



FDI Cash Grant Guide

kotra

Korea Trade-Investment
Promotion Agency

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KOREA

CONTENTS

I. Overview of the Cash Grant System

1. Eligibility for Cash Grant
2. Cash Grant Amount
3. Legal Usage

II. Cash Grant Application Process

1. Screening Process
2. Evaluation Criteria for Cash Grant Application
3. Application Documents

① Eligibility for Cash Grant

Foreign direct investments in the following businesses with foreign investment ratio of over 30 percent is eligible for a cash grant

① Investment in a factory(or business establishment)

② Investment in an R&D Center

③ Investment in the establishment of a regional headquarters

④ Investment for the industry designated by local government

① Investment in a factory(or business establishment)

- Investment in a new factory or in the expansion of an existing factory (or a business establishment in the case of a non-manufacturing business) under the following areas:
 - 1) New growth engine industry technology
 - 2) Materials and components industry
 - 3) Advanced technology and products
 - 4) Large-scale job creation project

② Investment in an R&D Center

- Investment in an R&D center or in the expansion of an existing R&D center under the following areas:

- 1) New Growth Engine Industry Technology
- 2) Materials and Components Industry
- 3) Advanced Technology and Products

* The R&D center should have 5 or more full-time researchers with a master's degree in a relevant field or a bachelor's degree in a relevant field supplemented with at least three years of research experience

③ Investment in the establishment of a regional headquarters

- Where a foreign company that owns businesses in three or more countries establishes a regional headquarter having control over two or more countries in the Republic of Korea
- * The regional headquarters should hire 10 or more employees, invest KRW 100 million or more, and obtain the recognition of the Foreign Investment Committee. Also, the parent company's stake should be at least 50 percent and the parent company's average annual sales for the past five years should be KRW 3 trillion or more

④ Investment for the industry designated by local government

- Investment in a regional strategic/ leading industry
- Investment in the relevant industry will contribute to the development of the local economy

2 Cash Grant Amount

- The cash grant amount shall be decided through negotiation within the cash grant guideline which was decided by evaluation committee. (MOTIE, local government, KOTRA and private sector experts)
- The cash grant amount shall be provided from MOTIE and local governments with a designated ratio.

3 Legal Usage

- Expenses to purchase or lease land(or buildings) for a factory or R&D center
- Expenses to construct a factory or R&D center
- Expenses to purchase capital goods and R&D equipment for the usage of the factory or R&D center
- Expenses to install utilities(i.e. electricity) and telecommunication lines/ equipment for the factory or R&D center
- Expenses to cover the cost of employment, education and training

1 Screening process

Procedure	Organization	Details
① Application	Applying investor ⇒ MOTIE	- Designation of negotiator by MOTIE - Designation of PM by KOTRA
② Evaluation	Evaluation Committee	Private sector experts, MOTIE Negotiator, KOTRA PM
③ Negotiation	Investing company – MOTIE-local governments	Cash grant amount will be transferred after a cash grant contract is signed
④ Conclusion of Contract		
⑤ Provision of Cash Grant	Korean Governments ⇒ Applying investor	
⑥ Monitoring	KOTRA	Monitor the applicant's investment plan

2 Evaluation Criteria for Cash Grant Application

- Whether a foreign investment accompanies new growth engine industry technology & the effects of technology transfer
- Number of jobs created
- Whether the foreign investment overlaps with any domestic investment
- The adequacy of the location in which the foreign investment is made
- Effects on the local and national economy
- Survivability of the project

3 Application documents

- Cash grant application (designated form)
- Investment plan and summary of the plan
- Financial statement of the applying investor
- Report on sources of investment funds
- Foreign investment notification certificate
- Project manager's appraisal statement



Thank you

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