



Government Relations
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Insights

CHAPTER

02

2026 National Assembly Audit:

Trade, Industry, Energy, SMEs and Startups Committee

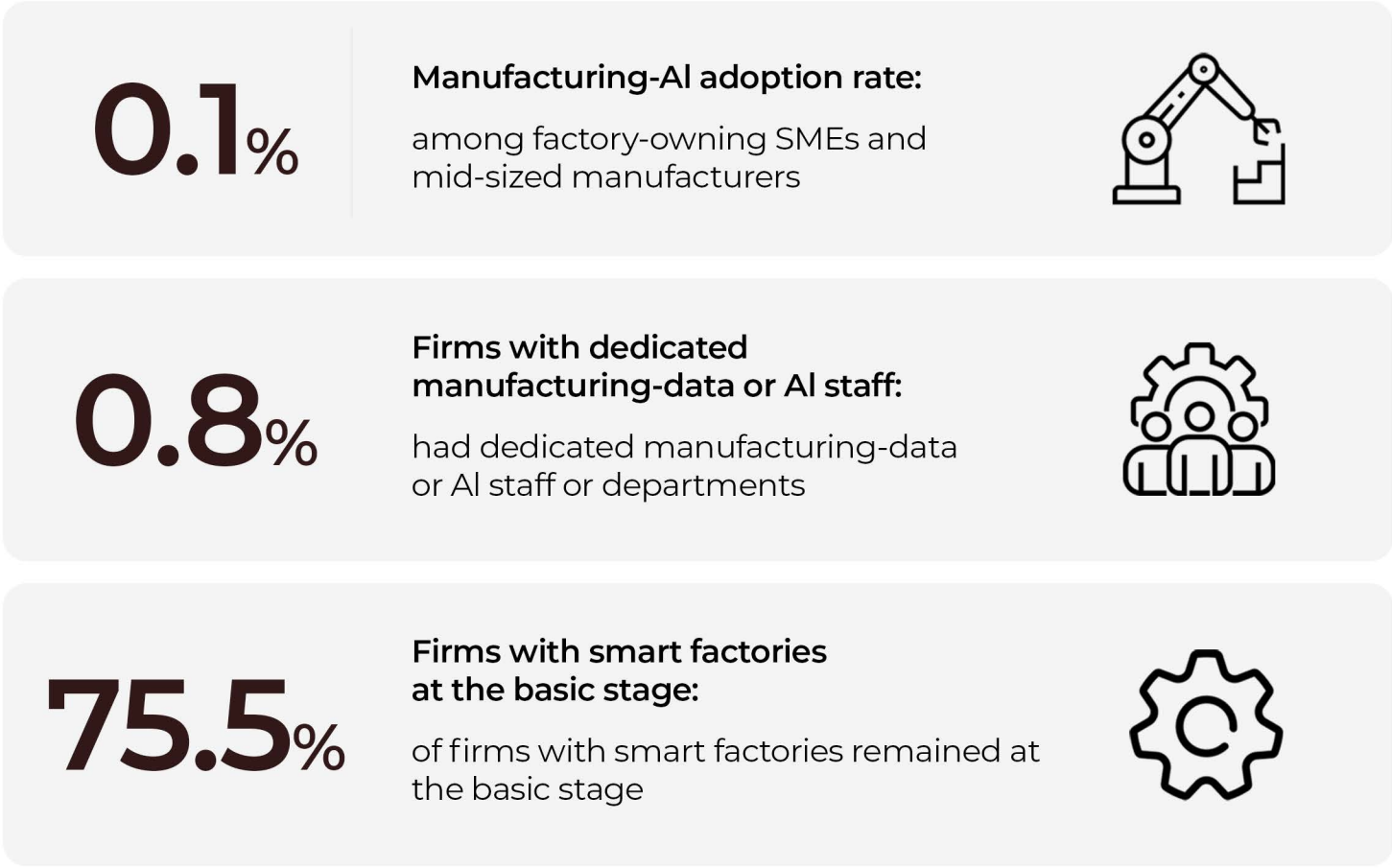
Manufacturing AI Transformation (M. AX)

Why It Matters

The National Assembly Research Service (NARS) questions whether manufacturing-AI support is reaching small and medium-sized enterprises (SMEs) and mid-sized manufacturers. It contrasts initiatives such as the M.AX Manufacturing-AI Transformation Alliance and AI-based Smart Manufacturing Innovation 3.0 strategy with limited adoption and weak in-house capabilities.

A Ministry of SMEs and Startups survey published in April 2025, using 2023 reference-year data, put manufacturing-AI transformation at 0.1% among factory-owning SMEs and mid-sized manufacturers. Only 0.8% had dedicated manufacturing-data or AI staff or departments. (These are historical figures for that group, not 2026 adoption rates for Korean manufacturing as a whole).

The same survey found that 75.5% of firms with smart factories remained at the basic stage. NARS also identifies fragmented support across the industry, SMEs and science ministries as a burden on applicants.



Key Policy Debate Issues

Selected NARS questions for the government, translated from the report:

01

Can the government present annual or phased targets specifying when, and to what level, it will raise manufacturing-AI transformation?

02

Should outcomes be measured and disclosed using factory-level indicators such as productivity, defect rates, lead times and energy savings?

03

How does the government diagnose the underlying reasons for the failure to expand the specialist workforce?

04

Has the government checked for similar or overlapping manufacturing-AI programs? Does it plan a one-stop support system linking or integrating MOTIR, MSS, and MSIT programs?

Previous Assembly scrutiny

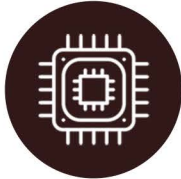
At the October 14, 2025 Trade, Industry, Energy, SMEs and Startups Committee audit, Democratic Party lawmaker Huh Sung mu asked whether publicly supported smart factories were accumulating quality data and urged regular checks of standardized industry data. Then-minister of SMEs and Startups Han Seong-sook (now Prime Minister) acknowledged shortcomings in data management and the need for improvement.



Business Implications

For foreign semiconductor, edge-AI and industrial-connectivity suppliers, the relevant questions are whether support reaches smaller factories and what capabilities those firms need to adopt AI. NARS's emphasis on productivity, quality and energy savings suggests that measurable operational improvements, supported by usable data and skilled staff, could become increasingly important in program evaluation.

01



Semiconductor suppliers

Potential opportunities in supplying AI infrastructure, chips and related solutions for manufacturing digitalization, depending on how widely support reaches smaller factories.

02



Edge-AI and connectivity providers

Growing relevance of edge computing, industrial networks and data solutions as factories seek measurable productivity, quality and energy improvements

03



Capabilities for adoption

Importance of practical, usable solutions and skilled staff to help smaller factories adopt AI and generate measurable operational gains.

What to watch

Transformation targets and program delivery:

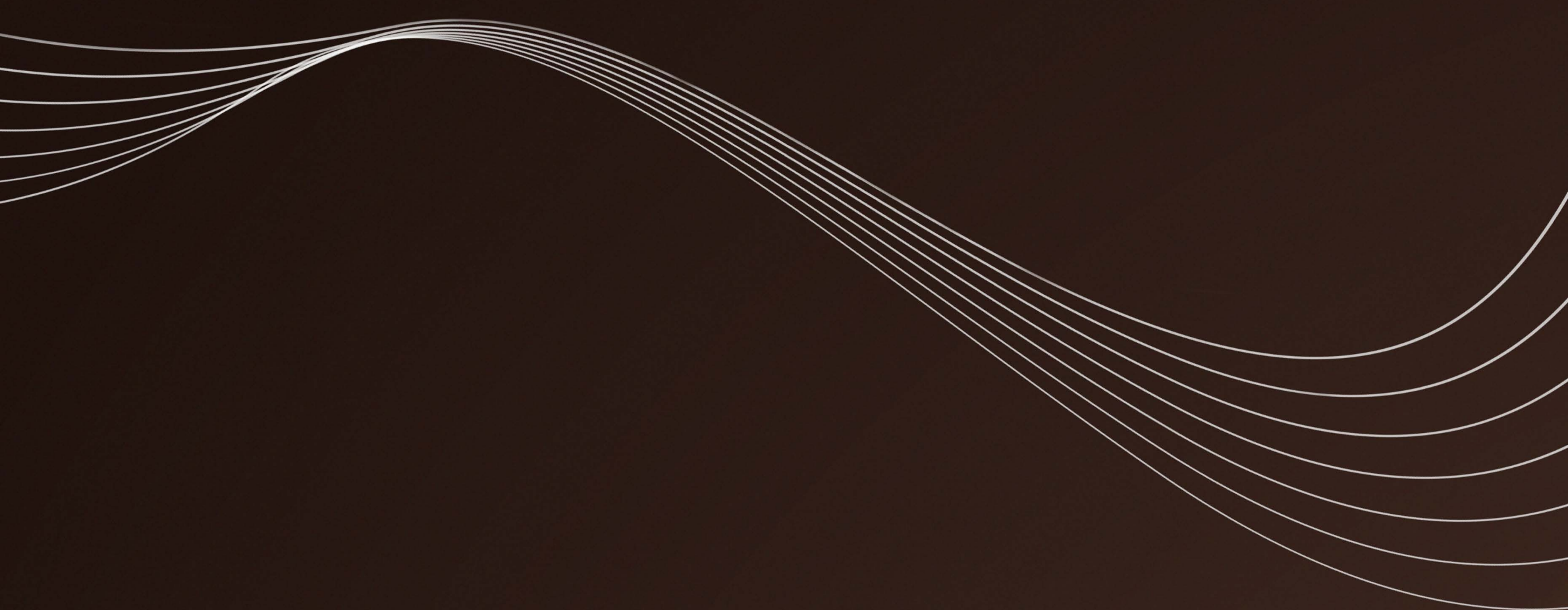
Whether ministries set phased adoption targets, disclose factory-level results and coordinate support, including how funding reaches different regions and company sizes.





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