

Political Turmoil in South Korea

On December 3, 2024, South Korean President Yoon Suk Yeol declared martial law, accusing the opposition of paralyzing the government. This declaration sparked immediate outrage across South Korea, leading to intense protests and a unanimous parliamentary vote that forced Yoon to rescind the order within six hours. This crisis has plunged South Korea into its most severe political turmoil in decades and has tarnished its global reputation.

Following a boycott by members of his own party, the People Power Party (PPP), Yoon narrowly avoided being impeached on December 7. However, Yoon's old ally, Han Dong-hoon, publicly demanded his resignation. Tensions are still high ahead of a second impeachment vote on December 11, as Han's remarks point to deepening divisions within the ruling party. Over 200,000 people have rallied nationwide against Yoon's administration, evoking comparisons to the "candlelight protests," which resulted in President Park Geun-hye's impeachment in 2016.

With a market valuation of more than \$1.4 trillion, South Korea's primary stock index, the KOSPI, fell 1.6% in reaction to the imposition of martial law. Sectors connected to the global supply chains for semiconductors and EV batteries are immediately at risk. Despite promises of stabilization measures and liquidity injections, investor confidence remains fragile, according to Finance Minister Choi Sang-mok.

Three senior military officials—Lee Jin-woo, Kwak Jong-geun, and Yeo In-hyung—were suspended for their involvement in the martial law attempt. Acting Defence Minister Kim Seon-ho denied rumors of a second martial law and confirmed the military would refuse any future orders, exposing fragile civil-military relations during the crisis.

Geopolitically, the crisis has strained South Korea's relationships with the United States, Japan, and the UK, all of whom expressed grave concern over the martial law declaration. This could have broader implications for its role in countering North Korean aggression and balancing China's influence in East Asia. Furthermore, the incident has raised concerns among foreign investors, particularly in the critical semiconductor and manufacturing sectors.

At WoRisGo, we are closely monitoring these developments, which carry significant implications. As December 11 approaches, South Korea finds itself at a crossroads. President Yoon's approval ratings, already below 20%, suggest that his impeachment is likely inevitable.

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