

NEWSLETTER

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Healthcare Group

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The Future of the Food Industry: Food Tech

With significant development in dietary supplements and alternative food industry in recent years, Korean government announced alternative food (e.g., plant-based meat, cultured meat, insect based meat, etc.), dietary supplement and medical food (i.e., specially formulated food for patients with certain symptoms or nutritional needs) as industry sectors for future development. With continuing researches and development by private companies, it is expected that the government will also play crucial role of supporting industry by updating manufacturing standards and other regulations to meet the demand of the growing industry.

1. Government's Effort for Regulatory Reform and Promotion of Investment

On June 21, 2023, the Ministry of Food and Drug Safety of Korea (the **MFDS**) announced the Food and Pharmaceutical Regulatory Reform 2.0 (**Regulatory Reform 2.0**) which selected 80 regulatory reform areas as primary targets for urgent actions. As an improvement to the Regulatory Reform 1.0 (100 Tasks) announced in August, 2022, which was based on the internal discussions within the MFDS, efforts were made to reflect the voices from various participants (e.g. consumers, private companies, etc.) in the industry for the Regulatory Reform 2.0. Specifically, the Regulatory Reform 2.0 announced regulatory reforms in areas of (i) digital safety control and use of AI technology for the food safety screening which is newly introduced since the Regulatory Reform 1.0, (ii) addressing the needs of consumers and small & medium businesses for simplified regulatory procedures, (iii) support for future technology such as establishment of regulatory frameworks for cell cultured food, (iv) synchronization with global regulatory schemes and (v) streamlining of inefficient regulatory restrictions. It is expected that this regulatory reforms will positively contribute to fast changing needs of consumers and private companies in food industry. Furthermore, on June 21, 2023, the Ministry of Agriculture, Food and Rural Affairs also announced a plan to promote investment from private sector in agriculture and food industry to strengthen the competitiveness of Korean agricultural industry.

2. Regulatory Support for Alternative Food Technology

With increased interests in animal welfare and ethical eating, there is growing

consumer demand toward plant based or cell cultured food as alternative to animal based food and it is expected that the sales of plant-based or cell cultured food will increase significantly in Korea. Cell cultured food was first approved in Singapore in November, 2020 and research and development in cell cultured food and funding for commercialization are ongoing worldwide.

With emergence of these new types of food, the criticism has been that the current laws and the regulations governing the raw ingredients and procedures for manufacturing of food are inadequate for dealing with food manufactured through new technology, such as cell-cultured food. As cell cultured food technology is still in development and the commercialization is at the beginning stage, it is often the case that the ingredients, substances and procedures used for cell cultured food are not yet recognized by the MFDS as suitable for food and appropriate standards, specifications and safety evaluation procedures for cell cultured food are needed. As such, the industry is taking initiative to request the authority to provide regulatory frameworks for cell cultured food. In response to the industry demand, then MFDS included the drafting of the standards and specifications for cell cultured food in the Regulatory Reform 2.0. Also, because cell cultured food often involves new ingredients, manufacturing procedures or micro-organism not yet included in the Food Codex and the Food Additive Codex, there is increasing industry's demand for streamlined procedures for safety evaluation and recognition of new ingredient and procedures by the authorities. The MFDS is aware of such demand and plans to reform the regulatory procedures in order to support the commercialization of innovative new technology.

3. Growth of Dietary Supplement Market

With the development in technology for extracting, concentrating and refining nutritional substances from food, the increased consumer interests in health and wellness, and growing consumer demand for convenience, the dietary supplement market has grown significantly during the recent decade. The global dietary supplement market is approximate KRW 226 trillion as of 2022 and Korea's market share is approximately 2.6%.

Korean dietary supplement market, which began to form around 2004, is now the size of approximately KRW 6 trillion and is expected to reach KRW 10 trillion in 2025. The MFDS recognized over 50 different beneficial physical effects for dietary supplements and over 300 ingredients are certified as functional ingredients.

During 2022, new certifications for dietary supplements in Korea were mostly in joint health, weight/body fat loss and skin improvement and in terms of sales, products for circulatory health, memory improvement, immune boost, fatigue improvement and antioxidant were popular. Further researches on dietary supplement for hair improvement, dental care and pulmonary health are also ongoing.

For the time efficient launching and sales of dietary supplement, (i) strong industry-research institution network, (ii) highly standardized manufacturing technology, (iii) scientifically proven data and (iv) reasonable regulatory scheme are required. Many Korean companies try to develop materials and substances for dietary supplement but it takes considerable time and costs to achieve standardized manufacturing technology and scientifically proven data. As a result, many companies end up selling existing dietary supplement or purchase certified ingredient for commercialization as new product, rather than developing new ingredient or substance. Such situation is

unfortunate, considering research and development for new material is crucial for leading the market in the future. To improve the current situation, the government plans to promote the utilization of expert pool through various industry-research institution networks and to establish reasonable guideline for the manufacturing and sales of dietary supplement.

4. Senior Advisor, Mr. Kang Bong Lee, joins Lee & Ko

To provide targeted legal services for the clients in food industry dealing with changing market and technology, we focus our efforts on recruiting the industry experts with the experiences of working for regulatory authorities who can provide insight into navigating complex regulatory issues.

Lee & Ko is pleased to announce that Mr. Kang Bong Lee, who is an expert in healthcare and food industry will join Lee & Ko as a senior advisor. For 26 years, Mr. Lee worked at the MFDS with focus on regulation of food and dietary supplements. At the MFDS, Mr. Lee worked in various departments including food safety evaluation and food & dietary supplement specification departments. His areas of expertise span from specifications, safety evaluation and harmful substance testing for food and dietary substance. Mr. Lee was also involved in policy formulation for food safety and new product development for private companies. We expect that expertise of Mr. Lee will be incomparable asset for Lee & Ko's ability to provide top of the industry legal services for the clients facing the issues in food, cosmetics and healthcare areas.

Lee & Ko's Healthcare Practice Group includes attorneys with various background in medicine, pharmacology and chemical engineering, which contribute to highly focused and efficient services customized for the client's needs. In addition, Lee & Ko's Healthcare Practice Group includes the experts with significant experience of working for administrative agencies of the government who were closely involved in the policy setting in healthcare area and also the attorneys with experiences of working for private companies in healthcare industry. Such diverse background of the attorneys and experts allow Lee & Ko's Healthcare Practice Group to provide practical and realistic legal solutions for the clients. With highly talented team members, Not only Lee & Ko's Healthcare Practice Group can provide the advices for traditional regulatory issues such as permits/licenses, labeling and intellectual property registrations, but also we can provide innovative and long term solutions for regulatory environment shaping, working with the government and private companies for the enactment or amendment of the laws and regulations.

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