

Foreign Investment Promotion Act (Republic of Korea)

By Ministry of Legislation

INTRODUCTION

Details of Enactment and Amendment

- Enactment: This Act was enacted on September 16, 1998 as Act No. 5559, repealing the previously enforced Foreign Investment and Foreign Capital Inducement Act, in order to widely ease the regulations and restrictions on investment by foreigners and expand the tax incentives therefor, and to reorganize from all sides the systems related with foreign investment such as designation of foreign investment zones.
- Amendment: This Act has taken its present form after going through fifteen amendment since its enactment. And such amendment to this Act has not included the matters concerning tax benefit subject to the separate stipulation of the Restriction of Special Taxation in connection with the amendment of the Government Organization Act (on May 24, 1999) following the alteration of government organization.

Main Contents

- The investment by foreigners is changed to be made by means of reporting. Accordingly, any foreigner who intends to make an investment in any corporation of the Republic of Korea shall make a report thereon to the Minister of Finance and Economy, who, in turn, shall without delay deliver a certificate of completion of report to the foreigner.
- The objects which may be invested by a foreigner include cash, capital goods, industrial property rights, immovables, stocks and intellectual property rights, etc.
- State owned or public properties may be leased or sold to foreign capital invested companies by contract *ad libitum*, and for a lease of a state owned or public property, the term of the lease can be up to fifty years.
- For the expenses that the local governments bear in their foreign capital inducement activities, such as for formation of foreign investment zones, reduction or exemption of rent for foreign capital invested companies and payment of subsidies, financial support is provided from the national treasury.
- Korea Investment Service Center is established at the Korea Trade and Investment Promotion Agency to provide comprehensive supportive services such as investment consultation for foreign investors and foreign capital invested companies and representation in civil petition related affairs.

● Mayors and Do governors may designate foreign investment zones in order to attract large-scale foreign investments, and a foreign investment zone may be developed as a local industrial complex if a necessity to develop it as a site for establishment of factories etc. exists.

Sep. 16, 1998 Act No. 5559

Amended by Jan. 21, 1999 Act No. 5654

Feb. 5, 1999 Act No. 5758

Feb. 8, 1999 Act No. 5827

Feb. 8, 1999 Act No. 5893

Feb. 8, 1999 Act No. 5911

Feb. 8, 1999 Act No. 5914

May 24, 1999 Act No. 5982

Dec. 31, 1999 Act No. 6095

Jan. 21, 2000 Act No. 6193

Dec. 29, 2000 Act No. 6317

Jan. 29, 2001 Act No. 6406

Mar. 28, 2001 Act No. 6452

Apr. 7, 2001 Act No. 6460

Jan. 26, 2002 Act No. 6642

Jan. 26, 2002 Act No. 6643

CHAPTER I GENERAL PROVISIONS

■ Article 1 (Purpose)

The purpose of this Act is to promote foreign investment in this nation by providing incentives and inducements with the ultimate view of contributing to the sound development of this nation's economy.

■ Article 2 (Definitions)

(1) The definitions of the terms used in this Act are as follows:

1. The term "foreigner" shall refer to an individual of foreign nationality, a corporation established in accordance with any relevant foreign Act (hereinafter referred to as a "foreign corporation") or an international economic cooperative organization as prescribed by the Presidential Decree;

2. The term "national of the Republic of Korea" shall refer to an individual possessing the nationality of the Republic of Korea;

3. The term "Korean corporation" shall refer to a corporation established in accordance with any relevant Act of the Republic of Korea;

4. The term "foreign investment" shall refer to any of the following;

(a) Where a foreigner purchases, under the conditions prescribed by the Presidential Decree, stocks or holdings (hereinafter referred to as "stocks") of a Korean corporation (including a Korean corporation in the process of being established) or a company run by a national of the Republic of Korea, for the purpose of establishing a continuous relationship with and participating in the management of said Korean corporation or company;

(b) Where a loan with the maturity of not less than five years is extended to a foreign-capital invested company by its overseas holding company or by a company in a relationship with said holding company of the capital investment prescribed by the Presidential Decree;

5. The term "foreign investor" shall refer to a foreigner who is in possession of stocks, under the conditions prescribed by this Act;

6. The term "foreign-capital invested company" shall refer to a company a foreign investor has financed;

7. The term "object of investment" shall refer to that which a foreign investor invests in order to possess stocks pursuant to this Act and which falls under any of the following:

(a) Foreign means of payment as prescribed by the Foreign Exchange Transactions Act or domestic means of payment by the exchange of said foreign means of payment;

(b) Capital goods;

(c) Proceeds accruing from those stocks which are acquired pursuant to this Act;

(d) Industrial property rights, intellectual property rights as prescribed by the Presidential Decree, technologies corresponding thereto, or any other right pertaining to the use of such rights or technologies;

(e) Where a foreigner closes his own branch company or office located in the Republic of Korea and converts it into a corporation of the Republic of Korea, or where any other corporation of the Republic of Korea whose stocks are possessed by the foreigner is dissolved, the residual property allotted to said foreigner upon the liquidation of that branch company or office or any other such corporation;

(f) Amount of redemption of either loans as prescribed in subparagraph 4 (b) or other loans from foreign countries;

(g) Stocks as prescribed by the Presidential Decree;

(h) Immovables located in the Republic of Korea; or

(i) Other domestic payment means as prescribed by the Presidential Decree;

8. The term "capital goods" shall refer to machinery, facilities, equipment, parts, accessories in the category of industrial facilities (including vessels, motor vehicles, aircraft, etc.), to raw materials for which reserve supply is deemed necessary by the competent minister (referring to the head of the central administrative agency in control of the project concerned; hereinafter the same shall apply), for the initial test (including pilot projects) of the facilities concerned, to livestock, breeds or seeds, trees, fish and shellfish which are necessary for the development of agriculture, forestry, and fisheries, and to fees for transportation and insurance, and acquiring or providing know-how or service; and

9. The term "contract for the introduction of technology" shall refer to a contract by means of which a national of the Republic of Korea or a Korean corporation takes over industrial properties or other technologies from a foreigner, or introduces the rights concerning the use thereof.

(2) With respect to an individual who is of Korean nationality but holds permanent residenceship of a foreign country, the provisions of this Act concerning foreigners shall apply in addition to other provisions of this Act.

■ Article 3 (Protection of Foreign Investment)

(1) With respect to the proceeds that come from the stocks, acquired by a foreign investor, proceeds from the sale of stocks, the principal, interest and service charges paid in accordance with the contract for such a loan as prescribed by the provisions of Article 2 (1) 4 (b), and the compensation paid in accordance with a contract for the introduction of technology, their remittance to foreign countries shall be guaranteed in accordance with the contents of the permission or report of the contract for foreign investment or for the introduction of technology, as of the time for the said remittance.

(2) Except as otherwise prescribed by any relevant Act of the Republic of Korea, foreign investors and foreign-capital invested companies shall be treated the same way as nationals of the Republic of Korea and Korean corporations are treated in business operation.

(3) Except as otherwise prescribed by any relevant Act of the Republic of Korea, the provisions concerning the reduction or exemption of taxes contained in other tax-related Acts applying to nationals of the Republic of Korea or Korean corporations shall also apply to foreign investors, foreign-capital invested corporations, persons who have extended loans as prescribed by the provisions of Article 2 (1) 4 (b), and persons who have provided technology in accordance with the provisions of Article 25.

■ Article 4 (Liberalization of Foreign Investment)

(1) Except as otherwise prescribed by any relevant Act of the Republic of Korea, a foreigner may conduct, without restraint, various activities of foreign investment in the Republic of Korea.

(2) Except for the following cases, a foreigner shall not be restricted in the investments prescribed in this Act:

1. Where it threatens the maintenance of national safety and public order;
2. Where it has harmful effects on public hygiene or the environmental preservation of the Republic of Korea, or is against Korean morals and customs; and
3. Where it violates any relevant Act of the Republic of Korea.

(3) The categories of business in which foreign investment is restricted in accordance with one of the subparagraphs of paragraph (2), and the contents of the restriction, shall be prescribed by the Presidential Decree.

(4) Where any Act and subordinate statute or public notification other than this Act permits the head of the relevant administrative agency to restrict any foreign investment, including unfavorable treatment for foreigners or foreign-capital invested companies compared with Korean nationals or Korean corporations, or additional liabilities to foreigners or foreign-capital invested companies, the Minister of Commerce, Industry and Energy shall aggregate and publicly announce the contents thereof every year pursuant to the Presidential Decree. If the head of the relevant administrative agency intends to amend or supplement them, he shall, in advance, consult with the Minister of Commerce, Industry and Energy.

CHAPTER II FOREIGN

INVESTMENT PROCEDURES

■ Article 5 (Foreign Investment by Means of Purchasing Newly Issued Stocks)

(1) Where a foreigner intends to make an investment by means of purchasing stocks newly issued by a corporation of the Republic of Korea (including that in the process of being established) or by a company run by a national of the Republic of Korea, the foreigner shall, in advance, make report to the Minister of Commerce, Industry and Energy in accordance with the Ordinance of the Ministry of Commerce, Industry and Energy. The same shall apply to any modification of matters as prescribed by the Presidential Decree, such as the amount of foreign investment and the ratio thereof (referring to the ratio of the stocks owned by foreign investors against the total stocks of a foreign-capital invested company; hereinafter the same shall apply), among those reported contents.

(2) Where a report is made under paragraph (1), the Minister of Commerce, Industry and Energy shall, without delay, issue a certificate of acceptance of said report to the reporter.

■ Article 6 (Foreign Investment by Means of Purchasing Existing Stocks)

(1) Where a foreigner (including any specially related person as prescribed by the Presidential Decree; hereafter the same shall apply in this Article) intends to make an investment by means of purchasing stocks or shares which have already been issued by a company run by a national or corporation of the Republic of Korea (hereinafter referred to as the "existing stocks, etc."), the foreigner shall, in advance, make report to the Minister of Commerce, Industry and Energy in accordance with the Ordinance of the Ministry of Commerce, Industry and Energy. The same shall apply to any modification of matters as prescribed by the Presidential Decree, such as the amount and ratio of foreign investment, among those reported contents.

(2) Where a report is made under paragraph (1), the Minister of Commerce, Industry and Energy shall, without delay, issue a certificate of acceptance of said report to the reporter.

(3) Where a foreigner intends to make an investment by means of purchasing the existing stocks of any such defense industry company as prescribed by the Presidential Decree, he shall, in advance, obtain the permission of the Minister of Commerce, Industry and Energy in accordance with the Ordinance of the Ministry of Commerce, Industry and Energy notwithstanding the provisions of paragraph (1). The same shall apply to any modification of matters as prescribed by the Presidential Decree, such as the amount and ratio of foreign investment, among those permitted contents.

(4) Where an application for permission under paragraph (3) is made, the Minister of Commerce, Industry and Energy shall determine whether or not to give the permission, and notify the applicant within any such period as prescribed by the Presidential Decree.

(5) The Minister of Commerce, Industry and Energy shall, in advance, consult with the competent Minister before he determines whether or not to give the permission under paragraph (4).

(6) The Minister of Commerce, Industry and Energy may, if deemed necessary, attach conditions to the permission under paragraph (4).

(7) A person who acquires existing stocks in violation of the provisions of paragraphs (3) and (6) may not exercise any voting right accompanying them, and the Minister of Commerce, Industry and Energy may order such person to transfer the said existing stocks to a third party as prescribed by the Presidential Decree.

(8) Necessary matters concerning the acquisition of existing stocks by a foreigner other than those prescribed in paragraphs (1) through (7) shall be prescribed by the Presidential Decree.

■ Article 7 (Acquisition of Stocks by Means of Mergers)

(1) Where a foreigner makes a foreign investment by means of any of the following, he shall make report to the Minister of Commerce, Industry and Energy:

1. Where a foreign investor has acquired stocks issued upon the capitalization of the provision or reevaluation reserve of the foreign-capital invested company in which he has been involved, or of reserve funds as prescribed in other Acts and subordinate statutes;

2. Where a foreign investor has acquired stocks, of a corporation which continues to exist or is newly established after the merger of a foreign-capital invested company in which he has been involved and another company, based on rights arising from ownership of the stocks of the foreign-capital invested company;

3. Where a foreigner has acquired stocks of a foreign-capital invested company registered in accordance with the provisions of Article 21 by means of purchase, inheritance, testamentary gift, or gift from a foreign investor;

4. Where a foreign investor has acquired stocks by means of investing the proceeds from stocks which were acquired under the conditions as prescribed by any relevant Act; and

5. Where a foreigner has acquired stocks by the use of convertible bonds, exchangeable bonds, stock depositary receipts, and other similar bonds or deeds which may be converted into, used for the acceptance of, or exchanged for stocks.

(2) Where a report is made under paragraph (1), the Minister of Commerce, Industry and Energy shall, without delay, issue a certificate of acceptance of said report to the reporter.

■ Article 8 (Foreign Investment in Form of Long-Term Loan)

(1) Where a foreigner intends to make a foreign investment as prescribed in Article 2 (1) 4 (b), he shall, in advance, make report to the Minister of Commerce, Industry and Energy in accordance with the Ordinance of the Ministry of Commerce, Industry and Energy. The same shall apply to any modification of matters as prescribed by the Presidential Decree, such as the introduction amount and conditions of loans, among those reported contents.

(2) Where a report is made under paragraph (1), the Minister of Commerce, Industry and Energy shall, without delay, issue a certificate of acceptance of said report to the reporter.

CHAPTER III MEASURES FOR
SUPPORTING FOREIGN INVESTMENT

■ Article 9 (Tax Reduction and Exemption with respect to Foreign Investments)

With respect to foreign investments, taxes such as corporate tax, income tax, acquisition tax, registration tax, property tax and aggregate land tax may be reduced or exempted in accordance with the Restriction of Special Taxation Act.

■ Articles 10 through 12 Deleted.

■ Article 13 (Rental and Sale of State or Public Property)

(1) Notwithstanding the relevant provisions of the State Properties Act and the Local Finance Act, the Minister of Finance and Economy, the Administrative Agency For State Properties, or the head of a local government may allow, by means of a contract ad libitum, a foreign-capital invested company to use, make profits from, rent (hereinafter referred to as "rental"), or buy land or factories owned by the central government or a local government, or other properties belonging to the State or the public (hereinafter referred to as "land").

(2) Where a foreign-capital invested company rents land owned by the central government or a local government in accordance with the provisions of paragraph (1), the rental period may be up to fifty years notwithstanding the provisions of Articles 27 (1) and 36 (1) of the State Properties Act and of Articles 82 (2) and 83 (2) of the Local Finance Act.

(3) Where a foreign-capital invested company rents land owned by the central government or a local government in accordance with the provisions of paragraph (1), the building of a factory and/or other permanent facilities on the land may be allowed, notwithstanding the provisions of Article 24 (3) of the State Properties Act and of Articles 82 (2) and 83 (2) of the Local Finance Act. In this case, the land may be rented on the condition that the factory and/or other facilities in question be given free of charge to the central government or a local government, or be removed completely so that the land may be given back to the central government or a local government in its original state at the time of the completion of the rental period of the land under consideration, with consideration given to the type of factory and/or other facilities concerned.

(4) Notwithstanding the provisions of Articles 25 (1) and 38 of the State Properties Act and of Articles 82 (2) and 83 (2) of the Local Finance Act, the rental fee of the land which has been rented in accordance with the provisions of paragraph (1) shall be prescribed by the Presidential Decree and may be indicated in a foreign currency where necessary.

(5) Where a foreign-capital invested company that wishes to purchase the land in accordance with the provisions of paragraph (1) is acknowledged to have difficulty making a lump-sum payment for the purchase price, the payment may be made in installments, under the conditions

prescribed by the Presidential Decree, notwithstanding the provisions of Article 40 (1) of the State Properties Act and of Article 83 (2) of the Local Government Finance Act.

(6) Where a foreign-capital invested company operating businesses prescribed by the Presidential Decree rents land owned by the central government that is classified in one of the following subparagraphs, the Minister of Finance and Economy or the Administrative Agency for State Properties may reduce or exempt, through consultation with the Minister of Commerce, Industry and Energy, the rental fee of the land, under the conditions prescribed by the Presidential Decree, notwithstanding the provisions of Article 36 of the Industrial Placement and Factory Construction Act and of Article 38 of the Industrial Sites and Development Act:

1. Land located within a foreign investment zone as prescribed by the provisions of Article 18;
2. Land located within an industrial complex exclusively for foreign companies as prescribed by the provisions of Article 35-3 (1) of the Industrial Placement and Factory Construction Act; and
3. Land, etc, located within a national industrial complex as prescribed by the provisions of Article 6 of the Industrial Sites and Development Act (hereinafter referred to as the "national industrial complex").

(7) Where the head of a local government rents land owned by his local government to a foreign-capital invested company, he may reduce or exempt the rental fee of the land under the conditions prescribed by the Presidential Decree, notwithstanding the provisions of Articles 82 (2) and 83 (2) of the Local Finance Act.

(8) Where the land that is rented to a foreign-capital invested company with its rental fee reduced or exempted in accordance with the provisions of paragraphs (6) and (7) above is located within an industrial complex prescribed by the provisions of subparagraph 5 of Article 2 of the Industrial Sites and Development Act, the rental period may be up to fifty years notwithstanding the provisions of Article 38 of the said Act.

(9) The rental period under the provisions of paragraphs (2) and (8) above may be renewed. The renewed rental period in this case may not exceed the period prescribed by the provisions of paragraphs (2) and (8) above each time the renewal is made.

■ Article 14 (Support Measures for Foreign Investment Activities of Local Governments)

(1) Where a local government requests the central government provide the funds necessary for the formation of a foreign investment zone prescribed by the provisions of Article 18, for a loan for the purchase of land to be rented to a foreign-capital invested company, for the reduction or exemption of the rental fee of the land or the reduction of lot prices (including where a local government provides support in response to the request of a public agency prescribed by the Presidential Decree that rents land to a foreign-capital invested company with a reduced or exempted rental fee or sells the land in lots for a price lower than the land formation fee, corresponding to the amount of the reduced or exempted rental fee or to the difference between

the land formation fee and the price of the land divided into lots), for the payment of various kinds of subsidies such as education and training subsidies, and for foreign-investment inducement projects, the central government shall provide funds to the extent possible.

(2) The criteria and procedures followed by the central government when providing funds to a local government in accordance with the provisions of paragraph (1) shall be determined by the foreign investment commission prescribed by the provisions of Article 27 under the conditions prescribed by the Presidential Decree. For the determination of the criteria for the providing of funds in this case, the degree of effort made by a local government to encourage and induce foreign investment and the actual results thereof shall be taken into consideration.

(3) Each year the central government shall estimate the amount of the funds to be provided in accordance with the provisions of paragraph (1) and appropriate the estimated amount in its budget.

(4) Where necessary for the purpose of promoting the inducement of foreign investment, a local government may pay a foreign-capital invested company an employment subsidy determined by the Presidential Decree under the conditions prescribed by its municipal ordinances.

■ Article 15 (Establishment of Foreign Investment Support Center, etc.)

(1) The Foreign Investment Support Center (hereinafter referred to as the "Investment Support Center") shall be established under the Korea Trade and Investment Promotion Agency as prescribed by the Korea Trade and Investment Promotion Agency Act (hereinafter referred to as the "Korea Trade and Investment Promotion Agency") in order to provide or conduct, either directly or as a proxy, consultations, guidance, advertisements, research, and civil petitions concerning foreign investment, and conduct various comprehensive support measures for foreign investors and foreign-capital invested companies.

(2) Where necessary for the purpose of properly conducting business concerning foreign investment, the head of the Korea Trade and Investment Promotion Agency may request the relevant administrative agencies, corporations or organizations related to foreign investment (hereinafter referred to as "foreign-investment related agencies") to dispatch their public officials or officers and employees to render services at the Investment Promotion Center: *Provided*, that where the services of public officials are required, prior consultation with the competent minister shall be made.

(3) The Investment Support Center shall be run mainly by officers and employees of the Korea Trade and Investment Promotion Agency who are equipped with considerable knowledge and experience in foreign investment, and public officials or the officers and employees of foreign investment related agencies who have been dispatched to the Investment Support Center in accordance with the provisions of paragraph (2) (hereinafter referred to as "dispatched officers") shall render their support to business matters of the Investment Support Center.

(4) The head of the relevant administrative agency or the head of a foreign-investment related agency to whom a request for the dispatch of public officials or officers or employees has been made in accordance with the provisions of paragraph (2) shall select those who are well-suited for the business matters in question and dispatch them, unless he is justified for not doing so on some special ground, and where he intends to stop the dispatched service before the period of service expires, he shall consult in advance with the head of the Korea Trade and Investment Promotion Agency.

(5) The head of the relevant administrative agency or the head of a foreign-investment related agency who dispatches public officials or officers or employees under his jurisdiction in accordance with the provisions of paragraph (2) shall not disadvantageously treat the dispatched officers in terms of their promotions, position transfers, rewards, and welfare measures.

(6) Where necessary to conduct the business as prescribed by the provisions of paragraph (1), the head of the Korea Trade and Investment Promotion Agency may request the relevant administrative agency or the foreign-investment related agency to render cooperation, and the head of the agency thus requested shall comply with the request, unless he is justified for not doing so on some special ground.

(7) Under the Korea Trade and Investment Promotion Agency, there shall be established a grievance settlement organ to deal with difficulties of foreign-capital invested companies.

(8) Necessary matters concerning the organization and operation of the Investment Support Center and the grievance settlement organ shall be prescribed by the Presidential Decree.

■ Article 15-2 (Ombudsman for Foreign Investment)

(1) For the purpose of supporting the settlement affairs of difficulties of foreign-capital invested companies, the ombudsmen for foreign investment may be commissioned from among those persons who have much knowledge and experience on the foreign investment business.

(2) The ombudsmen for foreign investment under paragraph (1) of this Article shall be commissioned by the President on the recommendation of the Minister of Commerce, Industry and Energy, after the deliberation of the foreign investment commission under Article 27.

■ Article 16 (Foreign Investment Promotion Officials of Cities and D^{os})

(1) A foreign investment promotion office may be established at the Special Metropolitan City, Metropolitan City, or Do for the purpose of rendering support for foreign investment by properly supervising the treatment of civil petitions concerning permission, authorization, licensing, approval, designation, cancellation, report, recommendation, and consultation related to foreign investment (hereinafter referred to as "permission") and establishing cooperative systems with related agencies.

(2) Where a cooperation request has been made by a relevant administrative agency or the Investment Support Center with respect to civil petitions concerning foreign investment, foreign investment promotion officials shall cooperate in a positive manner.

(3) Relevant matters concerning the functions and business of the foreign investment promotion office, other than those as prescribed by the provisions of paragraphs (1) and (2), shall be prescribed by Presidential Decree.

■ Article 17 (Special Cases concerning Treatment of Civil Petitions by Foreign Investors)

(1) Where a foreign investor or a foreign-capital invested company has been issued the permission in the left column of attached Table 1, he or it shall be regarded as having been issued the permission in the right column of Table 1.

(2) Civil petitions related to foreign investors or to the foreign investments of foreign-capital invested companies prescribed by the Presidential Decree (hereinafter referred to as "civil petitions to be directly treated") may be treated directly by a dispatched officer. In this case, the head of the relevant administrative agency to which the dispatched officer belongs shall entrust the dispatched officer with all rights concerning the treatment of the civil petitions.

(3) A foreign investor or a foreign-capital invested company may request the Investment Support Center to vicariously carry out matters of civil petition such as the filling out and submission of application forms relating to civil affairs. The head of the Investment Support Center receiving such a request shall select civil petitions related to the permission appearing on attached Table 1 (hereinafter referred to as "civil petitions to be treated in bulk") and civil petitions related to foreign investment appearing on attached Table 2 which are to be individually treated (hereinafter referred to as "civil petitions to be individually treated"), transfer them to the relevant civil affairs administrative agency for disposition, and notify the foreign investment promotion official under his jurisdiction.

(4) The head of a civil affairs administrative agency to whom an application form relating to civil affairs has been transferred in accordance with the provisions of paragraph (3), or who has received an application form relating to civil affairs from a foreign investor or a foreign-capital invested company, shall without delay consult with the head of the relevant administrative agency, and the head of the relevant administrative agency shall submit his opinion within the period as prescribed by the provisions of paragraph (5). If the head of the relevant administrative agency disagrees, he shall explicitly express his reasons for disagreeing, and if the head of the relevant administrative agency has not submitted his opinion within the period as prescribed by the provisions of paragraph (5), he shall be regarded as having no opinion on the matter.

(5) Notwithstanding the relevant provisions of other Acts and subordinate statutes, the head of a civil affairs administrative agency or the dispatched officer shall treat civil petitions to be treated in bulk (referring to those civil petitions relating to the permission appearing on the right column of attached Table 1 which he has received individually), civil petitions to be individually treated, and civil petitions to be directly treated, within the treatment period prescribed by the

Presidential Decree, and where the head of a civil affairs administrative agency or the dispatched officer has not notified the relevant person of his rejection of the application for permission within the treatment period, the permission shall be regarded as having been granted as of the day immediately following the last day of the treatment period. In this case, if the head of a civil affairs administrative agency or the dispatched officer intends to reject the application for permission within the treatment period, he shall notify the relevant foreign investment promotion official, foreign investor, or foreign-capital invested company in writing of his reasons for rejecting the application under the conditions prescribed by the Presidential Decree.

(6) Where permission is regarded as having been granted in accordance with the provisions of the former part of paragraph (5) the head of a civil affairs administrative agency or the dispatched officer shall issue, without delay, upon the request of the foreign investor or foreign-capital invested company concerned, a document certifying the granting of the permission.

(7) Where the foreign investor or foreign-capital invested company that was notified of the rejection of his application for permission in accordance with the provisions of the latter part of paragraph (5) eliminates the reasons for the rejection and submits a document which certifies that he satisfies the conditions for the grant of the permission as prescribed by any relevant Act and subordinate statute, the head of a civil affairs administrative agency or the dispatched officer shall grant the permission within the period prescribed by the Presidential Decree. In this case, the head of a civil affairs administrative agency or the dispatched officer shall not refuse to grant the permission for reasons other than the ones given before.

(8) The provisions of paragraph (7) shall apply *mutatis mutandis* to the consultation as prescribed by the provisions of paragraph (4).

(9) Where a foreign investor or foreign-capital invested company intends to obtain permission relating to civil petitions to be treated in bulk, civil petitions to be individually treated and civil petitions to be directly treated under paragraphs (2) through (8), he or it shall submit application forms as prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy, notwithstanding the provisions of other Acts and subordinate statutes.

(10) Even when, with respect to the permission relating to civil petitions to be treated in bulk, some of the requirements for the grant of said permission, such as documents to be attached, have not been met, the head of a civil affairs administrative agency may grant, under the conditions prescribed by the Presidential Decree, permission on the condition that the requirements which have not been met shall be satisfied.

(11) Where any Act and subordinate statute other than this Act contain provisions concerning civil affairs which affect the realization of a goal a foreign-capital invested company is able to pursue only with the permission granted in accordance with other Acts and subordinate statutes from the time the foreign investment was reported to the time of the launching of the business, and which do not fall under one of the following categories, the provisions of other such Acts and subordinate statutes shall not apply to the foreign investor or to the foreign investment business of the foreign-capital invested company:

1. Civil petitions to be treated in bulk;
2. Civil petitions to be individually treated;
3. Civil petitions to be directly treated; and
4. Civil petitions relating to permission as prescribed by the provisions, other than the provisions of subparagraphs 1 through 3 above, of this Act.

(12) Where a foreign-capital invested company converts farmlands or forests or alters the form and nature of the forests for the purpose of building a factory, the conversion charges as prescribed in Article 41 of the Framework Act on Agriculture and Rural Community or Article 20-3 of the Forestry Act may be reduced or exempted. In this case, the scope of foreign-capital invested companies subject to such reduction or exemption and the ratio thereof shall be prescribed by the Presidential Decree.

(13) Relevant matters, other than those prescribed by the provisions of paragraphs (1) through (10), concerning the treatment of civil petitions relating to foreign investment shall be determined by the Presidential Decree.

CHAPTER IV FOREIGN INVESTMENT ZONE

■ Article 18 (Designation and Development of Foreign Investment Zone)

(1) The Special Metropolitan City Mayor, any other Metropolitan City Mayor and a Do governor (hereinafter referred to as the "Mayor/Do governor") may, if necessary for the inducement of foreign investment which meets such standards as prescribed by the Presidential Decree, designate an area in which a foreign investor desires to make an investment as a foreign investment zone (hereinafter referred to as the "foreign investment zone"), after due deliberation of the foreign investment commission under Article 27. In this case, if the said foreign investment zone is intended to be developed into a local industrial complex (hereinafter referred to as the "local industrial complex") as prescribed in Articles 7 and 7-2 of the Industrial Sites and Development Act, a plan for such development shall be established.

(2) Where two or more foreign investors intend to obtain the designation of the foreign investment zone from the Mayor/Do governor pursuant to the former part of paragraph (1), the business classification and zone in which they intend to make an investment shall satisfy the standards as prescribed by the Presidential Decree.

(3) Where the Mayor/Do governor designates the foreign investment zone under paragraphs (1) and (2), he shall publicly announce the following matters:

1. Official title, location and area of said foreign investment zone;
2. Methods of development or management;

3. Matters subject to the public announcement under Article 7-3 of the Industrial Sites and Development Act (limited to any case in which the said foreign investment zone is developed into a local industrial complex); and

4. Other matters as prescribed by the Presidential Decree.

(4) The foreign investment zone shall be developed and managed by the Mayor/Do governor having jurisdiction over such zone in accordance with the Presidential Decree: *Provided*, That where the foreign investment zone was designated from part or all of a national industrial complex managed by a certain agency, its management work shall be given to that agency.

(5) Where any area which is designated as the foreign investment zone requires the formation of a new site for the establishment of a factory, the said foreign investment zone may be developed into a local industrial complex.

(6) Where the foreign investment zone is developed into a local industrial complex under paragraph (5) above, any foreign investment zone which is designated under paragraphs (1) and (2) above shall be deemed to have been designated as the local industrial complex. In this case, a plan for development under the latter part of paragraph (1) above shall be deemed to be that which is prescribed in Articles 7 (2) and 7-2 (3) of the Industrial Sites and Development Act, and the public announcement under paragraph (3) above shall be deemed to be that which is prescribed in Article 7-3 of the said Act.

(7) Where there is any such designation or public announcement as prescribed in paragraphs (1) through (3) above in developing the foreign investment zone into a local industrial complex under paragraph (5) above, any "area which is designated and publicly announced as an industrial complex" as referred to in Article 12 (1) of the Industrial Sites and Development Act shall be deemed to be any "area which is designated and publicly announced as the foreign investment zone," and the "time when a national or local industrial complex is designated and publicly announced" as referred to in Article 22 (2) of the said Act shall be deemed to be the "time when the foreign investment zone is designated and publicly announced."

(8) The provisions of Article 19 (1) shall not apply where a part or all of a national industrial complex or local industrial complex, the development of which has already been completed, has been designated as a foreign investment zone.

(9) Necessary matters concerning the procedures and methods of the designation of the foreign investment zone shall be prescribed by the Presidential Decree.

■ Article 18-2 (Cancellation of Designation of Foreign Investment Zone)

(1) If a foreign-capital invested company fails to satisfy the standards as prescribed by the Presidential Decree under Article 18 (1) and (2), the Mayor/Do governor shall cancel the designation of the foreign investment zone, after the deliberation of the foreign investment commission under Article 27.

(2) Necessary matters concerning the procedures, etc. for the cancellation of the designation of the foreign investment zone under paragraph (1) shall be prescribed by the Presidential Decree.

■ Article 19 (Support Measures for Foreign Investment Zones)

(1) With respect to responsibility for the costs of the development of a foreign investment zone and to support for harbors, roads, water-supply facilities, railways, communication facilities, and electric facilities that are needed for the efficient formation of a foreign investment zone, the provisions of Articles 28 and 29 of the Industrial Sites and Development Act shall apply *mutatis mutandis*.

(2) With respect to the building of facilities in a foreign investment zone, the traffic generation charge as prescribed by the provisions of Article 18 of the Urban Traffic Readjustment Promotion Act shall be exempted.

(3) Support measures concerning medical, educational, and housing facilities which are to be built in a foreign investment zone shall be determined by the foreign investment committee as prescribed by the provisions of Article 27.

■ Article 20 (Special Case with respect to Other Acts)

(1) Any of the following shall not apply to the partition of land within the foreign investment zone:

1. Article 21-16 of the Act on the Utilization and Management of the National Territory;
2. Article 46 (1) 4 of the Urban Planning Act;
3. and 4. Deleted; and
5. Article 5 (1) 4 of the Act on Special Measures for Construction of the Provisional Administrative Capital.

(2) With respect to a foreign-capital invested company which moves into the foreign investment zone, restrictions on the exportation or importation may be relaxed under the conditions as determined by the Minister of Commerce, Industry and Energy, notwithstanding the provisions of Article 14 of the Foreign Trade Act.

(3) With respect to a foreign-capital invested company that moves into a foreign investment zone, the following subparagraphs shall not apply:

1. Articles 4 and 12 (2) and (3) of the Act on the Protection of the Business Sphere of Small and Medium Enterprises and Promotion of Their Cooperation; and
2. Article 31 (2) of the Act on the Honourable Treatment of and Support for Persons of Distinguished Services to the State.

CHAPTER V *EX POST FACTO*

MANAGEMENT OF FOREIGN INVESTMENT

■ Article 21 (*Ex Post Facto* Management of Foreign Investment)

(1) In a case in which a foreign investor falls under any of the following subparagraphs (including a case in which he comes to fall under any of the following subparagraphs due to any capital increase), he shall register a foreign-capital invested company in accordance with the Presidential Decree:

1. Where he has completed the payment of the object of investment;
2. Where he has acquired the existing stocks (referring to having paid for the existing stocks) under Article 6; and
3. Where he has acquired stocks under Article 7 (1) 5.

(2) A foreign investor may, even prior to the completion of the payment of the object of investment under paragraph (1) 1 above, register a foreign-capital invested company, if he makes a foreign investment falling under Article 2 (1) 4 (a).

(3) Where a foreign investor or foreign-capital invested company falls under any of the following subparagraphs, the Minister of Commerce, Industry and Energy may revoke the permission or cancel the registration:

1. Where a foreign-capital invested company, which is registered under paragraph (1), ceases its business or fails to conduct its business activities for two consecutive years or more;
2. Where a foreign-capital invested company which is registered under paragraph (1) above or a foreign investor who is granted permission under Article 6 (3) fails to comply with a correction order or other necessary measures under Article 28 (4);
3. Where there is any reason for the dissolution of a foreign-capital invested company which is registered under paragraph (1);
4. Where a foreign investor makes an application for the cancellation of registration as prescribed by the Presidential Decree;
5. Where a registration certificate of a foreign-capital invested company is transferred or lent to any other person; and
6. Where the registration of a foreign-capital invested company is effected in disguise of the payment of the object of investment.

■ Article 22 (Restrictions on Disposal of Capital Goods)

(1) A foreign investor or foreign-capital invested company shall, if intending to transfer or lend capital goods which are introduced with their customs duties, etc. exempted under Article 9, or use them for purposes other than those reported, make report to the Minister of Commerce, Industry and Energy in advance, except as prescribed by the Presidential Decree.

(2) Where a report is made under paragraph (1), the Minister of Commerce, Industry and Energy shall, without delay, issue a certificate of acceptance of said report to the reporter.

(3) Except for cases that meet the criteria prescribed by the Presidential Decree, a foreign-capital invested company that has been registered shall not conduct the following actions:

1. Conducting, beyond its allowed limit, business in which foreign investment is restricted in accordance with the provisions of Article 4 (3); and

2. Acquiring, beyond the allowed limit, stocks of a domestic company that conducts business in which foreign investment is restricted in accordance with the provisions of Article 4 (3).

(4) A foreign investor or a foreign-capital invested company shall not use its investment funds for purposes other than those which the investor has already reported or gotten permission for.

■ Article 23 (Transfer of Stocks)

(1) Where a foreign investor intends to transfer such stocks as acquired under Articles 5 through 7 to any other person, or intends to decrease the number of stocks he owns due to a decrease in his own capital, he shall, in advance, make report to the Minister of Commerce, Industry and Energy in accordance with the Presidential Decree.

(2) Where the permission is revoked or the registration is cancelled under any subparagraph of Article 21 (2), a foreign investor shall transfer the stocks owned by him to a national or corporation of the Republic of Korea within six months after being so revoked or cancelled: *Provided*, That if there exists any unavoidable reason, the transfer period may be extended within six months, with the approval of the Minister of Commerce, Industry and Energy.

(3) Where a foreign investor who fails to make such registration as prescribed in Article 21 (1) does not comply with a correction order as prescribed in Article 28 (4), he shall transfer the stocks owned by him to a national or corporation of the Republic of Korea within six months from the day on which the period of execution of that correction order expires: *Provided*, That if there exists any unavoidable reason, the transfer period may be extended within six months, with the approval of the Minister of Commerce, Industry and Energy.

■ Article 24 (Collection and Preparation of Statistics on Foreign Investment)

(1) The Minister of Commerce, Industry and Energy may request the Mayor/Do governor, the head of the Korea Trade and Investment Promotion Agency and a foreign-capital invested

company to provide necessary materials and statistics for analyzing the effect of foreign investment on national economy, such as the economic growth, balance of international payments and employment.

(2) The Mayors/Do governors, the head of the Korea Trade and Investment Promotion Agency, and foreign-capital invested companies requested to provide materials and statistics as prescribed in paragraph (1) shall comply with such request unless there is a justifiable reason.

(3) The public officials who collect and prepare materials and statistics on foreign investment in accordance with paragraphs (1) and (2) shall not reveal business secrets of the companies concerned.

CHAPTER VI CONTRACTS FOR

INTRODUCTION OF TECHNOLOGY

■ Article 25 (Report on Contracts for Introduction of Technology)

(1) A national or corporation of the Republic of Korea shall, if making a contract for the introduction of technology as prescribed by the Presidential Decree with any foreigner, make report to the Minister of Commerce, Industry and Energy in accordance with the Ordinance of the Ministry of Commerce, Industry and Energy. The same shall also apply to any modification of the contents of such contract for the introduction of technology as so reported.

(2) Where a report is made under paragraph (1), the Minister of Commerce, Industry and Energy shall issue a certificate of acceptance of said report to the reporter within any such period as prescribed by the Presidential Decree.

(3) A contract for the introduction of technology subject to any such report as prescribed in paragraph (1) shall come into effect within six months after the report is made, and where a contract for the introduction of technology which has already been reported fails to come into effect within that period, the effect of such report shall be deemed void: *Provided*, That this shall not apply in case any period for which the contract comes into effect is, in advance, approved by the Minister of Commerce, Industry and Energy.

(4) If the introduction of technology falls under any of subparagraphs of Article 4 (2), the introduction of technology shall not be conducted.

■ Article 26 (Tax Reduction and Exemption with respect to Contract for Introduction of Technology)

With respect to a contract for the introduction of technology, taxes such as corporate tax or income tax may be reduced or exempted in accordance with the Restriction of Special Taxation Act.

CHAPTER VII SUPPLEMENTARY PROVISIONS

■ Article 27 (Foreign Investment Commission)

(1) For the deliberation of the following matters, a foreign investment commission (hereinafter referred to as the "Commission") shall be established under the Ministry of Finance and Economy:

1. Important matters concerning the basic policy and institutions for foreign investment;
2. Integration and adjustment of counterplans by each competent Ministry concerning the improvement of foreign investment environment;
3. Matters concerning criteria for the reduction or exemption of taxes with respect to foreign-capital invested companies;
4. Matters concerning cooperation with and the adjustment of different views of central administrative agencies, Special Metropolitan City, Metropolitan Cities or Dos with respect to foreign investment;
5. Matters concerning support measures for local governments as prescribed by the provisions of Article 14;
6. Matters concerning the designation of and the support for foreign investment zones as prescribed by the provisions of Articles 18 and 19; and
7. Other important matters concerning the inducement of foreign investment.

(2) The Minister of Finance and Economy shall be the chairman of the Commission, and the following persons shall be its members:

1. The Minister of Foreign Affairs and Trade, the Minister of Government Administration and Home Affairs, the Minister of Science and Technology, the Minister of Culture and Tourism, the Minister of Agriculture and Forestry, the Minister of Commerce, Industry and Energy, the Minister of Information and Communication, the Minister of Environment, the Minister of Labor, the Minister of Construction and Transportation, the Minister of Maritime Affairs and Fisheries, and the Minister of Planning and Budget;
2. Relevant Mayors/Do governors; and
3. Heads of relevant administrative agencies as prescribed by the Presidential Decree.

(3) For the review and handling of matters deliberated by the Commission and for the treatment of matters entrusted by the Commission, a foreign investment subcommittee (hereinafter referred to as "the Subcommittee") shall be established.

(4) The Minister of Commerce, Industry and Energy shall report the current state of promotion of the improvement of foreign investment environment under paragraph (1) 2 to the Commission.

(5) Necessary matters concerning the composition and operation of the Commission and the Subcommittee, other than those prescribed in paragraphs (1) through (3), shall be prescribed by the Presidential Decree.

■ **Article 28 (Report, Investigation, and Correction)**

(1) The Minister of Commerce, Industry and Energy and the competent Minister may have foreign investors, foreign-capital invested companies, persons who introduce technology, the head of the Korea Trade and Investment Promotion Agency, the heads of the relevant financial institutions, and other interested parties make report on such matters as deemed necessary for foreign investment and technology introduction under this Act.

(2) The Minister of Commerce, Industry and Energy may, if deemed necessary for the enforcement of this Act, have public officials under his control or heads of relevant administrative agencies make investigation into the following matters:

1. Matters concerning the introduction, use and disposal of funds (including objects of investment; hereafter the same shall apply in this Article) and capital goods which a foreigner invests;
2. Circumstances concerning the introduction of technology; and
3. Matters concerning the implementation of such contents as permitted or reported in accordance with this Act.

(3) A person who makes investigation under paragraph (2) shall carry an identification verifying his authority and show it to the related persons.

(4) In the following cases, the Minister of Commerce, Industry and Energy may issue a correction order to a person who introduces or uses funds or capital goods invested by a foreigner, a person who introduces technology and other interested persons or take other necessary measures:

1. Where such matters as permitted or reported under this Act are not implemented or are illegally or unjustifiably implemented; and
2. Where the fact falling under any subparagraph of Article 4 (2) is detected.

(5) Where a person, who introduces funds and capital goods for foreign investment, fails to clear the capital goods through customs or take possession of them within the storage period prescribed by the Customs Duties Act, the superintendent of customs may sell them in accordance with the Presidential Decree.

■ **Article 29 (Examination and Confirmation of Capital Goods Introduced)**

(1) Where a foreign investor or a foreign-capital invested company has introduced capital goods that meet the criteria prescribed by the Presidential Decree, such as capital goods introduced into

this nation under this Act that are subject to a reduction or exemption of taxes, he may have the appropriate minister examine and confirm the capital goods introduced.

(2) With respect to capital goods examined and confirmed by the appropriate minister in accordance with the provisions of paragraph (1), the examination and confirmation shall be regarded as the importation approval under the Foreign Trade Act.

■ Article 30 (Relation with Other Acts and International Treaties)

(1) Except as otherwise provided by this Act, matters concerning foreign exchange and foreign trade of this Act shall be governed by the Foreign Exchange Transactions Act.

(2) Notwithstanding the proviso of Article 462-2 (1) of the Commercial Act, a foreign-capital invested company may pay dividends with its newly issued stocks up to the total amount of its profits to be divided, where a special resolution as prescribed by the provisions of Article 434 of the Commercial Act has been passed.

(3) Where a foreign investor makes an investment in kind with such capital goods as prescribed in Article 2 (1) 7 (b) of this Act, the written confirmation of the completion of investment in kind in which the Commissioner of the Customs Service confirms the implementation of investment in kind and the type, volume and price of objects thereof shall be deemed to be a written report of investigation of an investigator under Article 203 of the Non-Contentious Case Litigation Procedure Act, notwithstanding the provisions of Article 299 of the Commercial Act.

(4) Where a technology evaluation agency prescribed by the Presidential Decree has evaluated the price of an industrial property right under Article 2 (1) 7 (d), the evaluation contents shall be regarded as having been appraised by a publicly certified appraiser in accordance with the provisions of Article 299-2 of the Commercial Act.

(5) A national or corporation of the Republic of Korea that intends to operate a business jointly with a foreign investor who makes report under Article 5 (1) may designate the first day of every month as the reevaluation day and conduct reevaluation, under the Assets Reevaluation Act, of the objects of investment concerned, notwithstanding the provisions of Article 4 of the Assets Reevaluation Act.

(6) This Act shall not be interpreted as revising or limiting the contents of international treaties which the Republic of Korea has contracted and promulgated.

■ Article 31 (Delegation of Authority)

The Minister of Commerce, Industry and Energy or any other competent Minister may, in accordance with the Presidential Decree, delegate or entrust part of his authority as prescribed by this Act to the Commissioner of the National Tax Service, the Commissioner of the Customs Service, the head of the Korea Trade and Investment Promotion Agency and the head of a foreign-investment related agency as prescribed by the Presidential Decree.

CHAPTER VIII PENAL PROVISIONS

■ Article 32 (Penal Provisions)

A person who has instituted the illegal transfer of foreign currency funds into a foreign country on the occasion of an external remittance, foreign investment, or technology introduction as prescribed by this Act (in case of a company, including its representative), shall be sentenced to imprisonment for not less than one year or to a fine not less than twice and not more than ten times the amount of the illegal transfer. In this case, the foreign currency funds illegally transferred shall be confiscated, and if confiscation is not possible, the corresponding value shall be collected.

■ Article 33 (Penal Provisions)

A person who has not reported on the disposal of capital goods in violation of the provisions of Article 22 shall be sentenced to imprisonment for not more than five years or to a fine not exceeding fifty million won.

■ Article 34 (Penal Provisions)

A person who has submitted false documents with respect to applying for permission or reporting information prescribed by this Act shall be sentenced to imprisonment for not more than three years or to a fine not exceeding thirty million won.

■ Article 35 (Penal Provisions)

A person who falls under one of the following categories (in case of a company, including its representative), shall be sentenced to imprisonment for not more than one year or to a fine not exceeding ten million won:

1. A person who has acquired existing stocks without making the necessary report in violation of the provisions of Article 6 (1);
2. A person who has acquired existing stocks of a defense industry company without having obtained the necessary permission in violation of the provisions of Article 6 (3);
3. A person who has not complied with, or has refused, interfered with, or avoided an investigation as prescribed by the provisions of Article 28 (2); and
4. A person who has not complied with a correction order as prescribed by the provisions of Article 28 (4).

■ Article 36 (Joint Penal Provisions)

Where the representative of a corporation or an agent, full-time or part-time employee of a corporation or individual person has committed, with respect to business matters of the corporation or individual person, a violation as prescribed by the provisions of Articles 32 through 35, the corporation or individual person shall be sentenced to the fine prescribed by the provisions of the respective Articles, in addition to the punishment of the person who has actually committed the violation.

ADDENDA

■ Article 1 (Enforcement Date)

This Act shall enter into force at the expiration of two months after its promulgation.

■ Article 2 (Application Date)

The provisions of Article 20 (3) 2 shall apply until Dec. 31, 2003.

■ Article 3 (Abrogation of Other Laws)

The Act on Foreign Investment and Foreign Capital Inducement shall be abrogated.

■ Article 4 (Application Examples of Provisions concerning the Reduction or Exemption of Taxes)

The reduction or exemption of taxes in accordance with the provisions of this Act shall begin to be applied to the first application for the reduction or exemption of taxes or the first application for the exemption of taxes after the enforcement of this Act: *Provided*, That an application for the reduction or exemption of taxes or for the exemption of taxes which had been filed in accordance with the Act on Foreign Investment and Foreign Capital Inducement before the enforcement of this Act but had not received a decision on the reduction or exemption of taxes or on the exemption of taxes by the enforcement date of this Act, shall be regarded as having been filed as of the enforcement date of this Act, so that it shall be governed by this Act.

■ Article 5 (Transitional Measures concerning Receipt of Reports)

(1) Cases for which the receipt of report was done, or the approval, permission, report, confirmation, or registration (hereinafter referred to as "approval") was obtained or done in accordance with the previous Act on Foreign Investment and Foreign Capital Inducement before the enforcement date of this Act, shall be regarded as cases for which the report has been done or the approval has been obtained.

(2) Cases for which the report had been made or the application for the approval, permission, confirmation, or registration had been filed in accordance with the previous Act on Foreign Investment and Foreign Capital Inducement, and the necessary procedures thereupon were being taken at the time of the entry into force of this Act, shall be governed by the previous Act on Foreign Investment and Foreign Capital Inducement.

(3) Cases for which the decision on the reduction or exemption of taxes or on the exemption of taxes had been made in accordance with the previous Act on Foreign Investment and Foreign Capital Inducement before the enforcement of this Act shall be governed by the provisions of the previous Act on Foreign Investment and Foreign Capital Inducement, notwithstanding the provisions of Article 3 of this Addenda.

■ Article 6 (Transitional Measures concerning Free Export Zone)

The free export zone having already been established in accordance with the Establishment of the Free Export Zone Act at the time of the entry into force of this Act shall be regarded as the foreign investment zone in applying the reduction or exemption of taxes or rental fee as prescribed by this Act.

■ Article 7 (Transitional Measures concerning Penal Provisions)

The application of penal provisions to conduct committed before the enforcement date of this Act shall be governed by the previous Act on Foreign Investment and Foreign Capital Inducement.

■ Article 8 Omitted.

■ Article 9 (Relation with Other Laws and Regulations)

Where other laws or regulations have cited provisions related to foreign investment from the previous Act on Foreign Investment and Foreign Capital Inducement and/or the Foreign Capital Inducement Act at the time of the entry into force of this Act, and where there are provisions in this Act corresponding to the cited provisions, those other laws or regulations shall be regarded as having cited the provisions in this Act corresponding to the cited provisions.

ADDENDA

■ Article 1 (Enforcement Date)

This Act shall enter into force two months after its promulgation.

■ Articles 2 through 10 Omitted.

ADDENDA

■ Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2000.

■ Articles 2 through 11 Omitted.

ADDENDA

■ Article 1 (Enforcement Date)

This Act shall enter into force six months after its promulgation.

■ Articles 2 through 8 Omitted.

ADDENDA

■ Article 1 (Enforcement Date)

This Act shall enter into force six months after its promulgation.

■ Articles 2 through 6 Omitted.

ADDENDA

■ Article 1 (Enforcement Date)

This Act shall enter into force six months after its promulgation.

■ Articles 2 through 8 Omitted.

ADDENDA

■ Article 1 (Enforcement Date)

This Act shall enter into force six months after its promulgation.

■ Articles 2 through 5 Omitted.

ADDENDA

■ Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

■ Articles 2 through 6 Omitted.

ADDENDA

■ Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2001.

■ Articles 2 through 10 Omitted.

ADDENDA

■ Article 1 (Enforcement Date)

This Act shall enter into force on July 1, 2000.

■ Articles 2 through 7 Omitted.

ADDENDA

■ Article 1 (Enforcement Date)

This Act shall enter into force on February 1, 2001.

■ Article 2 (Applicable Cases for Report on Foreign Investment)

The report under the amendments to Article 7 (1) 5 shall be applicable to the portion of conversion, acceptance, or exchange of stocks, in terms of the convertible bonds, stock depositary receipts, and others similar to them, which is conducted on and after the enforcement date of this Act.

■ Article 3 (Transitional Measures on Grievance Settlement Organ)

The grievance settlement organ established in the Foreign Investment Support Center under the previous Article 15 (7) at the time of enforcement of this Act shall be regarded as the grievance settlement organ established in the Korea Trade and Investment Promotion Agency under the amendments to Article 15 (7).

ADDENDA

■ Article 1 (Enforcement Date)

This Act shall enter into force on July 1, 2001.

■ Articles 2 and 3 Omitted.

ADDENDA

■ Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2002.

■ Articles 2 through 6 Omitted.

ADDENDA

■ Article 1 (Enforcement Date)

This Act shall enter into force on July 1, 2001.

■ Articles **2** through 4 Omitted.

ADDENDA

■ Article 1 (Enforcement Date)

This Act shall enter into force six months after its promulgation.

■ Articles **2** through 8 Omitted.

ADDENDA

■ Article 1 (Enforcement Date)

This Act shall enter into force on April 1, 2002. (Proviso Omitted.)

■ Articles **2** through **17** Omitted.

* Attached Table 1 and **2** Omitted.

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