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MANOHAR PARRIKAR INSTITUTE FOR
DEFENCE STUDIES AND ANALYSES

मनोहर पर्रिकर रक्षा अध्ययन एवं विश्लेषण संस्थान

South Korea's Semiconductor Megaproject

According to the South Korean media reports in July 2026, South Korea under Lee Jae Myung administration is planning to [build](#) massive semiconductor production facilities in the southwestern part of the country in collaboration with South Korean companies, such as Samsung Electronics and SK Hynix. Reportedly, a military airport in Gwangju has been chosen as the site for building huge semiconductor construction facilities worth 800 trillion won (US\$ 522 billion). President Lee has also been pushing for the faster construction of this megaproject and to get it completed within the tenure of his administration by 2030. Notably, the southwestern part of South Korea, which is also known as Honam region faced social discriminations and relative deprivations in economic development during the period of authoritarian regimes. However, President Lee Jae Myung has been pursuing a strategy for mitigating the uneven regional development in the country. The Lee administration also [refuted](#) the claims by the opposition People Power Party that the policy to invest in huge development projects in the southwestern region of the country is an effort to promote the approval ratings for President Lee Jae Myung. The South Korean government also refuted [concerns](#) about the lack of electricity needed for the construction of semiconductors and artificial intelligence (AI) facilities in the Honam region. Once completed, this would be the second biggest

semiconductor cluster in South Korea after the Seoul metropolitan region.

South Korean President Participates in NATO Summit

In July, the South Korean President Lee Jae Myung [participated](#) in the North Atlantic Treaty Organization (NATO) summit in Ankara, Turkey. President Lee and NATO Secretary General Mark Rutte met during the summit on 7th July and discussed measures to enhance collaboration between South Korea and NATO. South Korean President was also reported to meet with the representatives of Indo-Pacific Four (IP4) countries which are partners of NATO alliance and consists of Japan, Australia, South Korea and New Zealand. Notably, South Korea has emerged as one of the largest traders of defence equipment to the European NATO members. The Russia-Ukraine war since 2022 has pushed several European states to procure arms from Seoul. During the NATO summit, South Korea and NATO [agreed](#) to begin negotiations for the procurement of weapons by this 32-member state alliance from the South Korean arms manufacturing companies. However, the recent decision by Canada to procure submarines from Germany instead of South Korea was a setback for Seoul's aim to deepen ties with the NATO. During his meeting with the Canadian Prime Minister Mark Carney on the sidelines of the NATO summit, President Lee [discussed](#) ways to deepen bilateral cooperation in defence industry, artificial intelligence (AI), energy and critical minerals. President Lee Jae Myung also

called upon for greater [cooperation](#) between South Korea and NATO, and build new measures for a “(South) Korea-NATO Defense Industry Partnership 2.0”.

South Korea and Conflict in West Asia

The South Korean foreign ministry raised [concerns](#) about the ongoing war in West Asia and asked the short-term visitors from the country to leave the region on an urgent basis in July 2026. The Ministry of Foreign Affairs of South Korea held a meeting with the representatives of its diplomatic missions in seventeen countries of West Asia to discuss on the issue of safety of the South Korean nationals and ships in the region. The war in West Asia also had its [impact](#) on the economy of South Korea as the South Korean currency faced steep decline in its value against the US dollar. According to a report, the rate was around 1,506.1 Won per US dollar on 9th July 2026. The weakening of the South Korean Won happened in the backdrop of declaration by the American President Donald Trump that the “temporary ceasefire with Iran was over”. South Korea was also reported to be facing the [issue](#) of probable job losses due to the renewed conflict in the West Asian region. The drop in the manufacturing and construction sector partly due to the renewed conflict in West Asia could have negative impact on the job market condition in South Korea. The South Korean government was reported to be closely monitoring the job market situation and was formulating comprehensive measures to increase employment opportunities for young people in the country.

North Korea-China Celebrates Friendship Anniversary

In July, North Korea and China were reported to be [celebrating](#) the 65th anniversary of the signing of the friendship treaty between the two countries. On 11 July 1961, the treaty was signed between the then North Korean leader Kim Il-sung and the then Chinese Premier Zhou Enlai. The North Korean Premier Pak Thae-song visited China and met with the Chinese Premier Li Qiang and discussed measures to deepen the bilateral ties between the two countries. According to the North Korean state media, Pak Thae-song also [met](#) with the Chinese President Xi Jinping and conveyed him the greetings from the North Korean leader Kim Jong-un. Later in July, a delegation from China [visited](#) North Korea and met Kim to mark the anniversary of friendship agreement. However, the relationship between North Korea and China has not been as strong as it is being presented by the leaders of the two countries and remains “[complicated](#)”. Despite the 65 years of the forging of the “Treaty of Friendship, Cooperation and Mutual Assistance” between North Korea and China, the relations have gone through several ups and downs. Although the commitment for mutual defence and military cooperation remains in place between the two countries, the bilateral relations remain complex. While China has transformed itself into the second-largest economy of the world and has become a manufacturing giant, North Korea has continued to remain a backward and impoverished state.