

*Meet Your Team in*

# YES FEZ

## INVESTMENT POINT



**YESFEZ**  
YELLOW SEA FREE ECONOMIC ZONE AUTHORITY









# The Center of the West Coast Era YELLOW SEA FREE ECONOMIC ZONE

East Asia has emerged as the world's 3rd largest economic group after the EU and NAFTA. The yellow Sea Free Economic Zone(hereafter YESFEZ), located in the capital region of Korea, will create a world-class business environment and living conditions as the hub of Northeast Asia.

YESFEZ fulfills important criteria for the realization of a knowledge creation-type FEZ focusing on high-tech industry. It is located in a region that features ideal industrial infrastructure for business activities with many of Korea's representative global operations such as Samsung-Godeok Complex, Hyundai-Kia Motors, Ssangyong Motor, and Hyundai Steel.

High-tech industrial clusters will be developed by adding the functions of manufacturing, R & D, and knowledge fusion industries to this industry-based environment, and an optimal settlement environment will be created through service sector development in such industries as education, medical-tourism, and distribution.

Pyeongtaek Port is located at the center of the Yellow Sea Free Economic Zone and, as an international port, is connected with major Chinese ports(Dalian, Shanghai, Weihai, Qingdao, and more.) It will be developed as a transport hub that can access China's coastal industrial belt, with the Trans-China Railway(TCR) and Trans-Siberian Railroad(TSR), by the shortest route. Currently, Pyeongtaek Port offer 63 berths; it will become an advanced base for entering the growing markets of China and Southeast Asia with plans to expand to 79 berths by 2020.

*An advanced base for exports to China!*

*A trade hub of Northeast Asia!*

*A world-class Special Economic Zone!*

# “Why the Yellow Sea Free Economic Zone (YESFEZ) ?”

The YESFEZ consists of two districts - Poseung and Hyeondeok - which are located in Pyeongtaek City of, Gyeonggi Province (also referred to as Gyeonggi-do) and adjacent to Pyeongtaek Port. With its central location in the Pan-Yellow Sea region, the area is now being developed as a center of high-tech industries.

## Operation of Pyeongtaek Port, gateway to YESFEZ

Pyeongtaek Port operates 63 berths designated for steel, automobiles, cement, grain, liquids, and more, with berthing capacities for vessels of 50 thousand tons and larger.

A total capacity of 160 million tons via 79 berths will be completed by 2020

Regular containership lines : 11 routes / Others occasional lines : Ports of call in America, Europe, Australia and other countries

Regular car ferry lines : 5 routes (Yeongseong, Yeonunhang, Wihae, Iljo, Yeontae)

## 7 Investment Advantages

### Site conditions

1. Automotive cluster formed by major carmakers such as Kia Motors, Hyundai Motor, Ssangyong Motor, and more within a 10km radius of the to Poseung/Hyeondeok districts
2. Total of 700 automotive part manufacturers concentrated nearby (factories with 30 employees or more)
3. Most highly developed industrial infrastructure among 8 domestic FEZs as alternative area in the densely populated Korean capital region that is already saturated with industrial facilities.



We will create a **legend** with  
your **investment**



**Excellent  
Accessibility and  
Investment  
Environment**

4. Close to Pyeongtaek Port, which is directly connected to major ports of Japan and China.
5. Served by main highways such as West Coast Highway, the 2nd West Coast Highway, and more.
6. One-hour drive to Incheon International Airport, Gimpo International Airport, and Seoul metropolitan area
7. Huge hinterland market of 28 million people within 100km radius of YESFEZ.



# Pyeongtaek BIX

※BIX: Business and Industry Complex

Promote high-tech industry clusters and value-added logistics



## Project Overview [ whole region of Poseung-eup Pyeongtaek City, Gyeonggi Province / Area : 2,073 thousand m<sup>2</sup> ]

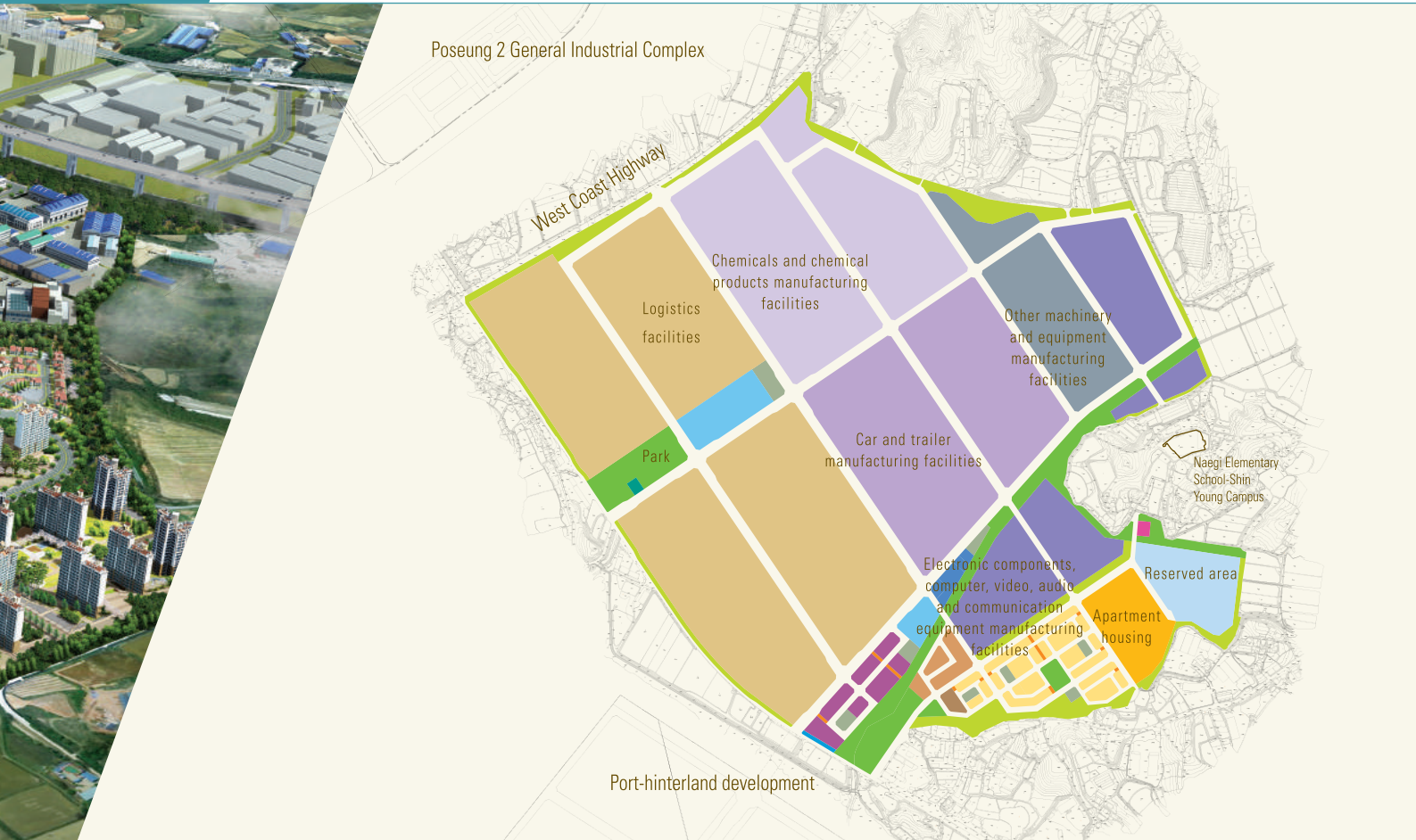
Project Period	2008 ~ 2020
Budget	KRW 800 billion
Enforcement Administration	Yellow Sea Free Economic Zone
Project Owner	Gyeonggi Urban Innovation Corporation, Pyeongtaek Urban Corporation

## Current Status and Future Plan

06 May 2008	Appointed Yellow Sea Free Economic Zone
22 Aug 2012	Selected project operator
02 July 2014	5th Poseung District Development Changed Plan approved (Ministry of Trade, Industry and Energy)
06 Aug 2014	Poseung District Implementation Plan approved (Yellow Sea Free Economic Zone)
Nov 2015	Start of site construction
2nd half of 2017	Start of construction for invested companies



# Land use planning map



## Legend

Chemicals	Public /government buildings	Road
(30) Automotive parts	Park	Pedestrian street
(26) Electronic components	Greenery	Public space
(29) Other machinery	Religious facilities	Water supply site
Logistics facilities	Urban housing	Sewage facilities
Commercial facilities	Detached housing	Reserved area
Multi-supported land	Apartment housing	
Community facilities	Parking lot	

Parenthesis- Industrial Sector Code (classification)

## Land Use Plan

100%	3.7%	1%	38.1%	28.4%	24.8%	4%
Total	Residential	Commerce	Industrial	Logistics	Public	Other
2,073	77	20	792	589	513	83

[unit-thousand m<sup>2</sup>]



# Hyeondeok District

Establishment of shopping /tourism hub of Northeast Asian region and foreign community environment



## Project Overview [ whole region of Hyeondeok-myeon Pyeongtaek City, Gyeonggi Province/ Area : 2,320 thousand m<sup>2</sup> ]

Project Period	2008 ~ 2020
Budget	KRW 750 billion
Enforcement Administration	Yellow Sea Free Economic Zone

## Current Status and Future Plans

06 May 2008	Notification of Yellow Sea Free Economic Zone appointment
17 Jan 2014	Selected project operator
09 Jan 2015	Approval and notification of revised development plan
08 July 2015	Notified announcement of plans for land compensation, etc
June 2016	approved of implementation plan



# Land use planning map



## Legend

Distribution facilities	Detached housing	Road
Commercial facilities	Apartment housing	Square
Business facilities	Semi-residential housing	Public space
Knowledge-industry centers	Community facilities	Parking lot
Tourism /recreation facilities	Rest area	Sewage treatment plant
Medical facilities	Park	Railway
Educational facilities	Greenery	

## Land Use Plan

100%	21.0%	7.4%	28.4%	5.0%	34.8%	3.4%
Total	Residential	Commerce	Logistics	Tourism / Medical	Public	Other
2,320	488	172	658	117	807	78

[unit-thousand m<sup>2</sup>]



# GYEONGGI PROVINCE





# IDEAL ENVIRONMENT for INVESTMENT

## Center of transportation infrastructure and a huge hinterland market

### Center of air and maritime transport in Northeast Asia

Located in the geographic center of air and maritime transport in Northeast Asia

### Convenient transportation infrastructure



#### 3 Airports

Incheon International Airport,  
Gimpo International Airport,  
Cheongju International Airport



#### 2 Ports

Pyeongtaek International Port,  
Incheon International Port



#### 15 Highways

Gyeongbu Expressway,  
West Coast Highway, etc



#### 6 Railways

Gyeongbu Line,  
Honam Line, etc.

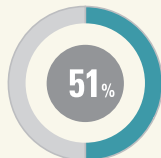
### Huge hinterland market and excellent human resources



#### Excellent human resources in Gyeonggi-do

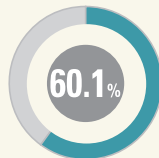
12.26 million people  
24% of population of  
Republic of Korea

Data provided by - National Science and Technology Council (2012) / National Statistical Office (2012)



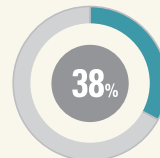
#### R&D Researchers in Science and Engineering Industry

[number of employees]  
77,322 people



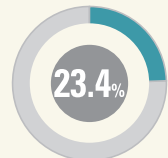
#### Semiconductor Industry

[number of employees]  
65,528 people



#### Display Industry

[number of employees]  
34,359 people



#### Automotive Industry

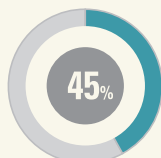
[number of employees]  
71,723 people



#### R&D investment in Gyeonggi-do

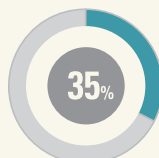
GRDP of  
USD 222.3 billion  
No. 1 among local  
governments  
in Korea

Data provided by - National Science and Technology Council (2012) / National Statistical Office (2012)



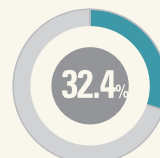
#### Total R&D investments

[amount of investments]  
KRW 25 trillion



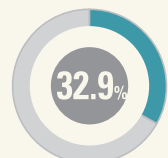
#### Total R&D researchers

[number of researchers]  
140 thousand personnel



#### Total R&D organizations

[number of organizations]  
8170 organizations



#### Total R&D institutes in Gyeonggi-do

[number of institutes]  
8047 institutes



# Automotive Cluster

Among the world's top five auto-making countries

- Hyundai, Kia, Ssangyong Motors located within a 10km radius of YESFEZ
- Cluster of more than 700 automotive parts factories
- Approximately 71,000 automotive industry-related workers in Gyeonggi-do (25%)
- Annual production of 8 million vehicles (3 million overseas production)



# Semiconductor / LCD Cluster

68 percent of global market share in the memory semiconductor industry (World No.1)

10.8 percent of global market share in semiconductor industry (World No.3)

- Semiconductor cluster created by Samsung Electronics, LG Innotek, Samsung LCD complex, etc. with focus on Samsung Electronics
- Korea, world leader in OLED-DRAM-LCD production
- More than 650 electronics industry companies such as TEL, MERCK, DONGWOO FINE-CHEM, etc. are located near the cluster
- Approximately 75,000 semiconductor industry-related workers in Gyeonggi-do (58%)





# Nearby industrial clusters

## Global Corporation Cluster

Global companies located near YESFEZ  
 Samsung Electronics, Hyundai Motor, Kia Motors, Mobis, TOTAL,  
 ABB, SONY, 3M, Honeywell, LAFARGE, CEPSA  
 DENSO, Delphi, Bosch, Siemens, Sumitomo chemical, etc



# Incentives

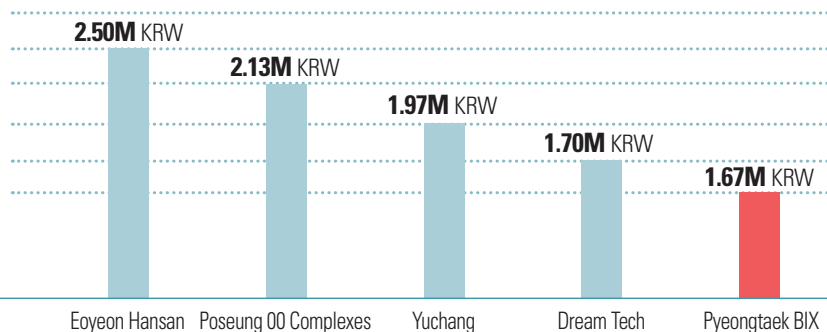


Category			Domestic Businesses (Within Industrial District)	Foreign Investment Companies (Free Trade Zone)
Legal Basis			• Industrial Sites and Development Act (ISD Act)	• Special Act on Designation and Management of Free Economic Zone (FEZ Act)
Contracting			• Public Notice - In case of equal bids: ① Bid with higher dimensions ② Lottery for bids with equal dimensions	• Voluntary (no public notice)
Qualifications			• Not applicable	• Registered foreign-capital investment company • Foreign investment with 100M KRW or more in investment per investor • Foreign investment with the ownership of 10% or more of the total issued shares or equipment or voting rights
Tax Reduction and Exemption	National Taxes	Corporate and Income Taxes	• Any mid or small-size company that relocates to areas outside the overcrowding control region (Growth Management Region, Nature Preservation Region) - 100% for 4 years and followed by 50% for 2 years (The Restriction on Special Taxation Act, Article 63(1))	• Revoked (from 1 January 2019 and on) • Guaranteed for the foreign-capital investment company that submits the application by 31 December 2018 (until 2034)

## Pyeongtaek BIX Prices

### Affordable Prices

25% Cheaper than the market prices in the neighboring industrial complexes  
**High investment value expected!**



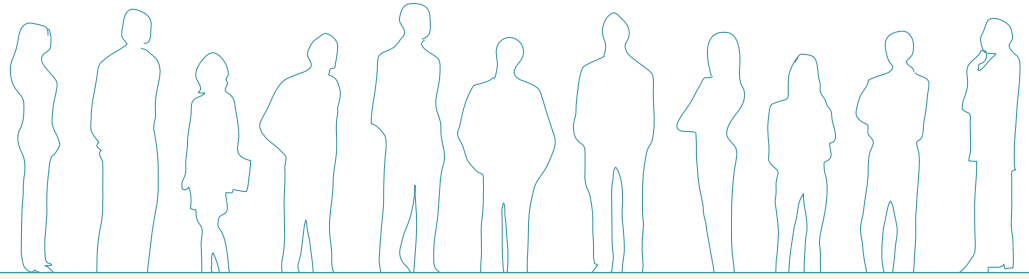
Facility Lot for Logistics Purpose

Sales Price: **1.72M KRW**(3.3m<sup>3</sup>)

Facility Lot for Industrial Purpose

Sales Price: **1.67M KRW**(3.3m<sup>3</sup>)





Category			Domestic Businesses (Within Industrial District)	Foreign Investment Companies (Free Trade Zone)
Tax Reduction and Exemption	National Taxes	Customs Duties	<ul style="list-style-type: none"> <li>• Not Applicable</li> </ul>	<p><b>&lt;Customs Duties&gt;</b></p> <ul style="list-style-type: none"> <li>• Capital goods for which import declarations are completed within five years from the investment registration date are exempt from all of these taxes. The Restriction of Special Taxation Act, Article 121-3 (Exemption from Customs Duties), The Enforcement Decree of the Restriction of Special Taxation Act, Article 116-5 (Exemption from Customs Duties)</li> </ul>
	Local Taxes	Acquisition Tax (Do) Property Tax (Si and Gun)	<p><b>🕒 The application of the Restriction of Special Local Taxation Act</b> (Industrial Complexes: applied to domestic corporations and foreign investments)</p> <p><b>&lt;Acquisition Tax&gt; 75% until the end of 2019</b></p> <ul style="list-style-type: none"> <li>• Acquisition tax reduced by 50% (Gyeonggi-do: additional reduction by 25%)</li> <li>※ The application of the Restriction of Special Taxation Act, Article 78 (Transitional Measures concerning Reduction of or Exemption from Corporate Tax for Start-up Enterprises Located in Enterprise City Development Zones), Gyeonggi-do Local Tax Reduction and Exemption Ordinance, Article 8 (Reduction for industrial complexes)</li> </ul> <p><b>&lt;Property Tax&gt; 35% for 5 years</b></p> <ul style="list-style-type: none"> <li>• Seoul Metropolitan Area : 35% Reduction for 5 years (Areas other than the Seoul Metropolitan Area : 75% Reduction for 5 years)</li> <li>- The Restriction of Special Taxation Act, Article 78 (Transitional Measures concerning Reduction of or Exemption from Corporate Tax for Start-up Enterprises Located in Enterprise City Development Zones)</li> </ul>	<p><b>🕒 The application of the Restriction of Special Taxation Act</b> (Free Trade Zones: Foreign-capital investment applied)</p> <p><b>&lt;Acquisition Tax&gt; 85% for 7 years, 50% for 3 years and more</b></p> <ul style="list-style-type: none"> <li>• Total exemption for 7 years since the start date of business, 50% reduction for three years or more (Exemption: 85% Reduction, The Restriction of Special Local Taxation Act, Article 177-2 (The Restriction on Special Provisions on Reduction or Exemption of Local Tax))</li> <li>- Gyeonggi-do Local Tax Reduction and Exemption Ordinance, Article 16 (Reduction for foreign investment promotion support)</li> <li>- The Restriction of Special Taxation Act, Article 122-2(4) (Reduction of or Exemption from Corporate Tax for Foreigners' Investment)</li> </ul> <p><b>&lt;Property Tax&gt; 85% for 15 years</b></p> <ul style="list-style-type: none"> <li>• Total exemption for 15 years since the start date of business (Exemption: 85% Reduction, The Restriction of Special Local Taxation Act Article 177-2 (Restrictions on Special Provisions on Reduction or Exemption of Local Tax))</li> <li>- Pyeongtaek-si Local Tax Reduction and Exemption Ordinance, Article 6 (Property Tax Reduction for Foreign Investment)</li> <li>- The Restriction of Special Taxation Act, Article 122-2(4) (Reduction of or Exemption from Corporate Tax for Foreigners' Investment)</li> </ul> <div> <p><b>Investment Conditions for Reduction and Exemption</b></p> <ul style="list-style-type: none"> <li>• Manufacturing: 10M USD or more</li> <li>• Logistics: 5M USD or more</li> <li>• Tourism: 10M USD or more</li> <li>• R&amp;D: 1M USD or more</li> </ul> </div>

※ The document on the Comparison on the Incentives may contain outdated information due to amendments to the laws and ordinances.





**YESFEZ**  
YELLOW SEA FREE ECONOMIC ZONE AUTHORITY

Marine Center 2F, 8F, 73 Pyeongtaekhangman-gil, Poseung-eup, Pyeongtaek-si, Gyeonggi-do, 17962

Tel 031-8008-8633 <http://yesfez.gg.go.kr>