



## Executive Summary

South Korea's snap presidential election on June 3, 2025—triggered by the impeachment of former President Yoon Suk-yeol—resulted in a decisive victory for Lee Jae-myung of the Democratic Party, who secured 49.4% of the vote. Holding significant influence over both the executive and legislative branches, the new administration is poised to advance a comprehensive and ambitious policy agenda across economic, labor, and digital sectors.

While this transition signals a period of accelerated policymaking and elevated regulatory expectations—particularly in areas such as data protection, corporate transparency, labor standards, and platform accountability—it also introduces a degree of political stability. The consolidation of power reduces legislative gridlock, enabling more predictable government actions and clearer policy direction. For businesses, this environment presents both compliance challenges and strategic opportunities: to align with national priorities, participate in state-led initiatives, and strengthen engagement with public institutions shaping Korea's future regulatory landscape.

## 1. Election Outcome: What Drove the Result?

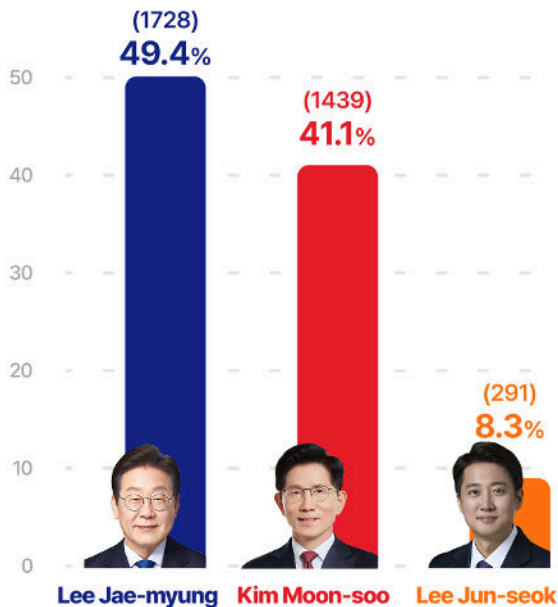
The June 2025 presidential election marked a significant political realignment in South Korea. Lee Jae-myung, the Democratic Party's candidate, won the presidency (49.4% of the vote) and brought about one of the country's rare instances of full institutional alignment—securing control of both the executive and legislative branches.

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## 21st Presidential Election Results

05:02 AM, Jun 4

Unit: % (10K votes)



This outcome signifies a complete political shift: the Democratic Party now controls both the Presidency and the National Assembly, marking one of the rare instances of full institutional alignment in Korea's democratic history.

Voter turnout reached 79.4%, a 2.3 percentage point increase from the 77.1% recorded in the 2022 presidential election—marking the highest turnout since the 15th presidential election in 1997. This was partly anticipated due to the record-high overseas voter turnout (79.5%) and the second-highest early voting rate in history (34.74%).

The result grants the new administration broad authority to implement immediate reforms across economic, labor, and digital policy domains.

Several key factors influenced the outcome of the election. The public fallout from martial law declarations and lingering controversies surrounding former President Yoon significantly undermined trust in the ruling bloc.

Attempts to unify the conservative vote—first between Kim Moon-soo and Han Duck-soo, and later between Kim Moon-soo and Lee Jun-seok—fell short, exposing internal divisions and weakening the People Power Party's electoral strategy.

Their big tent strategy also failed, further highlighting internal discord, while the Democratic Party's broad coalition with progressive and conservative groups helped maintain Lee Jae-myung's strong lead. Although Kim briefly gained momentum following the second televised debate on May 24, the boost proved insufficient to reverse the prevailing tide of support for Lee Jae-myung.



## 2. Key Reforms and Sectoral Policy Directions Under Lee

Lee’s self-declared “People’s Sovereignty Government” enters office with a broad agenda: restoring the economy, reviving democratic institutions, advancing social cohesion, and realigning trade and foreign policy.

Proposed institutional reforms, such as creating a Climate and Energy Ministry and restructuring the Ministry of Economy and Finance, along with rapid Cabinet appointments, serve as early signals of the administration’s governance style and priorities.

President Lee is expected to establish an emergency economic response task force under his direct leadership, aiming to swiftly implement practical economic measures to stabilize the economy and build public trust. Early legislative and fiscal action is likely in areas such as AI, youth employment, and support for vulnerable groups—reflecting a strategy to deliver early wins and consolidate momentum.

In foreign policy, the administration is expected to reopen inter-Korean dialogue to ease geopolitical risk while strengthening economic security through supply chain diplomacy and closer cooperation with the U.S. in strategic industries such as shipbuilding, defense, and advanced technology.

For businesses, this landscape presents both regulatory uncertainty and strategic opportunity. Rapid policy rollout may increase compliance demands but also offers first-mover advantages in sectors aligned with national priorities.

<Lee Administration’s Key Policy Focus by Sector>

Area	Theme	Key Policy Directions
Economy	AI Industry	₩100 trillion private investment, infrastructure enhancement
	Economic Fairness	Oversight of major shareholders, introduction of "Korean-style Discovery"
	Youth Support	Savings incentives, easing of student loans
Labor/Welfare	Labor Rights	Support for subcontractor bargaining, ban on flat-rate wages
	4.5-day Workweek	Transition to long-term 4-day workweek
	Retirement Age Extension	Social consensus on workforce aging
	Platform Worker Protection	Broader industrial accident insurance coverage
Foreign/Trade	Peace on the Korean Peninsula	Reopen inter-Korean communication, reduce security risks

	Economic Security	Establish control tower for economic security management
	Supply Chain Diplomacy	Expand high-tech cooperation with U.S. (shipbuilding, defense, AI, semiconductors)

### 3. Preparing for Policy Change: What Businesses Should Expect Under Lee

With the Democratic Party now holding strong legislative and budgetary control, the Lee administration is expected to implement its policy agenda with unprecedented speed. For businesses, this means more than regulatory tweaks—it signals structural shifts in labor systems, tax incentives, R&D policy, and industrial support that could reshape operational models across sectors.

While regulatory complexity will increase—particularly in labor, corporate governance, and platform accountability—there are also substantial opportunities in strategic industries such as AI, semiconductors, and healthcare, where public investment and incentive programs will expand significantly. Companies must act swiftly to monitor policy rollout, reassess internal risk and compliance, and engage early with government initiatives.

#### (1) Comprehensive Policy Landscape and Corporate Response Points

Category	Key Developments	Corporate Response Strategies
<b>Pace of Policy Implementation</b>	<ul style="list-style-type: none"> <li>• Governance begins without a transition team</li> <li>• National policy agenda to be finalized by July–August; 2026 budget by September</li> <li>• Cabinet formation and agency appointments to be closely monitored</li> </ul>	<ul style="list-style-type: none"> <li>• Closely monitor cabinet formation, ministry mandates, and budget priorities. Adjust investment and business plans in alignment with the administration's strategic direction.</li> </ul>
<b>Labor &amp; Regulatory Changes</b>	<ul style="list-style-type: none"> <li>• Structural overhaul of the labor market: 4.5-day workweek, retirement age extension, prohibition of flat-rate wage systems</li> <li>• Strengthening oversight of corporate governance under economic democratization policies</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct pre-emptive risk assessments for labor issues</li> <li>• Revise wage structures and governance strategies</li> </ul>
<b>Strategic Industry Support</b>	<ul style="list-style-type: none"> <li>• Focused tax and fiscal support for key industries such as AI, semiconductors, and biotech</li> <li>• Government R&amp;D and capital investment initiatives to be prioritized</li> </ul>	<ul style="list-style-type: none"> <li>• Proactively plan strategies to leverage public projects and incentives</li> <li>• Incorporate projected policy demand and R&amp;D needs into early planning</li> </ul>

<b>Supply Chain &amp; Foreign Policy Shifts</b>	<ul style="list-style-type: none"> <li>• Diversification of supply chains for critical materials</li> <li>• Possible resumption of inter-Korean economic cooperation</li> <li>• Trade strategies to adapt to U.S.-China tensions</li> </ul>	<ul style="list-style-type: none"> <li>• Reassess international sourcing networks</li> <li>• Evaluate geopolitical risks and adjust trade operations accordingly</li> </ul>
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## (2) Industry-Specific Impact Analysis and Response Strategies

Each industry is expected to face a structural realignment characterized by both opportunities and challenges under the Lee administration. Companies should conduct granular analysis of policy direction and potential risks, while preparing strategic responses in collaboration with the government and aligning financial planning accordingly.

Sector	Indicative Policy Shifts	Recommended Response Strategy
<b>Bio &amp; Healthcare</b>	<ul style="list-style-type: none"> <li>• Support for digital pathology equipment and precision medicine R&amp;D</li> <li>• Investment in public vaccine infrastructure</li> <li>• Streamlined processes for adopting new medical technologies and insurance reimbursement</li> </ul>	<ul style="list-style-type: none"> <li>• Early-stage R&amp;D planning linked with government projects</li> <li>• Refine clinical and reimbursement strategies</li> </ul>
<b>AI &amp; Data</b>	<ul style="list-style-type: none"> <li>• Launch of ₩100 trillion AI investment fund; expansion of infrastructure, data, and talent development</li> </ul>	<ul style="list-style-type: none"> <li>• Linked investment programs to preemptively secure AI infrastructure and talent</li> </ul>
	<ul style="list-style-type: none"> <li>• Regulatory reforms to enable the use of medical and financial data</li> </ul>	<ul style="list-style-type: none"> <li>• Promotion of data-driven new businesses; leadership in data security and standardization</li> </ul>
<b>Platform</b>	<ul style="list-style-type: none"> <li>• Strengthening the socio-economic responsibilities of big tech</li> </ul>	<ul style="list-style-type: none"> <li>• Promoting ESG management and operating co-prosperity programs</li> </ul>
	<ul style="list-style-type: none"> <li>• Enactment of the <i>Online Platform Act</i></li> </ul>	<ul style="list-style-type: none"> <li>• Enhancing fairness, transparency, and user protection in preparation for legislation</li> </ul>
<b>Venture &amp; Startup</b>	<ul style="list-style-type: none"> <li>• Expansion of the Korea Fund of Funds and application of regulatory sandboxes</li> </ul>	<ul style="list-style-type: none"> <li>• Increased matching investments and active use of regulatory sandbox programs</li> </ul>
	<ul style="list-style-type: none"> <li>• Introduction of a Korean-style Discovery system</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening early-stage startup incubation and unlisted company investment</li> </ul>



<b>Manufacturing</b>	<ul style="list-style-type: none"> <li>• Labor cost impacts due to shorter working hours and retirement extension</li> <li>• Expanded policies for supply chain stability</li> </ul>	<ul style="list-style-type: none"> <li>• Drive productivity innovation (e.g., smart factories, automation)</li> <li>• Establish comprehensive risk response protocols</li> </ul>
<b>Semiconductors &amp; Advanced Materials</b>	<ul style="list-style-type: none"> <li>• Designation as strategic industries and potential for large-scale tax credits</li> <li>• Need to manage export controls amid U.S.-China rivalry</li> </ul>	<ul style="list-style-type: none"> <li>• Advance investment plans aligned with public funding</li> <li>• Strengthen compliance and export control response systems</li> </ul>

Given the scale and breadth of policy shifts, companies must establish a structured response system tailored to their industry characteristics and policy timelines. This includes internal strategic adjustments, proactive communication with government stakeholders, and regulatory risk diagnostics. From July to October 2025, key developments such as the government organization act revision, national policy announcements, budget submission, and parliamentary audit will occur in quick succession—requiring real-time tracking and industry-specific alignment.

### Three Strategic Pillars for Corporate Response :

- **Policy-Linked Strategic Planning** : Adjust investment and operational plans in tandem with government blueprints for each industry.
- **Enhanced Government Engagement** : Strengthen communication channels with ministries to identify collaborative opportunities and leverage incentive programs.
- **Advanced Risk Monitoring Systems** : Monitor key areas including labor, fair trade, supply chain disruptions, and export controls.

## 4. Key Government Milestones to Monitor

With no formal presidential transition committee in place, the Lee Jae-myung administration is moving quickly to define its leadership structure and policy direction, relying on trusted campaign aides and policy advisors. According to various political and media sources, key appointments have already been outlined:

- [Kim Min-seok](#), a four-term National Assembly member and senior Democratic Party official, is expected to be named Prime Minister. Kim is closely aligned with Lee's progressive policy platform.
- [Kang Hoon-sik](#), a three-term National Assembly member recognized for his strategic leadership in past elections and his relatively neutral stance within party factions, is expected to be appointed Chief Presidential Secretary.
- **Lee Han-joo**, policy architect behind Lee's basic income initiative and former head of both the Gyeonggi Research Institute and the Democratic Research Institute, is considered the leading candidate for Chief Policy Officer.

In lieu of a traditional transition process, the administration is also expected to begin crafting its national policy roadmap —likely drawing directly from campaign pledges and incorporating the input of campaign-affiliated experts. This roadmap will serve as the foundation for the government's five-year priorities, with ministries aligning their briefings and budgets accordingly. Meanwhile, October will mark the first National Assembly audit under the new government, likely focusing on platform accountability, labor practices, and content regulation.



Timeframe	What to Track
June	<ul style="list-style-type: none"> <li>• Prime Minister and Cabinet confirmation hearings</li> <li>• <i>Government Organization Act</i> revision</li> </ul>
July–August	<ul style="list-style-type: none"> <li>• Finalization of national policy agenda</li> <li>• Agency briefings</li> </ul>
September	<ul style="list-style-type: none"> <li>• Submission of 2026 budget to National Assembly</li> </ul>
October	<ul style="list-style-type: none"> <li>• National Assembly audit - the first since the new administration took office</li> </ul>

For stakeholders across industries, this transition period presents a narrow but crucial window to track emerging policy lines, engage with newly appointed officials, and align strategies with the national agenda that will define South Korea’s policy landscape in the years ahead.

### For Expert Guidance and Timely Updates

CODIT’s policy monitoring platform leverages AI and big data technologies to collect and analyze legislative and policy data from the National Assembly and the government in real time—including news, bills, minutes, and government support programs—delivering companies tailored policy insights. To learn more about CODIT’s AI-powered platform services and tailored policy report, contact us at [contact@thecodit.com](mailto:contact@thecodit.com) or visit [thecodit.com](https://thecodit.com)

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