

Course Material No.1

About Korea: ROK Market Overview

Course 1: ROK Market Overview aims to provide a comprehensive overview of the Republic of Korea market, focusing on its economy and trade dynamics.

By the end of the course, learners will be able to:

- Grasp the geographic, political, and social landscape of ROK;
- Understand the key drivers of ROK's economy with major industries; and
- Analyze ROK's FTAs and international trade.

General Overview

▶▶ Geography

- ❖ The Republic of Korea, commonly known as South Korea, is located on the Korean Peninsula and covers about 100,210 square kilometers.
- ❖ It shares a land border with North Korea and is positioned between China to the west and Japan to the east.
- ❖ The distance from Central America to Korea is around 10,000 kilometers, with a time difference of 13 to 15 hours.

Map of ROK



Map of ROK and Central America



▶▶ Population

- ❖ The total population of the Republic of Korea is approximately 52 million.
- ❖ About 24% of the population lives in Seoul, the capital of Korea, making it a densely populated urban area with significant influence on national affairs.

Population of ROK (2024 and historical)

Year	Population	Yearly % Change	Yearly Change	Migrants (net)	Median Age	Fertility Rate	Density (P/Km ²)	Urban Pop%	Urban Population	Country's Share of World Pop	World Population	South Korea Global Rank
2024	51,717,590	-0.06%	-31,149	75,963	45.1	0.73	532	82.1%	42,454,846	0.63%	8,161,972,572	29
2020	51,858,482	-0.18%	90,636	112,631	42.8	0.81	533	80.9%	41,934,110	0.66%	7,887,001,292	28
2015	50,983,912	-0.89%	442,916	276,427	39.9	1.20	524	81.0%	41,301,851	0.68%	7,470,491,872	27
2010	48,769,332	-0.38%	183,539	52,042	36.6	1.23	502	83.3%	40,601,614	0.69%	7,021,732,148	26

* Source : Statistics Korea(KOSTAT)

▶▶ Political system

The Republic of Korea is a democratic republic, as defined by its Constitution, which states that “The Republic of Korea is a democratic republic,” meaning that the country's foundation is based on the sovereignty of its citizens, and all power comes from them.

- ❖ Korea operates under a presidential system, where the president serves as the head of the executive branch. The current president, Yoon Suk-yeol, a member of the conservative party, holds office for a single five-year term, which will conclude on May 9, 2027.
- ❖ Korea’s political landscape is shaped by two major parties: the Democratic Party, representing progressive values, and the People Power Party, which leans conservative.
 - In the 2024 general election, held every four years, the Democratic Party obtained 161 seats, while the People Power Party secured 90 seats, controlling 94.3% of the 300 total seats in the National Assembly.

Economy

▶▶ GDP in ROK

The Republic of Korea is currently the 13th largest economy in the world, with a nominal GDP of approximately 1.8 trillion USD and a per capita GDP of 33,745 USD in 2023.

- ❖ In the 1960s, ROK’s GDP was only 3 billion USD, reflecting its transformation from an agricultural-based economy into a global leader in technology.
- ❖ Economic growth has been driven by strategic policies, export-oriented development, and significant investments in manufacturing and technology.
- ❖ The top contributors to GDP include manufacturing, wholesale and retail trade, accommodation and food service, business activities, and real estate.
- ❖ The services sector employs over 70% of the workforce and contributes approximately 58% to the GDP, playing a vital part of the economy.
- ❖ The industrial sector accounts for 38% of GDP and employs about one-fourth of the labor force, with key industries including textiles, steel, car manufacturing, shipbuilding, and electronics.

▶▶ Currency & Credit rating

- ❖ The Korean won (KRW), denoted as ₩, is the national currency. As of mid-2024, the exchange rate is around 1 USD to 1,300 KRW, fluctuating based on trade balances, policies, and geopolitical events.
- ❖ As of 2023, the Republic of Korea holds strong credit ratings: -AA from Standard & Poor’s and AA- from Fitch. These ratings highlight Korea’s solid economic fundamentals, stable markets, and strong external position, supporting its attractiveness for investors.

Trade

As of 2023, trade constitutes 69% of Korea’s GDP reflecting the country’s high dependence on foreign markets. This underscores Korea’s openness to trade, including with Central America, and highlights the vital role of Free Trade Agreements in expanding global market access, enhancing consumer welfare, and improving regulatory alignment.

Trade Dependency as of 2023

Rank	Country	Trade Dependency
1	Germany	70.72%
2	Korea	69.30%
3	France	47.33%
4	England	39.29%

* Source : Statistics Korea(KOSTAT)

▶▶ FTAs of ROK

As of September 2024, the Republic of Korea has signed 21 FTAs with 59 countries and is actively negotiating additional agreements with several emerging markets. Key FTAs include:

- ❖ Korea-U.S. Free Trade Agreement (KORUS)
- ❖ Korea-EU Free Trade Agreement
- ❖ Korea-ASEAN Free Trade Agreement
- ❖ Korea-Central America Free Trade Agreement (K-CA FTA)
 - facilitates Korea's expansions into both North and South American markets.

In its pursuit of global trade opportunities, ROK is also negotiating new FTAs with:

- ❖ Chile
- ❖ India
- ❖ Mercosur bloc, a regional economic organization in South America

FTAs of ROK as of 2024

Classification	Countries	Progress	Significance
Effectuated (21 FTAs with 59 countries)	Chile	Effectuated April 1, 2004	First FTA concluded bridgehead for Latin American market penetration
	Singapore	Effectuated March 2, 2006	Bridgehead for ASEAN market penetration
	EFTA ¹	Effectuated September 1, 2006	Bridgehead for Europe market penetration
	ASEAN ²	Effectuated June 1, 2007	First FTA with world's large economic bloc
	India	Effectuated January 1, 2010	First FTA with one of BRIC's, huge market
	EU ³	Effectuated July 1, 2010	World's largest economic bloc(based on GDP)
	Peru	Effectuated August 1, 2011	Bridgehead for Latin American market penetration
	U.S.	Effectuated March 15, 2012	Huge and advanced economy
	Turkiye	Effectuated May 1, 2013	Bridgehead for Europe and Central Asia market penetration
	Australia	Effectuated December 12, 2014	Major market in Oceania
	Canada	Effectuated January 1, 2015	Advanced country of North America
	China	Effectuated December 20, 2015	Largest trading partner of Korea
	New Zealand	Effectuated December 20, 2015	Major market in Oceania
	Vietnam	Effectuated December 20, 2015	3rd trading partner of Korea(As of 2022)
	Colombia	Effectuated July 15, 2016	Emerging market of Central and South American market
	Central America ⁴ (5 countries)	Effectuated October 1, 2019~ March 1, 2021	Creating a new market in Central America
	United Kingdom	Effectuated January 1, 2021	Maintain continuity of trade relations between Korea and the United Kingdom after Brexit
	RCEP ⁵	Effectuated February 1, 2022	Contribution to economic integration in East Asia
	Israel	Effectuated December 1, 2022	Start-up Nation Growth Model
	Cambodia	Effectuated December 1, 2023	Contribution of Southeast Asian Market Expansion
	Indonesia	Effectuated January 1, 2023	Contribution of Southeast Asian Market Expansion

¹ EFTA(4countries): Switzerland, Norway, Iceland, Liechtenstein

² ASEAN(10 countries): Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Vietnam, Thailand

³ 27 countries in Europe: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden

⁴ 5 countries in Central America: Nicaragua, Honduras, Costa Rica, El Salvador, Panama

⁵ RCEP(Regional Comprehensive Economic Partnership): Korea, 10 ASEAN member countries, China, Japan, Australia, New Zealand

* Source: FTA Korea

Export and Import of ROK

The ROK's total export volume in 2023 was 632 billion USD, with key destinations including China, followed by the United States, Vietnam, Japan, and Hong Kong.

- ❖ Electronics and Semiconductors: Samsung and SK Hynix lead this market, valued at over 120 billion USD annually, accounting for more than 20% of the ROK's total exports.
- ❖ Automotive Industry: Hyundai and Kia are key players in a market valued at approximately 90 billion USD, contributing 13-15% of total exports.
- ❖ Shipbuilding: Valued at 37 billion USD, this sector represents 5-7% of total exports, with Hyundai Heavy Industries and Samsung Heavy Industries as global leaders.
- ❖ Petrochemicals and Steel: Combined value of 130 billion USD, accounting for 14% of exports. LG Chem leads petrochemicals, while POSCO is dominant in steel.

ROK's Export Destinations

(Unit : US Dollar thousand)

Importers	Exported value in 2021	Exported value in 2022	Exported value in 2023
World	644,438,622	683,584,759	632,225,745
China	162,919,707	155,789,389	124,817,682
United States of America	96,313,665	110,177,328	116,322,826
Viet Nam	56,729,065	60,963,680	53,479,535
Japan	30,063,124	30,606,277	29,000,615
Hong Kong, China	37,472,095	27,651,186	25,193,553

* Source : Korean Statistical Office(K-STAT)

On the import side, ROK's total imports in 2023 were driven primarily by China, USA, Japan, Australia, and Saudi Arabia. ROK's import strategy is crucial for securing essential raw materials and maintaining its manufacturing dominance.

- ❖ Mineral Fuels: The largest import category, valued at \$171 billion annually.
- ❖ Electrical Machinery: Imports totaled \$119 billion, supporting the ROK's technology industries.
- ❖ Automobiles: Imported vehicles were valued at \$22 billion.

This dynamic trade environment highlights the ROK's efforts to strengthen its global economic position and ensure a balanced trade strategy.

ROK's Import Origins

(Unit : US Dollar thousand)

Exporters	Imported value in 2021	Imported value in 2022	Imported value in 2023
World	615,034,495	731,366,344	642,571,069
China	138,622,072	154,576,314	142,857,338
United States of America	73,615,250	82,134,693	71,732,495
Japan	54,636,756	54,711,795	47,656,468
Australia	32,914,445	44,929,425	32,823,137
Saudi Arabia	24,271,134	41,640,268	32,762,549

* Source : Korean Statistical Office(K-STAT)

We look forward to supporting your success in the ROK market.