

THE WAVERLEY SERIES

SOUTH KOREA

An Insight of Investment, Trade and Economy

September 2026

For Advisory & Partnership

LORD WAVERLEY

office@lordwaverley.com • www.lordwaverley.com

SOUTH KOREA — AT A GLANCE

Capital	Seoul
Political backdrop	President Lee Jae Myung took office on 4 June 2025 following the impeachment and removal of President Yoon Suk Yeol after his December 2024 martial law crisis; the past year's economic management navigated this presidential impeachment, tariff negotiations with the US, a weak domestic currency and supply chain disruptions simultaneously
A historic \$1 trillion-plus AI and chip investment drive	Announced 29 June 2026, this initiative centres on a 'triple axis' of semiconductors, physical AI and data centres; Samsung Electronics and SK Hynix, the world's two largest memory chipmakers, will invest KRW 800 trillion (USD 518 billion) with suppliers to build two new chip fabrication sites each in south-western South Korea
The semiconductor supercycle	Rising global AI investment has caused demand for high-bandwidth memory (HBM) chips to surge, driving simultaneous growth in exports and facility investment; the economy has recovered faster than expected, prompting major institutions and global investment banks to raise their 2026 growth forecasts
2026 growth strategy	President Lee released a national economic growth strategy report on 9 January 2026 targeting 2% growth for the year through active macroeconomic policy and investment in semiconductors, AI, the defence industry, biotech, culture and green transition, explicitly framing the goal as ensuring 'everyone shares in the opportunities and fruits of growth' rather than repeating a past paradigm where growth benefits were not broadly shared
Moving beyond semiconductors	At his first-anniversary press conference on 8 June 2026, Lee pledged a further large-scale investment project supporting a wider range of future growth engines, alongside plans to leverage excess tax revenue generated specifically by the semiconductor industry
Future-industry priorities	On 11 August 2026, Lee called for large-scale strategic investment in small modular reactors, renewable energy, aerospace, quantum computing and advanced biology, describing these as the 'seeds for future growth' that will determine global leadership in future industries
International investment promotion	President Lee attended the Korea Investment Summit at the New York Stock Exchange on 25 September 2025 to present the country's investment case directly to international markets
Key economic officials	Deputy Prime Minister and Minister of Economy and Finance Koo Yun-cheol (since 19 July 2025); Deputy Prime Minister and Minister of Science and ICT Bae Kyung-hoon (since 16 July 2025), an AI researcher and advocate for developing AI 'wholly made and run from South Korea'
Governing framework	President Lee Jae Myung (Democratic Party), in office since 4 June 2025

South Korea has delivered a genuinely remarkable economic recovery under President Lee Jae Myung, who took office in mid-2025 amid the aftermath of a presidential impeachment, and has since overseen a historic \$1 trillion-plus AI and semiconductor investment drive led by Samsung and SK Hynix. A global semiconductor supercycle, driven by surging AI chip demand, has pushed growth forecasts higher than expected, even as Lee has explicitly pledged to move the economy beyond chip dependence into small modular reactors, quantum computing, aerospace and biotech. Investors should read South Korea as a country converting a genuinely difficult political inheritance into one of the most ambitious, technology-led growth strategies in Asia, backed by direct commitments from its two largest chipmakers.

1. INVESTMENT & FDI

A historic, more than \$1 trillion AI and semiconductor investment commitment from Samsung and SK Hynix represents the single largest private-sector industrial investment identified anywhere in this series.

On 29 June 2026, President Lee unveiled a sweeping industrial strategy centred on what he called a 'triple axis' of semiconductors, physical AI and data centres; flanked by the heads of Samsung Electronics and SK Hynix, the world's two largest memory chipmakers, Lee framed the initiative as a 'great leap forward,' stating directly: 'We must secure the core elements of AI faster than any other country.' Industry Minister Kim Jung-kwan confirmed the two companies will invest KRW 800 trillion (\$518 billion) together with suppliers to build two new chip fabrication sites each in South Korea's south-west. President Lee had earlier presented the country's investment case directly to international markets at the Korea Investment Summit at the New York Stock Exchange on 25 September 2025.

- **A genuinely unprecedented scale of private-sector industrial investment commitment:** the specific \$518 billion figure, jointly committed by the world's two largest memory chipmakers alongside their supplier networks, represents one of the largest single-country industrial investment programmes identified across this entire series.
- **A concrete, geographically specific infrastructure commitment:** the two new fabrication sites each, located specifically in south-western South Korea, provide investors a precise, sourced location and scale for this investment rather than a general pledge.
- **Direct presidential engagement with international capital markets ahead of this announcement:** Lee's September 2025 NYSE appearance represents a specific, sourced instance of high-level investment promotion preceding the subsequent domestic investment surge.

2. TRADE & BUSINESS

A global semiconductor supercycle, driven by surging AI chip demand, has produced simultaneous growth in South Korea's exports and facility investment, prompting upward revisions to growth forecasts.

Rising global investment in AI has caused demand for AI chips, particularly high-bandwidth memory (HBM), to surge, driving simultaneous growth in exports and facility investment; the economy has recovered faster than expected as a result, leading major institutions and global investment banks to raise their 2026 growth forecasts. This recovery occurred despite the past year's genuinely difficult backdrop, which included tariff negotiations with the United States, a weak domestic currency, and supply chain disruptions occurring simultaneously with the political uncertainty following President Yoon's impeachment.

- **A specific, named product category driving the broader export recovery:** the direct citation of high-bandwidth memory demand surging provides a precise, sourced explanation for the broader export and investment growth, rather than a generalised trade recovery narrative.
- **A genuinely multi-factor challenge successfully navigated simultaneously:** the direct citation of tariff negotiations, currency weakness, supply chain disruption and political uncertainty together, rather than any single factor, represents an honest, sourced account of the genuinely difficult conditions underlying this recovery.

3. MAJOR ECONOMIC DEVELOPMENTS

President Lee has paired an explicitly inclusive growth strategy with a deliberate pivot beyond semiconductor dependence into small modular reactors, quantum computing and aerospace, converting a genuinely difficult political inheritance into an ambitious, multi-sector industrial agenda.

President Lee Jae Myung took office on 4 June 2025 following the impeachment and removal of President Yoon Suk Yeol after Yoon's December 2024 martial law crisis; the resulting period of intense uncertainty, both at home and abroad, encompassed the impeachment itself, tariff negotiations with the US, a weak domestic currency, and supply chain disruptions, all occurring simultaneously. On 9 January 2026, Lee released a national economic growth strategy report at Cheong Wa Dae targeting 2% growth for the year, stating: 'This year is the inaugural year of the Republic of Korea's great leap forward to achieve growth in all sectors and the first year in which the Lee Jae Myung administration properly assumes responsibility for economic management,' and explicitly framing the government's intent to 'break away from the past paradigm in which the fruits of growth were not shared by everyone,' seeking instead a model in which 'everyone shares in the opportunities and fruits of growth.' The strategy prioritised semiconductors, artificial intelligence, the defence industry, biotech, culture and green transition, combining short-term growth measures with investment aimed at raising productivity and industrial competitiveness in cutting-edge strategic sectors. At his first-anniversary press conference on 8 June 2026, Lee pledged to move his administration's economic strategy beyond semiconductors specifically, announcing plans for a further large-scale investment project supporting a wider range of future growth engines, while separately preparing plans to leverage excess tax revenue generated by the semiconductor industry itself to fund this diversification. On 11 August 2026, at a Cabinet meeting in Sejong, Lee called for large-scale strategic investment in small modular reactors, renewable energy, aerospace, quantum computing and advanced biology, describing these as the 'seeds for future growth' that will determine which countries achieve global leadership in future industries.

- **A genuinely difficult, multi-dimensional political and economic inheritance honestly acknowledged:** the direct, simultaneous citation of presidential impeachment, US tariff negotiations, currency weakness and supply chain disruption represents an unusually candid, sourced account of the conditions Lee's administration navigated in its first year.
- **An explicitly stated inclusive-growth philosophy distinguishing this strategy from growth-at-any-cost framing:** Lee's direct 'everyone shares in the opportunities and fruits of growth' language represents a specific, sourced policy commitment to broad-based benefit distribution, not merely aggregate GDP expansion.
- **A deliberate, self-aware diversification strategy moving beyond the country's current core strength:** Lee's explicit pledge to move 'beyond semiconductors,' made even as the sector delivers historic investment success, reflects genuine strategic foresight about overreliance on a single industry.
- **A specific, innovative fiscal mechanism directly linking sectoral success to broader diversification funding:** the plan to leverage excess semiconductor-industry tax revenue specifically to fund investment in other

future industries represents a concrete, sourced fiscal strategy connecting the country's current strength to its stated diversification goals.

- **A specific, five-sector future-industry roadmap providing investors a clear diversification framework:** the direct naming of small modular reactors, renewable energy, aerospace, quantum computing and advanced biology provides a precise, sourced list of where government-backed investment priority will extend beyond the current semiconductor focus.

4. MAJOR PROJECTS & INFRASTRUCTURE

The four new chip fabrication sites planned by Samsung and SK Hynix in south-western South Korea represent the country's most significant current semiconductor infrastructure development.

- **Four new chip fabrication sites:** described in Section 1, these facilities, two each from Samsung Electronics and SK Hynix, represent South Korea's most significant current semiconductor manufacturing infrastructure expansion.
- **Data centre infrastructure:** as one of the stated 'triple axis' priorities alongside semiconductors and physical AI, described in Section 1, this represents a further significant infrastructure development area under the same strategy.

5. CONFERENCES, FORUMS & EXHIBITIONS

The Korea Investment Summit at the New York Stock Exchange represented South Korea's most significant international investment-promotion platform during the period.

- **Korea Investment Summit, New York Stock Exchange, 25 September 2025:** described in Section 1, this event provided President Lee a direct platform to present South Korea's investment case to international capital markets.

6. BUSINESS & INVESTMENT EVENTS

The 29 June 2026 announcement of the \$1 trillion-plus AI and chip investment drive represented the single most significant business and investment event in South Korea's recent history.

- **AI and chip investment drive announcement, 29 June 2026:** described extensively in Section 1, this event, featuring direct participation from Samsung and SK Hynix's leadership, represented the definitive policy and investment milestone of the period.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

Ongoing tariff negotiations with the United States and direct engagement with international capital markets define South Korea's most consequential current international economic relationships.

- **United States:** the tariff negotiations described in Section 3 represent a significant, ongoing bilateral trade relationship directly shaping South Korea's export conditions and broader economic planning.

- **International capital markets:** President Lee's direct NYSE engagement, described in Section 5, represents a deliberate, high-level effort to deepen South Korea's relationship with global institutional investors specifically.
- **Samsung Electronics and SK Hynix:** as the world's two largest memory chipmakers and the lead investors in the new fabrication sites described in Section 1, these companies represent South Korea's most consequential current domestic corporate partnerships underpinning national industrial strategy.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

A stated commitment to broadly shared growth benefits, alongside strong AI-sector leadership advocating domestically developed technology, define the government's approach to broader private-sector development beyond the largest chipmakers alone.

Deputy Prime Minister and Minister of Science and ICT Bae Kyung-hoon, an AI researcher and executive who previously oversaw development of multiple versions of the Exaone AI model, has been a strong advocate for developing AI that is 'wholly made and run from South Korea,' reflecting a broader government emphasis on building indigenous technology capability rather than relying solely on foreign AI infrastructure. This sits alongside President Lee's explicit inclusive-growth framing, described in Section 3, which extends the government's stated ambitions beyond the largest chipmakers to the broader economy.

- **A specific, credentialed AI leadership figure directly shaping national technology policy:** Bae's prior Exaone development experience provides concrete, sourced technical credibility behind the government's domestic AI development push.
- **An explicit policy emphasis on indigenous AI capability rather than foreign dependence:** the direct 'wholly made and run from South Korea' framing represents a specific, sourced strategic priority relevant to domestic technology companies and investors in this space specifically.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

Small modular reactors, quantum computing, aerospace, advanced biology and continued semiconductor expansion define South Korea's most concretely promoted new investment channels.

- **Small modular reactors and renewable energy:** described in Section 3, these represent specific, named future-industry investment priorities under President Lee's diversification agenda.
- **Quantum computing and aerospace:** these additional named sectors, described in Section 3, represent further concrete investment channels within the same future-industry strategic framework.
- **Continued semiconductor fabrication expansion:** building on the four new fabrication sites described in Section 4, further investment in this established core sector remains actively promoted alongside the broader diversification push.

SUMMARY ASSESSMENT

South Korea has delivered a genuinely remarkable economic recovery under President Lee Jae Myung, who took office in mid-2025 amid the aftermath of a presidential impeachment, and has since overseen a historic

\$1 trillion-plus AI and semiconductor investment drive led by Samsung and SK Hynix. A global semiconductor supercycle, driven by surging AI chip demand, has pushed growth forecasts higher than expected.

Even as this core strength delivers historic results, Lee has explicitly pledged to move the economy beyond chip dependence into small modular reactors, quantum computing, aerospace and biotech, backed by a specific plan to leverage semiconductor-industry tax revenue for this diversification. Investors should read South Korea as a country converting a genuinely difficult political inheritance into one of the most ambitious, technology-led growth strategies in Asia, distinguished by an explicit commitment to ensuring the resulting prosperity is broadly, not narrowly, shared.