AEROSPACE

Global Market Size / Forecast

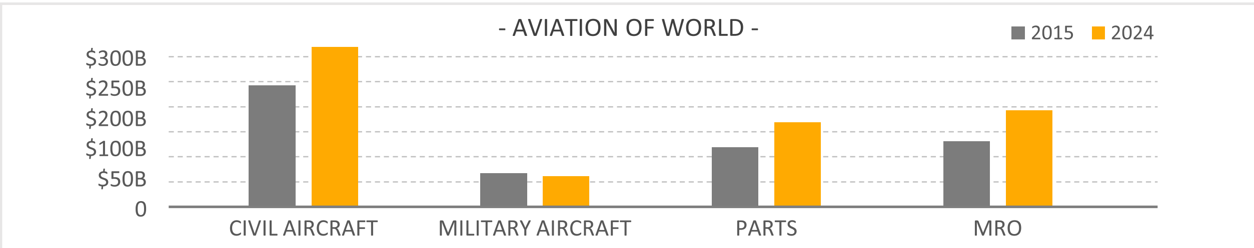
GLOBAL AVIATION INDUSTRY MARKET SIZE

- The global aviation industry market size reached USD 739.1 billion in 2024, with the commercial aircraft market, which holds the largest share of the aviation industry (44.4%), achieving a total of USD 327.8 billion in 2024.

- The global aviation industry market has been growing at an average annual rate of 3-4% from 2015 (USD 547.8 billion) to 2024.
- In the commercial aircraft market, the sales of large aircraft models* are the highest, reaching USD 284.3 billion (86%).

* Aircraft models with more than 150 seats, led by Airbus and Boeing.

<World Aviation Market Size>

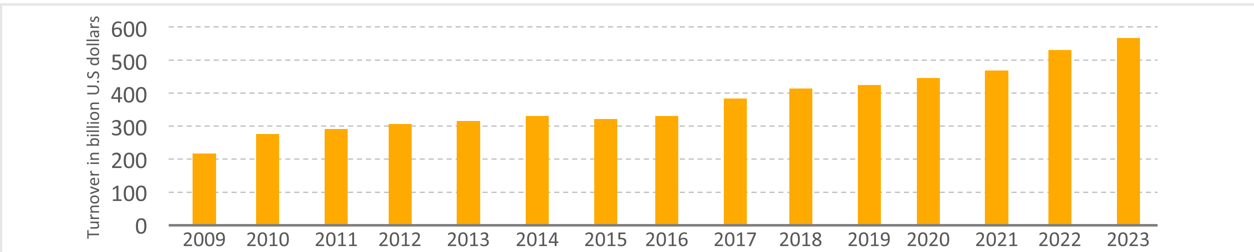


* Source: Korea Aerospace Industries Association,「World Aviation Industry Trends」

GLOBAL SPACE INDUSTRY MARKET SIZE

- The global space industry market has been steadily increasing, reaching USD 570 billion in 2023, showing a growth rate of over 7% annually (an increase of USD 39 billion compared to 2022).

<Global Space Industry Revenue (2009-2023)> (Unit: USD Billion)



* Source: Statista「Space Industry Worldwide」

** Note: The Space economy includes all areas of satellites and space, such as satellite communication, satellite navigation, and space exploration.

Domestic Market Size / Forecast

DOMESTIC AVIATION INDUSTRY

- There are approximately 670 domestic aviation companies, with around 412 companies in the aircraft manufacturing sector (including parts and engine manufacturing), which make up the majority.

  * Source: Statistics Korea, "National Business Survey, August 30, 2024"

- **(DOMESTIC MARKET)** The domestic aviation industry's market size in 2023 was USD 8.19 billion (KRW 11.8 trillion), a 32% increase compared to the previous year.
- **(PRODUCTION)** The total production value in 2023 was USD 5.22 billion (KRW 7.5 trillion), a 19.1% increase compared to the previous year.
- **(IMPORTS)** The total import value in 2023 was USD 5.41 billion (KRW 7.8 trillion), a 53.2% increase compared to the previous year.
- **(EXPORTS)** The total export value in 2023 was USD 2.45 billion (KRW 3.5 trillion), a 43.1% increase compared to the previous year.

- Since the start of the aircraft export era in 2010, 137 complete aircraft have been exported to 7 countries (as of cumulative total).
- Exports of parts to overseas commercial aircraft manufacturers are increasing.

<Trends in Supply and Demand> (Unit: KRW 100 million, %)

Division		2019	2020		2021		2022		2023		2024	
		Figure	Figure	Yoy Growth Rate(%)	Figure	Yoy Growth Rate(%)	Figure	Yoy Growth Rate(%)	Figure	Yoy Growth Rate(%)	Figure	Yoy Growth Rate(%)
Supply	Domestic	57,996	47,859	-17.5	47,375	-1.0	63,410	33.8	75,509	19.1	76,743	1.6
	Imported	59,192	39,366	-33.5	38,762	-1.5	51,148	32.0	78,364	53.2	83,291	6.3
Total		**117,188**	**87,225**	**-25.6**	**86,137**	**-1.2**	**114,558**	**33.0**	**153,873**	**34.3**	**160,034**	**4.0**
Demand	Domestic	84,937	68,640	-19.2	68,257	-0.6	89,799	31.6	118,443	31.9	124,545	5.1
	Overseas	32,251	18,585	-42.4	17,880	-3.8	24,759	38.5	35,425	43.1	35,523	0.3

Note1) **Exchange Rate:** Based on the exchange rates from the Bank of Korea Economic Statistics System
Note 2) **Import:** Based on customs clearance (MTI), Purchase Price (P/P), and contract amount
Note 3) **Statistics before 2021:** Survey of major member companies by the Korean Aerospace Industries Association
Note 4) **Statistics for 2022-2023:** Complete survey of domestic aerospace manufacturing companies (400 companies)
Note 5) Past data revised and adjusted due to changes in the scope of survey (excluding space sector and in-house maintenance operations)

* Source: Korea Aerospace Industries Association,「Survey on the Status of the Aerospace Manufacturing Industry」

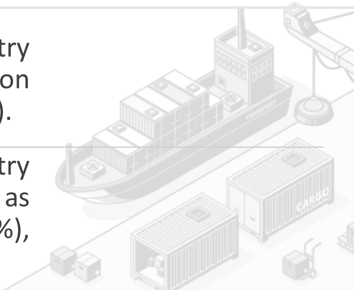
DOMESTIC SPACE INDUSTRY

(REVENUE SIZE) Since 2017, the revenue size of the domestic space industry has continuously increased, reaching KRW 3.2 trillion in 2023.

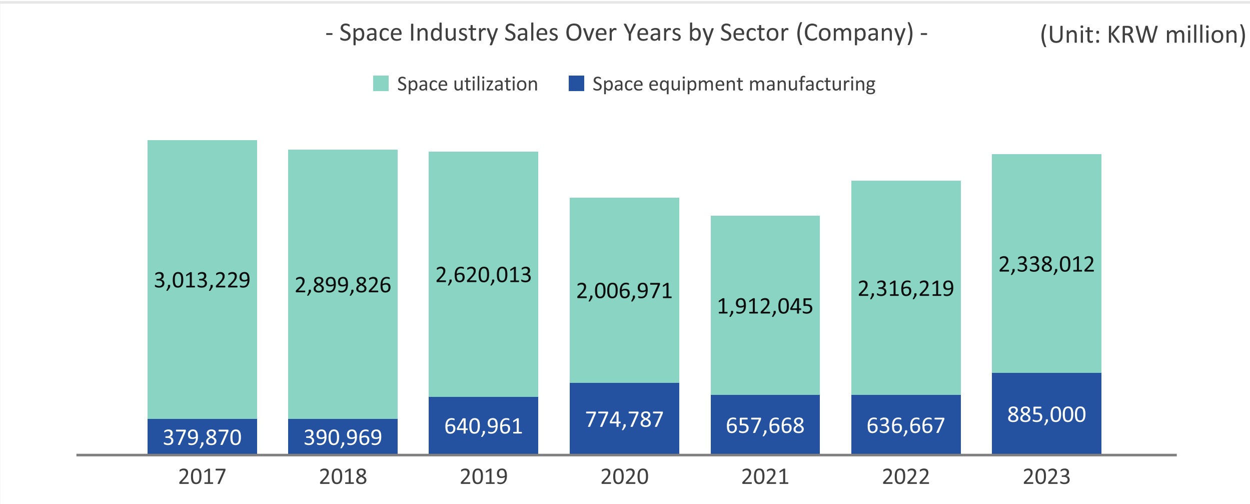
- Among the revenue composition of the domestic space industry, satellite utilization services and equipment (72.3%) make up the largest portion, followed by satellite body production (17.2%).
- The number of related companies and institutions in the domestic space sector has been steadily increasing since 2014, reaching 556 companies in 2023.

<Domestic Space Industry Revenue Size>

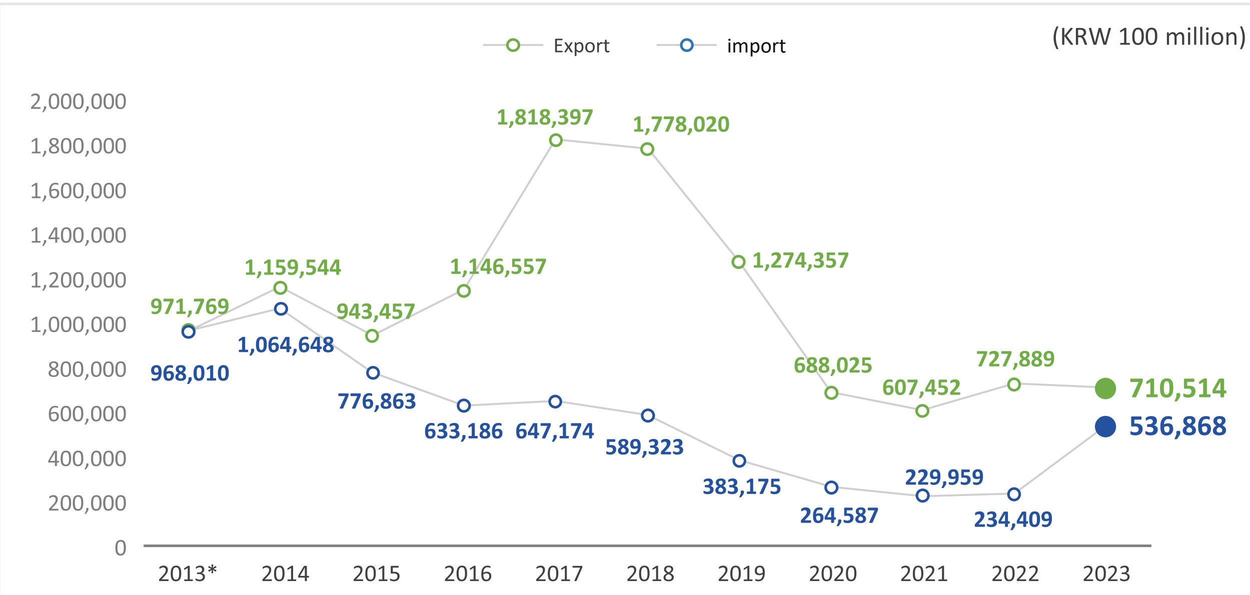
Exports	In 2023, the export value of South Korean space industry companies was USD 490 million, with satellite utilization services and equipment accounting for the majority (91.4%).
Imports	In 2023, the total import value for the Korean space industry was USD 370 million. By institution type, the breakdown is as follows: research institutions (51.7%), companies (48.2%), and universities (0.1%).



<Domestic Space Industry Export and Import Size (2013-2023)**>**



* Source: National Research Foundation of Korea/Korea Association for Space Technology Promotion「2024 Survey on the Status of the Space Industry」



* Source: National Research Foundation of Korea/Korea Association for Space Technology Promotion「2024 Survey on the Status of the Space Industry」

Investment Trends

- The aerospace industry is considered a promising sector in the medium- to long-term, linked with advanced technologies, and foreign investors continue to be attracted to the domestic market.
  - In 2024, foreign direct investment (FDI) in the aircraft and aviation parts sectors exceeded USD 35 million.

Investment Strengths

- As an IT powerhouse, South Korea also possesses excellent technology and infrastructure in the aerospace sector.
- South Korea is home to globally competitive aerospace companies like KAI and Hanwha Aerospace, and a manufacturing ecosystem has been established around these companies.
- The primary investment focus of domestic aviation industry companies is research and development, which accounted for more than 50% of total investment in 2023, suggesting sustained growth in aerospace technology.

<Trends in Domestic Aerospace Industry Investment>

(Unit: KRW 100 million)

Category	2019	2020	2021	2022	2023	2024(e)
R&D	1,849	2,709	2,589	3,229	3,581	3,397
Facility/Equipment	1,799	1,788	1,309	1,303	1,727	3,110
Land/Building	1,376	1,420	474	585	992	1,771
Others	287	273	215	191	294	327
Total	**5,310**	**6,190**	**4,587**	**5,308**	**6,594**	**8,604**

Note: This statistic includes only industrial companies (excluding research institutes, etc.)

* Source: Korea Aerospace Industries Association,「Industry Information DB」

Incentives/Regulatory Status

CASH SUPPORT

- In 2025, the support limit for foreign investment amounts will be temporarily increased by up to 75% (+10-25 percentage points), and the government contribution ratio for non-capital regions and Opportunity & Development Zones will be raised by 10 percentage points each.
  - The maximum cash support limit for the Advanced Strategic Technology R&D Centers will also be increased to 75% in 2025.

TAX

- The period for exemption from tariffs, special consumption tax, and VAT on capital goods imported for FDI purposes will be extended from 6 years to 7 years.

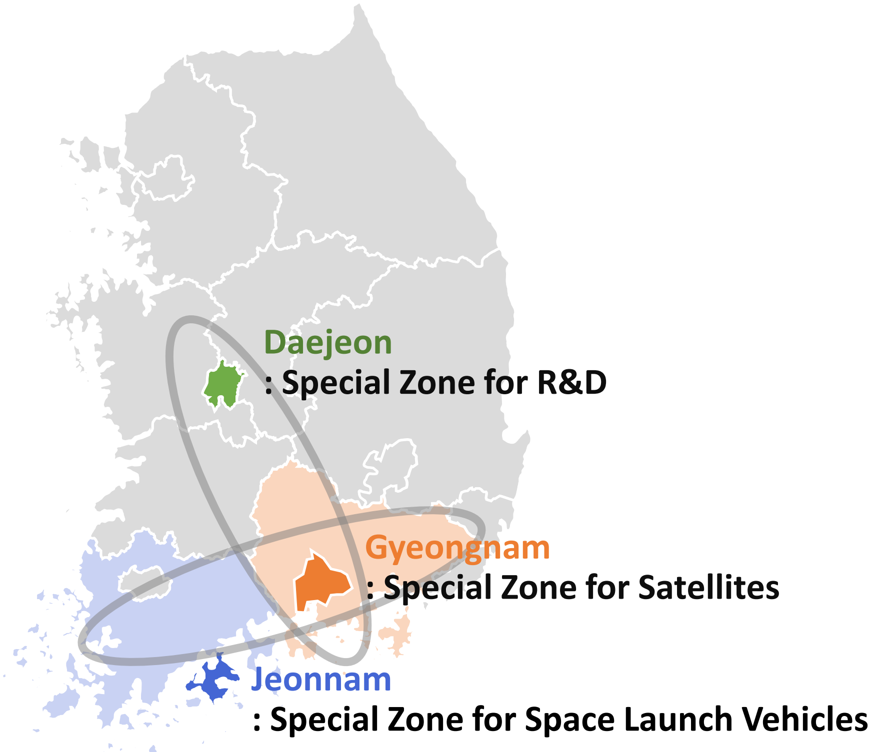
FINANCE

- Foreign-invested companies will receive lower loan interest rates and expanded loan limits (Export-Import Bank of Korea) to the same extent as reshoring companies.

Cluster Status

- The Korean government launched the "Space Industry Cluster Triangular System" in 2024 to foster the space industry, centered around Daejeon, Sacheon in Gyeongnam, and Goheung in Jeonnam.
  - Daejeon has been designated as a "Research and Talent Development Specialized Zone," Jeonnam as a "Launch Vehicle Specialized Zone," and Gyeongnam as a "Satellite Specialized Zone."
  - A total of KRW 380 billion will be invested over the next seven years, with the goal of developing these three cities into space-specialized cities by 2030.
  - The Korea Aerospace Agency was established in Sacheon, Gyeongnam, in 2024.

<Tripartite Space Industry Clusters>



Jeonnam: Space Launch Vehicle Specialization Zone	• **Home to the only "Naro Space Center" in the country** • **Optimal conditions for fostering the space launch vehicle industry** Development of specialized industrial complexes, establishment of key infrastructure such as private launch pads, and promotion of a space vehicle technology commercialization center.
Daejeon: Research and Development Specialization Zone	• **Concentration of key research institutions, educational institutions, and companies in the space sector** • **Possesses top-level research and development expertise and infra-structure in the country** Focus on leading future research and development and nurturing talented researchers.
Gyeongnam: Satellite Specialization Zone	• **Concentration of comprehensive and related companies to serve as the core of the satellite industry** • **Possesses excellent manufacturing innovation capabilities** Development of specialized industrial complexes, expansion of space environment testing facilities, and promotion of the establishment of a satellite manufacturing innovation center.

* Source: “Gyeongnam National Aerospace Industrial Complex Brochure” by LH

Industry Development Policies

- The government implemented the 3rd Basic Aviation Policy Plan (2020-2024) and, as of March 2025, is preparing to announce the 4th Basic Aviation Policy Plan (2025-2029).
  - Under the vision of becoming a "Global Leader in Future Aviation," the 3rd plan promoted five strategic goals, including the creation of an aviation industry ecosystem that links both upstream and downstream sectors.

Key Examples

- Example of U.S. Investment - Boeing
  - Boeing, the world's largest aircraft manufacturer and defense contractor, founded in 1916, opened its seventh global R&D center in Seoul in 2019, following centers in Europe, Australia, Brazil, Russia, and India. The R&D center focuses on developing future aviation technologies such as smart cabins, next-generation avionics, advanced manufacturing and smart factories, autonomous flight, and artificial intelligence, while also creating opportunities for collaboration with promising Korean companies, such as the 2023 "Boeing Tech Day" startup open innovation event.