

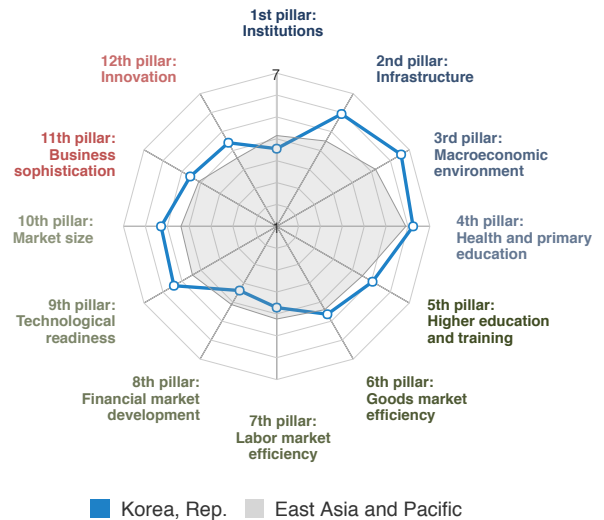
Key indicators, 2016

Source: International Monetary Fund; World Economic Outlook Database (April 2017)

Population millions	51.2	GDP per capita US\$	27,538.8
GDP US\$ billions	1,411.2	GDP (PPP) % world GDP	1.61

Performance overview

Index Component	Rank/137	Score (1-7)	Trend	Distance from best	Edition	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Global Competitiveness Index	26	5.1			Rank	19 / 144	25 / 148	26 / 144	26 / 140	26 / 138	26 / 137
Subindex A: Basic requirements	16	5.8			Score	5.1	5.0	5.0	5.0	5.0	5.1
1st pillar: Institutions	58	4.0									
2nd pillar: Infrastructure	8	6.1									
3rd pillar: Macroeconomic environment	2	6.6									
4th pillar: Health and primary education	28	6.3									
Subindex B: Efficiency enhancers	26	4.9									
5th pillar: Higher education and training	25	5.3									
6th pillar: Goods market efficiency	24	5.0									
7th pillar: Labor market efficiency	73	4.2									
8th pillar: Financial market development	74	3.9									
9th pillar: Technological readiness	29	5.6									
10th pillar: Market size	13	5.5									
Subindex C: Innovation and sophistication factors	23	4.8									
11th pillar: Business sophistication	26	4.9									
12th pillar: Innovation	18	4.8									

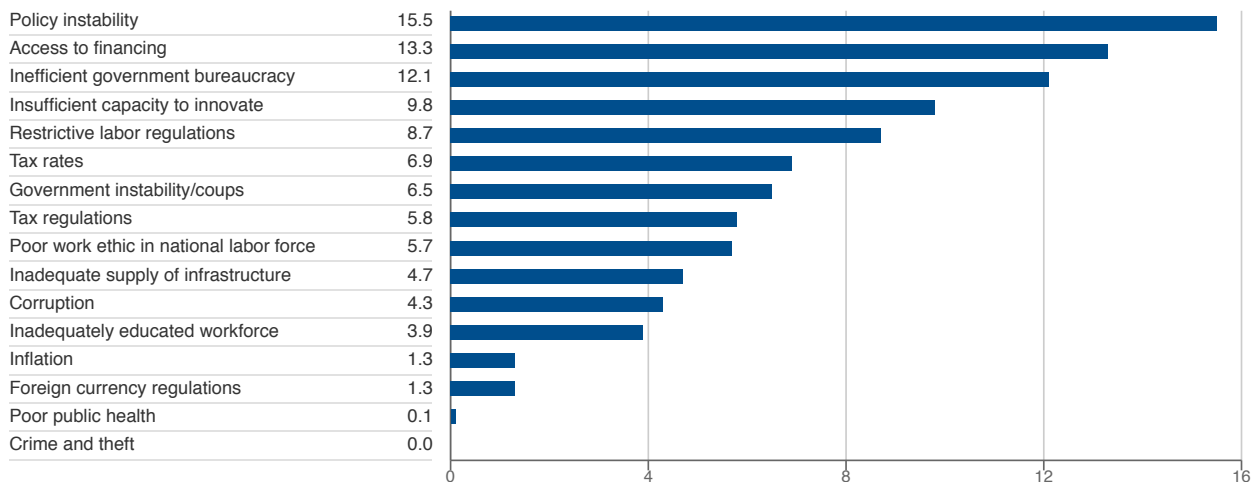


The Republic of Korea's (26th) overall performance has improved slightly since last year, with all 12 pillars obtaining a higher score. For an advanced economy, however, the country still presents large disparities between pillars. Its performance is largely driven by its remarkable infrastructure (8th) and a highly favorable macroeconomic environment (2nd). This year's political turmoil and corruption scandals highlighted the challenges in the country's institutional environment, yet the score of the institutions pillar advanced marginally. Another area in which Korea consistently underperforms is labor market

efficiency, in which it ranks 73rd, hiding deeper challenges with regard to labor market flexibility—in which it ranks 106th—caused notably by conflictual labor-employer relations and high redundancy costs. Looking back at Korea's performance over the last decade, it is one of the few advanced economies that have experienced a general decline in performance for a majority of its pillars of competitiveness. It is hoped that this year's rebound signals a shift toward a more positive trend overall.

Most problematic factors for doing business

Source: World Economic Forum, Executive Opinion Survey 2017



Note: From the list of factors, respondents to the World Economic Forum's Executive Opinion Survey were asked to select the five most problematic factors for doing business in their country and to rank them between 1 (most problematic) and 5. The score corresponds to the responses weighted according to their rankings.

The Global Competitiveness Index in detail

Korea, Rep.

Index Component	Rank/137	Value	Trend	Index Component	Rank/137	Value	Trend
1st pillar: Institutions	58	4.0		6th pillar: Goods market efficiency	24	5.0	
1.01 Property rights	37	4.9		6.01 Intensity of local competition	4	6.0	
1.02 Intellectual property protection	54	4.4		6.02 Extent of market dominance	101	3.3	
1.03 Diversion of public funds	58	3.8		6.03 Effectiveness of anti-monopoly policy	32	4.5	
1.04 Public trust in politicians	90	2.5		6.04 Effect of taxation on incentives to invest	47	4.0	
1.05 Irregular payments and bribes	45	4.7		6.05 Total tax rate % profits	50	33.1	
1.06 Judicial independence	72	3.8		6.06 No. of procedures to start a business	2	2	
1.07 Favoritism in decisions of government officials	81	2.9		6.07 Time to start a business days	12	4.0	
1.08 Efficiency of government spending	53	3.5		6.08 Agricultural policy costs	64	3.8	
1.09 Burden of government regulation	95	3.1		6.09 Prevalence of non-tariff barriers	84	4.2	
1.10 Efficiency of legal framework in settling disputes	54	3.8		6.10 Trade tariffs % duty	88	7.2	
1.11 Efficiency of legal framework in challenging regulations	56	3.5		6.11 Prevalence of foreign ownership	84	4.3	
1.12 Transparency of government policymaking	98	3.6		6.12 Business impact of rules on FDI	95	4.2	
1.13 Business costs of terrorism	88	4.8		6.13 Burden of customs procedures	48	4.6	
1.14 Business costs of crime and violence	63	4.8		6.14 Imports % GDP	86	36.5	
1.15 Organized crime	66	5.0		6.15 Degree of customer orientation	30	5.2	
1.16 Reliability of police services	40	5.3		6.16 Buyer sophistication	2	5.2	
1.17 Ethical behavior of firms	90	3.5		7th pillar: Labor market efficiency	73	4.2	
1.18 Strength of auditing and reporting standards	63	4.7		7.01 Cooperation in labor-employer relations	130	3.5	
1.19 Efficacy of corporate boards	109	4.3		7.02 Flexibility of wage determination	62	5.0	
1.20 Protection of minority shareholders' interests	99	3.7		7.03 Hiring and firing practices	88	3.5	
1.21 Strength of investor protection 0-10 (best)	13	7.3		7.04 Redundancy costs weeks of salary	112	27.4	
2nd pillar: Infrastructure	8	6.1		7.05 Effect of taxation on incentives to work	60	4.0	
2.01 Quality of overall infrastructure	14	5.7		7.06 Pay and productivity	15	4.8	
2.02 Quality of roads	12	5.6		7.07 Reliance on professional management	39	4.6	
2.03 Quality of railroad infrastructure	7	5.7		7.08 Country capacity to retain talent	29	4.5	
2.04 Quality of port infrastructure	23	5.2		7.09 Country capacity to attract talent	42	3.9	
2.05 Quality of air transport infrastructure	13	5.9		7.10 Female participation in the labor force ratio to men	90	0.73	
2.06 Available airline seat kilometers millions/week	18	2,830.5		8th pillar: Financial market development	74	3.9	
2.07 Quality of electricity supply	21	6.4		8.01 Availability of financial services	81	4.0	
2.08 Mobile-cellular telephone subscriptions /100 pop.	56	122.7		8.02 Affordability of financial services	44	4.2	
2.09 Fixed-telephone lines /100 pop.	4	56.1		8.03 Financing through local equity market	47	4.2	
3rd pillar: Macroeconomic environment	2	6.6		8.04 Ease of access to loans	90	3.5	
3.01 Government budget balance % GDP	11	0.3		8.05 Venture capital availability	64	2.9	
3.02 Gross national savings % GDP	8	36.2		8.06 Soundness of banks	91	4.3	
3.03 Inflation annual % change	1	1.0		8.07 Regulation of securities exchanges	71	4.3	
3.04 Government debt % GDP	45	38.5		8.08 Legal rights index 0-10 (best)	69	5	
3.05 Country credit rating 0-100 (best)	20	81.7		9th pillar: Technological readiness	29	5.6	
4th pillar: Health and primary education	28	6.3		9.01 Availability of latest technologies	23	5.8	
4.01 Malaria incidence cases/100,000 pop.	20	2.8		9.02 Firm-level technology absorption	23	5.3	
4.02 Business impact of malaria	9	5.7		9.03 FDI and technology transfer	55	4.5	
4.03 Tuberculosis incidence cases/100,000 pop.	86	80.0		9.04 Internet users % pop.	8	92.7	
4.04 Business impact of tuberculosis	66	5.5		9.05 Fixed-broadband Internet subscriptions /100 pop.	5	41.1	
4.05 HIV prevalence % adult pop.	1	0.0		9.06 Internet bandwidth kb/s/user	71	54.3	
4.06 Business impact of HIV/AIDS	61	5.5		9.07 Mobile-broadband subscriptions /100 pop.	14	111.5	
4.07 Infant mortality deaths/1,000 live births	13	2.9		10th pillar: Market size	13	5.5	
4.08 Life expectancy years	12	82.2		10.01 Domestic market size index	14	5.4	
4.09 Quality of primary education	41	4.6		10.02 Foreign market size index	12	6.0	
4.10 Primary education enrollment rate net %	30	98.2		10.03 GDP (PPP) PPP \$ billions	14	1,934.0	
5th pillar: Higher education and training	25	5.3		10.04 Exports % GDP	49	41.6	
5.01 Secondary education enrollment rate gross %	53	98.9		11th pillar: Business sophistication	26	4.9	
5.02 Tertiary education enrollment rate gross %	3	93.2		11.01 Local supplier quantity	11	5.2	
5.03 Quality of the education system	81	3.5		11.02 Local supplier quality	30	5.1	
5.04 Quality of math and science education	36	4.6		11.03 State of cluster development	28	4.6	
5.05 Quality of management schools	69	4.2		11.04 Nature of competitive advantage	22	5.1	
5.06 Internet access in schools	15	5.8		11.05 Value chain breadth	23	4.9	
5.07 Local availability of specialized training services	52	4.6		11.06 Control of international distribution	9	5.2	
5.08 Extent of staff training	41	4.3		11.07 Production process sophistication	24	5.2	
				11.08 Extent of marketing	38	4.8	
				11.09 Willingness to delegate authority	78	4.2	
				12th pillar: Innovation	18	4.8	
				12.01 Capacity for innovation	35	4.7	
				12.02 Quality of scientific research institutions	32	4.8	
				12.03 Company spending on R&D	28	4.4	
				12.04 University-industry collaboration in R&D	27	4.4	
				12.05 Gov't procurement of advanced technology products	32	3.8	
				12.06 Availability of scientists and engineers	38	4.5	
				12.07 PCT patents applications/million pop.	5	249.5	

Note: Values are on a 1-to-7 scale unless indicated otherwise. Trend lines depict evolution in values since the 2012-2013 edition (or earliest edition available). For detailed definitions, sources, and periods, consult the interactive Economy Profiles and Rankings at <http://gcr.weforum.org/>