

## COUNTRY PROFILE



## South Korea

GLOBAL RANK: 26th of 104



South Korea's 26th place puts it above many European nations. Its rank on Economic Competitiveness (19th) is significantly higher than for Comparative Liveability (35th), led by high rates of capital investment and innovation, similar to the other 'Asian tigers'.

## ● BACKGROUND

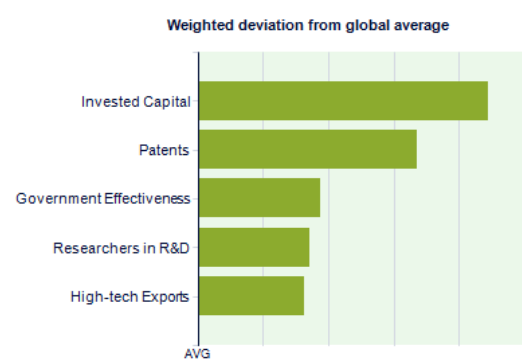
Since the end of the Korean War in 1953, South Korea has become a technologically sophisticated modern economy with world-class transport and communication infrastructures. Personal income levels are more than 14 times those of the Communist North. Unemployment and poverty rates are low. Korean society places high priority on educational attainment, and children study long hours in an intensely competitive environment. Public debate has recently focused on quality of life issues. South Koreans have the highest rate of suicide and second-to-lowest rate of leisure spending in the OECD.

## FAST FACTS

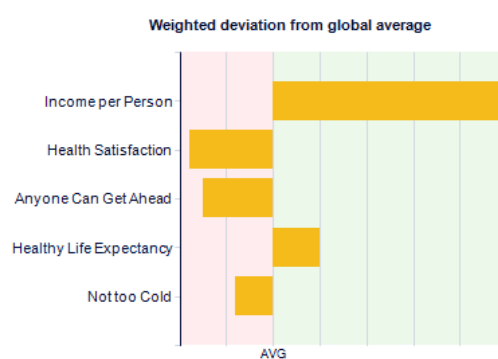
<b>Population:</b>	49.2 million (2008 est.)	<b>FDI (net inflow):</b>	1.33% (2006 est.)
<b>Life Today</b>	5.5 (2007 est.)	<b>Exports</b>	36.64% (2006 est.)
<b>GDP (PPP)</b>	\$1.201 trillion (2007 est.)	<b>Imports</b>	34.83% (2006 est.)
<b>GDP (Growth)</b>	5% (2007 est.)	<b>Unemployment:</b>	3.3% (2007 est.)
<b>GDP (per Capita)</b>	\$24,800 (2007 est.)	<b>Life Expectancy</b>	77.42 years (2008 est.)
<b>Political System:</b>	Republic		
<b>Foreign Aid:</b>	-0.01% (2004 est.)		

## ● KEY SCORE DRIVERS

## ECONOMIC COMPETITIVENESS



## COMPARATIVE LIVEABILITY



Korea's state-led approach to economic development survived the transition to democracy in the late 1980s, but, in the aftermath of the 1997-8 Asian financial crisis, bad debt from over-investment forced free-market reforms. Now South Korea can now boast an extremely effective government apparatus.

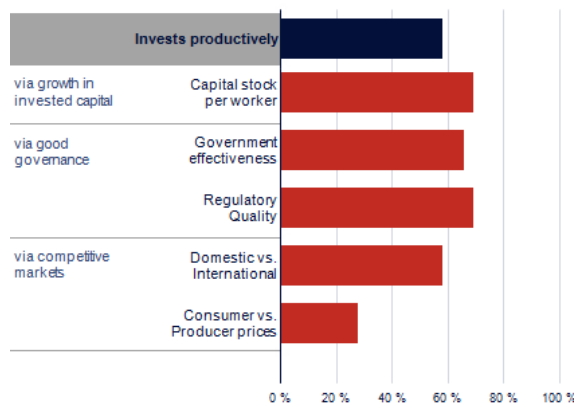
South Korea's post-war development model prioritised saving over consumption, and built up its competitive advantage by managing trade and focusing on certain areas, such as high-tech exports. After a dramatic rebound following the financial crisis, South Korea has settled into steady growth, backed by significant capital investment and a constant flow of foreign direct investment.

South Korea's outstanding economic performance has resulted in high average incomes, which have increased the prosperity of most South Koreans. South Korea's economic miracle is attributable, at least in part, to the sacrifices of the post-war generation, which tolerated authoritarian governance and generated productivity through long hours. The average South Korean works nearly 50 hours per week, the highest in the OECD, resulting in a poor leisure score. As in Japan, the social costs of long hours are beginning to come to light. For instance, some have claimed a link with South Korea's high suicide rate, which is more than double that of the United States.

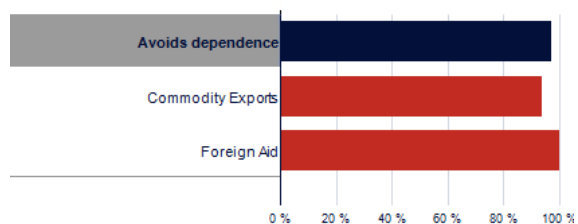
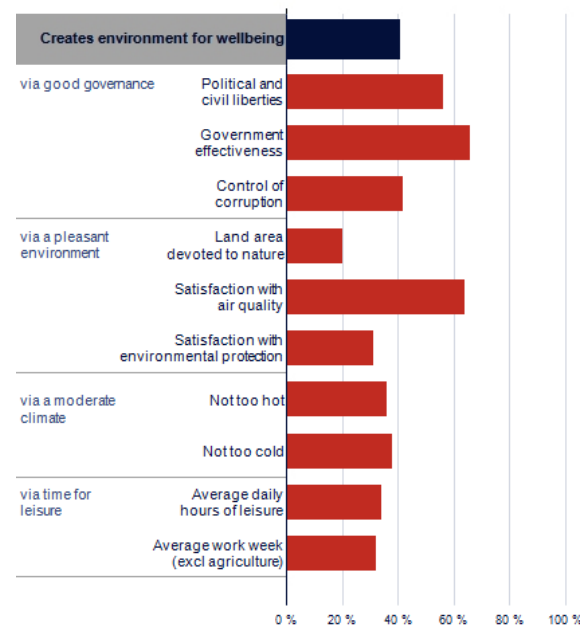
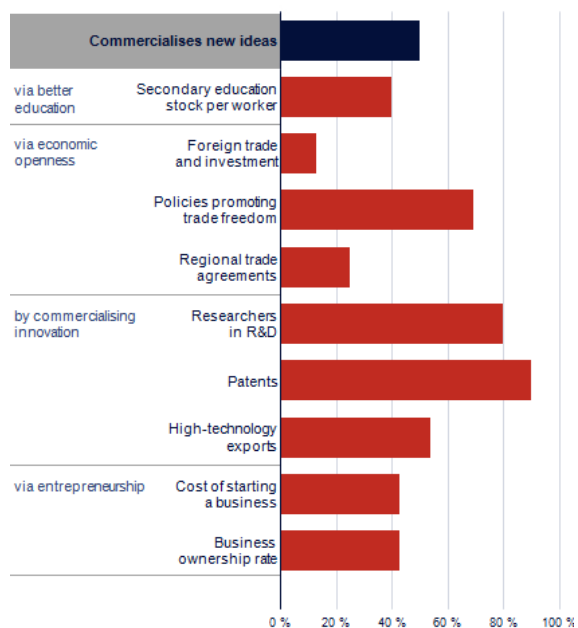
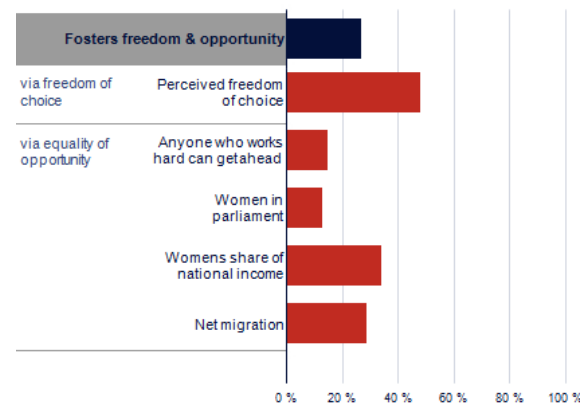
Large manufacturing conglomerates, or chaebol, are reacting to Chinese competition by engaging in significant levels of research and development (as well as situating new facilities in China, the United States, and even North Korea, at least partially to avoid union militancy). The high number of patents filed in South Korea is a testimony to the strength of this sector, and illustrates the dynamism of the country as a whole. South Korea is a market leader in information communication technology (ICT), with the highest rate of broadband penetration in the world.

However, attitudes are changing and there is increasing pessimism that those that work hard will get ahead. Only 52%<sup>9</sup> of Koreans now believe that work is the route to success, according to the Gallup World Poll. A high average healthy life expectancy compared to other countries in the region has not led to individual satisfaction, with 67%<sup>9</sup> of South Koreans dissatisfied with their personal health. However, because rising incomes enable people to protect themselves against the cold, the chilly climate in South Korea has a more limited impact than it would for a poorer country.

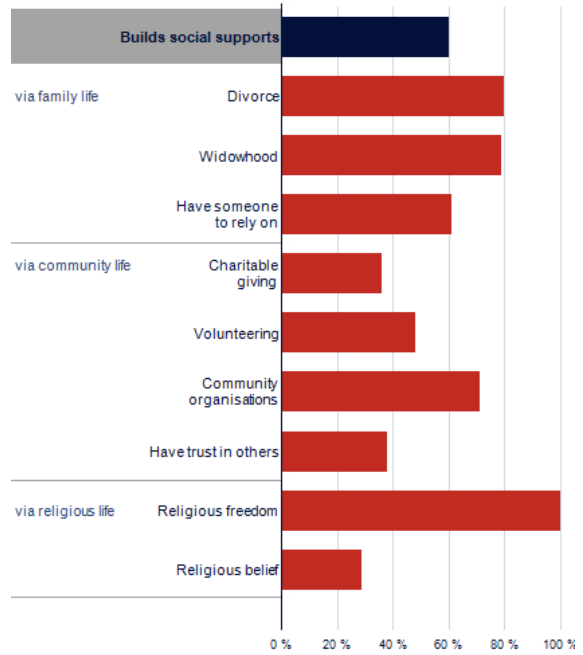
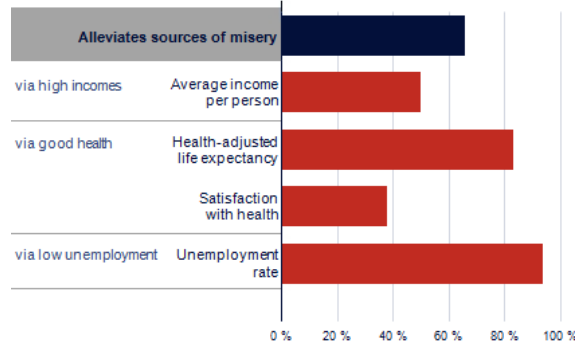
## ECONOMIC COMPETITIVENESS: SCORECARD



## COMPARATIVE LIVEABILITY: SCORECARD



All subindicator scores in the Index are shown unweighted, expressed as a percentage of the score for the best-performing country in the Index. Indicator scores (in dark blue) are derived from the weighted average of relevant subindicators. For more information on how the subindicator scores are weighted to produce indicator scores and an overall Index score and ranking, see Chapter Two of this report.



**References:**

<sup>9, w</sup> See [www.prosperity.com/references.aspx](http://www.prosperity.com/references.aspx) for further details including date of survey, sample size, and margin of error.