

Foreign Investment Policy

Liberalization of FDI

Rate of Liberalization of FDI

99.7%

The Republic of Korea is a country which welcomes foreign direct investment and has a foreign investment promotion policy focusing on investor support.

Foreign investors and foreign-invested companies can conduct business in Korea without restraint, except as otherwise prescribed by law.

Restricted Business Categories

Out of a total of 1,196 business categories listed under the Korean Standard Industrial Classification (KSIC), FDI in Korea is permitted in 1,135 categories.

Foreign investment is prohibited in 61 business categories including legislation, public administration, diplomacy, and national defense. Among the permitted business categories, restrictions on shareholding ratio, etc. apply in 29 categories and there are three prohibited business categories - nuclear power generation, radio broadcasting, and terrestrial tv broadcasting.

※ [Businesses Prohibited from Foreign Investment \(Appendix 1_p.216\)](#),

[Businesses Restricted from Foreign Investment and Criteria for Permission \(Appendix 2_p.218\)](#)

※ [Related law: Regulations on Foreign Investment \(Public Notice no. 2021-106 of the Ministry of Trade, Industry and Energy\)](#)

Foreign Investor Protection

1 Guarantee of Remittance to Foreign Countries

Remittance of proceeds accruing from the stocks, etc., acquired by a foreign investor, proceeds from the sale of stocks, and the principal, interest, and service charges paid under a loan contract shall be guaranteed in accordance with the details of the report or permission of the foreign investment at the time of remittance.

2 National Treatment

Except as otherwise prescribed by law, foreign investors and foreign-invested companies shall be treated in the same manner as nationals of the Republic of Korea and Korean corporations in respect to their business operations

3 Exceptions to the Safeguard Clause on Foreign Exchange Transactions

For foreign exchange and overseas transactions of foreign exchange, the Foreign Exchange Transaction Act is applied unless otherwise prescribed by the Foreign Investment Promotion Act. Foreign exchange transactions may be temporarily suspended or restricted under the Foreign Exchange Transaction Act if such measures are deemed inevitable due to natural calamities, war, armed conflict, grave and sudden changes in domestic and foreign economic conditions, or other situations equivalent thereto. However, such measures shall not apply to foreign investment.

※ [Related law: Article 6 \(4\) of the Foreign Exchange Transactions Act](#)

4 Equal Application of Tax Abatement Regulations, etc.

Unless otherwise prescribed by the laws of the Republic of Korea, the provisions concerning the abatement of taxes applied to nationals of the Republic of Korea or Korean corporations shall also apply to foreign investors and foreign-invested corporations.

※ [Related law: Article 3 and 30 \(1\) of the Foreign Investment Promotion Act](#)

Key Terms

<p>Foreigner(s)</p>	<ul style="list-style-type: none"> • Individual(s) with foreign nationality • Corporation (foreign corporation) founded under the statute of a foreign country • International economic cooperation organizations prescribed by Presidential Decree (Examples: IBRD, ADB, IFC) • A person prescribed by Presidential Decree from among those residing in a foreign country permanently <p>Note: Permanent resident(s) in a foreign country must always invest foreign currency funds originating overseas without fail (cash, real property, and other assets existing or originating in Korea are not recognized as objects of investment)</p>
<p>Foreign investor(s)</p>	<p>A foreigner holding equity shares or who has invested in a domestic business as per the Foreign Investment Promotion Act</p>
<p>Foreigninvested business or company</p>	<p>A company or NPO in which a foreign investor invested or contributed</p>
<p>Objects of investment</p>	<p>Any object (means of investment) in which a foreign investor invests in order to possess stocks, etc., as set forth in the Foreign Investment Promotion Act</p>

- ① A means of international payment (foreign currency) or a means of domestic payment (national currency) incurred by international payment
* Foreign currency inflow principle
- ② Capital goods (*Customs clearance and certification of completion of investment in kind are required after applying for review/verification of statement of capital goods introduced)
- ③ Proceeds (dividends, profit distributed) from the stocks, etc. acquired by a foreign investor * Reinvestment in Korean won currency is allowed
- ④ Industrial property rights, intellectual property rights, other technologies corresponding thereto, and rights pertaining to the use of such rights or technologies * Appraisal agency
- ⑤ Residual property to be distributed to a foreigner upon liquidation of a foreign-invested company or domestic branch/liason office of a foreign corporation
- ⑥ Any repaid amount of foreign loans or borrowings as per the Foreign Investment Promotion Act
• Investment in kind by loan claims - Offset-based investment is allowed based on the amendment to the Commercial Act in 2012
- ⑦ Equity shares or stocks prescribed by Presidential Decree
• Stocks of foreign corporations listed or registered on foreign stock markets
• Stocks held by a foreigner pursuant to a local statute or the Foreign Exchange Transactions Act
- ⑧ Real estate in Korea (real estate acquired through a certified transaction)
- ⑨ Proceeds from the disposal of equity shares of a domestic company or real properties held by a foreigner
*Reinvestment in Korean won currency is accepted

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