



SOUTH KOREA

Factum Scale:

Developing

1

2

3

4

5

Best

Ease of doing business

5

- South Korea ranks 5th out of 190 countries on The World Bank's Ease of Doing Business Index, reflecting its highly developed and business-friendly environment. South Korea excels in categories such as Enforcing Contracts (2nd) and Getting Electricity (2nd). However, challenges persist in Starting a Business (33rd) and Dealing with Construction Permits (12th), which could involve bureaucratic hurdles.

Economic stability

5

- South Korea's GDP reached \$1.7 trillion in 2023, with a projected growth rate of 2.3% for 2024. The economy is highly advanced, with leading sectors such as electronics, automotive, and shipbuilding driving growth. The South Korean government provides robust support for innovation, particularly in technology and green energy, offering financial incentives like tax breaks and investment grants for foreign investors.

Society, Culture, and Business Etiquette

5

- South Korean society places a high value on respect and hierarchy, both in social and business interactions. Business meetings begin with formal handshakes, and bowing is also common. Seniority is highly respected, and business cards are exchanged with both hands. Relationships and trust-building are vital to successful business ventures, and it's important to understand the nuances of South Korea's hierarchical culture. Punctuality and professionalism are expected in all business dealings.

Labor

4

- South Korea has a skilled labor force of around 28 million people, with an unemployment rate of 2.6% as of September 2023. The country places a strong emphasis on education, particularly in STEM fields, making the workforce well-equipped for technology, engineering, and ICT industries. South Korea's workforce is also known for its strong work ethic and dedication.

Tariffs and Regulations

4

- South Korea has a low average tariff rate of 6.6%, thanks in part to its numerous Free Trade Agreements (FTAs) with major trading partners, including the United States and the European Union. Intellectual property rights are rigorously enforced, making South Korea a safe destination for businesses that rely on innovation. The government has simplified regulations to encourage foreign investment, particularly in high-tech industries.

Fluency in English

4

- English fluency is relatively common, especially in major cities like Seoul, where many professionals and younger generations are conversant. However, outside of urban centers, English proficiency drops significantly. It is advisable to work with local translators or bilingual staff for business outside the capital.

Key Organizations

- [Korea Trade-Investment Promotion Agency \(KOTRA\)](#)
- [Ministry of Trade, Industry and Energy \(MOTIE\)](#)
- [Korea Chamber of Commerce and Industry \(KCCI\)](#)

Business Structures

- Foreign businesses in South Korea typically establish local subsidiaries, branches, or representative offices. Joint ventures with South Korean partners are common in sectors like technology and manufacturing. The government promotes collaboration between local and foreign businesses through various investment promotion programs.

Business Landscape

- South Korea's business environment is diverse and technology-driven, with major global players like Samsung, LG, and Hyundai calling it home. The country also boasts a thriving startup ecosystem, particularly in fintech, biotechnology, and e-commerce. South Korea is a hub for innovation in sectors like semiconductors, robotics, and green technology, making it an attractive location for high-tech industries.