

2023 FDI in Korea and Support Program



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2023 Key FDI figures in Korea

* Based on reported amount accumulated as of the end of Q3



Record-high investment attraction

\$24 billion

✓ \$100 million a day



Growth in foreign investment in high-tech industries

\$7 billion

Approx. 30% of the total investment

✓ min. 30% increase YOY

* Sectors like electricity and electronics (semiconductors, etc.), chemical materials, machinery and equipment, and pharmaceuticals



Rise in green-field investments

\$17 billion

Approx. 70% of total investment

✓ 20% increase YOY



Increase in new Investments

\$12 billion

Approx. 50% of the total investment

✓ 17% increase YOY

01 Cash grants

Introduction of a more robust incentive scheme, targeting high-tech sectors

Max. cash grant for high-tech industries increased from 40% to 50%.

Main Target

- Foreign investment in national strategic technologies and national high-tech strategic technologies such as semiconductors, bio-health, displays
- Foreign-invested companies located in high-tech industry clusters (e.g., specialized complexes for national high-tech strategic industries, R&D zones, high-tech medical complexes)



Eligibility extended to investments in converting to high-tech industry



| Sector | Sales | Amount invested | Employment |
|--|--|-----------------------------|---|
| National strategic technologies and new growth engine technologies (by Restriction of Special Taxation Act), advanced technologies (by Industrial Development Act) | At least 3 trillion KRW for parent enterprises or 100 billion KRW for foreign-invested companies | At least 30 million dollars | Retain at least 80% of existing employees |

01 Cash grants

Operation of business-friendly systems



Preliminary review system

- ✓ Preliminary review is available to enhance business predictability
 - For foreign investments in national (high-tech) strategic technology sectors such as semiconductors, batteries
 - Only summary documents are required for preliminary review
 - KOTRA will provide information on cash grant eligibility and amount scope

- ✓ Procedures of assessing cash grants will be handled in 60 days to reduce uncertainty for foreign investors

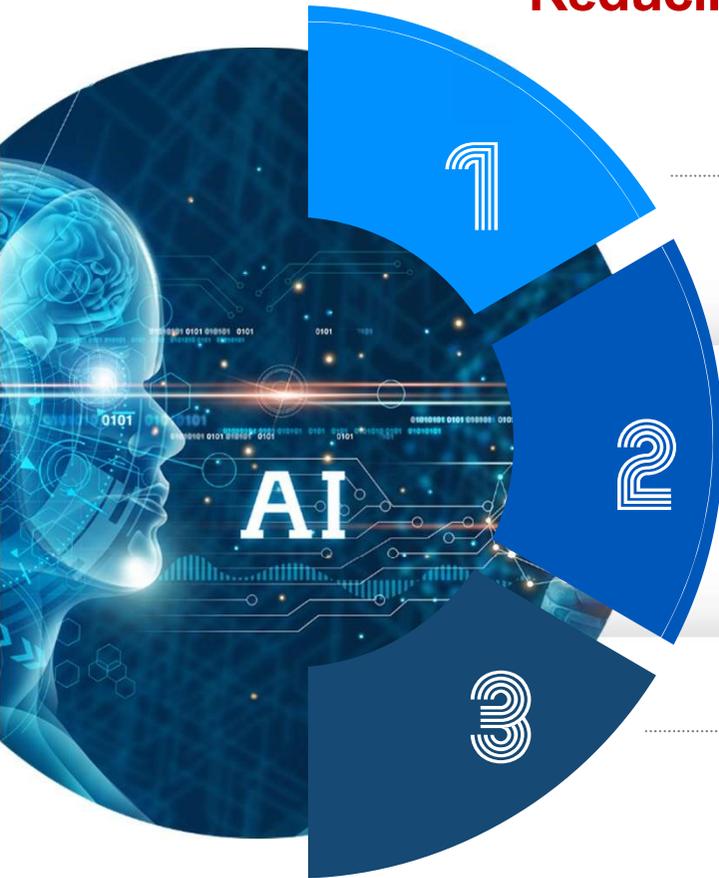
* Processed within a 60-day deadline from the receipt of the cash grant application to the evaluation committee



A processing deadline

02 Location support

“Reducing uncertainty and enhancing continuity of investment”



- ✓ Leases can be renewed after the initial lease period (50 years) of complex-type foreign investment zones (regardless of the number of renewals or cumulative lease period)
- ✓ Unappropriated earned surplus can be counted for investment amount for occupancy in complex-type foreign investment zones
- ✓ Korean won used as the base currency for foreign investment amounts corresponding to the lease area

02 Location support



Support for global enterprises to establish regional headquarters

- Rent subsidy for regional headquarters employing at least 10 people by designating service-type foreign investment zone



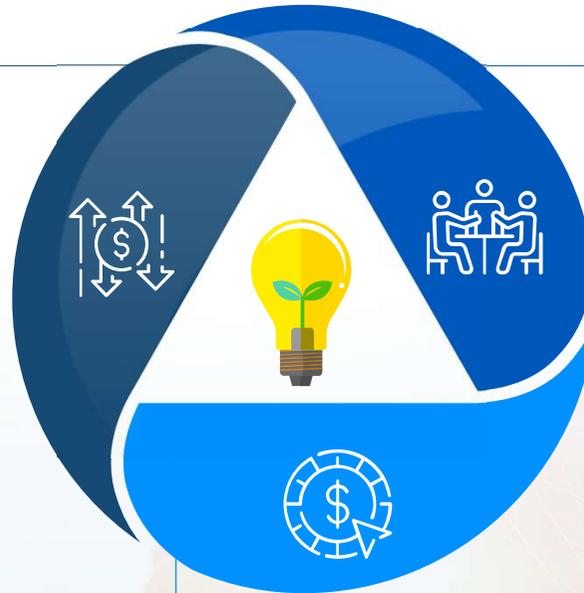
Support for foreign-invested companies to **achieve RE100**

- Area restriction for solar power generation in foreign investment zones (not more than 30% of the building area) has been abolished

03 R&D programs

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New R&D programs for
foreign-invested companies will be launched in 2024”



- ✓ Support for R&D projects of global enterprises cooperating with local industrial, academic, and research institutions with a focus on the main 10 areas*

* Semiconductors, displays, batteries, future mobility, core materials, intelligent robots, high-tech manufacturing, aviation and defense, high-tech bio-health, new energy industries

- ✓ Two track:
 - 1 Utilizing source technologies of parent enterprises
 - 2 Utilizing technologies or products of domestic entities as intermediate goods or services

- ✓ Approx. 2.5 billion Korean won to be provided in support for each project within 3 years

04 Improvement of FDI reporting system to enhance convenience for foreign-invested enterprises

* Foreign Investment Promotion Act should be amended to reflect these items



Scope of recognition of capital goods

Current

The scope of capital goods eligible for duty exemptions is not consistent with other laws (Customs Act, etc.)

Streamline the scope of capital goods for consistency with other laws

* The Customs Act includes capital goods as well as freight and insurance fees in the customs value of imported goods



Scope of recognition of unappropriated earned surplus

Current

Limited to unappropriated earned surpluses carried forward

Recognize voluntary reserves clearly intended for foreign investment as being subject to reporting



Reporting entity of long-term loan investments

Current

Foreign investments should be reported by foreign nationals (foreign investors)

Expand scope of reporting entities to include foreign-invested companies for long-term loan investments

05 Stronger support for foreign-invested companies



Investment Consulting Center

- ✓ An administrative and consulting service to provide comprehensive support for foreign investments, reshoring companies, and global talent with assistance in local investment procedures and settlement



Office of the Foreign Investment Ombudsman

- ✓ Site visits, round-tables, etc. held by the Foreign Investment Ombudsman and Home Doctors to carry out regulatory reform by listening to business difficulties and cooperating with relevant government departments





We will continue our efforts to create the best investment environment

Thank you