KMDIA – Song In-Keum, Chairman – South Korea



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Tags: medical devices

Song In-Keum, chairman of the Korean Medical Devices Industry Association (KMDIA), discusses current opportunities offered by Korea's growing medtech industry.

What have been your priorities since you became the chairman of the organization?

The medical device industry is considered as one of the fastest growing industries in Korea, at present ranked seventh. This industry is growing both domestically and internationally. The Korean government is providing immense support to ensure the growth of medical technology in Korea, and is being championed by many multinationals as well. For example, Siemens and GE recently invested substantially in Korea for the manufacturing of products here, and they export up to 300 billion won from this country alone.

For the time being, the local industry's GDP is at about 4.2 trillion won but by 2020, the goal is to reach 12 trillion won. There are about 2000 manufacturers of medical devices in Korea, and the Korean government supports them in R&D and has relaxed regulations to export a diverse range of products.

What are the biggest challenges that multinational companies face in terms of regulatory issues, when they want to import products into Korea?

The situation in this regard has changed dramatically in recent years, and I do not think there are any specific regulations when it comes to importing. All the members of board of directors are working together to ensure complete transparency. Government has eased regulations. Thus there are not too many difficulties for multinational companies to come to Korea. In fact, there are many regional advantages in terms of investment, especially in Songdo, Osong, Wonjoo, Daegoo. It seems we have better investment conditions than other countries when it comes to imports. What seems very encouraging is the fact that multinational companies come into Korea, manufacture products here, and then export them to their affiliates in other countries; Siemens, Johnson & Johnson and GE have all done this. Recently, Johnson & Johnson has signed an investment agreement in Korea for greater collaboration.

What are the most important strategies for companies who want to invest in Korea in terms of demonstrating the value of their products?

That is my biggest concern, and is the reason why we negotiate with the government. Government is trying to prevent companies from cutting prices on their own randomly. Citizen organizations have substantially cut prices because they had to pay a lot for medical insurance. President Park considers this industry as a growth engine that she tries not to allow for companies to have price cuts of their own.

Korea Medical Devices Industry Association (KMDIA) is a trade association bringing the industry efforts together to advance medical technology ultimately achieving healthier lives and economics in Korea. KMDIA represents both importing and local manufacturing companies with about 800 membership companies. KMDIA is a trust-worthy partner to the health authorities in developing sustainable health policies and reimbursement environment.

Since the last decade, KMDIA has been consistently and strongly opposing price cuts using import price or manufacturing cost investigations and proposing a legitimate alternative contributing to sound national health insurance expenditure management. KMDIA suggests Actual Transaction Price (ATP) system as a legitimate alternative to the current price cuts using import price investigation.

This organization has more than 750 members, both local and international. How do you represent all these different members?

The direction of each company can differ greatly. KMDIA exists to support each company as needed, and the government to some degree has a responsibility to ensure that they are supported too. As of November 2014, diagnostics will officially be considered as medical device, and so I

expect the number of members to grow to over 1000. What we see in the bigger picture is China, whose GDP has increased dramatically. That means there will be a lot of development of medical products and healthcare services.

What are the competitive strengths of the Korean technology sector?

After Japan, South Korea was the next country in Asia to really embrace the medical technology sector. We have accommodated and accepted advanced technology and thus medical devices here are extremely well-developed. Furthermore, Koreans have excellent human resources capacity due to very talented workforce.

What is the potential of this workforce to commercialize medical technology worldwide?

Companies like Samsung and LG have no choice but to try to develop telemedicine (Remote Medical Service) by combining IT and medicine. As such, we will soon be able to receive diagnosis without leaving home. The first company that can make this happen first will create a paradigm shift in the medical industry. Already, a number of companies like LG have made massive investments in this area. Those who do invest will be thinking that now the world is really changing from semiconductors to medicine.

What are your expectations regarding Korean medical devices in the world in the next five years?

Many other companies are also very interested in this industry. The government considers this industry as one of seven growth industries as it’s beyond $20,000 but reaching almost $30,000. China is also following with this trend. In the future, there will be technology in which cell phones are capable of just about anything, and much of the technology that exists today is well onto this path. The Korean government has eased approval procedures, but the industry is a double edged sword. Even though the medical device industry is very satisfactory, for doctors it is becoming more and more difficult. Nevertheless, we can not only think about doctors suffering as it is a similar trend all over the world.

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