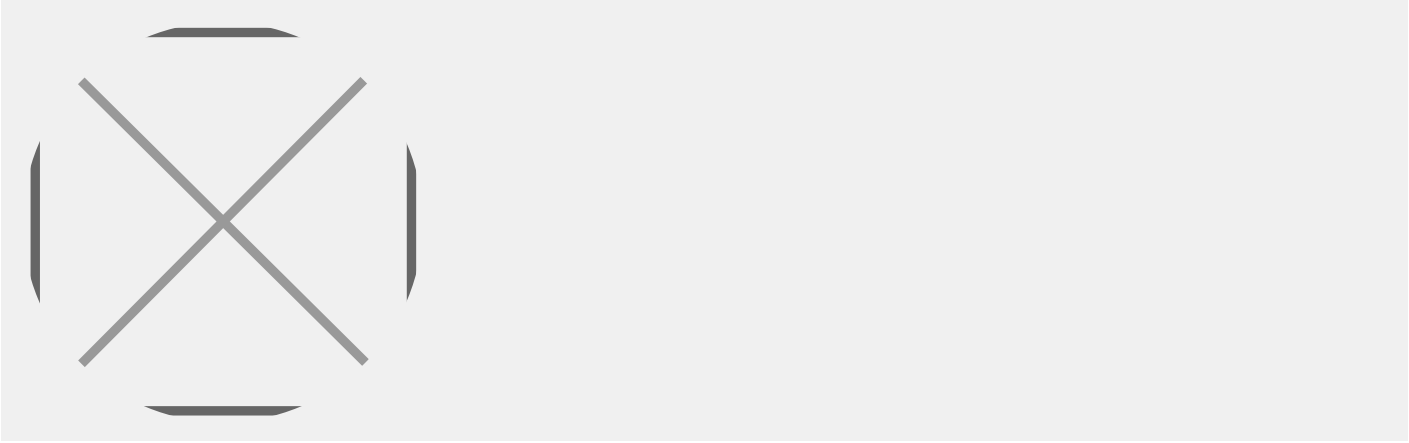
Interview with Jae-Hee Jeon, Minister, Minister for Health, Welfare and Family Affairs – Republic of Korea



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How would you rate South Korea's healthcare system when compared to regional peers and other OECD countries – main strong points and room for improvement?

Since the introduction of the national health insurance system in 1977, the Korean national healthcare system has been experiencing dramatic growth, guaranteeing healthcare to every citizen by 1989. Some visible milestones include infant mortality (5.3 per 1000 in Korea, 5.2 per 1000 OECD average) and life span (79.1 years in Korea, 78.9 years OECD average) have already reached OECD levels, despite the fact that medical expenses per citizen (6.4% relative to GDP) are very low compared to the OECD average (8.9%). This progress, achieved over a rather short time period, demonstrates the improving quality of life in Korea as well as the effectiveness of the healthcare system. Based on these results, in 2006 the Canadian Conference Board of Canada rated the quality of Korea's healthcare system 5th among the OECD countries. Nonetheless, there are still challenges to overcome in the future such as increasing health insurance coverage (64% in Korea, 75~80% OECD average) and public expenditure rates (55.1% in Korea, 73.0% OECD average).

What are the Ministry for Health, Welfare and Family Affairs' (MIHWAF) main policy priorities today, in light of South Korea's ageing population and changing lifestiles which generate greater needs for treatment and medicines?

As the Korean society is rapidly going through many transformations in societal and economical conditions, including a fast-ageing population and changes in lifestiles, we are faced with new

challenges such as a higher occurrence of certain illnesses and an increase in the number of people affected by chronic diseases, particularly hypertension, diabetes and cancer. Hence, the need to treat all these patients is putting a strain on the healthcare system and insurance costs are growing quickly. The demographics are set to dramatically change towards the future, since we expect a decrease in terms of the number of economically active people in Korea and an increase of the elderly population due to the low birth rate and aging process. It is therefore necessary to boost our human capital and improve each citizen's health so that they may continue contributing to the country's advancement. To this end, the Ministry of Heath, Welfare, and Family Affairs will, help increase the 'healthy' life span of people by helping them live free of diseases or handicaps during their longer lives, and will focus on improving the quality of public health by promoting a preventive and proactive health policy. Between 2011 and 2020, the MIHWF will implement the 'Health Plan 2020' (a Comprehensive Public Health Promotion Plan) for the coming decade and strengthen policies in order to improve living conditions in terms of the environment, air, and hygiene. The Plan will also seek to reduce harmful living habits such as smoking and drinking, and to encourage healthy living habits like doing regular exercise and having a nutritious diet. A the same time, we will focus on discovering diseases at an early stage through medical checkups and on managing rapidly increasing chronic diseases such as hypertension, diabetes, and cancer in order to prevent them from developing into severe diseases.

How is the MIHWAF supporting and working together with pharmaceutical and biopharmaceutical firms in Korea in order to improve innovation and increase the amount of new drug/therapy developments in the country?

The pharmaceutical and bio-industries create added value for an economy, and particularly when combined with IT and NT, bringing synergetic effects. Therefore, there is active support at a national level in Korea for the growth of this industry which is seen as one of the country's future growth engines. Currently, Korea is 4-5 years behind advanced countries in terms of the key technologies in the pharmaceutical industry, but we are continuously expanding R&D investments in order to catch up soon. The government is promoting the advancement of R&D in this sector side by side with the industry so that, in the short term, global and innovative new drugs can be born in Korea. In the medium term, we are supporting radical reform and restructuring within the local pharmaceutical industry so that Korean companies may become globally competitive and overcome their structural weakness which is due to a traditional focus on the domestic market. In the longer term, we will facilitate the development of new technologies and the increase in exports so that a major global Korean pharmaceutical company can emerge, being internationally competitive both in terms of generic products and innovative drugs. In order to achieve all this we are providing companies with the infrastructure and data (on patents, markets, approvals, etc.) they can use, and also helping them obtain international certifications such as GLP for pre-clinical studies. Regarding clinical trials, our goal over the next decade is to expand the nation-wide

capacity of test centers and train over 40 000 health professionals. By doing so, we will make the most of our already prestigious medical institutions and highly skilled professionals in order to make Korea the clinical trial hub of Asia. We will also strengthen collaborations in this area with prominent global pharmaceutical companies which are actively growing their clinical trials in Asia, also allowing Korea to converge in terms of methods and procedures with the most advanced countries.

In your view, what is the importance of the Korean pharmaceutical and biopharmaceutical industries, in terms of their contribution to people's health and to the country's strive for a knowledge-based economy?

The Korean pharmaceutical industry, unlike advanced foreign countries, has been more oriented towards the manufacturing of generics rather than new drug development. The prescription of lower-priced generics has contributed significantly to the stabilization of the government's healthcare expenditures but, on the other hand, the local industry has not focused much on R&D, hurting its global competitiveness and ability to penetrate overseas markets. Aware of these unfortunate effects and of the added value of innovative new drugs, the government is now increasing R&D support to the Korean pharmaceutical industry. So far, Korea has found engines of economic development and growth in areas like IT, but more recently the healthcare sector – where the brightest Korean brains are now concentrated – is thought of as the next growth engine that will be fundamental to the country's future. And due to the growing financial burden on public finances brought about by the aging population, the government is very interested in the development of both preventive as well as post-treatment medicines in order to secure public health. On the other hand, with increasing income and well-being trends in Korea, there is also a greater private sector interest in research and development of personalized medicines instead of mass manufacturing of chemical based drugs. Therefore, based on Korean medical expertise and through multidisciplinary research, the government will expand its support of collaborations linking clinical doctors and basic scientists, in order to develop personalized medicines with no side effects. Currently, the Korean pharmaceutical industry only represents about 1.4-1.6% of the global market, but we expect these collaborations to produce important results which will allow us to enhance our international position.

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