Ministry of SMEs and Startups

Press Release
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MSS Develops Plans to Support Advanced Technology Companies in National Security

The Ministry of SMEs and Startups (MSS) convened the third meeting of an interministerial working group in Seoul on October 28 to advance plans for supporting companies developing technologies with national and economic security applications.

Park Yongsoon, Deputy Minister for SME Policy at MSS, chaired the meeting, which was attended by approximately 25 representatives from relevant ministries and organizations. Discussions covered an initial pool of potential participants, priority technology areas, proposed selection criteria, and plans for R&D funding and investment.

The initiative seeks to help innovative businesses meet security needs in areas ranging from AI and cybersecurity to aerospace and quantum technology, while creating opportunities for commercial growth.

Identifying Promising Companies

MSS has compiled an initial pool of 538 companies based on recommendations from ministries and industry organizations, including the Defense Acquisition Program Administration, the Korea Venture Association and the Korea Defense Industry Association.

The recommended companies have previously qualified for recognition or support under relevant government legislation or programs and have shown innovation and growth potential in security-related technologies.

Tech Area	Drones	Robotics	AI	Semicon-ductors	Sensors	Materials	Aerospace	Security	Quantum	Total
Number of companies	68	58	145	40	46	30	115	65	18	538

**The total excludes 47 duplicate entries across technology areas.*

MSS plans to select companies from this pool by assessing their technologies, growth prospects, potential contributions to security, and ability to safeguard sensitive technology.

Setting Priorities and Selection Criteria

The working group discussed which technology areas to prioritize and how to assess companies for support. Areas under consideration include AI, advanced robotics, cybersecurity, semiconductors, aerospace, drones, advanced materials, sensors and quantum technology.

The proposed assessment framework covers four areas:

- Technological innovation: R&D investment in security-related technologies and intellectual property.
- Contribution to security: Links to national strategic technologies and potential benefits for national and economic security.
- Growth and commercialization potential: Revenue growth and investment raised.
- Security capabilities: Systems and infrastructure for protecting technology.

The priority areas and selection criteria will be refined through consultations with businesses and experts before companies are selected.

Connecting Technology Development with Government Procurement

Participants also discussed an R&D program that would help selected companies and prospective participants develop technically demanding solutions in response to public-sector security needs.

The proposed approach draws on the United States' Other Transaction Authority (OTA), a special contracting authority that allows certain federal agencies to develop, test and acquire innovative technologies outside standard federal procurement rules.

The Korean program would link research and development with demonstration and eventual procurement, providing approximately KRW 10 billion in support over a period of up to five years.

Public-sector organizations that need the technology would take part from the project planning stage through development and demonstration. Development objectives could be adjusted as their requirements evolve, increasing the likelihood that completed technologies lead to actual purchases.

The aim is to help government agencies adopt private-sector innovations more quickly and give participating businesses a route to new markets.

Financing Long-Term Development and Growth

The working group also discussed establishing large investment funds to support SMEs and venture companies in security-related industries.

These companies often face substantial upfront costs and long development periods. Dedicated investment support would help them pursue technologies that are strategically important to national security and the future competitiveness of Korean industry.

Ministries discussed possible funding arrangements, but the size and structure of the funds have yet to be announced.

MSS will continue working with other ministries to finalize priority areas and selection criteria and develop support for R&D, investment, demonstration and commercialization. The ministry aims to help companies apply their technologies in defense and other public-sector security operations, build their businesses and expand internationally.

"Advanced technologies are vital to strengthening national security and keeping our industries competitive," Deputy Minister Park said. "We will work closely with other ministries to help companies with strong technological capabilities become leaders in these fields. From identifying promising businesses to supporting R&D, investment and commercialization, we will move quickly to put practical, coordinated support in place."

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