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## THE NEW GOVERNMENT'S ARTIFICIAL INTELLIGENCE POLICY ROADMAP: IMPLICATIONS FOR BUSINESSES

With the election of candidate Lee Jae-myung in the 2025 presidential race, South Korea's artificial intelligence ("AI") policy has reached a significant turning point. The Lee Jae-myung administration views AI as a transformative force with the potential to reshape the global order and has outlined a vision to position it as a key growth engine in the country's advancement toward a technology-driven economy.

The Lee Jae-myung administration's AI policy is characterized by a balanced focus on three core pillars: ▲ Expanding investment in AI infrastructure and R&D, ▲ Establishing a regulatory framework through legal and institutional reforms, and ▲ Nurturing AI talent with an emphasis on practical, industry-based applications. The policy is designed to support not only the development of future regulatory standards, but also to enhance the innovation capacity of companies in developing new technologies and services.

We aim to closely analyze the Lee Jae-myung administration's key AI pledges and policy directions and provide insights to help companies respond effectively and develop appropriate strategies.

### I. SUPPORT FOR TECHNOLOGY DEVELOPMENT AND ESTABLISHMENT OF AI INFRASTRUCTURE

#### 1) Pledges

The Lee Jae-myung administration plans to make large-scale investments to establish AI as a key strategic industry in the country. Specifically, the government aims to secure core technologies and lay the foundation for the AI ecosystem by building an "AI highway" through the construction of AI data centers, supporting the development of next-generation AI semiconductors, and advancing the R&D and commercialization of large language models (LLMs) and small language models. In addition, the administration intends to support start-ups led by AI experts and promote AI-focused start-ups through the introduction of the "AX One-Stop Voucher."

#### 2) Implications

The implementation of these pledges is expected to drive technological advancement and the development of industry-specific AI ecosystems by improving access to high-performance computing resources and data. This initiative is anticipated to create new business opportunities not only for construction, equipment, and solution providers directly involved in infrastructure development, but also for companies developing AI services and products. As global competition over AI infrastructure intensifies, these

pledges will serve as a critical foundation for securing AI sovereignty and fostering strategic industries.

As major countries such as the EU, the United States, and China accelerate investment in AI infrastructure, South Korea's pledge is regarded as a timely response. This is particularly relevant given that the EU's "AI Gigafactory" initiative and the U.S.'s "Stargate" project are state-led strategic infrastructures in the development of ultra-large AI models, and may serve as a foundation for global collaborative opportunities for domestic companies.

However, to realize these objectives, it is essential to review various legal issues in advance, including data utilization, personal information protection, copyright, and infrastructure operation methods. In particular, as AI data centers are designated as national strategic technology facilities and related deregulation is simultaneously pursued, a carefully structured approach to business model and governance design will be required. Additionally, a legal overhaul is necessary to address the use of resources such as high-performance GPUs procured from the national budget, service level agreements (SLAs), and accountability.

## **II. PROMOTING DATA UTILIZATION AND STRENGTHENING PERSONAL INFORMATION PROTECTION**

### **1) Pledges**

The Lee Jae-myung administration plans to establish a high-quality data aggregation cluster for AI training and promote the release of public data to support corporate research and development. Furthermore, it aims to facilitate data transactions for AI training by introducing a data valuation and quality certification system, standardized contract terms, and an anonymity system for training data. Regarding personal information protection, the administration intends to strengthen the role of the Personal Information Protection Commission and establish a personal information protection evaluation and management system suitable to the AI-era, including the creation of a right to request deletion in cases of infringements caused by synthetic or altered personal information.

### **2) Implications**

The administration's policy of opening public data and promoting data transactions is expected to advance AI technology and support the creation of industry-specific ecosystems. In particular, the development of collaborative models linked to public data is expected to emerge as a promising strategy, and data-based digital innovation is expected to be promoted in various industries such as healthcare and finance.

In addition, as the status of the Personal Information Protection Commission is strengthened and institutional arrangements are expected to be made to achieve a balance between industrial promotion and personal information protection, further policy refinement is anticipated to address the somewhat conflicting goals of promoting data utilization and strengthening the protection of personal information. As a result,

companies will need to prepare for increasingly complex issues by reinforcing personal information protection standards, updating guidelines, and reorganizing internal response systems to align with the AI-era. In fact, companies should examine their response systems related to processing high-risk data such as sensitive information and synthetic information.

Companies will need to strengthen their regulatory response systems through organic collaboration between the legal and compliance departments and technology development departments, while seeking technological advancement and new business opportunities through access to high-quality data and utilization of transaction infrastructure.

### **III. ESTABLISHMENT OF GOVERNANCE AND LEGAL SYSTEM**

#### **1) Pledges**

The Lee Jae-myung administration plans to establish a new position of “Senior Secretary for AI Policy” within the Office of the President to oversee and coordinate AI policies and to create an “AI Strategy Organization” responsible for formulating and advancing a nationwide AI transformation strategy. The administration also plans to prepare subordinate laws of the Framework Act on AI early to eliminate uncertainty and secure predictability.

#### **2) Implications**

The creation of the Senior Secretary for AI Policy within the Office of the President, along with the establishment of a national strategic organization, represents an effort to consolidate AI policies currently dispersed across various ministries and to enhance policy consistency and execution. This is significant in that it is in line with the global trend and establishes a system that can promote a national-level AI transformation strategy.

By enabling a high-level strategic organization to expedite AI infrastructure expansion, data openness, and regulatory innovation, companies can expect greater predictability regarding legal and regulatory changes, as well as legal uncertainty related to AI use. Moreover, with the early preparation of subordinate legislation specified in the new administration’s pledges, the enactment of enforcement decrees and guidelines will likely be accelerated, which allows for the prompt clarification of the specific obligations that companies must comply with.

However, there are concerns that there is a lack of specific policies on potential risks of AI technology, safeguards, democratic governance, and remedies for damages, and that the current framework, which relies heavily on self-regulation, has limitations when compared to the global regulatory trends. In anticipation of more comprehensive discussions on ethics and responsibility, it is essential to analyze global legislative trends and establish an internal AI operation and management governance. At the same time, in order to ensure that tightening regulations do not hinder innovation in new AI businesses, government-wide coordination and strategic approaches should be pursued concurrently.

## **IV. LAYING THE FOUNDATION FOR THE GROWTH OF THE SOFTWARE INDUSTRY**

### **1) Pledges**

To enhance transparency and fairness in public procurement transactions, the government plans to introduce a software demand forecasting system, prohibit unilateral task changes, establish a reasonable project price calculation system, and promote the adjustment of public software development unit prices and maintenance fees to reflect market realities. The pledges also include a policy to improve reverse discrimination against domestic companies and secure institutional equity, thereby fostering a fair competitive environment between domestic and foreign companies

### **2) Implications**

The above pledges are expected to contribute to establishing a fair competitive order by increasing market access for small and medium-sized enterprises and new entrants, while curbing the vicious cycle of poor development and increased maintenance costs due to low-cost orders. The phenomenon of "adverse selection," in which companies with technological skills are pushed out of price competition, will be reduced and a healthy and innovation-driven competitive market can be created in the long term.

Improvements to the public software system are likely to serve as a benchmark for the private procurement market as well. In particular, it is expected that the demand for compliance with fair trade practices will be strengthened for procuring entities, including large corporations, and companies will need to establish their status as trusted suppliers by strengthening their technology protection capabilities and establishing a responsible task execution system.

## **V. AI TALENT TRAINING AND EDUCATION INNOVATION**

### **1) Pledges**

The pledges include a plan to establish an incentive system to attract top overseas talent and to improve policies supporting universities and research institutes in recruiting AI talent. The administration also plans to reinforce the pool of qualified AI and software education instructors by leveraging experienced AI practitioners in the industrial field and by providing incentives to companies that permit employees to participate in educational activities.

### **2) Implications**

The government intends to address workforce supply challenges in the AI era by nurturing talent readily deployable to industrial sites, attracting top overseas talent, and supporting R&D initiatives that align with corporate talent acquisition strategies. In particular, the development and release of Korean LLMs as open source is expected to facilitate the use of customized AI for each industry and open up new market opportunities.

However, as the use of open-source LLMs continues to expand, it is necessary to proactively assess legal issues such as the allocation of liability in the event of AI malfunctions and the applicability of expanding product liability. Companies must not only focus on technological development but also establish robust ethical and legal accountability systems, creating an environment in which talent can operate safely and effectively.

In addition, the government's move to organically link R&D and start-up support policies with the venture investment ecosystem will provide companies with new opportunities such as joint investment, labor cost sharing, and utilization of start-up support programs. In a situation where competition for human resources is intensifying, companies need to strengthen their competitiveness through comprehensive responses, including the establishment of compensation frameworks, intellectual property strategies, and the procurement of legal counsel.

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The Lee Jae-myung administration aims to make South Korea one of the "top three countries in AI" through large-scale state-led investment and legal and institutional reforms – an initiative expected to provide unprecedented growth opportunities for AI companies. However, significant practical challenges and legal risks remain, including issues related to financing, ensuring transparency in infrastructure operations, sharing roles with the private sector, securing energy resources, and establishing ethical and safety regulations. As major countries such as the US and the EU continue to advance their AI strategies, South Korea must respond swiftly to changes in the global policy environment.

Amid these developments, it is time for companies to reassess their AI business portfolios, establish dedicated AI departments, and strengthen AI governance under the leadership of CTO/CAIO. Companies should also actively consider startup acquisitions and strategic alliances to secure technological capabilities. The private sector's strategic response in positioning AI as a new growth engine has never been more vital. In this era of AI-driven innovation, Bae, Kim & Lee LLC's AI Team stands ready to support your pursuit of sustainable growth and enhanced competitiveness.

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