

## FACT SHEET

### Overview of South Korea

<b>Geography</b>	
Land area	<ul style="list-style-type: none"> <li>South Korea, officially known as the Republic of Korea, is located in northeast Asia with a total land area of 96 920 sq km. The country comprises eight provinces, one special self-governing province, six metropolitan cities, one special metropolitan city and one special self-governing city. Seoul is the capital of the country and the seat of the government.</li> </ul>
<b>Demographics</b>	
Population	<ul style="list-style-type: none"> <li>South Korea had a population of about 50 million at end-December 2012. It is one of the most ethnically and linguistically homogeneous countries in the world. Except for a small Chinese community, virtually all South Koreans share a common cultural and linguistic heritage.</li> </ul>
<b>Economy</b>	
Gross Domestic Product ("GDP")	<ul style="list-style-type: none"> <li>South Korea's economy was the 15<sup>th</sup> largest in the world in 2012, with an estimated GDP of US\$1,151 billion (HK\$8,927 billion).</li> <li>At US\$23,021 (HK\$178,551), South Korea's GDP per capita ranked 33<sup>rd</sup> in the world in 2012.</li> </ul>
Economic structure	<ul style="list-style-type: none"> <li>The GDP composition by economy activity in 2012 was:               <ol style="list-style-type: none"> <li>agriculture (3%);</li> <li>industry (40%); and</li> <li>services (57%).</li> </ol> </li> <li>South Korea is heavily dependent on international trade, with the value of exports of goods and services accounting for more than half of its GDP. Export-oriented automotive, consumer electronics, information technology and shipbuilding industries have been a key driver of economic growth.</li> </ul>

<b>Economy (cont'd)</b>	
Economic structure (cont'd)	<ul style="list-style-type: none"> <li>• South Korea has experienced strong growth in tourism, creative and entertainment industries in recent years, attributable to the government's support measures to boost the productivity in these industries. The measures include eliminating entry barriers and providing financial and tax incentives to attract investment in the services sector.</li> </ul>
Recent economic performance	<ul style="list-style-type: none"> <li>• As an externally-oriented economy, South Korea was vulnerable to the outbreak of the global financial crisis in the latter half of 2008. South Korea's GDP growth eased from 5.1% in 2007 to 2.3% in 2008, and further to 0.3% in 2009.</li> <li>• During 2008-2009, South Korea implemented several fiscal stimulus packages and interest rate cuts in quick succession to cushion the local economy against the global recession. The economy rebounded to grow by 6.3% in 2010, fuelled by low interest rates, expansionary fiscal measures and robust external demand. The growth momentum continued into 2011 with GDP up by 3.6%.</li> <li>• South Korea's economy grew at a three-year low of 2% in 2012, as growth weakened in China, the country's leading export market, and as the euro zone debt crisis remained a drag to the global economy. Also contributing to the economic slowdown were the fall in construction and facilities investment and weak local consumption.</li> <li>• In December 2012, the Ministry of Strategy and Finance lowered its forecast for South Korea's 2013 economic growth to 3% from 4% predicted in September 2012. The downward revision of the economic outlook reflects the tough external trading environment facing the country as a result of the prolonged euro zone debt crisis and reduced demand for its exports from major developed economies.</li> </ul>

<b>Historical background</b>	
Japanese occupation	<ul style="list-style-type: none"> <li>• Korea had enjoyed centuries of unity and political independence before coming under Japan's colonial rule in 1910. The Japanese rule ended in 1945 after its defeat by the Allied Powers in World War II. The Korean Peninsula was then divided along the 38<sup>th</sup> parallel with the United States ("US") trusteeship over the south and the Soviet Union over the north.</li> </ul>
Korean War	<ul style="list-style-type: none"> <li>• On 15 August 1948, the pro-US Republic of Korea was formally established in the south with Syngman Rhee (李承晚) as the first president. This was quickly followed by the proclamation of a communist regime, the Democratic People's Republic of Korea ("DPRK"), in the north on 9 September 1948. Both republics claimed sovereignty over the whole of the Korean Peninsula.</li> <li>• In June 1950, the DPRK forces invaded South Korea and triggered the Korean War. A ceasefire agreement was eventually signed in July 1953<sup>(1)</sup> with the division of two Koreas along the military demarcation line, instead of the 38<sup>th</sup> parallel.</li> </ul>
Democratization	<ul style="list-style-type: none"> <li>• South Korea's subsequent history after the Korean War is marked by alternating periods of civilian and military rule, civilian in the case of Syngman Rhee (1948-1960), and military in the cases of Park Chung-hee (朴正熙) (1961-1979) and Chun Doo-hwan (全斗煥) (1980-1988).</li> <li>• South Korea underwent democratization during the late 1980s, including the restoration of direct presidential election in 1987. Roh Tae-woo (盧泰愚) (1988-1993), the military nominee of President Chun Doo-hwan, was elected President after winning the direct election held in December 1987. South Korea passed another milestone in its political history when Roh Tae-woo handed over his power in 1993 to an elected civilian successor, Kim Young-sam (金泳三), after the presidential election in December 1992. The peaceful transfer of power has confirmed the decline of the political influence of the military.</li> </ul>

Note: (1) It was reported that North Korea announced to abandon the ceasefire agreement starting from 11 March 2013. See the Guardian (2013).

<b>Political background</b>	
Change of government	<ul style="list-style-type: none"> <li>• In the 2002 presidential election, Roh Moo-hyun (盧武鉉) of the ruling Millennium Democratic Party was elected after defeating his main competitor from the Grand National Party. Roh was succeeded by Lee Myung-bak (李明博) of the Grand National Party who won the 2007 presidential election.</li> <li>• A former mayor of Seoul and an executive of a major conglomerate, Lee Myung-bak's victory owed much to his pro-economic growth and pro-business policy platform. President Lee Myung-bak, who began his five-year term in February 2008, also saw his Grand National Party outcompete other political parties in the 2008 parliamentary election to become the largest party in the National Assembly.</li> <li>• The ruling Grand National Party was renamed as the Saenuri Party (also known as the New Frontier Party) in February 2012. In the parliamentary election held in April 2012, it obtained 152 seats to secure a narrow majority. The Democratic United Party gained 127 seats to become the largest opposition party.</li> <li>• In December 2012, Saenuri Party's Park Geun-hye (朴槿惠) won the tightly contested presidential election to become the first female President of South Korea. As the eldest daughter of the late President Park Chung-hee, Park Geun-hye was sworn in as the 18<sup>th</sup> term President of South Korea in February 2013.</li> </ul>
<b>Government structure</b>	
Executive Branch	<ul style="list-style-type: none"> <li>• The President is the head of state who exercises the following powers: <ul style="list-style-type: none"> <li>(a) chairing the State Council<sup>(2)</sup> that serves as the main decision-making body of the Executive Branch;</li> <li>(b) promulgating legislation passed by the National Assembly;</li> <li>(c) issuing orders and decrees for the enforcement of legislation;</li> <li>(d) declaring war and concluding/ratifying treaties;</li> <li>(e) appointing judges and senior government officials; and</li> <li>(f) serving as the Commander-in-Chief of the armed forces.</li> </ul> </li> </ul>

Note: (2) The State Council in South Korea is equivalent to the cabinet in Western democracies.

<b>Government structure (cont'd)</b>	
Executive Branch (cont'd)	<ul style="list-style-type: none"> <li>The Prime Minister is appointed by the President subject to the approval of the National Assembly. He or she is responsible for supervising the government under the direction of the President. The Prime Minister also recommends the President to appoint other Ministers to the State Council.</li> <li>On 8 February 2013, President-elect Park Geun-hye nominated the former prosecutor Chung Hong-won (鄭烘原) as the Prime Minister of the new administration. On 26 February, the National Assembly approved the nomination, one day after the swearing-in of Park Geun-hye.</li> </ul>
Legislative Branch	<ul style="list-style-type: none"> <li>The National Assembly is the unicameral legislature of South Korea, which is empowered to:               <ol style="list-style-type: none"> <li>enact and amend legislation;</li> <li>examine and approve the national budget;</li> <li>monitor government policies;</li> <li>consent to the declaration of war and conclusion/ratification of treaties; and</li> <li>impeach senior government officials, including the President and the Prime Minister, for violation of the <i>Constitution</i>.</li> </ol> </li> </ul>
Judicial Branch	<ul style="list-style-type: none"> <li>The judiciary of South Korea consists of the Supreme Court, high courts, district courts, and specialized courts such as family court and martial court. South Korea also maintains a separate Constitutional Court which is responsible for determining the constitutionality of laws and matters related to impeachment.</li> </ul>
<b>Local administration</b>	
Local government	<ul style="list-style-type: none"> <li>South Korea has two levels of local administrative divisions. The upper level comprises eight provinces, one special self-governing province, six metropolitan cities, one special metropolitan city and one special self-governing city. The lower level consists of 227 counties, cities and autonomous districts, which are subdivided from the upper-level administrative divisions. For example, the upper-level Seoul Special Metropolitan City is subdivided into 25 autonomous districts.</li> </ul>

<b>Local administration (cont'd)</b>	
Local government (cont'd)	<ul style="list-style-type: none"> <li>• Each of the upper-level administrative divisions has established its regional government. For the lower-level administrative divisions, they have set up their own municipal government as well. The regional governments basically serve as an intermediary between the central and municipal governments, whereas the municipal governments are responsible for handling matters pertaining to the well-being of local residents.</li> <li>• Under the <i>Local Autonomy Act</i>, upper- and lower-level administrative divisions are granted autonomy in areas such as electing their own council and chief executive to administer the local affairs.</li> </ul>
Regional and municipal councils	<ul style="list-style-type: none"> <li>• All of the regional and municipal councils are made up of elected councillors. The number of councillors varies among the councils as it depends on the population size and the demarcation of the electoral boundaries in the local administrative division concerned. Councillors are elected either by a plurality of votes or by a proportional representation system to serve for a four-year term.<sup>(3)</sup></li> <li>• The powers and functions of regional and municipal councils are similar. They are mainly responsible for providing checks and balances over the respective executive branch. Specifically, these regional and municipal councils are empowered to: <ul style="list-style-type: none"> <li>(a) initiate a bill with the signatures of either more than 10 councillors or one-fifth of the total councillors;</li> <li>(b) enact, amend and repeal ordinances affecting local affairs and the rights and responsibilities of local residents;</li> <li>(c) audit and investigate local administrative affairs, and request the chief executive and government officials to answer questions at council meetings; and</li> <li>(d) examine and approve local government budget.</li> </ul> </li> </ul>

Note: (3) In 2012, there were a total of 843 councillors in regional councils, of whom 762 were elected by a plurality of votes and 81 were returned under the proportional representation system. Municipal councils consisted of 2 888 councillors in 2012. Among them, 2 512 were elected by a plurality of votes and 376 were returned under the proportional representation system.

<b>Local administration (cont'd)</b>	
Regional and municipal councils (cont'd)	<ul style="list-style-type: none"> <li>• The Minister of Public Administration and Safety can order the chief executive of upper-level local government to veto a decision made by the regional council, if the decision is deemed to contravene laws and regulations of the central government or to be remarkably detrimental to the public interest. Such veto can be overridden by a two-third majority vote of the regional council with the presence of over half of the councillors. The chief executive of upper-level local government or the central government can file a lawsuit with the Supreme Court against the regional council's decision.</li> <li>• Similarly, the chief executive of upper-level local government may order the chief executive of lower-level local government to veto a decision reached by the municipal council, if such decision is considered as violating the laws and regulations of the central government. The municipal council can override the veto by a two-third majority vote with the presence of over half of the councillors. This being the case, the chief executive of lower-level local government or the central government may file a lawsuit with the Supreme Court against the municipal council's decision.</li> </ul>
<b>Election of the President</b>	
Frequency	<ul style="list-style-type: none"> <li>• The presidential election is held once every five years. The last election was held in December 2012 when Park Geun-hye Party defeated her main rival, Moon Jae-in (文在寅) of the Democratic United Party, by 51.6% to 48.0% of the votes cast. She is the first presidential candidate to win more than half of the votes cast since the direct presidential election in 1987.</li> <li>• The next presidential election will be held in 2017.</li> </ul>
Election method	<ul style="list-style-type: none"> <li>• The President is directly elected for a non-renewable five-year term by a plurality of votes. If the top two candidates have the same number of votes, the candidate who receives the largest number of votes in the National Assembly is elected as the President. If there is only one presidential candidate, he or she should receive at least one third of the total eligible votes cast in order to be elected.</li> </ul>

<b>Election of the National Assembly</b>	
Frequency	<ul style="list-style-type: none"> <li>The election of the National Assembly is held once every four years. The last election was held in April 2012 with the Saenuri Party winning a majority of 152 seats, followed by the Democratic United Party's 127 seats.</li> <li>The next parliamentary election will take place in 2016.</li> </ul>
Election method	<ul style="list-style-type: none"> <li>The National Assembly is made up of 300 Members elected for a term of four years. Among them, 246 are elected by a plurality of votes in single-member constituencies and the other 54 obtain their seats through a proportional representation system.</li> <li>Each voter can cast two separate ballots, one for a candidate in his or her local constituency and the other for a political party.</li> <li>To qualify for seat allocation under the proportional representation system, a party must obtain at least five seats in the local constituencies or 3% of votes in the proportional representation system.</li> </ul>
Current political party division	<ul style="list-style-type: none"> <li>The composition of the National Assembly by political party is as follows:               <ol style="list-style-type: none"> <li>Saenuri Party (152 Members);</li> <li>Democratic United Party (127 Members);</li> <li>Unified Progressive Party (six Members);</li> <li>Progressive Justice Party (six Members);</li> <li>Independents (six Members); and</li> <li>three vacancies.</li> </ol> </li> <li>Saenuri Party's Kang Chang-hee (姜昌熙) has served as the Speaker of the National Assembly since July 2012.</li> </ul>
<b>Ties with Hong Kong</b>	
Trade	<ul style="list-style-type: none"> <li>Importance of South Korea to Hong Kong's external trade in 2012:               <ol style="list-style-type: none"> <li>6<sup>th</sup> largest trading partner;</li> <li>7<sup>th</sup> largest export market; and</li> <li>6<sup>th</sup> largest source of imports.</li> </ol> </li> </ul>



<b>Ties with Hong Kong (cont'd)</b>	
Tourism	<ul style="list-style-type: none"> <li>• In 2012, visitor arrivals from South Korea to Hong Kong increased by 5.6% to 1 078 458, representing 2.2% of the total tourist arrivals during the year.</li> <li>• Reciprocally, the number of Hong Kong people visiting South Korea increased by 28.2% to 360 027 in 2012, accounting for 3.2% of the total tourist arrivals during the period.</li> </ul>
Investment	<ul style="list-style-type: none"> <li>• As at June 2012, South Korean companies established 21 regional headquarters, 38 regional offices and 72 local offices in Hong Kong.</li> <li>• At end-2011, South Korea was the 20<sup>th</sup> major source of inward direct investment into Hong Kong with a stock of US\$2.9 billion (HK\$22.5 billion).</li> </ul>
Local South Korean population	<ul style="list-style-type: none"> <li>• In 2012, there were about 13 600 South Koreans residing in Hong Kong.</li> </ul>

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