



# Conference on Trade in Services for Development in Asia and the Pacific

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Auditorium Halls 3 and 4



# Session IV. Best Practices in the Export Promotion of Services in Asia and the Pacific



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## Trade in Services for Development in Asia and the Pacific

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# Achievements and the Way Forward for Korea's Service Export Policy

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# Presenter Profile

## Dong Il CHOI

Director, Service Industry Policy Division  
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### A

#### Academic Background

- B.A., Economics — Seoul National University
- M.A., Engineering — Seoul National University
- M.A., International Public Policy and Management — University of Southern California, USA

### P

#### Professional Experience

- Director, Service Industry Policy Division, MOFE
- Director, Regional Economic Policy Division, MOFE
- Director, Trade Policy Coordination Division, MOFE
- Senior Technical Specialist, ILO, Geneva, Switzerland



# Contents

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- I Introduction**
- II Korea's Service Export Policy**
- III Performance of Korea's Service Industry Policy**
- IV Success Cases of Service Export Support Policy**
- V Future Policy Direction**

# I . Introduction

## Snapshot of Korea's Service Industry (2025)

### Service Output & Employment

**\$1,133.3B (56.9% of GDP)**

**20.87M jobs (72.6% of employment)**

### Service Exports

**\$150B · CAGR +4.02% (2010-25)**

### Core Sectors' Exports (CAGR 2010-25)

**Content \$14.9B (+10.7%) · ICT \$41.5B (+13.4%) · Tourism**

**\$21.9B (+5.2%) · Medical 2.01M patients (+23.8%)**

### Service Export Policy Finance

**\$9.5B · +313% since 2019**

## Purpose of This Presentation

**1 Introduce Korea's service export policy**

**2 Present the performance of Korea's service industry policy**

**3 Present 3 representative success cases of service export support policy**

**4 Share Korea's future policy direction**

## Governance Structure and Features

### Lead Ministry (Overall)

## Ministry of Finance and Economy (MOFE)

*Overall coordination of service industry policy, regulation, taxation and inter-ministerial affairs*

### Lead Ministries (by Sector)

#### MOFE · Financial Services Commission

Financial and insurance services

#### Ministry of Trade, Industry and Resources

Wholesale/retail, manufacturing-based services · AI convergence, engineering, etc.

#### Ministry of Science and ICT

ICT services, service R&D, etc.

#### Ministry of Culture, Sports and Tourism

Tourism, content, etc.

#### Ministry of Health and Welfare

Medical sector, etc.

#### Ministry of Land, Infrastructure and Transport

Logistics, construction/engineering, etc.

#### Ministry of SMEs and Startups

SMEs, venture businesses, self-employed, etc.

Service Industry Competitiveness Enhancement TF  
Chaired by the Deputy Prime Minister (Minister of MOFE)



# Evolution of Service Industry Policy

## 2000s

Fixing manufacturing-favoring rules,  
Boosting domestic productivity

### 2001 Service Industry Revitalization Measures

*Deregulation policy starting point*

### 2004 Service Industry Competitiveness Strengthening Plan

*Fiscal/tax parity with manufacturing*

### 2006 Comprehensive Service Industry Competitiveness Plan (Phases 1-3)

*3-phase sector deregulation*

### 2008 Service Industry Advancement Plan (Phases 1-3)

*Market deregulation focus*

## 2010s

Building the policy framework (general  
+ sector-specific), Launch of export-  
focused policy, Defining service R&D

### 2010 Service Overseas Expansion Activation Plan

*GATS Mode 1-3-4; Nine sectors laid out*

### 2011 Service Industry Development Act (1st)

*Legal-basis attempt, but Unpassed*

### 2012 Service Industry Overseas Expansion Promotion Plan

*Four priority sectors, KOTRA Service Hubs launched*

### 2016 Service Economy Development Strategy

*Export finance 3.5T→10T won*

### 2018 Service R&D Promotion Strategy

*Service R&D concept established*

### 2019 Service Industry Innovation Strategy

*"4+1" strategy; 500K jobs target*

## 2020s

Full-scale implementation of service  
export policy, Expanding policy finance

### 2020 K-Service Overseas Expansion Activation Plan

*Six K-Services selected; Top-10 export rank target  
Launch of New Service Trade statistics Project*

### 2020 Service R&D Ecosystem Building Plan

*R&D guidelines upgraded*

### 2023 Service Export Policy and Support System Innovation Plan

*64T won export finance; Trade Act revised*

### 2024 Service Industry Productivity Innovation Support Plan

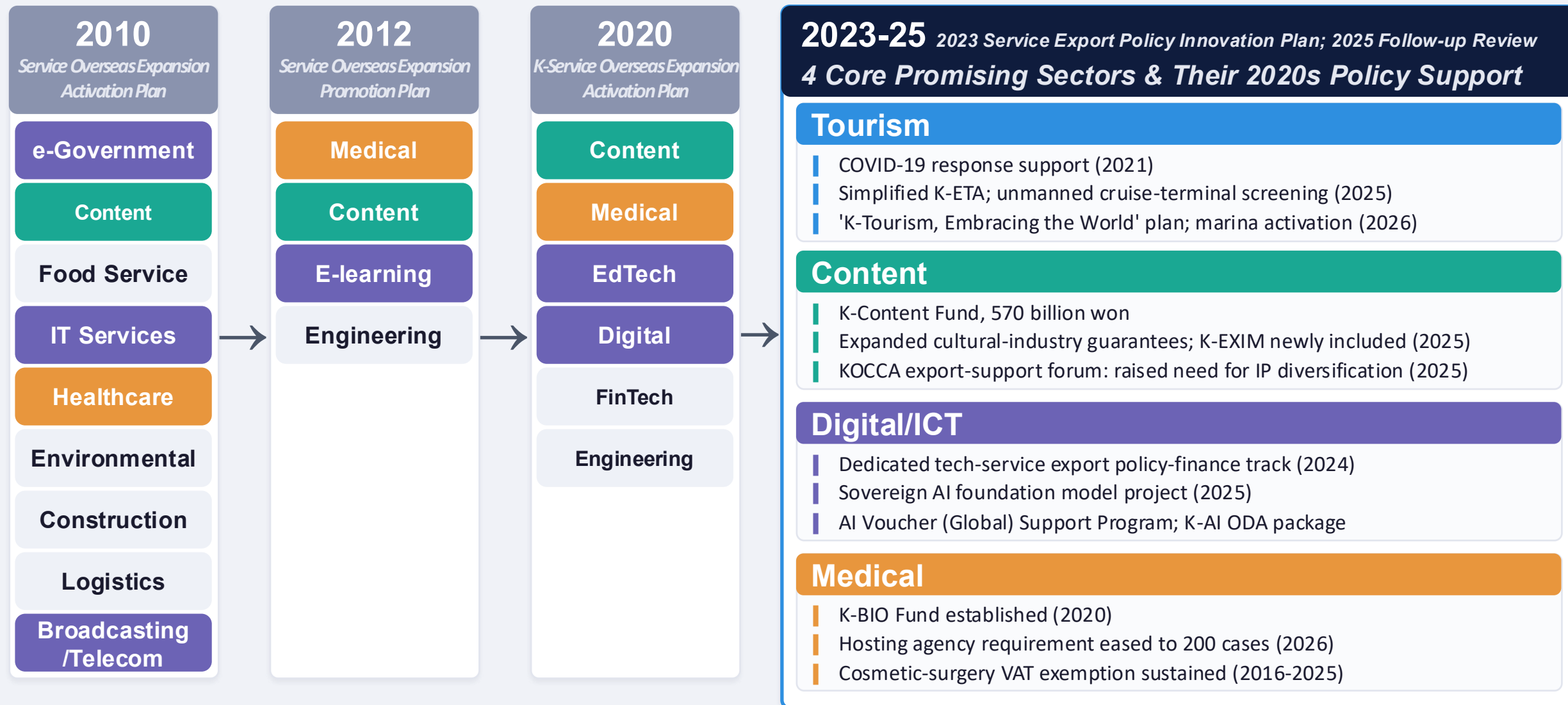
*"4+1" strategy; 66T won finance*

### 2025 Follow-up Review of Key Service Industry Measures

*Trade statistics confirmed & reviewed  
Set new target for service export policy finance*

★ Policies in red are those whose main goal is service export, or that contain substantial service-export-related content

# How the 4 Core Promising Export Sectors Emerged

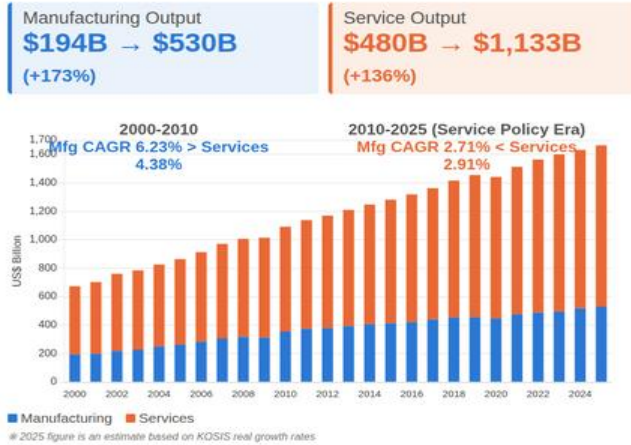


### III. Performance of Korea's Service Industry Policy

## Overall Performance

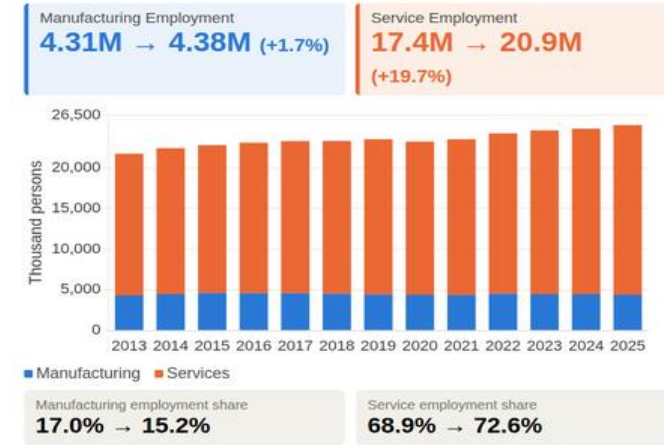
#### Service Output

Services grew faster than manufacturing after policy focus began in the late 2000s



#### Service Employment

Services keep growing steadily while manufacturing employment has stagnated



#### Service Exports

Growing faster than goods exports since export policy took hold in the 2010s



#### Service Export Finance

Expanded since the late 2010s, nearing the 2020s policy target



### III. Performance of Korea's Service Industry Policy

## Performance by Core Promising Sector

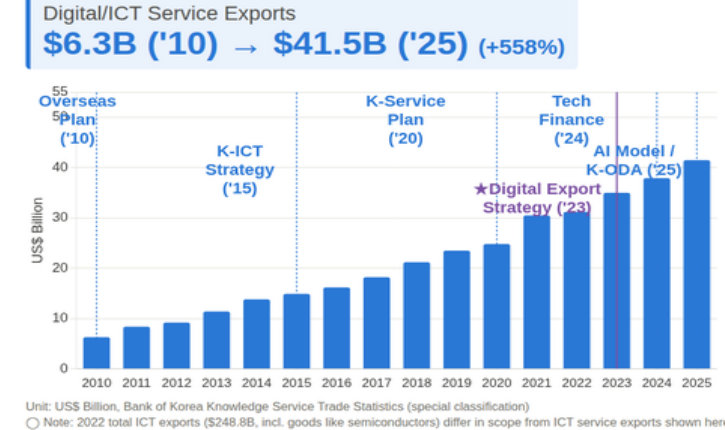
#### Content Exports

Legal foundation from 2010, rapid growth since the late 2010s export activation push



#### Digital/ICT Exports

Sustained support + the 2023 digital strategy accelerated growth



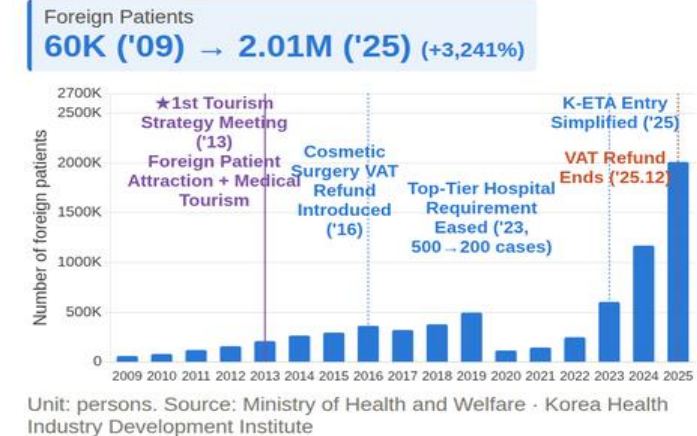
#### Tourism Exports

MERS and COVID shocks each followed by response and recovery, growing since 2010s policy support



#### Medical Exports

Cosmetic surgery VAT refund + 2020s Hallyu/export activation drove a sharp rise in foreign patients



# IV. Success Cases of Service Export Support Policy

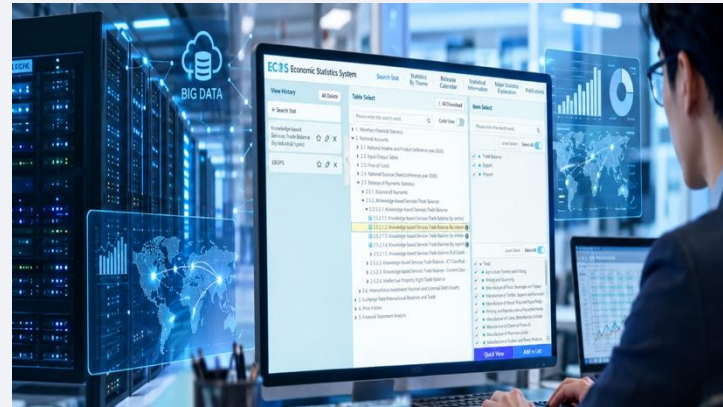
"Problem → Policy Action → Result"

## 3 Representative Best Practices



### 1 Legal & Institutional Reform

**Broadened Recognition of Service Export Performance & Expanded Policy Finance**



### 2 Infrastructure Upgrade

**New Knowledge-Intensive Service Trade Statistics**



### 3 Sector-Specific Policy Support

**Foreign Medical Tourism Activation Support**

# Case 1: Legal & Institutional Reform for Service Export

| 1 Broadened Recognition of Service Export Performance & Expanded Policy Finance                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Problem                                                                                                                                                                                                                                                                             | Policy Action                                                                                                                                                                                                                                                                                                   | Result                                                                                                                                                                                                                                   |
| <p><b>Narrow Legal Definition</b></p> <p>The Foreign Trade Act recognized only a narrow set of activities as 'service exports.'</p> <p>Many modern digital and platform-based business models fell outside this scope.</p>                                                          | <p><b>2023 Decree Amendment</b></p> <p>The Service Export Policy and Support System Innovation Plan identified the narrow legal definition as a core barrier.</p> <p>Accordingly, the Foreign Trade Act Enforcement Decree was amended in December 2023 to broaden the scope of recognized service exports.</p> | <p><b>Expanded Policy Support Coverage</b></p> <p>Companies could now obtain recognition and certification for a broader range of service exports.</p> <p>This allowed them to access a wider range of government policy support.</p>    |
| <p><b>Act as a Policy Financing Barrier</b></p> <p>Many service companies could not obtain the export performance certificates, unable to access policy financing and tax benefits.</p> <p>As a result, policy finance remained flat at 3.1T-4.0T won(\$2.3-3.3B) in 2016-2022.</p> | <p><b>Policy Finance Target Raised</b></p> <p>As the recognized scope expanded, demand for policy finance grew sharply.</p> <p>In response, the government raised 5-year target to 64T won(\$47.5B) for 2023-2027</p>                                                                                           | <p><b>Sharp Policy Finance Acceleration</b></p> <p>Service export policy finance surged to</p> <p>7.8T won(\$5.7B) in 2023,<br/>11.1T won(\$8.2B) in 2024,<br/>12.8T won(\$9.5B) in 2025,</p> <p>more than quadrupling in two years.</p> |

★ Policy finance for service exports has nearly quadrupled since the 2023 enforcement decree amendment

# Case 2: Infrastructure Upgrade for Service Trade

| 2 New Knowledge-Intensive Service Trade Statistics                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Problem                                                                                                                                                                                                                                                              | Policy Action                                                                                                                                                                                                                                                     | Result                                                                                                                                                                                                                                                                                                       |
| <p><b>EBOPS-ISIC Mismatch in Policymaking</b></p> <p>The 'sectors' under service trade statistics (EBOPS) do not align with the ISIC underpinning Korean government policy.</p> <p>This mismatch limits their practical use in policymaking.</p>                     | <p><b>2020 K-Service Plan Launch</b></p> <p>The 2020 K-Service Overseas Expansion Activation Plan launched an upgrade of service trade statistics.</p> <p>The goal was to provide ISIC industry-based information that would be more useful for policymaking.</p> | <p><b>New Knowledge-Intensive Service Trade Statistics (2025)</b></p> <p>This created the first detailed service trade base—spanning 4 major knowledge-service trades across 38 ISIC industries.</p> <p>It is expected to raise the utility of the data for sector-specific service export policymaking.</p> |
| <p><b>Key Policy Sectors Under-Covered</b></p> <p>ICT services, digital platforms, and content are major policy targets, but EBOPS-based statistics alone do not cover them well.</p> <p>Key information for policymaking — such as firm size — is also missing.</p> | <p><b>MOFE-BOK Data Collaboration</b></p> <p>Over the following five years, MOFE and the Bank of Korea have cooperated.</p> <p>Industry-based knowledge-service export data was tracked and matched from raw foreign-exchange transaction database.</p>           | <p><b>Detailed Statistics for Key Sectors</b></p> <p>ICT and Content alone span dozens of detailed sub-fields, providing additional information needed for policymaking</p> <p>More detailed info: digital-platform-based, firm-size-based, and individual-based</p>                                         |

★ New statistics are the direct evidentiary foundation for the next generation of promising-sector policy

Case 3: Sector-Specific Service Export Policy Support

| 3 Foreign Medical Tourism Activation Support                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Problem                                                                                                                                                                                                                                                                                    | Policy Action                                                                                                                                                                                                                                                                 | Result                                                                                                                                                                                                                                                                                         |
| <p><b>Top-Tier Hosting Agencies Requirement</b></p> <p>The 'top-tier' designation for fast-track e-visa, required an 500+ annual patient cases.</p> <p>This kept the eligible patient hosting agencies pool small and created a chicken-and-egg barrier.</p>                               | <p><b>Requirement Eased</b></p> <p>Since 2023, Ministry of Justice and Ministry of Health and Welfare have cooperated to expand designated agencies and medical visa(C-3-3) issuance.</p> <p>In 2026, the case requirement for hosting agencies was further eased to 200.</p> | <p><b>Hosting Agencies Quadrupled, Patients Surge to 2 Million</b></p> <p>Designated hosting agencies grew over fourfold(27 in 2023→112 by 2026)</p> <p>Cumulative foreign patients surpassed 2 million, accelerating sharply in recent years.</p>                                             |
| <p><b>Weak Price Competitiveness in Cosmetic &amp; Aesthetic Care</b></p> <p>Cosmetic/aesthetic cares were a major factor for Hallyu-affected medical tourists.</p> <p>Yet unlike other medical departments, these remained subject to 10% VAT, weakening their price competitiveness.</p> | <p><b>VAT Refund Expanded</b></p> <p>Since 2016, MOFE and Ministry of Health and Welfare have cooperated to make 10% VAT refundable to foreign patients</p> <p>This improved price competitiveness.</p>                                                                       | <p><b>Cosmetic&amp;Aesthetic Medical Tourism Surges</b></p> <p>Following the VAT refund, foreign patients in this category have grown markedly faster than other specialties.</p> <p>The exemption sunset at the end of 2025 as scheduled, but a bill to reinstate it is now under review.</p> |

★ Policy easing widened hosting-agency access and improved price competitiveness, helping unlock broader medical-tourism demand and service-export spillovers.

## Common Success Factors

### 1 Diagnose Precisely, Fix Precisely

- | **Case 1:** Industry dialogue identified the legal-definition barrier → 2023 decree amendment → policy finance nearly quadrupled
- | **Case 2:** EBOPS-ISIC mismatch diagnosed → new statistics built to close the evidence gap
- | **Case 3:** Hosting agency-entry barrier identified → requirement eased → designated institutions quadrupled, patients surged 2 mil.

### 2 Persistence Over the Long Term

- | **Case 1:** Policy finance target raised and sustained — 3.5T→10T won (2016) → 64T won ('23-27) → 66T won ('25-29)
- | **Case 2:** 5-year statistics build-out (2020-2025) completed without interruption
- | **Case 3:** Cosmetic-surgery VAT policy sustained 2016-2025 (sunset; renewal now under discussion)

### 3 Cross-Agency Coordination, Not MOFE Alone

- | **Case 1:** MOFE + Financial Services Commission + Policy-finance institutions (Shinbo, Kibo, K-sure, EXIMbank)
- | **Case 2:** MOFE + Bank of Korea
- | **Case 3:** MOFE + Ministry of Justice + Ministry of Health and Welfare

# V. Future Policy Direction — 4 Key Tasks at a Glance

## 1 Enact the Service Industry Development Act / Build an Integrated Platform, Coordination & Evaluation System

- Secures legal basis + control tower + evaluation
- Finance, vouchers, ODA run separately today
- One integrated platform + policy council



★ Improves efficiency of all other service-related policy implementation

## 3 Support New Promising Services

- IP royalties, R&D services: new category(EBOPS-base), weak linkage, high potential
- Manu/Construct related MRO•O&M: defense/shipbuilding/airplane/nuclear/plant
- Distribution/logistics: new MOTIR program



★ Fastest-emerging export policy agenda since 2024

## 2 Upgrade Service Trade Statistics Systems / Integrate with Export Certification Framework

- Upgrade DB: BOK forex + K-EXIM stats (Mode3)
- Foundation for Identifying new promising sectors, evaluating policies and programs
- Faster, more accurate, one-stop certification, boosting policy-support efficiency



★ One-stop system; easier to target policy & measure effectiveness

## 4 Expand International Cooperation

- Statistics: Mode 3 & AI-trade standards
- ODA: link to service exports
- KSP: knowledge-sharing → contracts
- MDB: strengthen procurement access



★ Expanding international cooperation on trade statistics, and linking ODA, KSP, and MDBs to Korean service exports



# Thank You

— for Your Attention —



Ministry of Finance  
and Economy