UNITED NATIONS ESCAP
Economic and Social Commission for Asia and the Pacific

ECONOMIC AND SOCIAL SURVEY OF ASIA AND THE PACIFIC 2016

UNDER EMBARGO UNTIL 12.00 HRS., BANGKOK TIME, THURSDAY, 28 APRIL 2016

REPUBLIC OF KOREA

GDP (current US$, billions):	$1,410.38	Population (thousands):	50,424
Share of GDP in developing Asia-Pacific:	11.1%	GDP per capita (current US$):	$27,970.50
Share of GDP in East and North-East Asia:	11.1%	Average inflation (2015)	0.7%

- The Republic of Korea registered weaker-than-expected output growth of 2.6% in 2015, down from 3.3% in 2014. Falling exports, particularly heavy-industry goods, such as machinery and shipping vessels, mainly explain the slowdown.

- Consumer spending and tourist arrivals were dampened by the outbreak of the Middle East respiratory syndrome-coronavirus in mid-2015. In response, the Government introduced a $9 billion supplementary budget, and the fiscal deficit for 2015 increased slightly to 3% of GDP.

- The country's monetary policy stance also eased to support economic growth amid low inflation. The benchmark interest rate was cut to a record low of 1.5% in June 2015.

- Together with public policies to support home ownership, low financing costs helped to revive the housing market and the construction sector.

- The labour market was relatively stable. Wage levels increased by about 3% in 2015. The unemployment rate was also low, although youth unemployment and informal employment are reported to have increased.

- The growth outlook is projected to improve slightly, to 2.9% in 2016 and 3.1% in 2017.

- Recovery in consumer spending is expected to be the main driver of growth, although its strength would be held back by high and rising levels of household debt.

- A possible rise in interest rates is a downside risk, which could undermine the recent rebound in real estate investment. As in past years, the downturn in global trade will limit overall economic growth in this export-oriented economy.