



# SOUTH KOREA

**Population:** 51,418,097 | **GDP:** \$2.035 trillion | **Language(s):** Korean | **Unicorns 2009-2018:** 3



## What did South Korea do right?

South Korea outspends nearly every other country on research and development, dedicating 4.2 percent of its GDP to R&D. The country encourages drone-related development and testing and doesn't have any broad flight bans for hobbyist operators over public spaces during the day. Although self-driving vehicles are not allowed on public roads in South Korea, vehicle testing is legal with a test permit.

## KEY TAKEAWAYS

South Korea preserved its status as an Innovation Leader, thanks in large part to its government's commitment to supporting innovation in a range of sectors.

The country spends 4.2 percent of its GDP on research and development, second only to Israel. Although its new business entry rate is just 2.58 per 1,000 people, its Entrepreneurial Activity grade actually rose slightly to a B+ this year, thanks in part to government support for a ballooning domestic startup scene.

South Korean President Moon Jae-in's administration created the Ministry of SMEs and Startups, which has access to a fund of KRW 870 billion (approximately USD \$769 million) to support new businesses. Since 2009, the country has also seen three unicorns founded: e-commerce startup Coupang, L&P Cosmetic and Yello Mobile.

South Korea also continues to support self-driving vehicles (SDV). The government recently announced plans to map the streets of major cities in order to develop a smart traffic system, which will assist in the widespread rollout of SDVs.

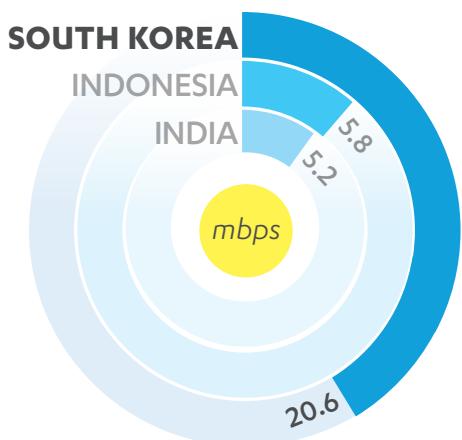
Sources: (Forbes) (ZDNet)



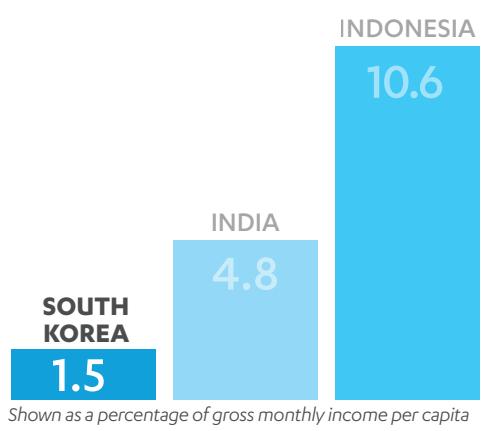
## What can South Korea do better?

South Korea can adopt a more welcoming approach to the sharing economy by lifting its ban on ridesharing services — which earned the country a one-letter-grade decrease in its Ridesharing grade to an F. It also could relax restrictive regulations that require lodging licenses for short-term rental operators, a factor in the decline South Korea saw in its Short-Term Rentals grade from a C to a D.

## Mean Download Speed (Fixed & Mobile)



## Fixed Broadband Cost Per Month



**Resilience**

South Korea has strong physical and IT infrastructure, a highly visible supply chain, an urbanized population and lower-than-average levels of corruption.

**Entrepreneurial Activity**

The ease of starting a business in South Korea is high, and the new business entry rate is 2.58 per 1,000 people, an increase from 2.30 per 1,000 people in 2018.

**Tax Friendliness**

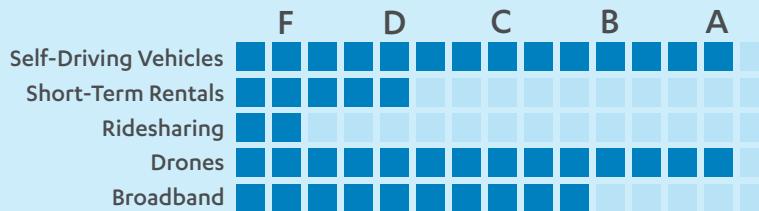
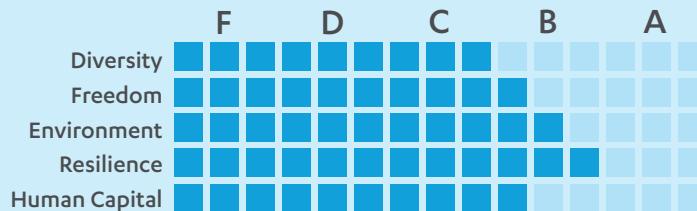
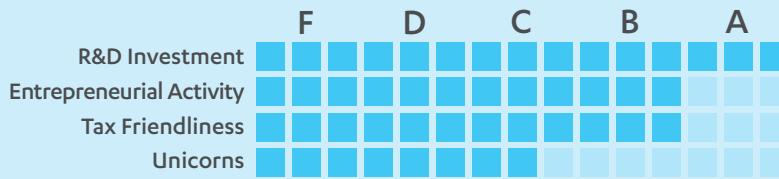
Streaming services are not subject to tax. The corporate tax rate is 25 percent, and the top individual tax rate is 42 percent. South Korea's grade increased to a B+ from a B- in 2018.

**Drones**

There are no permanent rules for commercial operation, but overall the country welcomes drone use and development and now has 18 drone testing sites in Seoul. South Korea's grade increased to an A from a B in 2018.

**Self-Driving Vehicles**

Testing of self-driving vehicles is permitted on public roads, with requirements that a test permit be obtained and a human backup driver be present.

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