Regulatory Information Update

The Office of the Foreign Investment Ombudsman provides the latest updates on Korea’s foreign investment regulations.

Amendment Regulations to Attract Foreign Investment in the High Value-added Industry

The Office of the Foreign Investment Ombudsman offers good news in regards to foreign investment in the high value-added sector. Foreign investment attraction centering on the manufacturing industry by renting industrial lands at lower fees and providing support are inarguably important.

Along with the conventional approach toward the manufacturing sector largely focused on investment attraction in the industrial complex, newly amended employment requirements for businesses in the service-type foreign investment zone is expected to lift a major roadblock for investment in high value-added service industries.

Through consultation with heads of related government agencies, certain areas and buildings can be designated as a zone leased or transferred to foreign invested companies in high value-added industries, including those dealing So far, industries in the areas of finance, insurance, knowledge, industrial support (excluding logistics), and culture have been required to hire more than 30 regular employees to be qualified for a service-type foreign investment zone. This regulation has been an impediment for those seeking designation of a service-type foreign investment zone. Although measures such as rent reduction have been adopted, they largely remained as a piecemeal solution, with culture and finance. Considering investment activities in such zones have not actively taken place, the eased regulation is expected to bring in more investment.

As such, now is the time to consider the possibility of attracting various industries that could enhance the value of future industries.

As foreign-invested companies newly setting up their business in Korea usually want to start with the minimum number of employees for management efficiency, attracting industries that do not require a large number of employees in the initial stage has been difficult. Although demand for designation of service-type foreign investment zone and foreign investment attraction were expected to be high in large cities, such demand has remained low partly because of the regulation. Operating with the minimal number of staff members is common for service companies in the initial stage of investment. Considering investment in service industries can lead to job creation and contribute to intellectual property, approaching the service sector with an open mind can jump-start investment attraction.

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