
This 10-year long-term industry development plan aims to place the Korean aviation industry in the Global Top 7 (USD 20 billion of production, USD 10 billion of export, 70,000 employees and 300 companies).

2nd Basic Plan for Space Development Promotion

This 5-year development plan promotes the development of the space industry by establishing a system of satellite information, developing application technologies, building an inter-governmental cooperative system and expanding engagement with the private sector.

Mid- to Long-term Space Development Plan

This plan promotes independent launching capacity by developing home-grown launchers and developing satellites through the participation of the private sector. The government aims to strengthen consumer-based satellite information services, build related infrastructure and implement space exploration to secure future space activity boundaries.

Legislation

<table>
<thead>
<tr>
<th>Legislation</th>
<th>Description</th>
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<tbody>
<tr>
<td>Aerospace Industry Development Promotion Act</td>
<td>Stipulates measures to promote the aerospace industry; designates related items and aerospace-specialized complexes, and specifies related support.</td>
</tr>
<tr>
<td>Space Development Promotion Act</td>
<td>Prescribes basic plans and their implementation to promote space development in various areas such as international cooperation, designates organizations specializing in space development, regulates the registration of spacecraft in Korea and abroad and the approval of the launching of spacecraft such as satellites.</td>
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<tr>
<td>Aviation Act</td>
<td>Establishes the framework for the transportation market, such as aviation operation and facilities; regulates aircraft registration, changes, transfer, aircraft maintenance and handling, maintenance organizations and airworthiness certification.</td>
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<tr>
<td>Defense Acquisition Program Act</td>
<td>Establishes procedures and systems for defense capability building projects, regulates the promotion of the defense industry and military article procurement, and promotes the defense industry in areas such as national defense technologies and exports.</td>
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Success Case

Boeing Korea’s Investment in Avionics MRO Project

The BAMRO center was built in Yeongcheon for the testing and maintenance of avionics parts of F-15K fighter jets, keeping up with the government’s plan to make investments in the avionics MRO sector. Gyeongsangbuk-do is an ideal location for an avionics parts cluster and a promising investment destination, for its proximity to Daegu Air Force Base and leading Korean defense companies, as well as its strong airport infrastructure (Pohang Airport, Yecheon Airport, etc.).
Supply and Demand of Korean Aerospace Industry

As of 2015, the Korean aerospace industry amounted to USD 9.8 billion, up 16.5% YoY.

The Korean aerospace industry’s total output recorded USD 4.89 billion (+12.5% YoY), its imports reached USD 4.89 billion (+20.8% YoY) mainly driven by the military sector including the SURION project and mass production of T-50 follow-on series.

While domestic demand accounts for 73.8% (USD 7.22 billion) of the entire demand, the share of exports has gradually risen since 2013 to 26% in 2015.

Korea’s aerospace exports are recording a dramatic annual growth of 20-29% to become 2.5 times larger than in 2011. Major export items include complete military aircrafts (KT-1, T-50) and parts for large passenger planes.

Korea’s Aerospace Industry Supply and Demand (USD million, %)

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic Output</th>
<th>Imports</th>
<th>Domestic Demand</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>3,812</td>
<td>1,652</td>
<td>4,892</td>
<td>3,606</td>
</tr>
<tr>
<td>2014</td>
<td>4,050</td>
<td>1,985</td>
<td>4,892</td>
<td>5,776</td>
</tr>
<tr>
<td>2015</td>
<td>4,892</td>
<td>2,563</td>
<td>5,776</td>
<td>7,215</td>
</tr>
</tbody>
</table>

Korea has a strong military foundation with thousands of military aircrafts in operation, which creates an yearly demand of over USD 1 billion for MRO parts. Korea’s civil aircraft parts industry is expected to grow on the back of the government’s plan to foster the civil MRO sector.

Exceptional Growth Potential

Korea’s aerospace industry boasts exceptional growth potential, especially in the domestic market.

Korea has accumulated experience in the R&D sector through large-scale public projects (KT-1, T-50, HMR, Boramae, LAH) and has access to a great number of industry experts at government-funded research institutes (KARI, ADD, ETRI).

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Korea’s Aerospace Industry Technological Level by Sector


Sacheon Cluster (Gyeongsangnam-do)

Sacheon, responsible for more than 70% of national aerospace production, is home to Korea’s largest aerospace company KAI (Korea Aerospace Industries) and its partners. It has recently been designated as a national aerospace cluster.

Goheung Cluster (Jeollanam-do)

Designated as an unmanned aerial vehicle cluster, Goheung is home to the Naro Space Center (launching site) and the Aviation Test/Evaluation Center.

Daejeon Cluster

The national R&D cluster in Daejeon has several government-funded research institutes such as the Korea Aerospace Research Institute (KARI) and the Agency for Defense Development (ADD).

Seosan Cluster (Chungcheongnam-do)

The privatization of Korea’s military aircraft MRO industry may lead to the establishment of a new aviation MRO cluster in Seosan.