Regulatory Reform in Korea

Purpose: Information
Submitted by: Korea
Regulatory Reform in Korea

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1. Internal Coordination Bodies in Korea

Structure of Regulatory Reform in Korea

- Regulatory Reform Committee
- Office of the President
- Prime Minister’s Office (Regulatory Reform Bureau)
- Ministries (revise and reform laws and ordinances)
- Local governments (implement regulations; create local rules)

2. Internal Coordination Mechanism

- Principles of Stipulating Regulations by Law
- Registration & Promulgation of Regulations
- Regulatory Reform Evaluation (Satisfaction Survey)
- Stakeholder Consultation (Public Suggestions)
- Regulatory Information System
- Regulatory Review (RIA)
3. Regulatory Impact Assessment (RIA)

### Legal Basis
- The Basic Act on Administrative Regulations mandates central administrative agencies to prepare a RIA report and publish it during the preliminary announcement period when creating or reinforcing regulations.

### Purpose of RIA
- Improve regulatory quality on the basis of reasonable policy decisions
- Prevent creation or reinforcement of regulations with low feasibility
- Strengthen accountability of regulatory officers

### RIA Checklist

<table>
<thead>
<tr>
<th>1. Rationale for the Regulation under Review</th>
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<tbody>
<tr>
<td>1-1. Description of issue (background and causes)</td>
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<td>1-2. Rationale for creating or reinforcing the regulation under review</td>
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<tr>
<th>2. Review of Alternatives &amp; Cost-benefit Analysis and Comparison</th>
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<tbody>
<tr>
<td>2-1. Review of alternatives</td>
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<td>2-2. Cost-benefit analysis and comparison</td>
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<th>3. Relevance and Feasibility of the Regulation under Review</th>
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<td>3-1. Relevance of the contents of the regulation</td>
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<td>3-2. Stakeholder consultation</td>
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<td>3-3. Feasibility of implementation of the regulation (resources and capabilities)</td>
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4. Public Consultation Mechanisms

**Stakeholder Consultation**
- Preliminary announcement (20 days)
- Stakeholder consultation as part of regulatory reform review (within 45 days)

**Public Suggestions Program**
- Provision of opportunities to make suggestions about regulatory reform
  - The Internet, mail, and telephone

**Satisfaction Survey**
- Annual survey of the level of satisfaction of the general public
  - Reference for regulatory quality improvement by reflecting user’s needs

5. Regulatory Information System

**Significance of the Regulatory Information System**
- An online system that covers the entire process of regulatory reform, ranging from regulatory review to registration, reform task management and access to regulatory information (www.ris.go.kr)
  - Offers a systematic tool for managing and assisting effective regulatory reform, a top priority on the government agenda

**Background: 1997 Financial Crisis**

- Government-led growth model at a dead-end
  - Korea posted an annual average growth rate of 8% in 1963-1993, but was faced with stagnant competitiveness and productivity in the 1990s
  - After the financial crisis, Korea’s economic growth rate in 1998 plunged to -5.7% compared to the previous year

- Undertook far-reaching regulatory reform to refresh the national strategy driven by the private sector and the market

**Details: 50% Reduction of Existing Regulations**

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<tr>
<th>Before reduction</th>
<th>Repealed</th>
<th>After reduction</th>
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<tr>
<td>11,125</td>
<td>5,430</td>
<td>5,695</td>
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7. Recent Achievements in Regulatory Reform

**Improvement of Investment Environment and Promotion of Job Creation**

- Promoted investments by simplifying administrative procedures and improving unreasonable entry barriers
  (Improving approval procedures for establishment of industrial complexes, etc.)

- Stimulated job creation by implementing regulatory reforms in service sectors such as tourism and sports
  (Eased minimum area dimension requirements for the designation of tourism complexes, etc.)

**Support to SMEs and Preparation for Future Growth**

- Resolved challenges faced by SMEs
  (Deregulation of sales of apartment-style factories, etc.)

- Improved regulations on green growth and new growth engine industries
  (Exemption of license requirement for new renewable energy projects within the current power plant sites, etc.)
7. Recent Achievements in Regulatory Reform

**Alleviating Public’s Burden and Inconveniences**
- Increased online civil affairs services
  (Increased documents available for online requests and issuance and one-stop service for daily civil affairs, etc.)
- Improved public’s living environment
  (Allowed parking at multi-purpose facilities on holidays, etc.)

**Temporary Regulatory Relief (’09)**
- Eased or repealed regulations temporarily (1~2 years) until the economic recovery takes hold
- In principle, regulations are restored on the due date but as exceptions, some have been repealed permanently
  (Increased the scope of subsidiary businesses by medical corporations, extension of corporate income tax reduction to SMEs and venture companies in provincial areas, etc.)

8. Appraisal of Korea’s Regulatory Reform

**Korea**
- Satisfaction on regulatory reforms continues to rise steadily since 2007
  (In “Regulatory Reform Satisfaction Survey 2010”, the satisfaction score went up 2.3%p compared to the previous year)

**Overseas**
- Korea’s business environment ranked 16th among 183 countries in the “Doing Business 2011” survey by the World Bank
- In the “Indicators of Regulatory Management System 2008” report, OECD evaluated Korea to be far ahead in regulation accessibility and regulatory evaluation
- Korea is “the country that overcame the global financial crisis most quickly”
9. Sharing Korea’s Regulatory Reform Experience

**Background**
- Growing demand for Korea’s regulatory reform experience
  - Shared Korea’s experience in regulatory reform with about 90 government officials from 2 countries in 2009 and some 200 government officials from 12 countries in 2010

**Description**
- Build Korea’s experience in economic development supported by regulatory reform into modules (KSP: Knowledge Sharing Program)
  - Systematically compile experiences in economic development through regulatory reforms and initiate consulting related to regulatory reform tailored for developing countries

**Next Steps**
- ’11: Prepare research reports on Korea’s experience in regulatory reform and economic development
- ’12~: Survey demand from developing countries and initiate regulatory reform consultations

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**Thank You!**

Regulatory Reform Committee

www.rrc.go.kr