

# Republic of Korea

**1. In which areas of structural reforms have the most significant progress been made in your economy in the past five years? Please describe in what way you think the progress has been significant? Any structural reform activity can be included here, and does not necessarily need to be restricted to the five LAISR themes.**

Korea has exerted great efforts and achieved much progress so far in the regulatory reform. The most outstanding reform activities are as follows: to expand the application of the **Sunset (Review) Clause** from newly enforced regulations to existing regulations, to launch a **Temporary Regulatory Relief Mechanism** and to adopt the **Regulatory Information System**. The Korean government decided that the Sunset Clause would be applied not only to newly enforced regulations, but also to existing ones. Within the sunset mechanism, regulations shall terminate their effect after a certain period of time (“Sunset Clause”) or be reviewed regularly on their sustainability (“Sunset Review Clause”) for the improved effectiveness of regulations. It is likely that this mechanism will enhance the transparency and effectiveness of regulations and reduce the effects of unnecessary burdensome ones.

The recent global economic crisis provided a renewed impetus to implement reform activities within Korea. The Korean government made an active response to the economic crisis by introducing new types of regulatory reform such as the **Temporary Regulatory Relief (TRR)** and the **Regulatory Reform for New Growth Engine Industries**. With the leadership and the coordinated efforts of the government, Korea could take quick action and help many companies and individuals, especially SMEs, in weathering through the economic crisis.

**Temporary Regulatory Relief (TRR)** is a mechanism to waiver or to mitigate the implementation of burdensome regulations for a certain period of time. The TRR mechanism is expected to expedite business activities and increase private investments even in the current post-crisis era. Unlike the Sunset (Review) Clause, which takes time to show effects, the TRR will have an immediate effect on the regulatory reform. Also, **Regulatory Reform for New Growth Engine Industries** cleared various stumbling blocks that hindered the development of future growth industries such as new and renewable energy and green technology.

In addition, more systematic support has been provided with the adoption of the **Regulatory Information System** in all parts of the regulatory process from the review and registration to the management of reform projects. This new system, the entire process of a regulatory review - from the initial review request by each ministry to the preparation of the review report for notification of results by the Regulatory Reform Council (RRC) - has been moved onto the internet. Since it is an integrated and comprehensive management of regulations, from their introduction to termination, it has definitely contributed to the enhancement of transparency and quality of regulatory information with increased user satisfaction, effective reviews on regulation, and the implementation of the regulatory reform projects.

**2. Describe examples of successful reforms and lessons learned in your economy in implementing structural reforms in the five LAISR areas. Please indicate relevant websites or other reference material, preferably those written in English.**

First of all, in terms of regulatory reform, Korea launched the TRR and decided to broaden the application of the Sunset (Review) Clause. Also, Korea reduced relevant regulations on starting businesses, which helped many people to establish their own companies with ease. Through the website (<http://www.startbiz.go.kr>), individuals can build their own companies in about seven days, without having to visit all the institutions, banks, etc. This is expected to lower the barriers for both domestic and foreign investors to start businesses in Korea.

With regard to public sector governance, Korea has made great achievements in installing an E-government system. Koreans can now solve their civil affairs on the internet (<http://www.egov.go.kr>). This helped to improve people's access to public services and enhanced the transparency and effectiveness of public governance. Recently, Korea ranked first in the UN E-Government Survey. Korea's E-governance system comprises of three categories: Government for Business (G4B), Government for Citizens (G4C), and Government to Government (G2G). Among these three, the G4C has been most helpful to the daily lives of the general public.

**3. What in your economy's experience are the keys to the success of reform? (e.g. leadership, institutional framework, communication strategy, consultation process) What are the factors, if any, that impeded reform? What lessons can we learn from your experience?**

In Korea's case, the institutional framework and its accompanying leadership played key roles in driving structural reform activities. The Lee Myung-bak administration established an advisory institution, the 'Presidential Council on National Competitiveness (PCNC)', that serves as a driving force in carrying out government-wide regulatory reform activities. There is also a Regulatory Reform Council (RRC), a control center for regulatory reform. With the help of these institutions, the coordination among different ministries and agencies has become much easier.

In addition, the high-level leadership is significant in carrying out preemptive reform activities. President Lee Myung-bak considers regulatory reform (structural reform) as a key to improving national competitiveness, especially from the business point of view. Such interest from the Economic Leader has made possible the nation-wide regulatory reform efforts.

Another significance of the recent reform activities is that they have tried to incorporate the actual needs of businesses. While diagnosing, identifying and designing the reform policies, the government has carried out public consultations that significantly contributed to increasing the suitability of the reform and the customized approach towards the reform.

**4. What are the impacts, both positive and negative, of the reform on the economy and the flow of trade and investment? Please provide data or statistics where available.**

Since the policies were introduced and went into effect recently, information on their numerical effects have not yet cumulated. However, the recent survey undertaken by the Federation of Korean Industries of businessmen and relevant experts on User/Business Satisfaction indicates that businesses are content with the overall regulatory reform activities, with a considerable improvement from 8.9 percent (2008) to 49 percent (2010).

**5. In what ways can APEC better promote structural reform in the region? What would be some possible next steps beyond 2010 based on the achievement of the LAISR process?**

In order to sustain the initiative on structural reform within APEC beyond 2011, APEC should develop a post-LAISR framework that reflects the current situation and encompasses various issues on relevant structural reform. The EC can contribute to the development of the APEC Growth Strategy by giving comments on the significance of structural reform in the backdrop of the current economic crisis and its recovery. It will enhance the relevance of structural reform in the changed environment.

Furthermore, organizing the second SRMM would show the continuous commitment to the structural reform within APEC. In the post-LAISR, APEC should focus on 'bringing about change and action.' Under the LAISR framework, APEC contributed greatly to raising awareness among APEC economies on the significance of the structural reform by sharing best-practices. The framework beyond the LAISR, however, should go a step forward to include ways such as introducing a 'peer-review' mechanism, which will enhance the involvement of the APEC economies and their following efforts within each economy.