



WORLD RANK: **19** | REGIONAL RANK: **5**

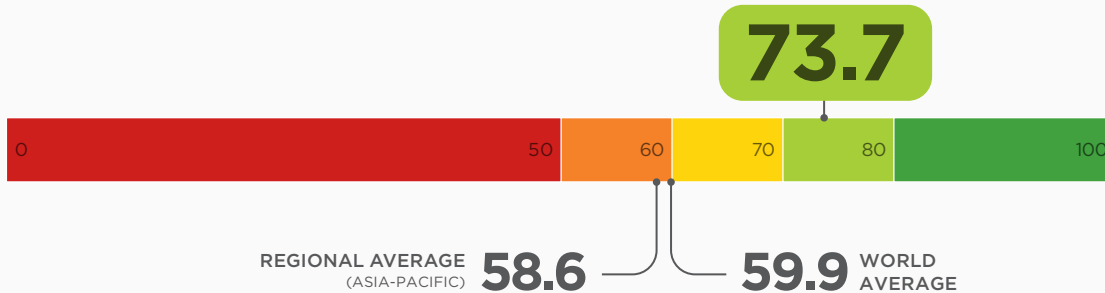
ECONOMIC FREEDOM STATUS: **MOSTLY FREE**

SOUTH KOREA

South Korea's economic freedom score is 73.7, making its economy the 19th freest in the 2026 *Index of Economic Freedom*. Its rating has decreased by 0.3 point 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 2026 *Index*.

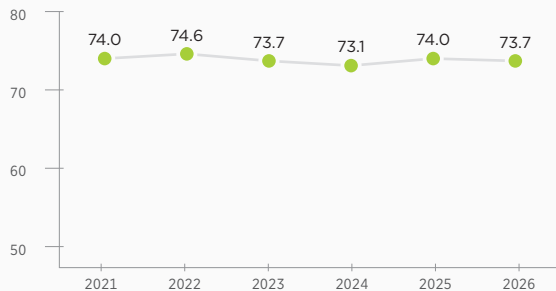
A sound legal framework is in place to uphold the rule of law in South Korea, but political scandals and corruption continue to undermine government integrity and the foundations of economic freedom. The country's dynamic economy, driven by a competitive private sector that capitalizes on openness to global commerce, has demonstrated notable resilience. The outcome of the global geoeconomic uncertainty and ongoing debates about the proper scope of government and welfare policies will inevitably affect South Korea's economic dynamism and long-term competitiveness.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): +1.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
51.7 million

GDP (PPP):
\$3.3 trillion
0.9% growth in 2025
3-year average growth rate: 1.5%
\$65,080 per capita

UNEMPLOYMENT:
2.7%

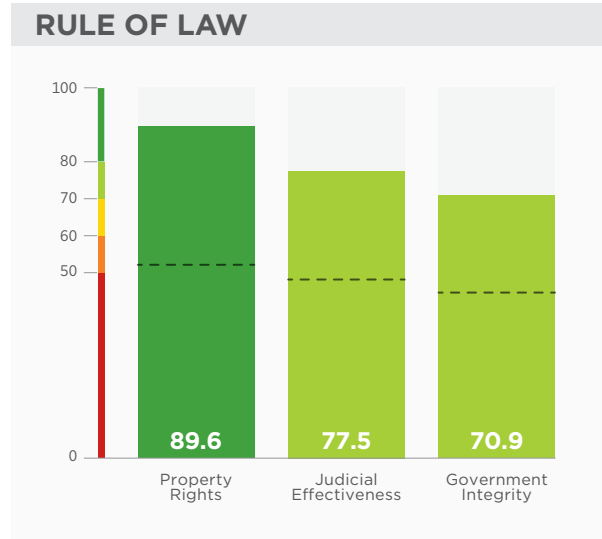
INFLATION (CPI):
2.3%

TRADE AS % OF GDP: 87.9%

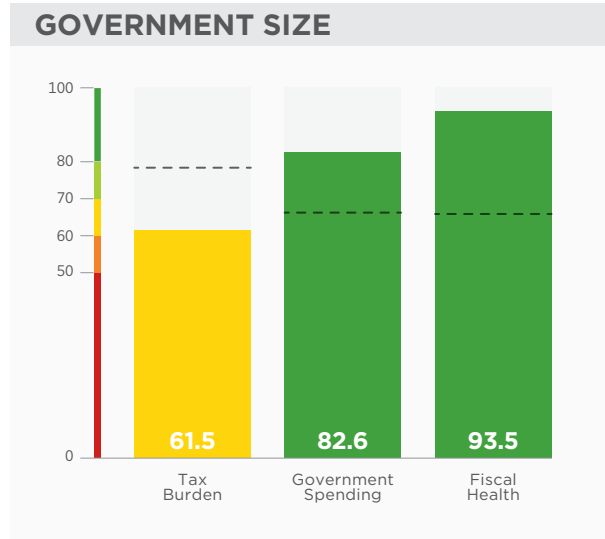
PUBLIC DEBT:
49.8% of GDP

2025 data unless otherwise noted. Data compiled as of January 2026.

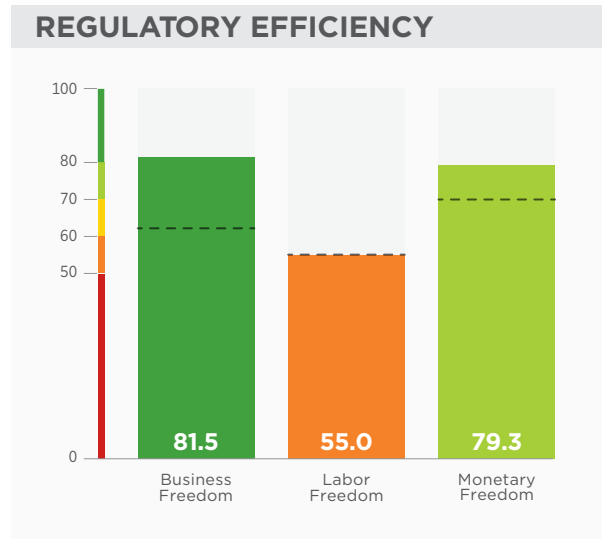
12 ECONOMIC FREEDOMS | SOUTH KOREA



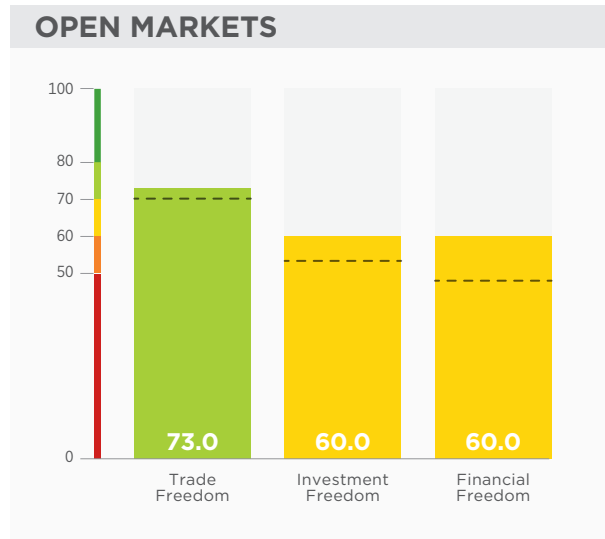
The overall rule of law is well respected in South Korea. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual income tax rate is 49.5 percent, and the top corporate tax rate is 27.5 percent. The tax burden equals 25.3 percent of GDP. Three-year government spending and budget balance averages are, respectively, 24.1 percent and -1.0 percent of GDP. Public debt amounts to 49.8 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 below the world average; and its monetary freedom score is well above the world average.



The trade-weighted average tariff rate is 8.5 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.