**II. Analysis of the international business situation**

1. **Economic, political and legal analysis of the trading country**
	* + 1. **Describe the trading country’s economic system, economic information important to your proposed business/ product/ service, the level of foreign investment in that country:**

South Korea has a Market Economy where the free market determines which products are produced, it also decided how they are marketed and prices. South Korea was one of the poorest countries then its economy has had a phenomenal growth of the years. Most of the credit to the growth of the country is when they began foreign trade with other countries and started to transform itself into a competitive country. South Korea’s government has promoted the import of raw materials and technology. They also promote entrepreneurship and creative and competitive industries. There heavy reliance on exports shows us that they are high in foreign investment. They like receiving technology into their country, our product would be efficient in making it to South Korea. Industries they work in are electronics, telecommunication, automobile production, ship building, and steel. The automobile and electronics surround our product, so that is beneficial.

1. **Describe the trading country’s governmental structure and stability, how the government controls trade and private business:**

Previously South Korea was run by authoritarian governments for many years, but due to the many changes they have went through, their country is now more stable. Currently South Korea has a Republic government meaning that the people select a representative that then votes on the behalf of them for laws. Like the U.S they have the separation of powers in their government which are the Executive branch, Legislative branch, and judicial branch. The Presidential term for South Korea is 5 years non-renewable, meaning that they can only serve one term, unlike the U.S that allows a president to serve two 4 year terms. The current president of South Korea is Park Geun-hye and she has been president since February 25, 2013. How the president is elected is a simple majority vote and election is usually taken place in December. The Legislative branch of South Korea is a unicameral Nation Assembly which consists of 300 seats. The election process of these seats is 246 members are chosen by a majority vote and the other 54 are elected by a proportional representation vote. The members of the Legislative branch serve 4 years. The Judicial branch of South Korea has 2 high courts; The Supreme Court has a chief justice and 13 justices. The Constitutional Court has a court head and 8 justices. The chief justice is appointed by the president with the approval of the National Assembly and the chief justice serves a 6 year non-renewable term. Other justice’s terms are renewable, so they’ll be able to serve numerous amounts of terms. Organizations that are involved in South Korea’s politics are Catholic Priest, Christian Council of Korea, and Citizen’s Coalition for Economic Justice, Federation of Korean Industries, Federation of Korean Trade Unions, Korean Confederation of Trade Unions, Korean Veteran’s Association, Lawyers for a Democratic Society, National Council of Churches in Korea, and People’s Solidarity for Participatory Democracy. South Korea’s level of corruption is 5.4, which isn’t that bad. It is an obstacle for business in South Korea, but there have been movement from the government to solve this problem. The current political risk is has increased over the years; In 2011 it was 73 and currently it is 82. The political risk scores has a range from the lowest being 43 in Zimbabwe and the highest being 93 in Canada. A few international organizations that South Korea participates in are ADB, AfDB, APEC, ASEAN, CICA, and ILO. The average Political Globalization of South Korea is 60.26 which measure the number of embassies, international organization, and UN peace missions South Korea participates in. It also includes the number of treaties signed between South Korean and other countries. Since South Korea has a Mixed Economy it has a mixture of control over the economy to the free market and the government. South Korea’s government has control over the trade agreements it makes with other countries. Forming a business in South Korea is a simple process and usually takes 4 days. Business creation in South Korea facilitates innovation with no minimum capital required. Private businesses in South Korea are locally owned and can be operated by a foreigner which is recognized as Foreign Direct Investment and is encouraged by South Korea.

1. **Describe laws and/or government agencies that affect your business /**

**product / service:**

**B. Trade area and cultural analysis**

1. **Geographic and demographic information, important customs and traditions, other pertinent cultural information, competitive advantages and disadvantages of the proposed product and/or service.**

**2. Market segment analysis target market (age, income level, population estimate, other specific demographic and economic information) customer buying behavior related to the proposed product and or service.**

1. **Analysis of the potential location—importance and requirements of each trade document required by the U.S.A. and/or Canada and the country of choice**

South Korea is ranked 4th for having ease of doing business and is also ranked first for getting electricity. This shows how South Korea’s local entrepreneurs in the economy have changed over the years. The United States and South Korea have had good relations since before the war, since the United States was the main provider for establishing South Korea's government. Currently the United States is the third largest exporter for South Korea with a 8.6 percent market share of South Korea’s total imports. Other key contributors are China (with the largest contribution), Japan, and 27 nations in Europe. United States companies are already partnered with local South Korean companies that have expanded market opportunities. Due to our country's strong shipping and air cargo, it is a valuable source for the United States good and services. It also provides an area for expansion into other markets.

The U.S.-Korea Free Trade Agreement, signed March 15, 2012, opens up more opportunities for U.S. exporters.