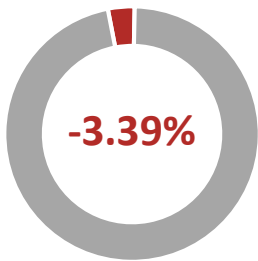


South Korea: Losing for the First Time

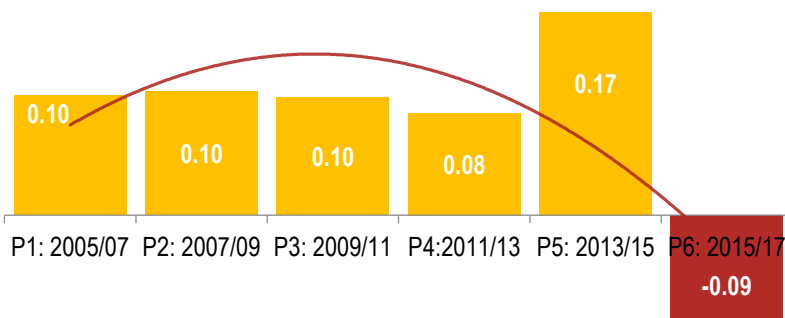
After having achieved the third strongest growth among the G20 countries during the decade of 2005/15, South Korea now has to endure a surprising cut in its power rise: For the first time ever in the whole period under investigation by the Bonn Power Shift Monitor, Seoul receives a negative Power Shift Rate (-0.09), meaning it lost power relative to the other observed countries during the most recent period of 2015/17. Moreover, South Korea's absolute growth reduced dramatically as well, with a Country Change Rate of only 0.50 now, compared to 6.15 for the phase from 2013 to 2015. This means that South Korea received the second-lowest absolute growth rate in 2015/17, with only the United Kingdom coming off worse. Despite this marked loss of international power, South Korea is still on place eight in our Power Score ranking. However, the distance to rank nine, Russia, decreased, leaving now only 0.09 Power Score points in between.

Power Shift 2015-2017

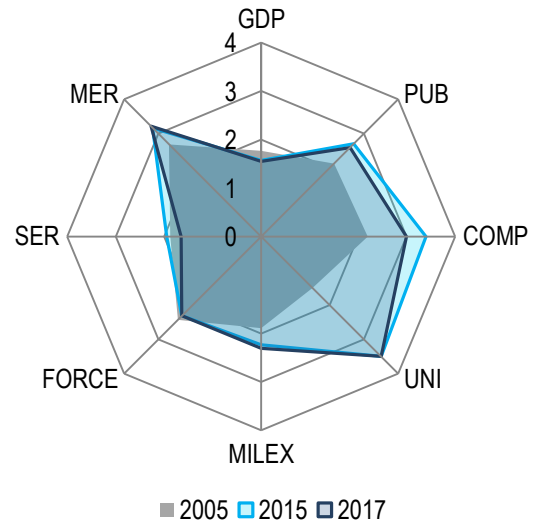


Bearing in mind that South Korea's power increase in the last decade was for a good part a result of its economic growth, driven by top companies such as Samsung, a look at the performance of the economic indicators during 2015/17 reveals possible reasons for the country's recent development. The biggest losses, both absolutely and relatively, can be found at service exports and top companies, with the number of the latter having decreased to 15, from formerly 17. Even though South Korea also managed to make absolute gains in the field of economy, with both the GDP and merchandise exports increasing, those winnings could not translate into significant relative figures. All of this shows that South Korea's economy is losing steam in the international competition, which is the main reason for its recent power loss.

Power Shift Rates of South Korea



Korea, Rep.'s Global Shares



As South Korea's economic success in the past was for a big part due to its innovative dynamics, the scientific categories are of special importance to the country. Here we can lately see a stagnation, with no development at all in the area of top universities, and very moderate absolute gains concerning publications, with an Indicator Change Rate of 1.01, compared to 7.55 during the previous period.

Concerning South Korea's military forces, we find a continuing, albeit decelerated absolute decrease in armed forces, while the military spending increases further, even though slower than before as well. Thus, the general trends do not seem to have changed much here.

All in all, South Korea's power loss can be mainly traced back to its recent losses in the economic categories. As the economic problems are of a structural nature, depending largely on global trade dynamics, it is uncertain whether South Korea can accelerate its economic development anytime soon. However, since Russia's Power Score decreased as well and with the lower ranks having a much lower Power Score than South Korea, it seems likely that Seoul can defend its place on our ranking in the near future.

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