

Republic of Korea



Area: 99,720 sq.km.; **Population:** 49.1 million, >99% Korean;
Language: Korean & English; **Religion:** Christian 32%, Buddhist 24%
Labor: 26.7 million – Agriculture 6%, Industry 24%, Services 70%
GDP: US\$ 1.85 Trillion, Per capita \$36,500, Growth 2.6% (2015)
GDP by sector: Agriculture 2%, Industry 38%, Services 60%
Exports: US\$536 Billion – semi-conductors, petro-chemicals
automobiles/auto parts, ships, electronics, computers, plastics
Key partners: China 26%, US 13%, Hong Kong 6%, Vietnam 5%
Imports: US\$431 Billion, oil/petroleum, coal, steel, natural gas fine
chemicals, textiles, wireless communication equipment
Key partners: China 21%, Japan 11%, US 10%, Germany 5%

An independent Kingdom for much of its long history, Korea was occupied by Japan beginning in 1905 following the Russo-Japanese War. In 1910, Tokyo formally annexed the entire Peninsula. Korea regained its independence following Japan's surrender to the US in 1945. After World War II, a democratic-based government (Republic of Korea, ROK) was set up in the southern half of the Korean Peninsula, while a communist style government was installed in the north (Democratic People's Republic of Korea, DPRK). During the Korean War (1950-53), US troops and UN forces fought alongside ROK soldiers to defend South Korea from DPRK invasion supported by China and the Soviet Union. A 1953 armistice split the Peninsula along a demilitarized zone at about the 38th parallel. Park Chung-hee took over leadership of the country in 1961. During his regime from 1961 to 1979, South Korea achieved rapid economic growth, with the per capita income rising to roughly 17 times the level of North Korea. South Korea held its first free presidential election in 1987, with former ROK Army general ROH Tae-woo winning a close race. In 1993, KIM Young-sam (1993-1998) became the first civilian president of South Korea. President KIM Dae-jung (1998-2003) won the Nobel Peace Prize in 2000 for his contributions to South Korean democracy and his "Sunshine" policy of engagement with North Korea. President PARK Chung-hee took office in 2013 and is South Korea's first female leader. Discord with North Korea has permeated inter-Korean relations for much of past decade, highlighted by the North's attacks on a South Korean ship and island in 2010, multiple nuclear and missile tests, and the exchange of artillery fire across the DMZ.

South Korea over the past four decades has demonstrated incredible economic growth and global integration to become a high-tech industrialized economy. In the 1960's GDP per capita was comparable with levels in the poorer countries of Africa and Asia. In 2004 South Korea joined the trillion-dollar club of world economies. A system of close government and business ties initially made this success possible; the government promoted the import of raw materials and technology at the expense of consumer goods and encouraged savings and investment over consumption. The Asian financial crisis of 1997-98 exposed long standing weakness in this development model and led to the adoption of numerous economic reforms following the crisis, including a greater openness to foreign investment. South Korea's export focused economy was hard hit by the 2008 global downturn, but quickly rebounded in subsequent years, reaching over 6% growth in 2010. The US-Korea Free Trade Agreement went into effect in 2012 and has been followed by a period of relatively slow growth (2%-3% per year). The South Korean's long-term challenges include a rapidly aging population and the reliance on exports. In an effort to address these challenges, the current government has prioritized structural reforms, deregulation, promotion of entrepreneurship and small- and medium-sized enterprises.