

World Free Zones Organization

Index cards by country

SOUTH KOREA

Free Economic Zones, Free trade zones

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Official Terms for Free Zones	Free Economic Zones, Free Trade Zones
Year of promulgation of the first text of law concerning the free zones program	1970
Exact number of Free Zones	15
Possibility to be established as Free Points	No

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General Information

Definition

“The FEZs differ from other zones designated for foreign investment in their focus on creating a comprehensive living and working environment with biotechnology, aviation, logistics, manufacturing, service, and other industrial clusters as well as international schools, recreational facilities, and international hospitals. In 2009, the National Assembly passed the Special Act on Free Economic Zones to increase tax benefits for investment, increase the FEZ infrastructure budget, and streamline the approval process for land development. On December 28, 2010, the government announced a plan to abolish inefficient, underperforming, and unfeasible portions of the nation’s free economic zones as part of its efforts to reorganize the specially created districts. Under the plan, the Ministry of Knowledge Economy removed the FEZ status from 90.51 square kilometers (22,366 acres), or 15.9 percent of the total land in the zones, in February 2012”.

Source:

<https://www.export.gov/article?id=Korea-Foreign-Trade-Zones-Free-Ports-and-Trade-Facilitation>

Number of free zones	15 Free Zones : -8 Free Economic Zones (FEZs). -7 Free trade zones (FTZs)
Number of active companies in Free Zones	-Free Economic Zones : no information -Free trade zones: Less of 200 companies
Main sectors of activity	Automobile components, value-added logistics, aviation logistics, bio, logistics, manufacturing, auto parts, semiconductor, LCD, steel, petro chemistry, machinery / parts, renewable energy, cell phones, IT products, nuclear power generation equipment, logistic, warehousing, services, etc.
Total job numbers	-No information.
Distribution of investors	Japan, China, Canada, United States, European Union, etc.
Exports and sales	No information
Free zones contribution to the national economy	No information
Corporate Tax and incentives	<p>➤ Free Economic Zones (Foreign-invested companies):</p> <p>-Corporate tax and Income tax:</p> <p>-Tax benefits for 5 years (First 3 years: 100% exemption; the following 2 years: 50% reduction). But Investment Requirements : Manufacturing : \$10 million or more; Tourism : \$10 million or more ; Logistics : \$5 million or more ; Medical institutions : \$5 million or more ; R&D : \$1 million or more ; Service : \$10 million or more.</p> <p>-Tax benefits for 7 years (First 5 years: 100% exemption; the following 2 years: 50% reduction). But Investment Requirements: Manufacturing: \$30 million or more; Tourism: \$20 million or more; Logistics: \$10 million or more; R&D : \$2 million or more.</p> <p>-Local tax: Acquisition tax (100% tax exemption for up to 15 years in accordance with local ordinances); Property tax (Tax reductions for up to 15 years in accordance with local ordinances).</p> <p>➤ Free Trade Zones (Foreign-invested companies):</p> <p>-Minimum investment for tax reduction: More than US\$ 10 million for</p>

	<p>manufacturing business; more than US\$ 5 million for logistics business</p> <p>-tax Reduction:</p> <ul style="list-style-type: none"> • 3 years of 100% exemption of corporate tax, income tax, acquisition tax, registration tax, property tax, Integrated land tax, and 2 additional years of 50% tax reduction (Foreign Investment Promotion Act, Article 9 and Tax Incentive Limitation Law, Article 121-2) • Tariff Exemption for goods imported into FTZ • Exemption of VAT for domestic goods purchased by resident foreign invested company and for the goods of transaction among the resident companies in FTZ • Exemption of provisional import surtax, liquor tax, special consumption tax, traffic tax, special rural development tax, and education tax (Free Trade Zone Act, Article 45).
Free Zone law	<p>-Act on Designation and Management of the Free Economic Zones (effective as of July 1, 2003). Amended by Act No. 10272, April 15, 2010.</p> <p>Source: http://www.moleg.go.kr/english/korLawEng.jsessionid=NaLDdryC2ASOqN7WUbc8NLd1DX95V6X8Axrw4AYHfDRjEuw5ghRnXc1ERVviL59X.moleg_a2_servlet_engine2?pstSeq=54746&brdSeq=33&pageIndex=25</p>

List of operating Free Zones:

1) List of operating Free Economic Zones (FEZs):

For a global view of FEZs:

<http://www.fez.go.kr/global/en/index.do>

1 - Incheon FEZ

Location	Incheon (Near international Airport)
Surface area	132.91 km ²
Contact	<p>175, Art center-daero(Songdo-dong) Yeonsu-gu, Incheon, Korea 22004 Tel.: 82-32-120. Tel.: 032-120 Investment Consultations: 032-453-7032</p>
Observations	<p>Established in 2003, Incheon FEZ will be completed in 2022. 75 multinational companies from 15 countries have set up in Incheon, including Samsung BioLogics, Celltrion, Boeing, BMW and GM.</p>

2 – Busan / Jinhae FEZ (BJFEZ)

Location	South Gyeongsang Province (Busan Gyeongsangnam-do)
Surface area	52.89 km ²
Contact	Tel. : 051-979-5000 Investment Consultations Busan: 051-979-5171 http://www.fez.go.kr/global/en/area/bjfez.do
Observations	<p>Established in 2004, BJFEW will be completed in 2020.</p> <p>The BJFEZ has an industrial cluster for shipbuilding, car making and machinery, as well as being a center for tourism and leisure.</p> <p>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.</p> <p>More than 50% 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.</p> <p>http://www.fez.go.kr/global/en/area/bjfez.do</p>

3 - Gwangyang Bay FEZ

Location	South Gyeongsang Province
Surface area	77.69 km ²
Contact	Tel. : 061-760-5114 Investment Consultations: 061-760-5561 http://www.fez.go.kr/global/en/area/gfez.do
Observations	<p>Established in 2004, the zone will be completed in 2020.</p> <p>The Gwangyang Bay FEZ is close to Pyeongtaek port, a Northeast Asian logistics hub, 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 has an advanced technology-based industrial cluster that is home to 3,350 global companies and automobile-related firms.</p> <p>-The GFEZ has an internationally advantageous port handling up to 254 million tons of cargo a year as of 2014.</p> <p>-It is equipped with stable industrial infrastructure on 188.9 km² of industrial land, which accounts for 14.7% of the total area of all Korean industrial districts.</p> <p>-The zone is adjacent to POSCO's Gwangyang Steel Mill and the Yeosu National Industrial District.</p> <p>http://www.fez.go.kr/global/en/area/gfez.do</p>

4 - Yellow Sea FEZ

Location	South Chungcheong Province (Chungcheongnam-do Gyeonggi-do)
Surface area	4.39 km ²
Contact	Tel.: 031-8008-8615 Investment Consultations: 031-8008-8633 / 031-8008-8635 http://www.fez.go.kr/global/en/area/yesfez.do http://english.gg.go.kr/status-of-designation/
Observations	<p>Established in 2008, this zone the zone will be completed in 2020.</p> <p>The YESFEZ is close to Pyeongtaek port, a Northeast Asian logistics hub, 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 has an advanced technology-based industrial cluster that is home to 3,350 global companies and automobile-related firms.</p> <p>http://www.fez.go.kr/global/en/area/yesfez.do</p> <p>The zone has a manufacturing cluster where Samsung Electronics, Hyundai Motor, Kia Motors and LG Display operations are located. More than 300 global 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.</p> <p>http://www.fez.go.kr/global/en/area/yesfez.do</p>

5 – Daegu / Gyeongbuk FEZ (DGFEZ)

Location	North Gyeongsang Province (Daegu Gyeongsangbuk-do)
Surface area	19.72 km ²
Contact	kangsk1@korea.kr Tel. : 82-53-550-1952 Tel. : 053-550-1500 Investment Consultations: 053-550-1554 http://www.fez.go.kr/global/en/area/dgfez.do http://www.dgfez.go.kr/eng/
Observations	<p>Established in 2008, this zone will be completed in 2022.</p> <p>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.</p> <p>Business priorities: Shipbuilding, machinery: Hyundai Samho Heavy Industries and Hyundai Mipo Dockyard, two of the world's largest dockyards, and Daehan Heavy Industries, Korea Heavy Industries and</p>

	<p>Shinan Heavy Industries Green energy: Largest amount of insolation (4KWh/m2/ day), largest wind farm, and the strongest ocean currents in Korea Automobiles: Conveniently located for exporting automobiles and auto parts via international ports like Gwangyang and Mokpo New materials: Conveniently located for supplying components to Gwangju Kia Motors and Samsung Electronics' Gwangju factory.</p> <p>http://www.fez.go.kr/global/en/area/dgfez.do</p> <p>The Daegu-Gyeongbuk Free Economic Zone has 8 sites located in the heart of 3 major manufacturing and R&D clusters (Transportation, Green Energy, IT/ Electronics). Companies are provided with the opportunity to work in a high-quality living and working environment while maximizing synergies with knowledge-based services and manufacturing companies.</p> <p>http://www.dgfez.go.kr/eng/page.php?mnu_uid=345&</p>
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6 - Saemangeum/Gunsan FEZ

Location	North Jeolla Province (Jeollabuk-do)
Surface area	18.70 km ²
Contact	<p>Sejong: 31 Dasom 1-ro, Sejong, Korea Tel.: +82444151069 Tel. : 044-415-1073 Investment Consultations : 044-415-1073 http://www.fez.go.kr/global/en/area/saemangeum.do</p>
Observations	<p>Established in 2008, this zone will be completed in 2022.</p> <p>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.</p> <p>Automobiles and machinery: Hyundai Motors, GM Korea, Tata-Daewoo, Doosan Infracore, Tong Yang Moolsan, LS Mtron, etc. Renewable energy: Samsung, Hyundai Heavy Industries, OCI, Nexolon, Solar World Korea, etc. New materials: Hyosung, Samyang Kasei, Samyang Innochem, KCC, OCI, Iljin Materials, etc. Shipbuilding: Hyundai Heavy Industries, Hyundai Welding, Wingship Technology, Samwon, etc. Food: Danone Korea, Sangha, Harim</p> <p>http://www.fez.go.kr/global/en/area/saemangeum.do</p>

7 - East Coast FEZ

Location	In Donghae and Gangrung (Donghae Gangwon-do)
Surface area	8.95 km ²
Contact	Tel.: 033-539-7800 Investment Consultations: 033-539-7655 / 033-539-7665 http://www.fez.go.kr/global/en/area/efez.do http://www.efez.go.kr/hb/eng
Observations	Established in 2013, this zone will be completed in 2022. 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, four-season maritime tourism and the winter sports hub of Asia as leverage. http://www.fez.go.kr/global/en/area/efez.do

8 - Chung Buk FEZ

Location	North Chungcheong Province (Chungcheongbuk-do)
Surface area	9.08 km ²
Contact	194-41 Osongsaengmyeong 1-ro Osong, Heungdeok, Cheongju, Chungbuk, 28160, Republic of Korea. Tel.: 82-43-220-8363 Tel.: 043-220-8312
Observations	Established in 2013, this zone will be completed in 2020. The CBF EZ 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. http://www.fez.go.kr/global/en/area/cbfez.do Korea's largest IT cluster: the CBF EZ is an IT cluster that produces not only semiconductor components, but also finished semiconductors. Korea's leading companies located here include SK Hynix, MagnaChip

	<p>and Dongbu HiTek.</p> <p>-Designated as a special photovoltaic zone, the first in Korea, it produces 60 to 70% of Korea's photovoltaic cell modules.</p> <p>-It has an industrial complex specialized in automotive electronic parts.</p> <p>http://www.fez.go.kr/global/en/area/cbfez.do</p>
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2) List of operating Free trade zones (FTZs):

1 - Masan Free trade zone

Location	Masan, Areas of Yangdeok-dong, MasanHoiwon-gu, Changwon-si
Surface area	1, 098, 076 m ²
Contact	27, Muyeok-ro, Masan Hoiwon-gu, Changwon-si, Gyeongsangnam-do Masan Free Trade Zone managing office: +82-55-294-2661-2
Observations	More than 100 leading domestic and foreign enterprises, including world-class multinationals such as NOKIA and SONY are located here

2 - Daebul Free Trade Zone

Location	Southwest
Surface area	1, 156, 742 m ²
Contact	Daebul Free Trade Zone 611-11 Nabul-ri, Samho-eup Yeongam-gun, South Jeolla Province 526-891 Tel : 061-464-7040/7 E-mail : baekjo@mke.go.kr Web : www.ftz.go.kr/daeb http://www.motie.go.kr/ftz/daebul/homeEng/index.jsp http://www.motie.go.kr/ftz/daebul/homeEng/download/brochure_eng.pdf
Observations	Since its designation as a Free Trade Zone in 2002, Daebul has grown into a global business center and now leads the green and high-tech industries. Within the vicinity of the Daebul Free Trade Zone is a large industrial complex involving not only conventional industries such as shipbuilding, but also futuristic industries such as green energy and aerospace. This means enormous potential for synergy. The west coast industrial belt, which leads to Incheon, is another opportunity to grow your business.

	<p>http://www.motie.go.kr/ftz/daebul/homeEng/download/brochure_eng.pdf</p> <p>30 companies including Wartsila-Hyundai (Finland), DK Aztec (Virgin Islands), KS Yanase Industries (Japan), Hyundai Mipo Dockyard and Hyundai Samho Heavy Industries.</p> <p>The Daebul Free Trade Zone features Muan International Airport, which offers direct flights to major cities all over the world, Gwangyang Port, which provides access to major international ports and five major highways. High-speed railway service makes Seoul accessible in about three hours.</p> <p>http://www.motie.go.kr/ftz/daebul/homeEng/download/brochure_eng.pdf</p>
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3 – Donghae Free Trade Zone

Location	Northeast Asia centered on the East Sea geographically connected with China, Russia and Japan.
Surface area	247, 734 m ² Map : http://www.motie.go.kr/ftz/donghae/homeEng/donghaeFreeTradeArea/location.jsp
Contact	Guho-dong 177) Gongdan-1-ro, Donghae-si, Gangwon-do, Korea http://www.motie.go.kr/ftz/donghae/homeEng/index.jsp
Observations	8 companies including YP Robit (Finland), Samkyung MSM (Japan) and Daesung & Technology (China).

4 – Yulchon Free Trade Zone

Location	Suncheon City Gwangyang Bay.
Surface area	343, 644 m ²
Contact	26-253 Yulchon Industrial Complex 4Ro, Hodu-ri Haeryong-myeon, Suncheon-si, Jeollanam-do, Korea http://www.motie.go.kr/ftz/yulchon/homeEng/index.jsp
Observations	6 companies including LTI (Japan), Chesapeake Korea (US), Gwangyang Feather (China). Established in December 2005 under the Act on FTZ Designation and Operation, YFTZ is being fostered as a logistical hub of Northeast Asia. It provides the best investment environment for corporate businesses. http://www.motie.go.kr/ftz/yulchon/homeEng/yulchonFreeTradeArea/AFTZ.jsp

5 – Ulsan Free Trade Zone

Location	Yongam-ri, Cheongryang-myeon and Cheoyong-ri, Onsan-eup, Ulju-
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	gun, Ulsan Metropolitan City.
Surface area	837, 502 m ²
Contact	Cheoyong-ri, Onsan-eup and Yongam-ri, Cheongryang-myeon, Ulju-gun, Ulsan-si, Korea.
Observations	<p><i>The Ulsan Free Trade Zone (UFTZAA) has been designed especially for foreign-invested and export-oriented companies. Located close to existing large-scale industrial complexes, it aims to become a hub for new industries and act as an outpost of the East-Sea Rim Economic Zone.</i></p> <p><i>Ulsan Port is the largest industrial logistics port and treats the highest amount of liquid cargo in Korea, processing 190 million tons of cargo a year with a berthing capacity of 110 berths. Ulsan New Port, to be completed in 2020, will have a capacity of 89 million tons of cargo per year and an annual port handling capacity of 253 million tons.</i></p> <p>http://blog.investkorea.org/wordpress/?p=7560</p>

6 – GIMJE Free Trade zone

Location	Jipyongseon General Industrial Complex, Gimje-si, Jeollabuk-do. - Railway : Gimje (KTX)↔Seoul(1 hour and 21 minutes) - Airport : Gunsan International Airport (40 minutes) - Port : Gunsan Port (45 minutes).
Surface area	991,74 m ²
Contact	2-10, Bugeo-ri, Baeksan-myeon, Gimje-si, Jeollabuk-do, Korea
Observations	Business priorities: machinery and equipment, electronic parts, electrical equipment, automobile, processed metal.

7 – GUNSAN Free Trade Zone

Location	Located at the center of the west coast industrial belt, it is leading the move for Korea to become a forward base for the Pan-Yellow Sea economic belt. Gunsan Airport (8 kilometers)
Surface area	1, 255, 876 m ²
Contact	482, Jayu-ro, Gunsan-si, Jeollabuk-do, Korea. http://www.motie.go.kr/ftz/gunsan/homeEng/main.jsp
Observations	34 companies including Samyang Innochem (Japan), Marine Construction (Canada), KHE and Sedae Enertech. http://www.gunsan.go.kr/eng/index.gunsan?menuCd=DOM_000001204004000000

Note: After its failure, the **Iksan Free Trade Zone** (Gunsan, Eastern Coast), opened in October 1973, has been converted into an industrial complex in 2010.

Free Zones Web sites selection:

<http://unpan1.un.org/intradoc/groups/public/documents/apcity/unpan018745.pdf>
<https://www.export.gov/article?id=Korea-Foreign-Trade-Zones-Free-Ports-and-Trade-Facilitation>
<http://www.fez.go.kr/global/index.do>
http://koreafocus.or.kr/design2/layout/content_print.asp?group_id=102172
<http://www.ftz.go.kr/gunsan/homeEng/GunsanFreeTradeArea/freeTradeArea.jsp>
<http://ifez.go.kr/eng/main.do>
<http://english.gg.go.kr/status-of-designation/>
<http://www.dgfez.go.kr/eng/>
<http://www.efez.go.kr/hb/eng>
<http://www.ftz.go.kr/daebul/>
<http://www.motie.go.kr/ftz/donghae/homeEng/index.jsp>
<http://www.ftz.go.kr/yulchon>

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