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- Agenda for 2022 of the Ministry of SMEs and Startups -
「By Citizens Driven Innovation, Fully Responsible Government」

- Implementation of the 3R Process* for SMEs

* Rapid Payment, Recovered the Loss, Renewal Business – Returning to New Normal

- Fostering venture and startup companies that will lead the future
: continuously spread and expand the passion for startups
- Paradigm shift driven by SMEs for Carbon Neutrality and ESG
- Total Implementation of the Shared growth and Fair trade

The Ministry of SMEs and Startups (Minister KWON Chil-seung, hereafter referred to as “MSS”) announced the **“2022 Plans of the Ministry of SMEs and Startups”** that includes a review of the achievements of the SMEs, venture companies, and micro-enterprise-related policies of the Moon Jae-in administration and the major policy tasks of 2022.

Major Plans of the Ministry of SMEs and Startups for 2022

① Support the Recovery of Micro-enterprises and Enhance their competitive edge

- ① Rapid Loss Recovery of the Micro-enterprises and support for their Renewal
 - For a greater range of loss recovery, “limitations in the number of people allowed in certain facilities” will be added to the criteria for loss recovery funds, and the minimum amount of loss recovery funds will be greatly increased (KRW 100,000 → KRW 500,000).

- A quarantine relief fund will be provided to compensate for the loss as a result of stricter measures to contain the spread of the virus.
 - Low-interest loans of a total of KRW 35.8 trillion in the form of “Hope Loan Plus” (KRW 10 trillion) and “Special Loans to Return to Daily Lives” (KRW 2 trillion) to the Micro-enterprises.
- Customised support for recovery will be provided for all stages of Micro-enterprises, including the Crisis (management improvement), Closing (closing down the business, relieving the burden of loans), Retry (re-hiring, founding a company) stages, etc.

② Better resilience with improved conditions for Micro-enterprises

- The MSS will foster around 5,000 smart stores, workshops, and markets, and increase the number of Digitalised traditional markets.
- The MSS will also provide vouchers to encourage expenses on the traditional markets by subscription and provide financial aid for meal kit productions.

③ Provide a base for the Renaissance of local marketplaces

- The MSS will enact the Local Commercial Districts Act(April 2022) to provide support for not only traditional markets, but also the local marketplaces to create a foundation for revitalizing the commercial area.
 - The MSS will also expand the range of targets for support to revitalise the local commercial districts by increasing the number of Marketplace Renaissance Projects and make improvements to the projects.

2 Fostering Startups that will lead the future

1 Encourage innovative startups focused on technology, youth, and the local community

- The MSS will increase the duration of support for startup companies in the new future industries (7→10 years), and allocate more than 40% of the startup-related budget to new industries.
- The MSS will also designate universities with excellent startup support infrastructure as “Startup Focused Universities” (2022: 6 universities) and provide other startup policies* that fit the needs of youth.

* Improve undergraduate systems to become more startup-friendly, foster TIPS companies specialized for youth, create a youth startup fund of KRW 1 trillion, etc.

- The ministry will also begin building the K-bio Lab complex that will provide comprehensive support for bio startup companies, and provide more support for the Creative Economy Innovation Centre and Business Incubators to foster local startups.

2 Accelerate the growth of startups with venture capital and hiring talented HR

- The MSS will provide a pump primer for encouraging private venture investments by putting in approximately KRW 1 trillion from the Fund of Funds to create an additional venture fund worth of KRW 2 trillion or more,
- While encouraging stock options and officially launching a venture and startup academy (approximately 1,200 participants) for venture and startups to hire excellent talent and to encourage employees to stay longer at organisations.

- The MSS also has plans to implement multiple voting rights, as well as the treasury loan and compound finance system used in Silicon Valley in the United States (amend the Venture Investment Act, first half of 2022).

* (Example) Loans with conditions of investments, conditional agreements on stake transitions, etc.

- The MSS will also increase the amount of M&A Funds (2021: KRW 2.2 trillion → 2022: KRW 2.35 trillion, accumulated) and establish an Early-Exit Fund (KRW 100 billion, new), as well as greatly improve investment systems related to M&As*.

* Ease restrictions on investments of public corporations for M&A funds, make an exception to allow the company being acquired during an M&A to become a large shareholder of a special purpose company (SPC) if the SPC was founded for the purpose of M&As (amend the Venture Investment Act)

③ Foster innovative local companies with Regulation-Free Special Zones

- The MSS will designate new Regulation-Free Special Zones (approximately five zones), to expand the achievements resulting from settling empirical projects that will come to an end (modify laws and regulations, transition to temporary permits).
- The ministry will also give more authority to Technoparks (TP) to become comprehensive support organizations for local companies, and discover leading companies (100 companies) that will lead the key industries of the local community and intensively support them.

③ Enhance capabilities of SMEs to respond to the changing environment and build a foundation for growth

① Support SMEs to enter new industries with business conversions

- The MSS will expand the range of support for business conversion from simple change of industry to implementing promising products or services in new industries or innovating business models

- While greatly increasing the amount of funds for business conversion (2021: KRW 100 billion → 2022: KRW 250 billion), and opening new Structure Innovation Support Centers (10 locations).

② Preemptive response to Carbon Neutrality and ESG

- The MSS will encourage and support high-carbon industry* SMEs to make low-carbon transitions by industries, and spread the culture of carbon neutral management among SMEs,

- While providing systematic support for the development and spread of green technology essential to reducing carbon, improvement of processes to increase energy efficiency, and business conversion of high-carbon industries.

* Carbon neutrality budget for SMEs (KRW 100 million): (2021) 2,397 → (2022) 4,744 (↑ twofold)

③ Provide a foundation for growth with smart manufacturing processes and support for entering overseas market

- The MSS will roll out leading models of smart factories including K-Lighthouse factories and carbon neutral factories, set up the “My Manufacturing Data Platform” to encourage the sharing, transaction, and use of manufacturing data, and make other advancements in the smart factory support system.

- Also, to continue the increasing streak of exports, the MSS will designate more Brand K products (up to 300), and continue to provide shipping spaces for SMEs and logistics vouchers (KRW 11.9 billion).

④ Build a fair trade practice and spread the culture of shared growth

① Secure fairness on online platforms and protect local marketplaces

- The MSS will organise shared growth committee with online platform companies and micro-enterprises to resolve issues with negotiations,

- and start the Amendment of the Act on the Promotion of Mutually Beneficial Cooperation between Large Enterprises and Small and Medium Enterprises to have legal evidence for the shared growth meetings with online platforms, and prevent unfair increases of commissions by the online platform companies.
 - To prevent large online platform companies from indiscriminately expanding their business scope, the MSS will also seek measures to improve the designation standards for appropriate industries for SMEs*.
- * Improvement (draft): If there are similar business models, SMEs will be allowed to sign up for different industries as appropriate industries.

- ② Trials on connecting unit prices of the cost of delivered goods and enhancing the skills of SMEs to negotiate the cost of delivered goods
 - The MSS will start a trial project that encourages companies to use standardised agreements for products with certified international market prices to autonomously set sale unit prices,
 - While enhancing the skills of SMEs to negotiate the cost of delivered goods and conducting intensive investigations on unfair terms in agreements that prohibit cost modifications of delivered goods.
- ③ Spread voluntary shared growth with Inclusive Companies, etc.
 - The MSS will designate additional Inclusive Companies (10 companies) and build the Inclusive Platform where both Inclusive Companies and related partner companies are joined to take on shared growth tasks,
 - While launching the connective and shared growth support projects where shared growth activities of the private companies and government support are connected.