

**Embargo:**

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## A 50 TRILLION KRW HIGH-TECH STRATEGIC INDUSTRY FUND TO BE ESTABLISHED

On March 5<sup>th</sup> (Wednesday), the government finalized and announced the “Plan for Establishing a High-Tech Strategic Industry Fund (tentative name) to Enhance Future Industrial Competitiveness” during a Ministerial Meeting on National Affairs, Ministerial Meeting on Economic Affairs and Ministerial Meeting on Strengthening Industrial Competitiveness, chaired by Acting President and Deputy Prime Minister Choi Sang-mok.

\* *Participants:*

*(Government)* Acting President and Deputy Prime Minister (Chair) alongside Ministers and Vice Ministers of government agencies including the Ministry of the Interior and Safety, Ministry of Agriculture, Food and Rural Affairs, Ministry of Trade, Industry and Energy, Ministry of Environment, Ministry of Land, Infrastructure and Transport, Ministry of Oceans and Fisheries, Ministry of SMEs and Startups, Office for Government Policy Coordination Prime Minister’s Secretariat, Financial Services Commission, and the Rural Development Administration, Senior Secretary to the President for Science and Technology, and Vice Chairman of the National Bio Committee.

*(Private Sector)* Chairman of the Korea Development Bank, President of the Korea Pharmaceutical and Bio-Pharma Manufacturers Association, Chief Coordinator of the Federation of Middle Market Enterprises of Korea

With growing external uncertainties following the inauguration of the new U.S. administration, high-tech strategic industries have emerged as a key pillar of national economic security. In response, major countries are engaging in an intense global race to gain the upper hand in these industries. Under these circumstances, the government has devised a plan to establish a fund to support and strengthen the competitiveness of high-tech strategic industries.

The fund, with a scale of 50 trillion KRW, will be established in the Korea Development Bank (KDB). It aims to provide broad support across high-tech strategic industries, including semiconductors, secondary batteries, biotechnology, artificial intelligence, and robotics, as well as other industries essential to the nation’s future strategy and economic security. In addition, the fund will offer support not only to large corporations but also to mid-sized and small enterprises that form the broader ecosystem of high-tech strategic industries.

- ✓ *Industries classified as high-tech strategic industries under the Act on Special Measures for Strengthening the Competitiveness of, and Protecting National High-tech Strategic Industries*
- ✓ *Industries possessing national strategic technologies under the Act on Restriction on Special Cases Concerning Taxation*
- ✓ *Other industries essential for future strategy and economic security, as designated by Presidential Decree*

The support methods will also be differentiated from the existing programs and approaches. The fund will enable intensive investment in extra-long-term infrastructure and technology development, which financial institutions have not sufficiently carried out in the past; various support measures tailored to

corporate needs will be taken, including ultra-low-interest loans around treasury bond rates and equity investments through the establishment of special purpose companies (SPCs).

*e.g. When establishing large-scale process facilities such as a fab (fabrication plant), an SPC is established with the supported enterprise, and the fund (or a fund invested by the fund) holds a certain level of equity (with a principle of non-exercise of voting rights).*

The fund will be financed through the issuance of government-guaranteed high-tech strategic industry fund bonds. The operating expenses of the fund, including administrative costs and interest payments, will be covered by contributions from the KDB's own resources.

Based on this "Plan for Establishing a High-Tech Strategic Industry Fund to Enhance Future Industrial Competitiveness", the government will swiftly prepare drafts of amendments to the Korea Development Bank Act and the National Guarantee Agreement for High-Tech Strategic Industry Fund Bonds, and submit them to the National Assembly in March. Furthermore, once the legislative amendments and related procedures are completed, the government plans to launch the fund without delay to provide prompt support for high-tech strategic industries.