-Gunsan



Songdo District, Incheon



West Busan Distribution District, Busan-Jinhae

### KFEZs today and in the future

The KFEZs have continued to change for business during the past 13 years and have become a major investment destination for international business leaders. Influential media, including TIME, CNN in the U.S., and Nikkei in Japan, positively covered the KFEZs. CNN, in particular, praised Incheon, one of the eight KFEZs, as "solution to the future city." The eight KFEZs have strived to improve business environment and living conditions for foreign-invested firms. As international business hubs, they will act as massive exchanges of global capital and information.



Bukpyeong International business complex District, East Coast



Midancity, Yeongjong District, Incheon



Poseung District, Yellow sea

Where

# Business

## Blossoms!



## Best Place for Business

### Grab business opportunities in KFEZs

Korea offers an optimal business environment, with 50 million people, USD 1.2 trillion in GDP, free trade deals with the world's top three economies, and globally competitive human resources and infrastructure.

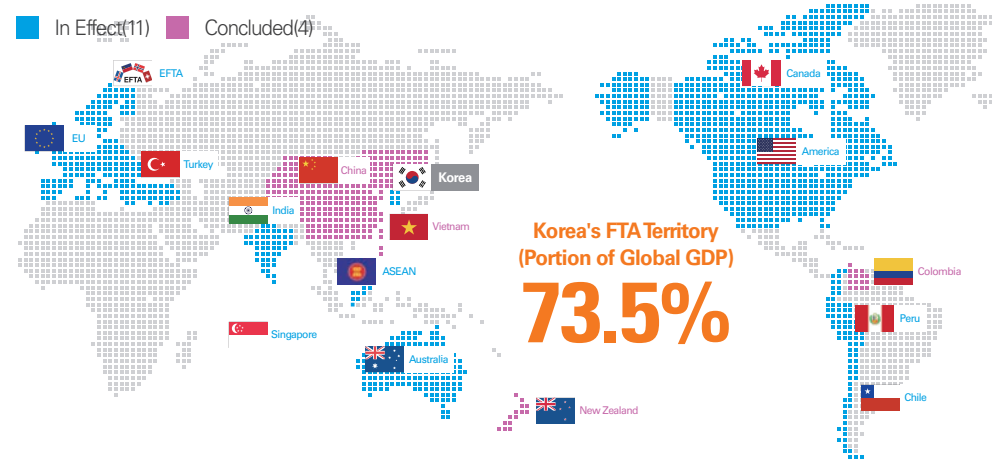
Part. 01

The best business environment

Strong FTA networks with major economies

The Korean market is the most attractive business hub in the world. It is Asia's only nation that has concluded free trade agreements with the EU(2011) and the U.S.(2012). It has FTAs with 52 countries in the world as of June, 2015, and the combined GDP with those countries amounts to 73.5 percent of world's GDP. With the signing of an FTA between Korea and China, global investors are able to occupy the Chinese market in advance through Korea, and Chinese companies can reach out to the world market through Korea.

Korea's FTA Network



World's most innovative country in ICT

Korea ranked first in Bloomberg's 2015 Global Innovation Index among 215 countries in the world. The nation is a pioneer in information and communications technology as well. Korea topped the International Telecommunication Union's global ICT Development Index among 157 countries in 2013, making it the fourth time in a row that the Asian economy has clinched the top spot. Such innovative ICT competitiveness offers the best opportunity for convergence in various sectors including finance, manufacturing, logistics, tourism and services. The best examples include successful cooperation between Korean and foreign companies in the manufacture of cars and ships equipped with smart technology.

Global research institutes in Korea include Microsoft Mobile Innovation Lab, IBM Ubiquitous Computing Lab, Google Engineering R&D Center, Siemens Medical R&D Center and Institut Pasteur Korea.

Globally competitive industries

Korea has global competitiveness in diverse industries. Korean companies are world leaders in semiconductors, TVs, smartphones, shipbuilding, petrochemistry, automobiles, LEDs and steel. More than half of the world's 500 largest companies compiled by Fortune magazine have already made inroads into the Korean market.

<Korea's global market share by industry as of 2013>



Source: Invest Korea

Part. 02

Quality infrastructure

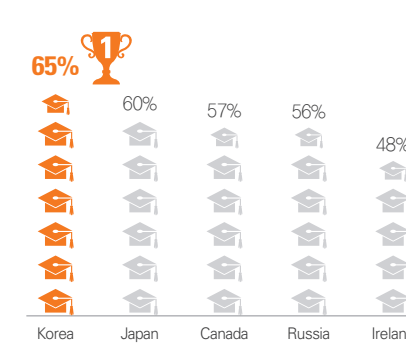
Best location for breaking into Northeast Asian market

Korea is located at the center of Northeast Asia, which is emerging as the world's third-largest economic region. Situated between the world's second-largest economy China and the third, Japan, there are 61 cities with a population of over 1 million within a three-hour flight of Korea. This puts it in the most effective geographical place to break into the Northeast Asian market of 1.5 billion consumers.

Highly skilled manpower

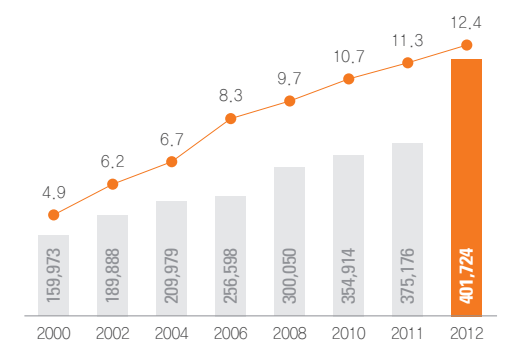
Korea's highly skilled manpower will support successful businesses for global investors. A whopping 75 percent of a sample of 200 foreign companies in operation in Korea said Korean people had a strong sense of sincerity and responsibility. The percentage of college graduates among those aged between 25 and 34 is 65 percent, the highest among OECD member nations. The R&D workforce has also continued to increase for the past 10 years.

<OECD Top-5 College Graduation Rate in 25-34 Age Group>



Source: OECD, 2013

<Growth Rate in Korean R&D Workforce>



Source: Ministry of Science, ICT and Future Planning

Logistics, as intricate as a spider's web

Korea's Incheon International Airport offers direct flights to 181 cities through 90 airlines. As the world's second-largest airport in international freight, the Incheon airport topped the Airport Service Quality survey for the 10th year in a row in 2014. Korea's main seaport in Busan offers regular containership services to 368 ports worldwide, including 48 in China and 71 in Japan.

Quality electricity, water supply, telecommunications

Korea boasts highly affordable and stable electricity, water, gas and telecommunications services. Electricity and water for industrial use come in stable supplies at low prices, with a high level of consumer satisfaction. As an iconic IT powerhouse, Korea boasts seamless connectivity in telephone, mobile phone and high-speed internet anywhere and anytime. One day is enough to open an internet or mobile phone network in Korea.



KFEZs, the reason for trust in business

Where is the 'new continent' for 21st-century business? Korea, the Northeast Asian hub, is the answer. The country has internationally-recognized infrastructure with geographical merits, globally high-skilled manpower and a global logistics system.



Where  
**Opportunity**  
Blossoms!



**Best Place for Success**  
Your opportunity for success is here

**For successful business, strong and effective incentives are given**

The KFEZs guarantee liberal and wide business activities through deregulation and financial support. Various benefits include reduction or exemption of corporate tax, income tax, acquisition tax and property tax, cash grants, eased regulations on labor and free foreign payment.

**Tax benefits**

The KFEZs offer exemptions or reductions in corporate tax, income tax, tariffs, acquisition tax and property tax for foreign-invested resident firms and developers, based on Special Act on Designation and Management of FEZs and Restriction of Special Taxation Act.

**Foreign-invested companies in an KFEZs**

Category	Benefits	Investment Requirements		
National tax	Corporate tax Income tax	Manufacturing : \$10 million or more		
		Tourism : \$10 million or more		
		Logistics : \$5 million or more		
		Medical institutions: \$5 million or more		
National tax	Corporate tax Income tax	R&D : \$1 million or more		
		Service : \$10 million or more		
		Manufacturing : \$30 million or more		
		Tourism : \$20 million or more		
National tax	Corporate tax Income tax	Logistics : \$10 million or more		
		R&D : \$2 million or more		
		Tariffs	100% exemption for 5 years	imported capital goods only
		Acquisition tax	100% tax exemption for up to 15 years in accordance with local ordinances	
Local tax	Property tax	Tax reductions for up to 15 years in accordance with local ordinances		

**Developer**

Category	Benefits	Requirements	
National tax	Corporate tax Income tax	Foreign investment of over \$30 million or a foreign investment ratio of over 50%, and a total development project cost of over \$500 million	
		<ul style="list-style-type: none"> <li>• First 3 years: 100% exemption</li> <li>• The following 2 years: 50% reduction</li> </ul>	
	Tariff	100% exemption for 5 years	imported capital goods only
Local tax	Acquisition tax	100% tax exemption for up to 15 years, in accordance with local ordinances	Foreign investment over \$30 million, or a foreign investment ratio of over 50%, and a total development project cost of over \$500 million
	Property tax	Tax reduction for up to 15 years, in accordance with local ordinances	

**Deregulation for hassle-free business**

The KFEZs support foreign-invested firms' activities by relaxing regulations.

Category	Details
Relief from control on labor affairs	<ul style="list-style-type: none"> <li>• Not obliged to fill vacant job positions with persons of national merit, the disabled, or the elderly</li> <li>• Unpaid leave is permitted</li> <li>• May expand the type of work and terms of dispatched worker assignments</li> </ul>
Exemption from Seoul regulations in metropolitan area	Any foreign-invested firm in an FEZ shall be relieved from the application of the provision in Seoul Metropolitan Area Readjustment Planning Act(Article 7: Restricted actions in the overcrowding control area, Article 8: Restricted actions in the growth management area, Article 12: Imposition and collection of the overcrowding charges, Article 18: Quota system management for the crowd-inducing facilities, Article 19: Control on the mega-scale project development)
Easier foreign payment	A foreign-invested firm may directly engage in foreign currency transfer to clear a business transaction, up to a limit of \$10,000

**Financial support and site support**

The KFEZs offer various financial and site support for cash grants, infrastructure and rent, based on Special Act on Designation and Management of FEZs, Foreign Investment Promotion Act and local ordinances.

Support	Details	Eligibility
Cash grants	The minimum cash grant is 5% of the FDI, and the actual amount shall be decided through negotiation - Covers Factory and research facility construction costs, employment subsidies, employee training subsidies, etc	Foreign-invested companies with a foreign-investment ratio of 30% or higher - Cash grants will be approved based on a company's accompaniment of high technology, technology transfer effects, size of employment, etc
Support for infrastructure	Support for infrastructure including roads, railways, airports, ports, water and sewage, waste treatment facilities	50% of the infrastructure construction cost is covered by government budget. If the Free Economic Zone Committee approves it, 100% of the cost will be covered
Support for education and research facilities	Financial support for the establishment, operation and construction of education and research facilities	Certain conditions such as reputation and contribution to national development should be met
Support for rent	Government or publicly owned land can be leased for up to 50 years The rent shall be around 10/1,000 of the land price	Foreign-invested companies
Lease fee exemption and reduction	50-100% tax reductions in accordance with local ordinances	Foreign-invested companies

**Systemic and professional One-Stop service**

Each FEZ designates individual project managers who support all investment procedures from preliminary review for investment to follow-up management. The project managers not only provide business consulting for new investment opportunities and prospective investment partners, but also administrative support for legal affairs, accounting and tax management. This will help investors make swift business decisions.



Where  
**Life**  
 Blossoms!



**Best Place for Happiness**

**A happy life will unfold**

**A convenient and happy life unfolds in the KFEZs**

The KFEZs provide the optimal living environment for your safety, health, happiness and prosperous future with your family. Experience the convenience and pleasure of life in the KFEZs by coming with your successful business.



**Environment for international education**

Multinational business persons can maintain upscale lifestyles in the KFEZs. For the future of their children, in particular, the KFEZs will be a good opportunity. The KFEZs have already invited internationally renowned universities, high schools, middle schools and elementary schools, offering high-quality international education services. Educational institutes in the IFEZ include the international campuses of New York State University, George Mason University, the University of Utah of U.S., and Ghent University of Belgium. Those in the BJFEZ include Germany's FAU Erlangen-Nürnberg, nurturing internationally talented individuals.



**State-of-the-art medical services**

The quality of Korea's advanced medical system is proven by the increasing number of foreign travelers visiting Korea for medical tourism. Every residential area has its own small and medium-sized hospitals and pharmacies. General hospitals where foreign patients do not face communication barriers are located across the nation. The KFEZs are striving to establish foreign for-profit hospitals and a cluster of foreign medical institutions combined with hotels, condominiums and therapeutic spas for more advanced medical services.



**Upscale cultural infrastructure**

The KFEZs have mega-sized theme parks, marine-tourism facilities, large shopping malls and golf courses adjacent to residential areas to ensure a healthy and happy life. Theaters and performance facilities offer not only world famous performances but also Korean culture. Enjoy a culturally abundant life in the pleasant living and business environment of the KFEZs.

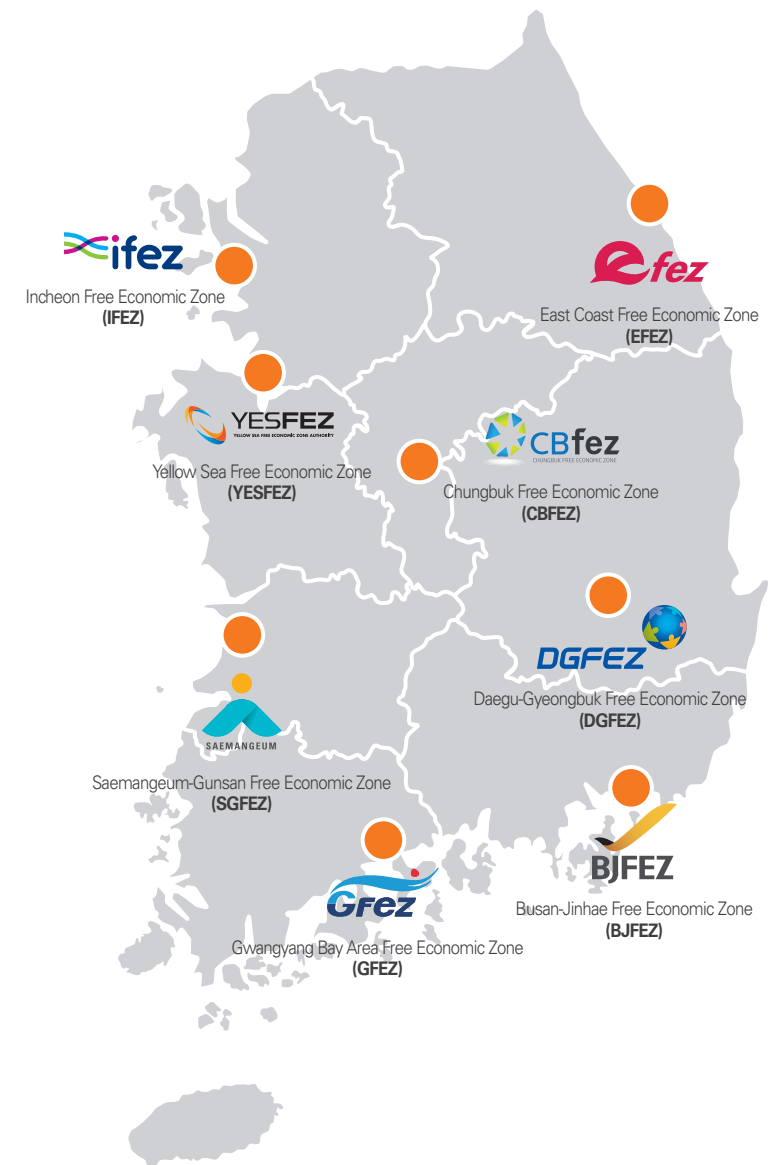
**Support for education, medical services and housing**

The KFEZs provide education, medical and housing support for employees at the resident foreign-invested companies.

Support	Details
Education	<ul style="list-style-type: none"> <li>Foreign educational institutions (elementary/middle/high schools, universities) may be established</li> <li>KFEZs will provide financial support for land purchases, construction and school operation, and make land available for schools</li> </ul>
Medical service	<ul style="list-style-type: none"> <li>Opening and operating foreign medical institutions or foreigner-only pharmacies will be permitted.</li> <li>Special exceptions may be allowed for subsidiary businesses –for example, a convalescent hot spring to be run by a medical institution</li> </ul>
Housing	<ul style="list-style-type: none"> <li>As much as 10 percent of all housing built by public companies in the KFEZs will be set aside specially for employees of foreign-invested firms</li> </ul>
Others	<ul style="list-style-type: none"> <li>Opening foreigner-only casinos will be allowed for foreign investors that invest more than \$500 million</li> <li>Foreign broadcasting channels will be expanded, organized and operated through local cable networks</li> </ul>

# Korean Free Economic Zones

There are eight KFEZs





# IFEZ

## Incheon Free Economic Zone

### Gateway to Korea Wide Open to the World

Incheon is turning itself into the business hub of Northeast Asia. The city has a well-established transportation network including Incheon International Airport – which was ranked first in airport service quality by the Airports Council for 10 consecutive years – Incheon port and the international business complex. Boasting a highly effective business environment, the IFEZ offers almost everything from logistics and medical services to education and cutting-edge industries.



Area	132.9km <sup>2</sup>
Anticipated population	526,000
Development period	2003 to 2022



### Advantages

#### Business hub that international organizations and companies chose

- The 13 international organizations located in Incheon include the World Bank, the Green Climate Fund, and the Association of World Election Bodies.
- 75 multinational companies from 15 countries have set up in Incheon, including Samsung BioLogics, Celltrion, Boeing, BMW and GM.

#### The most attractive city to enter East Asian market

- Incheon has a geographical advantage in Chinese market access due to its close proximity to major cities in China including Beijing and Shanghai.
- Incheon is within a 3 hour flight of 61 mega cities with more than 1 million population.

#### Center of logistics and transportation

- Incheon International Airport, a Northeast Asian hub, was ranked first in airport service quality by the Airports Council for 10 straight years.
- Incheon is a state-of-the-art port that can handle 12,000TEU mega cargo ships.
- The transportation network connects Incheon to Seoul and the metropolitan area within one hour.

#### Best living environment for quality life

- Incheon is a city based on ubiquitous internet connectivity, where eco-friendliness and convenience coexist.
- The city offers prestigious education services through renowned schools including New York State University, George Mason University, the University of Utah of U.S., and Ghent University of Belgium.
- Incheon has various cultural festivals and tourism and leisure facilities.

### Major projects & Resident companies

#### Project status and feature

District	Outline	Details
Songdo	<ul style="list-style-type: none"> <li>Area : 53.4km<sup>2</sup></li> <li>Development plan : International business, IT, BT, R&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>Multinationals and regional HQs of international organizations</li> <li>Technology-based research cluster of BT, IT, NT(BRC)</li> </ul>
Yeongjong	<ul style="list-style-type: none"> <li>Area : 61.7km<sup>2</sup></li> <li>Development plan : Aviation, logistics, leisure, tourism</li> </ul>	<ul style="list-style-type: none"> <li>Good industrial environment for semiconductors, automobiles and auto parts, electronic and telecommunications gadgets and computer software</li> <li>Development of integrated resorts including the LOCZ integrated resort and Paradise City</li> </ul>
Cheongna	<ul style="list-style-type: none"> <li>Area : 17.8km<sup>2</sup></li> <li>Development plan: Finance, leisure, tourism, high-tech industry</li> </ul>	<ul style="list-style-type: none"> <li>Major cluster for cutting-edge automobile industry, including research and manufacturing automobiles and parts</li> <li>Establishment of tourism/leisure theme parks including Robot Land, a golf club and a Shinsegae multi-purpose shopping mall (to open in 2017)</li> </ul>

#### Major resident companies

- Celltrion Inc. : U.S.\_Biopharmaceuticals manufacturing and research
- GM Korea : U.S.\_CTT and R&D
- Amkor Technology Korea : U.S.\_Manufacturing facilities and R&D center for next-generation semiconductor packaging
- CJ Systems : Korea\_Global R&D Center

### Contacts

Homepage : <http://www.ifez.go.kr> | Tel : 032-120 | Investment consultations : 032-453-7032



## Internationally Competitive Logistics Hub

The Busan Port is Korea's largest logistics hub, connected to major ports in Japan, China and Russia, handling the world's sixth-largest cargo volume. The city is Korea's top summer vacation destination and has hosted prestigious international events. The BJFEZ has an industrial cluster for shipbuilding, carmaking and machinery, as well as being a center for tourism and leisure.



Area	52.91km <sup>2</sup>
Anticipated population	182,000
Development period	2003 to 2020



### Advantages

#### International logistic hub

- Busan connects major feeder ports including 63 in Japan, 40 in China and six in Russia, handling transshipment for imports and exports.
- It has Busan-Gimhae International Airport, which won the Top Asian Airport Efficiency Excellence Award in 2014, offering a logistical advantage.
- By 2020, the New Port will have a total of 45 container berths with the capacity to handle more than 22 million TEUs.

#### Globally competitive industrial infrastructure

- Approximately 90 percent of Korea's shipbuilding companies are located in the Busan area. They include Hyundai Heavy Industries, Samsung Heavy Industries, Daewoo Shipbuilding & Marine Engineering and STX.
- More than 50 percent of Korean automobiles are manufactured in Busan. The automakers in Busan include Hyundai Motors, GM Korea and Renault Samsung Motors.
- Around 40 percent of Korea's machinery and mechatronics companies are located in Busan. Eighty percent of the local aviation parts supply is produced here.

#### Rich in nature, culture and history

- The city has hosted various prestigious international events including 2005 APEC Summit, 2008 Ramsar Convention, the annual Busan International Film Festival(BIFF).
- Busan's heaven-sent nature includes Korea's top summer vacation destination Haeundae and Hallyeohaesang National Marine Park.
- Year-round water sports include windsurfing, yachting and motorboating.

### Major projects & Resident companies

#### Project status and feature

District	Outline	Details
New port	· Area : 4.6km <sup>2</sup> · Development plan : Logistics, manufacturing and retail	· To attract multinational logistics firms and offer smooth logistics and retail services · To construct a logistics hub port including 45 container berths by 2020
Myeongji	· Area : 9km <sup>2</sup> · Development plan : International business, housing, foreign schools and medical institutions	· To provide an international business environment including advanced IT-based international business complex and convention center · To construct a continental logistics base and cutting-edge parts supply base
Ungdong	· Area : 9.2km <sup>2</sup> · Development plan : Leisure and vacation facilities, logistics	· To build a multi-purpose tourism, leisure complex including a golf course, hotel accommodation, theme park, and marine leisure and cultural facilities · A complex is to be set up for advanced manufacturing, professional training, R&D and cultural facilities
Jisa	· Area : 7.4km <sup>2</sup> · Development plan : Cutting-edge manufacturing, R&D center	· To construct manufacturing-based facilities for automobile parts, machinery and shipbuilding materials and an advanced parts and R&D center · A branch campus of Germany's FAU opened in 2010
Dudong	· Area : 2.4km <sup>2</sup> · Development plan : Mechatronics, R&D, university campuses	· To attract companies and labs for advanced parts, mechatronics · To offer an eco-friendly and pleasant living environment

#### Major resident companies

- Wilo Pump : Germany\_manufacturing pumps and systems for building services and industrial applications
- Tsubakiauto Automotive Korea Co. : Japan\_manufacturing automobile's engine parts
- Höganäs Korea : Sweden\_manufacturing powdered metals
- LS Metal Co. : Korea\_manufacturing copper tubes and pipes, stainless steel pipes
- LG CNS Data Center : Korea\_information services

### Contacts

Homepage : <http://www.bjfez.go.kr> | Tel : 051-979-5000  
Investment consultations : Busan 051-979-5171 / Gyeongnam 055-320-5231



# GFEZ

## Gwangyang Bay Area Free Economic Zone

### Best Industrial Infrastructure in Northeast Asia

The Gwangyang Bay Area is located on the Pacific Ocean's main sea route. Based on this geographical advantage, the area provides business-friendly infrastructure with plentiful supplies of water and electricity. Centering on five districts themed on logistics, manufacturing, housing, tourism and other functions, the GFEZ aims to become an international trade city where new industries and cultural tourism harmonize.



Area	7768km <sup>2</sup>
Anticipated population	73,000
Development period	2004 to 2020



### Advantages

#### Best shipping logistics base in Northeast Asia

- The Gwangyang Bay Area is located on the world's largest China-North America sea route, as well as on the main sea routes of Northeast Asia and the Pacific Ocean.
- The zone has the closest port in Korea to major ports in Northeast Asia, such as Shanghai, Hong Kong, Osaka and Kaohsiung, making it an ideal location for shipping transport.
- The sea has a maximum depth of 41 meters, allowing the entry and departure of mega vessels weighing more than 300,000 tons.
- The zone is positioned to be the starting point for overland transport between Northeast Asia and Europe, and between Northeast Asia and Central Asia when connected to the Trans-Siberian Railway, Trans-Manchurian Railway and Trans-China Railway.

#### Excellent industrial infrastructure

- The GFEZ has an internationally advantageous port handling up to 242 million tons of cargo a year as of 2013.
- It is equipped with stable industrial infrastructure on 188.9km<sup>2</sup> of industrial land, which accounts for 14.7 percent of the total area of all Korean industrial districts.
- The zone is adjacent to POSCO's Gwangyang Steel Mill and the Yeosu National Industrial District.
- It nurtures 8,000 high-quality workers a year through 38 educational institutions nearby.
- The GFEZ provides favorable living conditions with cyclic ecology passages and golf courses.

#### Gateway to Northeast Asia via ports, airports, roads and railways

- Four airports in Yeosu, Sacheon, Gwangju and Muan are within 1 hour of the zone.
- Metropolitan areas are reachable within 3 hours via five highways, eight roads and 18 local roads.
- Via KTX, Seoul is reachable within 2 1/2 hours.

#### Comfortable living environment

- The area will provide international education through foreign schools. In September 2016, it aims to open an international campus of the U.K.'s Aberdeen University.
- It has 634 general and smaller hospitals with more than 7,000 beds for comfortable medical services.
- It has abundant tourism and cultural resources, including Yeosu Expo Ocean Park, Suncheon Bay Garden, nine national and provincial parks and 270 national treasures and cultural heritage sites.

### Major projects & Resident companies

#### Project status and feature

District	Outline	Details
Gwangyang	<ul style="list-style-type: none"> <li>- Area : 13.63km<sup>2</sup></li> <li>- Development plan : International business, logistics</li> </ul>	<ul style="list-style-type: none"> <li>- Located on the main sea route from Asia to North America to Europe</li> <li>- The Gwangyang Port makes it easier for export shipping and logistics</li> <li>- To develop international logistics facilities for processing and assembly, international convention center</li> </ul>
Yulchon	<ul style="list-style-type: none"> <li>- Area : 27.79km<sup>2</sup></li> <li>- Development plan : Steel, machinery, assembly, new renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>- To bring in synergy with already-existing steel and petrochemical industrial clusters</li> <li>- Together with Gwangyang Port, it can build a major harbor for container transport in the Gwangyang Bay Area</li> </ul>
Sindeok	<ul style="list-style-type: none"> <li>- Area : 14.10km<sup>2</sup></li> <li>- Development plan : Housing, functional chemical materials, foreigner-only lease complexes</li> </ul>	<ul style="list-style-type: none"> <li>- To build facilities for residence, education, health care, business and leisure</li> <li>- To attract and build a chemical materials cluster and a biodegradable packaging industry cluster</li> <li>- To build urban cyclic ecology passages for the first time in Korea</li> </ul>
Hadong	<ul style="list-style-type: none"> <li>- Area : 12.17km<sup>2</sup></li> <li>- Development plan : Multi-functional area for off-shore plant, shipbuilding, metal-working, Residence, Business, Tourism and Leisure</li> </ul>	<ul style="list-style-type: none"> <li>- Logistics cost of shipping materials can be reduced thanks to the thick plate production from POSCO's steel plant, located just 2km away</li> <li>- It has favorable transportation infrastructure, connected to Gyeongjeon Railway, Jeolla Railway and highways within a five minute distance</li> <li>- U.K.'s Aberdeen University to open international campus in 2016</li> </ul>
Hwayang	<ul style="list-style-type: none"> <li>- Area : 9.99km<sup>2</sup></li> <li>- Development plan : Integrated tourism, leisure and sports resort, linked to Maritime National Park.</li> </ul>	<ul style="list-style-type: none"> <li>- To build multi-purpose complex for maritime vacations, tourism and leisure, as the base for Southern Coast Tourism Belt</li> <li>- In development of golf clubs and convalescent condominiums</li> </ul>

#### Major resident companies

- POSCO : Korea\_Steel
- Hyundai Steel : Korea\_Steel
- Kumho Mitsui Chemical : Korea/Japan\_Petrochemicals
- CJ Korea Express Corp. : Korea\_logistics and distribution
- GS Caltex : Korea\_Energy

### Contacts

Homepage : <http://www.gfez.go.kr> | Tel : 061-760-5114 | Investment consultations : 061-760-5561



### Advantages

#### Largest knowledge-based manufacturing cluster in Korea

- The zone has a manufacturing cluster where Samsung Electronics, Hyundai Motor, Kia Motors and LG Display operations are located.
- About 3,350 conglomerates are located in the area. They include 3M, Siemens, Sony and Bosch.
- The area's IT, semiconductor, mechatronics and parts businesses account for about 40 percent of Korea's knowledge-based manufacturing

#### Forward base for exports to China and Northeast Asia

- The zone has the fastest access to China's coastal industrial economic belt.
- It is close to Pyeongtaek port equipped with 62 berths which is directly connected to major ports in China and Southeast Asia.
  - The Pyeongtaek port's number of berths is to be raised to 79 by 2020.
  - The zone has exclusive docks for automobiles, steel and container ships. It also can constantly handle international passenger ships.

#### Excellent proximity and investment environment

- It is connected to major highways and high speed KTX railway.
- Incheon International Airport and Chungju Airport are within two hours' journey of Northeast Asia's major cities.
- It is near the enormous market of Seoul metropolitan areas and rich human resources.

#### Korea-China business valley

- The zone will develop the area into a hub for exchanges with China in commerce, tourism, medical services and housing through investment by Chinese capital.
- It will offer multi-purpose facilities for international business, vacation and culture.

### Major projects & Resident companies

#### Project status and feature

District	Outline	Details
Poseung	<ul style="list-style-type: none"> <li>· Area : 2.07km<sup>2</sup></li> <li>· Development plan: Manufacturing facilities for automobiles, electronics and electricity, chemicals, logistics and foreigner-exclusive lease complex</li> </ul>	<ul style="list-style-type: none"> <li>· Low-priced land</li> <li>· Optimal forward base for exports to China, in connection with Pyeongtaek port's hinterland</li> <li>· High-tech cluster of global conglomerates such as Samsung, Hyundai and LG within a 10km radius</li> <li>※ Samsung's world's largest semiconductor plant is to operate in 2017</li> </ul>
Hyeondeok	<ul style="list-style-type: none"> <li>· Area : 2.32km<sup>2</sup></li> <li>· Development plan : Facilities for retail, commerce, hotels, housing and tourism</li> </ul>	<ul style="list-style-type: none"> <li>· A China town including a large-sized shopping mall will be built and targeted for Chinese tourists</li> <li>· Optimal living environment for foreigners with international schools and hospitals</li> <li>· The only FEZ where a Chinese firm decided to invest among the eight KFEZs</li> </ul>

#### Neighboring resident companies

- Samsung Electronics : Korea\_Electronics and semiconductor
- LG Innotek : Korea\_Materials and components
- Sony : Japan\_Electronics and electricity
- ENC Inc. : U.S.\_Logistics
- Mitsubishi Motors : Japan\_Automobile

### Contacts

Homepage : <http://yesfez.gg.go.kr> | Tel : 031-8008-8615  
 Investment consultations : 031-8008-8633 / 8635

## High-tech Industrial Cluster in the Yellow Sea Region

The YESFEZ, located at the center of Pan-Yellow Sea region, is close to Pyeongtaek port, which is directly connected to major ports in China. The area is being developed as a forward base for exports to China and a knowledge-creating special zone. It is near an advanced technology-based industrial cluster that is home to global companies as Samsung, Hyndai, 3M and Simens.



Area	4.39km <sup>2</sup>
Anticipated population	34,000
Development period	2008 to 2020



# DGFEZ

## Daegu-Gyeongbuk Free Economic Zone



### Transforming from manufacturing industrial complex to high-tech convergence medical industrial complex

The DGFEZ is armed with Korea's knowledge-based industry and ideal service infrastructure. It offers development land, R&D facilities, commerce and residential areas with a focus on IT convergence, transport components and medical businesses. It is located in the heart of Korea's largest automotive cluster and a center of IT/SW, healthcare and steel industries. The area also boasts high-quality human resources.



Area	19.72km <sup>2</sup>
Anticipated population	76,000
Development period	2008 to 2022



### Advantages

#### Home to Korea's leading industrial clusters

- The DGFEZ is at the heart of "Auto Valley," connecting automotive electronic parts firms in Gumi, mechatronics in Daegu, complete automobiles in Yeongcheon, Gyeongju and Ulsan, shipbuilding in Busan and machinery and metals in Changwon.
- Around Pohang, it houses a steel industry cluster where POSCO, Hyundai Steel and Dongkuk Steel are located.
- It will have a 4.6 trillion-won state-supported medical cluster : New Drug Development Center, Medical Device Development Center, Laboratory Animal Center, Clinical Drug Manufacturing Center and Communication Center.
- It also has an IT and Software industry cluster with bases for Samsung Electronics, LG Display and Dassault Systemes.

#### R&D centers supporting new growth industries

- The zone has 135 R&D institutions including the Electronics and Telecommunications Research Institute, Korea Institute of Industrial Technology and Korea Institute of Machinery & Materials.
- It has two R&D special districts - Daegu Technopolis and Sinseo Medivalley, DGIST and POSTECH.

#### Rich human resources

- There are 52 universities and colleges within the Daegu-Gyeongbuk region and 70,000 graduates including 17,000 in national science and engineering, enter the job market every year.
- It has 135 R&D institutions with 4,800 researchers.

### Major projects & Resident companies

#### Project status and feature

District	Outline	Details
Daegu Technopolis	<ul style="list-style-type: none"> <li>Area : 7.26km<sup>2</sup></li> <li>Development plan : Automobiles and auto parts, mechatronics, IT convergence, green energy, Specialty hospital, state-run health-related institutions, medical tourism facilities, advanced IT companies</li> </ul>	<ul style="list-style-type: none"> <li>To build advanced science R&amp;D belt linking Daejeon, Gwangju and Daegu by combining state-run research labs</li> <li>High-quality workforce in IT, nanotechnology, biotechnology, intelligent vehicle and industrial textiles. 52 specialized colleges produce 20,000 graduates in science and engineering a year</li> </ul>
Suseong Medical District	<ul style="list-style-type: none"> <li>Area : 1.23km<sup>2</sup></li> <li>Development plan : Healthcare, specialty hospital, medical tourism, IT/SW</li> </ul>	<ul style="list-style-type: none"> <li>Advanced R&amp;D with full infrastructure of medical human resources</li> <li>The research center for East-West medicine integration and alternative medicine (Vitalize integrated medical service industry)</li> <li>Easy to secure cooperation partners and advanced medical human resources for establishing and operating specialty hospitals</li> </ul>
Sinseo Medivalley	<ul style="list-style-type: none"> <li>Area : 1.05km<sup>2</sup></li> <li>Development plan : New medicine and advanced medical device development, R&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>To develop new medicine and medical devices through support for research facilities and use of resident state-run research institution's infrastructure</li> <li>To support research assistance for vitalizing joint research projects</li> <li>To support successful R&amp;D in accordance with the High-tech Medical Complex Special Act</li> </ul>
International Fashion District	<ul style="list-style-type: none"> <li>Area : 1.18km<sup>2</sup></li> <li>Development plan : Fashion, media, advanced IT and knowledge-based industry</li> </ul>	<ul style="list-style-type: none"> <li>To advance, and integrate fashion industries and anticipate synergy with related industries</li> <li>Conditions for settlement fully met with many facilities of tourism, leisure, education and medical service</li> </ul>
Yeongcheon High-tech Park	<ul style="list-style-type: none"> <li>Area : 2.30km<sup>2</sup></li> <li>Development plan : Intelligent auto parts complex, R&amp;D center, future car theme park, components logistics center, specialized colleges</li> </ul>	<ul style="list-style-type: none"> <li>Specialized zones for knowledge-based manufacturing industry (To build an advanced mechatronics industrial complex and components logistics center for manufacturing intelligent automobiles)</li> <li>The center of Korea's largest auto-parts valley</li> <li>To build future-oriented automobile theme park</li> </ul>
Yeongcheon Industry District	<ul style="list-style-type: none"> <li>Area : 1.46km<sup>2</sup></li> <li>Development plan : Automobile parts, electronics, machinery, metals, advanced components and materials, global R&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>To build Korea's largest components and materials industry cluster</li> <li>Landprices among the lowest in Korea</li> <li>Advantageous in commercializing advanced technologies, due to close proximity to R&amp;D centers for machinery and metals, automobiles</li> </ul>
Gyeongsan Knowledge Industry District	<ul style="list-style-type: none"> <li>Area : 3.78km<sup>2</sup></li> <li>Development plan : Construction machines and components, new medical materials, automobile parts, medical device and R&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>To develop specialized complexes for construction machinery and components, advanced medical materials (1trillion-won state project)</li> <li>It is an R&amp;D base for Korea's southeastern area, with strong manpower in R&amp;D</li> <li>To build a cluster of automobile parts, steel, new medicine and medical devices</li> </ul>
Pohang Fusion Tech District	<ul style="list-style-type: none"> <li>Area : 1.46km<sup>2</sup></li> <li>Development plan : Complex for green energy, bio industry, mechatronics, components materials and R&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>Advanced science research labs include R&amp;D centers in nanotechnology, biotechnology and intelligent robotics</li> <li>Networks with renowned global firms. (Companies in non-steel industries, automobile and shipbuilding parts are moving in)</li> </ul>

#### Major resident companies

- Korea Nakamura-Tome Company : Japan\_Precision multitasking machine
- Hyundai Cummins Engine Company : Korea/U.S.\_Construction machines,
- Ugent : Korea/Saudi Arabia/ Cayman Islands\_manufacturing equipment
- Hyon Korea : Hong Kong\_ Excavator parts
- PNDT : Korea/Japan\_Automobile parts, damper pulley
- Assab Steel Korea : Singapore\_Steel for mold components
- LFJ Korea : Korea/Taiwan\_Automobile mufflers, parts
- DSSK : Japan\_Automobile parts
- BPHK : Korea/U.S.\_Packaging containers and materials for automobiles
- Hwajin : Korea/Japan\_Wood grain and interior materials for automobiles

### Contacts

Homepage : <http://www.dgfez.go.kr> | Tel : 053-550-1500  
 Investment consultations : 053-550-1554



## Forward Base for the Continent and the Ocean

The SGFEZ has been developed, driven by the government, to nurture future-oriented new industries and international maritime tourism and leisure industries. It is an area for Korea-China economic cooperation and a center of the renewable energy industry. The area has extensive state-owned land, offering the best place for investment without any hassle or regulations.



Area	28.6km <sup>2</sup>
Anticipated population	32,000
Development period	2008 to 2020



### Advantages

#### Specialized zone for transnational economic cooperation

- The area has been designated as the Korea-China economic cooperation zone, following up on the free trade agreement between the two countries.
- It is a bonded area where export and import tariffs on designated materials are exempted.
- With extensive, non-regulated land, it is the optimal place for attracting local and foreign investment.

#### Korea's hub of renewable energy

- It is designated as the port hinterland for the offshore wind power industry in the Seohaean area.
- Leading companies in renewable energy such as OCI, Toray Advanced Materials Korea and Solvay Korea are located in the zone.

#### Geographical competitiveness

- The zone can be reached from 60 cities that have more than 1 million people within three hours.
- It offers convenient transportation connecting to Incheon International Airport in 2 1/2 hours and Seoul in 2 hours. It also has favorable living environment for foreigners.
- It is at the heart of the Seohaean industrial belt linking Dangjin, Gunsan, Muan and Daebul.
- It is also at the center of the Seohaean tourism belt linking Taeon, Anmyeondo, Byeonsanbando, Shinan and Mokpo.

### Major projects & Resident companies

#### Project status and feature

District	Outline	Details
Saemangeum industrial complex	<ul style="list-style-type: none"> <li>· Area : 18.7km<sup>2</sup></li> <li>· Development plan : Renewable energy, R&amp;D, multi-purpose and public facilities</li> </ul>	<ul style="list-style-type: none"> <li>· To maximize productivity and efficiency by connecting nearby regions</li> <li>· An eco-friendly cutting-edge industrial complex</li> </ul>
Saemangeum tourism complex	<ul style="list-style-type: none"> <li>· Area : 9.9km<sup>2</sup></li> <li>· Development plan : Golf parks, theme parks, commercial facilities, accommodation facilities, performance and cultural facilities and training centers</li> </ul>	<ul style="list-style-type: none"> <li>· Multipurpose tourism and leisure complex</li> <li>· To build an integrated complex handling tourism, leisure, commerce, accommodation and culture</li> </ul>

#### Major resident companies

- OCI : Korea\_Industrial chemistry
- Toray Advanced Materials Korea : Japan\_Film, non-woven fabric, resin
- Solvay Korea : Korea\_HDS manufacturing for green tires

### Contacts

Homepage : <http://www.kasdi.go.kr> | Tel : 044-415-1073 | Investment consultations : 044-415-1073



## 21<sup>st</sup> Century Gold Mine

The EFEZ has rich reserves of nonferrous metals and minerals, which are basic materials for the ultralight material industry. The zone is to host 2018 PyeongChang Winter Olympics. It has created the nation's largest nonferrous metals cluster and invited a number of leading companies in the related business. Its future prosperity will be based on cutting-edge green materials industries, and an international logistics, using business complex and the winter sports hub of Asia as leverage.



Area	7.96km <sup>2</sup>
Anticipated population	13,000
Development period	2013 to 2024



### Advantages

#### Optimal place for nonferrous metals industry

- It has created the nation's largest nonferrous metals cluster.
- It has rich reserves of nonferrous metals and minerals. All of Korea's rare earth minerals, 90 percent of its limestone, 50 percent of its dolomite and seawater lithium and 25 percent of its silica stone come from this region.
- It has invited a number of leading companies in the nonferrous metals industry.

#### Logistics hub of Pan-East Sea region

- It is a logistics hub, connecting to Sakaiminato in Japan, Vladivostok in Russia and Dongbei in China.
- The population of the East Sea economic region is estimated to be 306 million.
- The economic size of the wider region is expected to grow to \$12.2 trillion in 2020, which is 5.8 percent of that of the EU.

#### Base for tourism and vacation in Northeast Asia

- The area will host the 2018 PyeongChang Winter Olympics.
- It attracted 100 million tourists and generated tourism income of 2.7 trillion won in 2013.
- Thanks to abundant tourism resources, it became the most preferred tourist area in Korea for eight consecutive years.

### Major projects & Resident companies

#### Project status and feature

District	Outline	Details
Buk-pyeong	<ul style="list-style-type: none"> <li>Area : 4.61km<sup>2</sup></li> <li>Development plan : Hub of logistics business in the East Sea region, industrial hub of advanced components and ferrous alloys</li> </ul>	<ul style="list-style-type: none"> <li>Easy exports and imports at East Sea logistics business hub</li> <li>To develop industrial complex for advanced components and ferrous alloys</li> <li>Leading companies linked to nonferrous metals industry : Dongbu Metal, LS Cable &amp; System, etc</li> </ul>
Mang-sang	<ul style="list-style-type: none"> <li>Area : 1.82km<sup>2</sup></li> <li>Development plan : Marine tourism, leisure, medical tourism</li> </ul>	<ul style="list-style-type: none"> <li>To develop a maritime tourism leisure complex</li> <li>To host 2018 PyeongChang Winter Olympics</li> </ul>
Okgye	<ul style="list-style-type: none"> <li>Area : 0.42km<sup>2</sup></li> <li>Development plan : Cluster of ultralight materials industries, R&amp;D complex for advanced materials</li> </ul>	<ul style="list-style-type: none"> <li>2.2km<sup>2</sup> cluster of advanced materials industries, using plentiful local resources</li> <li>Leading companies linked to nonferrous metals industry, POSCO's magnesium production is world's second-largest</li> </ul>
Gujeong	<ul style="list-style-type: none"> <li>Area : 1.11km<sup>2</sup></li> <li>Development plan : Housing education, culture</li> </ul>	<ul style="list-style-type: none"> <li>It is linked with the green pilot city project, the first in Korea</li> <li>It provides a specialized living environment for foreign residents</li> <li>Research city for traditional education and culture</li> <li>Other facilities include a low-carbon residential area, a global education and culture zone, and a commercial area</li> </ul>

#### Major resident companies

- Dongbu Metal : Korea\_ferromanganese production
- LS Cable & System : Korea\_submarine cable
- POSCO : Korea\_refining magnesium

### Contacts

Homepage : <http://www.efez.go.kr> | Tel : 033-539-7800  
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## Hub of Eco-Friendly IT-Biotech Convergence Industry

The CBFEZ is located at the center of Korea, which allows fast access to inland regions and a transportation network that runs in all directions. It is Korea's IT-biotechnology convergence industry hub, equipped with a cluster of facilities for solar energy generation, semiconductor manufacturing and biotechnology businesses. It is also turning itself into the hub of Northeast Asia's aviation Maintenance, Repair and Operations(MRO) industry.



Area	9.08km <sup>2</sup>
Anticipated population	50,000
Development period	2013 to 2020



### Advantages

#### Center of Korea's transportation

- The zone has access to the Seoul metropolitan area in one hour, and other parts of the nation in two hours.
- Seven high ways pass through the zone. Osong Station, the only station where the Gyeongbu Line intersects with the Honam Line, connects all parts of the country.
- Cheongju International Airport, the hub of the central region, is nearby.
- Cheongju International is the only local airport that runs 24 hours for freight air carriers.
- The CBFEZ has access to major Asian countries such as China and Thailand within one to three hours.
- It takes 10 minutes to get to Sejong City, the new administrative capital of Korea, and one hour to get to Pyeongtaek and Dangjin port, the center of marine logistics from the zone.

#### Korea's largest IT cluster

- It has an IT cluster that produces not only semiconductor components but also finished semiconductors. Korea's leading companies located here include SK Hynix, MagnaChip and Dongbu HiTek.
- Designated as a special photovoltaic zone, the first in Korea, it produces 60 to 70 percent of Korea's photovoltaic cell modules.
- It has an industrial complex specialized in automotive electronic parts.

#### Korea's only bio hub with one-stop support for all industrial process

- "Osong Bio-Health Science Complex" is Korea's only biotech complex initiated by the government. "Osong high-tech Medical Complex" has ideal human resources and infrastructure to develop new medicines and advanced medical devices. This zone also has a biomedical administration town where six state-run institutions in health and medical services, such as the Ministry of Food and Drug Safety, are located.
- It has four major government research facilities and national biomedical facilities.
- It can offer one-stop support for all stages of bio manufacturing, from clinical trials to approvals to manufacturing and retailing. It is home to more than 60 biomedical companies, 120 bio-related company-affiliated research centers and three universities specialized in biotechnology.

### Major projects & Resident companies

#### Project status and feature

District	Outline	Details
Osong Bio Valley	<ul style="list-style-type: none"> <li>· Area : 4.41km<sup>2</sup></li> <li>· Development plan : Next-generation global pharmaceutical industry, New bio drug and IT convergence medical equipment industries</li> </ul>	<ul style="list-style-type: none"> <li>· Biomedical administration town houses six state-run institutions for health and medical services and four government research facilities</li> <li>· A communication venture research center and 120 private medical research labs</li> <li>· 60 biomedical companies including CJ and LG Life Sciences and BT colleges</li> </ul>
Cheongju Aeropolis	<ul style="list-style-type: none"> <li>· Area : 0.47km<sup>2</sup></li> <li>· Development plan : Aircraft maintenance, aviation education, research labs, components industry</li> </ul>	<ul style="list-style-type: none"> <li>· Cheongju International Airport in operation 24 hours a day</li> <li>· Excellent location allowing the fastest manufacturing process designated as pilot area for aircraft maintenance in 2009, designated as base for total aviation MRO service in 2010</li> <li>· Five colleges and one high school nurture experts in aircraft maintenance</li> </ul>
Chungju Ecopolis	<ul style="list-style-type: none"> <li>· Area : 4.20km<sup>2</sup></li> <li>· Development plan : Automotive electronic parts, logistics, retail industry, renewable energy industry</li> </ul>	<ul style="list-style-type: none"> <li>· Automotive electronic parts-makers including industrial leader Hyundai-Mobis</li> <li>· Korea National University of Transportation, the only one of its kind in the country</li> <li>· Convalescent tourism including spas, water sports on Chungju Lake and Namhan River possible</li> </ul>

#### Major resident companies

- National Biobank of Korea : Korea\_bio industry
- National Center for Medical Information and Knowledge : Korea\_medical research
- National Center for Stem Cell and Regenerative Medicine : Korea\_managing stem cell resources and research information
- Covidien Korea : Korea\_Medical technology and services

### Contacts

Homepage : <http://www.cbfez.go.kr> | Tel : 043-220-8312 | Investment consultations :  
 Osong Bio Valley : 043-220-8363 / Cheongju Aeropolis : 043-220-8372 / Chungju Ecopolis : 043-220-8632

# Korean Free Economic Zones

