





# CONTENTS

- 04 Overview
- 05 Environment
- 10 Real Estate
- 12 Incentives
- 14 Standardized factories





# What is a Free Trade Zone?

A Free Trade Zone is a specially designated site that aims to vitalize foreign investment, international trade and logistics. Obstacles to free trade, such as restrictive regulations, have been lifted to encourage industry and trade to flourish. Provisions of the International Trade Act and the Customs Act have been relaxed within the boundaries of the Daebul Free Trade Zone.

Other benefits include tax holidays, tariff exemptions, and priority use of land and property.

Since its designation as a Free Trade Zone in 2002, Daebul has grown into a global business center and now leads the green and high-tech industries.





## The Daebul Free Trade Zone is leading a new age of global business.

The Daebul Free Trade Zone provides remarkable tax benefits, efficient one-stop administrative services, excellent skills and technology, and convenient access to international shipping networks.

By offering many advantages, the Daebul Free Trade Zone is gaining worldwide attention as a leading business stronghold.



### Overview

- **Location** : 205, Jayumuyeok-ro, Samho-eup, Yeongam-gun, Jeollanam-do, ROK
- **Area** : 1,156,741.5m<sup>2</sup>
- **Construction period** : November 2002 to May 2008
- **Purpose**
  - To be an international business center for Northeast Asia
  - To promote the local economy and balanced regional development by attracting foreign investment
- **Vital statistics**
  - Tenant companies : 32 companies including Wartsila-Hyundai Engine
  - Main industries : Green energy, new materials, shipbuilding parts and equipment
  - Employment : About 2,600 jobs

## A convenient array of highways, ports, airports and railways makes your business accessible.

The Daebul Free Trade Zone features Muan International Airport, which offers direct flights to major cities all over the world, and Gwangyang Port, which provides access to major international ports and five major highways.

High-speed railway service makes Seoul accessible in about 2 hours.

### Environment

#### □ Airports

- Muan International Airport : 140,000 flights per year (to Beijing, Shanghai, etc.)
- Gwangju Airport : 7 flights per day to Seoul, 7 flights per day to Jeju
- Yeosu Airport : 8 flights per day to Seoul, 2 flight per week to Jeju



#### □ Ports

- Gwangyang Port : 16 berths(5.48 million TEU)
- Mokpo New Port : 5 berths(240,000 TEU)

#### □ Railways

- Honam High-speed railway(KTX) :  
Seoul ~ Mokpo 140 minutes



#### □ Highways

- Major highways  
(Westcoast, Honam, 88 Olympic, etc.)



Daebul's excellent industrial infrastructure creates amazing synergy. Experience the boundless potential and opportunities.

Within the vicinity of the Daebul Free Trade Zone is a large industrial complex involving not only conventional industries such as shipbuilding, but also futuristic industries such as green energy and aerospace. It means enormous potential for synergy.

### Related Industries



#### □ Shipbuilding and mechanical industries

- Location : The southwestern part of Jeollanam-do, including the Daebul Industrial Complex and the Goheung-Sinan Shipbuilding Complex
- Opportunities : Hyundai Samho, one of the world's top five shipbuilders, and Mipo Shipbuilding are located nearby.
- Outlook : Shipbuilding cluster to be formed for small and midsize shipbuilders
- Invited industries : Industrial shipbuilding, shipbuilding parts, recreational shipbuilding



#### □ Green energy industries

- Location : Southwestern coast of Korea
- Opportunities : Highest level of solar radiation, highest wind speed, highest tidal speed
- Outlook : Largest petroleum, chemical and hydrogen engineering complexes
- Invited industries : Solar energy, wind energy, tidal energy, fuel cells, bioenergy, etc.



#### □ Aerospace industries

- Location : Naro Island, Goheung, Jeollanam-do
- Opportunities : Aerospace industrial complex and theme park under construction
- Outlook : World's 13th space station
- Invited industries : aerospace engineering, aerospace technology



#### □ Automotive industries

- Location : Mokpo and Gwangyang-man
- Opportunities : International ports, including Mokpo and Gwangyang ports, easily accessible for shipping of automobiles and auto parts
- Outlook : F1 racing
- Invited industries : Advanced and intelligent vehicles, auto parts, racecars



#### □ New materials industries

- Location : Yulchon 1 Industrial Complex, Haeryong Industrial Complex, Mokpo, and the north-central area of Jeollanam-do
- Opportunities : Easy access to Shanghai, Gwangyang Steel, Yeosu Petroleum and Chemical Complex, numerous magnesium plate manufacturers, Kia Motors Gwangju factory, Samsung Electronics Gwangju factory
- Outlook : New materials support center, Jeonnam Techno Park
- Invited industries : Magnesium alloys, ceramics, auto parts, shipbuilding



#### □ Bioindustry

- Location : Greater Gwangju Area, including Naju and Hwasun south-central area of Jeollanam-do
- Opportunities : Pollutant-free sea vegetables, salt, organic agricultural products, one of the world's top five tidal flats, subtropical climate ideal for growing herbs
- Outlook : Bioindustry initiatives, research center, marine biology center, Korean medicine center, Vaccine Institute
- Invited industries : Organic and marine product processing, health products, biology and Korean pharmacology



#### □ Electro-optical industries

- Location : Gwangju
- Opportunities : Aspires to build world's No. 5 optical products manufacturing industry (optical industry complex, LED valley)
- Outlook : Korea's only university-affiliated optical industry cluster
- Invited industries : Optical communication, optical sources, optical instruments, optical materials



## Energize your business with Korea's highly skilled work force.

The area's 41 universities and colleges, 78 specialized high schools and 512 vocational training institutions produce about 150,000 new graduates every year.

In addition, the Jeollanam-do provincial government has been operating job training programs.

### Labor pool

- 150,000 new workers enter the work force every year
- Degreed and skilled workers : 50,000 annually, from 41 universities and colleges
- Trainees : 100,000 annually from 78 specialized high schools and 512 vocational training institutions





improve your quality of life in this environmentally friendly residential area with its excellent educational environment.

Korea's first clean energy city, Namak, is a five-minute drive away and offers an ideal residential and educational environment. This beautiful, environmentally friendly city aims to become a center for public administration, international trade and tourism.

### Special City of Namak

- Location : Ogam-dong Mokpo, and Samhyang-eup, Muan
- Area : 14,539,000m<sup>2</sup>
- Expected population : 150,000 (45,000 households)
- No. of local agencies to relocate to Namak : 75
- No. of public housing units to be supplied : 17,560
- Schools : 17 (kindergartens, elementary schools, middle schools, high schools)





## Affordable, efficient facilities in an ideal business environment. Revitalize your business with Daebul.

The Daebul Free Trade Zone offers impressive Standardized factories and top-notch facilities for banks, accounting firms, restaurants and other businesses.

### Real estate at Daebul

- Land (ready for construction of factories)  
Area : 949,310m<sup>2</sup>
- Standardized factories  
Area : 57,292m<sup>2</sup>
- Other facilities (for banks, accounting firms, restaurants, etc.)  
Area : 4,705m<sup>2</sup>



### Eligibility to lease facilities

- Foreign invested companies(manufacturing or knowledge-based service industries) : Foreign investment of more than KRW 100 million and foreign investor ownership of more than 10% of total outstanding shares or total capital.
- Export-oriented manufacturers : Exports must account for at least 30(30~50)% of the company' s sales for the year prior to the lease application date.
- Trade-related wholesalers : At least 30(30~50) % of the company' s sales must have involved trade during the year prior to the lease application date.
- Service providers : Financial institutions, insurance companies, customs offices, IT service providers, etc.







## One-stop services and generous incentives!

The Ministry of Trade, Industry & Energy is here to help by providing generous tax benefits, tariff exemptions, and assistance with permits for your business in the Daebul Free Trade Zone.

Subsidies are available for relocation, employment, training, facilities, and many other purposes.



### Incentives

#### □ Rents

Category			Monthly rent per m <sup>2</sup>
■ Land for factories			70
■ Office building			3,510
■ Business support building			2,970
■ Standardized factory			
– A, D			704
– B, C			664
– E, F			704
– G			700
■ Rooftop			70
■ Rent exemption for foreign invested companies			
Foreign investor ownership of more than 30% of total outstanding shares or the largest shareholder	Manufacturing	New investment of more than USD 5 million	75% exemption
	Components · materials	New investment of more than USD 5 million	100% exemption (rent-free)
	Advanced technology industries · industrial services	New investment of more than USD 1 million	





□ Tax exemptions

- Exemption from corporate and income taxes.
- Manufacturing(investment of more than USD 10 million) : For 5years(100% for first 3 years; 50% for the following 2 years)
- Local taxes (acquisition tax, registration tax, etc.) : 100% for 15 years

□ Tariff exemptions

- All foreign and domestic products delivered to the Free Trade Zone will be exempt from tariffs.

□ VAT exemption

- All domestic products delivered to the Free Trade Zone will be exempt from VAT.
- All tenants distributing imported products or providing services within the Free Trade Zone will be exempt from VAT.

□ Incentives from municipalities(for foreign invested companies)

Subsidy type	Requirements	Details	Limit
Employment subsidy	New employment in excess of 20	KRW 600,000 per person per month (for 12 months)	—
Training subsidy	Training for new employment in excess of 20	KRW 600,000 per person per month (for 12 months)	—
Facility subsidy	New factory construction or expansion of more than KRW 2 billion	Within 5% of capex in excess of KRW 2 billion	100% of investment



## Daebul's Standardized factories

### □ Location and area

- Location : Daebul Free Trade Zone, 205, Jayumuyeok-ro, Samho-eup, Yeongam-gun, Jeollanam-do, ROK
- Area : 4 buildings for light industries, measuring a total of 36,265m<sup>2</sup> 3 buildings for heavy industries, measuring a total of 21,027m<sup>2</sup>

### □ Factory types

Type	Light industry		Heavy industry	
	A TYPE	B TYPE	A TYPE	B TYPE
No. of buildings	2	2	2	1
Floor area(m <sup>2</sup> )	8,670	9,244	7,326	6,375
No. of floors	4	4	3	2
Height(m)	4.5	4.5	9.0	10.8
L. X W.(m)	90x16		64x36	89.6x56

### □ Areas

#### Light industry(Type B)

Floor	Area(m <sup>2</sup> )	Height (m)	Load capacity (kgf/m <sup>2</sup> )	Uses	Electric capacity (kw)
1F	2,249m <sup>2</sup>	4.5m	600Kgf/m <sup>2</sup>	Factory, Office	750kW
2F	2,295m <sup>2</sup>				
3F	2,295m <sup>2</sup>				
4F	2,225m <sup>2</sup>				
Rooftop	180m <sup>2</sup>			Electricity & Machinery room	

#### Heavy industry(Type A)

Floor	Area(m <sup>2</sup> )	Height (m)	Load capacity (kgf/m <sup>2</sup> )	Uses	Electric capacity (kw)
1F	2,929m <sup>2</sup>	9m	1,200Kgf/m <sup>2</sup>	Factory	750kW
2F	762m <sup>2</sup>			Office	
3F	3,468m <sup>2</sup>			Factory	
Rooftop	167m <sup>2</sup>			Electricity room	



□ **Rent and conditions**

- Rent : Between 664 and 704 KRW per m<sup>2</sup> per month
- Term of lease : Up to 50 years
- Deposit : Equivalent of six months' rent
- Maintenance fee : 18,64 KRW per m<sup>2</sup> per quarter

□ **Facilities**

- Parking facilities
- Elevators : Two passenger elevators(capacity : 17) and two freight elevators (capacity : 4 ton)



## Contact us

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# Daebul Free Trade Zone



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