



WORLD RANK: **17** | REGIONAL RANK: **5**

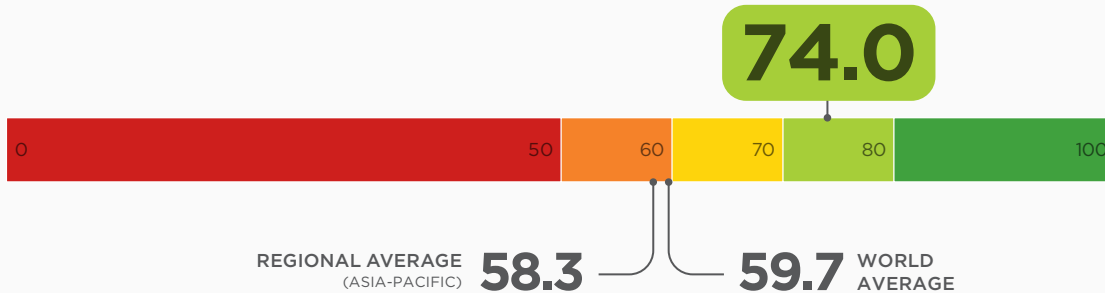
ECONOMIC FREEDOM STATUS: **MOSTLY FREE**

# SOUTH KOREA

South Korea's economic freedom score is 74, making its economy the 17th freest in the 2025 *Index of Economic Freedom*. Its rating is largely unchanged from last year, and South Korea is ranked 5th out of 39 countries in the Asia-Pacific region. The country's economic freedom score is higher than the world and regional averages. South Korea's economy is considered "mostly free" according to the 2025 *Index*.

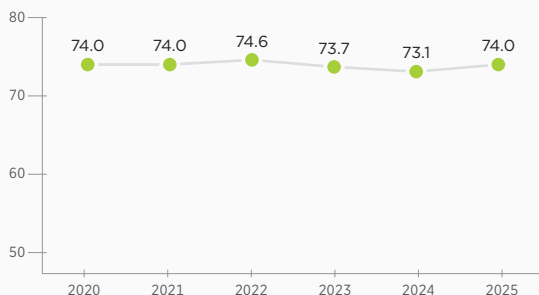
A sound legal framework is in place to uphold the rule of law in South Korea. However, political scandals and corruption continue to undermine government integrity and the foundations of economic freedom. South Korea's dynamic economy has demonstrated notable resilience, driven by a competitive private sector that has capitalized on the country's openness to global commerce, but its economic dynamism will inevitably be affected by the outcome of the current political turmoil and debates about the proper scope of government and welfare policies.

## ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): +2.0

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
51.7 million

**GDP (PPP):**  
\$3.1 trillion  
1.4% growth in 2023  
3-year average growth rate: 2.9%  
\$60,046 per capita

**UNEMPLOYMENT:**  
2.6%

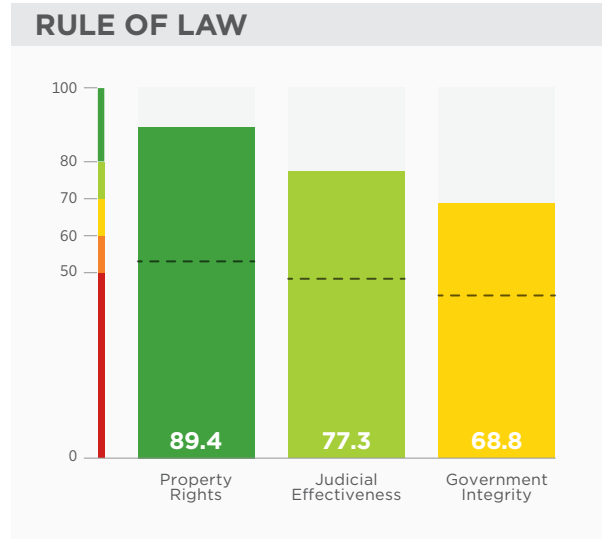
**INFLATION (CPI):**  
3.6%

**FDI INFLOW:**  
\$18.0 billion

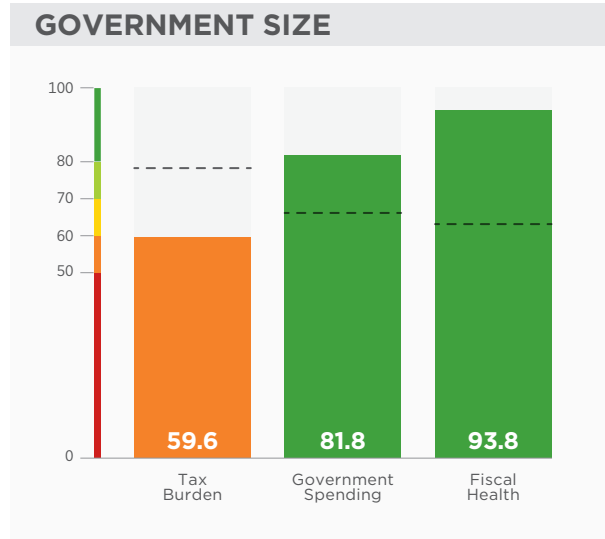
**PUBLIC DEBT:**  
51.5% of GDP

2023 data unless otherwise noted. Data compiled as of November 2024.

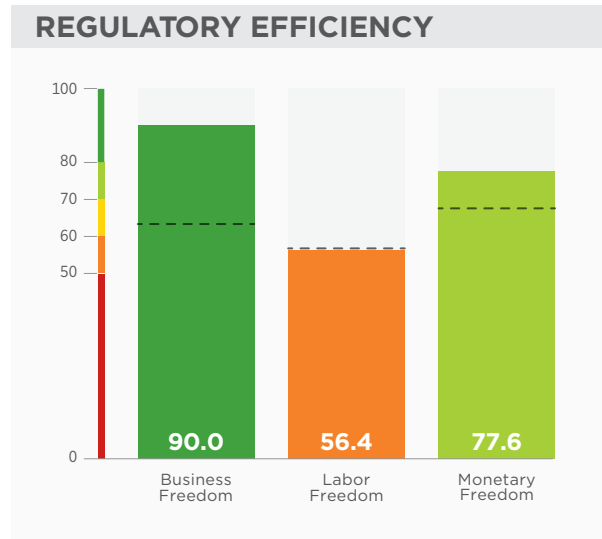
# 12 ECONOMIC FREEDOMS | SOUTH KOREA



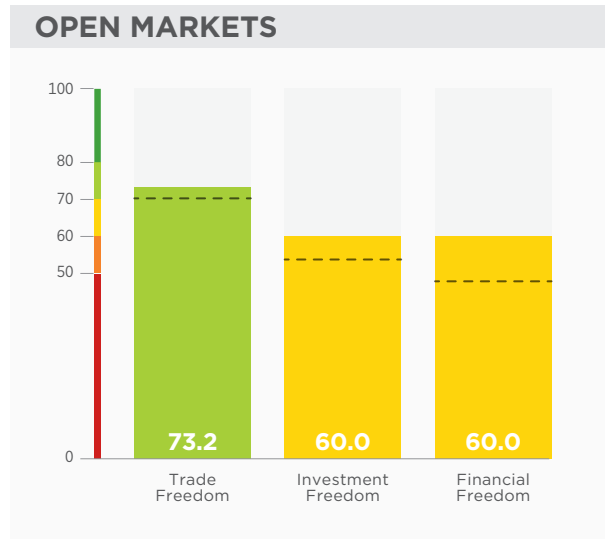
The overall rule of law is well respected in South Korea. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual income tax rate is 49.5 percent, and the top corporate tax rate is 27.5 percent. The tax burden equals 28.9 percent of GDP. Three-year government spending and budget balance averages are, respectively, 24.6 percent and -0.7 percent of GDP. Public debt amounts to 51.5 percent of GDP.



South Korea's overall regulatory environment is well institutionalized and relatively efficient. The country's business freedom score is far above the world average; its labor freedom score is above the world average; and its monetary freedom score is well above the world average.



The trade-weighted average tariff rate is 8.4 percent, and more than 400 nontariff measures are in force. Foreign investment is welcome and facilitated by an efficient and modern regulatory framework. The financial sector is competitive, but business start-ups still struggle to obtain financing.