Government Policy Trends

National Strategy to Foster High-Tech Industry: Semiconductor

The South Korean Government plans to make a quantum leap toward developing a state-of-the-art semiconductor cluster through an investment worth KRW 340 trillion by 2026.

1. The world’s largest semiconductor mega-cluster will be established.

- A cutting-edge logic semiconductor cluster worth KRW 300 trillion will be built by 2042. (National Industrial Complex)
- The fabless valley (Pangyo), existing manufacturing complexes (Giheung, Hwaseon, Pyeongtaek, Yongin), national industrial complexes (Yongin) will be connected.
  
  Semiconductor mega-cluster → Integration of foundry, memory chip, fabless, and materials, parts, & equipment
- Up to 150 domestic and foreign companies which are spearheading the fabless and materials, parts, & equipment industries will be located at the cluster, along with an excellent talent pool.

2. Core technologies of next-generation semiconductor will be substantially developed.

- A KRW 3.2 trillion fund will be provided in R&D for three promising semiconductor areas: electricity, vehicles, and AI.
- Financial support (KRW 5-8 billion per case) will be granted to projects for matching supply and demand between fabless companies and large companies on the condition of purchase.

3. The ground for growth in the semiconductor industry, including taxation, finance, and human resources will be fortified.

- 150,000 local talents with bachelor’s or master’s degrees will be nurtured by 2031.
- Tax credit in CapEx will be expanded and financial support (2023, KRW 100 billion) in infrastructure will be provided.

4. The overall ecosystem of the semiconductor industry that covers design, fabrication, and packaging will be upgraded.

- 10 fabless companies with sales worth KRW 1 trillion by 2035 will be fostered, upon support provided for promising sectors (electricity, AI, etc.)
- Semiconductor manufacturing capacity will be enhanced by intensifying cooperation among design house, IP, and foundry.
- KRW 24 trillion will be invested in establishing a hub of semiconductor packaging to drive advanced packaging technologies.

5. Support to encourage technological cooperation with foreign countries and exports will be provided in order to respond to reshaping supply chains.

- Technological cooperation that bridges the strengths in manufacturing of Korea and the United States in the areas of design and materials, parts, & equipment will be expanded.
- With new collaboration centers built in the US (Texas, Silicon Valley), various types of support including the matching of supply and demand, verification, and marketing will be provided.