

ANSSR: Economy Priorities and Progress Assessment Measures

Republic of Korea

Korea has exerted great efforts and achieved much progress in structural reform, especially in regulatory reform, under the LAISR initiative. Korea has taken various measures to prevent and abolish unnecessarily burdensome regulations and enhanced their transparency and effectiveness, which include the application of Sunset (Review) Clause¹, the Temporary Regulatory Relief (TRR)² Mechanism and the Regulatory Information System³. The recent global economic crisis provided Korea with a renewed impetus to implement these reform activities. The Korean government made an active response to the economic crisis by introducing these regulatory reform measures. These measures taken are evaluated to have significantly contributed to the enhanced business environment of Korea, raising Korea's ranking in the ease of doing business from 23rd in 2008 to 8th in 2011, as published by World Bank.

Building on the success of implementing LAISR, Korea has also been planning to actively participate in the ANSSR. After the extensive internal consultations among stakeholders including government officials, academicians and business people, Korea selected three priorities; (i) improving Korea's labour market through an economy-wide employment strategy, (ii) promoting opportunities for women and vulnerable members of society, and (iii) promoting effective and fiscally sustainable safety net programs. In selecting these priorities, the OECD structural reform report for Korea published in 2010 has been taken into consideration. The report recommended that Korea reform its labour market and strengthen policies to support female labor force participation.

Korea will continue to make its best efforts to make substantial achievements in its structural reform, focusing its efforts especially on these three priority areas by fully utilizing the opportunities provided by the ANSSR framework. In these difficult times when the economic uncertainty still remains, Korea's structural reform efforts to enhance its business environment and facilitate trade and investment will not only contribute to its own economic growth but also to the prosperity and integration of the APEC region.

¹ 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").

² TRR is a mechanism to waive or to mitigate the implementation of burdensome regulations for a certain period time.

³ Under the Regulatory Information System, the entire process of a regulatory review has been moved onto the internet.

ANSSR Priorities

Improving Korea's labour market through an economy wide employment strategy	
Priority:	Employment-friendly economic and industrial policies
Progress assessed based on:	<ul style="list-style-type: none"> • Job creation is given top priority when designing overall government policy initiatives including those concerning economic and industrial sectors: <ol style="list-style-type: none"> (a) Tax incentives for job creation <ul style="list-style-type: none"> - Temporary investment tax credit is converted to job creation investment tax credit and tax credit rate for job creation investment is adjusted to a higher level. - SMEs that have expanded employment will be eligible for tax deduction on social insurance contribution payment for two years (valid until the end of 2013). This is designed to lessen the financial burden levied on employers since, by law, they must pay additional social insurance contribution (amounting to 10% of total wage) fee for newly hired workers. (b) Employment Impact Assessment This evaluation system has been introduced to assess the level of effectiveness of government-led key public projects in terms of job creation.
Priority:	Creation of fair and dynamic workplace
Progress assessed based on:	<ul style="list-style-type: none"> • Finding ways to ease worsening labor market duality and rationally improve employment laws that hinder further job growth: <ol style="list-style-type: none"> (a) Offering reasonable level of protection for in-company subcontracted workers (b) Applying 40-hr per week working hours for workplaces with 20 or less workers <ul style="list-style-type: none"> - Actual work hours to be shortened from 1,950 hrs (as of 2012) to 1,895 hrs by 2015
Priority:	Utilisation of disadvantaged groups and strengthening of job skills development
Progress assessed based on:	<ul style="list-style-type: none"> • Employment promoting policy initiatives targeting disadvantaged groups including women, youths and aged workers in addition to expanding support for job skills development <ol style="list-style-type: none"> (a) Female employment rate: targeting a rise from 54% as of 2012 to 57.4% by 2015 (b) Youth employment rate (15-29 years): targeting a rise from 42% as of 2012 to 43.1% by 2015 (c) Employment rate of aged workers (55-64 years): targeting a rise from 62% as of 2012 to 62.8% by 2015 (d) Strengthen support for jobs skills development of disadvantaged groups
Priority:	Social safety net restructured with emphasis on encouraging the unemployed to work
Progress assessed based on:	<ul style="list-style-type: none"> • Offering all people with willingness and ability to work a chance to find employment; Reducing gap in social safety net so that all those who work are protected by it. <ol style="list-style-type: none"> (a) Self-business owners employing less than 50 workers are allowed to voluntarily apply for coverage of unemployment benefits (b) Government to offer social insurance assistance to low-income earners at workplaces with less than five workers whose earnings amount to 120% of minimum wage (subsidy given to both workers and employers amount to 1/3 of social contribution paid by both parties respectively)

Promoting Opportunities for Women and Vulnerable Members of Society	
Priority:	Strengthening Employment Capacities of Young Women
Progress assessed based on:	<ul style="list-style-type: none"> Increasing Support to 10 Leading Universities for Educating Women in Engineering and Sciences by 2015 (from 5 universities in 2010) Increasing Support to 42 Universities for Career Development Program for Women students by 2014 (from 32 universities in 2011)
Priority:	Supporting Career Development and Work-Life Balance of Working Women
Progress assessed based on:	<ul style="list-style-type: none"> Ensuring that 20% of university faculty and 30% of all school principals and assistant/vice principals are female by 2015 Increasing to 30 % by 2015 the percentage of female scientists and engineers newly hired under permanent contracts to public research institutes Offering leadership training to female managers in business: about 400 will receive training in 2012 (365 in 2011) Expanding hourly child care services to more families: 30,000 households have benefited from the services in 2011 (from 10,000 households in 2010) Enhancing the number of companies applying to be certified family-friendly: more than 80 employers have applied in 2011 (from 41 in 2010)
Priority:	Expanding Employment Opportunities for Middle-Aged and Older Women
Progress assessed based on:	<ul style="list-style-type: none"> Establishing more New Job Center for Women (Saeil Center) to reach 100 Centers by 2012 (from 90 Centers in 2011) Creating More Vocational Training Opportunities available at New Job Centers for Women to tally 10,080 programs by 2012 (from 7,700 programs in 2011) Increasing the number of female interns at New Job Centers for Women to 4,783 by 2012 (from 3,766 female interns in 2011)

Promoting effective and fiscally sustainable social safety net programs	
Priority:	Building a virtuous cycle between Growth & Welfare
Progress assessed based on:	<ul style="list-style-type: none"> Increasing the number of social services jobs in the field of healthcare and welfare <ul style="list-style-type: none"> - 38,574 jobs as of 2011
Priority:	Supporting beneficiaries to escape from poverty
Progress assessed based on:	<ul style="list-style-type: none"> Increasing the number of Child Development Account <ul style="list-style-type: none"> - If a child saves a certain amount of money in the Child Development Account, the government saves the equal amount of fund up to 30,000 won per month into the same account - Target: children in child welfare facilities, foster homes, and group homes - As of July 2011, Child Development Account was issued to 41,077 children
Priority:	Providing “Tailored Welfare Services” to beneficiaries
Progress assessed based on:	<ul style="list-style-type: none"> Increasing government support for child care allowance (subsidies) <ul style="list-style-type: none"> - Target: couples both of whom work, families who have more than two children, low-income people, the middle class - Seven income deciles in the bottom, 920,000 people (from five income deciles in the bottom, 760,000 people)
Priority:	Promoting “Community Welfare”
Progress assessed based on:	<ul style="list-style-type: none"> Increasing the number of joining enterprises in “The Shared Happiness N Campaign” <ul style="list-style-type: none"> - From 50 enterprises as of 2011 to 200 enterprises by 2014
Priority:	Increasing efficiency of welfare services
Progress assessed based on:	<ul style="list-style-type: none"> Decreasing the required days of checking public data (income, wealth, etc ...) <ul style="list-style-type: none"> - 14 days as of 2011, but 60 days in 2009