Ministry of SMEs and Startups

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K-Beauty Helps Drive Korean SME Exports to a Third-Quarter Record

Korean small and medium-sized enterprises exported USD 33.4 billion in the third quarter of 2026, up 8.8% from a year earlier and the highest third-quarter total on record, according to the Ministry of SMEs and Startups (MSS). Exports for January through September also reached a record USD 96.5 billion, up 9.5%. The number of exporting SMEs rose 1.6% to a provisional record of 90,765 during the nine-month period.

Exports increased to eight of the sector's 10 largest overseas markets, including the United States, China and India. Online sales also grew sharply, offering smaller businesses another route to international customers. However, conflict in the Middle East continued to weigh on shipments to the region, particularly automobile exports.

Cosmetics and Semiconductor Exports Lead Growth

SME cosmetics exports rose 28.6% year on year to USD 2.79 billion in the third quarter. Exports for the first nine months reached USD 7.65 billion, up 26.4%.

Growth extended across several regions. Third-quarter cosmetics exports to North America increased 33.1% to USD 690 million, while shipments to Europe rose 58.6% to USD 670 million. Exports to the Middle East grew 12.9% to USD 120 million, and those to Latin America surged 141.3% to USD 100 million, reflecting the widening international reach of Korean beauty products.

Continued expansion in the global artificial intelligence market also supported record third-quarter exports of semiconductors and semiconductor manufacturing equipment. Semiconductor exports climbed 68.8% to USD 1.39 billion, while equipment exports increased 38.3% to USD 1.14 billion.

Petroleum product exports reached a third-quarter high of USD 660 million, up 29.3%, partly reflecting higher international oil prices. Shipments to Japan rose 27.3%, while exports to the Philippines increased 157.3%.

Automobile exports, by contrast, fell 42.4% to USD 1.5 billion as shipping route closures linked to conflict in the Middle East disrupted trade. Shipments to the United Arab Emirates dropped 66.6%. Automobile exports for January through September declined 26.4% to USD 4.8 billion.

United States Becomes Largest Export Market for SMEs

The United States was the largest destination for Korean SME exports in the third quarter, with shipments rising 19.6% to USD 5.73 billion.

Cosmetics exports to the United States grew 14.5% to USD 560 million as Korean beauty brands expanded their presence in major retail chains. Exports of rechargeable batteries and related materials increased 45.7% to USD 270 million, supported by demand for energy storage systems and other battery applications.

China was the second-largest market, with exports increasing 12.9% to USD 5.43 billion. Vietnam followed at USD 2.9 billion, up 3.5%, and Japan at USD 2.57 billion, up 2.7%.

Export destination	Q3 2026 exports (USD billion)	Year-on-year change	January–September exports (USD billion)	Year-on-year change
United States	5.73	+19.6%	15.50	+7.3%
China	5.43	+12.9%	15.81	+13.2%
Vietnam	2.90	+3.5%	8.60	+6.4%
Japan	2.57	+2.7%	7.16	+0.6%
Hong Kong	1.77	+76.1%	5.68	+67.0%
Taiwan	1.07	+15.7%	3.14	+25.6%
India	0.98	+12.0%	2.97	+18.1%
Mexico	0.68	−2.1%	1.93	−3.1%
Indonesia	0.65	−0.2%	1.87	−0.4%
Thailand	0.64	+5.7%	2.12	+12.9%

Exports to India rose 12.0% to USD 980 million as the country's efforts to expand domestic manufacturing supported demand for machinery. Metalworking machine tool exports increased 139.9% to USD 50 million, while exports of other machinery rose 13.8% to USD 40 million. Mold exports grew 51.8% to USD 40 million.

Exports to the Middle East declined 7.8% to USD 1.46 billion amid continued conflict. Although the decline narrowed from 17.3% in the first quarter and 11.9% in the second, geopolitical tensions continued to disrupt business.

Shipments to Saudi Arabia fell 13.6% in the third quarter. This followed a 3.7% increase in the second quarter, when infrastructure investment had supported demand for related equipment.

Online Exports Rise Sharply

SME online exports increased 62.4% year on year to USD 470 million in the third quarter. The number of SMEs exporting online rose 35.2% to 3,557.

SMEs accounted for 65.6% of Korea's total online export value, highlighting their substantial role in cross-border e-commerce.

Cosmetics made up 75.3% of SME online exports, with sales nearly doubling – up 97.5% – to approximately USD 360 million. Online cosmetics exports to the United Kingdom rose 729.6%, while those to the Netherlands increased 515.3%, making both countries increasingly important destinations for Korean beauty products sold online in Europe.

"Despite continued uncertainty in overseas markets, Korean SMEs are achieving strong export results, led by K-beauty, both in established markets such as the United States and in emerging markets including Latin America," said Shim Jae-yoon, Director General for Global Growth Policy at MSS.

“We will strengthen export vouchers, overseas certification assistance and programs that help SMEs enter foreign markets alongside larger companies. We will also work to resolve the difficulties exporters face so that more SMEs can grow into global businesses.”

The figures are based on Korea Customs Service clearance data and the latest available company-size classifications. They may be revised after annual trade statistics are finalized in February 2027 and company classifications are updated in April 2027.

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