

# FOMĖK

Federation of  
Middle Market Enterprises  
of Korea



## CONTENTS

About Middle Market Enterprises

About the Federation of Middle Market Enterprises of Korea

I. Building the foundation for sustainable growth

II. Strengthening the capacity for innovation

III. Spreading economic and social value

IV. Activating networks

History

FOMEK  
communication  
channel

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Website

[www.fomek.or.kr](http://www.fomek.or.kr)

[www.mme.or.kr](http://www.mme.or.kr)

Newsletters

BIZNET

Middle Market Enterprises Policy Brief

App FOMEK plus

Issue briefing for executive members

Special Report

MME policy magazine

重深 (JungSim)



 Facebook



 YouTube

**FOMEK**  
Federation of  
Middle Market Enterprises  
of Korea

# MIDDLE MARKET ENTERPRISES THE CORE OF THE KOREAN ECONOMY

MMEs lead Korean change and innovation in the post-pandemic world. Our cutting-edge technological prowess makes the impossible possible at the forefront of the 4th Industrial Revolution  
Korea's 5,480 MMEs account for 1.4% of all domestic businesses and form the core of the national economy.

1.4%

5,480

Number of enterprises

15.4%

KRW 853 trillion

Total revenue

13.1%

1.59 million

Jobs

17.3%

USD 110.9 billion

Exports

12.7%

KRW 27 trillion

Facility Investment

14.2%

KRW 11.5 trillion

R&D Investment

Ministry of Trade, Industry and Energy (2022), 2021 Basic Statistics on Middle Market Enterprise  
Statistics Korea (2023), 2021 trade statistics by business type  
Korea Development Bank (KDB) (2022), 2022 Survey Report of Facility Investment Plans  
Ministry of Science and ICT (2022), 2021 Survey of Research and Development





## Only 1

Korea's one and only  
legal economic entity  
representing MMEs

## Big 6

One of Korea's six  
leading economic  
entities

## 2014

Statutory entity  
prescribed by 2014  
Middle Standing  
Enterprises Special Act

## 644

FOMEK members  
(as of Feb. 7, 2023)

# FOMEK FEDERATION OF MIDDLE MARKET ENTERPRISES OF KOREA THE CORE OF COMMUNICATION & INNOVATION FOR MMEs MIDDLE MARKET ENTERPRISES

FOMEK supports the sustainable growth of Korea's middle market enterprises and their development into specialized global enterprises.

We create healthy industrial ecosystems and continue the smooth flow of corporate growth. FOMEK is the core of Korean MME innovation.



I.

Building the foundation for sustainable growth

IV.

Activating networks

# INCREASING THE VALUE OF MIDDLE MARKET ENTERPRISES

Developing the value of MMEs is FOMEK's mission

FOMEK is committed to improving the legal and institutional environment at the foundation of sustainable growth and strengthening the innovation capacity of MMEs as specialized global enterprises. Through close cooperation and communication, FOMEK spreads the social values of equity, justice, freedom, and creativity.

II.

Strengthening the capacity for innovation

III.

Spreading economic and social value



# I

## Building the foundation for sustainable growth

Enterprise requires endless movement and growth. FOMEK supports the sustainable growth of Korean MMEs through development of a legal and institutional environment and the passing on of the entrepreneurial spirit.

Laws and institutions amended



107 cases (9 in 2022)

Time-honored business



FOMEK members

- Bosung Powertec 2022
- Buhmwoo Chemical 2021
- Hyoseong Electric 2021
- Samjin Globalnet 2021
- Woojin Industrial Systems 2021
- Ehwa Diamond 2020
- Cheong Ju Limestone 2019
- Namsung 2019
- Mirae N 2018
- Commax 2017

MME certificates issued



19,464 cases (3,330 in 2022)

MME information website

5,686,281 visits



Policy proposals and research reports aimed at improving laws and legal institutions which current obstruct the sustainable growth of MMEs.

In 2022, FOMEK met with the government and National Assembly more than 40 times, proposing effective alternative policies for the improvement of MME business environments.

### I. Building the foundation for sustainable growth

II. Strengthening the capacity for innovation

III. Spreading economic and social value

IV. Activating networks

### Addressing legal and institutional hurdles to MME growth

- Assistance in establishing the Ministry of Trade, Industry and Energy's master plans and action plans for the promotion of MME growth
- Identifying unnecessary regulations and introducing policy proposals in the areas of Special Act on the Promotion of Growth and the Strengthening of Competitiveness of Middle-Standing Enterprises, tax systems, laws and institutions related to sales channels, employment, labor, finance, carbon neutral, environment, mutually beneficial cooperation, trade, Commercial Act and Fair Transactions Act
- Participation in government and legislative policy roundtables including the Regulatory Innovation Strategy Meeting; the Materials, Parts and Equipment Competitiveness Committee; the Economic, Social and Labor Council; the Middle-Standing Enterprise Policy Committee; and the Korea Commission for Corporate Partnership
- MME Grievance Reporting System and Active Administrative Center

### Laws and institutions amended by year and category

Year	Employment	Tech-nology	Industry	Exports/sales channels	Sub-contracting/partnerships	Finance	Misc.	Total
2022	1	2	2	-	-	-	4	9
2021	1	4	-	2	-	-	2	9
2020	-	-	3	1	-	2	3	9
2019	4	-	3	-	-	3	2	12
2018	6	2	1	1	1	-	1	12
2017	2	2	4	1	-	-	-	9
2016	5	2	-	4	-	1	1	13
2015	7	6	10	4	3	-	4	34
<b>Total</b>	<b>26</b>	<b>18</b>	<b>23</b>	<b>13</b>	<b>4</b>	<b>6</b>	<b>17</b>	<b>107</b>

### Policy roundtables by year

Year	Meetings	Details
2022	15	Luncheon & roundtable between President-elect Yoon and presidents of major 6 economic entities, Mar. 21 Roundtable with Minister of Trade, Industry and Energy, Jun. 8 Roundtable with Minister of Environment, Dec. 6
2021	15	2nd Meeting of Middle-Standing Enterprise Policy Committee, Feb. 24 Roundtable with Minister of Trade, Industry and Energy, Jun. 2

		The 1st meeting of the Middle-Standing Enterprise Policy Committee, Feb. 26
2020	15	The prime minister's economic entity roundtable for a solution to the COVID-19 pandemic, Mar. 26 Roundtable with the chairman of the Financial Service Commission's, Jun. 9
total	45	

### Operation of MME Innovative Growth Policy Forum\*

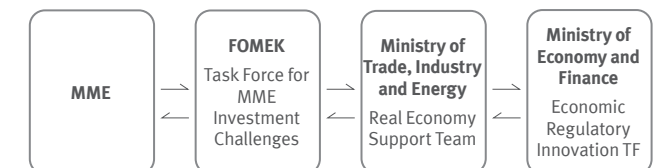
- Semi-annual seminars featuring experts from the private sector, government, and academia to explore the next paradigm shift in MME development policy
- \* Platform for MME policy innovation led by private sector

### Key achievements in 2022

- Launching ceremony and 1st forum: "Policy Tasks and Directions for MMEs," Apr. 20
- 2nd forum: "Directions and Tasks for Reform of Tax System to Revive Business," Sep. 26

### Operation of Task Force for MME Investment Challenges

- MME-FOMEK-Government 'hotline' for the addressing of regulatory hurdles and grievances related to MME innovation and investment
- Process



### Operation of MME Alliance

- Biannual meetings of councils in finance, technological innovation, digital transformation, human resources and labor affairs, and net neutrality to develop and support cooperation projects with relevant authorities
- Development and support for joint programs between MMEs and relevant authorities





MME policy roundtable with Trade, Industry and Energy Minister Lee Chang-yang Jun. 8, 2022



Launching ceremony for the MME Innovative Growth Policy Forum, Apr. 20, 2022

### MME Basic statistics services

- Survey and announcement of statistics for MMEs and prospective MMEs
- Survey of MMEs and prospective MMEs
- MME business outlook survey

### MME certification and policy information services

- Issuance of MME certificates
- Operation of the MME information website
- Publication of guide MMEs Support Policies
- Publication of the handbook on the scope of MMEs

### Operation of the corporate sustainability support service

- Provision of tailored solutions through a network of specialized agencies and institutions\*

\* Barun Law LLC, Dentons Lee, DR&AJU LLC, eNtoB, Eruum & Leeon, Grant Thornton Daejoo, Hyundai Research Institute, Igis Asset Management, Jipyong LLC, Korea Investment & Securities, Lawfirm Class LLC, Life Insurance, Mirae Asset Financial Group, NH Investment & Securities, Samil PwC, Samjong KPMG, Shinhan Securities, Shin & Kim LLC

#### Details

SME to MME Growth Strategies	Business Succession	New Business Development and M&A	Legal and Labor Affairs
<ul style="list-style-type: none"> <li>• Tax law, finance, labor, fair trade, R&amp;D, public procurement, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Deductions for family business succession</li> <li>• Inheritance and succession</li> <li>• Governance restructuring</li> </ul>	<ul style="list-style-type: none"> <li>• Funding and finances</li> <li>• New growth drivers</li> <li>• R&amp;D and technology</li> <li>• ESG</li> </ul>	<ul style="list-style-type: none"> <li>• Patents and brands, fair trade, human resources and labor, duties and trade, taxes, etc.</li> </ul>

### Assistance in business succession to preserve the entrepreneurial spirit

- Proposals for the amendment of laws and institutions relating to business succession, including inheritance tax, gift tax, and the family business succession tax deduction system
- Roundtables, debates, and seminars on family business succession

#### Key achievements in 2022

- Tax deduction for family business succession
  - Extended to MMEs with sales of under KRW 400 billion → under KRW 500 billion
  - Maximum tax deduction: KRW 50 billion → KRW 60 billion
  - Excludes MMEs with sales of under KRW 500 billion with control premium valuation
  - Inheritee's equity requirement: 40% for non-listed and 20% for listed companies
  - Relaxation of follow-up management requirements (period: 7 years → 5 years; business category changes allowed only within same sub-class → within same class; assets maintained 80% → 60%)
  - Employee retention requirement (at least 80% of full-time staff and combined payroll each year, and at least all employees and payroll on average over 7 years → At least 90% of full-time employees and combined payroll on average over 5 years)

- Special taxation for gift tax on business succession to business
  - Eligibility: MMEs with sales of under KRW 400 billion → under KRW 500 billion
  - Maximum tax deduction: KRW 10 billion → KRW 60 billion
  - 20% rate applied to sales exceeding KRW 3 billion in assessment standard tax base → sales exceeding KRW 6 billion in assessment standard tax base
  - Reduction of follow-up management period from 7 years to 5 years

### Operation of time-honored business certification scheme\* to MMEs

- Search for and recommendation of MMEs as time-honored business candidates
  - Participation in candidate review committee
- \* Scheme adopted by the Ministry of SMEs and Startups in 2016 to establish role models for enterprise growth and recognize exemplary cases of socially responsible businesses

#### FOMEK members

Bosung Powertec 2022 Buhmwoo Chemical 2021  
 Hyoseong Electric 2021 Samjin Globalnet 2021 Woojin Industrial Systems 2021 Ehwa Diamond 2020 Cheong Ju Limestone 2019  
 Namsung 2019 Mirae N 2018 Commax 2017



# II

## Strengthening the capacity for innovation

R&D worker development support programs for MMEs

**254** researchers  
(60 in 2022)

144 participating enterprises (18 in 2022)

The 4th Industrial Revolution entails a mammoth shift of human civilization at a blistering pace. FOMEK provides MMEs space to innovate, establishing predominance in technologies that lie beyond the state-of-the-art.

Support digital transformation for MMEs



MME Digital Transformation Survey

**2** cases  
(1 in 2022)

Digital transformation Bridge Forum for MMEs

**7** sessions  
(3 in 2022)

MME Needs-based Solution Discovery and Support

**24** cases  
(15 in 2022)

MME job fair



**29,102** job-seekers  
(4,702 in 2022)

433 participating enterprises (76 in 2022)

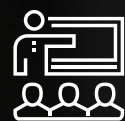
MME human resources fosterage academy



**8,938** participants  
(2,126 in 2022)

981 participating enterprises (250 in 2022)

MME key point seminar



**14** sessions (8 in 2022)

### Creation and operation of MME Leap-forward Support Fund

- Raising and operating funds\* to restore industrial growth ladder and secure new MME growth drivers

\* KRW 300 billion Innovation Fund for Middle-Market Enterprises (Ministry of Trade, Industry and Energy), KRW 500 billion Scale-up and MME Leap-forward Support Fund (Ministry of SMEs and Startups), KRW 200 billion Joint MME Venture Parent Fund (private sector)

### Support of MME-Startups' open innovation

- Support of cooperation and matching between MMEs and Startups in eco-friendly and e-mobility fields
  - Hosting an open innovation support program "I'M Challenge"\* co-organized by Seoul Business Agency and Korean Standards Association
  - Jointly offering testing and certification services for MME-Startup technologies with Korea Testing Laboratory
- \* A coinage of "innovation," "MMEs," and "Magok," an open innovation support program matching MMEs and Startups centered around Seoul's Magok region

### Support for MMEs' R&D innovation

- Identification of government R&D support programs and consulting on MME participation (jointly with Korea Testing Laboratory)
- Planning and securing budget for new R&D tasks for MMEs

### Operation of the Materials, Parts, and Equipment Hub Center

- Raising awareness about materials, parts, and equipment industry support programs
- Development of large business, MME, and SME cooperation models
- Liaising materials, parts, and equipment technology development needs with national R&D projects
- Consulting in commercialization strategies for core materials, parts, and equipment technologies

### Support digital transformation for MMEs

- MME Digital Transformation Survey
- Spreading best practices for digital transformation for MMEs and prospective MMEs
- MME Needs-based Solution Discovery and Support

#### Key achievements in 2022

- MME Digital Transformation Survey 1 session
  - Digital transformation Bridge Forum for MMEs 3 sessions
  - MME Needs-based Solution Discovery and Support 15 sessions\*
- \* Aluminum, Dongsung Chemical, EcoPro, HL Klemove, KBI MetalKodaco, Kumho HT, Mando Brose, Primax, Saeum, Sama Sambo Motors, Shilla Industrial, Taeyang Metal Industrial, THN, YG-1

### Operation of MME Trade and Commerce Support Center

- Window for reporting difficulties experienced by MMEs overseas
- Biannual surveys of MMEs on prospects and problems in trade and commerce
- Trade and commerce training sessions held for MMEs
- Propagation of trade and commerce support policies and programs for MMEs
- Operation of trade and commerce leaders panel for MMEs

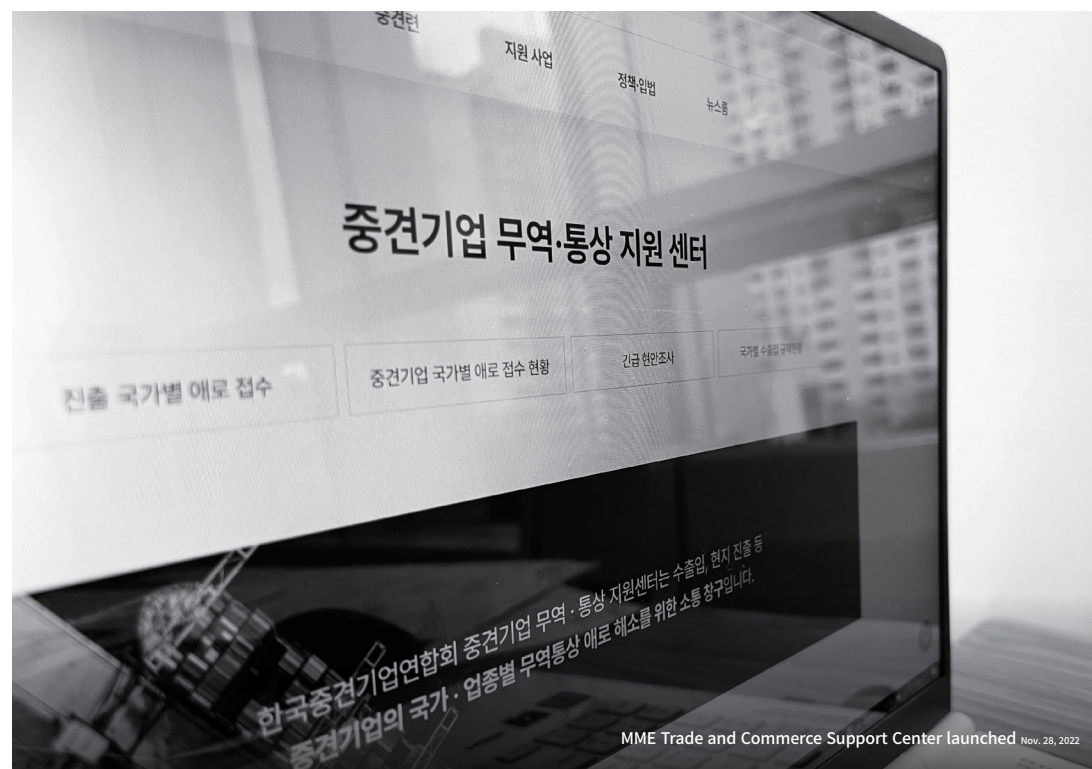
### Helping MMEs enter global markets and build and expand networks

- Hosting of business roundtables among foreign diplomatic missions from countries with Korean MME presence, foreign investment authorities, economic delegations from abroad, and relevant institutions
- Development of cooperation agenda and reinforcement of communication with foreign diplomatic missions and relevant overseas agencies
- Support for special economic delegations and participation by Korean MMEs in trade shows abroad





MME digital transformation Jump Up Nov. 16, 2022



MME Trade and Commerce Support Center launched Nov. 28, 2022



2022 MME job fair Jun. 14, 2022

### Operation of the MME human resources fosterage academy

- Provision of job-specific, capacity-boosting education and training for MME employees and executives
  - Up to 75% of tuition subsidized
  - Key programs: Digital Transformation, ESG Management, Global Competitiveness, Finance and New Growth Drivers, etc.

### Korea's one and only MME job fair

- Operation of consultation and interview booths for each participating MME; recruiting information sessions and special talks on each job area; online publicity for staff-seeking MMEs

### R&D worker development support programs for MMEs

- Payroll subsidies to MMEs operating dedicated R&D departments with average annual revenues of less than KRW 300 billion over the past 3 years
  - 40% base-salary subsidization for up to 3 years for young master's and doctoral degree holders and R&D personnel with professional technical research experience in engineering and the natural sciences

### Recommendation of MMEs as designated enterprises for alternative military service

- Support for assignment of industrial technical personnel (alternative to military service) to MMEs in manufacturing, information processing, energy, and mining

### MME key point seminar

- Administration of monthly training according to FOMEK member needs
  - Professional knowledge and business solutions in various areas
  - Key sectors: legal affairs, accounting, finance and investment, human resources and labor, ESG, intellectual property and R&D, etc.



# III

## Spreading economic and social value

안주도 성장, 중견기업이 앞장섭니다!

### 중견기업인의 날 기념식



We are working today to promote sensible perceptions of MMEs as a treasure trove of good jobs in Korea and the middle rungs of the growth ladder.



Government commendation awards given at middle market entrepreneur's day



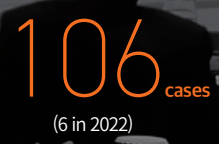
Featured on the KBS1 special MME documentary series



MME public relations support services



MME charity market project



### Middle market entrepreneur's day ceremony

- Held annually during the 3rd week of November to recognize MMEs with merit in the realm of Korean economic and industrial progress and share best business practices
- Government commendation of outstanding MME entrepreneurs, GCA (Great Champions Award), recognition of newcomer MMEs with outstanding growth, presentations on MME best business practices and innovation, etc.

#### Awards by year

	Order of Industrial Service Merit	Industrial Service Medal	Presidential Commendation	Prime Minister's Commendation	Ministerial Commendation	Commissioner's Commendation	Total
1st(2015)	1	1	2	2	8	10	24
2nd(2016)	3	2	2	4	9	15	35
3rd(2017)	2	1	2	4	8	14	31
4th(2018)	1	1	2	4	24	-	32
5th(2019)	-	1	2	4	17	-	24
6th(2020)	1	2	3	5	24	-	35
7th(2021)	2	2	4	5	24	-	37
8th(2022)	2	2	4	5	14	-	27

### Sharing happiness MME charity market project

- Outstanding products and services offered at discounted prices to FOMEK members
- Portion of all proceeds donated to charity

### Production of KBS1 special MME documentary series

- Stories on the growth, achievements, and management philosophies of leading MMEs

#### 2022

- Episode 1 (Technology) Commax, MK Electron; Oct. 23
- Episode 2 (Creativity) Unitech, Wontech; Nov. 6
- Episode 3 (Enterprising spirit) GMB Korea, JNK Heaters; Nov. 13
- Episode 4 (Innovation) Nox Corporation, SD Biosensor; Nov. 20
- Episode 5 (Human talent) KECC, LogisALL; Nov. 27
- Episode 6 (Overcoming crisis) Hwaseung Chemical, ISC; Dec. 4
- Episode 7 (Communication leadership) Insung Information, Vitzro Tech; Dec. 11

#### 2021

- Episode 1 (ESG) Nuriplan, Techcross; Oct. 3
- Episode 2 (System Semiconductors) Hana Micron, KEC; Oct. 10
- Episode 3 (Future Mobility) Digen, Korens, Kordec; Oct. 17
- Episode 4 (Bio and Health) Korea United Pharm, Viewworks; Oct. 31
- Episode 5 (Digital Transformation) Central, Farm8, Megazone Cloud; Nov. 7
- Episode 6 (AI and Robots) Meerecompany, Samick THK; Nov. 14
- Episode 7 (Renewable Energy) Shinsung E&G, Woori Technology, GNC Energy; Nov. 21

### MME public relations support services

- Support for media publicity, from press releases to media roundtables and interviews
- Support for online publicity, from websites to newsletters, apps, and social media
- Dedicated risk management teams from the Korea's leading law firm



# IV

## Activating networks

Expertise from the longest-standing and most cutting-edge MMEs is shared at FOMEK. Together, FOMEK explores new paths for future growth.

Lectures for MME CEOs



182  
sessions

Young MME CEO network



100  
members

Green Business Community



8  
gatherings/year

MME CTO council



138  
members

MME CHO council



102  
members

MME CFO council



34  
members

MME public relations cooperation network



54  
members

The reception room on the 13th floor of the SIMPAC building in the Yeouido district of Seoul(2010~2022).

Around ten years ago, MME CEOs gathered here for lunch every week to discuss the progress of MMEs, including legislation of the Middle-standing Enterprises Act.

Presently, the roundtable is hosted by the FOMEK secretariat.

I. Building the foundation for sustainable growth

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### Lectures for MME CEOs

- 4 lectures annually, given by key political and economic figures and opinion leaders



### MME Female CEO Network

- Roundtables on management innovation and mentoring for female MME CEOs



### Young MME CEO network

- Skill-building and network-expanding programs for the leaders of the next generation of MMEs



### The Green Business Community: an MME golfing community

- 8 friendly golf competitions held annually



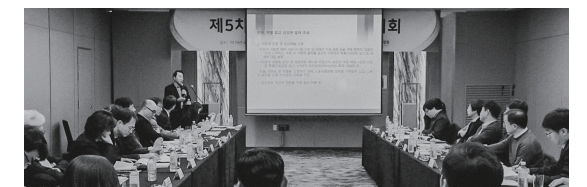
### MME CTO council

- Roundtables for MME CTOs



### MME CHO council

- Roundtables for MME CHOs



### MME CFO council

- Roundtables for MME CFOs



### MME public relations cooperation network

- Capacity-building workshops for public relations officers at MMEs





# History of FOMEK

2022

**Apr.** MME Innovative Growth Policy Forum launched  
MME CFO Council launched

2019

**Feb.** Renamed as the Federation of Middle Market Enterprises of Korea

2018

**Feb.** MME entrepreneurs' responsible management declaration announced

2017

**Apr.** Young MME CEO network launched

**Jul.** MME CHO council launched

**Oct.** MME public relations cooperation network launched

2016

**Mar.** MME CTO council launched

2015

**Jul.** 1st middle market entrepreneur's day ceremony

2014

**Jan.** Legislation of Special Act on the Promotion of Growth and the Strengthening of Competitiveness in Middle Standing Enterprises

**Jul.** Launching the Association of High Potential Enterprises of Korea as a legal entity

2013

**Apr.** Proclamation of vision for MMEs and opening of the 2013 specialized global enterprises forum

**Jun. ~Sep.** Opening of the 1st to 5th National Assembly relay policy debates

2008

**Sep.** Inaugurated committee to legalization of MMEs Korea

1995

**Mar.** Authorized as a corporate body

1992

**Sep.** Establishment of the Korea Businessmen's Federation

## Create the future with FOMEK

MMEs will become the unwavering core of the Korean economy

MMEs lead Korean economic innovation in today's massive tide of change.  
Committed to sustained excellence and hand-in-hand growth,





**FÖMEK**