

# Planned Sites and Individual Sites

Korea's industrial site policies are focused on efficiently securing areas for industrial production and operation and selecting quality sites, and recommend establishing a factory in an industrial complex - the most common type of planned site - for efficient management. However, if it is unsuitable to establish a factory in an industrial complex due to business conditions, land prices, etc., it is possible to purchase a separate site and obtain the necessary licenses and permits to establish a factory.

## ① Planned Site (Industrial Complex)

An industrial complex is an area designated and developed under a comprehensive plan to collectively set up industrial facilities and support facilities for employees and users. Assistance is provided to companies wishing to secure factory sites and find partner companies and human resources through clustering and the smooth supply of raw materials and parts. In recent years, industrial complexes have established industry-academia linkages and connected various support facilities.

The types of industrial complexes differ depending on the purpose of development, and the way businesses are managed in relation to factory establishment is different from that of individual sites. In the manufacturing business, the types of businesses that can move in are different depending on the site, and the regulations for operation and management may differ in each complex.

For example, industrial complexes, foreign investment zones (complex-type) and national food clusters operate based on their basic management plan, while the relevant laws apply to free economic zones, the Saemangeum area and INNOPOLISEs. In the case of free trade zones, the qualifications for tenancy are prescribed by the Act on Designation and Management of Free Trade Zones.

Because industrial complexes cannot cover all types of industrial sites, a certain area with a special purpose is sometimes designated as an industrial complex and an industrial complex is sometimes designated within a special-purpose area. Some examples of such industrial complexes are foreign investment zones, free economic zones and free trade zones designated for attraction of foreign investment.

## ② Individual Site

Individual sites refers to any area outside of a pre-designated or developed site. So when a company purchases or leases land outside an industrial complex or a building in an urban or residential area, a factory can be established in such areas by obtaining a permit or authorization for change of usage.

Where an individual site is selected for operating a manufacturing business, companies can move into factories and Class 2 neighborhood amenities (manufacturing facilities), among the types of buildings pursuant to the Enforcement Decree of the Building Act. However, a "use area" is designated for all land in Korea based on the National Land Planning and Utilization Act, and the permitted activities differ by use area. In this regard, to construct a new building, the use of the building and the activities restricted in the relevant area prescribed by the National Land Planning and Utilization Act and local government ordinances should be checked in advance. If a use area is banned from factory construction, the use area can be changed by altering the city or county (gun) management plan after going through the deliberation of the city planning committee.

\* Refer to the Notice of Standards for Factory Sites or the attached Table of the Enforcement Decree of the National Land Planning and Utilization Act about the type of businesses permitted in each usage area.

### Pros and Cons of Industrial Complexes and Individual Sites

Industrial Complex	Individual Site
<p style="text-align: center;"><b>Pros</b></p> <ul style="list-style-type: none"> <li>• Favorable SOC conditions including infrastructure</li> <li>• Simplified procedures for obtaining permits for factory establishment</li> <li>• Ease of exchanging information and technology between companies</li> <li>• Reduction of logistics costs</li> <li>• Easier government support compared to individual sites</li> </ul> <ul style="list-style-type: none"> <li>• Affordable land acquisition</li> <li>• The right place can be chosen as the site</li> <li>• Can be located near market</li> <li>• Small-sized site can be chosen</li> <li>• Ease of sale and disposal of factory site</li> </ul>	
<p style="text-align: center;"><b>Cons</b></p> <ul style="list-style-type: none"> <li>• Simplified procedures for factory establishment, although there are restrictions on sale and disposal of the site</li> </ul> <ul style="list-style-type: none"> <li>• Complicated authorization and permit procedures for factory establishment</li> <li>• Fewer incentives including tax exemption and financial support compared to industrial complex</li> <li>• Companies have to install necessary infrastructure including road and water supply facilities</li> <li>• Difficult to control environmental factors near factory</li> </ul>	

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