

## **Korean SME Exports Hit All-Time Q1 Record at \$29.8 Billion, Up 9.1% Year-on-Year**

Korean small and medium-sized enterprise exports reached \$29.8 billion in the first quarter of 2026, a 9.1% increase from the same period last year and the highest Q1 figure on record. The result comes despite headwinds from the ongoing Middle East conflict, as strong performances in cosmetics and semiconductors across Asian and European markets more than offset the impact of regional disruptions.

### **Online Exports Cross Historic Threshold**

Online exports by Korean SME surpassed \$300 million for the first time in a single quarter, reaching \$300 million – up sharply from \$220 million in Q1 2025. Growth was driven by strong demand from the United States (+25.1%), China (+43.4%), and the United Kingdom (+191.6%). The number of SMEs engaged in online exports also rose 14.4% year-on-year to 2,735 companies, reflecting a broadening base of exporters entering digital channels.

The total number of exporting SMEs grew 2.7% to 64,706 companies, compared to 63,033 in Q1 2025.

### **Cosmetics Post Record Quarter; Semiconductors Surge on AI and 5G Demand**

Cosmetics – a sector led by Korean SMEs – recorded its highest-ever quarterly export figure of \$2.18 billion, up 21.3% year-on-year. Exports to the United States grew 35.1% and to Europe 43.7%, more than compensating for a 16.1% decline in Middle East shipments driven by the regional conflict. Online cosmetics exports rose 74.2% to \$200 million, with particularly strong growth recorded in the United States (+60.8%), China (+91%), and the United Kingdom (+282%).

Semiconductor exports rose 55.6% to \$1.13 billion, supported by expanding investment in 5G infrastructure and artificial intelligence. Companies with technologies related to high-performance communications equipment and cloud servers drove significant export growth to Hong Kong (+214.8%), Taiwan (+82.5%), and Vietnam (+35.4%).

Automobiles were a notable exception, with exports declining 15.2% to \$1.47 billion – the first quarterly decline in six quarters – attributable to Russia's increased import tariffs on vehicles and strait closures resulting from the Middle East conflict. Exports to CIS countries fell 22% and to the Middle East 10.5%.

### **Top Export Destinations: China and Vietnam Gain, U.S. Edges Lower**

Among the top ten SME export destinations in Q1 2026, six countries recorded year-on-year growth: China (+10.6%), Vietnam (+9.7%), Hong Kong (+86.3%), Taiwan (+29.4%), India (+23.6%), and Thailand (+4.4%). Exports to the United States (-2.7%), Japan (-2.8%), Mexico (-4.0%), and Indonesia (-2.9%) saw modest declines.

China remained the top destination at \$4.88 billion, buoyed by strong exports of copper-processed products including copper foil for smartphone components (+65.8%) and apparel (+36.3%). The United States followed at \$4.47 billion, where cosmetics and auto parts posted gains but power equipment exports declined on a high base effect.

Middle East exports for the quarter totaled \$1.28 billion, down 16.9% year-on-year and below the five-year Q1 average of \$1.38 billion. In March alone – the month immediately following the outbreak of the Middle East conflict – exports to the region fell 49.5%. However, strong performances in Asia (+20.7%) and North America (+4.5%)

pushed overall March exports to a record high.

“Despite significant challenges including the Middle East conflict, exports of key items such as cosmetics drove strong growth across Asia and Europe, enabling a record-breaking Q1 performance,” said Shim Jae-Yoon, Director General for Global Growth Policy at MSS.

“To respond to the rapidly changing trade environment, it is necessary to diversify export markets, broaden our product mix, and upgrade our core export products. We will expand related support accordingly, and plan to swiftly deploy logistics vouchers and other measures funded through the supplementary budget to ease the difficulties faced by SMEs affected by the Middle East conflict.”

*The export data in this release is based on customs clearance data from the Korea Customs Service. Company size classifications reflect the most recent updates at time of publication and may be subject to revision following the finalization of annual trade statistics in February 2027.*

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