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EMAIL: rachelmchun@korea.kr**MSS to Discuss Support Measures for SMEs in Response to the Second Trump Administration**

SEJONG – The Ministry of SMEs and Startups (MSS) held a meeting on Wednesday, February 12, at the 63 Building in Seoul to discuss its support measures for small- and medium-sized enterprises (SMEs) in response to the policies of the Second Trump Administration.

Since November 2024, MSS has been operating a task force (TF) focused on addressing the challenges posed by recent shifts in the external environment, such as high exchange rates, resulting from the administration's policies. The meeting aimed to assess the impact of the Second Trump Administration's policies, particularly its tariff measures, on Korean SMEs, and to explore strategies for enhancing their export

The global economy is undergoing rapid changes due to de-globalization and the restructuring of global supply chains. In particular, the United States has imposed an additional 10% tariff on all Chinese products since February 4, and starting March 12, it plans to impose a 25% tariff on all steel and aluminum products, regardless of the exporting country.

During the meeting, the Korea Institute for Industrial Economics & Trade presented an analysis of the impact of the Trump Administration's universal tariff policy on the exports of Korean SMEs. The study, based on a scenario similar to current policies, where a 25% tariff is applied to products from Canada and Mexico, and a 10% tariff on those from other countries, indicated that exports of key products from Korean SMEs to the United States could decline by up to KRW 1.2 trillion (an 11.3% decrease).

The meeting then addressed various challenges faced by exporting companies. Dongin Chemical, which produces specialized materials for aerospace using raw materials from China and supplies them to U.S. aerospace and satellite companies, expressed concerns that a

potential ban on the use of Chinese raw materials by the United States would create significant disruptions in both production and exports.

IDEL Co., Ltd., a company with a local factory in Mexico that manufactures plastic panels for displays and exports them to the United States, raised concerns about the potential impact of U.S. tariffs on products from Mexico. The company feared that such tariffs would lead to major setbacks in its exports to the U.S. market.

Iljin Altech Co., Ltd., which produces food, pharmaceutical, and industrial packaging products using aluminum rolling technology for export to the United States, voiced similar concerns regarding the planned U.S. tariffs on aluminum products from all countries, set to take effect on March 12. The company feared the tariffs would negatively impact its exports.

During the meeting, MSS also outlined the "Export Support Measures for Small and Medium-sized Enterprises and Startups," which will be announced in February. These measures are designed to help alleviate the challenges faced by exporting SMEs due to the trade policy shifts under the Second Trump Administration.

To address short-term export issues, MSS will establish hardship reporting centers at 13 regional offices across the country. These centers will handle damage reports and offer consultations for exporting SMEs affected by high tariffs, exchange rates, and supply chain disruptions. Additionally, MSS plans to provide uninterrupted policy financing, including emergency management stabilization funds, to support affected SMEs. Should the situation worsen, MSS will consider introducing further support measures to assist these businesses.

Policies will also be introduced to strengthen the export structure for Korean SMEs. MSS will provide enhanced support for first-time exporters and broaden export policies to encompass technology services, overseas expansion, and the development of new Hallyu products. Additionally, new export strategies will be pursued for emerging markets such as ASEAN and the Middle East, and the SME and Startup Globalization One Team Council's support functions will be strengthened to efficiently back these efforts.

Minister OH Youngju stated, "Given the significant impact of the changes in tariff and trade policies under the Second Trump Administration on our SMEs, we are closely monitoring the effects and collaborating with relevant ministries to respond effectively." She added, "While new protectionism presents both challenges and potential opportunities for Korean SMEs, we are committed to thoroughly addressing these issues and will announce support measures to enhance the export competitiveness of our SMEs within February."