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A stylized illustration featuring a large computer monitor as the central element. The monitor's screen displays the title. The monitor is surrounded by various human figures and nature-inspired shapes. At the top, a woman with dark hair sits on the edge of the monitor. To the left, a woman with teal hair stands with her hand on her hip. To the right, a man with a beard and a white hat holds a cup of coffee. The background consists of soft, rounded shapes in shades of blue, green, and yellow, suggesting a landscape with hills and trees. The overall style is clean and modern.

**The development of South Korea's
electronic and IT industries (1960-2000)**

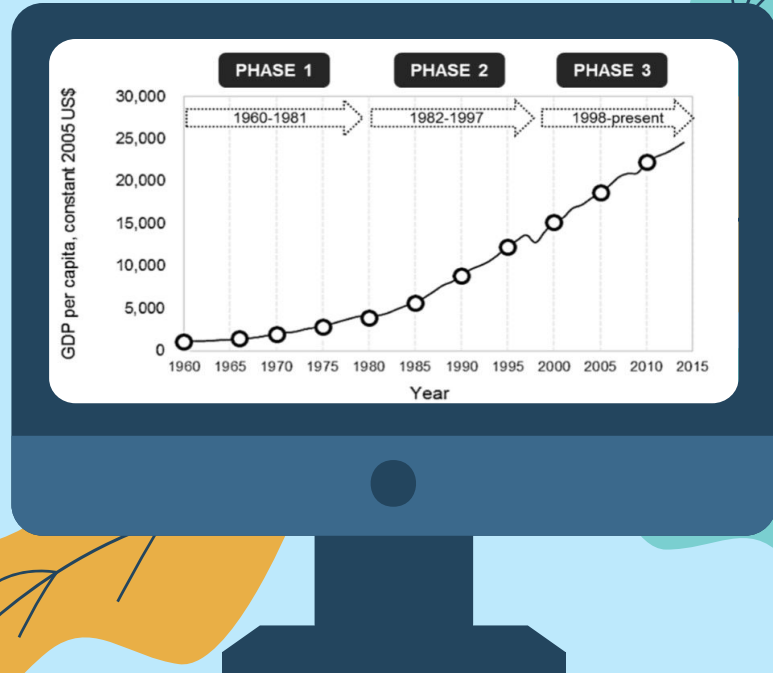
Agenda



- 01 Overview
- 02 Key Issues
- 03 Government policy
- 04 Lesson learn
- 05 Conclusion



Overview



→ **Mid-1960s**, Korea began to nurture electronics as an export-oriented strategic industry by **drafting the Five-Year Electronics Industry Promotion Plan**

→ **In 1969**, the government enacted the Electronics Industry Promotion Law and drafted the Basic Plan for **Electronics Industry Promotion** (1969-1976)

→ **For the implementation system**, the Ministry of Commerce and Industry formulated promotion policy

→ **FIC, NIRI and KIST** provided support for overseas market development, quality control, and research and development (R&D)

Overview



The government provided

- **space for Korean firms to grow** by restricting the inflow of foreign imports in the early stage of the electronics industry
- **financial and tax benefits**, while taking externalities into consideration



During the 1966-1979 period

The government ***maintained an anti-consumption bias, impeding the expansion of the domestic electronics market***

→ Korean firms established ***partnerships with foreign companies***, but accumulated their own capabilities ***without losing ownership***

→ Korea's experience ***shows the importance of innovation and competition based on economic incentives***, as well as ***the usefulness of international benchmarking and public-private consultation*** in identifying and promoting promising industries.

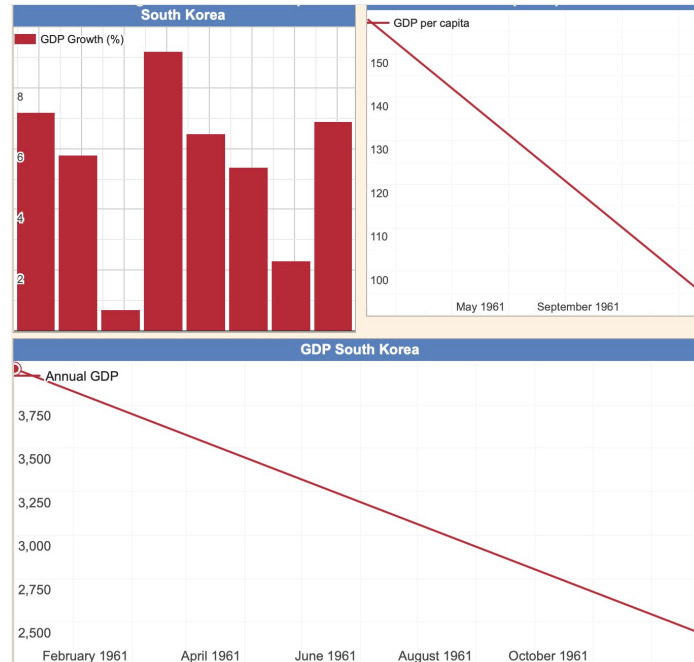


Key Challenges



Harsh economic situation in 1960s

- Korea launched its industrialization drive in the early 1960s
- With **poor resource and production bases**, a *small domestic market*, and a *large population dependent on foreign powers for national security*.



Korea's gross domestic product (GDP) in 1961 was **only \$2.3 billion or \$82 dollars per capita**, with manufacturing accounting for just 15% of GDP.

Key Challenges

Science and technology (S&T) situation

Korean industries relied more on informal rather than formal channels for technology acquisition.

resulted in both positive and negative effects

The plus side is that the policy enabled Korea to acquire technologies at lower costs and precluded the constraints often imposed by multinationals on local firms' efforts to develop their own capabilities.

The downside is that Korea had to forgo access to technologies that might have been available through direct equity links with foreign firms.

Korea **failed** to meet global standards in domestic business operations
Much worse, the reliance on large-scale foreign loans **contributed to a major financial crisis** in 1997





Government policies and legislation

- The Democratic government drafted a *five-year economic development plan* and promoted a *national construction project* that would actively maintain the electronics industry by banning the imports of radio components, and prohibiting the sale of certain foreign goods.
- This legislative bill represented the first legislative attempt *to promote the electronics industry.*



Government policies and legislation



1. Five-Year Electronics Industry Promotion Plan (1967- 1971)



→ Based on the successful results of the first Five-Year Plan (1962- 1966), the government in the mid-1960s *looked for promising industries beyond garments.*

→ The major goals of this Plan were *import substitution of electronic components, division of labor and specialization of assembly and parts factories, reduction of export costs, cultivation of technical experts in the electronics industry, and diversification of electronics export market.*

2. Policy Recommendation and Background Report for Electronics Industry Promotion

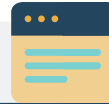


- Enactment of the Electronics Industry Promotion Law
- Securing and releasing funds for the promotion of the electronics industry
- Establishment of the Electronics Industry Promotion Center to help solve with general issues

Government policies and legislation



3. Electronics Industry Promotion Law and Basic Plan



→ The four goals of the Basic Plan were:

- (1) **development** of designated products
- (2) **achievement** of export targets
- (3) **improvement** of the localization rate
- (4) **creation** of promotion funds



Korean Government in 1960s

4. Major Policy Instruments



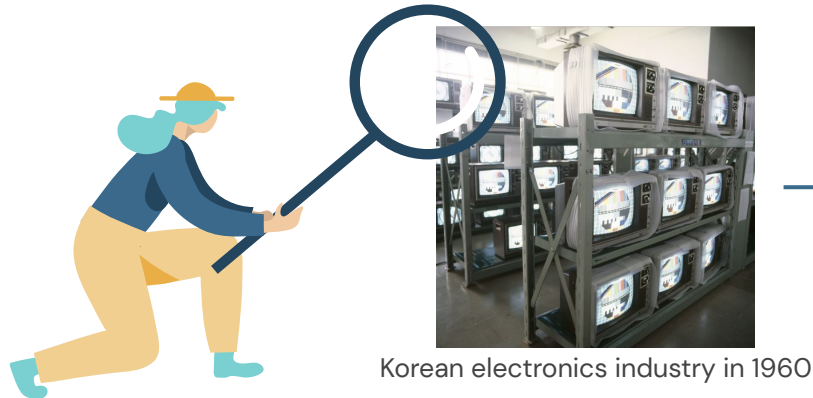
→ To promote Korea's electronics industry, **the government utilized various policy instruments** such as strategic domestic market protection, financial and tax benefits, establishment of industrial complexes, and support for education and R&D





Lesson Learn

- The status of the **Korean electronics industry** in the world market and the national economy **was greatly improved**
- According to production, trade, employment, and R&D statistics, **the growth of Korea's electronics industry** during its formative years **was remarkable**
- Referring to the remarkable success, **Korea's electronics industry is currently encountering high competitiveness** among the other efficient industries in many countries
 - Shifted in international trade and competitiveness patterns
 - Korea has invested more in R&D in 1964
- According to **Korea's electronics industry challenges**, the Democratic government has launched the Electronics Industry Promotion Policy that would actively maintain the Korea electronics industry and **must gather the human capital, as well as financial and other resources for local R&D**



DEVELOPED →



Conclusion



The **development of Korea's electronics industry** during the 1966-1979



Korean government did not pick the electronics industry out of the blue



In 1950, it was not clear whether the electronics industry was a **realistically promising industry** for Korea



It studied industrial policy in **Japan** and other countries and consulted with **business leaders**



The development of Korea's electronics industry shows that **it is important to provide incentives for innovation and competition.**

Thank you!

and we are ready for....

Q & A

