

Busan-Jinhae Free Economic Zone

What is the Free Economic Zone?

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

BJFEZ(Busan-Jinhae Free Economic Zone), The global hub for International business & logistics

Busan-Jinhae Free Economic Zone features top-notch logistics infrastructure, anchored by the 7th largest port globally, the Busan Port. It offers convenient access to international airports and well-connected railways with a potential of intercontinental connections.

At the heart of clusters of manufacturing and logistics business that range from shipbuilding, components and machinery, the business-friendly and sustainable opportunity awaits.

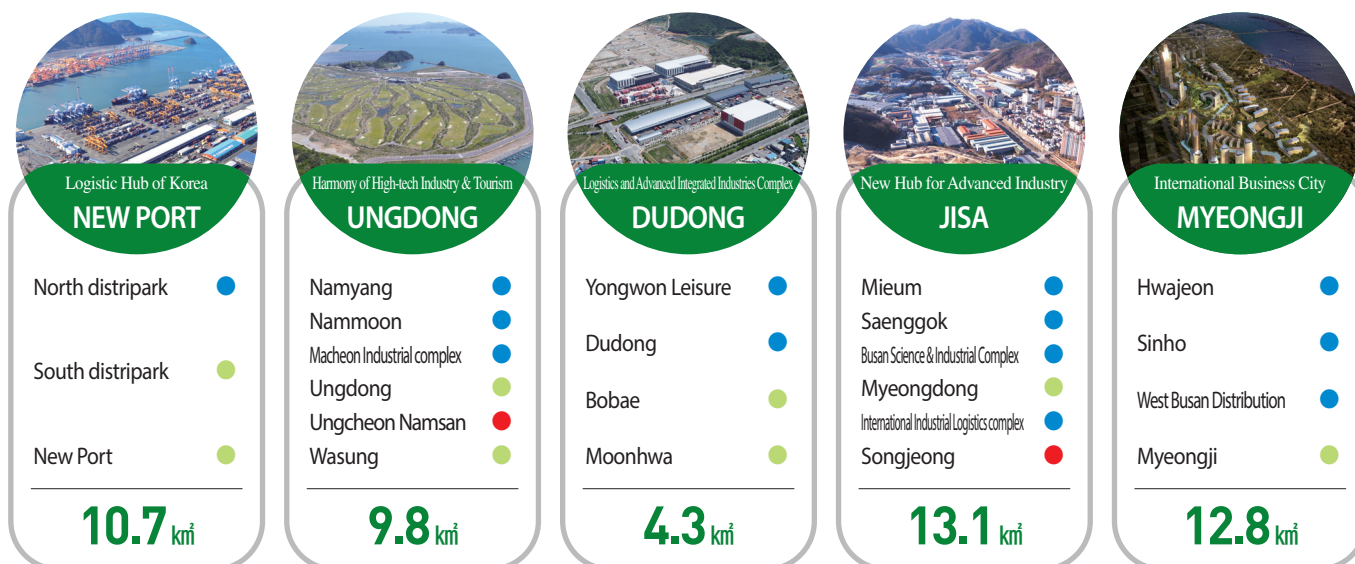




BJFEZ Overview

About BJFEZ

Location	Gangseogu, Busan & Jinhaegu, Changwon, Gyeongnam Province
Total area	50.7km ² (Busan 31, Gyeongnam 19.7)
Project overview	5 Areas, 23 Districts (● 13 Completed, ● 8 In progress, ● 2 In plan)
Vision	The global hub for international business and logistics



BJFEZ at a Glance

- **Location** | Gangseogu, Busan & Jinhaegu, Changwon, Gyeongnam Province
- **Target Business** | Hi-tech manufacturing, Logistics, Service Industry, Tourism & Leisure



Foreign Direct Investment

US\$ 4 billion
('04 ~ '22.)
'22. 546 million



Incentives

Tax reduction
Location support
Cash grant

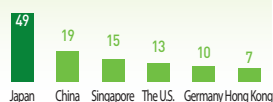


Number of Companies in BJFEZ

Total companies : 1,893
Korean companies : 1,725
Foreign companies : 168



Foreign-invested enterprise Number of major countries/ Current status of each major country



Number of Employees in BJFEZ

Total employees : 56,666
Korean companies : 44,388
Foreign companies : 12,278



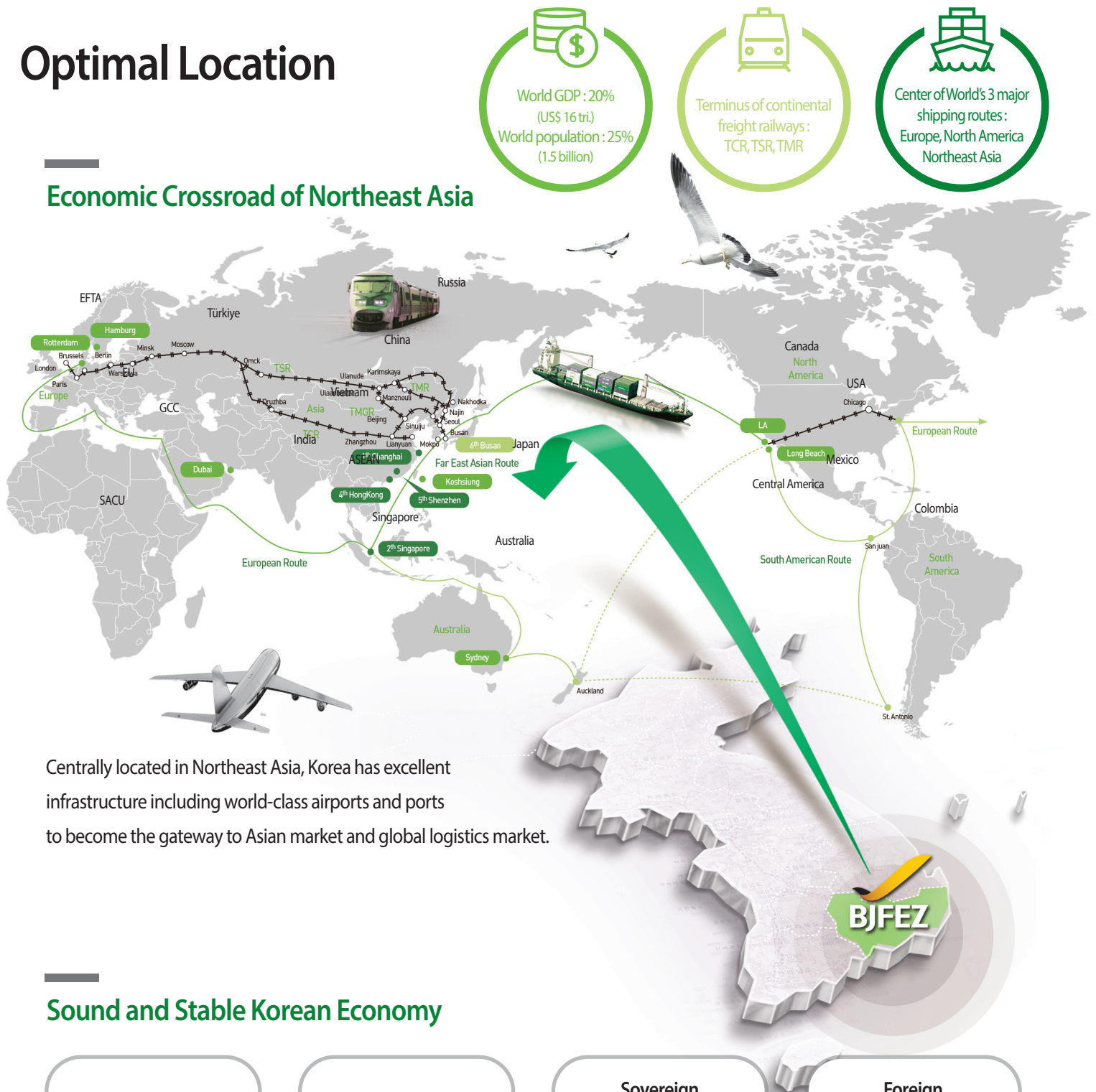
Sales of Companies in BJFEZ

Total Sales : US\$ 25 billion
Korean companies : US\$ 17 billion
Foreign companies : US\$ 8 billion

※ Exchange rate : US\$1 = KRW 1,000

Optimal Location

Economic Crossroad of Northeast Asia



Sound and Stable Korean Economy

GDP

10thUSD 1.8T
(2021)

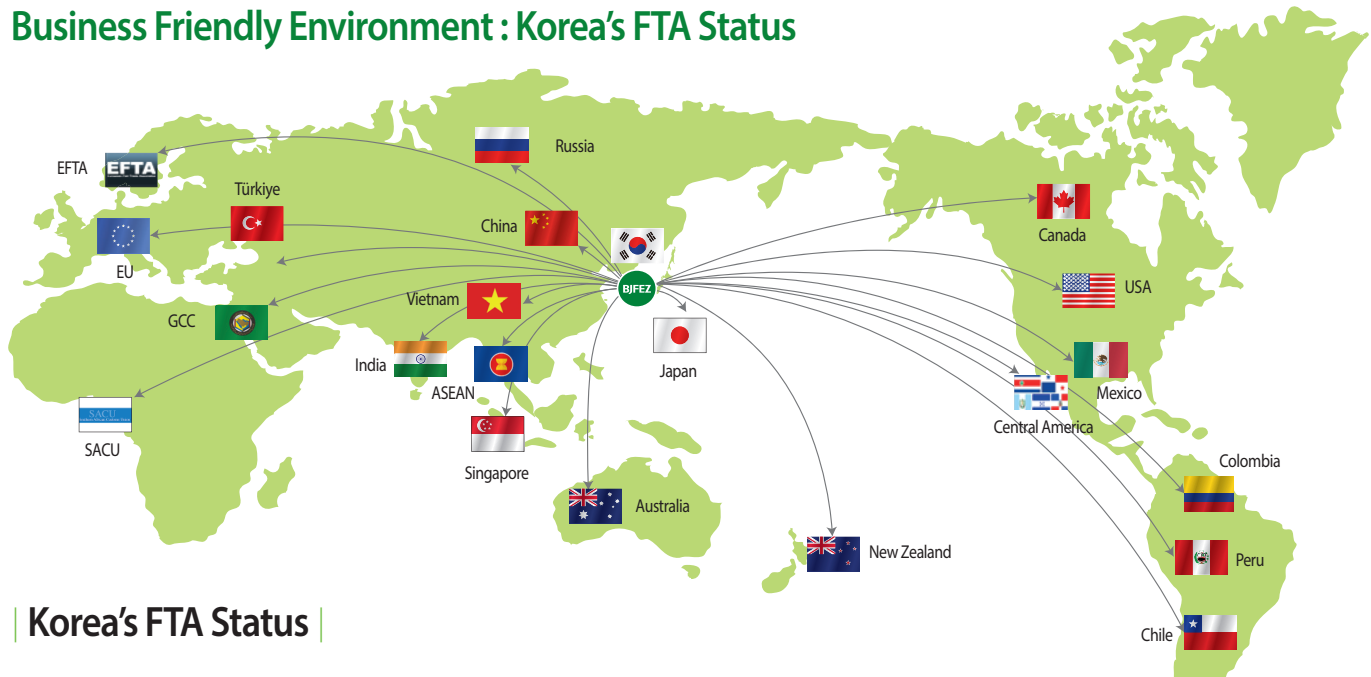
Trade Volume

8thUSD 1259.5 billion
(2021)Sovereign
Credit Rating**AA**Stable
(2022)Foreign
Exchange Reserves**9th**USD 438.6 billion
(July 2022)

<Source : International Monetary Fund (IMF), Kotra>

Investment Environment

Business Friendly Environment : Korea's FTA Status



Korea's FTA Status

In effect(21)

Chile, Singapore, EFTA(4), ASEAN(10), India, EU(28), Peru, USA, Türkiye, Australia, Canada, China, New Zealand, Vietnam, Columbia, Central America(5), United Kingdom, RCEP(14), Israel, Cambodia, Indonesia

Concluded(1)

Philippines

Under Negotiation(12)

Korea-Japan-China, MERCOSUR(5), Russia, Malaysia, Ecuador SECA, Uzbekistan, Korea-ASEAN FTA, Korea-India CEPA (Upgrade), Korea-Chile FTA (Upgrade), Korea-China FTA, Korea-Guatemala FTA, Korea-GCC(7)

Preparing or joint-research(6)

PA, Mexico, United Kingdom, Mongolia, Georgia, Egypt

<source : www.fta.go.kr, ※ as of May 2023>

Manufacturing Industrial Cluster

World-class industrial belt

No. 1



No. 5



No. 6



Machinery and Mechatronics

DOOSAN
Doosan Heavy Industries & Construction



HYUNDAI
Rotem Hyundai Rotem

Aerospace, Automobile

KAI Korea Aerospace Industries

SCANIA
Scania

Space Aviation Administration (planned)

Chang won

BJFEZ

Busan

Geoje

Shipbuilding and Offshore

Automobile/Shipbuilding

HYUNDAI
Hyundai Motor Company
HD HYUNDAI
Hyundai Mipo Dockyard

Port and Automobile

Renault Korea Motors

DP WORLD Pusan Newport Company

PSA Pusan Newport International Terminal

Hanwha Ocean
SAMSUNG
Samsung Heavy Industries

Core Infrastructure

Gimhae International Airport

- **International flights** : 43 destinations of 13 countries, 1,234 flights/week
- **Domestic flights** : 4 cities, 1,106 flights /week
- **No. of passengers** : 17 million(as of 2019)

Jinhae New Port

- **Project Period** : 1995~2040
- **Project Cost** : US\$ 12.5 billion
- **Economic effects**
 - Production effect : US\$ 28 billion
 - Value Added effect : US\$ 22 billion
 - Job creation : 180,000

Hinterland road

- **New port No. 1 Hinterland road**('98~'08) ※ Scale : Gaduk ~ Chojeong, L=22.9km ※ Project Cost : US\$ 589 million
- **New port No. 2 Hinterland road**('11~'17) ※ Scale : New port ~ Jilye JC, L=15.3km ※ Project Cost : US\$ 350 million
- **Ungdong~Jangyou Expressway**('06~'19) ※ Scale : L=9.26km, B=20m ※ Project Cost : US\$ 308 million

Railway

- **New Port Hinterland Railroad**('01~'11)
※ Scale : New Port ~ Samrangjin, L=38.8km ※ Project Cost : US\$ 936 million

Gadeokdo New Airport

- **Project Period** : 2021~2029
- **Project Cost** : US\$ 13.7 billion
- **Economic effects**
 - Production effect : US\$ 88 billion
 - Value Added effect : US\$ 37 billion
 - Job creation : 530,000

Geoga Bridge

- **Project Period** : 2004~2010 • **Scale** : Gadeokdo ~ Geoje, L=8.2km
- **Project Cost** : US\$ 224 million ※ Distance reduction : 140km → 60km

※ Exchange rate : US\$1 = KRW 1,000



Location



The road network

- Excellent national and regional connectivity giving easy access to and from your customers, suppliers and business partners.(2 new lines of highways and 21 regional road connections are completed and in progress)



Railways

- A terminal on-site on Port Rail Lines offers direct connection from the port to all directions inwards with potential to connect to Inter-continent lines all the way through Europe.



Gimhae International Airport(30 minutes driving from the site)

- Gimhae International Airport that connects 13 countries with more than 1,234 weekly flights is located within a half hour. Beyond the current one, a neighboring new airport project is scheduled to be completed 2029



Busan New Port(15 minutes driving from the site)

- 26 berths in operation in 2023, expanding up to 60berths by 2040
- Expected Container Throughput by 2040 : 42 million TEUs

Nammoon Foreign Investment Zone



Overview

Location	Partial area of Nammoondong, Jinhaegu, Changwon City
Total area	71,271m ² (17.6 acres)
Available area	30,791m ² (7.6 acres)
Target industry	Mechatronics, shipbuilding, auto parts, machinery(Korea Standard Industry Code C25~31)
Qualification	Foreign invested company with 30% and higher ownership of equity, U-turn company(Korean)
Space index	Building-to-land ratio 70%, Floor area ratio 400%
Lease term	Up to 50 years(Renewable every 10 years)

Requirements of occupancy

- The amount of investment must be equivalent to the value of the land sites
(Investment can be carried out over the period of 5 years from the date of registration)
- Rental rates scenarios by areas

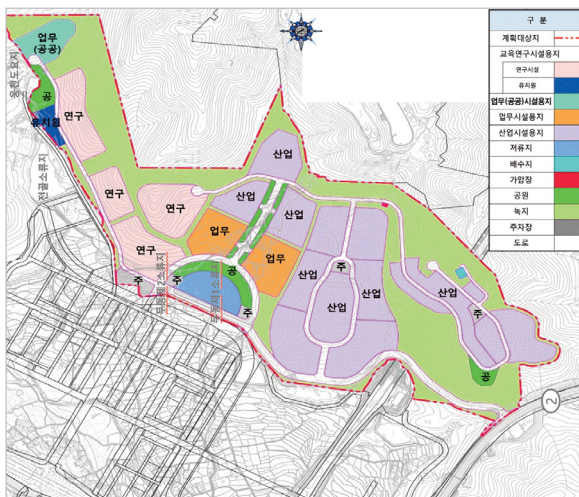
※ Approximate figures

Category	LOT ①	LOT ②	LOT ① + LOT ② (the whole remaining site)	Remark
Contract site	24,300㎡(6 acres)	6,491㎡(1.6 acres)	30,791㎡(7.6 acres)	
Value of site	about US \$ 10 million (US \$ 10,121,884)	about US \$ 2.7million (US \$ 2,703,751)	about US \$ 12million (US \$ 12,825,635)	KRW 541,500/㎡
Required amount of Investment	same as above	same as above	same as above	The total amount of investment for 5 years
Deposit	US \$ 506,094	US \$ 135,187	US \$ 641,281	5% of the value of sites
Rental charge(month)	US \$ 8,434	US \$ 2,253	US \$ 10,688	1% of the value of sites(KRW 451/㎡)/12months

※ Exchange rate : US\$1 = KRW 1,300

※ Leasing fee reduction and foreign investment incentives are provided when condition are met

Bobae District



Land Usage Plan



Contents	Area(thousand ㎡)	Rate(%)
Industrial site	235	29.4
R&D facilities	90	11.2
Public facilities	476	59.4
Total	801	100

Location Du-dong, Changwon, Gyeongnam Province

Total area 801,000㎡(198 acres)

Project Cost US\$ 247.2 million

Developer Bobae Industry

Project period 2003 ~ 2027

Target Industries High-tech manufacturing, R&D facilities
 - **Manufacturing** : Electronics, Auto Parts, Mechatronics, etc.
 - **R&D** : Smart factory R&D center, Port & Logistics

Incentives

Investment incentives for foreign-invested companies include :

TAX REDUCTION / EXEMPTION

National and Local Taxes

SITE SUPPORT

Rent Reduction for Public Land

CASH GRANT

Part of Business Cost in Cash

| Tax benefits |

When an investment company applies to General Affairs Division of Foreign Economy in Ministry of Economy and Finance, national and local tax reduction benefits will be provided upon approval after review.

■ National and local tax benefits(relevant laws : Article 121 of the Restriction of Special Taxation Act)

Category	Type of tax	Period and details of reduction	Conditions
National tax	Customs duties	Imported capital goods 100% exemption for 5 years	Exemptions from tariffs, individual consumption taxes, and VAT
Local tax	Acquisition tax (Gyeongnam province tax)	100% exemption for 15 years	- US \$10 million and more for manufacturing investment - US \$1 million and more for R&D investment
	Property tax (Changwon city tax)	15 years (100% exemption for 10 years, additional 50% reduction for 5 years)	

■ Income tax benefits for foreign employees(Relevant laws : Article 18 of the Restriction of Special Taxation Act)

• The special tax deadline for foreign employees are extended until 2023

- A single rate(19%) will be applied instead of the comprehensive income tax rate for 20 years after starting work in Korea for the first time

• The special tax deadline for foreign engineers are extended until 2023

- Eligibility : Technology providers and researchers working at R&D centers for foreign companies and research institutes affiliated with domestic companies

- Reduction : 50% income tax reduction for 10 years

※ Tax reduction and exemption exclusions

Acquisition of existing shares, long-term loans, foreign investment through the capitalization of the earned surplus reserve and bypass investment by Koreans, etc

Site Support

It provides benefits for foreign companies(Foreign investment ratio over 30%, The amount of investment conditions commensurating with the value of the land sites) to use/profit or lend the state-owned property under the negotiated contract.(relevant laws : Article 13 of Foreign Investment Promotion Act).

Rental charge reduction

Reduction ratio	Eligibility	Conditions		remark
		Investment amount	number of workers (full-time employees)	
0%	Tenant companies	Regular rental rates (1% of the acquisition price)	-	-
75%	Manufacturing	At least US \$5 million	-	-
		At least US \$2.5 million	70 ~ 150	-
90%	Manufacturing	At least US \$2.5 million	150 ~ 200	-
100%	Manufacturing	At least US \$5 million	-	Parts & material complex
		At least US \$2.5 million	200 or more	-
	New growth engine industry (High-tech)	At least US \$1 million	-	-

- Exclusion from reduction or exemption in case of failure to meet foreign investment amount and factory construction area, lack of occupancy qualification, cancellation of occupancy contract

- The reduction period is 10 years, and the subsequent reduction rate is applied according to the amount of foreign investment and the number of full-time employees

Other support programs

Foreign-invested companies can be subject to local investment promotion subsidies, which are the state's financial funds for attracting local investment companies by local governments, and can benefit from KOTRA's business support services(Immigration Priority Card, Red Carpet Service).

Subsidies for local investment promotion(relevant laws : Article 19 of Balanced National Development Act)

- **Procedures** : After attracting investment companies, local governments apply to the Ministry of Trade, Industry & Energy. The decision will be made by the Ministry.
- **Eligibility** : Foreign invested companies engaged as primary businesses in manufacturing, info-communication, knowledge service and new/expansion investment in non-Seoul metropolitan area
 - Only eligible for companies that pass the preliminary assessment
- **Support items** : Subsidies for site/facilities in investing site and facilities
 - the level of subsidy will be determined at different rates in proportion to the amount of investment depending on the scale of enterprise and region.
- **Follow-up assessment** : The principal and interest of subsidies will be withdrawn if the project is not performed as planned such as employment and duties after checking the performance of the business operation.

※ Please inquire our project manager for further details in regard to the subsidies even if the preliminary feasibility evaluation is valid.

Cash grant

Cash grant will be approved by Foreign Investment Committee of Ministry of Trade, Industry and Energy based on technical, industrial and financial aspects such as new growth industries and technology transfer of foreign investment.

- **Application** : Investing companies submit applications and investment plans to Ministry of Trade, Industry and Energy (Investment Promotion Division) through applying FEZA (Free Economic Zone Authority) and KOTRA
- **Eligibility** : Foreign investment with a foreign investment ratio over 30% (including capitalization of the earned surplus reserve) by acquiring new shares (excluding long-term loans investment)
- **Qualification** : new growth engine industries, advanced technology, material & component industry factory new/expansion
- **Support items** : land, building purchase, rental and construction cost, capital goods purchase, infrastructure installation, employment education and training subsidies
- The amount of support will be negotiated with foreign-invested companies within the limit determined by the limit-setting committee.
- **Follow-up assessment** : When deciding on support, KOTRA checks for implementation such as investment spending plans after signing a contract.

※ Please inquire our project manager for further information in regard to incentives that are made by the approval institution after application.

Application process

Documents

- Application form, Investment plan and summary of plan, Financial statement of the applicant, Details and certificate of investment funds by source / Certificate of foreign investment notification, Where the PM's opinion on FDI is required, a PM's comments

