

Creating a National Food Cluster in Korea

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The Korean National Food Cluster Project (FOODPOLIS) is to make a food industrial complex which is located near Iksan city, located on Korea's west coast with a total area of 1.4 million square meters of land. Based on the Food Industry Promotional Act, this project started in 2011 to foster and support food communities within the area of the cluster in Iksan City, Jeonbuk Province.

FOODPOLIS is a joint project between the Ministry of Agriculture, Food and Rural Affairs (MAFRA), Jeonbuk Province and Iksan City. Its mission is to create the innovative food industrial complex to strengthen the competitiveness of Korean food industry and to develop the cluster as an export platform where food companies will have easy and quick access to Northeast Asian markets. Companies within the food cluster industrial complex benefit from a range of incentives, various R&D support centers, and programs ranging from food functionality evaluation to food quality and packaging.

Recently the Korean government has designated the National Food Cluster as a foreign investment zone, which lays the stepping stone for the cluster to better become an international food specific industrial complex with global competitiveness. The Ministry of Agriculture, Food and Rural Affairs (MAFRA) announced that the plan for the designation of the foreign investment zone within FOODPOLIS was passed through the review by the Foreign Investment Committee of the Ministry of Trade, Industry and Energy on September 25, 2015. This newly-designated foreign investment zone is located in Zone 2 of FOODPOLIS with an area of 116,000 square meters. MAFRA plans to gradually expand the foreign investment zone up to 450,000 square meters. It is mainly for promoting foreign investments, land within the foreign investment zone will be provided to foreign food companies by leasing with a variety of tax benefits. There will be tax reductions and exemptions between 75% and 100% of the lease depending on their investment conditions. Those companies can use the leased land for 50 years. The tax benefits mentioned above include: 100% corporate and income tax exemption for three years (50% for two years after the initial three years); various local taxes such as acquisition tax and property tax for 15 years; investment subsidy; and subsidy for employment and vocational training.

Domestic companies are also expected to enjoy some incentives including: tax reduction and exemptions on corporate tax, income tax, acquisition tax and property tax for certain periods of time; investment subsidy (between KRW 10 and 20 billion); employment subsidy; vocational training subsidy; and subsidy for workers' settlement. By the middle of 2016, there will be numerous facilities additionally built in FOODPOLIS including: cluster support center; food functionality evaluation center; quality safety center, packaging center, pilot plant, and factories for lease. All these new facilities will provide more support programs for the FOODPOLIS resident companies whether they are Korean or foreign when those companies are in need of support for workforce, export, marketing, or certifications for food products and food technology.

After submitting the Investment Report and Plan to confirm their investment, numerous foreign companies are expected to relocate their companies to the foreign investment zone of FOODPOLIS including: Gold of Prague (Czech Republic); Hampton Grains Inc. (U.S.);

Wellspring Industry (U.S); Goldrock International (Kenya); Fujian Jinjian Qiaomama (Clever Mama, China); and Weihai Ziguang Biological Co., Ltd. of China.

An official from MAFRA said, “Thanks to this designation of the foreign investment zone, MAFRA expects more vibrant foreign investments into FOODPOLIS by international food companies who want to make their entry to the global food market, specifically the Northeast Asian food market.”

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