

KDRA- Kang-Choo Lee, President - South Korea



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The Korea Drug Research Association (KDRA) was founded in 1986 to represent local pharmaceutical companies in their mission for global drug development. Kang-Choo Lee, president of KDRA, discusses the current scenario for local companies and outlines his ambitions for making Korea a global hub for innovation.

Since we met you in 2008, what have been the biggest changes in the market for local companies?

There were huge changes. USD 2 billion has been lost during the last five years due to price cuts by health insurance schemes put in place. Originally, the Korean pharmaceutical industry had a number of ambitious targets supported by many ongoing studies, but these all had to be cut because there was not enough money to keep the experiments going. It is quite difficult to manage R&D when there is no funding for it. Nevertheless, research is still the most important component for the pharmaceutical industry, which has tried to maintain a certain level of activity regardless of the circumstances.

What were the biggest strategies required for companies to adapt to this change?

Maintaining our investment in R&D is really the only way to survive. Because of the price cuts we had to make some changes, but we continued nevertheless. We also realized that the local market is not enough for Korean companies, who are now looking much more actively at international

markets as a source of income.

How successful have local companies in Korea been in terms of making lots of business internationally either through partnerships or acquisitions?

I do not have exact numbers but there are many ways to establish a partnership with international companies, usually through technical cooperation or trading technical practices. Consequently, the export rates of KDRA's member companies have increased noticeably.

What are some examples of success stories of these partnerships?

There are major companies in Korea that have achieved substantial partnerships and with solid results. I would add that these sorts of partnerships are not limited to the big companies operating here, but smaller players as well are actively engaged in international collaboration.

The Pharma 2020 Vision of the Korean government involves creating 20 innovative drugs in five years. What are the key strengths of the industry that will make this happen?

The weakness of drug development in Korea is that we do not have enough experience or resources. But since the establishment of the 2020 Vision, government and other pharmaceutical corporations are trying to focus on education to build substantially more human resources. During the past two years we have acquired and educated about 700 individuals to various member companies of KDRA. The Korean government might not be providing enough money for R&D, but we can see that they are trying and it is growing. Since 1987, the Korean pharmaceutical industry has developed 21 new drugs.

What has been the international success of those 21 drugs in terms of how they have performed in other markets?

All 21 drugs are based on international standards, but if we want to sell them in other countries we need to get authorization from the governments of those countries. Korea has only produced two medicines authorized by the US FDA, so we do not really have any drugs that are selling in other countries on a worldwide basis; however we are still working on marketing authorizations. Two or three different medicines are in the process of getting US FDA approvals. There are some drugs being exported to Southeast Asia.

What is the potential to have a global Korean pharmaceutical company in the future?

We have a free trade agreement with the United States and partnerships with many other countries, but medicine is different from other products because of the strict regulations associated with this industry, particularly in many developed countries. It is not so easy to just sell anything because of many regulations; but we are trying to get authorization from the EU, Latin America, Middle East and other regions for a number of Korean-produced medications. If we get this authorization it should not be difficult to move forward. There are several medicines that we are already exporting to Brazil, Mexico and some Asian countries.

What are your expectations for the next five years?

Including laboratories and universities as sub-members, in five years this association wants each member to have their own unique new medicine. For the time being we do not have a USD 10 billion sized company, but within the next five years we can expect to see five to ten companies come close to this size. Along with the development of new technologies, we can get to the status where we can share the technology with other countries. For now, we continue to import medicines and focus on the local market, although the export rate will increase too over the next five years as well.

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