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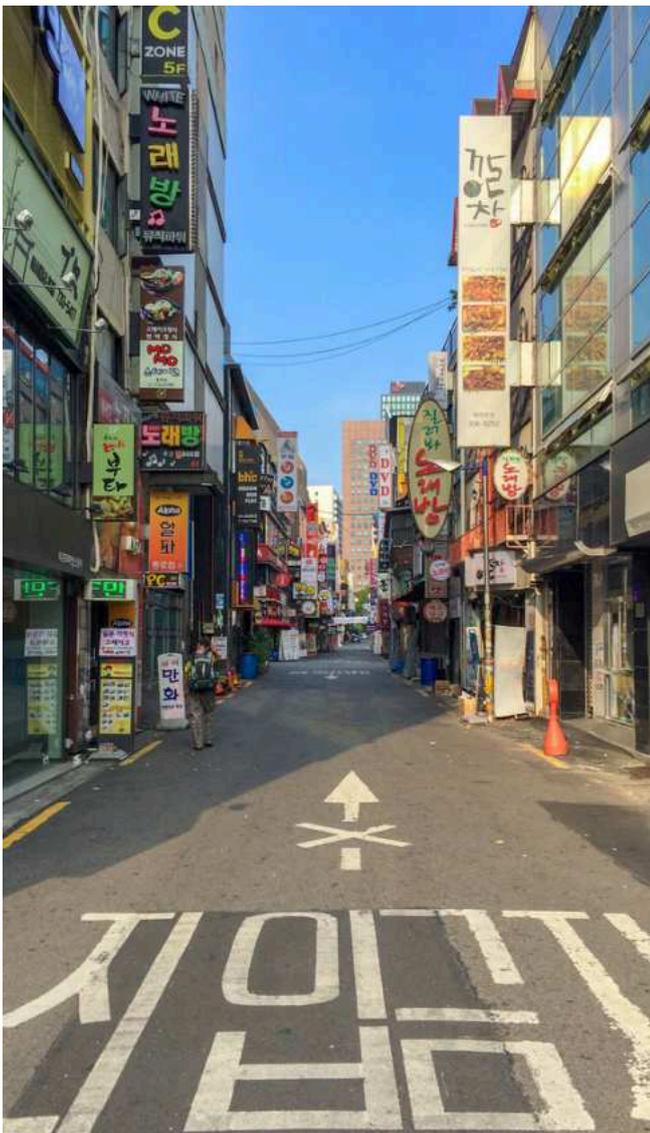
DISCOVERING THE POTENTIAL OF

South Korea

SOUTH KOREA COUNTRY GUIDE

OCT 2025

South Korea: A High-Tech Gateway for Asian Growth



Welcome to South Korea, a globally recognised leader in technology, manufacturing and innovation. With its advanced infrastructure, competitive workforce and strong policy support, South Korea continues to attract businesses seeking reliable access to Asia's fast-evolving markets.

Located at the heart of Northeast Asia, South Korea offers seamless connections to China, Japan and other major economies. Its focus on semiconductors, AI, green energy and cultural exports is creating new opportunities for investors and enterprises aiming to scale across the region.

This South Korea Country Guide provides practical insights on regulations, cultural expectations, leading industries and investment incentives. Designed to support confident expansion, it helps businesses navigate South Korea's sophisticated market landscape and build lasting success in one of Asia's most innovative economies.

Table of Contents

About South Korea	04	Opportunities	35
Geography & Climate	05	High-Growth Industries & Sectors	36
Currency	06	Government Initiatives & Incentives	38
Population	07	Emerging Trends & Business-Friendly Regions	40
Infrastructure	09		
Regional Opportunities	11		
Why South Korea?	13	Resources	43
Economic Indicators & Outlook	14	Official Government Websites & Investment Agencies	44
Strategic Advantages	16	Industry Associations & Chambers of Commerce	45
Major Industries Driving Growth	18	Eos's Service Offerings in South Korea	46
Legal Essentials	21	Expert Tips	47
Business Registration Process & Requirements	22	Overcoming Common Challenges	48
Taxation Overview	23	Avoiding Potential Cultural Misunderstanding	49
Labour Laws	25	Additional Tips	50
Visas for Foreign Nationals	28		
Cultural Tips	30		
Professional Culture Insights	31		
Social & Cultural Norms	33		



About South Korea



Geography & Climate

Location

South Korea lies in East Asia on the southern part of the Korean Peninsula. It shares a land border with North Korea along the Demilitarised Zone and is surrounded by the Yellow Sea to the west, the East China Sea to the south, and the Sea of Japan (East Sea) to the east. Its position close to China and Japan, and its access to major shipping routes, make it a strategic link between Northeast Asia and global markets.

Terrain and Climate

Around 70–75% of South Korea's land is mountainous, with the Taebaek and Soebaek ranges forming a backbone down the peninsula. Coastal plains in the west and south support agriculture and dense urban settlements, while the southern coast is dotted with islands.

South Korea has a temperate climate with four seasons: cold, dry winters; mild springs; hot, humid summers with monsoon rains; and clear, cool autumns.

- **Temperature:** Winter lows can fall below -5°C in inland areas; summer highs average $25\text{--}30^{\circ}\text{C}$.
- **Rainfall:** Annual precipitation ranges between 1,200 mm and 1,500 mm, with heavier rain in the south and mountain regions.



Geography & Climate

- **Seasons:**
 - Winter: December to February, cold and dry
 - Spring: March to May, mild with cherry blossoms
 - Summer: June to August, hot and wet during the monsoon
 - Autumn: September to November, cool and sunny
- **Natural Hazards:** Typhoons and flash floods may occur in late summer, and landslides can affect mountainous areas.

Currency

The South Korean won (KRW), symbol ₩, is the national currency issued by the Bank of Korea. It is widely used for retail, corporate and online transactions.

- **Denominations:** Banknotes are ₩1,000, ₩5,000, ₩10,000 and ₩50,000; coins range from ₩10 to ₩500.
- **Exchange Rate & Stability (September 2025):** The won trades at roughly ₩1,390 per USD and follows a managed floating system.
- **Digital Payments:** KakaoPay, Naver Pay and Samsung Pay dominate mobile transactions, and QR codes are common in cafés and retail.
- **Business Insight:** Companies dealing in electronics, automotive or energy should track currency trends and consider hedging for large import-export contracts.

Population

- **Size & Demographics**
- **Total Population (2025):** Approximately 51.7 million
- **Median Age:** About 45 years (2025 estimate)
- **Elderly (65+):** Around 20% of the population, reflecting rapid ageing
- **Ethnic Composition:**
 - Korean nationals: ~94.8%
 - Chinese nationals (foreign residents): ~1.9%
 - Vietnamese, Filipino, and other expatriates: ~3.3%

Urbanisation

Urban Population: Approximately 81%

Key Cities:

- Seoul: Capital and leading business centre, home to government, finance, ICT, and cultural industries
- Busan: Major seaport with strengths in shipbuilding, logistics, and tourism
- Incheon: International gateway via Incheon Airport and a base for logistics and free economic zones
- Daegu: Hub for textiles, fashion, smart manufacturing, and healthcare equipment
- Daejeon & Gwangju: Research and cultural centres with strong roles in science, technology, and education



Population

Workforce

- **Labour Force Size (2025):** Around 28 million
- **Participation Rate:** ~63%
- **Workforce Profile:** Highly educated and technology-orientated, with strengths in electronics, automotive, finance, ICT, and creative industries. Productivity is high, but the ageing population and shrinking youth cohort present recruitment challenges.
- **Business Insight:** Employers gain from a skilled STEM workforce but should develop retention strategies for younger talent and consider automation to offset demographic pressures.

Foreign Workforce & Migration

- **Work Visa Options:** The E-7 Special Occupation Visa, D-8 Investor Visa, and H-1 Working Holiday Visa are the main routes for foreign professionals and entrepreneurs.
- **Recent Policy Updates:**
 - Expanded Korean Talent Visa to attract specialists in IT, biotech, and green industries.
 - Streamlined online systems for visa applications and renewals to support global start-ups.
 - Ongoing compliance checks to ensure adherence to labour and immigration regulations.



Infrastructure

Transportation

- **Incheon International Airport (ICN):** Ongoing terminal expansion and upgraded digital services were confirmed for 2025, supporting passenger and cargo efficiency at South Korea's primary gateway.
- **Gimpo International Airport:** Continues to handle domestic routes and regional flights to Japan and China, complementing ICN's long-haul focus.
- **Busan Port:** Managed 24.4 million TEUs in 2025, the highest annual volume ever recorded by the Ministry of Oceans and Fisheries. Capacity expansion to 25 million TEUs is planned.
- **Gwangyang & Incheon Ports:** Reached record volumes in 2025, with Gwangyang handling 2.01 million TEUs and Incheon 3.56 million TEUs, mainly for steel, bulk cargo, and trans-shipment.
- **KTX High-Speed Rail:** Continues to provide sub-three-hour connections between Seoul, Busan, and other key cities, with track expansion and technology upgrades under way in 2025.
- **Expressway Network:** Remains above 4,800 km in 2025, supporting efficient freight and commuter transport across the peninsula.

Digital Infrastructure

- **5G Coverage:** Near-universal access was maintained in 2025, with pilot projects for 6G commercialisation confirmed beyond 2028.
- **Data Centres & Cloud Services:** Naver, Kakao, AWS, and Microsoft expanded data centre capacity across Seoul and other metropolitan areas during 2025, reinforcing the country's position as an AI and cloud hub.
- **Smart Cities & E-Government:** Sejong, Busan, and Pangyo continued to advance AI-enabled transport systems, IoT applications, and fully digitalised public services.
- **Digital Payments:** KakaoPay, Naver Pay, and Samsung Pay remained dominant in 2025, with QR and NFC payment options standard in retail and hospitality.

Infrastructure

Energy

- **Power Generation Mix (2025):** Nuclear supplied 32% of electricity, LNG and coal each contributed 27%, and renewables (solar, wind, hydro, bio) accounted for 10–11%. Low-carbon electricity (nuclear plus renewables) made up over 43% of total supply.
- **Renewable Energy Targets:** The government reaffirmed its target of 30% renewables by 2036 in February 2025.
- **Grid & Energy Security:** Grid upgrades to integrate renewables and expand electric vehicle charging continued throughout 2025.

Special Economic Zones

- **Free Economic Zones (FEZs):** Incheon, Busan–Jinhae, and Gwangyang Bay remained leading FEZs in 2025, offering incentives, streamlined approvals, and advanced facilities for logistics, manufacturing, and R&D.
- **Pangyo Tech Valley:** Sustained its role as a key cluster for AI, gaming, and biotech start-ups in 2025.
- **Saemangeum Industrial Complex:** Expanded renewable energy and advanced manufacturing capacity during 2025.
- **Ulsan Hydrogen Complex:** Saw significant growth in hydrogen production and clean-tech activity, strengthening South Korea’s energy strategy in 2025.



Regional Opportunities

Seoul Capital Area (Seoul, Incheon, Gyeonggi Province)

Government, Finance, Technology, Business Services

The Seoul Capital Area is South Korea's political, financial and commercial heart, hosting national government bodies, the Bank of Korea, major conglomerate headquarters, and global business centres. It leads in banking, ICT, professional services, and MICE activities. Incheon adds value through its Free Economic Zone and Incheon International Airport, supporting logistics, biotech, and digital industries.

Key Opportunities: Financial services, corporate support, ICT, digital content, logistics, real estate.

Busan & Ulsan Corridor

Shipping, Hydrogen, Energy, Advanced Manufacturing

Busan remains South Korea's primary maritime hub, home to Busan Port, shipbuilding yards, and a growing fintech presence. Ulsan drives clean-energy investment with its hydrogen cluster, alongside petrochemical, automotive, and offshore wind industries. 2025 initiatives focus on green shipbuilding and fuel-cell research.

Key Opportunities: Hydrogen technology, green shipbuilding, maritime logistics, petrochemicals, offshore wind.

Pangyo & Gyeonggi Innovation Belt

ICT, AI, Biotech, Start-ups

Pangyo Tech Valley anchors South Korea's innovation ecosystem, hosting AI, gaming, fintech, and biotech start-ups. The wider Gyeonggi belt supports cloud services, robotics, and life sciences. 2025 saw ongoing expansion of incubators, research facilities, and venture funding.

Key Opportunities: AI solutions, cloud computing, biotech R&D, digital health, start-up acceleration.

Regional Opportunities

Gwangju & Daegu Growth Zone

Smart Manufacturing, AI, Textiles, Medical Devices

Gwangju strengthened its AI Valley in 2025, advancing autonomous driving and digital media research. Daegu continues to attract investment in smart textiles, robotics, and medical equipment manufacturing, supported by regional grants.

Key Opportunities: Autonomous vehicles, smart textiles, robotics, healthcare equipment.

Jeolla & Chungcheong Provinces

Agritech, Food Processing, Renewable Energy

These central and southwestern regions combine agriculture with growing solar and wind projects. Jeonju and Cheonan are hubs for food processing, while Saemangeum Industrial Complex is scaling renewable energy and advanced manufacturing in 2025.

Key Opportunities: Solar and wind power, agritech, food processing, and clean-tech manufacturing.

Gangwon & Jeju

Tourism, Green Economy, Speciality Products

Gangwon offers mountain resorts, winter sports, and ecotourism, with plans to develop sustainable outdoor recreation. Jeju, known for its volcanic landscapes and citrus produce, is building capacity in wind power and smart tourism.

Key Opportunities: Eco-tourism, winter sports, renewable energy, premium agriculture.



Why South Korea?



Economic Indicators & Outlook

GDP Growth

- **Q2 2025:** Expanded by 0.6% year-on-year (0.7% quarter-on-quarter), reflecting a softer external environment and cautious household spending.
- **Full-year Forecast:** The Bank of Korea has revised its 2025 growth projection to 0.8%–0.9%, with momentum supported by semiconductor recovery and targeted investment in clean energy and advanced manufacturing.
- **Business Insight:** Although growth is modest, stability in key export sectors and green industries provides a base for gradual improvement.

Inflation

- **July 2025:** Headline inflation stood at 2.1% year-on-year, remaining within the Bank of Korea's 2%–3% comfort range.
- **Outlook:** Prices are expected to stay moderate through the remainder of 2025, helped by steady energy supply and contained food costs.
- **Business Insight:** Low inflation supports predictable cost planning and safeguards consumer purchasing power.

Unemployment & Labour Market

- **Current Rate:** Around 2.5%–2.6%, one of the lowest among OECD members, driven by hiring in ICT, logistics, and hydrogen-related industries.
- **Business Insight:** A tight labour market underpins household spending but heightens competition for skilled talent, requiring clear retention strategies.

Trade & External Risks

- Exports of semiconductors, EV batteries, and ships advanced in early 2025, balancing softer demand in traditional manufacturing and high energy import costs. Global supply chain adjustments remain a key risk to watch.
- **Business Insight:** South Korea's diverse industrial base, growing renewable-energy capacity, and ongoing supply-chain reforms help buffer external pressures.

Economic Indicators & Outlook

Policy Response & Reforms

- The Bank of Korea kept its policy rate at 3.25% in 2025, maintaining support for price stability while encouraging investment. Structural reforms continue in R&D, hydrogen technology, and start-up support, with export diversification a priority.
- **Business Insight:** Predictable monetary settings and targeted fiscal measures foster business confidence and competitiveness.

Economic Outlook Summary

South Korea is projected to expand by 0.8%–0.9% in 2025, reflecting subdued global demand but steady domestic investment in semiconductors, green energy, and high-tech manufacturing. Stable inflation, low unemployment, and clear policy direction continue to underpin investor confidence despite near-term growth headwinds.



Strategic Advantages

Macroeconomic Stability

South Korea's economy is forecast to grow between 0.8% and 0.9% in 2025, reflecting subdued global demand but supported by resilient domestic investment in technology and clean energy.

- **Resilient Domestic Demand:** Household spending remains steady, driven by high income levels, robust employment, and a mature digital economy.
- **Prudent Fiscal Management:** The government continues to maintain fiscal discipline and targeted subsidies, ensuring stable public finances.
- **Diversified Economic Base:** Semiconductors, batteries, shipbuilding, services, and cultural exports all contribute to economic stability.
- **Infrastructure Investment:** 2025 upgrades at Incheon International Airport, Busan Port, and KTX rail enhance logistics capacity and connectivity.

Strategic Location & Regional Integration

South Korea's position between China and Japan offers direct access to major consumer and industrial markets in Northeast Asia.

- **Maritime Gateway:** Busan Port handled 24.4 million TEUs in 2024, with confirmed capacity expansion under way in 2025.
- **Regional Agreements:** Participation in RCEP and bilateral trade deals supports market access and supply-chain resilience.
- **Transport Upgrades:** Ongoing investments in airports, seaports, expressways, and high-speed rail strengthen its role as a logistics and manufacturing hub.
- **Growing International Ties:** 2025 policy initiatives encourage technology collaboration, renewable-energy partnerships, and expanded export markets.



Strategic Advantages

Sectoral Strengths & Competitive Industries

South Korea's competitive sectors benefit from world-class infrastructure, skilled talent, and sustained global demand.

- **Semiconductors & Electronics:** A cornerstone of exports, boosted by AI chip and display investments.
- **Automotive & Batteries:** Leadership in electric vehicles, battery technology, and smart mobility.
- **Shipbuilding & Logistics:** Strength in LNG carriers, eco-friendly ships, and global freight services.
- **Cultural Exports & Tourism:** K-pop, film, and heritage sites continue to drive entertainment and travel industries.
- **Green Energy & Hydrogen:** Expanding offshore wind, solar, and hydrogen clusters enhances long-term sustainability.

Investment Climate & Market Access

Pro-business reforms and stable regulations reinforce South Korea's appeal to investors.

- **Liberalised Sectors:** Broader opportunities in logistics, finance, and clean tech for foreign participation.
- **Free Economic Zones (FEZs):** Incheon, Busan-Jinhae, and Gwangyang Bay offer tax incentives, streamlined processes, and modern facilities.
- **Large Consumer Base:** Over 51 million people with strong purchasing power drive demand for premium goods, fintech, and e-commerce.
- **Digital Transformation:** Government-backed AI, biotech, and hydrogen programmes encourage high-value investment and cross-border R&D.

Innovation & Human Capital Development

South Korea continues to strengthen its innovation ecosystem and workforce skills.

- **Technology Hubs:** Pangyo Tech Valley and Gwangju AI Valley are expanding incubators, research labs, and start-up accelerators in 2025.
- **Education & Skills:** High tertiary enrolment and investments in STEM ensure a pipeline of engineers, developers, and designers.
- **Public-Private Partnerships:** 2025 initiatives support R&D in semiconductors, hydrogen power, and smart manufacturing.
- **Talent Quality:** A highly educated workforce, with unemployment at 2.6%–2.7% in 2025, underpins productivity and innovation capacity.

Major Industries Driving Growth

Manufacturing & Electronics

- **Contribution to GDP:** Manufacturing accounts for roughly 25% of GDP, with semiconductors and electronics forming a significant share of exports.
- **Recent Performance:** In 2025, semiconductor output is stabilising after a challenging 2024, supported by demand for AI chips, memory, and advanced displays. Electronics producers are investing in high-end wafer fabrication, packaging, and next-generation panel technologies.
- **Strategic Initiatives:** Government support through tax credits and R&D grants is strengthening the sector's role in global supply chains, with continued focus on advanced materials and chip design.
- **Outlook:** Global demand for AI-driven devices and data centre hardware positions South Korea's electronics industry for gradual growth through 2025 and beyond.

Automotive & Batteries

- **Contribution to GDP:** Automotive and related battery manufacturing contribute about 12% of GDP.
- **Recent Performance:** Production of electric vehicles and hydrogen trucks is increasing in 2025, while domestic firms lead global battery supply for EVs and grid storage.
- **Strategic Initiatives:** Incentives under the K-Battery and hydrogen roadmaps encourage localised production, recycling technologies, and next-generation solid-state batteries.
- **Outlook:** Rising EV adoption and exports support steady expansion, with hydrogen mobility adding long-term potential.

Major Industries Driving Growth

Shipbuilding & Maritime Logistics

- **Contribution to GDP:** Shipbuilding and related logistics represent around 6% of GDP.
- **Recent Performance:** South Korea retains global leadership in LNG carriers, container ships, and eco-friendly vessels. Ports such as Busan and Ulsan continue to modernise cargo systems and improve fuel efficiency in 2025.
- **Strategic Initiatives:** Digital shipyard solutions and green-shipping standards are being rolled out to capture demand for sustainable maritime transport.
- **Outlook:** Growing global trade and decarbonisation of shipping support a positive medium-term trajectory.

Services & Digital Economy

- **Contribution to GDP:** Services contribute roughly 58% of GDP, with ICT, fintech, and cultural content among the fastest-growing segments.
- **Recent Trends:** Near-universal 5G coverage and pilot testing for 6G, together with major data centre projects by Naver, Kakao, AWS, and Microsoft, underline South Korea's status as a digital hub in 2025.
- **Investment Opportunities:** Cloud services, gaming, health tech, and e-commerce are drawing foreign capital and talent.
- **Outlook:** Expanding online retail, fintech, and AI-driven applications will sustain strong growth in the services sector.

Tourism & Cultural Exports

- **Contribution to GDP:** Tourism and cultural content account for around 5% of GDP, with an increasing post-pandemic recovery in 2025.
- **Recent Performance:** International arrivals to Seoul, Busan, and Jeju are rebounding, supported by expanded air links and promotional campaigns. K-pop, film, and esports remain core export drivers for the creative economy.
- **Strategic Initiatives:** Sustainable tourism initiatives and incentives for cultural industries are being prioritised in 2025.
- **Outlook:** Continued recovery in leisure travel, MICE events, and media exports offers solid prospects.

Major Industries Driving Growth

Green Energy & Hydrogen

- **National Targets:** The government reaffirmed in 2025 its goal for renewables to supply 30% of electricity by 2036.
- **Growth Areas:** Hydrogen production, offshore wind, and large-scale solar projects are scaling up, particularly in Ulsan and Saemangeum.
- **Outlook:** Supportive policy, R&D funding, and private-sector investment in clean-energy infrastructure underpin steady development of hydrogen and other low-carbon technologies.



Quick insights: Home to more than 4,000 registered museums and galleries, South Korea blends modern creativity with a deep respect for heritage.



Legal Essentials



Business Registration Process and Requirements

Setting up a business in South Korea is clear-cut under the Commercial Act, with support from KOTRA. Foreign investors should consider resident-director preferences, FDI capital norms, and licences for regulated sectors.

Common Business Structures

- **Chusik Hoesa (주식회사):** Joint-stock company, most common for locals and foreigners; limited liability; at least one director (resident often preferred) and a Korean address; boards/audits for larger firms.
- **Yuhan Hoesa (유한회사):** Limited liability company with simpler governance and no board unless elected.
- **Sole Proprietorship:** Quick setup; owner personally liable.
- **Partnership / LLP:** General, limited, and LLP structures exist, though LLPs are uncommon for foreign investors.
- **Branch Office:** Extension of a foreign parent; may trade and earn revenue; must register with the district court and NTS and appoint a local agent.
- **Liaison Office:** For research or promotion only; cannot trade or earn revenue; approval may continue indefinitely if scope remains non-commercial.

Key Steps to Register

1. Reserve a business name via the Supreme Court online registry.
2. Prepare Articles of Incorporation and shareholder/board details.
3. Appoint at least one director (resident usually preferred); statutory auditor for larger Chusik Hoesa.
4. File incorporation with the district court to obtain a Certificate of Incorporation.
5. Open a corporate bank account and deposit capital (about ₩100 million typical for FDI).
6. Register with the National Tax Service (NTS) for a Business Registration Number and VAT if applicable.
7. File foreign investment details with KOTRA or a designated bank.
8. Obtain sector-specific licences where required.
9. Register employees for social insurance (NHIS, NPS, etc.) if hiring staff.

Note: Timelines and requirements vary by business type and sector. Partnering with local experts or **Eos Global Expansion** helps ensure smooth setup, compliance with South Korean law, and efficient market entry.

Taxation Overview

Corporate Income Tax (CIT)

- **Rates (starting 1 Jan 2026):**
 - 10% on taxable income up to ₩200 million
 - 20% on ₩200 million–₩20 billion
 - 22% on ₩20 billion–₩300 billion
 - 25% above ₩300 billion
- **Current Filings (FY 2025):** Most 2025 returns still use 9%/19%/21%/24% brackets, but businesses now adopt the new bands for forward planning.
- **Local Income Tax:** 10% of the corporate tax due, applied as a surtax.
- **Non-Resident Companies:** Taxed on Korea-sourced income at the same CIT rates.
- **Special Rates:** Certain petroleum, mining, and similar activities may be subject to higher statutory rates.

Value-Added Tax (VAT)

- **Standard Rate:** 10% on most goods and services.
- **Zero-Rated / Exempt:** Exports, qualifying finance and insurance, and medical and educational services.

Personal Income Tax (PIT)

- **Residents:** Progressive rates from 6% to 45%, plus 10% local surtax.
- **Non-Residents:** A flat 20% on Korean-source income (plus surtax), often reduced under tax treaties.
- **Reliefs:** Deductions available for dependants, housing, education, and insurance.



Taxation Overview

Withholding Tax (WHT)

- **Dividends & Interest:** 22% (including local surtax), with treaty reductions possible.
- **Royalties & Service Fees:** Up to 22%, subject to double-tax treaty relief.
- **Branch Remittances:** No separate tax beyond corporate income tax.

Tax Incentives

- **Foreign Direct Investment (FDI):** Tax reductions or exemptions for qualifying projects in Free Economic Zones or high-tech industries.
- **R&D & Innovation:** Credits for R&D spend, patents, and technology facilities.
- **Green Energy & Hydrogen:** Deductions for renewable projects, EV batteries, and hydrogen infrastructure.
- **SMEs:** Preferential rates or exemptions for firms meeting income and asset thresholds.

Tax Administration & Compliance

- **Corporate Tax Year:** Usually calendar; filings due by 31 March of the following year.
- **VAT Filing:** Quarterly.
- **Withholding Tax:** Paid monthly or quarterly, depending on the payment type.
- **Transfer Pricing:** Documentation required; NTS actively enforces arm's-length rules.
- **Audits:** Mandatory for most mid- and large-sized enterprises.

Labour Laws

South Korea's labour framework sets minimum standards to protect employees while allowing flexibility for businesses. Key statutes include the Labour Standards Act (LSA), Minimum Wage Act, and regulations on social insurance and workplace safety. These apply to both local and foreign workers, except for certain senior or project-based roles.

Working Hours & Overtime

- Standard working hours are capped at 40 hours per week, usually over five days.
- Daily hours should not exceed 8 without overtime.
- Overtime is allowed up to 12 hours per week, paid at 1.5 times the ordinary wage.
- Premiums apply for night work (22:00–06:00) and public holiday work at higher rates.
- Flexible or annualised schedules may be introduced with employee consent.

Minimum Wage

- The national minimum wage is ₩10,030 per hour (effective 1 January 2025).
- Applies uniformly to most sectors and workers, including part-time staff.
- Adjusted annually by the Minimum Wage Commission, taking into account cost of living and employment trends.



Labour Laws

Employment Contracts

- Written contracts are mandatory for employment lasting over one month.
- Contracts must specify job duties, pay, working hours, leave entitlements, and termination rules.
- Employers must provide itemised payslips and maintain proper employment records.

Termination & Severance Pay

- Employers must give at least 30 days' written notice (or payment in lieu) for dismissals.
- Termination must be based on justifiable reasons and follow due process.
- Employees with at least one year of service are entitled to severance pay equal to 30 days' average wages per year of service.
- Summary dismissal without notice is allowed only in cases of serious misconduct.



Labour Laws

Leave Entitlements

- Annual Leave: 15 days after one year of service, increasing by one day for each additional two years (up to 25 days).
- Public Holidays: 15 statutory holidays recognised nationwide.
- Sick Leave: No statutory sick pay, but many employers provide leave based on company policy or collective agreements.
- Parental Leave: Up to one year per parent, with partial wage support from Employment Insurance.

Social Security & Benefits

Employers must register employees for:

- National Pension Service (NPS) – retirement benefits
- National Health Insurance (NHIS) – healthcare coverage
- Employment Insurance – job-loss and parental leave benefits
- Industrial Accident Compensation Insurance – workplace injury protection

Employer and employee contributions are shared for all except industrial accident insurance (employer only).



Visas for Foreign Nationals

South Korea provides a range of visas for foreign nationals, depending on job type, investment level, and intended stay. All foreign employees must obtain the correct visa before starting work.

Key Work Visa Types

South Korea offers several work and business visas:

- **E-7 (Special Occupation):** For professionals in IT, engineering, finance, and R&D; employer sponsorship and proof of qualifications required; valid for up to 3 years, renewable.
- **D-8 (Investor/Business):** For entrepreneurs and foreign-invested firms; minimum investment is usually ₩100 million, plus a business plan and office address; validity is 1–3 years, renewable.
- **D-7 (Intra-Company Transfer):** For employees assigned from a foreign parent or affiliate to a Korean branch or subsidiary; valid up to 2 years, extendable.
- **H-1 (Working Holiday):** For young adults from partner countries, allowing short-term work and travel; valid up to 12 months, non-renewable.

Short-Term & Entry Visas

- **C-3 (Short-Term Business):** For meetings, negotiations, or training (no local employment), valid up to 90 days.
- **B-1/B-2 (Tourist/Transit):** For leisure or transit visits.

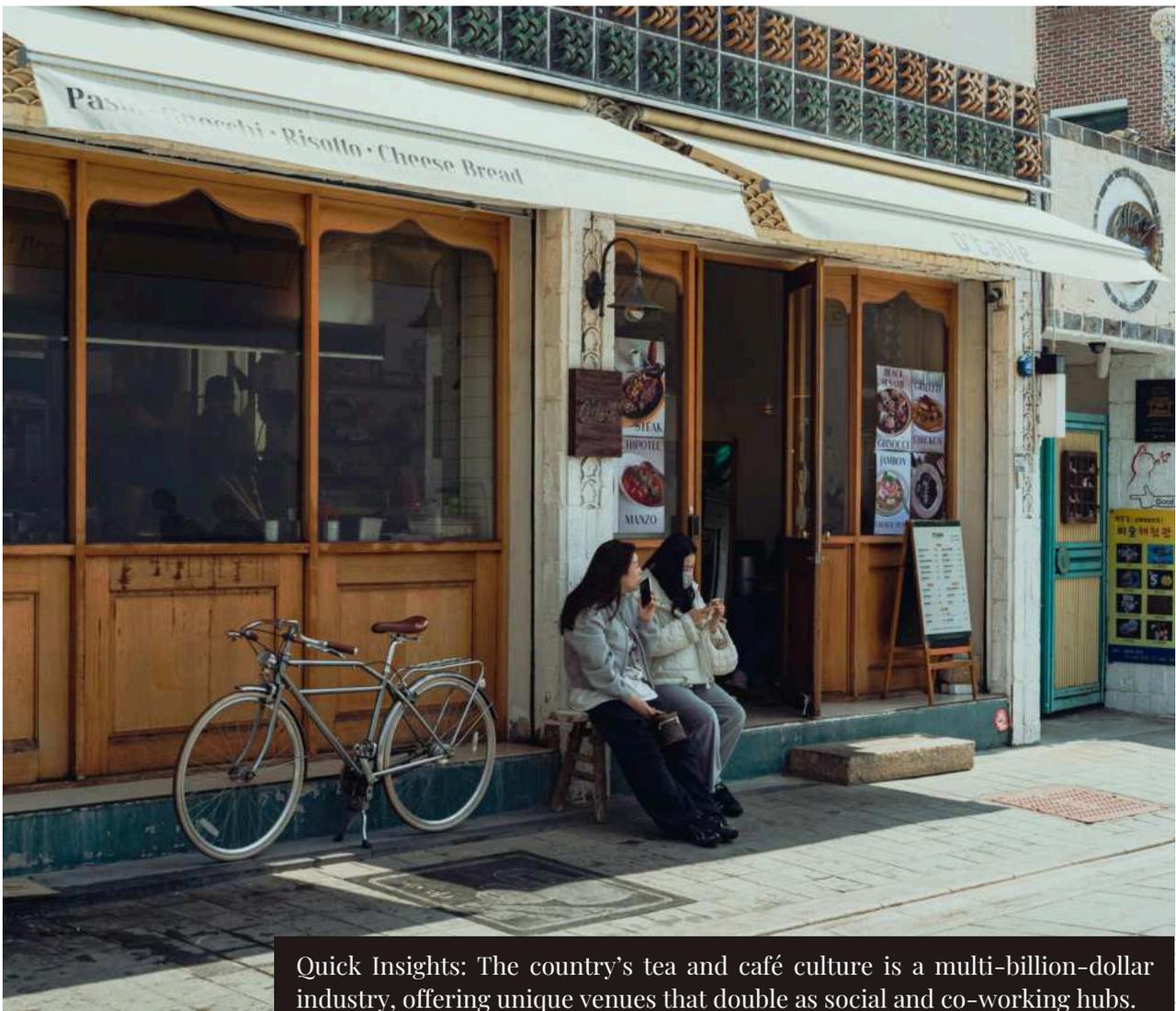
Dependent & Long-Term Residence

- **F-3 Dependent Visa:** For spouses and minor children of eligible work visa holders.
- **F-2 Long-Term Residence:** For skilled workers meeting income and residency requirements.
- **F-5 Permanent Residence:** For investors, professionals, or long-term residents meeting financial and stay thresholds.

Visas for Foreign Nationals

Recent Developments (2025)

- **Talent Visa Expansion:** The points-based “Korea Talent Visa” was broadened in 2025 to include experts in AI, biotech, green energy, and digital innovation.
- **Digital Application System:** Most visa categories are now processed via an electronic platform, improving turnaround times.
- **Compliance Focus:** Authorities emphasise timely reporting of changes in employment, address, or sponsorship.



Quick Insights: The country’s tea and café culture is a multi-billion-dollar industry, offering unique venues that double as social and co-working hubs.



Cultural Tips



Professional Culture Insights

Understanding South Korea's workplace culture helps foreign businesses build strong relationships and navigate local practices effectively.

Workplace Norms and Practices

- **Hierarchy & Respect:** South Korean workplaces are highly hierarchical, with seniority and titles carrying significant weight. Using family names with professional titles (e.g., "Kim sajangnim") shows respect. Deference to age and position is expected, especially in formal settings.
- **Punctuality & Professionalism:** Punctuality is essential; meetings usually start on time. Preparation and well-structured materials demonstrate reliability and professionalism.
- **Respect for Processes:** Approvals, particularly in government or large corporations, may involve several layers of review. Patience is key when navigating formal procedures or consensus-building within teams.

Communication Preferences

- **Language & Style:** Korean is the primary language of business, though English may be used in multinational companies or when working with foreign partners. Communication tends to be polite and indirect, especially when giving feedback or declining requests, to preserve harmony.

Networking & Relationship-Building

- **Trust Through Relationships:** Building rapport is central to business dealings. Shared meals or social outings ("hoesik") are common ways to strengthen ties before or after formal negotiations.
- **Consensus-Orientated:** Decisions often involve discussion among stakeholders. Final approval usually rests with senior leaders, but collective agreement is valued.

Professional Culture Insights

Meetings & Negotiations

- **Structured Yet Personable:** Meetings often begin with polite greetings or light conversation before addressing the agenda. Respectful engagement supports smoother negotiations.
- **Hierarchy Matters:** While many people may contribute to discussions, the most senior participant typically confirms the outcome.

Work-Life Norms and Holiday Practices

- **Work Culture:** Work-life balance is gaining importance, but long hours remain common in some industries. Younger employees increasingly value flexible schedules and personal well-being.
- **Holidays:** Key national holidays include Seollal (Lunar New Year), Chuseok (Harvest Festival), and National Foundation Day. Business activity slows significantly during Seollal and Chuseok, as many people travel to visit family.
- **Business Attire:** Dress is generally formal: men wear suits or collared shirts with ties, while women opt for tailored skirts, dresses, or trousers. Dark or neutral colours are preferred for important meetings.



Social and Cultural Norms

An understanding of South Korean cultural values and everyday customs helps foster stronger connections, both professionally and socially.

Interpersonal Etiquette

- Courtesy, humility and respect for hierarchy are core values. A light bow is the customary greeting; handshakes are common in business, often paired with a slight bow.
- Use family names followed by titles (e.g., “Kim sajangnim”) when addressing colleagues. Avoid first names unless invited.
- Elders or senior-ranking individuals should be greeted first. Standing when they enter a room is a sign of respect.
- Communication is often indirect; “yes” may signal acknowledgement rather than agreement.

Social Customs and Everyday Behaviour

- Family plays a central role in decision-making, and respect for elders is deeply ingrained.
- Guests are warmly welcomed; accept food or drinks offered as a sign of appreciation.
- Group harmony is valued. Avoid open confrontation or behaviour that disrupts consensus.
- Shoes are removed when entering homes and some traditional restaurants.

Public Behaviour and Communication

- Modesty and patience are appreciated; loud or confrontational behaviour is discouraged in public spaces.
- When handing items such as business cards or documents, use both hands.
- Korean is the main language, though English may be used in multinational settings. Politeness and attentive listening are key to effective communication.

Gift-Giving and Hospitality

- Gifts are common when visiting offices or marking agreements. Choose modest, quality items such as fruit, tea or stationery. Present and receive gifts with both hands.
- Shared meals are important for building trust. Wait for the most senior person to start eating, and avoid filling your own glass before serving others first.
- Declining alcohol is acceptable but should be done courteously.

Social and Cultural Norms

Religion and Beliefs

- South Korea is religiously diverse, with Buddhism, Christianity and Confucian traditions influencing social values.
- While not overtly religious in business, respect for cultural and seasonal practices is expected.

Public Holidays and Observances

South Korea observes a mix of national, seasonal and cultural holidays. Key dates include:

- Seollal (Lunar New Year): January or February
- Chuseok (Harvest Festival): September or October
- Buddha's Birthday: May
- National Foundation Day: 3 October
- Hangeul Day: 9 October
- Christmas Day: 25 December

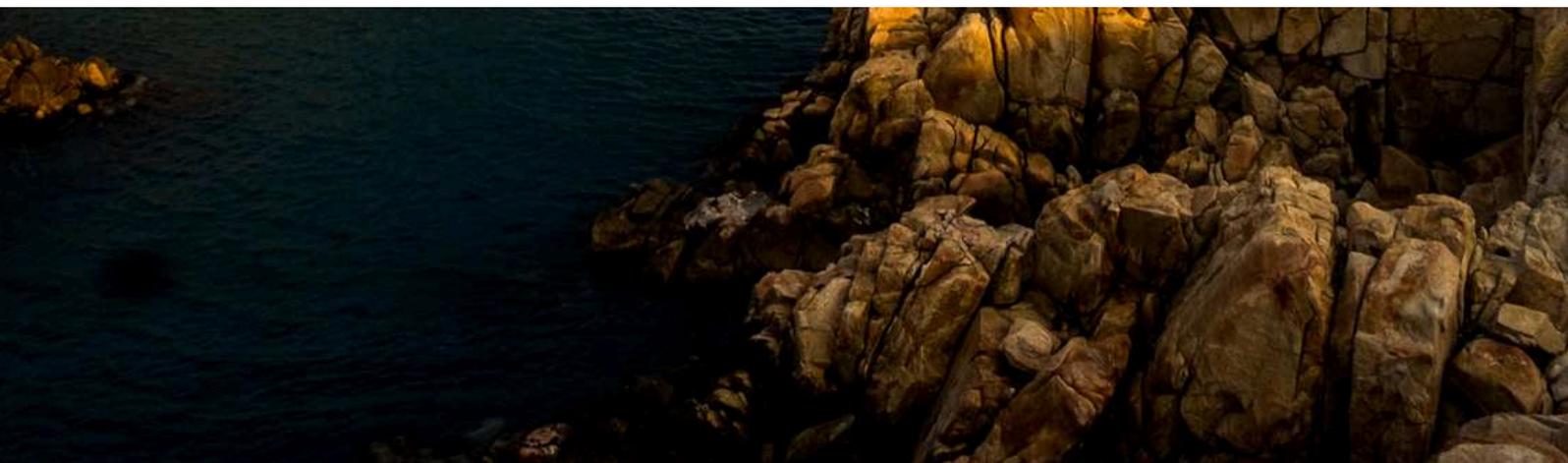
Business operations often slow or pause during Seollal and Chuseok, when many people travel to their hometowns.



Quick Insights: Seoul's Cheonggyecheon Stream, once a buried highway, is now a 10.9 km urban park that attracts millions of visitors annually.



Opportunities



High-Growth Industries and Sectors

South Korea is positioning itself as a leading centre for advanced manufacturing, digital innovation and sustainable growth. Strong government initiatives, regional cooperation and robust foreign investment are driving momentum in the following priority sectors:

Semiconductors and Electronics

- South Korea remains a global leader in semiconductors, displays and consumer electronics.
- Accounts for a significant share of national exports, with AI processors, memory chips and advanced displays leading demand.
- Government incentives support next-generation fabs, chip design and packaging technologies to secure long-term supply-chain strength.

Digital Economy and Data Infrastructure

- Rapid expansion of cloud computing and data centre capacity is reshaping the tech landscape.
- Hyperscale projects in Seoul, Pangyo and Busan are attracting global players such as AWS, Microsoft and Naver.
- Digital-economy policies foster growth in AI, fintech and cybersecurity while preparing for early 6G deployment.

Green Energy and Hydrogen

- Low-carbon industries are a national priority.
- Hydrogen hubs in Ulsan and large offshore wind farms in Saemangeum are expanding with public and private funding.
- Incentives promote investment in renewables, EV charging networks and green manufacturing.

Biotechnology and Healthcare Services

- Life sciences and precision healthcare are seeing sustained growth.
- Ageing demographics drive demand for biopharmaceuticals, diagnostics and medical devices.
- Government funding supports genomics, contract manufacturing and clinical research partnerships.

High-Growth Industries and Sectors

Advanced Manufacturing and Mobility

- High-value manufacturing continues to diversify.
- Electric-vehicle batteries, smart mobility components and robotics are key focus areas in 2025.
- Strategic initiatives promote automation, recycling of EV batteries and Industry 4.0 solutions.

E-Commerce and Consumer Brands

- Consumer demand for online shopping and premium lifestyle products is accelerating.
- Growth is supported by fast fulfilment, mobile payments and cross-border logistics.
- International brands benefit from collaborations with Korean entertainment and influencer marketing.

Financial and Digital Services

- Seoul is consolidating its position as a regional hub for financial technology and wealth management.
- Fintech, digital banking and ESG-focused funds are attracting capital and talent.
- Blockchain solutions for supply-chain tracking and trade finance are gaining momentum.

Education and EdTech

- Upskilling and lifelong learning are expanding alongside Korea's technology-driven economy.
- Demand is rising for coding, STEM and sustainability-focused training.

Government Initiatives and Incentives

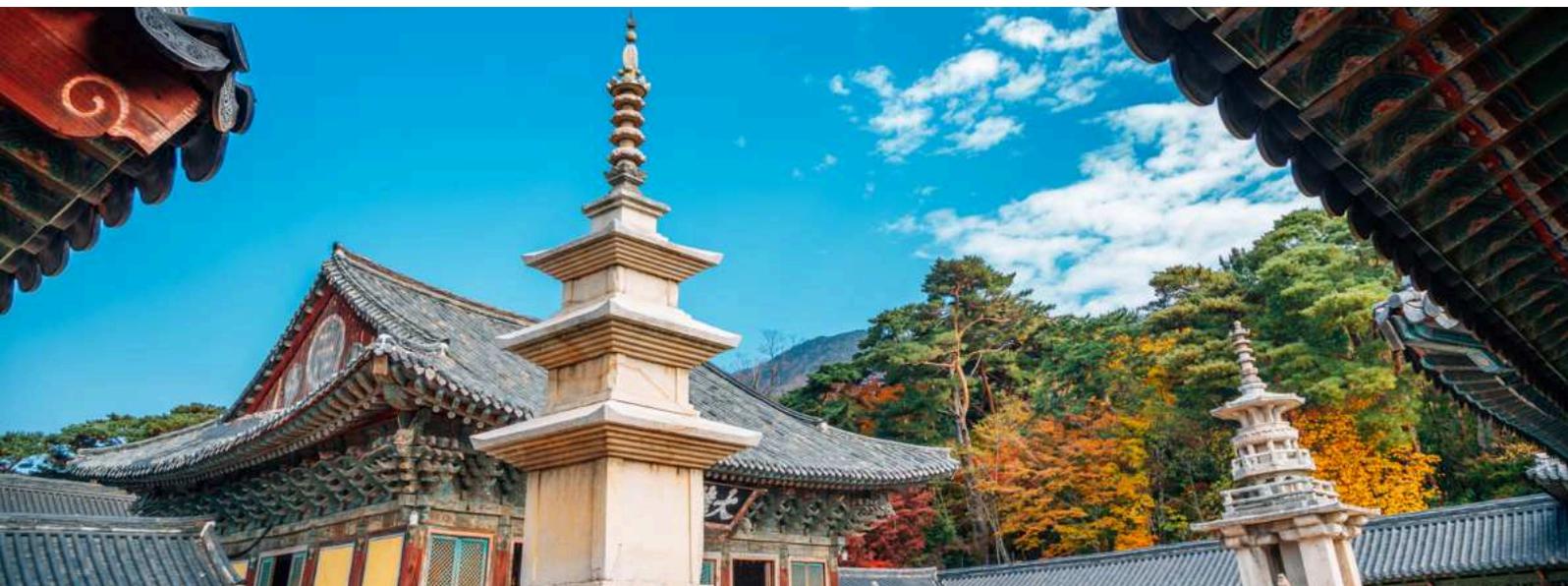
South Korea continues to attract investment through targeted incentives, tax reliefs and national programmes that support high-value industries, digitalisation and the green transition.

Investment Incentives and Tax Schemes

- **FDI Cash Grants and Tax Exemptions:** Offered for projects in semiconductors, renewable energy, logistics and advanced manufacturing. Benefits include reduced corporate tax and rent subsidies in Free Economic Zones (FEZs).
- **Investment Promotion Zones:** Provide corporate tax holidays for up to five to seven years for qualifying manufacturing or R&D projects.
- **R&D Tax Credits:** Support for spending on new materials, biotech, robotics and AI-driven innovation.

High-Tech and Strategic Sectors

- **Semiconductor Support Programme:** Grants and tax credits for chip design, fabrication and packaging facilities.
- **AI and Robotics Funds:** Investment in autonomous systems, smart manufacturing and AI research centres.
- **6G Development Roadmap:** Funding for pilot projects, standards and infrastructure for next-generation networks.
- **Digital Infrastructure Projects:** Incentives for data centres, cloud services and cybersecurity upgrades.



Government Initiatives and Incentives

Green Economy and Energy Transition

- **Hydrogen Economy Roadmap:** Public and private investment in hydrogen production, storage and fuel-cell vehicles.
- **Renewable Energy Expansion:** Subsidies for offshore wind, solar farms and energy storage projects.
- **Carbon-Neutral Policies:** Support for low-emission manufacturing equipment and industrial decarbonisation initiatives.

Cross-Border and Regional Growth

- **Free Economic Zones (FEZs):** Incheon, Busan–Jinhae and Gwangyang Bay FEZs offer tax relief, land support and simplified licensing for foreign investors.
- **Pangyo Tech Valley:** A major cluster for IT, gaming and biotech, with incubation services and venture funding.
- **Saemangeum Industrial Complex:** Prioritises renewable energy, smart logistics and advanced manufacturing.

Infrastructure and Business Facilitation

- **National Grid and EV Charging Upgrades:** Large-scale projects to integrate renewable power and support electric vehicles.
- **Smart Tourism Cities:** Seoul, Busan and Jeonju are piloting digital visitor services to improve tourism competitiveness.

Ease of Doing Business Measures: Ongoing public–private efforts to streamline permits, licensing and corporate compliance.



Emerging Trends and Business-Friendly Regions

South Korea is strengthening its position as a hub for advanced manufacturing, digital innovation and sustainable development. New business trends and location-specific strategies are shaping opportunities across priority sectors.

Emerging Business Trends

AI and Digital Transformation

The Ministry of SMEs and Startups launched major AI expansion measures in February 2025, aiming to raise SME AI adoption from 28% in 2024 to 50% by 2027. ₩5.7 trillion of new SME liquidity has been directed to innovative sectors such as AI and semiconductors, with plans for a ₩3 trillion AI fund by 2027. Adoption of cloud services, cybersecurity tools and automation is accelerating across finance, logistics and healthcare.

Green Energy and ESG

South Korea's hydrogen roadmap and offshore wind projects are advancing with strong government backing. The hydrogen power market opened in 2025, while ESG reporting standards and green financing tools are spreading across industries, supporting sustainable investment in energy, mobility and manufacturing.

Semiconductors and Advanced Manufacturing

The ₩33 trillion (\$23.25 billion) semiconductor support package announced in April 2025 underpins South Korea's leadership in memory chips, logic design and packaging. New fabs, EV battery plants and smart manufacturing facilities are strengthening supply chain resilience and Industry 4.0 adoption.

Cross-Border Trade and Supply Chain Resilience

South Korea is an active member of the Regional Comprehensive Economic Partnership (RCEP), which links 15 countries and about 31% of global GDP. It is also considering membership in the CPTPP as part of a multi-track FTA strategy. Upgrades to ports in Busan and Incheon, together with modern customs systems, are bolstering logistics and cross-border e-commerce.

Emerging Trends and Business-Friendly Regions

Tourism and Healthcare Growth

Medical tourism is expanding rapidly. The market reached an estimated \$2.0–2.1 billion in 2024 and is projected to grow to \$3.1–3.7 billion by 2033 at a CAGR of about 5%. Foreign dermatology patients have increased 117-fold since 2009, driven by K-beauty and wellness trends. Digital booking platforms and better transport links are supporting growth in leisure, healthcare and MICE travel.

Business-Friendly Districts and Zones

Seoul Capital Area

The political, financial and creative centre of South Korea. It hosts government ministries, banks, multinationals and leading cultural industries, supported by excellent infrastructure and a large talent pool.

Pangyo Tech Valley (Gyeonggi Province)

A premier innovation cluster for AI, gaming, biotech and smart manufacturing. In 2025, 15 pre-unicorn start-ups were selected for growth support, with AI, bio and fintech at the forefront.

Busan and Busan-Jinhae Free Economic Zone

A leading port and logistics hub offering incentives for shipping, finance and smart logistics. Port expansion and sustainable maritime projects continue to draw investors.

Incheon Free Economic Zone

Located near Seoul and Incheon International Airport, this FEZ supports electronics, logistics and regional headquarters, with modern infrastructure and tax incentives.

Saemangeum Industrial Complex

A large reclamation zone driving renewable energy, advanced manufacturing and logistics. Offshore wind and solar projects are scaling up clean-energy capacity.

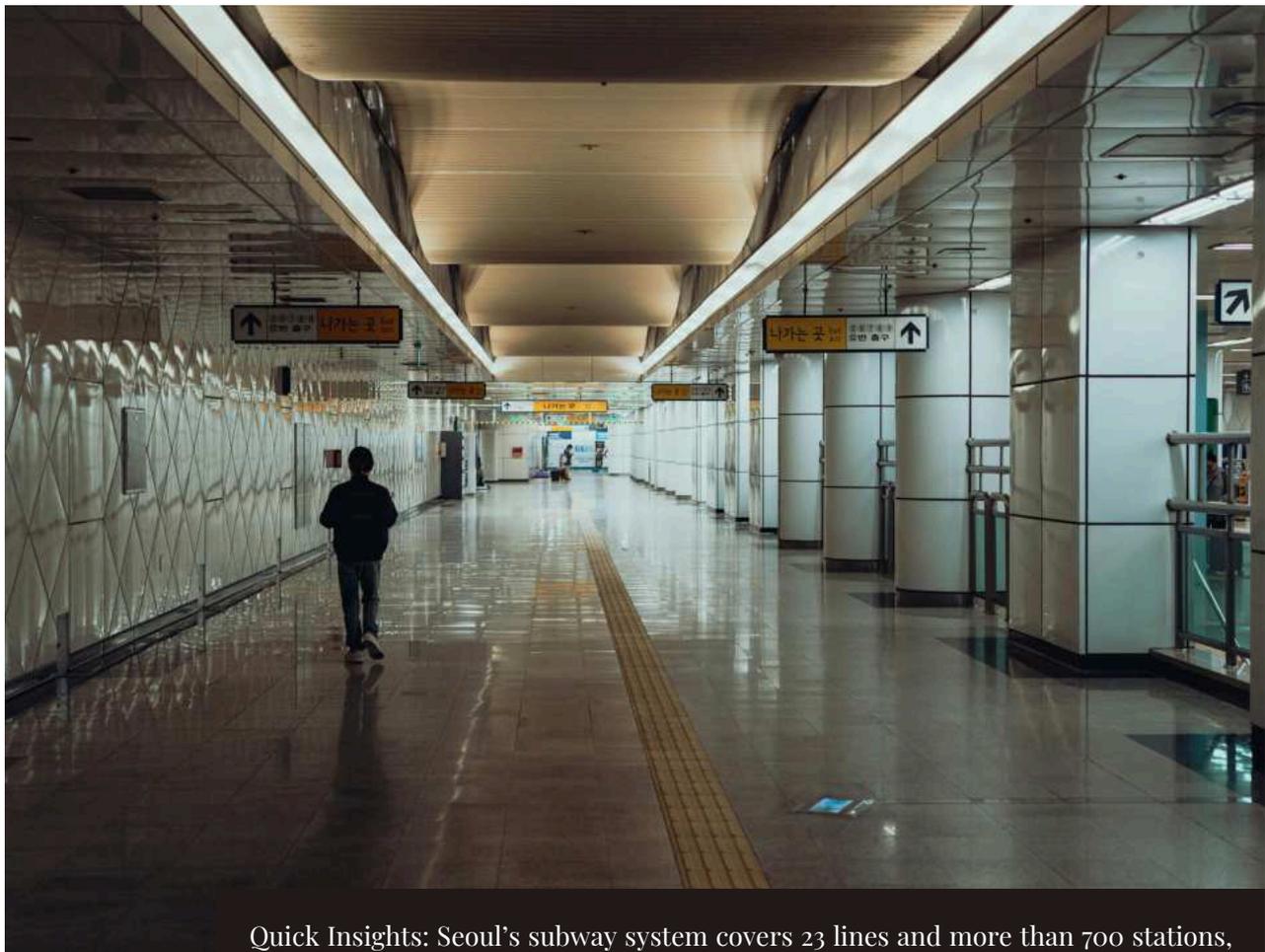
Emerging Trends and Business-Friendly Regions

Ulsan Hydrogen Cluster

Ulsan is developing as a hydrogen-production and fuel-cell centre through major public-private initiatives supporting clean transport and industrial decarbonisation.

Smart Tourism Cities

Busan, Jeonju and Gyeongju are advancing smart-tourism programmes that integrate digital tools with cultural heritage. Lifestyle districts in Seoul combine retail, dining and creative workplaces.



Quick Insights: Seoul's subway system covers 23 lines and more than 700 stations, among the largest and most punctual networks worldwide.



Resources



Official Government Websites and Investment Agencies

- **KOTRA (Korea Trade-Investment Promotion Agency)**

The primary government body promoting foreign direct investment and trade. Provides market research, investment guidance and aftercare services for international companies.

<https://www.kotra.or.kr>

- **Invest Korea (under KOTRA)**

A specialised division of KOTRA that supports foreign investors with tailored consulting, site selection and fast-track approvals.

<https://www.investkorea.org>

- **Ministry of Trade, Industry and Energy (MOTIE)**

Shapes national trade, energy and industrial policy. Offers information on incentives for high-tech industries, manufacturing and clean energy projects.

<https://www.motie.go.kr>

- **Ministry of SMEs and Startups (MSS)**

Oversees funding, training and policy support for start-ups and small businesses. Manages programmes that encourage AI, semiconductors and digital innovation.

<https://www.mss.go.kr>

- **Korea Customs Service**

Provides guidance on import/export procedures, bonded logistics and tariff regulations for companies engaging in cross-border trade.

<https://www.customs.go.kr>

Industry Associations and Chambers of Commerce

- **Korea Chamber of Commerce and Industry (KCCI)**

South Korea's largest business organisation, representing companies across all sectors. Offers policy advocacy, market research, training, and networking opportunities for both domestic and foreign investors.

<https://www.korcham.net>

- **Korea International Trade Association (KITA)**

A leading organisation supporting trade and export development. Provides market intelligence, trade promotion services, and access to major trade fairs worldwide.

<https://www.kita.org>

- **American Chamber of Commerce in Korea (AmCham Korea)**

Supports US companies operating in South Korea and promotes bilateral trade and investment. Offers policy dialogue, events, and business insights.

<https://www.amchamkorea.org>

- **European Chamber of Commerce in Korea (ECCK)**

Represents European businesses, advocating for market access and regulatory transparency. Organises industry committees, networking sessions, and advisory services.

<https://www.ecck.or.kr>

- **Korea-China Chamber of Commerce and Industry (KCCCI)**

Facilitates trade, investment, and cooperation between South Korea and China. Provides platforms for business matching and cross-border collaboration.

<https://www.kccci.or.kr>

Eos's Service Offerings in South Korea

Eos Global Expansion helps businesses enter and scale in South Korea by providing compliant, cost-effective workforce solutions. Whether you are hiring local employees, engaging contractors or considering entity setup, Eos ensures your operations align with South Korea's labour laws and business regulations.

Our Services Include:

- **Local Payroll and HR Administration**

Running compliant payroll in KRW, including National Pension, National Health Insurance, Employment Insurance and Industrial Accident Compensation contributions, statutory filings and HR records for locally hired employees.

- **Contractor Engagement and Payments**

Onboarding and managing independent contractors with compliant agreements, timely local payments and optional tax support.

- **Entity Setup and Local Employment Advisory**

Advising on establishing a Korean entity for direct hiring, including guidance on company registration, employment compliance and HR best practices.

- **Visa and Immigration Support**

Supporting work permit and visa applications for foreign employees, ensuring compliance with South Korea's evolving immigration landscape.

- **Regional Payroll and Consolidated Reporting**

Coordinating payroll and HR compliance across South Korea and neighbouring Asia-Pacific markets, with unified reporting for ease of management.

- **Ad Hoc Consulting**

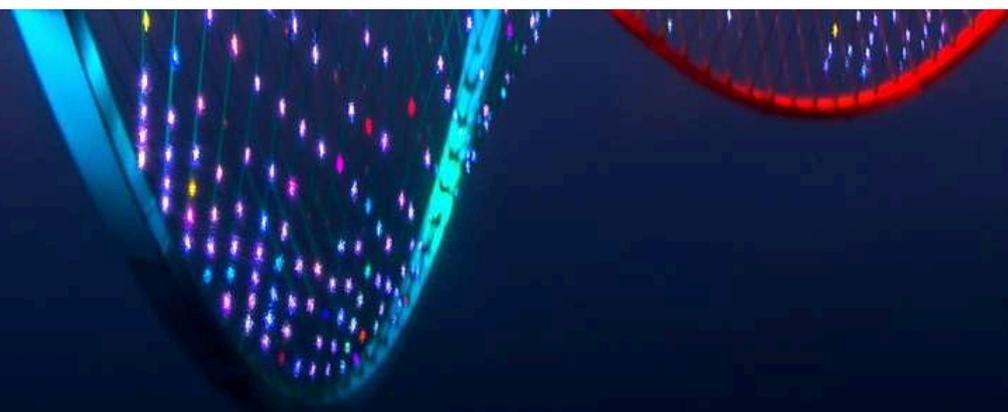
Providing tailored advice on workforce planning, compliance updates, government incentives and operational setup specific to the Korean market.

Partner with Eos for Success in South Korea

South Korea offers strong growth potential, with advanced infrastructure, a skilled workforce and vibrant high-tech industries. Navigating local labour rules, payroll requirements and immigration procedures can be complex. [Eos Global Expansion](#) makes it seamless. From payroll and compliance to visa support and contractor engagement, our team ensures your business grows with confidence and agility. [Connect with us](#) to learn how Eos makes expansion in South Korea straightforward and compliant.



Expert Tips



Overcoming Common Challenges

Entering the South Korean market offers strong potential, though businesses may face compliance, talent and operational hurdles. Here are five key tips to help you navigate effectively:

Stay Ahead on Compliance

Monitor changes to minimum wage, working-hour limits and severance entitlements. Complete enrolments for social insurance schemes on time to prevent penalties.

Respect Workplace Culture

Hierarchy and consensus guide decision-making in Korean offices. Use proper titles, be patient with approvals and build rapport through meals or informal gatherings.

Plan for Bureaucracy

Company incorporation usually takes two to four weeks, while visa and work permit approvals can take longer. Start applications early to avoid delays.

Compete for Skilled Talent

High demand for professionals in AI, semiconductors and clean energy is driving competition. Offer attractive pay, clear career paths and flexible work options to secure top talent.

Manage Payroll and Tax Complexity

Payroll involves multiple social contributions and monthly tax filings. A local payroll provider helps ensure accuracy and compliance.



Avoiding Potential Cultural Misunderstandings

Understanding South Korea's etiquette helps foreign businesses build trust and avoid missteps.

Respect for Hierarchy

Greet senior people first, use titles with surnames, and stand when they enter. Decisions may take time, as they require senior approval.

Indirect Communication

Koreans often avoid blunt refusals. Listen carefully to tone and non-verbal cues to gauge agreement.

Greetings and Introductions

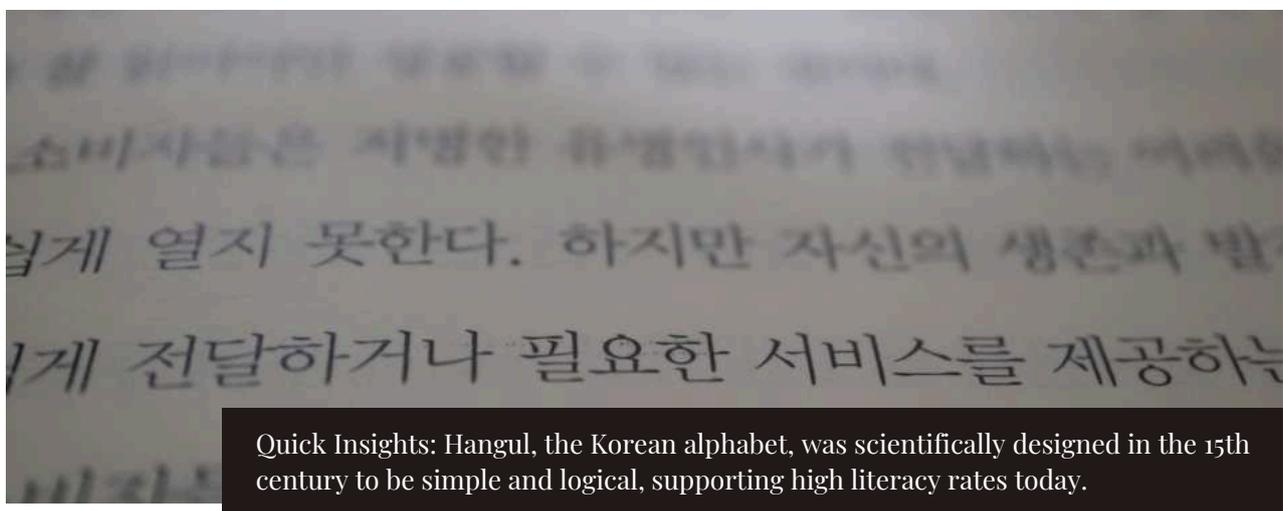
A light bow or handshake is common. Use family names with professional titles unless invited to use first names.

Cultural Sensitivities

Remove shoes in homes or traditional restaurants. Offer or receive items with both hands. Wait for the most senior person to start eating at shared meals.

Build Trust Before Business

Relationships matter. Accept invitations to meals or informal gatherings to strengthen partnerships.



Quick Insights: Hangul, the Korean alphabet, was scientifically designed in the 15th century to be simple and logical, supporting high literacy rates today.

Additional Tips

Explore Regional Networks

Attend trade shows and industry meetups in Seoul, Busan or Pangyo to connect with potential partners and stay close to market trends.

Use Digital Business Tools

Adopt local platforms such as KakaoTalk for team communication and Naver for market research to stay aligned with how Korean professionals work.

Support Cultural Learning

Encourage staff to take basic Korean language or etiquette classes. Even small efforts are valued and help build stronger relationships.

Engage with Innovation Communities

Join incubators or co-working hubs in Pangyo Tech Valley or Seoul's start-up districts to access tech talent and collaboration opportunities.



Thank You for Exploring South Korea!

We hope this guide helps you uncover South Korea's business potential and rich cultural landscape. Whatever your next step, we're here to support you.



+86 1870 1887 560
inquiries@eosglobalexpansion.com
www.eosglobalexpansion.com



Ready to expand into South Korea?
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experts and unlock tailored guidance for
your South Korea expansion.

