



Commitment to Development Index 2009

South Korea

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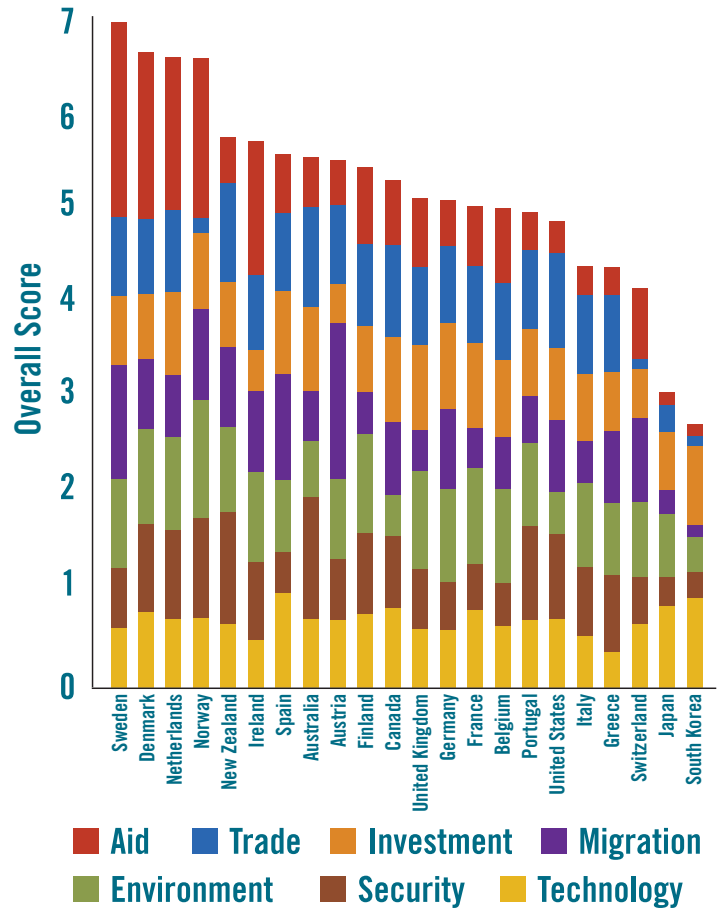
The Commitment to Development Index (CDI) ranks 22 of the world's richest countries based on their dedication to policies that benefit poor nations. Looking beyond standard comparisons of foreign aid flows, the CDI measures national effort in seven policy areas that are important to developing countries: aid, trade, investment, migration, environment, security and technology. This report reviews South Korea's performance on the 2009 CDI.

South Korea's 2009 CDI Performance

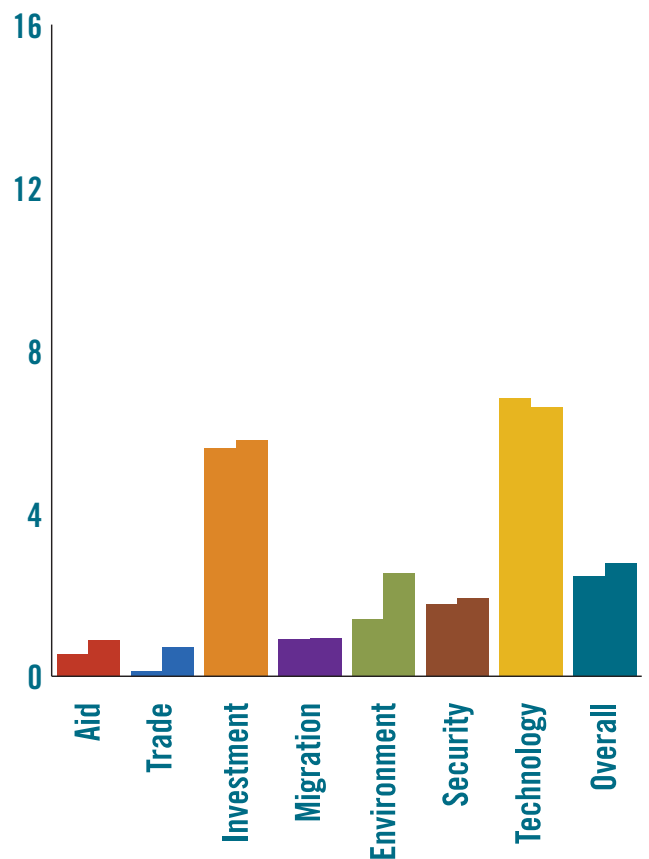
- Overall rank 2009: 22
- Overall score 2009: 2.8
- Change since 2008: +0.3
(using 2009 methodology)

South Korea ranks 22nd overall in 2009. South Korea's overall score is brought down by a very small foreign aid program, the highest barriers to developing country exports of all CDI countries, and the low number of unskilled immigrants entering from developing countries as a share of the South Korean population. South Korea also contributes little to international peacekeeping operations. South Korea's strongest contributions to development come through its strong policies to promote investment in poor countries as well as policies that support innovation at home and diffusion of technological advances abroad.

Commitment to Development Index, 2009



South Korea's CDI Performance, 2008–09



Aid

Aid quality is just as important as aid quantity, so the CDI measures gross aid as a share of GDP adjusted for various quality factors: it subtracts debt service, penalizes “tied” aid that makes recipients spend aid only on donor goods and services, rewards aid to poor but relatively uncorrupt recipients, and penalizes overloading poor governments with many small projects.

■ **Score: 0.9**

■ **Rank: 21**

Weaknesses

- Very low net aid volume as a share of the economy (0.07%; rank: 22)
- Very large share of tied or partially tied aid (75%; rank: 22)
- Small amount of private charitable giving attributable to tax policy (rank as a share of GDP: 17)
- Selectivity: large share of aid to less poor and relatively undemocratic governments (rank: 20)

Trade

International trade has been a force for economic development for centuries. The CDI measures trade barriers in rich countries against exports from developing countries.

■ **Score: 0.7**

■ **Rank: 21**

Strengths

- Low agricultural subsidies (equivalent to a tariff worth 4.8% of the value of imports; rank: 3)

Weaknesses

- High tariffs on agricultural commodities (198.3% of the value of imports; rank: 22)
- High barriers against textiles (10.2% of the value of imports; rank: 20)
- High barriers against apparel (11.9% of the value of imports; rank: 19)

Investment

Rich-country investment in poorer countries can transfer technologies, upgrade management and create jobs. The CDI includes a checklist of policies that support healthy investment in developing countries.

■ **Score: 5.8**

■ **Rank: 8**

Strengths

- Employs tax-sparing arrangements to prevent double taxation of corporate profits earned abroad
- Provides insurance against political risk for both domestic and foreign firms
- Does not impose restrictions on pension fund investments in emerging markets

Weaknesses

- Does not provide support for outflows of portfolio investment

Migration

The movement of people from poor to rich countries provides unskilled immigrants with jobs, income and knowledge. This increases the flow of money sent home by migrants abroad and the transfer of skills when the migrants return.

■ **Score: 0.9**

■ **Rank: 22**

Strengths

- Large share of foreign students from developing countries (91%; rank: 2)
- Tuition for foreign students the same as for nationals

Weaknesses

- Decline during the 1990s in the number of unskilled immigrants from developing countries living in S. Korea (rank by share of population: 22)
- Small number of immigrants from developing countries entering S. Korea (rank by share of population: 22)
- Bears small share of the burden of refugees during humanitarian crises (rank: 21)

Environment

Rich countries use a disproportionate amount of scarce resources, and poor countries are most vulnerable to global warming and ecological deterioration, so the CDI measures the impact of policies on the global climate, fisheries, and biodiversity.

■ **Score: 2.5**

■ **Rank: 22**

Weaknesses

- High tropical wood imports (\$17.40 per person; rank: 20)
- Low gas taxes (\$0.76 per liter; rank: 17)
- High greenhouse gas emissions per capita (12.7 tons of carbon dioxide equivalent; rank: 18)
- High fishing subsidies (\$2.08 per person; rank: 17)

Security

Since security is a prerequisite for development, the CDI rewards contributions to internationally sanctioned peacekeeping operations and forcible humanitarian interventions, rewards military protection of global sea lanes, and penalizes arms exports to poor and undemocratic governments.

■ **Score: 1.9**

■ **Rank: 22**

Strengths

- No arms exports to poor and undemocratic governments (rank by share of GDP: 1)

Weaknesses

- Small financial or personnel contributions to internationally sanctioned peacekeeping and humanitarian interventions over last decade (rank by share of GDP: 22)
- No protection of global sea lanes

Technology

Rich countries contribute to development through the creation and dissemination of new technologies. The CDI captures this by measuring government support for R&D and penalizing strong intellectual property rights regimes that limit the dissemination of new technologies to poor countries.

■ **Score: 6.6**

■ **Rank: 2**

Strengths

- Large tax subsidy rate to businesses for R&D (rank: 7)
- No attempt to incorporate into bilateral free trade agreements “TRIPS-Plus” measures that would restrict the flow of innovations to developing countries
- High government expenditure on R&D (rank by share of GDP: 7)

Weaknesses

- Large share of government R&D expenditure on defense (1.3%; rank: 17)
- Allows patents on plant and animal varieties
- Allows patents on software programs

Background Papers and Contributors

See “The Commitment to Development Index: 2009 Edition” by David Roodman, available at www.cgdev.org/cdi. The website also has background papers for each policy area: David Roodman on foreign aid, William R. Cline on trade, Theodore H. Moran on investment, Elizabeth Grieco and Kimberly A. Hamilton on migration, Amy Cassara and Daniel Prager on environment, Michael E. O’Hanlon and Adriana Lins de Albuquerque on security, and Keith Maskus on technology.

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Country	Rank	Aid	Trade	Investment	Migration	Environment	Security	Technology	Overall Score	Change since 2003
Sweden	1	14.3	5.8	5.1	8.3	6.6	4.4	4.4	7.0	+1.5
Denmark	2	12.2	5.6	4.7	5.2	7.0	6.5	5.5	6.7	-0.2
Netherlands	3	11.2	6.0	6.1	4.6	6.9	6.5	5.1	6.6	+0.3
Norway	3	11.7	1.2	5.5	6.7	8.7	7.3	5.1	6.6	+0.5
New Zealand	5	3.4	7.3	4.7	5.9	6.2	8.2	4.7	5.8	+0.2
Ireland	6	9.8	5.6	3.0	5.9	6.6	5.8	3.5	5.7	+0.8
Spain	7	4.3	5.8	6.1	7.9	5.2	3.0	7.0	5.6	+1.3
Australia	7	3.6	7.4	6.2	3.6	4.2	8.9	5.0	5.6	+0.2
Austria	9	3.2	5.9	2.8	11.5	5.9	4.5	5.0	5.5	+0.3
Finland	9	5.7	6.0	4.9	3.1	7.2	6.0	5.4	5.5	+0.6
Canada	11	4.8	6.8	6.2	5.4	3.0	5.3	5.8	5.3	+0.5
United Kingdom	12	5.0	5.7	6.3	3.0	7.3	4.3	4.3	5.1	-0.8
Germany	12	3.4	5.7	6.3	5.8	6.9	3.5	4.2	5.1	+0.3
France	12	4.4	5.7	6.2	3.0	7.0	3.4	5.7	5.1	+0.7
Belgium	15	5.6	5.7	5.6	3.8	7.0	3.1	4.6	5.0	+0.7
Portugal	15	2.8	5.8	4.9	3.5	6.1	6.8	5.0	5.0	+0.6
United States	17	2.3	7.0	5.3	5.3	3.1	6.2	5.0	4.9	+0.4
Italy	18	2.1	5.8	4.9	3.2	6.1	5.1	3.8	4.4	+0.3
Greece	18	2.1	5.6	4.3	5.3	5.3	5.7	2.6	4.4	+1.0
Switzerland	20	5.2	0.7	3.6	6.2	5.5	3.4	4.7	4.2	-0.2
Japan	21	0.9	2.0	4.3	1.8	4.7	2.1	6.0	3.1	+0.7
South Korea	22	0.9	0.7	5.8	0.9	2.5	1.9	6.6	2.8	n/a

This table ranks the 22 countries in the CDI, showing their scores in seven policy areas. A country's overall score is the average of its seven policy scores. The final column shows the change in each country's overall score since the CDI began in 2003, using 2009 methodology.

The CGD website (www.cgdev.org/cdi) has reports on each of the 22 countries in the CDI, as well as graphs, maps, spreadsheets and background papers.

The Commitment to Development Index is designed by the Center for Global Development, an independent think tank that works to reduce global poverty and inequality by encouraging policy change in the United States and other rich countries through rigorous research and active engagement with the policy community.

David Roodman, the architect of the Commitment to Development Index, is a Research Fellow at the Center for Global Development.

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