

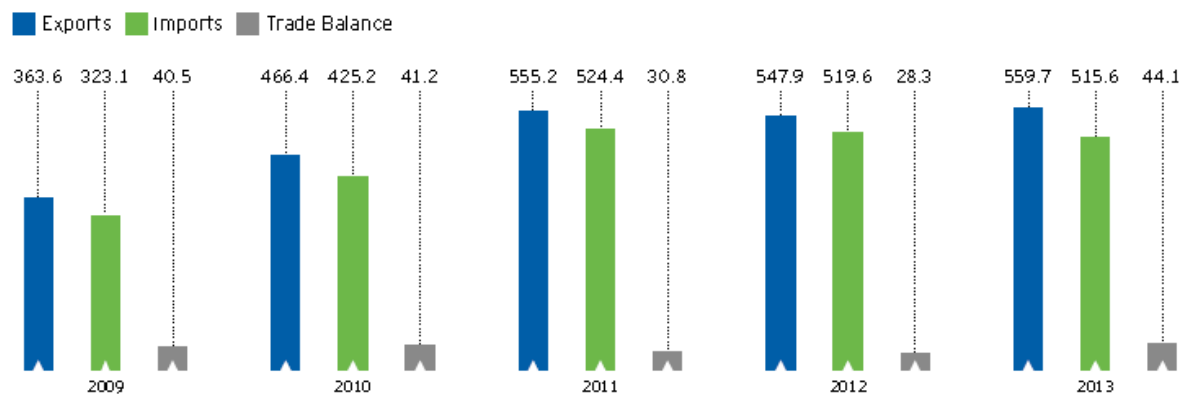
## A Snapshot of Korean Economy

### Domestic Economy & Macroeconomic Overview

- ❖ Korea recorded an annual GDP growth rate of 3.0% in 2013, compared to 2.0% in the previous year, entering a phase of moderate recovery in tandem with the global economic recovery.
- ❖ Annual average inflation (WPI) fell to 1.3% in 2013, compared to 2.3% in 2012, owing to decline in global oil prices.
- ❖ Services sector dominates the Korean economy with 59.1% share in GDP, followed by industry (38.6%) and agriculture (2.3%) in 2013.
- ❖ The Korean economy is expected to post year-on-year growth of around 4.0% for 2014. The trend of domestic demand recovery is anticipated to be sustained, due mainly to improvements in income conditions and in corporate investment sentiment, with export growth accelerating gradually due mainly to the global economic recovery.
- ❖ Consumer price inflation is expected to remain at a low level for the time being, owing chiefly to the stability of agricultural product prices due to the favorable weather conditions and good agricultural harvest. The current account is forecast to maintain its surplus trend.

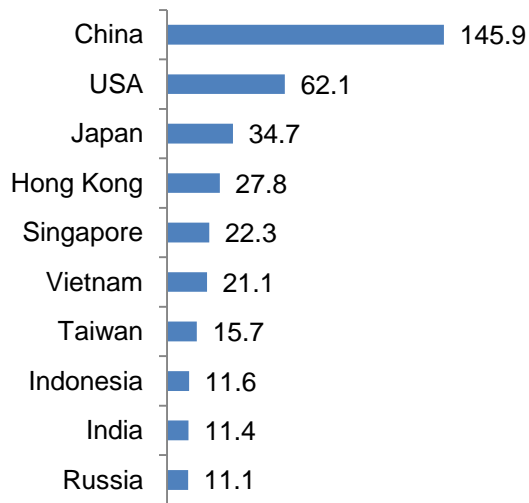
### Trade and External Sector

Exports, Imports, and Trade Balance (USD billion)

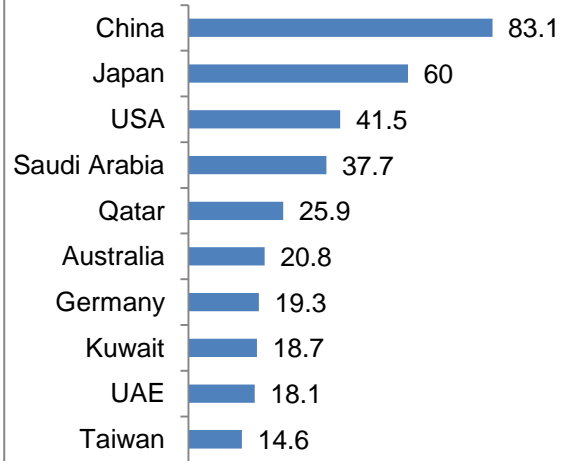


- ❖ Korea set new records in exports, trade surplus, and total trade in 2013. Exports hit a record-high of USD 559.7 billion in 2013, a 2.1% increase over the previous year; total trade surpassed USD 1 trillion for the third consecutive year, bringing the country's trade surplus to a record USD 44.1 billion.
- ❖ By sector, semiconductors took up the largest share of exports at 10.2%, followed by petroleum products (9.4%) and automobiles (8.7%).
- ❖ Imports, on the other hand, fell 0.8% year-on-year to USD 515.6 billion. Cheaper oil prices drove down imports of raw material by 3.7%.

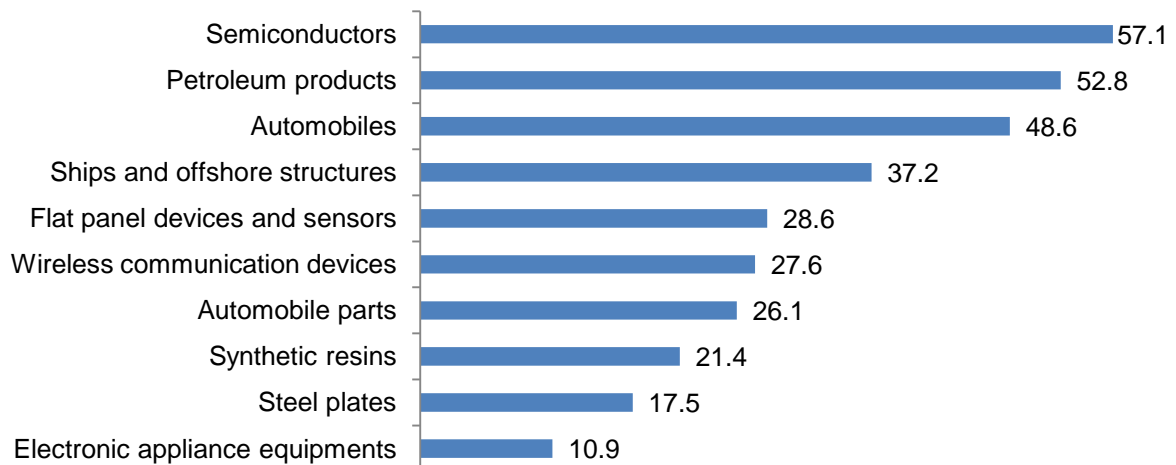
### 2013 Top Export Destinations (US\$ bn)



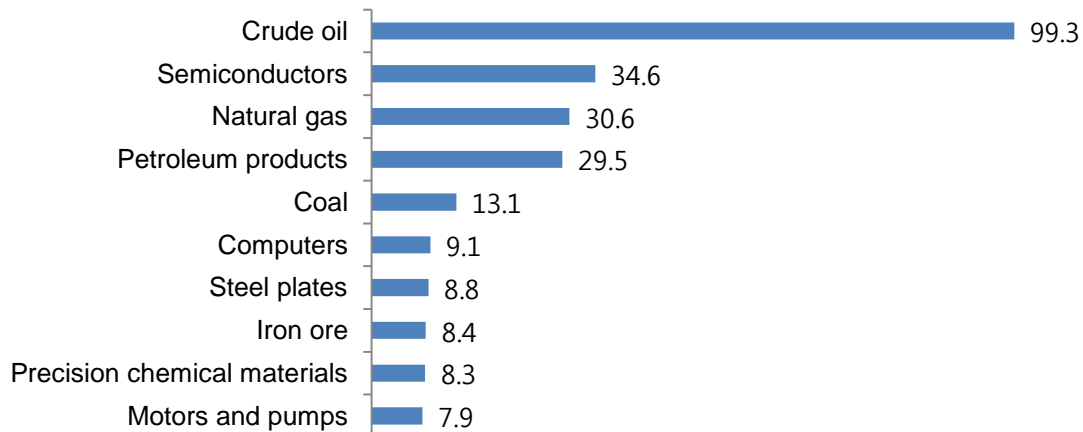
### 2013 Top Import Sources (US\$ bn)



### 2013 Top Export Items (US\$ bn)



### 2013 Top Import Items (US\$ bn)



## Korea: Macroeconomic Structure

<b>INDICATORS</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>GDP (at current prices, US\$ bn)</b>	834.1	1,014.9	1,114.5	1,129.6	1,221.8	1,307.9 <sup>e</sup>
<b>GDP Per capita (US\$)</b>	16,958.7	20,540.2	22,388.4	22,590.2	24,329.0	25,931.1 <sup>e</sup>
<b>Real GDP Growth (%)</b>	0.2	6.5	3.7	2.3	3.0	4.0 <sup>e</sup>
<b>Population (mn)</b>	49.2	49.4	49.8	50.0	50.2	50.4 <sup>e</sup>
<b>Inflation (WPI, annual avg. %)</b>	2.8	2.9	4.0	2.2	1.3	1.9 <sup>e</sup>
<b>Gross Fiscal Deficit (% of GDP)</b>	-1.1	1.3	0.5	0.9	1.6	-
<b>Exchange Rate (₩/US\$, avg.)</b>	1276.4	1156.5	1108.2	1126.9	1095.0	1036.8 <sup>e</sup>
<b>Exports (US\$ bn)</b>	363.6	466.4	555.2	547.9	559.7	283.6 (Jan.-Jun.)
<b>Imports (US\$ bn)</b>	323.1	425.2	524.4	519.6	515.6	263.3 (Jan.-Jun.)
<b>Trade Balance (US\$ bn)</b>	40.5	41.2	30.8	28.3	44.1	20.3 (Jan.-Jun.)
<b>Services Exports (US\$ bn)</b>	73.6	87.3	95.3	111.6	113.0	57.0 (Jan.-Jun.)
<b>Services Imports (US\$ bn)</b>	80.2	95.9	101.1	105.8	107.0	51.4 (Jan.-Jun.)
<b>Services Balance (US\$ bn)</b>	-6.6	-8.6	-5.8	5.7	6.0	-5.6 (Jan.-Jun.)
<b>Current Account Balance (US\$ bn)</b>	33.6	28.9	18.7	50.8	79.9	39.2 (June)
CAB as percentage of GDP (%)	4.0	2.8	1.7	4.5	6.5	3.0 <sup>e</sup>
<b>Forex Reserves (US\$ bn)</b>	270.0	291.6	306.4	327.0	346.5	366.6 (June)
<b>External Debt (US\$ bn)</b>	344.6	355.9	400.0	408.9	416.1	442.2 (June)
External Debt to GDP Ratio (%)	41.3	35.1	35.9	36.2	34.1	33.8 <sup>e</sup>
Total Debt Service Ratio (%)	4.0	2.7	7.6	7.2	6.9	6.8 <sup>e</sup>
<b>FDI Inflows (US\$ bn)</b>	11.5	13.1	13.7	16.3	14.5	10.3 (Jan.-Jun.)
<b>FDI Outflows (US\$ bn)</b>	20.7	24.6	29.0	28.0	29.5	12.2 (Jan.-Jun.)

**Source:** IMF, The Bank of Korea, Ministry of Strategy and Finance, Ministry of Trade, Industry & Energy, Korea International Trade Association, KEXIM Overseas Economic Research Institute