



ASIA HOUSE

HOME OF BUSINESS - CULTURE - PEOPLE



LOTTE WORLD TOWER, SEOUL, SOUTH KOREA

WELCOME 2019!

Asia House sends our best wishes for 2019 to friends and partners and look forward to cooperating with you in the coming year. 2018 was a fast-paced and, on the financial markets, turbulent year. Most analysts approach 2019 with [cautious optimism](#) and do not foresee brilliant [growth rates](#).

2019 has already brought new discoveries with China's space landing on the [dark side of the moon](#). The People's Republic of China will turn 70 in 2019 and in his New Year message, the Chinese President underlined that the world is [facing a period of major change that's rarely seen](#).

The positive development of [India's economy](#) is of global importance as well, as the country heads for [general elections](#) in Spring.

The [economy of the Republic of Korea](#) is expected to follow the patterns of Europe without big growth rates amidst uncertainty about future negotiations with [the leader of DPRK](#) who has initiated a January trip to China.

Also in [Indonesia, elections](#) will be held in Spring, whereas [Japan sees the end of the heisei era](#) ("achieving peace") when the new Emperor will ascend the throne on 1 May.

Thailand has taken over the leadership of the [ASEAN](#) and vows to work for *advancing partnership for sustainability*. [Thailand's new king](#) will be crowned during a ceremony in the beginning of May.

Many of the [uncertainties of 2018 continue](#), including global trade issues, but free trade is not under attack everywhere. Major parts of the world's largest [free trade agreement, between EU and Japan](#), will come into force as of 1 February 2019, and the CPTPP, which covers 13 percent of the global economy, including Japan, Canada and Australia, [has gone into effect](#).

Asia House looks forward to working with you in 2019 to enhance cooperation between Denmark and Asia.

Susanne Rumohr Hækkerup

Executive Director, Asia House



KOREA - KICKING ABOVE ITS WEIGHT

The Korean startup scene is growing at an exponential rate, providing a vast array of opportunities for foreign startups. But where to begin? And how to start? [Here's a first blog](#) from our recent field trip to Seoul.

Korean startup scene is flying well under the radar. It wasn't mentioned in the canonical Global Startup Ecosystem Report by Startup Genome, nor by Danish startups looking to Asia, [according to our own recent survey](#).

However, the Korean ecosystem is making its mark. Korea ranks 24th on the Global Entrepreneurship Index, ahead of Japan and Singapore, and last year, Korea topped Bloomberg's Innovation Index for the second year in a row. Today, the Korean startup scene is growing rapidly, and now numbers 30,000 startups employing over 100,000 people, mostly in Seoul.

Public funds

Much of this development is driven by public initiatives. The Korean economy is fuelled by exports and dominated by large conglomerates. The government wants to diversify the economy, and has spent USD 2 billion a year since 2013 on strengthening the innovation ecosystem. South Korea spends heavily on R&D, second only to Israel, and last year the government announced a new

USD 9 billion fund for startups.

Hence, much of the Korean startup growth is fuelled by ample seed funding opportunities provided via the public sector. Seed funding in the Korean ecosystem tends to come almost solely through government grants or corporate accelerators and incubators.

Private funds

The private investor scene for innovation investments is quite different from the Danish one. Business angels exist, but lack a coordinating entity that is accessible to outsiders, and thus difficult to access without the right connections. Furthermore, VC funding outside of funds from large corporates are relatively conservative, with investors preferring to back safe bets with a proven track record over untested innovations.

By extension, many Korean startups are making copycat version of proven overseas models, as opposed to truly new innovations. As a result, the startup ecosystem is characterized by the strong influence of multinationals like LG and Samsung, as well as the government's own policies and priorities for new technologies.

New opportunities, old barriers

Korea's dynamic startup ecosystem growth means there are new opportunities for international startups, especially in fields where Korea already has a stronghold thanks to local talent, resources, and infrastructure. For international startups looking to scale into the Korean ecosystem, it is absolutely critical to work with local partners, and the ecosystem is still only just beginning to open up for foreigners.

Local partners are also important, in order to understand the cultural and legal frameworks within the business culture of Korea, which is extremely different from Western business culture. Often, Scandinavians in particular find it difficult to navigate the very hierarchical structure of South Korea.

Another barrier of note is government regulation within technology innovation. Outdated regulations that help the big conglomerates dominating most Korean industries mean the barriers to entry for startups are high. For example, there are no internet-only banks in Korea due to regulations limiting non-financial companies investment in the sector.

[According to a report from Reuters](#), "South Korean laws would entirely or partially block about 70 % of the world's top 100 startups by investment size from bringing their services to the country, according to joint research by Google Campus Seoul and the Asan Nanum Foundation. Those include giants Airbnb, Uber, and China's Ant Financial."

Nonetheless, Korea is still a very attractive destination for Danish startups, especially within our own strong greentech and IoT sectors, with government support programs in both regions hoping to grow and internationalize local ecosystems through more international collaboration.

Greentech

The Danish startup ecosystem shares a commonality with Korea, in that both ecosystems are overlooked globally as innovation hubs in favor of flashier neighbors with more diversified access to VC funds. However, the Nordics are a world leader in green technology, and as a result there is also global interest in innovations from this sector. This means that Danish greentech companies are able to enter the Korean ecosystem with a high level of respect for their expertise thanks to the region's strong brand within greentech.

Like much of the tech ecosystem in Korea, greentech is dominated largely by major corporations. Many of these companies have opened up innovation sandboxes for startups through incubators and accelerators, or have VC funds that invest in greentech at a global level. Especially relevant for Danish and Nordic startups are Seoul Global Startup Center, the K-Startup Grand Challenge, and D.CAMP.

Additionally the startups may find it relevant to collaborate directly with government agencies such as the Korean International Trade Association (KITA), as the Korean government has ambitions to pursue renewable energy.

IoT

Korea is a major hub for IoT and related technologies, such as gaming and AI, and as such there are opportunities for Danish startups in these sectors, especially through collaboration with one of Korea's large telecoms such as SK Telecom, KT, and LG. Korean telecoms are global leaders. In 2019, 5G mobile data service will be introduced by Korea's three largest telecoms as part of a government-backed initiative, making it first nation in Asia to launch commercial 5G networks.

Incubators and accelerators connected to Korean telecoms are often open to international applicants. One of the largest, Samsung Next, has established a fund of nearly US\$150 million, targeting startups specializing in VR, AI, IoT, and "other new frontier technologies."

Other programs of note include SK Planet, a subsidiary of SK Telecom, an IoT focused program that offers everything from co-working spaces to assistance with device testing, the Naver D2 Startup Factory, a subsidiary of Naver, the "Korean Google", an accelerator that provides free workspace and seed funding within fields such as ML and IoT, and SparkLabs IoT, a Seoul-based division of the successful global accelerator program.

Do you have Korean startup ambitions?

Learn more about opportunities for Nordic startups scaling into Korea and find a program that can support your startups' growth into this region.

Contact:

Innovation Lab Asia

hello@innovationlabasia.com

Additionally, the Innovation Centre Denmark, Seoul, helps Danish startup companies scale into Korea.

Contact:

Martin Hoxer

This blog was written with research assistance from ICDK.

UPCOMING EVENTS IN ASIA HOUSE

24.01.19: OM BLÆKSPRUTTER

The Denmark-Japan Society will be hosting the lecture "Om Blæksprutter" by Professor Ole G. Mouritsen in Asia House on January 24. The



lecture is centered around the squid, providing cultural, scientific and culinary insights on the strange animal, with a special focus on the squid's role in Japanese food culture. Ole G. Mouritzen is a biophysicist and a professor in Gastrophysics and Culinary Food Innovation at the University of Copenhagen. *NB: The lecture will be conducted in Danish.*

LAST MONTH IN ASIA HOUSE



17.12.18: Roundtable discussion on Vietnam with Thomas Jacobsen, Managing Director, SAM

Asia House together with GreenTech Challenge hosted a roundtable discussion with Thomas Jacobsen, Managing Director, [Saigon Asset Management](#) (SAM). SAM is a Vietnamese Asset Manager Fund based in Ho Chi Minh City with a strong focus on the Vietnamese GreenTech and Smart Cities sector. The Vietnamese market constitutes a very interesting business opportunity for Danish GreenTech and Smart Cities SME's. Vietnam follows the global trend of emerging economies experiencing rapid urbanization and, consequently, a growing need for large investments in city and infrastructure development projects. Inhabitants in the largest cities have doubled in 20 years. Investments in infrastructure in Vietnam account for an average of 5.7% of GDP, making Vietnam the country in South East Asia with the highest level of investment.

The roundtable discussion focused on how Danish SMEs can approach the Vietnamese GreenTech and Smart Cities market. Thomas presented valuable hands-on experience and advice, which provides a solid first step for your company to access the Vietnamese market.



20.12.18: Asia House Christmas Gathering

Asia House hosted the first annual Christmas Gathering for Danes doing business in Asia. Flemming Besenbacher, Chairman of the Carlsberg Foundation and newly appointed Chairman by the Danish government of the working group on Danes living abroad, delivered the keynote speech, where he discussed the background and strategy of the working group, the necessity of a platform for the Danish diaspora, as well as the barriers Danes living abroad face. The event concluded with a networking session.

INTRODUCING ...

SIMONE VON BURGWARD, the newest member of the Asia House-team and our new Event and Communications Manager, who has worked in communications in various international settings, as well as with visual identity and branding, multimedia design, websites and social media. Simone has lived nearly 10 years in Japan working



with event coordination and developing and maintaining business relationships with international partners, and holds a master's degree in Modern Culture and Communication from Copenhagen University.

Contact Simone at svb@asia-house.dk

TOP STORIES FROM ASIA



02.01.19: Growth in Vietnam surpasses target of 6.7%

Growth in Vietnam surpassed its 2018 target of 6.7 percent, hitting 7.08 percent, mainly backed by a surge in the manufacturing sector in the country. Vietnam is one of the fastest growing economies in the region, with exports of cheap manufactured goods being its main driver. Head of the General Statistics Office in Hanoi, Ngyuen Bich Lam, predicts a robust Vietnamese economy next year as well.



02.01.19: CPTPP goes into effect

CPTPP has gone into effect this Sunday. This pact is a revision of the TPP, and includes 13 percent of the global economy, including Canada, Mexico, New Zealand, Singapore and Australia, with Vietnam expected to ratify this year. Processes are underway in Brunei, Chile, Malaysia and Peru. The Japanese economy is expected to get a US\$117 billion boost from the CPTPP, as well as the free trade pact the country has signed with the EU.



19.12.18: India invites Huawei to 5G trials

Huawei has joined Nokia, Samsung and Ericsson in the race for the Indian 5G market. Due to recent security concerns, Huawei has been under criticism, but has now been included in India's 5G trials, while also being complimented for helping the Indian telecom sector.

ASIA HOUSE / YOUR ACCESS TO ASIA

Indiakaj 16 / DK-2100 Copenhagen Ø / +45 35 26 56 11 / ah@asia-house.dk



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Our mailing address is:
ah@asia-house.dk

EU's privacy regulation GDPR came into force on 25 May 2018. Asia House has updated its Privacy Policy and these changes reflect the increased transparency requirements of the EU GDPR. The revised policy clarifies your privacy rights and how to exercise them; how Asia House collects, uses, shares and protects personal data; and the legal bases we rely on to process personal data. Please click here to read our updated [Privacy Policy](#).

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