

SOCIAL CLIMATE

HISTORY

The last royal family ruled from 1392 until 1910, when the Japanese colonized and annexed the country and abolished the Korean monarchy. Japanese rule lasted until the end of WWII. Following liberation from Japan in 1945, the Korean peninsula was divided in half. North Korea invaded the Republic of Korea (ROK) in June 1950, starting the Korean War. Since the signing of an armistice in 1953, the ROK has been separated from the north by a demilitarized zone. Since the 1960's, the ROK has become progressively modernized, industrialized and economically and militarily independent. It is considered one of the more advanced of the developing countries.

POLITICS

The first democratic election held in South Korea, in 1988, marked a landmark in the country's political development. Military intervention had faded, and it has been the issue of relations with North Korea which above all has held South Korea back politically. South Korea will be able to develop its political institutions and traditions since it has widespread and equal land ownership, one of the most egalitarian patterns of income distribution in the developing world, and almost full employment and a very high level of education. Executive authority in South Korea is centred in the presidency. The president is chairman of the State Council (cabinet), which consists of the prime minister and the heads of the various executive ministries. The unicameral National Assembly has legislative authority. Supreme judicial authority in the ROK is shared by the Constitutional Court and a Supreme Court. The country has 224 electoral districts.

ECONOMY

South Korea is attempting to mitigate its traditional reliance on the United States and Japan through diversification programs focusing on the Middle East, Europe and Southeast Asia. South Korean products are also exported to Australia, Canada, France, Germany, Hong Kong, The Netherlands, Saudi Arabia, Singapore, and the United Kingdom. Total exports have grown from 14% of Gross National Product (GNP) in 1970, to approximately 44% of GNP in 1990. South Korea is also gradually liberalizing imports, with increases of 15% in 1990.

South Korea is an active member of the Economic and Social Commission for Asia and the Pacific. The government encourages trade with almost all nations willing to reciprocate. It is a member of the Bangkok Agreement (Bangladesh, India, South Korea, Laos, and Sri Lanka), which calls for reduced tariffs on certain items traded among members, and is also a member of the General Agreement on Tariffs and Trade (GATT). Although not a member of the Association of South East Asian Nations (ASEAN), South Korea is making efforts towards establishing preferential trade agreements with member countries of this association. Under pressure from its trading partners, import tariffs have been reduced and many, but not all, non-tariff barriers have been removed. Barriers on some items (notably some agricultural products) are in place with a view to protecting local interests. South Korea has established two free-trade zones at Masan and Iri to encourage direct foreign investment and export. Foreign investment in these zones is eligible for various tax and non-tax incentives. However, these two existing free-export zones are currently fully occupied.