**Environment**

1. Geography

South Korea is surrounded on its other three side by seas: the yellow sea, the east china sea, and the sea of Japan. and also south Korea is connected with America by pacific ocean. So since south Korea geography, china, japan and America are the main trade partner of south Korea.

2. Agriculture

2/3 of the country are mountains and hills. Arable land only accounts or 22 percent of the country’s land. The most important crop is rice, accounting about 90 percent of the country’s total grain production and over 40 percent of farm income.

3. Energy

the main energy in the country are hydropower, solar, wind, and ocean energy.

4. Environment issues

4.1 global warming

south Korea is the ninth largest emitter of carbon dioxide.

4.2 air pollution

According to the Environmental Performance Index 2016, South Korea ranked 173rd out of 180 countries in terms of air quality.

4.3. nuclear pollution

South Korea is the world’s fifth largest user of nuclear power and it is facing significant nuclear waste storage problem.

5. environment policies of south Korea

5.1 Korean government launched its “1st Seoul Metropolitan Air Quality Control Master Plan(2005-2015)” in 2005 to lessen exhaust gases from vehicles.

5.2 Four Rivers Project: the project is aimed to connect four of the most polluted rivers in Korea, clean them up and develop the shipping and transportation.

5.3 clean technology project: over the past five years, the south Korean has made a massive push for clean energy.

**Legal Environment**

South Korea has been an attractive market for investors ever since it has been a trade liberalized country and began to sign free trade agreements with other countries. In order to attract foreign investments and strengthen the rights of foreign investors, it has in place the

Foreign Investment Protection Act (FIPA), which is a law pertaining to foreign investments. FIPA along with other related regulations categorize business activities as open or closed.

Various tax and cash grant incentives are available for qualifying FDI. FDI which meets a set of qualifications receive an exemption or reduction in the corporate and income tax on business income. Cash grants of 5 % or more are available for foreign investors that meet the foreign ownership requirements (30 % foreign ownership and 10 million USD of minimum capital for manufacturing )(Exportgov, 2017). Establishment of free economic and free trade zones attract many investors to invest in South Korea.

There are a few industries and sectors in which foreign investment is prohibited in South Korea, which are as follows:

1) Nuclear Power Generation

2) Radio Broadcasting

3) Television Broadcasting

**Political**

South Korea had a very turbulent political past with frequent changes in system of government, Though they acquired independence in 1948 they had to wait until 1980 to enjoy true democratic freedom from the military rule. In 1986 President became the head of all the committees and streamlined the process. This centralization of power brought a lot of consistency and mutual cooperation which simplifies all the business processes.

Political violence attributes to one of the consistent threats in the context of friction with North Korea. Even today after being a democracy for over 3 decades military still enjoys considerable power due to this. This is also costing the country both economically and politically. This has further facilitated the thrive of corruption in system.

The uneasy relationship with North Korea can also bring in a lot of apprehension to investors especially in context of North Korea’s attempt to build and acquire Nuclear power. There has been considerable efforts in the past but none has been successful to great extent.

They also have strong political and economic support from US after the Japanese Korean war, along with their free trade agreement. Since 1991 they have been part of the United Nations which helped them reach better trade agreements with other nations.

**Social**

The population of Korea is 52 million. The major language in Korea is Korean. Their main staple food consists of vegetable, meat and rice. The 2 main festivals celebrated in Korea are Chuseok and New Year’s Day. These two festivities mainly focus on ancestors, family and food. Family harmony is very important part of Korean culture. Korea gives religious freedom to its citizens. The main form of greeting people in Korea is by bowing down.

Ranking is very important in the Korean society; the businesses and normal lives of people are based upon structures in hierarchy. Greeting your fellow colleagues with salutation and a surname is very important. Family stature, upbringing, wealth, education and occupation contribute to social standing.

Korea has one of the highest literacy rate in the world. The country has a very low fertility rate and has been facing as increasing problem of ageing population. The country has given freedom to its citizen which is very high, this has led to global influence of culture such as Korean drama’s and K-pop. This global phenomenon is called the Halluyu or Korean wave.

Economic Environment

One main factor of South Korea economy is the service sector. Industries in service sector transport, storage and communication, real estate, and financial intermediary are driving the growth. Service sector will probably expand in the coming years. (BHATNAGAR, 2017)

In terms of South Korea’s export trading and import trading, South Korea relies on its export heavily for its GDP. Compared with its Asia neighbors, South Korea’s level of import is relatively low, due to the highly regulated import tariffs, duties and restrictions.

After the Asian Financial Crisis of the late 1990s, South Korea witnessed a recovery, especially gross domestic product (GDP), grew dramatically. In 1998, GDP shrank by 6.7%, while grew by 9.3% in 1999. (BHATNAGAR, 2017) The economic recovery should attribute the success to economic restructuring and liberalization of capital and foreign exchange markets by the government. By the economic reform, South Korea realize macroeconomic stability and reduce its reliance on exports.

Since South Korea located near North Korea, which is testing nuclear weapon, South Korea faces a lot of problems, including the falling stock market and hollowed-out foreign investment. This is the biggest negative factor for South Korea’s economic growth.