



Life Sciences

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South Korea

Korea's Healthcare expenditure annual growth rate is 9%, twice the average of the OECD, and the country holds one of the world's most rapidly aging populations. Demand for healthcare of all types is rapidly rising.

Overview

South Korea is the 12th largest economy in the world, has a population of 50 million and a predicted GDP growth of 3.0% in 2013.

Total healthcare expenditure has grown steadily from about 4.4% in 1990 to 7.1% of GDP in 2010, with an annual growth rate of 9%, twice the OECD. It is expected to grow to 8.8% by 2015.

This is as a result of one of the world's most rapidly ageing populations:

In 2010, the percentage of population over 65 was 11%, which is forecasted to grow to over 20% by 2025, being a post-aged society with a fast increase in chronic diseases.

The structure of Korea's national industrial growth is shifting from

ICT to Life Sciences, thus presenting new opportunities to UK firms.

Biotechnology & Pharmaceuticals

Biotech is one of the fastest growing industries in Korea with a Compound Annual Growth Rate of over 10%. South Korea is ranked as the 8th strongest biotechnology nation with high technology and skills, especially in stem cells. The bio pharmaceutical market is forecasted to make £1.1 billion in 2012, and growth is not expected to slow.

Korea is currently the world's 13th largest pharmaceutical market, and by 2020 the Korean government aims to become the 7th largest pharmaceutical nation, accounting for 4.5% of the total market.

Korea's pharmaceutical market was originally generics-oriented, but recently with strong support from the government and high investment by companies, the market is focusing more on drug discovery.

The government introduced "Accreditation of Innovative Pharmaceutical Company" status in 2012, certifying companies who possess high R&D capacity for new drug development. The size of the market was £10.6 billion in 2012 with a CAGR of 2.9%. Korea is the 10th strongest nation for new drug discovery, and since 1999 has developed 20 new drugs.

Korea is also well known for its high quality clinical trial capabilities and is emerging as a core clinical trial destination in Asia. Seoul was the 3rd largest



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Opportunity.Korea@fco.gov.uk
www.gov.uk/government/world/south-korea
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Life Sciences – Opportunities for UK companies

South Korea

host city for global clinical trials in 2009, after Houston and San Antonio of the US.

Medical Devices

The Korean medical device market is the 13th largest in the world with the market size of £2.4 billion in 2012 with a CAGR of 6.1%. Korean firms are traditionally strong in IT based products such as ultrasound imaging systems, PACS and medical information systems including EMR. However, the wider medical devices market is mainly supplied via imports, accounting for 65% of the total market, originating largely from the US, Germany and Japan.

Opportunities for UK companies

There are opportunities for R&D collaborations and technology transfers in the fields of oncology, cardiology, drug discovery, metabolic diseases, vaccines, neuroscience, stem cells, cancer theranostics and tissue engineering & regenerative medicine etc.

Biotechnology & Pharmaceuticals

Korea is known to be a highly competitive market for generics but currently local companies are shifting away from generics toward drug discovery. They are therefore more willing to license-in than before, presenting opportunities for UK companies.

There is also a growing demand for drugs to treat lifestyle related

diseases such as hypertension, diabetes, and cancer.

Global outsourcing, partnerships and M&A are becoming a more accepted approach to R&D and product development in Korea.

Korea's self sufficiency rate for finished pharmaceuticals has traditionally been over 88% but still bulk pharmaceuticals are mainly dependent on imports. In 2012, UK was 6th largest pharmaceutical importer for Korea with trade of £0.2 billion.

Medical Devices

There is a strong demand for imported medical devices such as dental equipment (especially dental implant), radiotherapy/imaging equipment, and orthopaedic equipment etc.

Influence of the EU-Korea FTA

The European Union and Korea signed the Free Trade Agreement (FTA) on 6 October 2010 resulting in the removal of 97% of all tariffs cutting €1.6 billion of duties annually for EU exporters from July 2011.

Some of the ways the FTA will influence the Life Sciences sector are:
(Source: European Commission)

Item	Change in Tariff		Timing
	Now	Later	
Biotechnology	Up to 8%	0%	3 years
Pharmaceuticals	8%	0%	Immediately
Medicines	8%	0%	0-3 years
Medical devices	8%	0%	0-5 years

Jimin Kim

Trade Officer for Healthcare and Life Sciences

Tel: +82 2 3210 5596

Email: Jimin.Kim@fco.gov.uk



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QR code with your smartphone
+82 (0)2 3210 5596

Opportunity.Korea@fco.gov.uk
[@UKinKorea](http://www.gov.uk/government/world/south-korea)