Press Release

Ministry of Planning and Budget

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GOVERNMENT HOLDS NATIONAL FISCAL STRATEGY MEETING AT CHEONG WA DAE

Lee Administration's first annual fiscal strategy meeting maps out a fiscal roadmap for an "Irreplaceable Korea"

The Government of Korea convened its annual National Fiscal Strategy Meeting at Cheong Wa Dae's state guesthouse, Yeongbingwan, on Monday, July 13, at 2 p.m. This marked the Lee administration's first government-wide fiscal strategy meeting since taking office last year under the banner of the "People's Sovereignty Government," aimed at charting the course for the nation's fiscal management.

To facilitate a more inclusive dialogue, approximately 130 high-level participants gathered, including the Prime Minister, Cabinet members, heads of all government departments and agencies, key ruling party leaders, and private sector and civil society experts. The meeting was also open to the public via a live online stream.

Under the guiding theme *Bold Innovation and Investment for an Irreplaceable Korea*, the meeting tackled three main agenda items: 1) the 2027 Budget and Medium-Term Fiscal Plan, 2) the Three Mega Projects, and 3) Growth for All.

1. 2027 Budget and Medium-Term Fiscal Plan

Minister of Planning and Budget Park Hong-keun presented next year's budget proposal along with the medium-term fiscal management plan, while assessing the current and prospective fiscal environments.

Minister Park noted that despite challenging external conditions, including the war in the Middle East, the Korean economy has shown resilience and signs of growth driven by an active fiscal policy since the government's inauguration in June last year. While highlighting the recent semiconductor boom and subsequent economic rebound, Park emphasized that this is a critical juncture requiring bolder investment to seize a "golden time" that could definitively shape the nation's fate amid structural shifts such as AI and industrial transformation.

In this regard, the Minister outlined four key areas of investment: 1) shifting the national growth paradigm, 2) fostering prosperity led by regional growth, 3) addressing structural polarization, and 4) building a foundation for safety and peace. In particular, the three Mega Projects—semiconductors, AI data centers, and physical AI—will take priority in fiscal resource allocations, serving as essential growth engines to realize an *Irreplaceable Korea.* On the revenue front, the government plans to expand its investment capacity through quantitative and qualitative fiscal spending innovations, such as record-level expenditure restructuring, rather than relying solely on tax revenue increases.

One notable measure is the establishment of the *Future Fund*, which will serve as a strategic investment platform to ensure the productive use of the substantial increase in tax revenues for future generations. Excess tax revenues that outpace long-term trends will be channeled into this fund and invested in four major areas: the young generation, growth engines, regional areas, and human talent.

Ultimately, the government aims to foster a virtuous economic cycle that strengthens growth potential through ambitious investments and proactive fiscal policies in 2027. Backed by these measures, the government intends to stabilize public finances, including the debt-to-GDP ratio, at a faster pace than initially projected over the medium term.

2. Three Mega Projects

Officials continued discussions on preemptive and comprehensive support measures for the swift success of the three Mega Projects.

First, Deputy Prime Minister and Minister of Science and ICT Bae Kyung-hoon announced plans to foster AI data centers and physical AI as national strategic industries through public-private cooperation, aiming to lay the foundation for and expand a Korea-specific AI industrial revolution.

Minister of Trade, Industry and Resources Kim Jung-kwan outlined a briefing titled "*Mega Projects: Semiconductors and AI Robotics*," stating that the government would provide bold support to ensure Korea wins the global semiconductor race and secures an early lead in AI robotics to effectively counter competitors like China.

Minister of Climate, Energy, and Environment Kim Sung-whan announced the "Infrastructure Innovation Strategy for Power and Water Supply to Advanced Industries" to support the Mega Projects, pledging to supply clean and stable electricity and water so that companies can invest and grow without facing shortages.

Minister of Land, Infrastructure, and Transport Kim Yun-duk presented on the "Strategy for Establishing Advanced Semiconductor Industrial Complexes," outlining a blueprint for "K-semiconductor" growth hubs designed to drive Korea's competitiveness by cultivating the Honam region as a new growth hub, while reinforcing Yongin as the existing core hub.

3. Growth for All

Officials also discussed measures to ensure that the benefits of growth resulting from bold investments reach all citizens.

First on the table were plans to ensure that young people, the future leaders of the next generation, tangibly experience this economic growth. Deputy Prime Minister and Minister of Finance and Economy Koo Yun-cheol, in his presentation titled “Directions for Youth Policy,” pointed out that the government would treat young citizens as diverse individuals with unique life circumstances and policy needs, rather than viewing them as a homogeneous group. Consequently, the government will strengthen tailored support to meet their distinct needs.

Policies were also discussed to protect and support workers vulnerable to structural shifts in the labor market, which are being accelerated by AI-driven innovation and the expansion of the platform economy. Minister of Employment and Labor Kim Young-hoon announced an investment strategy to transform the existing “employee”-centered social safety net into a more inclusive system that encompasses “all working people.”

Lastly, participants discussed measures to ensure that all citizens enjoy the opportunities offered by AI and to leverage them for new value creation and growth. Deputy Prime Minister Bae Kyung-hoon announced plans to develop and provide *AI for All*, a public service based on Korea’s proprietary AI technology. The initiative aims to help all citizens learn AI as naturally as they learn the Korean language or basic arithmetic, using it as easily and effortlessly as a calculator.

Taking this National Fiscal Strategy Meeting as a starting point, the government plans to push forward without delay with bold innovations and ambitious investments toward building an *Irreplaceable Korea*, while making every effort to ensure that the benefits of this new growth reach all segments of society.