

SPECIAL ACT ON SUPPORT FOR SMALL URBAN MANUFACTURERS

Act No. 12695, May 28, 2014

Amended by Act No. 13086, Jan. 28, 2015

Article 1 (Purpose)

The purpose of this Act is to contribute to the development of the national economy by establishing a support system for the growth and development of small urban manufacturers and encouraging their economic activity.

Article 2 (Definitions)

The definitions of terms used in this Act shall be as follows: *<Amended by Act No. 13086, Jan. 28, 2015>*

1. The term “small urban manufacturer” means a person who meets the following requirements:

(a) A micro enterprise pursuant to Article 2 of the Act on the Protection of and Support for Micro Enterprises;

(b) A labor-intensive, highly-skilled manufacturer, who is characterized by being part of a cluster in a certain area and engaged in a line of business prescribed by Presidential Decree as his/her main business;

2. The term “small urban manufacturers’ cluster” designated as such under Article 15 means an area that has at least such number of small urban manufacturers’ business places (limited to cases where manufacturing facilities, such as machinery and devices, are included) as prescribed by Presidential Decree within an administrative district.

Article 3 (Duty of the State and Local Governments)

(1) The State shall establish and implement comprehensive policies to provide support for small urban manufacturers.

(2) Local governments shall establish and implement policies to provide support for small urban manufacturers, based upon national policies and local characteristics.

Article 4 (Relationship with Other Acts)

With regard to support for small urban manufacturers, the provisions of this Act shall prevail.

Article 5 (Formulation of Comprehensive Plans for Supporting Small Urban Manufacturers)

(1) The administrator of the Small and Medium Business Administration shall formulate and implement a comprehensive plan for supporting small urban manufacturers (hereinafter referred to as “comprehensive plan”) every five years, for their growth and development.

(2) Each comprehensive plan shall include the following:

1. Basic objectives and direction-setting for the growth and development of small urban manufacturers;
2. Improvement of systems and statutes pertaining to small urban manufacturers;
3. Matters regarding utilizing and transferring the advanced skills of small urban manufacturers;
4. Matters regarding training of small urban manufacturers and workforce supply;
5. Matters regarding distribution, innovation, and sophistication of the skills of small urban manufacturers;
6. Matters regarding support for small urban manufacturers in selling their products to domestic and overseas markets;
7. Matters regarding support for clusters of small urban manufacturers;
8. Other matters necessary to provide support for small urban manufacturers.

(3) Matters necessary for the procedure and method for establishing the comprehensive plan shall be prescribed by Presidential Decree.

Article 6 (Formulation, etc., of Implementation Plan for Supporting Small Urban Manufacturers)

(1) The administrator of the Small and Medium Business Administration shall formulate an implementation plan for supporting small urban manufacturers (hereinafter referred to as "implementation plan") every year, after consultation with the head of a relevant central administrative agency for the promotion of the comprehensive plan.

(2) The administrator of the Small and Medium Business Administration may request the Special Metropolitan City Mayor, Metropolitan City Mayor, Metropolitan Autonomous City Mayor, Special Self-Governing Province Governor, and Do governor (hereinafter referred to as the "Mayor/Do governor") to take measures necessary to promote the implementation plan.

(3) Matters necessary for the formulation and promotion of implementation plans shall be prescribed by Presidential Decree.

Article 7 (Survey, etc. of Statistical Data)

(1) The administrator of the Small and Medium Business Administration may survey, prepare, analyze, and manage statistical data regarding small urban manufacturers, necessary for formulating comprehensive plans and implementation plans.

(2) The administrator of the Small and Medium Business Administration may request each head of the relevant local governments, head of public institutions, small urban manufacturers, and the relevant institutions and organizations to provide data and information required to survey, prepare, analyze, and manage the statistical data pursuant to paragraph (1).

(3) The administrator of the Small and Medium Business Administration may entrust a specialized institution with all or some of the affairs regarding such survey, preparation, analysis, and management referred to in paragraph (1).

Article 8 (Nurturing Small Urban Manufacturers and Securing Workforce)

- (1) The State shall endeavor to nurture small urban manufacturers and secure workforce.
- (2) In order to support small urban manufacturers in securing skilled workforce, the State may perform the following projects:
 1. Education for helping small urban manufacturers to acquire and improve their skills;
 2. Projects for attracting new workforce and providing job security;
 3. Projects for promoting the welfare of small urban manufacturers, such as one for improving their working environment;
 4. Support for providing more jobs to unemployed youth pursuant to subparagraph 1 of Article 2 of the Special Act on the Promotion of Youth Employment;
 5. Projects for helping retired workers, etc. to acquire new skills and return to the workforce.

Article 9 (Support for Management Guidance and Skills Development for Small Urban Manufacturers)

- (1) The administrator of the Small and Medium Business Administration shall endeavor to support small urban manufacturers with management guidance and skills development.
- (2) For the management guidance and skills development for small urban manufacturers, the administrator of the Small and Medium Business Administration may provide support to the following projects:
 1. Planning, development, and research for small urban manufacturing;
 2. Provision of consulting, guidance and information to assist small urban manufacturers to improve their management capability and skills;
 3. Innovation and development of skills of small urban manufacturers;
 4. Surveys and research necessary for improving skills and productivity of small urban manufacturers.

Article 10 (Designation of Skills Education and Training Institution)

- (1) To encourage small urban manufacturers to transfer or improve their skills, the administrator of the Small and Medium Business Administration may designate any of the following persons as a skills education and training institution:
 1. High schools offering industry-specific or experience-oriented programs pursuant to the Elementary and Secondary Education Act;
 2. Universities and colleges, industrial colleges, junior colleges and technical colleges referred to in the Higher Education Act and polytechnic colleges in the Act on the Development of Workplace Skills of Workers;
 3. Korea Institute of Industrial Technology under Article 8 (1) of the Act on the Establishment, Operation and Fostering of Government-Funded Science and Technology Research Institutes, Etc.;
 4. Other education and training institutions in the field of small urban manufacturing prescribed by Presidential Decree.
- (2) The administrator of the Small and Medium Business Administration may subsidize expenses incurred in skills education and training by persons designated pursuant to paragraph (1).

(3) Matters concerning the requirements and procedures, etc. for the designation of skills education and training institutions, shall be prescribed by Presidential Decree.

Article 11 (Cancelling Designation of Skills Education and Training Institutions)

Where a skills education and training institution falls under any of the following, the administrator of the Small and Medium Business Administration may cancel the designation thereof:

1. Where a skills education and training institution fails to meet any of the designation requirements;
2. Where a skills education and training institution requests cancellation of its designation;
3. Where a skills education and training institution uses any of the financial support granted under Article 10 (2), for other than the originally intended purpose.

Article 12 (Recognizing Advanced Skills)

(1) The administrator of the Small and Medium Business Administration may select and reward small urban manufacturers with advanced skills.

(2) Matters concerning the selection requirements, procedures, and awards under paragraph (1) shall be prescribed by Presidential Decree.

Article 13 (Support for Transfer of Skills)

(1) The administrator of the Small and Medium Business Administration shall endeavor to ensure that the skills of small urban manufacturers are transferred and further developed.

(2) To encourage transfer of skills of small urban manufacturers pursuant to paragraph (1), the administrator of the Small and Medium Business Administration may promote the following projects:

1. Dissemination of advanced skills and provision of information thereon;
2. Transfer of advanced skills by highly-skilled manufacturers pursuant to Article 12;
3. Provision of facilities and devices required for the transfer of skills;
4. Projects for encouraging a person who has learned the skills from small urban manufacturers to remain in the field long-term;
5. Other projects deemed necessary by the administrator of the Small and Medium Business Administration for the transfer of skills.

Article 14 (Nurturing and Supporting Potentially Outstanding Small Urban Manufacturers)

(1) The administrator of the Small and Medium Business Administration may select small urban manufacturers, who have substantial impact on the local economy in terms of job creation and increasing sales or who have potential to develop advanced skills, and provide them with the following support:

1. Assisting them to grow into outstanding small urban manufacturers and formulate strategies for their mid- to long-term development;
2. Dispatching and helping to find experts in such areas as skills, human resources, finance, management, etc.;
3. Providing information helpful to grow into outstanding small urban manufacturers;
4. Providing guidance and advice on sales channels for domestic and overseas markets;

5. Other projects necessary for assisting them to grow into outstanding small urban manufacturers.
- (2) Matters concerning the selection of and support for small urban manufacturers pursuant to paragraph (1) shall be prescribed by Presidential Decree.

Article 15 (Designation of Small Urban Manufacturers' Clusters)

(1) Where it is necessary for the development of small urban manufacturers, a Mayor/Do governor may formulate a plan for activating a small urban manufacturers' cluster, including the following, and request the administrator of the Small and Medium Business Administration to designate a certain area of the district under his/her jurisdiction (excluding the industrial complex under subparagraph 8 of Article 2 of the Industrial Sites and Development Act) as a cluster of small urban manufacturers (hereinafter referred to as "cluster"):

1. Area for the designation;
 2. Size of financial resources required to activate a cluster and funding plans;
 3. Other matters prescribed by Presidential Decree to help activate the cluster.
- (2) Upon a request for the designation of a cluster pursuant to paragraph (1), the administrator of the Small and Medium Business Administration may do so after a prior consultation with the head of a relevant central administrative agency and considering the feasibility of the plan and its relationship with the industrial location supply and demand plan under Article 5-2 of the Industrial Sites and Development Act. The same shall apply to the change and cancellation of such designation.
- (3) When the administrator of the Small and Medium Business Administration has designated a cluster pursuant to paragraph (2), he/she shall notify the details thereof as prescribed by Presidential Decree.

Article 16 (Financial Support for Small Urban Manufacturers' Clusters)

- (1) For the development of small urban manufacturers, the administrator of the Small and Medium Business Administration may accord preferential treatment to the local government for which a cluster has been designated when supporting the creation of a fund aimed at nurturing local small and medium enterprises pursuant to Article 44 (1) of the Balanced Regional Development and Support for Local Small and Medium Enterprises Act.
- (2) The State or local governments may provide financial or other types of support preferentially to small urban manufacturers who operate in a cluster or who are planning to relocate thereto.
- (3) Any of the following persons may provide credit guarantee preferentially to small urban manufacturers in a cluster so that they can secure necessary funds:
1. Credit guarantee fund under the Credit Guarantee Fund Act;
 2. Technology credit guarantee fund under the Korea Technology Credit Guarantee Fund Act;
 3. Credit guarantee foundation established under Article 9 of the Regional Credit Guarantee Foundation Act.

Article 17 (Establishing Infrastructure for Small Urban Manufacturers' Clusters)

- (1) A Mayor/Do governor may conduct the following projects to create and expand infrastructure in a cluster:

1. Establishment of public waste treatment facilities;
 2. Improvement and repair of buildings and facilities, etc. in a business place, etc.;
 3. Establishment and improvement of common warehouses, educational facilities, and safety facilities, etc., relevant to electricity, gas, or fire, etc.;
 4. Establishment and repair of facilities and equipment to provide the disabled, the elderly, and pregnant women, etc. with easier access to and use of a business place, etc. and facilitate their access to information;
 5. Other projects necessary for the establishment of infrastructure in a cluster.
- (2) The State may subsidize expenses incurred in the creation and expansion of infrastructure in a cluster.
- (3) Matters necessary for the beneficiaries, limit and procedures of an infrastructure development project for a cluster shall be prescribed by Presidential Decree.

Article 18 (Establishing and Operating Support Center for Small Urban Manufacturers)

- (1) The administrator of the Small and Medium Business Administration may establish and operate a support center for small urban manufacturers (hereafter referred to as “support center” in this Article) to provide support in the development of small urban manufacturers and provision of information on skills, etc.
- (2) The support center shall perform the following:
1. Conducting support projects, such as training and consulting services for small urban manufacturers;
 2. Survey and provision of information on skills for small urban manufacturers;
 3. Service linkage with the institutions and organizations relevant to support for small urban manufacturers;
 4. Provision of job information and placement services for small urban manufacturers;
 5. Other projects necessary for the support for small urban manufacturers.
- (3) The administrator of the Small and Medium Business Administration may entrust a corporation or organization prescribed by Presidential Decree with the establishment and operation of the support center.
- (4) The support center shall have professionals who meet the standards prescribed by Presidential Decree to perform its duties such as provision of training and information, etc. for small urban manufacturers.
- (5) The administrator of the Small and Medium Business Administration may fully or partially subsidize the expenses incurred by the center in performing its duties under each subparagraph of paragraph (2) for the support center.
- (6) Matters necessary for the establishment and operation of the support center shall be prescribed by Presidential Decree.

Article 19 (Improving Business Place and Working Environment)

- (1) The State and local governments may subsidize expenses incurred in improving business places and working environment of small urban manufacturers.
- (2) The State and local governments may check potential hazards arising from the working environment threatening small urban manufacturers and from the nature of their work, and provide support necessary

for the improvement thereof.

(3) Matters concerning the beneficiaries and limit of a support project for improving business places and working environment, and procedures and follow-up management, etc. thereof shall be prescribed by Presidential Decree.

Article 20 (Support for Joint Projects)

The State and local governments may provide support for the following joint projects, to reduce management costs and increase sales of small urban manufacturers:

1. A project for systematization, such as establishment of cooperatives to conduct joint projects;
2. A project for a linkage with organizations established to conduct joint projects (including corporations) and with small and medium enterprises;
3. A project relating to the development of products and design and improvement of functions, etc.;
4. A project relating to common facilities and common equipment, etc. necessary for production;
5. A project relating to common facilities and systems, etc. necessary for purchase and distribution;
6. A project relating to common sales channels, such as public relations, brand, establishment of shops, etc.;
7. Other projects deemed necessary by the administrator of the Small and Medium Business Administration for the support for joint projects of small urban manufacturers.

Article 21 (Establishment and Operation of Comprehensive Information System)

(1) The administrator of the Small and Medium Business Administration may establish and operate a comprehensive information system to ensure overall management of information on small urban manufacturers and to provide useful information to small urban manufacturers.

(2) Matters necessary for the operating methods and operating institutions, etc. of the comprehensive information system pursuant to paragraph (1) shall be prescribed by Presidential Decree.

Article 22 (Raising Social Awareness)

The State and local government shall endeavor to raise social awareness to enhance the public understanding of small urban manufacturers and to expand social consensus on the importance of small urban manufacturers and their skills.

Article 23 (Delegation and Entrustment of Authority)

@Part of the authority of the administrator of the Small and Medium Business Administration granted under this Act may be delegated or entrusted to the head of a central administrative agency, Mayor/Do governor, the head of a Si/Gun/Gu (limited to the head of an autonomous Gu) or the Small Enterprise and Market Service established pursuant to Article 17 of the Act on the Protection of and Support for Micro Enterprises. <Amended by Act No. 13086, Jan. 28, 2015>

Article 24 (Hearings)

The administrator of the Small and Medium Business Administration shall conduct a hearing when intending to cancel the designation of a skills education and training institution pursuant to subparagraphs 1 and 3 of Article 11.

ADDENDUM

This Act shall enter into force one year after the date of its promulgation.

ADDENDA <Act No. 13086, Jan. 28, 2015>

Article 1 (Enforcement Date)

This Act shall enter into force on May 28, 2015. (Proviso Omitted.)

Articles 2 through 8 Omitted.

