Ministry of SMEs and Startups

Press Release
(October 29, 2026)

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MSS and Health Ministry Launch Plan to Help 200 Pharmaceutical and Biotech Companies Compete Globally

The Ministry of SMEs and Startups (MSS) and the Ministry of Health and Welfare announced the K-Pharma Bio Frontier Companies initiative at the National Policy Coordination Meeting on October 29. The initiative aims to help 200 promising companies become globally competitive by 2030 through coordinated support for research, clinical development, commercialization, financing and overseas expansion.

The two ministries will jointly identify SMEs and venture companies with strong technologies and growth potential. Support will cover each stage of development, from identifying drug candidates and conducting preclinical studies to clinical trials and market entry.

Korea's pharmaceutical and biotech market grew from KRW 23.2 trillion in 2020 to KRW 31.7 trillion in 2024. Yet the number of new biotech ventures fell from 581 in 2020 to 288 in 2023, suggesting that market growth has not translated into stronger startup activity. New drug development requires substantial investment over many years, and early-stage biotech companies continue to face difficulties securing funding.

Meanwhile, advances in AI-driven drug discovery, gene editing and targeted protein degradation are creating opportunities for smaller companies to compete internationally. The government has named pharmaceuticals and biotechnology as one of seven priority sectors under its SEED initiative and is pursuing approximately KRW 13 trillion in investment through vehicles including megafunds and the National Growth Fund.

The new plan builds on a joint support framework announced by the two ministries in March and concerns raised by businesses at a September 17 meeting. It focuses on four priorities.

Tailored Support for 200 Companies

The ministries will jointly select 50 companies each year, aiming to support 200 by 2030. Each annual group will include 20 companies developing new medicines, 20 working in medical devices and digital health, and 10 specializing in biomaterials and production technologies.

Each company will work with a dedicated growth adviser to develop a strategy suited to its needs. An initial two-year phase will provide tailored assistance with R&D, clinical development and commercialization. Companies that perform well in a subsequent assessment will receive a further three years of support, including help attracting investment and expanding overseas.

The financing package includes KRW 60 billion in investment over three years through designated R&D financing banks, along with KRW 90 billion in guarantees to help companies secure funding for commercialization.

Helping Companies Progress from Research to Market

The ministries will support the use of AI and other advanced technologies to reduce drug development timelines and costs, while helping companies move more smoothly from research through clinical trials to commercialization.

Measures include assistance with validating and commercializing AI drug discovery models and expanded access to public medical and biological data for drug development and medical innovation.

The government will also fund new R&D in alternatives to animal testing, including organoids and organ-on-a-chip technologies, and in improving medical AI. This support will help companies respond to changes in international regulation, including the U.S. Food and Drug Administration's efforts to reduce animal testing.

A joint working group will regularly gather feedback from businesses and work with relevant authorities to address regulatory obstacles and other practical difficulties.

Turning Research into Businesses and Partnerships

The plan will make it easier for hospital and university researchers to turn their findings into businesses and commercial products. It will also expand opportunities for startups and SMEs to collaborate with larger companies.

The ministries will develop policies to support hospital researchers who want to establish companies and strengthen the role of technology transfer offices in bringing research to market.

Startups will be connected with global pharmaceutical companies and other large businesses seeking their technologies. These partnerships will support technology validation, joint R&D, investment and commercialization.

Regional growth funds and other investment sources will provide financing suited to different stages of business development. Companies will also be connected with facilities such as the K-Bio Lab Hub and other regional research infrastructure to support their growth.

Supporting International Expansion from an Early Stage

The initiative will help Korean companies build relationships with international pharmaceutical and biotech partners early in the development process.

Networks of global pharmaceutical companies, investors and local experts will help businesses plan overseas clinical trials, navigate regulatory approvals and prepare to enter new markets.

International joint R&D projects will connect Korean companies with overseas pharmaceutical firms seeking specific technologies. These projects will support development from drug candidate discovery through preclinical studies and entry into clinical trials.

The ministries will also coordinate assistance through overseas support networks, including MSS's Global Business Center in Chicago and the Health Ministry's support activities at the Texas Medical Center. These networks will help companies collaborate with local businesses and hospitals, attract investment and bring their technologies to market.

"Even after successfully developing a technology, pharmaceutical and biotech companies need considerable time and funding to reach the market," Minister of SMEs and Startups Lee Soyoung said.

"Turning strong research into clinical applications and products requires more than R&D support. Companies also need help with clinical trials, regulatory approval and commercialization," Minister of Health and Welfare Jeong Eun-Kyeong said. "We will combine our pharmaceutical and biotech expertise and hospital and clinical infrastructure with MSS's capacity to support business growth, helping Korean companies with innovative technologies succeed internationally."

She added that tailored advice would be available from the drug candidate stage, covering clinical development, regulatory approval and chemistry, manufacturing and controls (CMC) – the processes needed to ensure consistent product quality.

“We will help promising basic research move more quickly toward commercialization and address unnecessary regulatory barriers in clinical settings,” she said.

The ministries will coordinate company selection, growth planning, R&D and clinical support, commercialization, financing and international expansion. This approach is intended to give participating companies a more consistent path from promising research to global business growth, with a target of supporting 200 companies by 2030.

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