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MSS and VCs discussed the policy direction of Corporate Venture Capital (CVC)

MSS held its regular meeting with the CVC Council for Q2 2024.

Corporate venture capital (VC) investment in 2023 amounted to KRW 2.1 trillion, representing 19% of total VC investments.

During the meeting, MSS gathered the industry's feedback on the deregulation of the CVC sector.

Sejong, July 1, 2024 – The Ministry of SMEs and Startups (MSS, Minister OH Youngju) and the Korea Fair Trade Commission (KFTC, Chairperson HAN Ki Jeong) attended the second-quarter regular meeting of the CVC Council under the Korea Venture Capital Association (KVCA, Chairman YOON Gun-soo) on Thursday, February 27, 2024. The meeting discussed the current status and policy directions of domestic CVC¹s.

During the meeting, MSS and KFTC presented their analysis of the current status of CVCs and CVCs investment in 2023.

As of 2023, there were about 98 corporate venture capital firms² out of a total of 359 domestic venture capital firms. These 359 firms comprised 247 general venture investment companies and 112 specialized new technology venture financing companies. Out of the 98 corporate venture capital firms, 13 were owned by general holding companies under Article 20 of the Monopoly Regulation and Fair Trade Act.

In 2023, domestic corporate venture capital (CVC) firms invested around KRW 2.1 trillion, which accounted for 19% of the total venture capital investment of KRW 10.9 trillion during the same period. The investment of CVC firms owned by general holding companies was recorded at KRW 176.4 billion.

<CVC's investment in 2023 >

Classification	No. of Companies	Amount of VC Investment (KRW 1 trillion)
VC	359	10.9
CVC	98	2.1
CVC firms owned by general holding companies	13	0.2

During the meeting, there were lively discussions among industry officials, including CEO Heo Jun-nyeong of GS Ventures, who chairs the CVC Council, and officials from MSS and KFTC, regarding policies to boost CVC investment, such as deregulation.

CIO KIM Jun Sik of CJ Investment stated, "I look forward to coming up with various measures to boost CVC investment through this CVC council meeting." He added, "CVC investment will contribute to the growth of the country's SMEs and startups."

Kim Bong-deok, Director General for Venture Policy, stated, "Since the new system allowing general holding companies to own CVC firms was implemented at the end of 2021, CVCs have been settling in the venture capital market. However, it is believed that government intervention is necessary for them to operate effectively in the market." He continued, "In the future, we plan to release statistics on the status of CVCs semi-annually and expand the Global CVC Conference held last November into a more substantive event." He also emphasized, "We intend to enhance coordination between government agencies to ensure that policy proposals yield tangible results, including implementing improvements suggested by the industry."

¹ Corporate Venture Capital (CVC): Venture capital established and held by a corporation to independently invest in startups for strategic purposes

² Classification of CVC: Venture investment companies or specialized new technology venture financing companies operated with funds received from CVC parent companies, where non-financial corporate groups hold more than 30% of the shares as the largest shareholders for strategic investment in startups