

A letter from... South Korea

Future looks bright for switched-on Korea



South Korea has changed tremendously over the past decade since I first travelled to the country. Seoul used to have the reputation of being 'seoul'-less compared with other parts of Asia but has transformed its image. It is now a cosmopolitan city that attracts an increasing number of tourists, especially from northern China, looking to shop, dine in high-end restaurants and stay in luxurious hotels.

Within Asia, as well as some parts of the West, Korean films, soap operas and music are immensely popular, and have helped not just tourism but a number of other industries such as cosmetics and fashion.

Korea has also become one of the world's biggest centres of innovation. I recently attended the Samsung Electronics analyst day in Seoul, where Samsung showcased its latest and upcoming products. On display were smartphones, wearable devices, see-through TV screens, flexible displays, curved TVs as well as ultra high-definition TVs, which show up to four times the amount of detail of existing HD televisions.

Even with home appliances, the company has developed innovative, eco-friendly products including washing machines, which use up to 70% less energy and significantly less water, and refrigerators that regulate their humidity levels to keep fruits and vegetables fresher for longer.

The auto sector is another area in which Korea excels in innovation. Ten years ago, the streets of Seoul were full of bland-looking Korean cars. Nowadays, they contain good-quality, technologically advanced and attractive Korean cars. This transfor-

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mation explains why the two related companies of Hyundai and Kia Motors have become so successful both domestically and overseas, resulting in a growing global market share. The combined group is now the world's fifth-biggest car company.

Even with all this innovation, one trend cannot be easily reversed. Korea is ageing faster than any other country in the OECD. Last year, almost 12% of all Koreans were aged over 65. By 2030, the percentage is forecast to double. This is one reason why Samsung is looking to spend more R&D dollars to combine technology with healthcare to find innovative ways to improve the quality and efficiency of healthcare.

The ageing population and the desire to look young is one of the reasons why cosmetic surgery is so popular in Korea, and why the cosmetics industry is growing by 15-20% per year. This trend is benefiting Cosmax, a small-cap manufacturer of cosmetics sold domestically and a supplier to international brands such as L'Oréal.

There is much to admire in terms of Korean innovation, which is undoubtedly partly due to a strong work ethic. However, the pressure for young Koreans to succeed is intense and nothing is given to chance.

Recently, on the day university entrance exams were held, flights were temporarily banned from taking off or landing to prevent aircraft noise from distracting students as they sat their exams.