

# South Korea's Economy on Shifting Sands: AI Boom, Tariffs, and Global Trade

South Korea Economy · Practice Test · 12 Questions

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**1. In 2025, South Korea's semiconductor industry faced structural challenges due to intensifying global competition. Which of the following was identified as a key area of vulnerability regarding its market position?**

- A) A decline in demand for memory semiconductors.
- B) A significant increase in domestic production capacity.
- C) The industry's deep integration into the China-centered supply chain.
- D) A shift towards focusing solely on high-end AI-specific chips.

**2. South Korea's export performance in 2025 saw a record-breaking achievement. What was the primary driver behind this surge?**

- A) A significant increase in demand for consumer electronics.
- B) Robust semiconductor exports fueled by growing demand for AI applications.
- C) A recovery in the global shipbuilding market.
- D) Increased trade with developing African nations.

**3. In response to US tariff policies and changing global dynamics in 2024-2025, what strategic shift did South Korea's automotive industry undertake?**

- A) A complete withdrawal from the North American market.
- B) A concentrated effort to increase exports solely to China.
- C) Diversification of global markets and a focus on environmentally friendly vehicles.
- D) A significant reduction in research and development for electric vehicles.

**4. Global energy price volatility, particularly following events like the Iran conflict in early 2026, poses a significant risk to South Korea's economy. What is the primary reason for this vulnerability?**

- A) South Korea's strong domestic energy production capabilities.
- B) Its high dependence on imported energy, with a substantial portion sourced from the Middle East.
- C) A deliberate policy to phase out all fossil fuel energy sources by 2025.
- D) The country's complete reliance on renewable energy for industrial needs.

**5. In 2025, South Korea became the chair of the Mineral Security Partnership (MSP). What was a key motivation for this leadership role?**

- A) To reduce its reliance on imports of rare earth elements and other critical minerals for its technology sectors.
- B) To exclusively focus on developing domestic mining operations for all critical minerals.
- C) To facilitate greater mineral exports to China.
- D) To decrease its participation in global technology supply chains.

**6. The Bank of Korea, in May 2026, signaled an imminent interest rate hike. What was the primary factor driving this hawkish monetary policy stance?**

- A) A sharp decline in export growth.
- B) Persistent inflationary pressures, partly due to rising energy costs.
- C) A significant decrease in foreign direct investment.
- D) A contraction in the country's GDP.

**7. South Korea's trade relationship with the United States has seen shifts. By 2025, what trend was observed regarding trade balance with the U.S.?**

- A) A consistent and widening trade deficit for South Korea.
- B) A significant increase in South Korea's trade surplus with the United States.
- C) A marginal decrease in South Korea's trade surplus with the United States.
- D) A complete elimination of trade tariffs between the two countries.

**8. The global semiconductor industry in 2025 is characterized by geographic specialization. Which critical role do Taiwan and South Korea collectively play in this sector?**

- A) They exclusively produce semiconductors with nodes above 10 nanometers.
- B) They collectively produce 100% of semiconductors with nodes under 10 nanometers.
- C) They are major producers of legacy semiconductor technology only.
- D) They have recently exited the global semiconductor supply chain.

**9. South Korea's economy in the first half of 2025 experienced a slowdown, partly due to political gridlock. What factor helped the economy rebound in the second half of the year?**

- A) A decline in global demand for manufactured goods.
- B) A decrease in semiconductor exports.
- C) Political stabilization following an election, fiscal stimulus, and robust semiconductor exports.
- D) A complete withdrawal from international trade agreements.

**10. In response to US tariff hikes on its automotive sector, South Korea announced emergency measures. What was one of the key strategies employed?**

- A) A complete halt to all electric vehicle production.
- B) Shifting focus to domestic and 'Global South' markets and diversifying trade support.
- C) Reducing electric vehicle subsidies to encourage traditional car sales.
- D) Cessation of all trade relations with the United States.

**11. South Korea's industrial structure in 2024 was described as having a 'triple-exposure' vulnerability. What does this refer to?**

- A) High dependence on imported energy, a manufacturing-centric economy, and heavy industrial energy use.
- B) Over-reliance on domestic energy sources, a service-based economy, and low industrial energy consumption.
- C) Minimal reliance on imports, a focus on agriculture, and high energy efficiency.
- D) Dependence on technology exports, a small manufacturing base, and low energy prices.

**12. By 2025, South Korea aimed to increase the number of its Free Trade Agreements (FTAs) to a level that would account for what percentage of global GDP?**

- A) 50 percent
- B) 70 percent
- C) 90 percent
- D) 100 percent