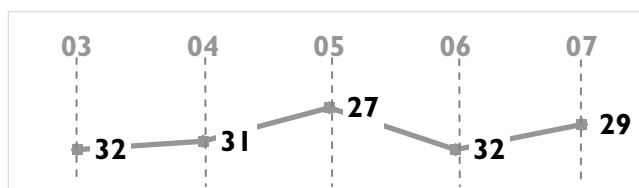


## KOREA

## OVERALL PERFORMANCE

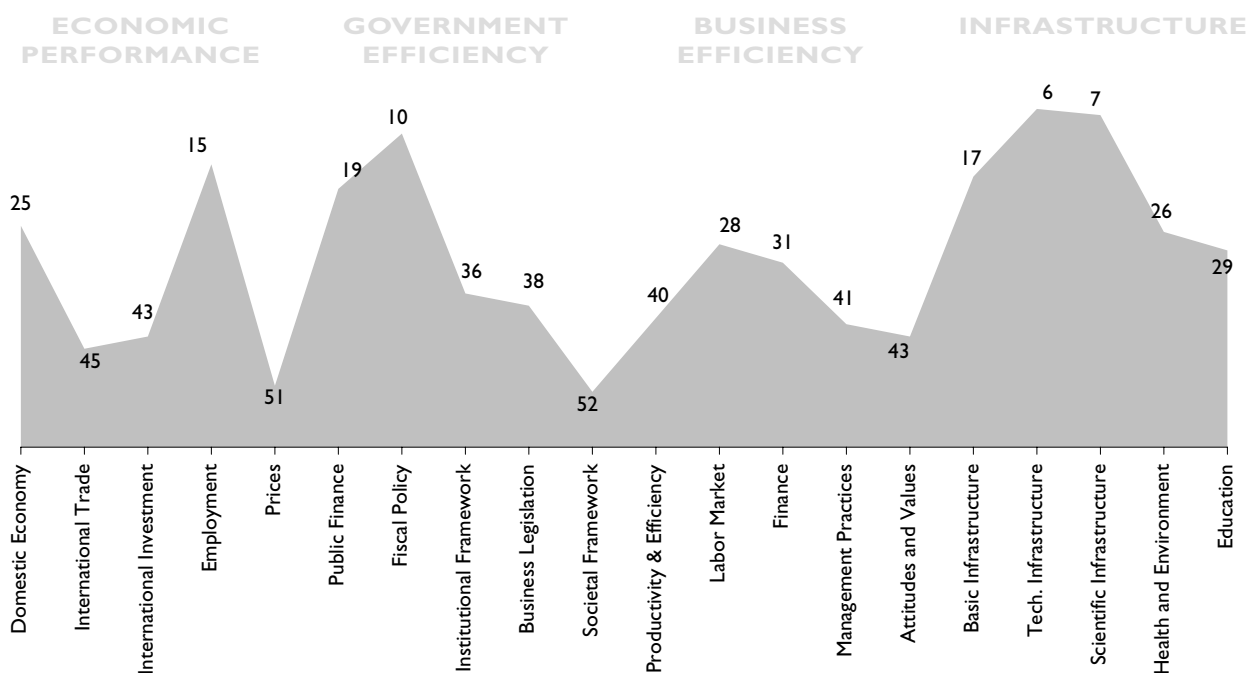


## BASIC FACTS

Rank

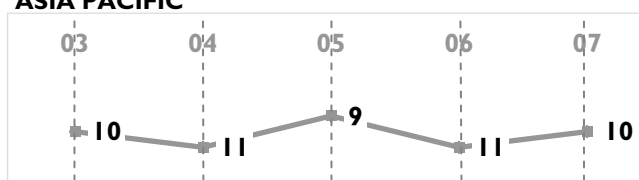
Capital	Seoul	
Land area (km <sup>2</sup> '000)	99.3 (2006)	-
Exchange rate (per \$)	952.00 (2006)	-
Population (millions)	48.30 (2006)	16
GDP (\$ billions)	890.6 (2006)	12
GDP (PPP) per capita (\$)	23,129 (2006)	28
Real GDP growth (%)	5.0 (2006)	27
Consumer Price Inflation (%)	2.2 (2006)	19
Unemployment rate (%)	3.6 (2006)	8
Labor force (millions)	23.98 (2006)	16
Current Account Balance (%)	0.7 (2006)	27
Direct Investment		
Stocks Inward (\$ billions)	63.2 (2005)	27
Flows Inward (% of GDP)	0.4 (2006)	49

## COMPETITIVENESS LANDSCAPE

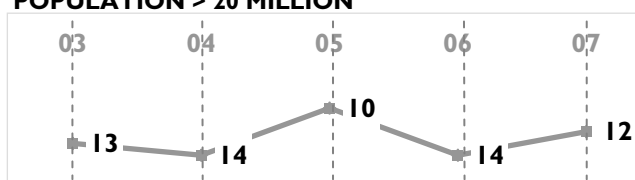


## PEER GROUP RANKINGS

## ASIA PACIFIC



## POPULATION &gt; 20 MILLION



The criteria below highlight the 10 greatest Improvements and the 10 biggest Declines in the overall performance of the economy. They are determined by the largest percentage changes in the value of each criterion from one year to the next.

## IMPROVEMENTS

		WCY 2006	WCY 2007
1.3.01	<b>Direct investment flows abroad</b> US\$ billions	4.30	7.13
1.3.02	<b>Direct investment flows abroad</b> % of GDP	0.54	0.80
4.5.14	<b>Qualified engineers</b> are available in your labor market (Survey)	4.73	6.83
3.3.13	<b>Stock market capitalization</b> % of GDP	62.97	90.73
4.1.03	<b>Urbanization of cities</b> supports business development (Survey)	5.18	7.33
2.2.12	<b>Real personal taxes</b> do not discourage people from working or seeking advancement (Survey)	4.08	5.52
4.1.15	<b>Energy infrastructure</b> is adequate and efficient (Survey)	5.53	7.48
4.2.16	<b>Development and application of technology</b> are supported by the legal environment (Survey)	5.45	7.37
4.2.17	<b>Funding for technological development</b> is readily available (Survey)	5.21	7.01
3.2.17	<b>Finance skills</b> are readily available (Survey)	4.26	5.71
2.5.04	<b>Social cohesion</b> is a priority for the government (Survey)	4.86	6.37
4.1.14	<b>Maintenance and development of infrastructure</b> are adequately planned and financed (Survey)	5.47	7.09
4.2.18	<b>Technological regulation</b> supports business development and innovation (Survey)	5.26	6.81
4.3.22	<b>Scientific research</b> is supported by legislation (Survey)	5.01	6.47
4.2.14	<b>Technological cooperation between companies</b> is developed (Survey)	5.74	7.36

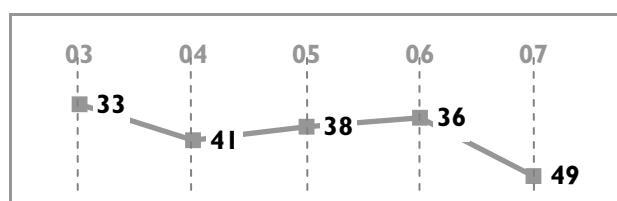
## DECLINES

		WCY 2006	WCY 2007
1.2.02	<b>Current account balance</b> % of GDP	2.09	0.68
1.3.06	<b>Direct investment flows inward</b> % of GDP	0.80	0.41
1.3.05	<b>Direct investment flows inward</b> US\$ billions	6.31	3.65
1.2.21	<b>Exchange rates</b> support the competitiveness of enterprises (Survey)	5.45	3.73
3.2.20	<b>Foreign high-skilled people</b> are attracted to your country's business environment (Survey)	5.09	3.78
1.2.20	<b>Tourism receipts</b> International tourism receipts as a % of GDP	0.89	0.72
3.5.05	<b>The need for economic and social reforms</b> is generally well understood (Survey)	6.60	5.37
2.4.16	<b>Ease of doing business</b> is supported by regulations (Survey)	5.17	4.22
3.5.01	<b>Attitudes toward globalization</b> are generally positive in your society (Survey)	7.01	5.80
3.5.03	<b>The national culture</b> is open to foreign ideas (Survey)	5.51	4.57
2.3.07	<b>Policy direction of the government</b> is consistent (Survey)	3.74	3.12
2.3.08	<b>The legal and regulatory framework</b> encourages the competitiveness of enterprises (Survey)	3.89	3.26
3.2.06	<b>Labor relations</b> are generally productive (Survey)	3.97	3.35
2.4.11	<b>Competition legislation</b> is efficient in preventing unfair competition (Survey)	5.66	4.78
4.5.13	<b>Language skills</b> are meeting the needs of enterprises (Survey)	4.65	3.93

## KOREA



## ECONOMIC PERFORMANCE



Sub-Factor Rankings :	2007
Domestic Economy	25
International Trade	45
International Investment	43
Employment	15
Prices	51

## Strengths

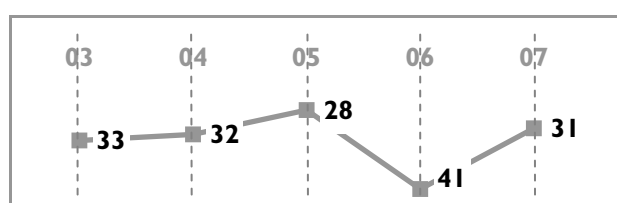
1.4.07	<b>Long-term unemployment</b> Percentage of labor force	1
1.4.06	<b>Unemployment rate</b> Percentage of labor force	8
1.2.07	<b>Exports of goods</b> US\$ billions	11
1.4.08	<b>Youth unemployment</b> Percentage of youth labor force (under the age of 25)	12
1.2.10	<b>Exports of commercial services</b> US\$ billions	16

## Weaknesses

1.5.02	<b>Cost-of-living index</b> Index of basket of goods & services in major cities, including housing (New York City = 100)	54
1.2.20	<b>Tourism receipts</b> International tourism receipts as a percentage of GDP	49
1.3.06	<b>Direct investment flows inward</b> Percentage of GDP	49
1.2.19	<b>Terms of trade index</b> Unit value of exports over unit value of imports (2000 = 100)	48
1.3.13	<b>Relocation of production</b> is not a threat to the future of your economy (Survey)	48



## GOVERNMENT EFFICIENCY



Sub-Factor Rankings :	2007
Public Finance	19
Fiscal Policy	10
Institutional Framework	36
Business Legislation	38
Societal Framework	52

## Strengths

2.4.08	<b>Government subsidies</b> To private and public companies as a percentage of GDP	3
2.1.10	<b>Total reserves</b> Gold and official reserves (gold = SDR 35 per ounce), SDR billions	5
2.2.09	<b>Consumption tax rate</b> Standard rate of VAT / GST	8
2.3.03	<b>Interest rate spread</b> Lending rate minus deposit rate	10
2.2.07	<b>Effective personal income tax rate</b> Percentage of an income equal to GDP per capita	11

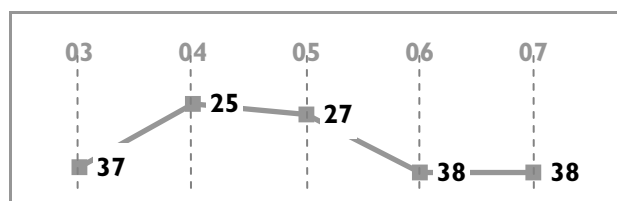
## Weaknesses

2.5.07	<b>Discrimination (race, gender, age, etc.)</b> does not hinder economic development (Survey)	51
2.4.04	<b>International transactions</b> can be freely negotiated with foreign partners (Survey)	51
2.3.06	<b>Exchange rate stability</b> Parity change from national currency to SDR, 2006/2004	49
2.4.21	<b>Immigration laws</b> do not prevent your company from employing foreign labor (Survey)	49
2.4.03	<b>Public sector contracts</b> are sufficiently open to foreign bidders (Survey)	49

## KOREA



## BUSINESS EFFICIENCY



## Sub-Factor Rankings :

2007

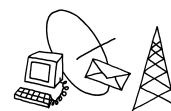
Productivity & Efficiency	40
Labor Market	28
Finance	31
Management Practices	41
Attitudes and Values	43

## Strengths

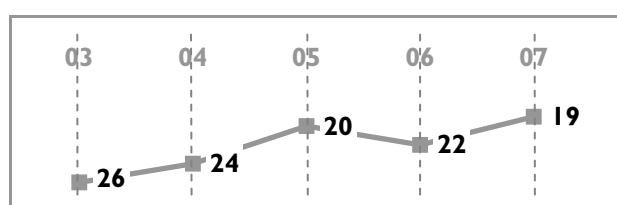
3.2.05	<b>Working hours</b> Average number of working hours per year	1
3.2.02	<b>Unit labor costs in the manufacturing sector</b> Percentage change	2
3.4.07	<b>Customer satisfaction</b> is emphasized in companies (Survey)	5
3.2.16	<b>Skilled labor</b> is readily available (Survey)	11
3.3.14	<b>Value traded on stock markets</b> US\$ per capita	17

## Weaknesses

3.2.06	<b>Labor relations are generally</b> productive (Survey)	55
3.5.03	<b>The national culture is open</b> to foreign ideas (Survey)	55
3.4.04	<b>Corporate boards</b> do supervise the management of companies effectively (Survey)	54
3.3.16	<b>Stock market index</b> Percentage change on index in national currency	51
3.4.05	<b>Auditing and accounting practices</b> are adequately implemented in business (Survey)	51



## INFRASTRUCTURE



## Sub-Factor Rankings :

2007

Basic Infrastructure	17
Technological Infrastructure	6
Scientific Infrastructure	7
Health and Environment	26
Education	29

## Strengths

4.3.21	<b>Patent productivity</b> Patents granted to residents / R&D personnel in business ('000s)	2
4.2.11	<b>Broadband subscribers</b> Number of subscribers per 1000 inhabitants	2
4.5.06	<b>Higher education achievement</b> Percentage of population that has attained at least tertiary education for persons 25-34	4
4.3.05	<b>Business expenditure on R&amp;D</b> Percentage of GDP	5
4.3.02	<b>Total expenditure on R&amp;D</b> Percentage of GDP	5

## Weaknesses

4.5.03	<b>Pupil-teacher ratio (primary education)</b> Ratio of students to teaching staff	52
4.4.01	<b>Total health expenditure</b> Percentage of GDP	44
4.5.13	<b>Language skills</b> are meeting the needs of enterprises (Survey)	44
4.4.08	<b>Medical assistance</b> Number of inhabitants per physician and per nurse	44
4.5.04	<b>Pupil-teacher ratio (secondary education)</b> Ratio of students to teaching staff	44