Policies and Incentives

Based on the Restriction of Special Taxation Act, the Korean government has expanded tax benefits for investment in 11 major new industries including the biopharmaceutical sector (100% for the first 5 years and 50% for the next 2 years).

Business Partnering Opportunities

The Ministry of Health and Welfare and The Ministry of Trade, Industry and Energy (MOTIE) annually hold “Bio Korea” and “Global Bio & Medical Forum” respectively, to provide opportunities for cooperation between Korean and foreign businesses.

Regulatory Harmonization

Korea joined the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme (PIC/S) in 2014. The country also strengthened its GMP standards on par with advanced countries including the US, the EU and Japan to improve the quality of domestic products.

Moreover, Korea officially joined the International Conference on Harmonization (ICH) in November 2016, showing that Korea is recognized as an advanced country in the global medical regulatory sector.

Success Case

BMS Korea Pharmaceutical signed OCE agreements (Oncology Center of Excellence) with major Korean cancer research institutions; produced raw pharmaceutical materials and finished drugs at a Korean factory (Songdo).

Many global pharmaceutical firms including GSK, Janssen Pharmaceutical, Lilly, MSD, and Pfizer entered the Korean market and are actively participating in joint R&D projects with Korean researchers.

Governmental Support

<table>
<thead>
<tr>
<th>Ministry</th>
<th>Description</th>
<th>Relevant Areas</th>
<th>Tax Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Science, ICT &amp; Future Planning</td>
<td>Supports the medical and life science sector in securing original technologies and transforming their research findings into practical applications</td>
<td>Neuroscience, genome, stem cell, etc.</td>
<td>100% for the first 5 years and 50% for the next 2 years</td>
</tr>
<tr>
<td>Ministry of Health and Welfare</td>
<td>Assists clinical research in the public health and medical sectors</td>
<td>Medical treatment, medical products &amp; services development</td>
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<tr>
<td>Ministry of Trade, Industry &amp; Energy</td>
<td>Accelerates the R&amp;D and industrialization process of the entire biotech industry</td>
<td>All</td>
<td></td>
</tr>
<tr>
<td>Ministry of Food and Drug Safety</td>
<td>Develops technologies related to the permission, approval, and evaluation of medical products, and supports the exports of high-tech medical products</td>
<td>Medical products &amp; services development</td>
<td></td>
</tr>
</tbody>
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KOTRA WORLD WIDE

As Korea’s Trade-Investment Promotion Agency, KOTRA has 127 overseas offices and 10 headquarters worldwide.

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KOSPI World Wide

As Korea’s Trade-Investment Promotion Agency, KOTRA has 127 overseas offices and 10 headquarters worldwide. * Invest Korea(K), Korea’s national investment promotion agency, was established as part of KOTRA to support the foreign businesses in Korea.

Korea's Leading Industries

Biopharmaceutical

BMS Korea Pharmaceutical signed OCE agreements (Oncology Center of Excellence) with major Korean cancer research institutions; produced raw pharmaceutical materials and finished drugs at a Korean factory (Songdo).

Many global pharmaceutical firms including GSK, Janssen Pharmaceutical, Lilly, MSD, and Pfizer entered the Korean market and are actively participating in joint R&D projects with Korean researchers.
Korea’s pharmaceutical drug market amounted to USD 16.4 billion as of 2015. Its pharmaceutical drug production has steadily grown to reach USD 14.5 billion in 2015.

Market Size of Finished Drugs and Raw Pharmaceutical Materials

- Market Size
  - Finished Drugs
    - 2011: USD 4.95 billion
    - 2013: USD 4.988 billion
    - 2015: USD 4.950 billion
  - Raw Materials
    - 2011: USD 135.4 million
    - 2013: USD 144.7 million
    - 2015: USD 164.1 million

Source: Ministry of Food and Drug Safety, press release, 2016

Korea’s pharmaceutical drug export volume was USD 2.947 billion, up 22% YoY. Korea’s pharmaceutical drug import volume was USD 4.95 billion, down 5.1% YoY.

Biosimilar Development
Korea was elected as a chair of the Working Group on Biosimilar Regulatory Harmonization at the International Pharmaceutical Regulators Forum (IPRF) in 2013.

- Biosimilars of Samsung Bioepis, including Benepali, Flixabi and Remsima, the world’s first biosimilar antibody manufactured by Celltrion Inc. of Korea, gained approval by European Medicines Agency (EMA) in January 2016, May 2016 and January 2017, respectively.

Source: Ministry of Food and Drug Safety, press release, 2016

Osong High-Tech Medical Complex
The Osong Complex has forged a network that connects industries, universities, research and public institutions, on the back of the relocation of six major public institutions (including the Ministry of Food and Drug Safety), BT-specialized universities and companies.

Daegu/Gyeongsangbuk-do High-Tech Medical Complex
The Daegu/Gyeongsangbuk-do Complex has an excellent infrastructure that includes several core research facilities of the government (New Drug Development Center, High-Tech Medical Device Development Center, Animal Testing Center and Clinical Trial & New Drug Production Center) and 12 hospitals that carry out clinical trials.

Gwanggyo/Pangyo Techno Valley (Gyeonggi-do)
Gwanggyo/Pangyo Techno Valley is a state-of-the-art convergence hub of IT, BT, CT, and NT businesses, which is characterized by its proximity to the capital area and comprehensive business support by the local government. A total of 200 Korean and global investment companies, as well as the research centers of Ajou University, Kyung Hee University and Seoul National University are located in the complex.