

# South Korea 2013



**Total: 70.25**

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## Quick facts

Population:	48.96 million
Population growth:	0.18 %
Unemployment rate:	3.2 %
GDP:	1640 billion \$
GDP growth rate:	2 %
GDP per capita:	32800 \$

## Political Freedom

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### Free and Fair Elections : 9.29

After decades of army rule, South Korea transitioned into an electoral democracy following its first direct presidential elections in 1987. The country's president is elected every five years and only serves a single term in office. Elections are generally free and fair, with a multitude of parties competing for the 300 seats in the National Assembly, South Korea's single legislative chamber. MPs are elected for four-year terms. In the latest parliamentary elections in April 2012 the Saenuri Party won 152 seats, while the Democratic United Party (DUP), the second largest political party, secured 127 seats. The Saenuri Party's candidate Park Geun-hye won the December 2012 presidential elections, making her the country's first female president.

Generally the electoral process has constantly improved since 2002, including a decline in the influence of money-politics, caused by high costs for contending in the elections. However, bribery, and influence peddling are still deep rooted in daily political life. In recent years cases in which candidates tried to rig internal party primaries or bribed contestants to withdraw from the race have again highlighted how common corruption is in South Korea's politics.

South Korea has a large number of NGOs, social welfare organisations and human rights groups which are able to operate freely and openly. In addition, the country's strong trade unions advocate for workers' issues, however in the verge of recent economic downturn their strength has slightly diminished in the last years.

## **Absence of Unconstitutional Veto Players : 8.33**

There are no unconstitutional veto players in the South Korean political system. The military apparatus is under civilian control and other possibly influential groups do not carry significant weight in politics. However, as mentioned in the first section, corruption remains a worrying non-constitutional influence in politics, although it cannot be attributed to a single group. The situation is further aggravated by a significant lack of government transparency.

## **Freedom of Press : 6.9**

The media landscape is mostly free in South Korea, with numerous print, television and internet media outlets. However, the country experienced severe setbacks in press freedom between 2008 and 2012 under President Lee Myung-bak. His administration introduced an even stricter interpretation of the 1948 National Security Law, which prosecutes any expression or publication of information deemed to praise or express sympathy for North Korea, leading to arrests and increased self-censorship. This sparked concerns among media advocacy groups. With the election of Park Geun-hye in 2012 press freedom was again improved, if only slightly so far. This explains the small increase in press freedom score from 6.80 to 6.90 compared to the 2012 edition of the Freedom Barometer. However, political influence on media coverage still remains common.

## **Rule of Law**

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### **Independence of the Judiciary : 4.47**

The South Korean judiciary is fairly independent. The process of justice appointment is formally transparent and adequately covered by public media. The Constitutional Court itself has underlined its independence through a number of cases where it ruled against the government. However, the independence of the courts is sometimes questioned, as state prosecutors are occasionally ordered to launch investigations (particularly into tax matters) aimed at intimidating political rivals or other dissidents.

### **Corruption : 5.6**

In June 2013 the Political Economic Risk Consultancy rated South Korea as the most corrupt country among the developed nations of Asia. The 2012 Transparency International's Corruption Perception Index, who also investigated corruption in South Korea, reported Koreans felt that political parties and the parliament and legislature are the most corrupt institutions. However, it also noted that less than 2% of the people interviewed admitted to paying a bribe in 2010. South Korea was ranked 45<sup>th</sup> out of 174 countries surveyed by the Index.

## **Protection of Human Rights : 7.65**

South Korea was rated by Maplecroft's Human Rights Risk Atlas 2013 as having the second highest human rights levels in Asia. There are very low levels of child labour and discrimination in South Korean society and virtually no cases of extra-judicial killings, disappearances or torture and other forms of ill-treatment. Although South Korea retains the death penalty and death penalties are still handed down for egregious crimes, no one has been executed since 1997.

However, the National Security Law (NSL), which enables long sentences and even the death penalty for "anti-state" activities, such as voicing support or traveling to North Korea, continues to cause controversy as it was arbitrarily used to curb freedom of association and expression. Freedom of association was also curtailed by many cases of arbitrary arrests during peaceful protests over discrimination in the workplace.

## **Economic Freedom**

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### **Security of Property Rights : 6.64**

Private property is well protected under South Korean law and expropriation is unlikely. The courts can be slow in deciding on contractual matters, though. The protection of intellectual property rights, on the other hand, is somewhat deficient. Piracy of copyrighted materials is not uncommon. South Korea ranked 37th out of 131 countries assessed in the 2013 International Property Rights Index.

### **Size of Government: Expenditures, Taxes, and Enterprises : 6.84**

Government spending has fallen to 30.1% of GDP, whereas public debt stands at 35% of the domestic output. South Korea has a top income tax rate of 35% and a top corporate tax rate of 22%. Other taxes include value added tax and property tax. The introduction of a simplified tax payment mechanism has benefited companies, with several taxes merged and residents now able to pay labour taxes and contributions jointly and online. Overall tax revenue represents about 25.1% of GDP.

### **Regulation of Credit, Labour, and Business : 6.93**

South Korea's financial sector is competitive. The restructuring of the banking system during the past decade has resulted in weak institutions being merged or shut down. Foreign banks own majority stakes in some large commercial banks, but there are restrictions imposed on foreign ownership. The government has to some extent retreated from private banks, but still keeps some ownership positions.

South Korean laws regulate the starting, running and closure of a business fairly well. StartBiz Online, a system that offers online incorporation, facilitates the process of starting a business. This can be done in only seven days and five procedures. A business license can be obtained in 11

procedures and 29 days. Closing a business is a straightforward process. Resolving insolvency has been made easier by the implementation of a fast track for company rehabilitation. South Korea ranked 8th out of 185 countries assessed in the World Bank's 2013 Doing Business report.

However, labour regulations are inflexible. The non-salary cost of a worker is moderate, and firing procedures are complicated. Work hour regulations are inflexible.

## **Freedom to Trade Internationally : 7.6**

South Korea has negotiated free trade agreements with the United States, the European Union, ASEAN, Chile, Peru and Singapore during the last couple of years. Meanwhile, some obstacles to foreign trade, such as prohibitive tariffs, import and export restrictions, complicated regulations and adjustment tariffs and taxes remain.