

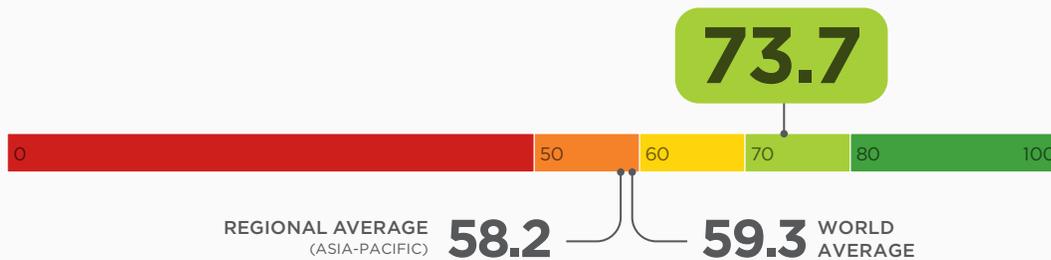
SOUTH KOREA



South Korea's economic freedom score is 73.7, making its economy the 15th freest in the 2023 *Index*. Its score is essentially unchanged from last year. South Korea is ranked 5th out of 39 countries in the Asia-Pacific region, and its overall score is above the world and regional averages.

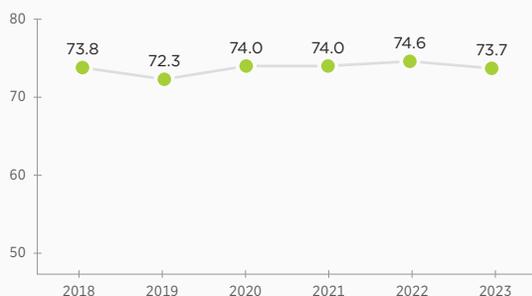
The dynamic economy has demonstrated notable resilience. A vibrant private sector bolstered by a well-educated labor force and high capacity for innovation capitalizes on the country's openness to global commerce. A sound legal framework is firmly in place, but corruption continues to undermine both government integrity and overall economic freedom.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +1.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
51.7 million

GDP (PPP):
\$2.5 trillion
4.0% growth in 2021
5-year compound annual growth 2.3%
\$48,578 per capita

UNEMPLOYMENT:
3.9%

INFLATION (CPI):
2.5%

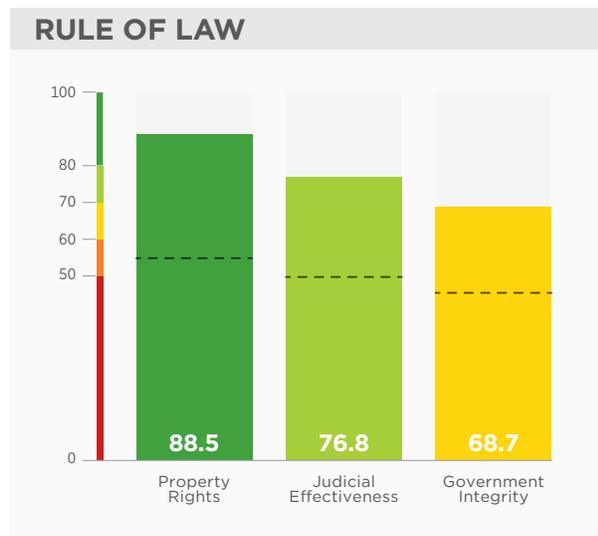
FDI INFLOW:
\$16.8 billion

PUBLIC DEBT:
51.3% of GDP

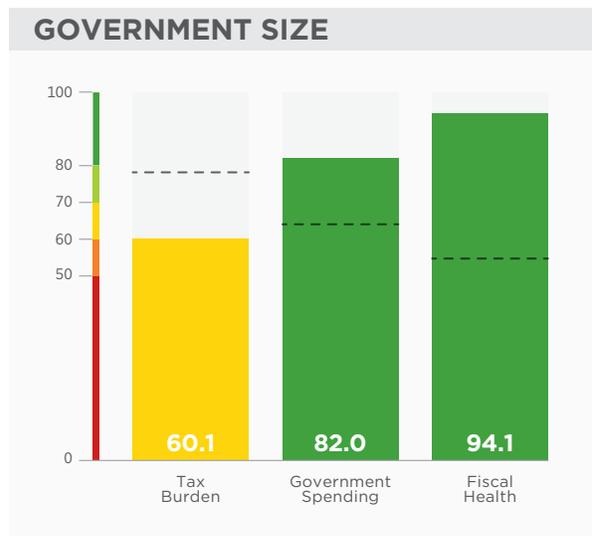
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: Since his election in 2022 by the closest margin in Korean history, conservative President Yoon Suk-yeol has supported stronger ties with Japan and the U.S. Despite his skeptical view of engagement with North Korea, Yoon offered aid to Pyongyang in exchange for denuclearization. After decades of rapid economic growth and global integration, South Korea is a high-technology, industrialized economy led by such sectors as electronics, telecommunications, automobile production, chemicals, shipbuilding, and steel. Challenges include an aging population, low worker productivity, and the need to implement a structural shift away from overreliance on export-led growth and expansionary fiscal policy.

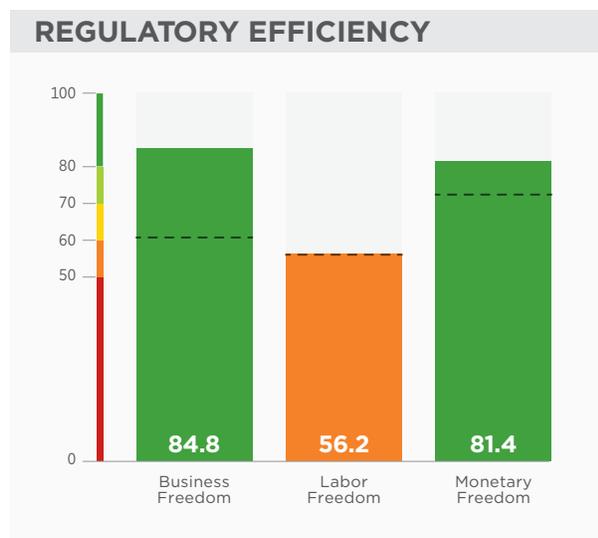
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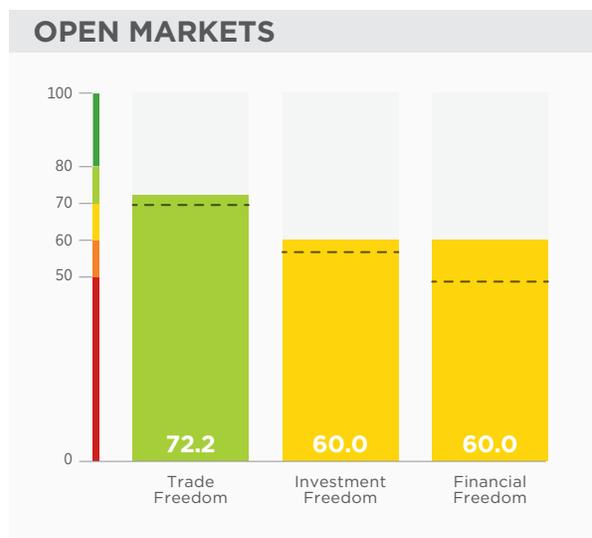
The overall rule of law is well respected in South Korea. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual and corporate tax rates are, respectively, 49.5 percent and 27.5 percent. The tax burden equals 28.0 percent of GDP. Three-year government spending and budget balance averages are, respectively, 24.5 percent and -0.6 percent of GDP. Public debt equals 51.3 percent of GDP.



The competitive regulatory framework facilitates entrepreneurial activity and innovation. The labor market is dynamic, but regulatory rigidities are still present, and powerful trade unions add to the cost of conducting business. Monetary stability has been relatively well maintained despite inflationary pressures.



The trade-weighted average tariff rate is 8.9 percent, and more than 400 nontariff measures are in force. Foreign investment is welcome and facilitated by an efficient and modern regulatory framework. The financial sector is competitive, but business start-ups still struggle to obtain financing.