

# **Korea's Dynamism**

**Openness, Competition and Flexibility**

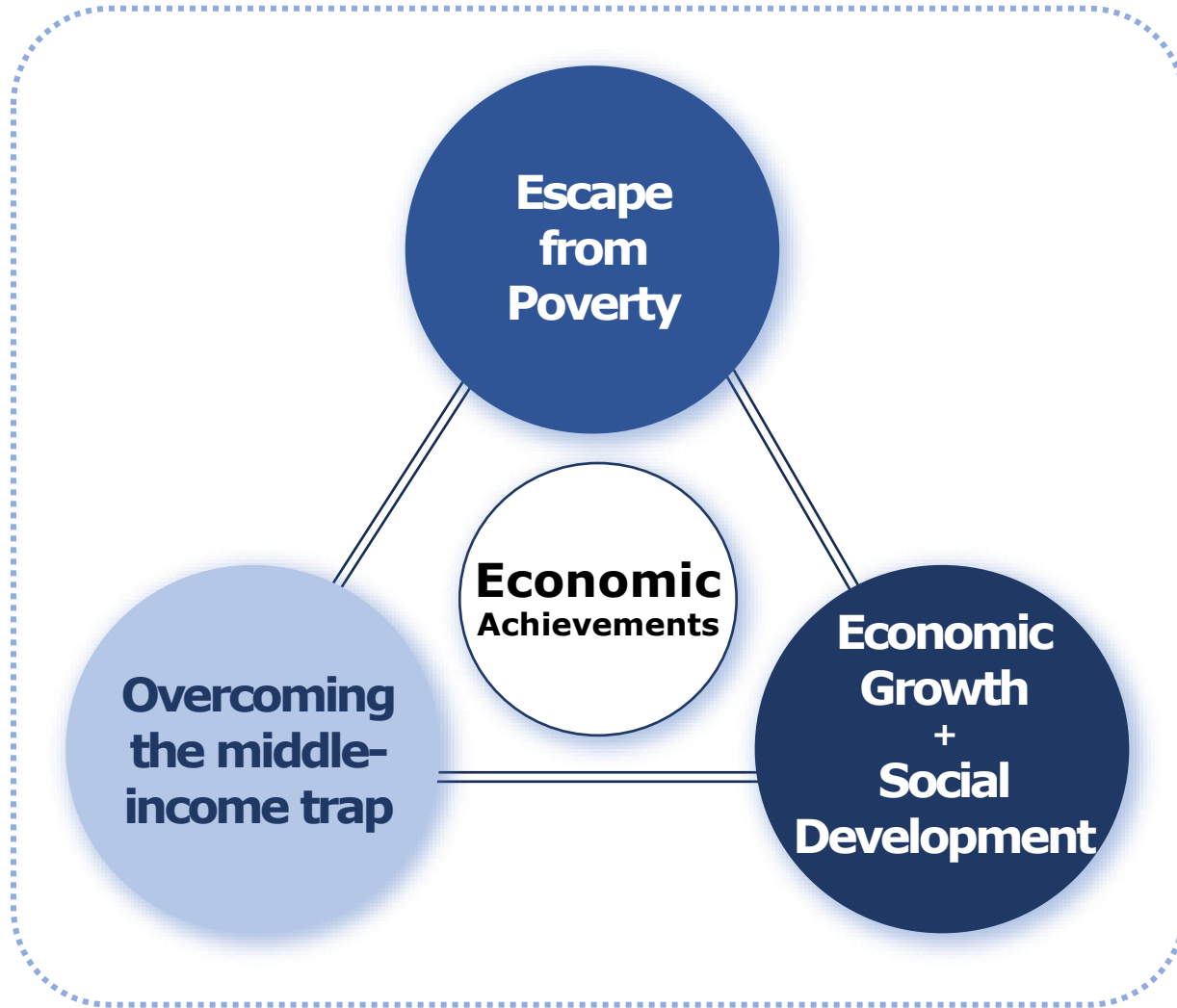
**2024. 9.**

**Executive Director of KDI GKED Center**

**KANG, Dongsoo**



# Economic Development of Korea



Transforming  
from a low-income country  
to a high-income country  
in a short period of time



Future Challenges

**Enhancing resilience  
and sustainability  
to global environmental  
changes**

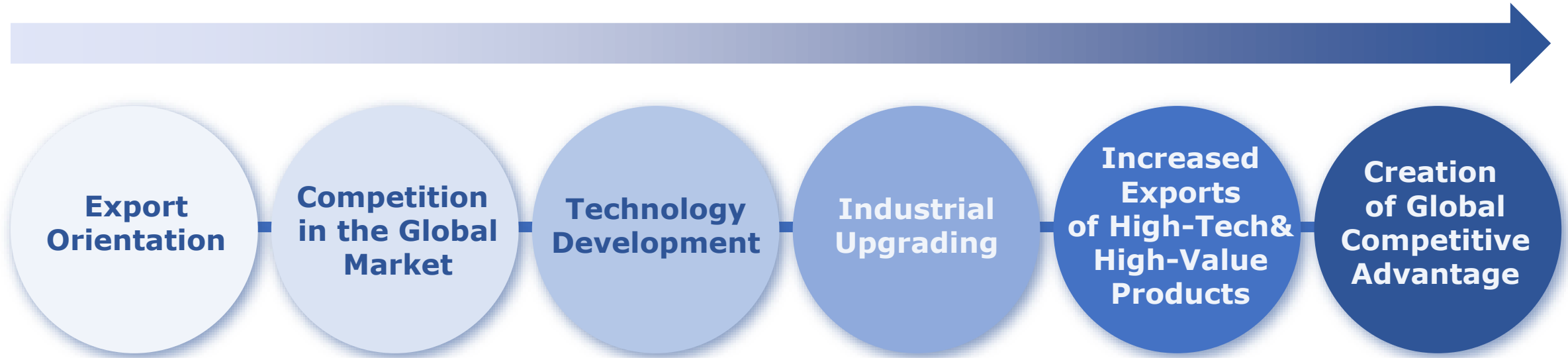
# Overview of Korea's Economic Development



# Drivers of Korea's Economic Development



# Korea's Growth Journey



# Enterprises' Strategy

## Localization

- **LG Electronics:** Goldstar Radio A-501 (1959)
- **Hyundai Motor:** Pony (1976), Alpha Engine (1991)
- **Samsung Electronics:** SH-100S (1988)

## Globalization





- **Hyundai Heavy Industries:** Atlantic Baron (1974)
- **Hyundai Motor:** Achieved global 'Top 3' status through quality and premiumization
- **LG Electronics, Samsung Electronics:** Home appliances, semiconductors
- **Entertainment:** H.O.T. → BoA → Wonder Girls → PSY → BTS

## Future-Oriented Development

- **Hyundai Motor:** Electric Vehicle (1986), Hydrogen Vehicle (1998)
- **LG Chem:** Secondary Battery (1992)
- **SK:** Transition from Textiles → Petrochemicals → Telecommunications → Semiconductors → 'BBC' (Battery, Bio, and Chips)

# Role of Enterprises

**Korean companies have swiftly adapted to changing environments, boosting their global competitiveness.**

	<b>Early Stage</b> Domestic Production to Technology Catch-up	<b>Growth Stage</b> Globalization to Market Expansion	<b>Leading Stage</b> Business Model Innovation
 <p>LG Electronics LG Electronics</p>	An epitome of the term 'Korea's first'	"Trust LG for home appliances"	From Home Appliances to Automotive Electronics
 <p>HYUNDAI MOTOR GROUP Hyundai Motor Group</p>	Korea's First Domestic Car Model, Pony	'Global Top 3' through international expansion and premiumization	SDV and the Future of Mobility
 <p>SAMSUNG Samsung Electronics</p>	TV, Semiconductor, and Mobile Phone Triumphs	Apple's Competitor & Memory Chip Leader	Challenges in Automotive Electronics and Foundry.
 <p>posco POSCO</p>	Challenges to produce first iron at Pohang furnace	Global expansion with premium facilities	Transitioning to a Renewable Energy and Eco-Friendly Company

**“We must invest boldly in the future with conviction and courage.”**

-Koo Bon-moo, Former Chairman of LG Group-

## Automotive Battery



- 1992: LG Chem identifies EV batteries as growth driver
- 2000: US R&D subsidiary launched; initial doubts persist
- 2009: LG Chem chosen as battery supplier for GM's Volt
- 2022: Becomes global leader in market share (ex-China)

## Inverter DD Motor



- First produced in 1988, exceeding 100 million units in cumulative production as of 2023
- Significantly minimized vibration and energy consumption
- Applied in various appliances and electric vehicles
- Global leadership via inverter technology in home appliances

“Quality stands as our pride and the very essence of our company’s existence.”

–Mong-Koo Chung, Honorary Chairman of Hyundai Motor Group–

## Localization

- ✓ Developed Korea’s first original model, the ‘Pony’ (1974)
- ✓ Developed ‘Alpha engine’ using purely domestic technology (1991)

## Global Expansion

- ✓ Export overseas, starting with Ecuador (1976)
- ✓ Launched ‘Sonata’ for export markets (1988)
- ✓ Entered Chinese market, pioneered new regions

## Industry Restructuring

- ✓ Acquired Kia, birthing Hyundai Motor Group (2000)

## Brand Elevation

- ✓ Launched luxury brand, ‘Genesis’ (2015)
- ✓ Surpassed one million units in cumulative global sales (2023)

## Sustainability

- ✓ Launched first mass-produced hydrogen vehicle (2013)
- ✓ Unveiled ‘IONIQ 5’ autonomous EV (2021)

## Future Mobility

- ✓ Developing Purpose Built Vehicles (PBV)
- ✓ Advancing Air Mobility (AAM)
- ✓ Acquired Boston Dynamics
- ✓ Implemented Software Defined Vehicle (SDV) (2023)

“At this juncture, our national imperative is developing semiconductors, which are the ‘rice of industry’ and the core of industrial innovation that will pioneer the 21st century.”

-Lee Byung-chull, Founding Chairman of Samsung Group-



- Acquired 50% stake of struggling Korea Semiconductor (1974)
- Saw the future growth potential of the semiconductor industry
- Completed acquisition of Korea Semiconductor (1977)

## Leader in Memory Semiconductors

- ☑ Developed 64K DRAM independently, world's third (1983)
- ☑ Achieved global #1 in memory with 64M DRAM (1993)

## Chicken game in the semiconductor market

- ☑ Japanese firms increased production for market share (early 2010s)
- ☑ Samsung countered with investments and production boost
- ☑ Samsung, SK, Micron account for 95% of global memory market (2023)

## Challenge in System Semiconductors

- ☑ Market 3x larger than memory semiconductors
- ☑ Growing demand from AI, autonomous driving, IoT
- ☑ Aiming for global #1 by 2030 through R&D and expanding facilities

**“Resources are limited, but creativity is infinite.”**

-POSCO's Slogan-

## Transition to a Sustainable Business Structure

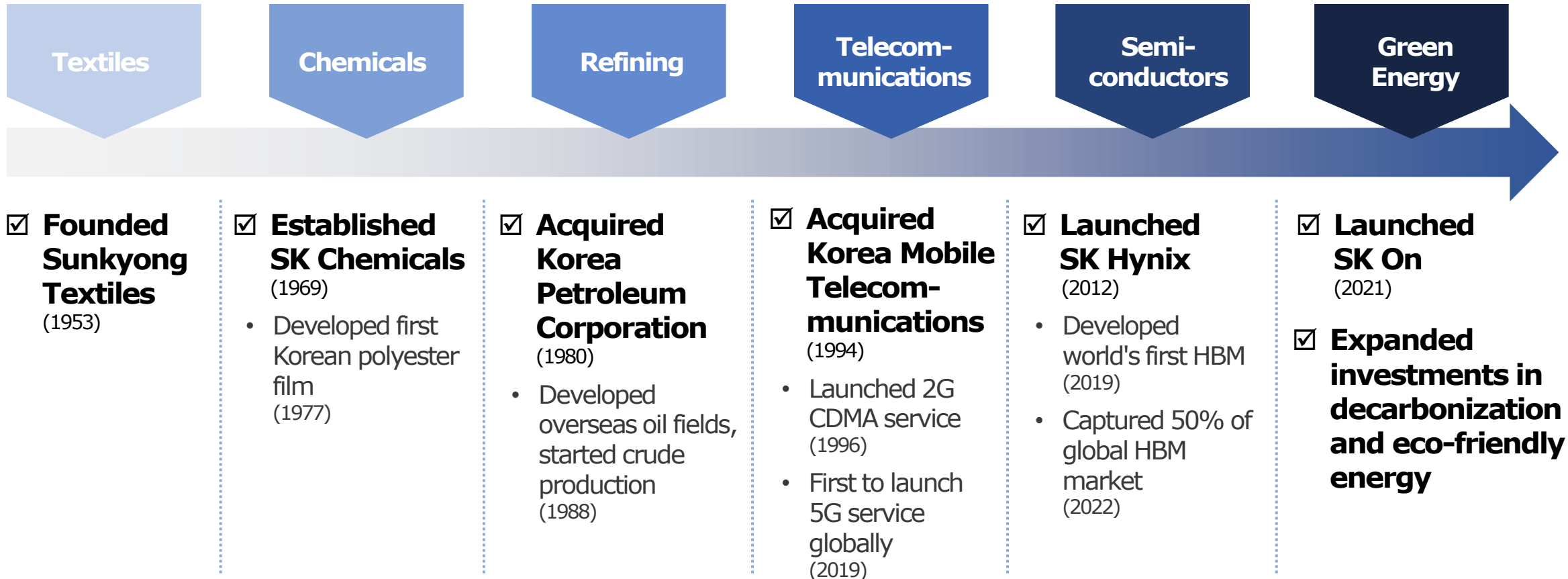


- World's most competitive steelmaker for 14 years (WSD, 2010–2023)
- Evolving to future-oriented company for carbon-neutral era
- Positioning energy and materials as strategic eco-friendly businesses
- Investing in secondary battery materials (lithium, nickel, cathode, anode)



- Establishing value chain from battery resources to components
- Constructing high-purity nickel and precursor production facilities
- Only domestic producer of both cathode and anode materials
- Opened Hydrogen Reduction Steelmaking (HyREX) Development Center

“If you understand the flow of water, you can find your way through the whirlpool. In business management, understanding the flow of the economy is essential to navigating through crises.”  
- Chey Jong-gun, Founding Chairman of SK Group-



# Development of the Cultural Content

## CJ Group

- ✓ **From Sugar to Media Production**  
Invested in DreamWorks, founded by Spielberg (1995)
- ✓ **Investment Preceding Demand**  
Opened first multiplex 'CGV Gangbyeon 11'
- ✓ **Produced Korean Blockbusters**  
JSA, Memories of Murder, Silmido, etc.
- ✓ **Exported Innovative Content**  
Grandpas Over Flowers, I Can See Your Voice, etc.

## SM Entertainment

- ✓ **Incorporated in 1995**  
"Fulfill public needs half a step ahead"
- ✓ **Established Talent Discovery and Training System**
- ✓ **Globalization Strategy**  
Proposed pan-Asian star production to compete with U.S. and Europe
- ✓ **Implemented 'Culture Technology (CT)'**  
(Casting, Training, Producing, Marketing)
- ✓ **Introduced A&R System (Artists & Repertoire)**



# Challenges for Korean Enterprises



.....→ **Digital Transformation**

- Societal changes driven by business and operational innovations

.....→ **Demographic Changes**

- Declining working-age population due to low birth rates and aging
- Focus on population structure and change pace, not absolute size

.....→ **Climate Change**

- Crisis sparks increased international cooperation
- Evolving from cooperation to potential trade barrier

# Digital Transformation

## Definition

### Digitization



- Converting analog information to digital format

### Digitalization

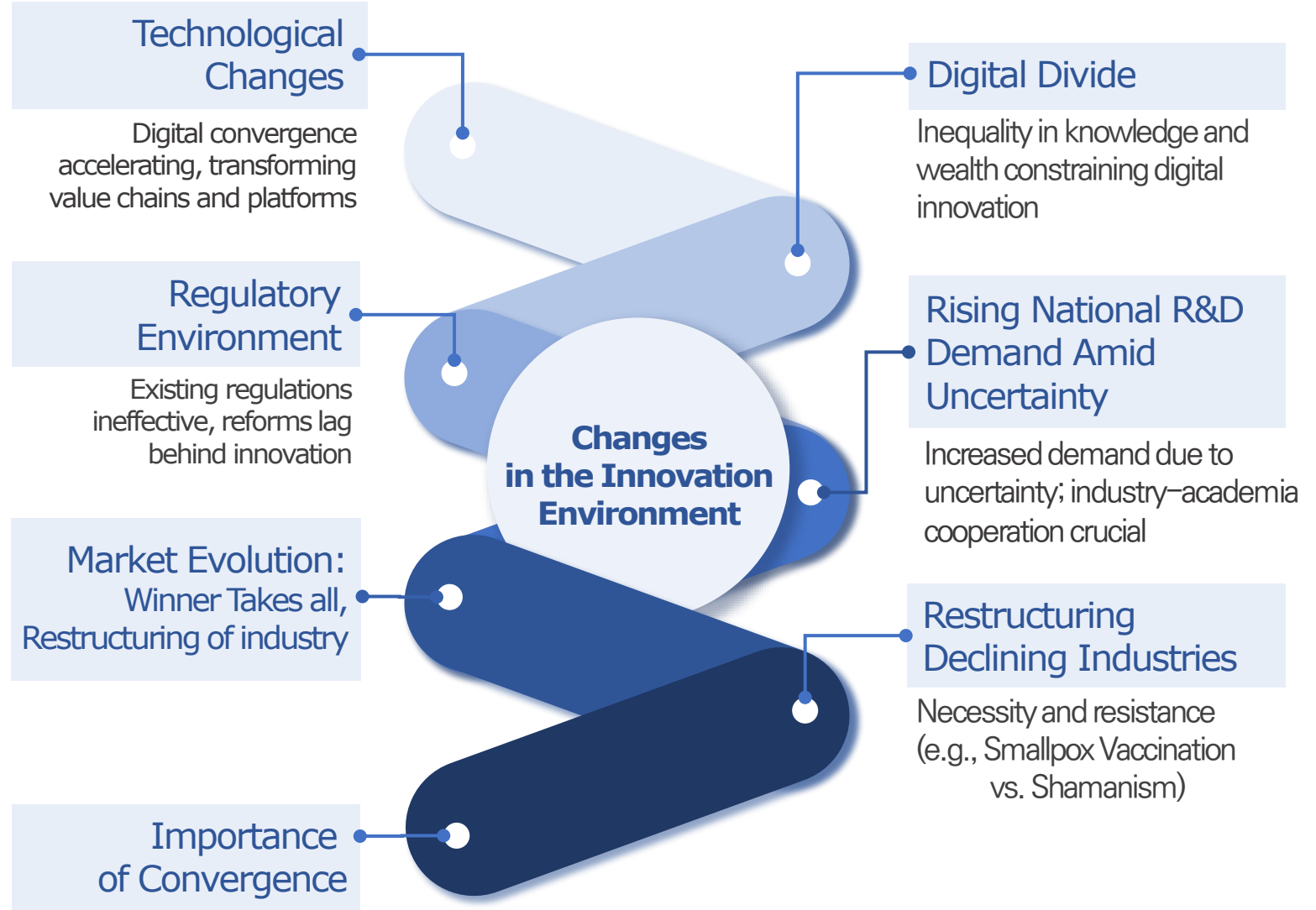


- Optimizing business models with digital tech
- Creating new revenue streams and value

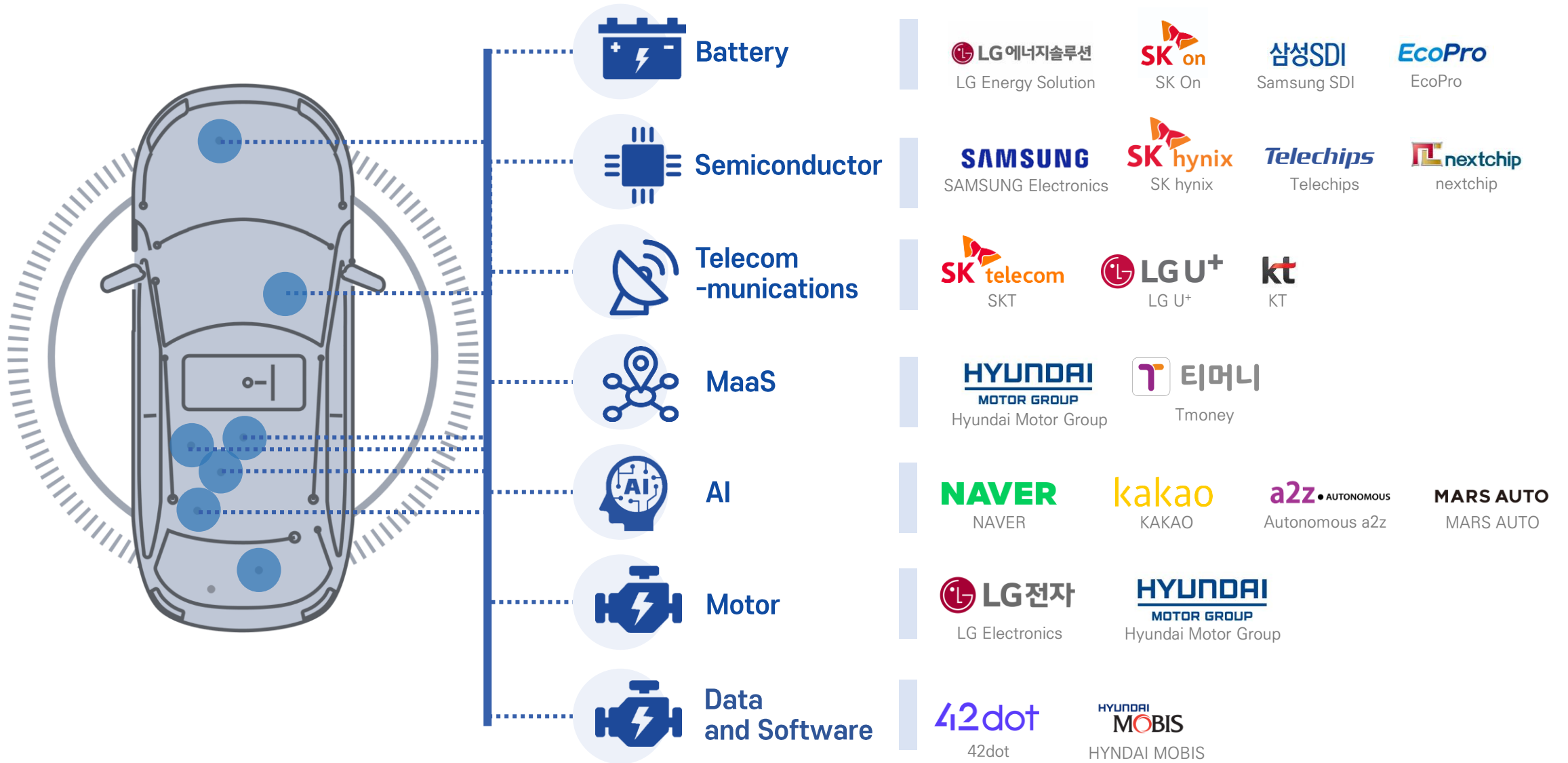
### Digital Transformation



- Innovating business and operations through digitalization, driving societal changes



# IT-based Converged New Industries



**The only constant is change.**

**- Heraclitus -**

**Thank you!**

