

<b>Contact</b>	Rachel Minjo Chun Spokesperson for Foreign Media	044-204-7104 <a href="mailto:rachelmchun@korea.kr">rachelmchun@korea.kr</a>
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## **MSS held an MOU signing ceremony to establish smart factories for mutual growth led by the private sector and joined by the government**

The private sector and the government will jointly invest KRW 300 billion to build 3,000 smart factories by 2027.

The government stressed the significance of smart factories for managing the supply chains of large corporations and others.

**Sejong, March 27, 2024** – The Ministry of SMEs and Startups (MSS, Minister OH Youngju) held an MOU signing ceremony for the "Smart Factory for Mutual Growth between Large Companies and SMEs" at the Korea Federation of SMEs on Tuesday, March 26, 2024.

A total of 100 people attended the ceremony, including 19 large companies and public institutions participating in the smart factory project for mutual growth, 20 SMEs that have introduced those smart factories, and six partner organizations.

In 2018, MSS launched the "Smart Factory for Mutual Growth between Large Companies and SMEs" project with the aim of fostering a culture of shared growth and collaboration between them. The message of this program is straightforward: the government will provide support if large companies and SMEs work together to establish smart factories. The support ratio for government, large companies, and small to medium enterprises (SMEs) is 30% for the government, 30% for large companies, and 40% for SMEs.

Large companies have been increasingly participating due to the growing awareness that the adoption of smart factories by SMEs contributes to the success of large companies by streamlining the supply chain.

In 2018, four companies invested KRW 12 billion, and this number increased to 18 companies investing KRW 25.4 billion by 2024.

Due to the increased awareness and interest in smart factories, Samsung Electronics and Hyundai Motor Company presented their best practices for supporting smart factories at the event. Taelim presented a case study on building an SCM-based supply chain with its suppliers, while Dong-a Plating, an SME, shared its achievements in improving productivity by introducing a smart factory for mutual growth.

Representatives from large companies emphasized the significance of shared growth, stating that supporting smart factories for small and medium-sized enterprises (SMEs) may seem like an unnecessary expense at first, but it is actually an investment that boosts the competitiveness of the participating large corporations.

LEE Oh-sun, the CEO of Dong-a Plating, stressed the importance of the company's participation in the smart factory program. According to him, this program not only helped them enhance their productivity by building a smart factory with the backing of large corporations but also provided them with valuable process expertise from these companies.

At the event, attendees from large corporations, public companies, and SMEs presented a vision statement for shared growth: "We are committed to achieving a better future through innovative digital manufacturing. Additionally, we strive to foster a shared future by promoting the growth of both large companies and SMEs." These representatives have pledged to promote shared growth between large companies and small and medium-sized enterprises (SMEs).

Minister OH Youngju stated, "Since taking office, I have emphasized the importance of active and collaborative work methods that result in concrete outcomes. The smart factory for mutual growth project, which involves cooperation between large companies and SMEs, is a prime example of a successful public-private collaboration that produces positive results." She added, "The current government (2023-2027) plans to invest KRW 300 billion in public-private partnerships to build smart factories for 3,000 SMEs, fostering growth and competitiveness for Korea's manufacturing sector."

In addition, she emphasized this point by stating, "To develop a sustainable supply chain management system and gear up for carbon neutrality, large global companies in Korea need to establish a shared growth supply chain platform for each sector and industry based on smart factories that promote shared growth."

She added, "We urge large companies to collaborate in the smart factory project for mutual growth. MSS will actively promote and support collaboration between large companies and SMEs."