

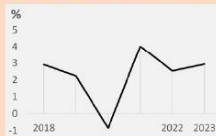


# Republic of Korea

The economy of the Republic of Korea (ROK) is the 4th largest economy in Asia and the 10th largest in the world.

ROK has demonstrated rapid economic growth over the last four decades to become a high-tech industrialised economy. ROK's growth recovered to pre-pandemic levels and outperformed the 1.6% forecast for the first quarter of 2021.

## GDP GROWTH IN % (2018-2023e)



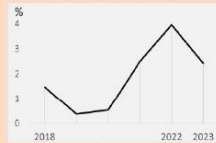
2022 & 2023 (ESTIMATED)  
(SOURCE: STATISTA)

## GDP

**US\$34,767**  
PER CAPITA (2023e)

NOTE: THE COVID-19 CRISIS IMPACTED THE YEARS 2020-2021.

## INFLATION RATE IN % (2018-2023e)

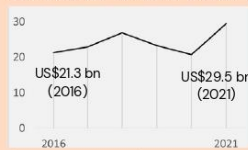


2022 & 2023 (ESTIMATED)  
(SOURCE: STATISTA)

## INFLATION RATE

THE ESTIMATED INFLATION RATE FOR 2023 IS  
**2.4%**

## NETFLOW OF FOREIGN DIRECT INVESTMENT (FDI)



(SOURCE: STATISTA)

## INWARD DIRECT INVESTMENT

**US\$29.5 BN**  
(2021)



## GLOBAL INNOVATION INDEX (GII) RANKING 2022 (SOURCE: WIPO, KIPO)

Year	GII	Innovation Input	Innovation Output
2022	6th	16th	4th
2021	5th	9th	5th
2020	10th	10th	10th



A MEMBER OF  
ASIA-PACIFIC ECONOMIC  
COOPERATION (APEC) &  
WORLD TRADE  
ORGANISATION (WTO)

**Regional Comprehensive Economic Partnership Agreement (RCEP)** is the world's largest FTA. The Agreement came into force for ROK on 1 February 2022. Click [here](#) for more information on RCEP.

**KOREA-SINGAPORE DIGITAL PARTNERSHIP AGREEMENT (KSDPA)** is Singapore's fourth Digital Agreement to advance collaboration in the digital economy and enhance digital connectivity. Click [here](#) for more information on KSDPA.

## LABOUR FORCE

(SOURCE: STATISTA)

Average Age (as of 2021)

**43.4**  
YEARS OLD



Minimum Hourly  
Wage (KRW) (as of 2023)

**9,620**  
(APPROX. US\$7.72)

Advancement Rate to  
Tertiary Education (as of 2022)

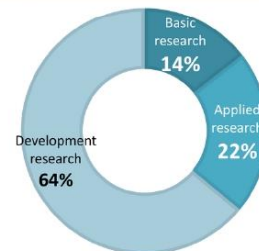
**73.3%**

## RESEARCH & DEVELOPMENT

(SOURCE: MSIT, KISTEP)

R&D  
EXPENDITURE  
(2020)

**4.8%**  
of GDP



TYPE OF RESEARCH  
(2020)

- 6th among the 132 economies featured.
- 6th among the 48 high-income group economies.
- 1st among the 17 economies in Southeast Asia, East Asia, and Oceania.
- Ranked as the **Best Innovator in Asia** for the Second Consecutive Year.
- Performs best in the Human Resource and Research pillar.

1. Source: Statista; <https://www.statista.com/>
2. <https://www.bloomberg.com/news/articles/2021-02-03/south-korea-leads-world-in-innovation-u-s-drops-out-of-top-10#xj4y7vzkg>





## SECTOR HIGHLIGHTS

(SOURCE: STATISTA)

### GENERAL MANUFACTURING

In 2020, there are **585,150** small and medium-sized (SMEs) operating in the manufacturing sector.

In 2021, the GDP produced from the manufacturing sector amounted to approximately KRW516.5 trillion. Based on export value, the leading manufacturing industries were :

- Semiconductor industry  
US\$128 billion 
- Automobile industry  
(including automobile parts)  
US\$69.2 billion 
- Petrochemical industry  
US\$55.1 billion 

### FOOD & BEVERAGE (F&B)



Revenue size  
(in trillion)

**KRW188.83**

(as of 2021)

Products that are easy to distribute and access led the exports, such as instant noodles, kimchi, and seasoned seaweed.



The most produced food or beverage in 2021 was ready-to-eat or convenience foods with over 4.8 million tons manufactured.



The largest export in 2021 was oil-fried noodles, with over US\$786 million worth exported over the year.

### BUILT ENVIRONMENT



Construction Sector

**KRW86trillion**

(as of 2022)

In 2021, there were approximately 232,400 construction permits (excluding overseas orders of South Korean companies).

In 2021, there were around 4.58 million residential buildings, and around 1.34 million commercial buildings.



### OPPORTUNITIES IN OTHER SECTORS

#### Retail

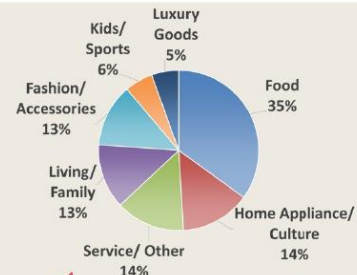


The retail market size in 2021 amounted to roughly KRW518.5 trillion.

In 2020, there were about 1.78 million SMEs operating in the wholesale and retail trade sector.

#### Distribution of retail sales by product group

In 2021, the food sector accounted for 35% of the total retail sales, followed by home appliances and the service sector.



#### Startup Ecosystem



In 2021, approximately 425,000 new businesses were established in the wholesale and retail trade sector, making it the most populous sector for startups.

Venture businesses, which are mostly technology-intensive SMEs, have more than tripled within the last 15 years. In 2021, the value of venture capital investments was approximately KRW7.7 trillion.

#### INTERESTING FACT

According to a survey on the motivation to start a business in ROK, in 2021, around 71% responded that they intended to build significant wealth. About 34% indicated the scarcity of work was a motivating factor.

1. Source: Statista; <https://www.statista.com/>
2. <https://www.bloomberg.com/news/articles/2021-02-03/south-korea-leads-world-in-innovation-u-s-drops-out-of-top-10#xj4y7vzkg>





## GOOD TO KNOW BEFORE SETTING UP A BUSINESS



### PROCESS OF INCORPORATION

(SOURCE: INVESTKOREA, STATISTA)

Foreigners can start businesses by acquiring new or existing stocks as prescribed by the Foreign Investment Promotion Act, or by establishing a domestic branch or liaison office in Korea as prescribed by the Foreign Exchange Transaction Act.

A foreign-invested company is a domestic corporation established under the Commercial Act.



In 2020, the ease of doing business score in ROK was 80 out of 100, ranked 5th in the global ranking.



### PRODUCT REGISTRATION

(SOURCE: MFDS)

The Korean Ministry of Food and Drug Safety (MFDS), formerly known as the Korea Food & Drug Administration (KFDA), is the main regulatory body for the following products:

- **Food Safety Management System**
- **Biopharmaceuticals and Herbal Medicines Bureau**
- **Management of Testing and Inspection Agencies**
- **Drugs**
- **Medical Devices**



Product registration can be a challenging task, **conduct gap analysis** (if required).



### CORPORATE TAXATION

(SOURCE: INVESTKOREA)

Corporate Income Tax Rate (excluding local tax)

# 10-25%


There may also be the imposition of Local Tax, Branch Tax and Capital Gains Tax.

Click [here](#) to find out more.



### MANPOWER MATTERS

(SOURCE: INVESTKOREA)

- Minimum hourly wage has been revised to **KRW9,620 per hour** (w.e.f. 01 Jan 2023)
- Employers are required to contribute an amount equal to 4.5% of salaries to the national pension fund.
- A company only needs to start contributing when it has  employees or more.

Click [here](#) to find out more.



### About Location Support

(SOURCE: INVESTKOREA)

Click into each zone for specific details.

Location support provided to facilitate and attract foreign investment consists of:

- **Foreign Investment Zones**
- **Free Trade Zones**
- **Free Economic Zones**

It is recommended that investors carefully review and analyse investment locations.

1. Source: Statista; <https://www.statista.com/>
2. <https://www.bloomberg.com/news/articles/2021-02-03/south-korea-leads-world-in-innovation-u-s-drops-out-of-top-10#xj4y7vzkg>

## FREQUENTLY ASKED QUESTIONS



### What are the requirements to start a business?



To establish and register a business, the Foreign Investment Promotion Act (FIPA) requires the following procedures, which normally take between four to six weeks to complete:

- Foreign investment notification
- Investment capital remittance
- Incorporation registration
- Business registration
- Transfer of paid-in capital to corporate account
- Foreign invested company registration

Click [here](#) to know more.

Specific processes are required for registering particular types of businesses:

#### Branch

The establishment is completed upon registration at a relevant tax office and the court registry. It usually takes two to three weeks to set up a branch office.

#### Liaison (Representative) Office

Foreign companies are permitted to establish liaison (representative) offices. However, liaison offices have more restrictions on their activities and cannot conduct commercial business or generate revenue.

(SOURCE: PEARSON KOREA, INVESTKOREA)



### How much is the minimum investment for a company which engages in Foreign Direct Investment (FDI)?

Foreigners are able to do business in Korea, except as otherwise prescribed by regulations.

A foreign investment must be reported under the Foreign Investment Promotion Act (FIPA) or the Foreign Exchange Transaction Act. To apply, criteria would include:

- invest at least KRW100 million;
- acquire at least 10% of voting shares of a Korean company, or own shares of a Korean company and dispatch or appoint an executive officer to or at such Korean company.

Most sectors of the economy are open to foreign investment, with the exception of a few key sectors. Click [here](#) to know more.

(SOURCE: SANTANDERTRADE, INVESTKOREA)



### What are the key types of taxes related to FDI?



The tax system is categorised into national taxes and local taxes.

- **National taxes** are further divided into internal taxes, including corporate tax and income tax, and tariffs imposed on imported goods.
- **Local taxes**, which are imposed by local governments, include acquisition tax, registration license tax, and property tax.

Click [here](#) to know more.

(SOURCE: INVESTKOREA)

1. Source: Statista; <https://www.statista.com/>
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## FOR MORE INFORMATION

### SUPPORT SCHEMES & PROGRAMMES

- Singapore Global Enterprises initiative
- Market Readiness Assistance Grant
- Enterprise Development Grant
- Enterprise Financing Scheme

Initiatives such as **GlobalConnect@SBF**, **Scale-up SG** and **iTalent Solutions Map** enable companies in their journey towards internationalisation.

Visit **SBF Singapore Business Institute (SBI)** for the list of available training for your respective areas of interest.

### CONTACTS

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1. Source: Statista; <https://www.statista.com/>
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