FDI Promotion Policy in Korea

Except as prescribed by other Acts, foreign investors are guaranteed a legitimate right to manage their business operations in Korea freely. To this end, the Korean government has prepared a system to protect foreign investors.

Korea's foreign investment policy is in accordance with global standards based on the recommendations and agreements of international organizations such as the OECD, UNCTAD, and WTO. It provides various incentives to foreign investors that create high-quality jobs or encourage domestic economic growth. As such, the Korean government constantly strives to create a business-friendly investment.

Liberalization of FDI

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.

Rate of Liberalization of FDI ▶ **99.7%**

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 (Appendix1_ p.196), Businesses Restricted from Foreign Investment and Criteria for Permission (Appendix2_p.198)

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

Foreign Investor Protection

01. 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.

02. 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.

03. 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

04. 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 (3) of the Foreign Investment Promotion Act

