Ministry of SMEs and Startups

Press Release

(August 19, 2026)

www.mss.go.kr

Venture Investment Hits Record KRW 8.9 Trillion in the First Half

New venture investment in Korea reached KRW 8.87 trillion (approx. USD 6.2 billion) in the first half of 2026, up 54.3 percent from a year earlier and the highest first-half figure on record – surpassing even 2022, the peak of the last venture boom. The Ministry of SMEs and Startups (MSS) released the figures on August 19.

New venture fund formation came to KRW 8.44 trillion (approx. USD 5.9 billion), up 33 percent and the second-highest first half on record. Policy finance contributions rose 58.3 percent and private-sector contributions 28.1 percent. Within the private sector, financial institutions accounted for KRW 2.61 trillion, up 54.9 percent – a jump that followed a March 2026 change cutting the risk weight banks apply to policy-oriented venture fund investments from 400 percent to 100 percent.

Where the Money Went: AI, Chips, and Robotics

The largest recipients were ICT services (KRW 1.86 trillion, 21 percent of the total), electrical, machinery, and equipment (KRW 1.54 trillion, 17.3 percent), and bio and healthcare (KRW 1.5 trillion, 17 percent). ICT services have drawn the most venture money over the past five years, though the focus has shifted – where investment once centered on platform-based services, it now goes toward AI solutions and related applications.

The sharpest year-on-year gains came in ICT manufacturing (up 143.3 percent), electrical, machinery, and equipment (up 90.4 percent), and ICT services (up 62.2 percent). Deals of KRW 100 billion or more in semiconductors and robotics – AI chips, memory, humanoids – drove much of the increase. Gaming was the one sector to decline, falling 76.3 percent.

AI is drawing investment globally as well. According to Preqin, global venture investment reached USD 515 billion in the first half of 2026, up 191 percent year-on-year, with roughly 70 percent going to IT sectors such as AI and semiconductors.

Early-Stage Companies See the Biggest Jump

Investment rose across companies of every age, both those under seven years old and those beyond.

Companies three years old or younger drew KRW 1.83 trillion, up 56.4 percent. Deep-tech startups in AI, semiconductors, and robotics are increasingly winning large rounds of KRW 10 billion or more early on, as investors recognize their technology and growth potential. Among venture capital firms and funds, 16 early-stage companies raised such rounds, totaling KRW 421.8 billion – and nine of them, accounting for KRW 315.3 billion, were in AI and robotics.

MSS plans to keep supporting early-stage investment, doubling the Fund of Funds' allocation to early-stage funds from KRW 100 billion in 2025 to KRW 200 billion in 2026, and favoring funds that put a minimum share of their capital into early-stage companies.

Regional Investment More Than Doubles

Venture investment in the greater Seoul area reached KRW 3.10 trillion, up 49.9 percent, concentrated in AI innovation clusters such as Pangyo Techno Valley in Gyeonggi Province.

Investment outside the capital region rose faster still – up 104.7 percent to KRW 1.06 trillion. Daejeon led at KRW 435.9 billion, the largest of any region outside greater Seoul, on major deals in life sciences and aerospace that drew on R&D infrastructure such as the Daedeok Innopolis. North Chungcheong Province took in KRW 101.2 billion, up 343.9 percent, led by bio and fine chemicals firms around the Osong Bio Valley.

Jobs and Tax Support

The investment surge is already showing up in hiring. Analysis of startups that raised venture funding over the past three years found employment rose more than 11 percent after investment, with people in their thirties and younger accounting for around 60 percent of the new hires.

The government also plans to expand tax support for venture investment through amendments to the Restriction of Special Taxation Act. The age limit for companies eligible for investment tax benefits will be extended from seven years to ten, so that scale-up investment in deep-tech startups – which take longer to mature – also qualifies. The capital gains tax exemption for venture investment, set to expire at the end of 2028, will be made permanent. And the corporate tax credit for domestic companies investing directly in venture firms located in areas facing population decline will rise from 5 percent to 7 percent.

"With both venture investment and fund formation up sharply in the first half, Korea's venture investment market has entered a real growth phase," said Kim Bong-Deok, Director General for Venture Policy at MSS.

"We will strengthen the Fund of Funds' role in getting risk capital flowing, and work with other ministries on tax benefits and other policy support, so that this growth reaches beyond startups and venture companies to youth employment and regional economies."

For more news and updates on Korea's SME and startup policies, follow the Ministry's official **LinkedIn** page: https://www.linkedin.com/company/mss1357