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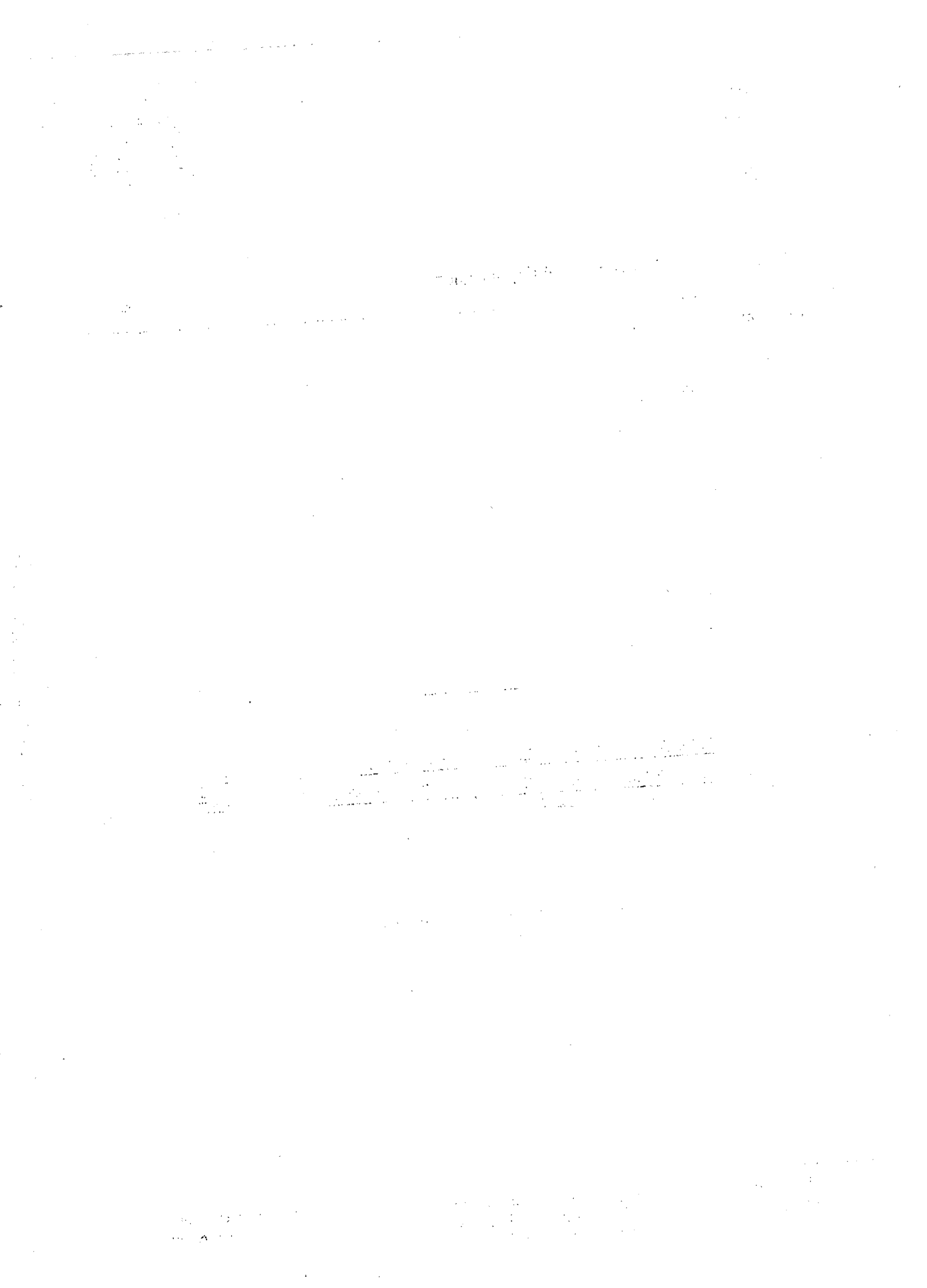
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MEASURES FOR DEVELOPMENT OF EXPORT-ORIENTED INDUSTRIES
AND THE PRESENT SITUATION OF INDUSTRIAL FREE ZONES IN KOREA.

1. Korean Export Industries

The Korean economic development programs based on the Export Priority Policy has been vigorously propelled under the 1st and 2nd 5-year Economic Development Plan initiated from the year of 1962. As the result, the growth of exports has been achieved at the annual growth rate of above 40 percent, which indicates the unprecedentedly highest growth in the world. In 1971, the ending year of 2nd 5-year economic development plan, the total exports volume have amounted to US\$1,350 million. As such high growth of exports played the leading role, Korean Economic Growth has been highly accomplished at the annual average rate of above 10 percent since 1962.

In 1972, the beginning year of 3rd 5-year Economic Development Plan, the goal of exports has been established as US\$1,750 million and all efforts are being concentrated to attain it. As one of the Export Promotion Policies, Free Export Zone has been founded in Masan City since 1970 and some industrial plants have been participated in export line by commencing production.

The export goal of US\$1,750 million in 1972 is marvellous export growth which is equal to thirty-one times as high as US\$56 million in 1962 and to 30 percent increased amount compared with that of 1971. Especially above 80 percent of export articles are formed of industrial commodities. As Korean industries are in the course of transferring from light industry to heavy-chemical industry, it is worth watching that such heavy-chemical products as iron and steel plates, cements, ships, electronic products and machineries are closing up as leading export items.

A serial of such export encouraging policies as the expansion of basis of exports, strengthening the competition power in export industries, the articles and the establishment of order in export etc. are being taken to support export industries having grown such rapid progress. All efforts are steadily devoted to achieve US\$3,600 million, the goal of exports in 1976.

Table 1 ANNUAL GROWTH OF EXPORTS Unit: Million US\$

Year	62	63	64	65	66	67	68	69	70	71	72
Export Amount	56.7	84.3	120.9	180.5	255.8	358.6	500.4	702.8	1,003.8	1,352.0	1,750
Increase rate(%)	32.0	48.8	43.2	49.3	41.7	40.2	39.5	40.4	42.8	34.7	29.6

Table 2 Export plan by structure of goods in 1972

		Unit: Million US\$	
Goods	Amount	Percent	
Agricultural Products	42.1	2.4	
Marine "	120.0	6.9	
Mining "	51.6	2.9	
Industrial "	1,536.3	87.8	
Total	1,750.0	100.0	

2. The present situation and plan on the establishment of Free Export Zones in Korea.

A. History

- Jan. 1, 1970: The Free Export Zones Establishment Act become law.
- Mar. 16, 1970: Masan was selected as the first free export zone site for the nation.
- Apr. 3, 1970: Opening the office of free zone administration.
- Jul. 14, 1970: Receiving the application of occupant firms.

B. Purpose

- 1. Attracting foreign investment
- 2. Promoting exports
- 3. Increasing employment
- 4. Introducing advanced skills into Korea and Accelerating development of national economy.

C. Planning of construction

- 1. Location: Masan, Kyung Sang Nam-Do, Korea.
- 2. Site: No.1 673,457m² (Designated)
- No.2 784,757m² (Option)
- No.3 281,068m² (Option)

Total: 1,739,272m²

D. Effect of No.1

- 1. Aim at attracting of occupant firms . . . 100 enterprises (About)
- 2. Amount of attracting investment US\$30 million
- 3. Annual export goal US\$100 million
- 4. Employment 30,000 persons

E. Status of occupant firms (Jan. 1, 1971)

Electronics and machineries	6 enterprises
Toyes and industrial arts	6 "
Textile	3 "
Others	7 "

Total: 22 enterprises
(Export goal: US\$36,335,000.-)

- * 1. Under application for shippbuilding and other six(6) firms as of February, 1972.
- 2. Thirty(30) firms will be established within the year 1972.

Machinery	5 firms
Electronics	3 "
Plastic materials	3 "
Others	19 "

F. Basic policy for occupant firms

- 1. Foreign investment firm aimed at export
(Joint venture or foreign investment at level of 100%)
- 2. Type of industries with a good view of export, excellent technique and need of intensive labour.
- 3. Type of occupant firms
 - a. Food manufacturers
 - b. Toilet
 - c. Rubber products
 - d. Machineries and Equipment
 - e. Electronics
 - f. Fine instruments manufacturers
 - g. Textile products and the other 18 sorts.