

South Korea

1. Industrial Strategy (Including Objectives/Goals)

South Korea's industrial strategy has historically been activist and is often cited as a growth miracle economy. In the post war era South Korea transformed from a producer of light manufacturing to a heavy industry powerhouse.¹ However, since the 1990s, Korea's potential growth rate has slowed at a fast pace compared to peer countries and is currently in the low 2% range. If the current situation persists, the growth rate will soon drop to the 1% range and further plummet to the 0% range after 2035.²

Its policy is centred around these figures. The *2025 Economic Policy Directions*,³ for example, highlights industrial competitiveness as a core pillar. Additionally, the *2024 Dynamic Economy Roadmap*⁴ stresses the urgency of reviving sustainable growth and improving social mobility through a “dynamic economy” which is designed around three pillars: innovation, equal opportunity, and mobility.

Innovation pillar highlights include:

- Tackling stagnating productivity through intensive investment in “game changer” industries: AI-semiconductors, quantum, biotech.
- Systemic upgrades: creating corporate “growth ladders,” fostering service-sector innovation, and driving digital transformation.⁵

In addition, Korea's Ministry of Science and ICT (MSIT) sets out nine core initiatives in their Work Plan for 2025⁶:

- (AI) Establishing a National AI Computing Center, improving regulations on data centers, and creating a policy fund for AI and emerging industries (KRW 810 billion)
- (Strategic Technologies) Building a public biofoundry, launching a 1,000-qubit quantum computer project, and conducting the fourth Nuri rocket launch

¹ Jade Choi and Andrei A Levchenko, ‘The Long-Term Effects of Industrial Policy’ (CEPR Discussion Paper 16534, September 2021).

² Government of South Korea, Ministry of Economy and Finance, 2024 Dynamic Economy Roadmap <<https://english.moef.go.kr/pc/selectTbPressCenterDtl.do?boardCd=N0001&seq=5909>> accessed 20 June 2025.

³ Government of South Korea, Ministry of Economy and Finance, 2025, Economic Policy Directions <https://english.moef.go.kr/ec/selectTbEconomicDtl.do?boardCd=E0005&seq=6056&utm_source=chatgpt.com> accessed 20 June 2025.

⁴ Government of South Korea, Ministry of Economy and Finance, 2024 Dynamic Economy Roadmap <<https://english.moef.go.kr/pc/selectTbPressCenterDtl.do?boardCd=N0001&seq=5909>> accessed 20 June 2025.

⁵ Ibid.

⁶ Government of South Korea, Ministry of Economy and Finance, Work Plan for 2025 <<https://www.msit.go.kr/eng/bbs/view.do?sCode=eng&mId=4&bbsSeqNo=42&nttSeqNo=1065>> accessed 20 June 2025.

- (Technology Commercialization) Developing a national R&D commercialization strategy and fostering specialized companies
- (Pioneering R&D) Increasing investment in 12 core strategic technologies (29.8% of R&D in 2025 → 35% by 2027)
- (Basic Research) Providing record-high funding for basic research (KRW 2.93 trillion) and designating 10 new Global Top Strategic Research Groups
- (Talent Development) Expanding financial support for researchers and creating youth employment opportunities in AI and digital fields
- (Public Welfare) Combating digital crimes (e.g., voice phishing), supporting small businesses, and enhancing digital inclusion and telecom benefits
- (Safety) Establishing on-site application of a comprehensive digital disaster management system and operating a 24-hour monitoring system for cyber threats
- (Regional Development) Promoting the enactment of the Regional Science and Technology Innovation Act and accelerating AI transformation (AX) in regional strategic sectors

2. *Digital (Development) Strategy*

South Korea's digital development strategy is articulated in a few key documents including *The Digital New Deal* which comprise of 12 goals in four sectors:⁷ Most importantly, the country's digital strategy⁸ seeks to implement the New York Initiative.⁹ The Digital Strategy, seeks to set an example for the world by implementing five strategies which are inclusive of 19 specific tasks. The five strategies are:

- World's best digital capabilities
- Burgeoning digital economy;
- Digitally inclusive society;

⁷ Government of South Korea, Ministry of Science and ITC

<<https://www.msit.go.kr/eng/bbs/view.do?sCode=eng&mId=4&mPid=2&pageIndex=&bbsSeqNo=42&nttSeqNo=443&searchOpt=&searchTxt=>> accessed 20 June 2025,

⁸ Government of South Korea, Ministry of Science and ITC, The Digital Strategy of Korea <<https://www.msit.go.kr/eng/bbs/view.do?sCode=eng&mId=4&mPid=2&bbsSeqNo=42&nttSeqNo=742>> accessed 20 June 2025.

⁹ President Yoon Suk-yeol took part in the Digital Vision Forum hosted in New York University on September 21, and in his keynote address titled, "Solidarity for the Freedom of Digital Citizens," proposed a new digital order for realizing the future outlook for Korea's digital innovation and preserving universal values of humanity, which are freedom, human rights and solidarity.

- Open Digital Platform Government;
- Innovating Digital Culture.¹⁰

Korea has also implemented an AI act entitled the Basic Act on the Development of Artificial Intelligence and Creation of a Trust Base (Basic AI Act).¹¹ The new law to take effect in January 2026, a year after the Cabinet vote and promulgation. The Act is designed to establish a national governance framework for AI, systematically foster the AI industry, and prevent potential risks associated with AI in advance. The act has three main points:

- A Framework for the Development of AI and Trust-based Infrastructure
- Support Measures for the AI Industry - R&D, Training Data, AI Data Centers, and Clusters
- Safe and Trustworthy Foundation for High-Risk AI and Generative AI

Additionally, Korea has an AI strategy which aims to realize trustworthy artificial intelligence.¹² The MSIT also prioritises AI in their 2025 workplan by highlighting leading digital transformation in AI as a core aim. This also includes establishing a National AI Computing Center, improving regulations on data centers, and creating a policy fund for AI and emerging industries.¹³

In 2024 in response to numerous cyber-attacks Korea implemented a new National Cybersecurity Strategy.¹⁴ The strategy aims to counter cyber threats through enhanced defences, international cooperation, and the adoption of cutting-edge technologies.

3. Main Constitutional Provisions

Article 119 of the Constitution of the Republic of Korea (Chapter IX – The Economy) is particularly relevant to industrial policy and economic governance. It states:

The economic order shall respect the freedom and creative initiative of individuals and enterprises, while permitting the State to regulate and coordinate economic affairs to:

¹⁰ Ibid

¹¹ Government of Korea, Government of South Korea, Ministry of Science and ITC < <https://www.msit.go.kr/eng/bbs/view.do?sCode=eng&mId=4&mPid=2&bbsSeqNo=42&nttSeqNo=1071&searchOpt=ALL> > accessed 20 June 2025.

¹² Government of Korea, Government of South Korea, Ministry of Science and ITC < <https://www.msit.go.kr/eng/bbs/view.do?sCode=eng&mId=4&mPid=2&pageIndex=&bbsSeqNo=42&nttSeqNo=509> > accessed 20 June 2025.

¹³ Government of South Korea, Ministry of Economy and Finance, Work Plan for 2025 <<https://www.msit.go.kr/eng/bbs/view.do?sCode=eng&mId=4&bbsSeqNo=42&nttSeqNo=1065>> accessed 20 June 2025.

¹⁴ AI and Cybersecurity in Digital Warfare on the Korean Peninsula < <https://gjia.georgetown.edu/2024/07/10/ai-and-cybersecurity-in-digital-warfare-on-the-korean-peninsula/> > accessed 20 June 2025.

(1) The economic order of the Republic of Korea shall be based on a respect for the freedom and creative initiative of enterprises and individuals in economic affairs.

(2) The State may regulate and coordinate economic affairs in order to maintain the balanced growth and stability of the national economy, to ensure proper distribution of income, to prevent the domination of the market and the abuse of economic power and to democratize the economy through harmony among the economic agents.

Additionally, Article 125 explicitly empowers the State to foster, regulate, and coordinate foreign trade.¹⁵

4. Main Regulatory Provisions and Policy Developments

Certain legislative and regulatory acts have a considerable impact on industrial policy aspects surrounding digital development. These include the:

- Personal Information Protection Act¹⁶
- Act on the Development of Cloud Computing and Protection of Its Users;¹⁷
- Basic Act on the Development of Artificial Intelligence and Creation of a Trust Base (Basic AI Act);¹⁸
- Act on Promotion of Information and Communications Network Utilization and Information Protection;¹⁹
- Act on the Protection of Information and Communication Infrastructure;²⁰
- Act on the Protection and Use of Location Information;²¹
- Act on the Consumer Protection in Electronic Commerce;²²

5. (Regional) Economic Treaties to which Korea is a Signatory

¹⁵ The Constitution of Korea Article 119, Chapter IX and Article 125 <https://elaw.klri.re.kr/eng_service/lawView.do?hseq=1&lang=> accessed 20 June 2025.

¹⁶ Personal Information Protection Act <https://elaw.klri.re.kr/eng_service/lawView.do?hseq=53044&lang=ENG> accessed 20 June 2025.

¹⁷ Act on the Development of Cloud Computing and Protection of Its Users <https://elaw.klri.re.kr/eng_mobile/viewer.do?hseq=60378&type=part&key=43> accessed 20 June 2025.

¹⁸ Basic Act on the Development of Artificial Intelligence and Creation of a Trust Base (Basic AI Act) <https://elaw.klri.re.kr/eng_mobile/viewer.do?hseq=60378&type=part&key=43> accessed 20 June 2025.

¹⁹ Act on Promotion of Information and Communications Network Utilization and Information Protection <<https://www.msit.go.kr/eng/bbs/view.do?sCode=eng&mId=4&mPid=2&bbsSeqNo=42&nttSeqNo=1071&searchOpt=ALL>> accessed 20 June 2025.

²⁰ Act on the Protection of Information and Communication Infrastructure <https://elaw.klri.re.kr/eng_service/lawView.do?hseq=55570&lang=ENG> accessed 20 June 2025.

²¹ Act on the Protection and Use of Location Information <https://elaw.klri.re.kr/eng_mobile/viewer.do?hseq=28812&type=part&key=43> accessed 20 June 2025.

²² Act on the Consumer Protection in Electronic Commerce <https://elaw.klri.re.kr/eng_mobile/viewer.do?hseq=25650&type=new&key=> accessed 20 June 2025.

Korea is a signatory to multiple economic treaties. Some of the most relevant ones are the:

- ASEAN
- Asia Pacific Trade Agreement (APTA)

6. *Plurilaterals*

Korea is participating in multiple plurilateral initiatives and agreements. Some of the most relevant ones are:

- Government Procurement Agreement;²³
- Information Technology Agreement.²⁴

7. *Proceedings Initiated Against Korea, or by It, Before International Fora for the Adoption/Implementation of Industrial Policy Measures (e.g., Before WTO Panels, the WTO's AB)*

Korea has appeared as a complainant in 21 cases, although many are not directly related to industrial policy considerations relevant instances include:

- Japan – Measures Related to the Exportation of Products and Technology to Korea. On 11 September 2019, Korea requested consultations with Japan regarding certain measures, including licensing policies and procedures, adopted by Japan allegedly restricting exports of fluorinated polyimide, resist polymers and hydrogen fluoride, and their related technologies destined for Korea. Those products are used primarily in the production of smartphones, TV displays and semiconductors.²⁵

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²³ Revised Agreement on Government Procurement, Mar. 30, 2012, Marrakesh Agreement Establishing the World Trade Organization, Annex 4(b), 1915 U.N.T.S. 103.

²⁴ WTO, 'Information Technology Agreement – An Explanation' <https://www.wto.org/english/tratop_e/inftec_e/itaintro_e.htm> accessed 20 June 2025.

²⁵ Japan – Measures Related to the Exportation of Products and Technology to Korea (WT/DS590/5).