

**Busan-Jinhae Free Economic Zone**

[2024. 8.]

# Investment Guide : Logistics and Distribution



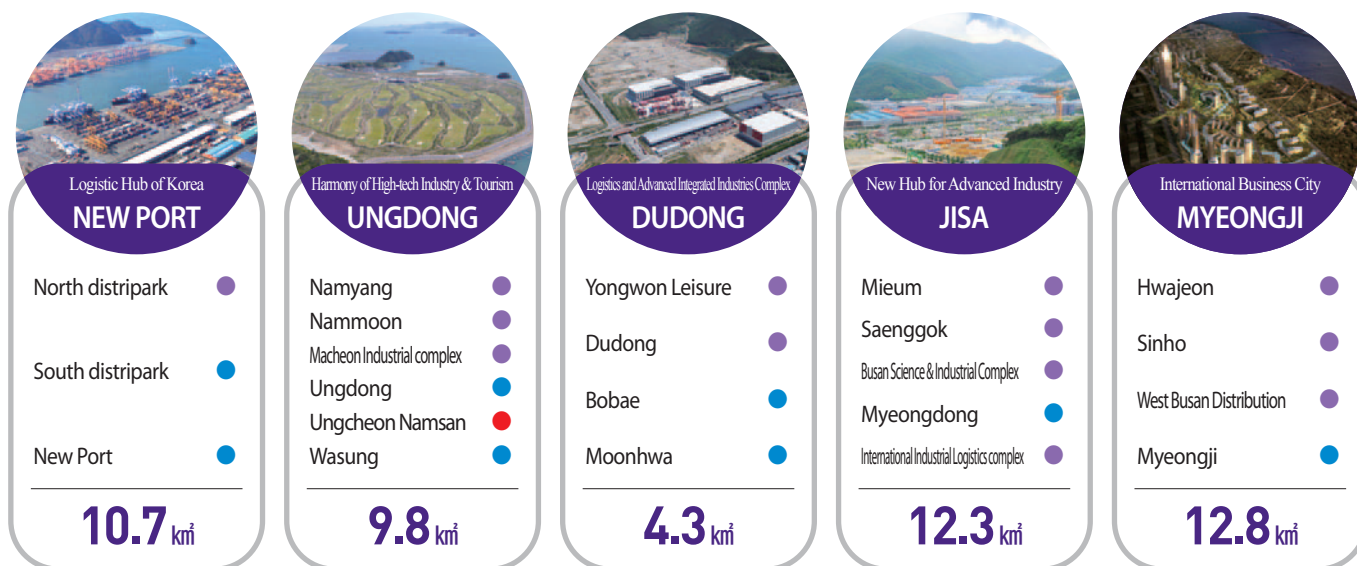
# Overview of BJFEZ

## 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.

## About BJFEZ

Location	Gangseogu, Busan & Jinhaegu, Changwon, Gyeongnam Province
Total area	49.9km <sup>2</sup> (Busan 30.3, Gyeongnam 19.6)
Project overview	5 Areas, 22 Districts (● 13 Completed, ● 8 In progress, ● 1 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\$ 4.6 billion  
(2004. ~ 2024. Jun.)



### Incentives

Tax reduction  
Location support  
Cash grant

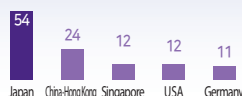


### Number of Companies in BJFEZ

Total companies : 1,954  
Korean companies : 1,779  
Foreign companies : 175



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



### Number of Employees in BJFEZ

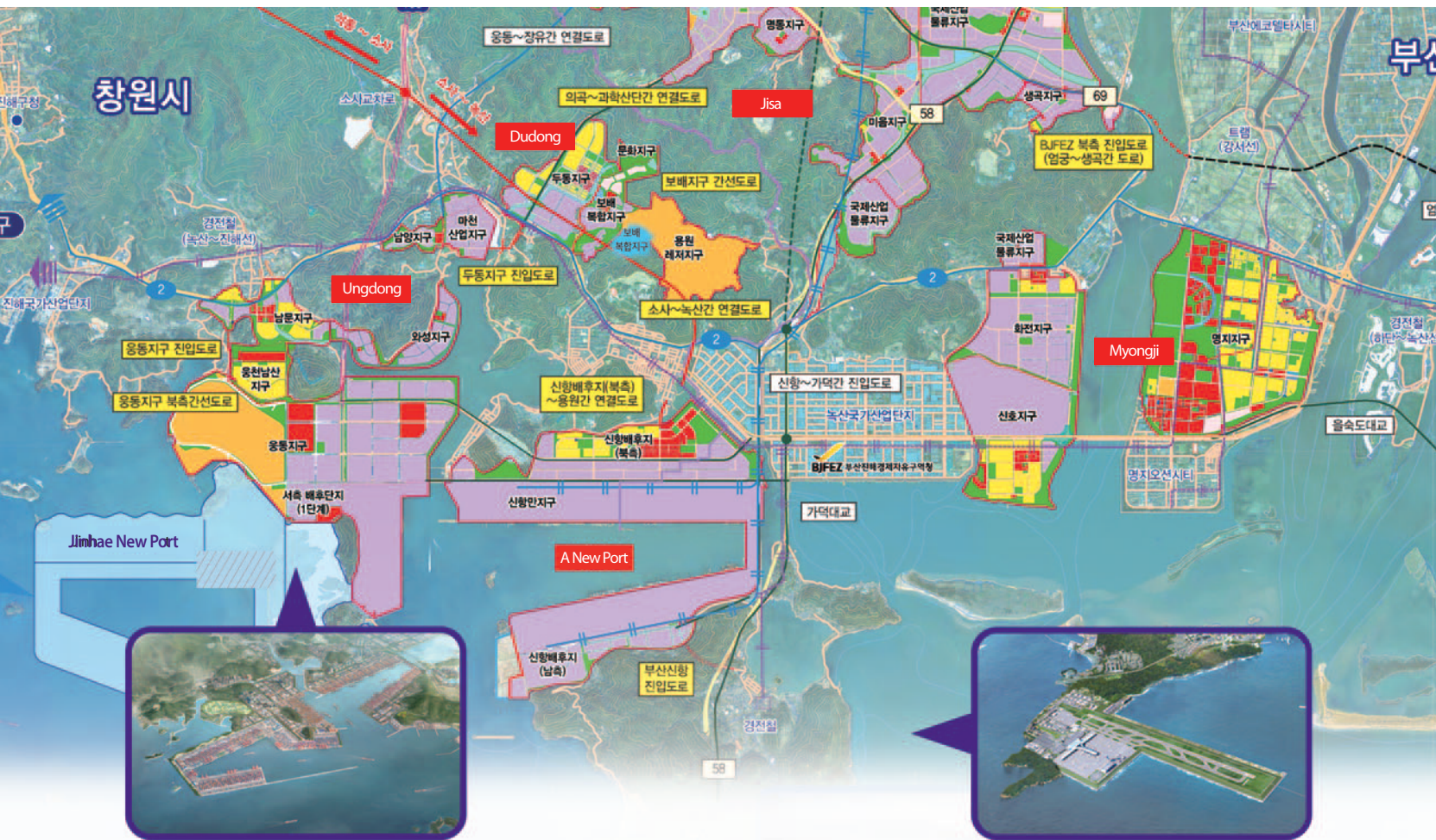
Total employees : 57,972  
Korean companies : 44,652  
Foreign companies : 13,320



### Sales of Companies in BJFEZ

Total Sales : US\$ 37 billion  
Korean companies : US\$ 25 billion  
Foreign companies : US\$ 12 billion

※ Exchange rate : US\$1 = KRW 1,000



### Jinhae New Port

- **Project Period** : 1995~2040
- **Scale** : Container terminal 21 berths
- **Project Cost** : US\$ 12.5 billion
- **Economic effects**
  - Production effect : US\$ 28 billion
  - Value Added effect : US\$ 22 billion
  - Job creation : 180,000

### Gadeokdo New Airport

- **Project Period** : 2021~2029
- **Scale** : Runway 3,500m, Passenger and freight terminals, etc.
- **Project Cost** : US\$ 13.7 billion
- **Economic effects**
  - Production effect : US\$ 88 billion
  - Value Added effect : US\$ 37 billion
  - Job creation : 530,000

※ Exchange rate : US\$1 = KRW 1,000

Gadeokdo New Airport  
(Conceptional drawing)

### Logistics Infrastructure

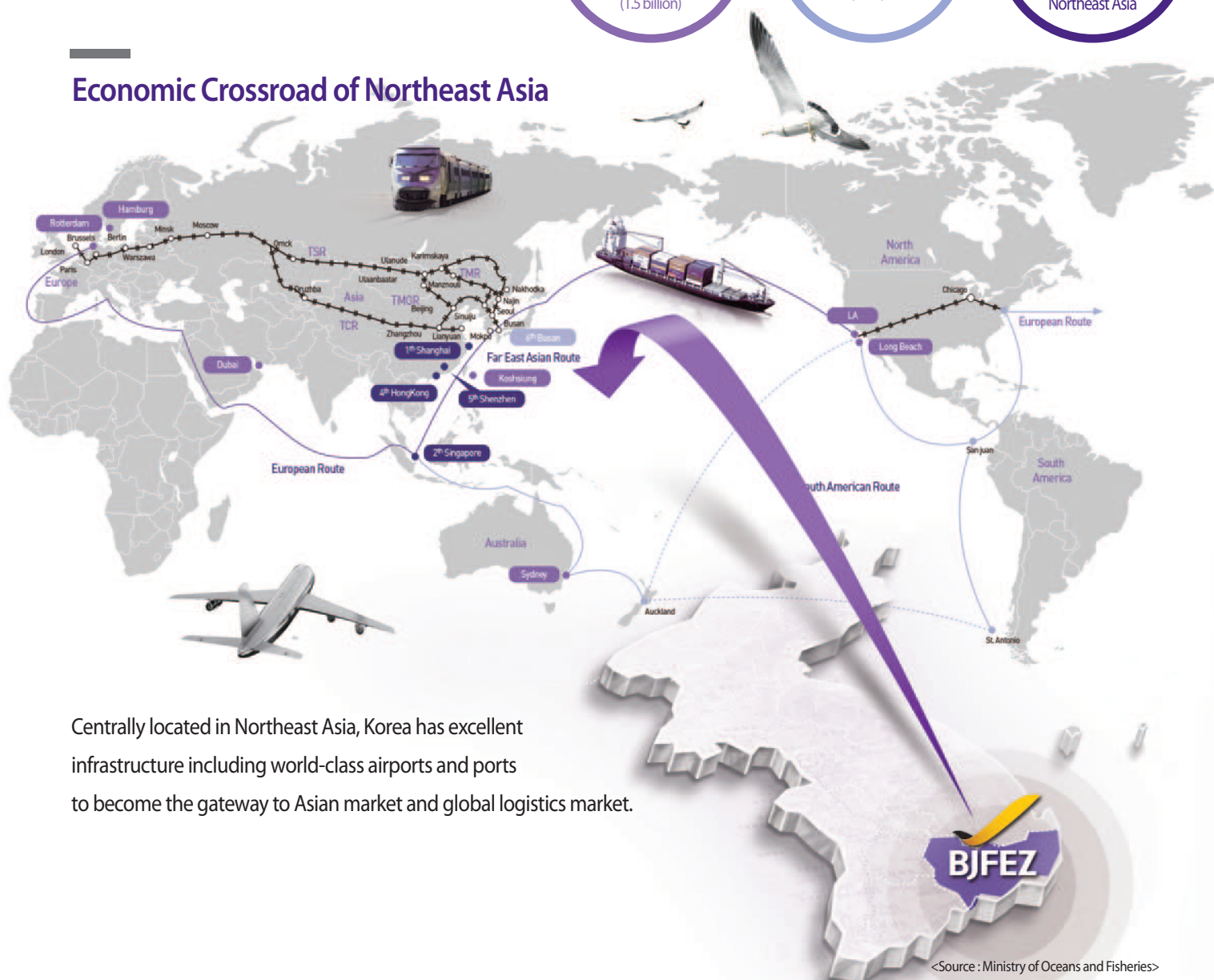




# Optimal Location



## Economic Crossroad of Northeast Asia

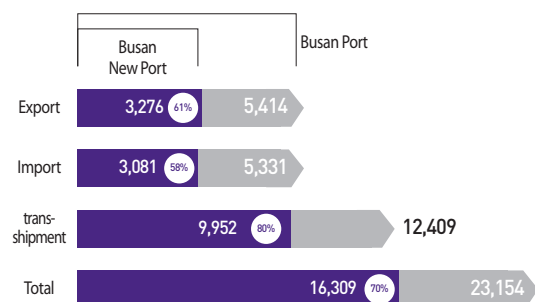


Centrally located in Northeast Asia, Korea has excellent infrastructure including world-class airports and ports to become the gateway to Asian market and global logistics market.

<Source : Ministry of Oceans and Fisheries>

### Container Throughput of Busan Port/ Busan New Port

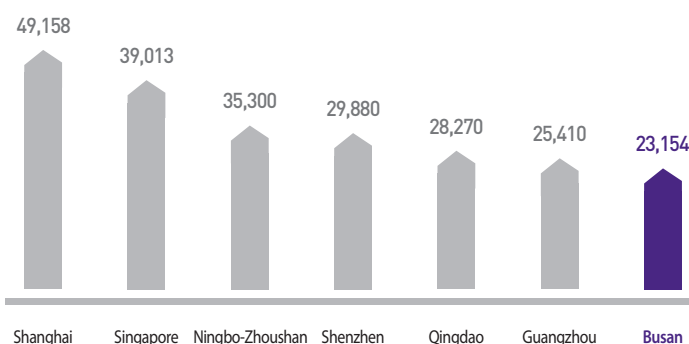
70% of Busan port's container volume is handled in Busan New Port in BJFEZ (Unit : 1,000TEU)



2023

### Container Throughput of World's major ports(2023)

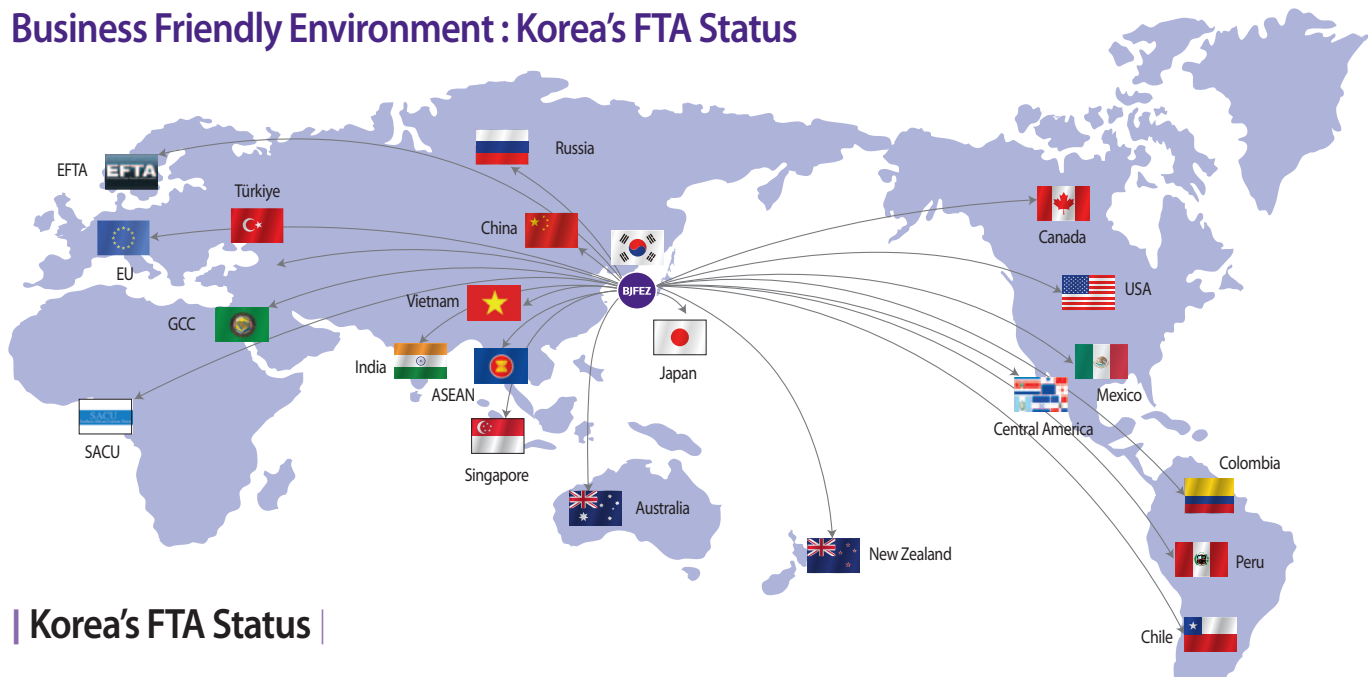
(Unit : 1,000TEU)





# Investment Environment

## Business Friendly Environment : Korea's FTA Status



### Korea's FTA Status

#### In effect(21)

Chile, Singapore, EFTA(4), ASEAN(10), India, EU(27), Peru, USA, Türkiye, Australia, Canada, China, New Zealand, Vietnam, Columbia, CentralAmerica(5), United Kingdom, RCEP(15), Israel, Cambodia, Indonesia

#### Concluded(5)

Philippines, UAE, Ecuador, Korea-Guatemala FTA, GCC

#### Under Negotiation(12)

Mongolia, Georgia, Uzbekistan, MERCOSUR(4), Russia FTA, Korea-Japan-China, Malaysia, China FTA, Korea-India CEPA, Korea-Chile, Korea-ASEAN, United Kingdom

#### Preparing or joint-research(7)

Mexico, Egypt, PA, Kenya, Tanzania, Morocco, Thailand

<source : www.fta.go.kr, as of April. 2024>

## Manufacturing Industrial Cluster

### World-class industrial belt

No. 1

Shipbuilding



No. 5

Automobile



No. 6

Machinery



### Machinery and Mechatronics

**DOOSAN**  
Doosan Heavy Industries & Construction

Hanwha Aerospace

HYUNDAI Rotem Hyundai Rotem

Aerospace, Automobile

**KAI** Korea Aerospace Industries

**SCANIA**  
Scania

Korea AeroSpace Administration

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

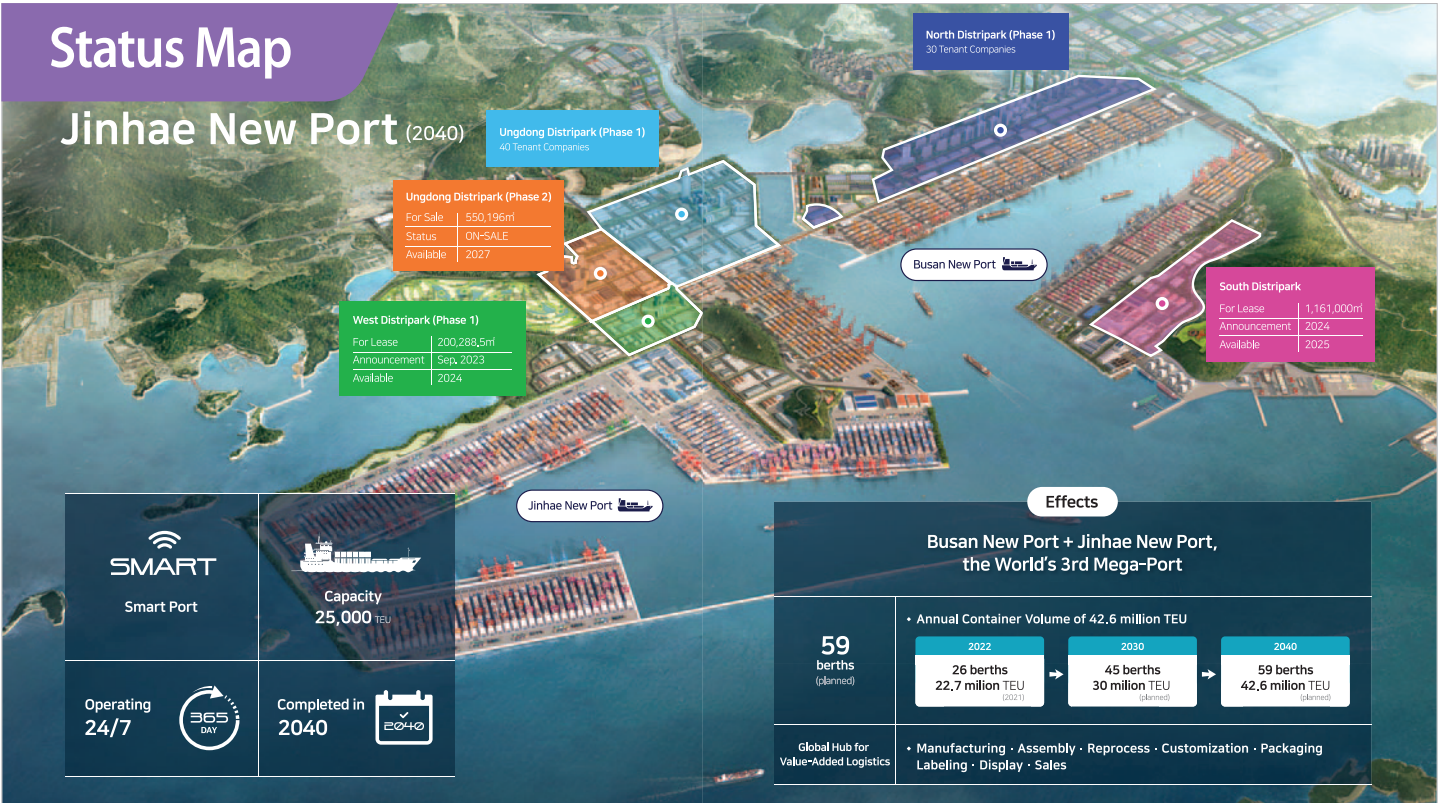
**Hanwha Ocean**  
**SAMSUNG**  
Samsung Heavy Industries

# Busan New Port Mega Port in Northeast Asia!!

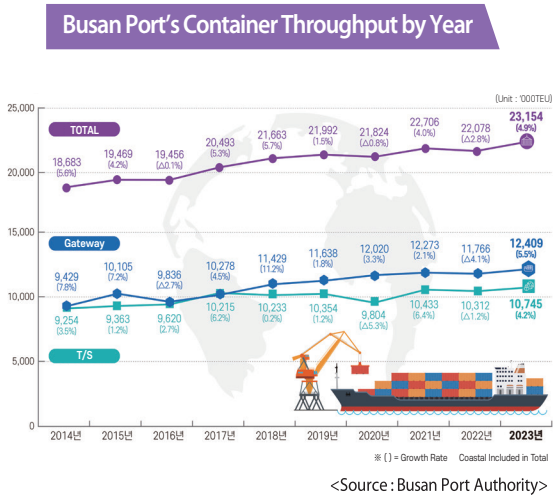
High-tech facilities, infrastructure and convenient hinterland complex.

## World container hub port - Busan New Port

- Excellent port infrastructure such as high-tech facilities and automation systems
- Optimal inland link transportation network with railways and roads
- 24-hour 365-day operating port with automation system
- Water depth of 17~23m and optimal facilities accommodating vessels of 25,000TEU
- 29 berths in operation in 2024 and expand up to 59 berths by 2040
- Multinational network with 600 ports in 150 countries across the world
- Top major 30 shipping firms and world famous 100 shipping firms in the world
- 2030 Goal : Container Throughput(32 million TEUs),
- 2040 Goal : Container Throughput(42 million TEUs)



Project Overview				
Location	Area (thousand m <sup>2</sup> )	Period	Development entity	Note
Phase 1 of North Distripark	1,690	completed	Busan New Port Corporation, Busan Metropolitan Corporation	30 companies / Busan / Gyeongnam Province
Phase 2 of North Distripark	523	~ 2030	Government, BPA(Busan Port Authority)	Jinhaegu, Changwon, Gyeongnam Province(Scheduled)
Phase 1 of Ungdong Distripark	2,485	completed	Government, BPA(Busan Port Authority)	40 companies / Gyeongnam Province
Phase 2 of Ungdong Distripark	1,119	~ 2027	Busan New Harbor Undong Development Co.	Now for Sale (Gyeongnam Province)
South Distripark	1,161	~ 2025	Government, BPA(Busan Port Authority)	Gangseogu, Busan(Scheduled)
Phase 1 of West Distripark	498	~ 2023	Government, BPA(Busan Port Authority)	3 companies (Gyeongnam Province)
Phase 2 of West Distripark	436	~ 2030	Government, BPA(Busan Port Authority)	Jinhaegu, Changwon, Gyeongnam Province(Scheduled)
Phase 3 of West Distripark	378	~ 2030	Government, BPA(Busan Port Authority)	Jinhaegu, Changwon, Gyeongnam Province(Scheduled)
Total	8,290			



# Evaluation criteria for selection of tenant enterprises

(North distripark, for lease as of Jun. 2024)

Evaluation Item	Detailed Evaluation Items (full points)	Points
Business capabilities (30)	• Appropriateness of the composition of applicant	10
	• Financial status of applicant(Full points given if above industryaverage) - Ordinary income to total assets, debt ratio, current ratio, interest coverage ratio - Domestic industrial average applies to foreign companies.	10
	• Investment capital procurement plan(evaluation on capital size and credibility of procurement) - Adequacy of equity procurement (2 points for over 20%, 3 points for over 25%, 4 points for over 30%, 5 points for over 35%, 6 points for over 40%) (6) - Credibility of ensuring borrowed capital(4)(Evidentiary document such as a letter of confirmation	10
	<b>Subtotal</b>	<b>30</b>
Accident Prevention and Response Plan (10)	• Accident prevention and response plan - A detailed response plan for safe workplace practices. - Accident prevention plan tailored to the specifics of the cargo handling equipment. - Hazardous materials and waste storage and management plans - Response plans for safety incidents by task type	10
	<b>Subtotal</b>	<b>10</b>
Performance (capabilities) and plans for foreign freights and value-added logistics (35)	• Performance of throughput of foreign freights - In the case of a consortium application for bidding, the performance of each consortium member is added up depending on its ratio of consortium composition. - The total number of the transshipment freight that an applicant handled will be multiplied by 130%. - Submission of evidentiary documents which are valid for the previous fiscal year is required.	10
	• Plans to attract foreign freights - Qualitative evaluation based on concreteness, appropriateness, and feasibility of the plan to attract foreign or export freights based on submitted evidence.	10
	• Plan to engage in logistics activities able to create high-added value - Qualitative evaluation based on concreteness, appropriateness, and feasibility of the business models, etc. for value added logistics activities.	15
	<b>Subtotal</b>	<b>35</b>
Employment performance and Plans (20)	• Evaluation of Employment performance(only the employment of permanent workers is accepted) - In the case of a consortium application for bidding, the Employment performance of each consortium member is added up depending on its ratio of consortium composition. * Submission of evidentiary documents which are valid for the previous fiscal year is required.	10
	• Plans for Employment performance(Only the plans for permanent workers are accepted) - Qualitative evaluation based on concreteness, appropriateness, and feasibility of the plan based on evidentiary submitted	10
	<b>Subtotal</b>	<b>20</b>
Construction Plan (5)	• Appropriateness of land use plan and facilities construction plan in implementing business models	3
	• Appropriateness of construction processes (time of groundbreaking) plan and facilities maintenance and management plan	2
	<b>Subtotal</b>	<b>5</b>
<b>Total</b>	<b>100</b>	
Additional points	• A company with certification of excellent logistics enterprise as specified in Article 38 of Framework Act on Logistics Policies	(+2)
	• A company planning to repatriate to Korea * A company designated as a company in repatriation subject to support in accordance with Article 7 of the Act on Assistance to Korean Offshore Enterprises in Repatriation. * Required to submit a certificate (issued by KOTRA) of a company in repatriation.	(+3)
	• Foreign-invested companies under the Foreign Investment Promotion Act * No credit for amounts under \$1 million * Submission of a foreign investment report is required.	$\frac{\text{Foreign Investment Amount}}{\text{USD 15 million}} \times \frac{33,000\text{sqm}}{\text{Leased Area}} \times 3 \text{ points}$ ~(+3)
	• Multinational companies that are primarily engaged in one or more of the following industries: manufacturing, logistics, distribution, or e-commerce. * A Fortune Global 500 company with at least 25% of total revenue comes from outside of the country in which the headquarters is located.	~(+3)
	* In the case of a consortium application for bidding, additional points are given to a consortium applicant depending on the ratio of consortium member(s). * Additional points per item can be duplicated and the total additional points are limited to 10 points.	
Deduction of points	• In the case whereby a sole applicant for bidding or a consortium member has been imposed re-additional dues based on late payment of a previous lease within 5 years of the announcement date of tenant selection.	(-)2
	• In the case whereby an applicant or a consortium member has been imposed any penalty based on violation of a previous lease contract in the Busan New Port Background Complexes with the BPA, from the date when the announcement of tenant selection is made.	~(-)3



## Ungdong Distripark Sale For Lease



### Project Overview

- Total area : 1,119,190m²
- Sale area : 248,313m²
- Project period : 2021 to 2027
- Accommodation qualification : Logistics, Manufacturing
- Project developer : Busan New Port Ungdong Development Co.

### Accommodation Qualification

- Domestic Companies
- Foreign-Invested Companies
- U-turn Companies

### Target Industry

- Logistics & Manufacturing Facilities

### Schedule for Land Use

Q4 of 2026(Development Completed in 2027)

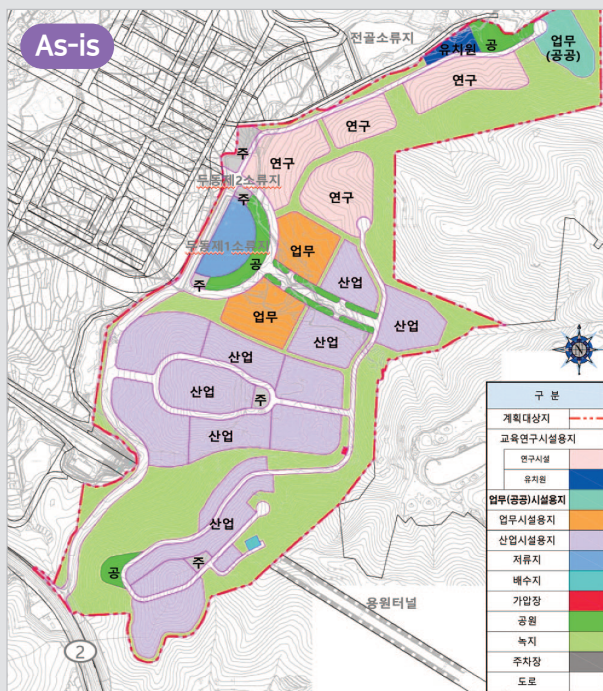
### Land Price

\* Building-to-Land Ratio : 70%  
Floor Area Ratio : 350%  
Height : 70m

Block/Lot	Size(m²)	Price(KRW)
7Lot	248,313m²	
H2/4	34,949m²	Sold
H3/1	35,961m²	
H3/2	36,367m²	Sold
H3/3	37,123m²	
H3/4	36,461m²	Sold
H4/1	33,720m²	
H4/3	33,732m²	

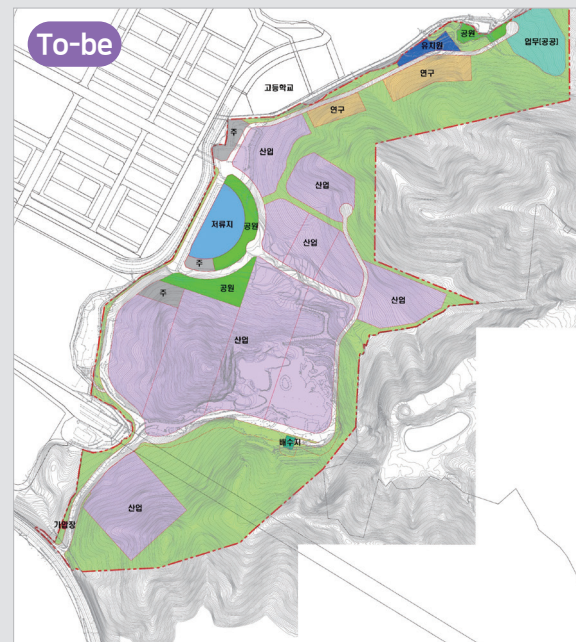
\* Currently not specified 'Free Trade Zone'

## Bobae District



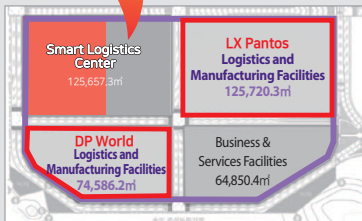
### Project Overview

- Location : Du-dong, Jinhaegu, Changwon Gyeongnam Province
- Total area : 785,524m²
- Project cost : KRW 424.3 billion
- Developer : Bobae Industry
- Project period : 2003 ~ 2027



\* Development plan can be changed

## West Distripark Sites For Lease



### Location

- Phase 1 of West Distripark (303 & 305 Sudodong, Jinhaegu, Changwon, Gyeongnam Province)

### Accommodation Qualification

- Domestic Companies
- Foreign-Invested Companies
- U-turn Companies

### Target Industry

- Logistics and Manufacturing Facilities (building-to-land ratio 70%, floor area ratio 300%)

### Annual Leasing Fee

- [KRW 365 × the size of the site(m²)] × 12months (2023. 1. 1. ~ 2024. 12. 31.)
- \* Leasing fees subject to change from 2025

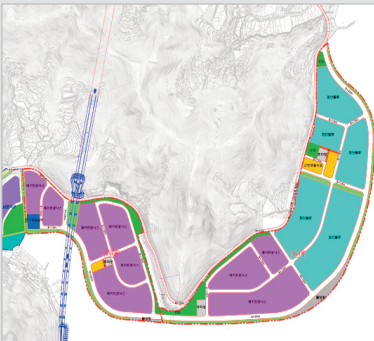
### Leasing Period

30 years(up to 50 years)

### Warrant Fee for Lease

Annual Leasing Fee × 120%

## Wasung District



### Project Overview

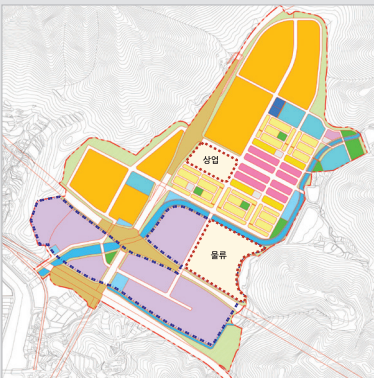
- **Location** : Ung-dong and Nammoon-dong, Jinhaegu, Changwon, Gyeongnam Province
- **Total area** : 195 acres(790,000m²)
- **Project cost** : US\$ 252 million
- **Project period** : 2009 ~ 2027
- **Developer** : Gyeongnam New Port Co., Ltd.
- **Target industries** : Logistics, Manufacturing

### Land Usage Plan

Contents	Area(thousand m²)	Rate(%)
Industrial logistics site	449	63.2
Public facilities	267	33.7
etc	24	3.1
<b>Total</b>	<b>740</b>	<b>100</b>



## Dudong District



### Project Overview

- **Location** : Du-dong, Jinhaegu, Changwon Gyeongnam Province
- **Total area** : 415acres(1,677km²)
- **Project cost** : US\$ 326 million
- **Developer** : Busan-Jinhae Free Economic Zone Authority
- **Project period** : 2003 ~ 2019
- **Tenant companies** : Coupang, LG Electronics, Market Kurly, etc.



### Land Usage Plan

Contents	Area(thousand m²)	Rate(%)
Industrial site	358	21.3
Commercial site	43	2.6
Residential site	448	26.6
Public facilities	829	49.5
<b>Total</b>	<b>1,677</b>	<b>100</b>





# Foreign Investment Incentives

## Comparison of foreign investment location support scheme

Classification	Free Economic Zone(FEZ)	Free Trade Zone(FTZ) (seaport type)	Foreign Investment Zone(FIZ)	
			Complex-type FIZ	Individuation-type FIZ
Governing law	Special Act on the Designation & Management of Free Economic Zones	Act on the Designation & Management of Free Trade Zones	Foreign Investment Promotion Act	
Purpose designation	Foreign capital inducement, international competitiveness enhancement, and balanced regional development	Foreign capital inducement, development of international logistics base	Foreign capital inducement, transfer of advanced technologies, job creation	
Characteristics	Comparable to special administrative zones (cooperatives of municipal governments)	Customs-free zone	Lease-only complexes	Individual business establishments are designated
Managing authority	Free Economic Zone Authority	(Seaport Type) Minister of Oceans and Fisheries	<ul style="list-style-type: none"> <li>State industrial complexes : industrial complex management authorities</li> <li>Other : Mayor or provincial governor</li> </ul>	
Eligibility for occupancy	<ul style="list-style-type: none"> <li>Domestic companies</li> <li>Foreign-invested companies</li> <li>U-turn companies</li> <li>Manufacturing, logistics, hospitals, educational facilities, foreign broadcasting, financial service institutions, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Export-oriented manufacturing businesses</li> <li>Foreign-investment companies in manufacturing businesses or knowledge service businesses</li> <li>Wholesale businesses mainly for import/export</li> <li>Integrated logistics businesses</li> </ul>	Foreign Investment ratio of 30% or higher, foreign investment amount of KRW 100 million or more <ul style="list-style-type: none"> <li>Manufacturing, logistics, etc.</li> <li>Foreign Investment equal to or more than the price of the leased land should be executed within 5 years of the contract date.</li> </ul>	FDI requirements (Minimum amount) : <ul style="list-style-type: none"> <li>Manufacturing : US\$ 30 million</li> <li>Tourism : US\$ 20 million</li> <li>Logistics : US\$ 10 million</li> <li>R&amp;D : US\$ 2 million (10 or more researchers holding a master's degree or higher with three or more year's experience)</li> </ul>
Requirements for tax reduction (Minimum amount)	<ul style="list-style-type: none"> <li>Manufacturing, tourism : US\$ 10 million or more</li> <li>Logistics, medical institution : US\$ 5 million or more</li> <li>R&amp;D : US\$ 1 million or more</li> </ul>	<ul style="list-style-type: none"> <li>Manufacturing : US\$ 10 million</li> <li>Logistics : US\$ 5 million</li> </ul>	<ul style="list-style-type: none"> <li>Manufacturing : US\$ 10 million</li> <li>Logistics : US\$ 5 million</li> </ul>	Identical to the above
Tax reduction	<ul style="list-style-type: none"> <li>Local taxes : up to 15years</li> </ul>		<ul style="list-style-type: none"> <li>Acquisition tax/Registration tax : 100% for 15 years</li> <li>Property tax : 100% for 10 years, 50% for 5 years</li> <li>Custom duties : 100% for 5 years</li> </ul>	
Reduction on tariff	Exemption on capital goods for 5years	Exemption on capital goods for 5years	Exemption on capital goods for 5years	Tariff reservation (Imported & capital goods)
Leasing fee	Approximately 10/1,000 of the site value	<ul style="list-style-type: none"> <li>Manufacturing : KRW 365/㎡/month</li> <li>Logistics : KRW 365/㎡/month ※ ('23. 1. 1. ~ '24. 12. 31.)</li> </ul>	Nammoon FIZ : KRW 451/㎡/month <ul style="list-style-type: none"> <li>Manufacturing</li> </ul>	100% exempted in the case of state owned properties
Rent reduction rate	<ul style="list-style-type: none"> <li>Determined by the managing authority based on ordinances (50-100% reduction)</li> </ul>	<ul style="list-style-type: none"> <li>Logistics : US\$ 5 million or more → 50% for 3 years</li> <li>Logistics : US\$ 10 million or more → 50% for 5 years</li> </ul>	<ul style="list-style-type: none"> <li>New Growth Engine &amp; US\$ 1 million or more : → 100% exemption</li> <li>Manufacturing &amp; US\$ 5 million or more, Part's &amp; Materials company : → 100% exemption</li> <li>Manufacturing &amp; US\$ 5 million or more → 75% exemption</li> </ul>	



# Investment incentives provided by Gyeongnam Province

Classification	Before		After																							
	Eligibility	Benefits	Requirements	Application details																						
Large-scale special support *Preliminary feasibility study	Investing KRW 50bn or more or employing 150 full-time employees or more	Within 10% of facility investment (up to KRW 10 bn)	Same as left	<div>• Equipment investment &amp; site purchase up to KRW 20bn (within 10%, up to KRW 10bn each)</div> <table><tr><td>Classification</td><td>KRW 50bn or more</td><td>KRW 60bn or more</td><td>KRW 70bn or more</td><td>KRW 80bn or more</td><td>KRW 100bn or more</td></tr><tr><td>Ratio</td><td colspan="2">Investment amount*5%</td><td colspan="2">Investment amount*7%</td><td>Investment amount*10%</td></tr><tr><td>Limit</td><td>KRW 3bn</td><td>KRW 3.5bn</td><td>KRW 5.6bn</td><td>KRW 7.6bn</td><td>KRW 10bn</td></tr></table>					Classification	KRW 50bn or more	KRW 60bn or more	KRW 70bn or more	KRW 80bn or more	KRW 100bn or more	Ratio	Investment amount*5%		Investment amount*7%		Investment amount*10%	Limit	KRW 3bn	KRW 3.5bn	KRW 5.6bn	KRW 7.6bn	KRW 10bn
Classification	KRW 50bn or more	KRW 60bn or more	KRW 70bn or more	KRW 80bn or more	KRW 100bn or more																					
Ratio	Investment amount*5%		Investment amount*7%		Investment amount*10%																					
Limit	KRW 3bn	KRW 3.5bn	KRW 5.6bn	KRW 7.6bn	KRW 10bn																					
Interest-free loan for site purchases *Preliminary feasibility study	<div>① A Start-up, an enterprise relocating into the province from outside, an enterprise setting up business establishments in a new site</div> <div>② Manufacturing, ICT, knowledge services, logistics terminals and warehouses</div>	up to KRW 5bn (30% ~ 60% of site purchase price within budget)	Same as left	<div>• Up tp KRW 10bn(30% to 60% of site purchase) expansion</div> <table><tr><td>Classification</td><td>City· County</td><td>Requirements</td><td>Criteria</td></tr><tr><td>A Zone</td><td><b>Changwon,</b> Kimhae, Yangsan</td><td>KRW 12bn &amp; 60 employees or more</td><td>30% of site purchase</td></tr></table>					Classification	City· County	Requirements	Criteria	A Zone	<b>Changwon,</b> Kimhae, Yangsan	KRW 12bn & 60 employees or more	30% of site purchase										
Classification	City· County	Requirements	Criteria																							
A Zone	<b>Changwon,</b> Kimhae, Yangsan	KRW 12bn & 60 employees or more	30% of site purchase																							
Business investment promotion zone subsidies	<div>① Investment promotion zone moving in (enterprise relocating into the province from outside, new expansion) enterprises</div> <div>② Investing KRW 2bn or more</div> <div>③ Employing 10 full-time employees or more</div>	up to KRW 140m (Site 5, Employment 3, Training 2, Facility relocation 2)	Same as left	<div>• Investment attraction promotion area(city/county) subsidies</div> <div>• Up tp KRW10bn expansion</div> <table><tr><td>Classification</td><td>Site (KRW 3bn)</td><td>Employment (KRW 2bn)</td><td>Educaiton (KRW 1bn)</td><td>Equipment (KRW 3bn)</td><td>Relocation (KRW 1bn)</td></tr><tr><td>Eligibility</td><td>Site contract</td><td>Employing 10 full-time employees or more</td><td>10 employ-ees or more</td><td>Investing KRW 2bn or more</td><td>Relocating into the province from outside</td></tr><tr><td>Range</td><td>Up tp 70% of site purchase</td><td>An excess of KRW 1m / 1 person (within 1yr)</td><td>An excess of KRW 1m / 1 person (within 1yr)</td><td>Over KRW 2 bn up to 10%</td><td>Over KRW 500m up to 10%</td></tr></table>					Classification	Site (KRW 3bn)	Employment (KRW 2bn)	Educaiton (KRW 1bn)	Equipment (KRW 3bn)	Relocation (KRW 1bn)	Eligibility	Site contract	Employing 10 full-time employees or more	10 employ-ees or more	Investing KRW 2bn or more	Relocating into the province from outside	Range	Up tp 70% of site purchase	An excess of KRW 1m / 1 person (within 1yr)	An excess of KRW 1m / 1 person (within 1yr)	Over KRW 2 bn up to 10%	Over KRW 500m up to 10%
Classification	Site (KRW 3bn)	Employment (KRW 2bn)	Educaiton (KRW 1bn)	Equipment (KRW 3bn)	Relocation (KRW 1bn)																					
Eligibility	Site contract	Employing 10 full-time employees or more	10 employ-ees or more	Investing KRW 2bn or more	Relocating into the province from outside																					
Range	Up tp 70% of site purchase	An excess of KRW 1m / 1 person (within 1yr)	An excess of KRW 1m / 1 person (within 1yr)	Over KRW 2 bn up to 10%	Over KRW 500m up to 10%																					
Support for tourism and cultural industries	Newly adopted		<div>① Tourism and cultural contents invest-ment company</div> <div>② Investing KRW 20bn or more</div> <div>③ Employing20 full-time employees or more</div>	<div>• Site purchase expense, construction expense etc up tp KRW 3bn (within 10% of investment amount)</div> <div>• * In case of large-scale investment, up to KRW 20bn support (Within 10% of facility investment)</div> <div>• Employment subsidy up to KRW 10bn support ( an excess of 1 person / KRW 1m monthly/ within 6 months)</div> <div>• Cultural contents industry rent fee up to KRW 500m(within 50% of rent fee for 2 years)</div>																						
Tax benefit	Newly adopted			<div>• Up to 100% reduction in acquisition tax of tenant companies for a certain period of time for specific industries and areas etc</div> <div>• Residence tax 50% reduction to an enterprise relocating into the province from outside or new expansion and employees for 5 years</div>																						

# Incentives (FEZ Incentives + FTZ Incentives)

## Busan-Jinhae Free Economic Zone (BJFEZ)

- Tax deduction incentives
- Management environment improvement
- Settlement environment improvement
- Incentives for development projects



## Free Trade Zone (FTZ)

- Low-priced leases
- Simplified import and export customs clearance
- Tax deduction
- Simplified freight management

Requirement(FDI)	Taxes	Reduction or Exemption	Remark
<Foreign invested companies> - Logistics business : US\$5 million or more - Manufacturing business : US\$10 million or more	Acquisition tax/ Registration tax	100% for 15 years	- Exemption of custom duties for reexport products - VAT exemption for business activities in FTZ - Other indirect tax exemption such as special consumption tax, liquor tax, etc.
	Property tax	100% for 10 years, 50% for 5 years	
	Custom duties	100% for 5 years	

Classification	Applicable enterprises	Leasing fee	Applicable period
Busan New Port	[Free Trade Zone Act] Companies operating tenant business types under Article 10 (logistics industry, manufacturing industry)	365/m <sup>2</sup> /month	'23. 1. 1. ~ '24. 12. 31. * Can be changed after 2024
	[Free Trade Zone Act] Companies operating business types supporting the tenant companies' businesses under Article 10.1.6	482/m <sup>2</sup> /month	

Classification	Requirement(FDI)	Period	Applicable period
Reduction of leasing fee	US\$5 million or more	50% for 3 years	Each period of time
	US\$10 million or more	50% for 5 years	



Busan-Jinhae Free Economic Zone



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