Partial Revision of the Enforcement Decree of the Foreign Investment Promotion Act

Grounds for revision
This revision aims to clearly prescribe that the amount of foreign investment will not be affected by a reduction of capital without compensation, to stipulate evaluation standards for cash grant applications and to ease requirements for the designation of individual-type foreign investment zones to attract multiple investments from related-industries in order to address issues identified during the implementation of the current Act.

Main revision
A. The revision aims to clarify that the amount of foreign investment will not be affected by the reduction of capital without compensation. As the profit from the reduction of capital without compensation will not be paid back to shareholders, the revision will make it clear that such reduction of capital does not affect the amount of foreign investment in order to support foreign-invested companies’ efforts to improve their capital structures. (Article 2-3)

B. The revision will stipulate the evaluation standards for cash grant applications, and more detailed standards and procedures for different types of foreign investments will be decided by the Foreign Investment Committee. (Article 20-3-2)

C. The revision will allow those in charge of managing foreign investment support for each investment case to form consultative groups that include foreign investors and representatives of local governments to more efficiently support foreign investors. (Article 20-2-5)

D. The revision will ease requirements for the designation of individual-type foreign investment zones that currently focus on supporting a single investment in the manufacturing sector to facilitate investments by a multiple number of investors from related-industries, such as manufacturing and service.