Introduction
South Korea is a country in Eastern Asia occupying the southern half of the Korean Peninsula. It borders the Sea of Japan, the Yellow Sea, and North Korea. South Korea's terrain is mostly mountainous. The government system is a republic; the chief of state is the president, and the head of government is the prime minister. South Korea has a mixed economic system which includes a variety of private freedom, combined with centralized economic planning and government regulation. South Korea is a member of the Asia-Pacific Economic Cooperation (APEC) and the Asia-Pacific Trade Agreement (APTA).

Key Economic Facts

Income Level (by per capita GNI):
High Income

Level of Development:
Developed

GDP, PPP (current international $): $2,233.00 billion (2020)

GDP growth (annual %): -0.96% (2020)

GDP per capita, PPP (current international $): $43,124.29 (2020)

Manufacturing, value added (% of GDP): 24.95% (2020)

Current account balance (BoP, current US$): $75.28 billion (2020)

Inflation, consumer prices (annual %): 0.54% (2020)

Labor force, total: 28,348,936 (2020)

Unemployment, total (% of total labor force) (modeled ILO estimate): 4.07% (2020)

Imports of goods and services (current US$): $541.02 billion (2020)

Exports of goods and services (current US$): $601.62 billion (2020)

GDP Composition %

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Agriculture</td>
<td>2%</td>
</tr>
<tr>
<td>Services</td>
<td>57%</td>
</tr>
<tr>
<td>Industry</td>
<td>33%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>25%</td>
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</tbody>
</table>

*Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.

Rankings

<table>
<thead>
<tr>
<th>Index</th>
<th>Rank</th>
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<tr>
<td>Corruption Perceptions Index</td>
<td>33 / 180</td>
</tr>
<tr>
<td>EY Globalization Index</td>
<td>33 / 60</td>
</tr>
<tr>
<td>Global Competitiveness Index</td>
<td>13 / 141</td>
</tr>
<tr>
<td>Global Enabling Trade Index</td>
<td>27 / 136</td>
</tr>
<tr>
<td>Global Manufacturing Competitiveness Index (GMCI)</td>
<td>5 / 40</td>
</tr>
<tr>
<td>Global Services Location Index</td>
<td>41 / 60</td>
</tr>
<tr>
<td>Index of Economic Freedom</td>
<td>29 / 179</td>
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<tr>
<td>International Logistics Performance Index (LPI)</td>
<td>25 / 160</td>
</tr>
<tr>
<td>Inward FDI Potential Index</td>
<td>19 / 139</td>
</tr>
<tr>
<td>KOF Index of Globalization</td>
<td>53 / 185</td>
</tr>
<tr>
<td>Networked Readiness Index (NRI)</td>
<td>13 / 139</td>
</tr>
<tr>
<td>Open Budget Index</td>
<td>27 / 115</td>
</tr>
</tbody>
</table>

Risk Assessment (Provided by Coface)

Country rating: A3 - Changes in generally good but somewhat volatile political and economic environment can affect corporate payment behavior. A basically secure business environment can nonetheless give rise to occasional difficulties for companies. Corporate default probability is quite acceptable on average.

Business Climate rating: A1 - The business environment is very good. Corporate financial information is available and reliable. Debt collection is efficient. Institutional quality is very good. Intercompany transactions run smoothly in environments rated A1.

Strengths
- Diversified industrial base
- Leader in high-end electronics
- High private and public R&D spending
- Good educational system
- Diversified FDIs in Asia

Weaknesses
- Competition from China (steel, shipbuilding, electronics)
- High level of household debt
- Aging population
- High youth unemployment
- Net commodity importer
- Overrepresentation of chaebols in the economy
- Proximity to North Korea
- Increasing tensions with Japan

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