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EMAIL: rachelmchun@korea.kr**Ministry of SMEs and Startups Announces Plan for 2025**

SEJONG – The Ministry of SMEs and Startups (MSS, Minister OH Youngju) has unveiled its 2025 work plan, which reviews policy implementation conditions in the SME, startup, and microenterprise sectors while outlining key policy directions for the coming year. During a joint work report held alongside three other ministries under the theme Economic Risk Management and Economic Vitalization, MSS highlighted three primary objectives for 2025:

① revitalizing local economy, ② fostering innovation and scaling up businesses, and ③ proactively addressing future challenges.

[Policy Environment] Proactive Measures Needed for Complex Crises and Shifting Business Conditions

While inflation has entered a stable phase, the lingering impact of rising prices and interest rates, coupled with a sluggish recovery in domestic consumption, is placing significant strain on SMEs and microenterprises. Management difficulties are further compounded by increasing fixed costs, including energy and labor expenses. Additionally, external pressures such as high exchange rates and the global rise of protectionism are expected to intensify. Domestically, SMEs face challenges related to labor shortages and the aging of business leaders, exacerbated by the transition into a super-aged society.

To address these pressing challenges, the Ministry has outlined the following targeted initiatives:

[Objective 1] Revitalization the Local Economy: Mitigating Immediate Management Shocks and Stimulating Domestic Consumption

1. Mitigation of Three Key Management Impacts

[Financial Impact]

The Ministry of SMEs and Startups (MSS) plans to to enhance financial support for

microenterprises through three targeted measures: Provision of KRW 3.2 trillion in conversion guarantees, relaxation of repayment extension requirements and grace periods for refinancing loans. In addition, the “Microenterprise Hope Recharge Project,” will be implemented by offering additional loans to borrowers who have shown diligence in repaying their financial aids

To further assist microenterprises, MSS will establish 30 “Microenterprise Debt Restructuring Centers” across the nation. These centers will work in collaboration with bankruptcy courts to streamline debt restructuring processes. Additionally, a dedicated fast-track system will be introduced to significantly reduce the duration of bankruptcy and rehabilitation procedures—currently taking about 12 months—ensuring expedited recovery support for businesses in crisis.

[Exchange Rate Impact]

To mitigate the adverse effects of prolonged high exchange rates, the Ministry of SMEs and Startups (MSS) will allocate up to KRW 1.5 trillion in policy funds to help import and export companies maintain stable operations. Additionally, export vouchers will provide financial support of up to KRW 10 million to cover trade insurance and guarantee subscription fees essential for the export process.

The Ministry will also establish standards for contracts that incorporate exchange rate fluctuations into delivery pricing agreements. Furthermore, consulting services will be offered to assist commissioning and commissioned companies in equitably sharing exchange rate risks.

[Investment Recovery]

To revitalize the venture investment market, the Ministry of SMEs and Startups (MSS) will promptly implement a KRW 1 trillion investment initiative from its fund of funds within the first quarter of 2025. Additionally, new venture funds totaling KRW 1.9 trillion will be established to further bolster investment activity.

The scope of investment obligations, currently restricted to startups, will be expanded to include all SMEs. To support this shift, venture investment regulations will be significantly relaxed to align with global standards, fostering a more favorable environment for the influx of private funds.

2. Supply of Stimuli to Boost Domestic Consumption

The large-scale consumer festival K-Shopping Festa will be held twice during the first half of the year, resulting in a total of four events annually. Furthermore, special discounts of 15% and refund promotions will be introduced for the digital gift certificate “Onnuri” around the Lunar New Year, aiming to revitalize sluggish consumer sentiment. The issuance of Onnuri gift certificates will reach a record high of KRW 5.5 trillion, with efforts to enhance user

convenience through the expansion of locations where these certificates can be redeemed.

The number of duty-free shops featuring SME products at airports will be increased from three to six, with the number of participating companies rising from 900 to 1,800. For microenterprises and early-stage startups, the current commission rate for dedicated duty-free shops, which is 23%, will be reduced by approximately half to around 10% to support initial market entry. Additionally, to maximize revenue for SMEs and microenterprises, at least 30% of the programming on the Gongyoung home shopping channel will showcase products from microenterprises, aiming for a sales target of KRW 900 billion.

Measures will also be implemented to prevent small distribution companies from misrepresenting products made by large corporations or foreign companies as those of SMEs, ensuring genuine revenue growth in the public procurement market.

3. Strengthening Sales Safety Nets

A new initiative called the “Microenterprise Fresh Start Hope Project” will be introduced to provide comprehensive support from business closure to employment transition and starting a new business. The support amount for store demolition will be increased from KRW 2.5 million to KRW 4 million, and a low-interest, long-term installment repayment program will be introduced to alleviate the burden of business closure on microenterprises. By connecting the Hope Return Package, which is the specialized employment program for microenterprises, and the National Employment Support System (Ministry of Employment and Labor), employment support subsidies worth up to KRW 9.45 million will be provided. In addition, if a closed microenterprise owner wishes to start a new business, dedicated project managers will be matched to facilitate industry transitions and provide business commercialization support for a stable fresh start.

An environment that fosters coexistence between microenterprises and online platforms, such as delivery apps, will be created. In collaboration with the Fair Trade Commission, MSS will conduct a comprehensive survey and improvement of unilateral disadvantageous terms for microenterprises, focusing on oligopolistic delivery platform companies. The Ministry will also conduct a survey with online platform service users on the commission structure and unfair practices related to platform usage, with plans to publish the findings. Furthermore, the evaluation of cooperation for mutual growth will be expanded to include delivery platforms, with consideration of incorporating them into the long-term mutual growth index.

To alleviate the fixed cost burden on microenterprises, support of up to KRW 300,000 will be provided to approximately 680,000 microenterprises that utilize delivery and courier services. In addition, collaboration with the Financial Services Commission will focus on reducing card transaction fees based on the sales scale of microenterprises, thereby supporting the reduction of fixed cost burdens.

[Objective 2] Innovation and Scale-Up: Fostering Innovative Companies in New Industries and Scaling Up Through Digital Transformation

1. Fostering Startups that Lead New Industries

One thousand advanced startups that will lead new industries will be fostered. Strategic support will be provided to identify and elevate deep tech startups with global competitiveness in super gap areas such as system semiconductors and AI, from discovery through commercialization and public listing. Top 10% startups in employment, revenue, and investment will be identified, and systematic support will be provided through collaboration with anchor institutions in various fields for commercialization assistance, as well as technical consulting in preparation for IPOs, to promote scale-up.

In addition, specialized programs will be established to provide focused support for commercialization and product validation based on the technological characteristics of startups in five high-growth areas, including AI fabless (fabrication-less) and healthcare.

In addition, a new “Deep Tech Value-Up Program” will be established to discover promising startups and provide aid in matching and collaboration based on the demands of large corporations. In 2024, a pilot program was launched jointly with Hyundai Motor Company, with plans to expand participation to eight large corporations in 2025. Furthermore, a new “Value-Up Fund” will be created, which will provide 1:1 matching investments from a fund of funds when large corporations invest.

By increasing investments from a fund of funds and incentivizing investments from large and mid-sized enterprises, the domestic venture investment market will be established at a scale of KRW 13 trillion. In addition, an extra KRW 1 trillion will be raised for global funds, expanding the total to KRW 13 trillion to support the growth of innovative companies.

To create an environment where exceptional overseas talent can establish startups in Korea, the issuance requirements for the “Startup Korea Special Visa” program will be revised. Instead of focusing on formal requirements such as academic degrees and investment attraction performance, the evaluation will be centered on business outcomes and innovation, with the goal of promoting the influx of foreign talent into the country.

To enhance and establish a network for global startup and venture hubs, a project tentatively named “K-Startup Silicon Valley Town” will be created in Silicon Valley, where it is easier for Korean entrepreneurs to establish themselves. This initiative will serve as a public-private global startup and venture hub, aiming to become a focal point for global expansion.

2. Innovative Microenterprises Making a Leap Forward Through Digital Transformation

A “Microenterprises Roadmap” will be developed, taking into account the level of digital transformation, and support will be provided to promote the digitalization of 13,000 microenterprises. In addition, in collaboration with private online platforms, a new “TOPS Growth Ladder Project” will be established to facilitate digitalization. This project will allow the private sector to identify opportunities while the government and online platform companies work together to establish a support system tailored to the growth stages of microenterprises,

considering their levels of digital transformation.

In addition, the distribution of subscription-based software that enables sales management and data analysis will be promoted to enhance store management efficiency. The spread of kiosks that are easy for people with disabilities, the elderly, and others to use will also be expanded to assist microenterprises in their digital transformation efforts.

A program to support microenterprises in exporting through global online distribution networks will also be established. A new initiative, tentatively named the “iCON (Amazon X Lycon) Project,” will be launched, where Amazon, a global distribution giant, provides close support through a package that includes strategic consulting, product development, and export assistance.

In addition, in collaboration with the Ministry of Food and Drug Safety, MSS plans to nurture microenterprises with export capabilities by providing customized overseas expansion consulting for each brand and support for international certifications leveraging Olive Young’s infrastructure.

3. SMEs with Doubled Productivity

Manufacturing innovation for SMEs will be accelerated through AX and DX. The introduction of manufacturing robots, data-driven smart factories, and autonomous factories utilizing digital twins will be implemented in over 1,700 manufacturing SMEs. This will promote digital transformation tailored to on-site needs through the automation, intelligence, and autonomy of processes.

The enactment of the tentatively named “SMEs AI Promotion Act” and the tentatively named “Smart Manufacturing Industry Development Act” will facilitate the utilization of AI in SMEs and establish a legal foundation for nurturing smart manufacturing specialized companies. In addition, three more manufacturing AI centers will be established to expand the distribution of AI solutions for detecting anomalies in machinery and equipment on the production floor, as well as optimizing product design.

To promote innovation in SMEs, the three R&D tracks will be fully operational. The support for SMEs’ R&D in national strategic technology areas (12 fields including semiconductors and secondary batteries), currently at 38%, will be expanded to over 50%. In addition, “Global Collaborative R&D” will be pursued to support the commercialization of R&D for SMEs and the resolution of technical challenges by utilizing technologies from leading overseas research institutions. Finally, in collaboration with the Ministry of Science and ICT, patent technologies from 23 research institutes in the science and technology sector will be transferred to super gap startups to promote the commercialization of their R&D outcomes.

Policy financing will be established to support growth at different stages, assisting microenterprises in transitioning to SMEs and also SMEs in becoming mid-sized companies. In addition, new standard classifications for various SME sectors will be developed,

considering recent changes in prices and industries, to ensure the smooth operation of the growth ladder system.

[Objective 3] Proactive Future Response: Preparing for Future Leap by Swiftly Responding to Environmental Changes

1. Strategic Globalization for Environmental Change Response

Robust global SMEs will be cultivated to withstand internal and external volatility. To activate the export of tech services, which have low fixed costs and high added value, a new export voucher system will be established. In addition, the “Global Smart Tech Bridge” platform will be fully operational to support matching and transactions with overseas technology-demanding companies.

To promote the export of Hallyu strategic items such as K-beauty, food, and content, a “K-Beauty Global Fund” will be established. In addition, a joint fund of USD 160 million between Korea and Saudi Arabia will be utilized to support the expansion into the gaming industry in the Middle East, thereby broadening the development of new markets for Hallyu-based content.

For existing mainstay export items, export destinations will be diversified beyond the current largest destinations such as the United States and China by promoting market development through the provision of information and consulting for alternative markets.

In addition, customized responses to overseas export regulations will be strengthened. ESG innovation will be promoted across the entire supply chain between large corporations and their collaborating SMEs. Furthermore, support for recognizing export SMEs will be expanded in connection with domestic halal certification agencies, enabling SMEs to proactively address overseas export regulations.

Support for local market entry in response to supply chain restructuring will be expanded. New low-interest funding will be provided to companies establishing and operating overseas subsidiaries, while the expansion of Global Business Centers, which serve as overseas entry points, will take place. In addition, the connection with the “Global One Team Council,” which collaborates with 25 overseas diplomatic missions in 17 countries, will be strengthened to address the challenges faced by local SMEs.

2. Sustainable Local Economy

To create vibrant local commercial areas that attract both people and capital, two new regions will be designated for the Glocal Commerce Project, aimed at encouraging tourists to stay and experience the unique diversity of these areas. Over the next five years, a total of up to KRW 15.5 billion will be allocated to support this initiative.

To further drive the redevelopment of commercial areas led by the private sector, three new systems will be introduced: commercial area planners, a commercial development fund, and a commerce investment association. The number of commercial area planners—responsible for devising and executing strategic plans for revitalizing these areas—will begin at 250 in 2025 and grow to 1,000 by 2027.

In addition, a commercial development fund, jointly financed by local governments, microenterprises, and regional companies, will be established alongside a commerce investment association managed by commercial planners. The commerce investment association will be tasked with investing in local commercial areas and microenterprises, fostering sustainable growth and development in these zones.

Each year, 2 to 3 traditional markets with local history and culture will be designated as landmarks, and modern shared logistical services will be introduced to traditional markets. This initiative aims to develop traditional markets where history and digital innovation coexist.

The “Legend 50+ 2.0” initiative, with a support scale of KRW 430 billion, will be launched to provide comprehensive support, including funding, exports, and R&D, for local specialized projects planned by local governments. In addition, a new R&D program specifically for innovative SMEs outside of the capital region, with a budget of KRW 1 trillion, will be established to strengthen the innovation capabilities of regional SMEs.

A regional venture fund will be established with a scale of KRW 1 trillion over three years (2025-2027), with participation from local governments, local banks, and regional leading companies, as well as a fund of funds. The plan is to create at least one venture fund in each of the 14 provinces and cities outside the capital region within three years. Incentives such as priority loss appropriation and excess profit transfer will be provided to private investors.

3. Enhancing Resilience to Demographic Changes

To prevent profitable SMEs from going bankrupt due to CEO aging and the absence of heirs, a tentatively named “Corporate Succession Act” will be enacted to facilitate third-party mergers and acquisitions (M&A). This initiative will include the designation of corporate succession support centers, connections with private M&A brokerage agencies, and comprehensive subsidy support for the entire process of M&A-based succession.

In collaboration with the Ministry of Education and the Ministry of Justice, a support system will be established for foreign students that includes job training, employment matching, and visa conversion. This will attract foreign students into the country and also support them from recruitment to employment and settlement, while also aiming to alleviate labor shortages in SMEs.

The “Preferential Savings Deduction” program to support asset building for employees in SMEs will be significantly expanded. In addition, the eligibility for support from the Youth Startup Academy will be broadened to include middle-aged individuals with entrepreneurial

experience, further encouraging long-term employment in SMEs and supporting tech startups among the middle-aged population.

Minister Oh Youngju, addressing the 2025 work plan, stated, “The inauguration of the Trump administration will heighten external uncertainties, and the unstable internal and external environments will present even greater challenges, particularly for SMEs and microenterprises, which remain the primary policy targets of MSS.” She further emphasized, “MSS will act as a dependable support system that microenterprises and SMEs can rely on with confidence.”