

WORLD RANK: **14** | REGIONAL RANK: **5**

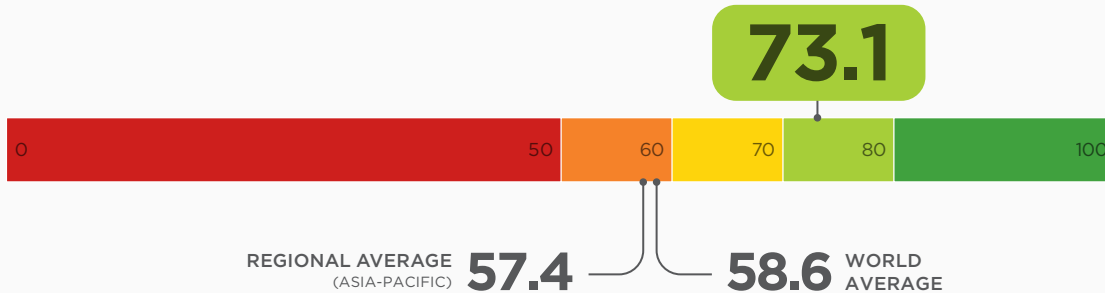
ECONOMIC FREEDOM STATUS: **MOSTLY FREE**

SOUTH KOREA

South Korea's economic freedom score is 73.1, making its economy the 14th freest in the 2024 *Index of Economic Freedom*. Its rating has decreased slightly from last year, and South Korea is ranked 5th out of 39 countries in the Asia-Pacific region. The country's economic freedom score is higher than the world and regional averages. South Korea's economy is considered "mostly free" according to the 2024 *Index*.

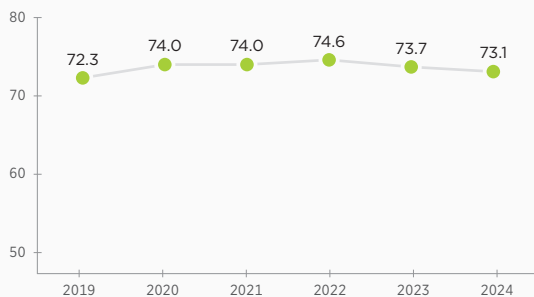
South Korea's dynamic economy has demonstrated notable resilience. A vibrant private sector bolstered by a well-educated labor force and high capacity for innovation has capitalized on the country's openness to global commerce. The legal framework is sound, but corruption undermines government integrity. The 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.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): +1.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
51.7 million

GDP (PPP):
\$2.8 trillion
2.6% growth in 2022
5-year average growth rate: 2.3%
\$53,845 per capita

UNEMPLOYMENT:
3.5%

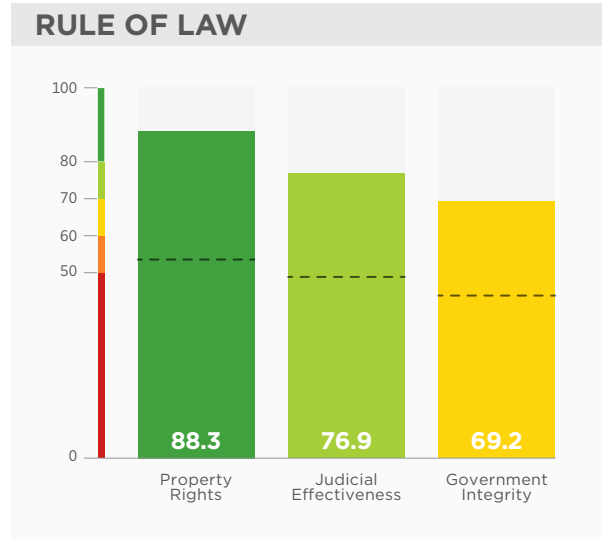
INFLATION (CPI):
5.1%

FDI INFLOW:
\$18.0 billion

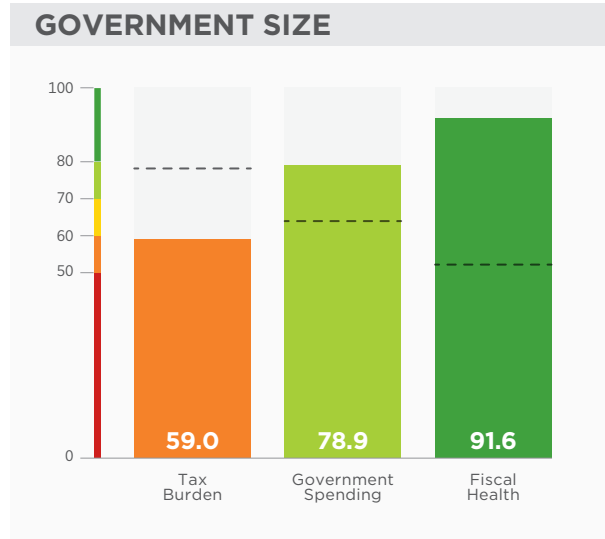
PUBLIC DEBT:
53.8% of GDP

2022 data unless otherwise noted. Data compiled as of October 2023.

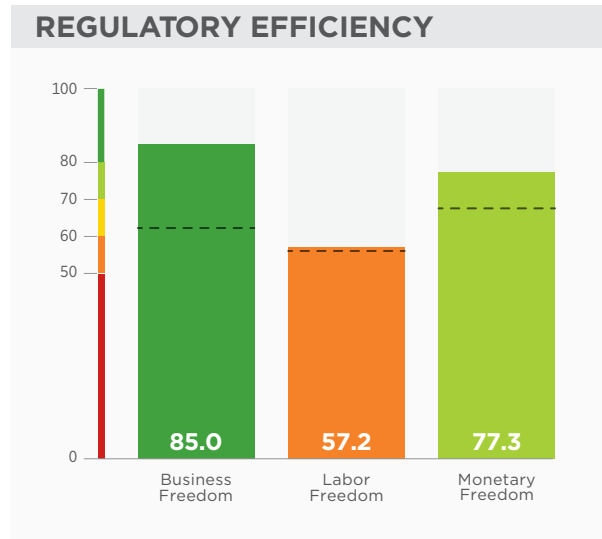
12 ECONOMIC FREEDOMS | SOUTH KOREA



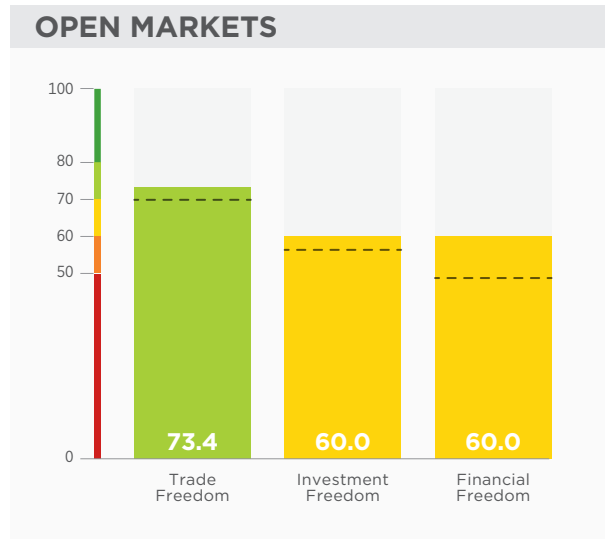
The overall rule of law is well respected in South Korea. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual income tax rate is 49.5 percent, and the top corporate tax rate is 27.5 percent. The tax burden equals 29.9 percent of GDP. Three-year government spending and budget balance averages are, respectively, 26.5 percent and -1.3 percent of GDP. Public debt amounts to 53.8 percent of GDP.



South Korea's overall regulatory environment is well institutionalized and relatively efficient. The country's business freedom score is far above the world average; its labor freedom score is above the world average; and its monetary freedom score is well above the world average.



The trade-weighted average tariff rate is 8.3 percent, and more than 400 nontariff measures are in force. Foreign investment is facilitated by an efficient and modern regulatory framework. The financial sector is competitive, but business start-ups still struggle to obtain financing.