



BRIDGING THE PACIFIC

Issue XLIX - August 2005

News From KOREA

2004 Korean White Paper on Regulatory Reform Focus on Market Economy & Global Standards

In an era of free competition and free markets, regulation reform is vital for Korea as well as for other countries around the world to continue its ascendance as a global economic power. Korea's Regulatory Reform Committee, which falls under the direct purview of the President, has published its 2005 white paper on the achievements, status and direction of regulatory reform in Korea and on ways to improve and accelerate the process.

The white paper defines the roles of the government and the private sector in reform based on global standards, highlighting the importance of system realignment to reach the level of advanced countries. It notes that a systematic approach is being developed through a Regulation Impact Analysis (RIA) model. The study says that any regulation in Korea that does not exist in advanced countries should be carefully scrutinized for repeal.

With respect to regulatory reform in the global context, international cooperation is focused on the sharing of experiences and information. Last year, Korea participated in the OECD Working Group on Regulatory Reform, which met in Paris September 27~28. Advanced countries including the U.S., UK and Japan discussed their regulatory reform efforts and Korea explained the Roh Moo-hyun administration's initiatives to accelerate government innovation in Korea.

The Korean representatives also called for OECD initiatives to develop education and training programs to cultivate specialists in regulatory reform.

Korea participated in two APEC-OECD forums in 2004, where the Korea Institute for Industrial Economics and Technology emphasized Korea's efforts toward regulatory reform centered on establishing e-government and promoting 'Invest Korea,' an organization dedicated to attracting inward foreign investment through the

cultivation of a foreign-investment-friendly environment.

The white paper cited Korea's progress as measured by the Index for Economic Freedom. The nation improved from an index of 2.75 in 2003 to 2.69 in 2004 and is projected to advance to 2.64 this year. Despite the improvement in the index rating, the white paper called the progress unsatisfactory and highlighted the need for more widespread activities to increase transparency and to accelerate reforms.

For 2005, the white paper sets the direction for reform to increase national competitiveness by creating a more competitive environment and to maximize creativity through greater private sector autonomy. More specifically, the document calls for a focus on job creation and economic invigoration.

To monitor progress, the Committee is holding monthly ministerial oversight meetings chaired by the Prime Minister to discuss a quarterly agenda that covers specific sectors: in the first quarter, on housing and construction regulations; in the second quarter on e-commerce and e-trade regulations; and in the third quarter on leisure and tourism regulations. For 2005, the Committee is scheduled to review and revise a total of 7,900 regulations.

The white paper also calls for the further involvement of local governments in the deregulation effort. Last year, the central government provided a regulatory reform model to assist local authorities in the development and implementation of a local program.

2005 Quarterly Tasks

City/Province	Prospects for Development
First Quarter	Housing · construction, land · sea · air transportation, improvement of vocational training system, culture and arts
Second Quarter	e-Transaction, new product · new technology development, medical service, comprehensive plan for development of medical supplies · food industry, financial information use
Third Quarter	Vitalization of tourism · leisure industry, information & communication · broadcasting, vitalization of industry targeting the elderly, agricultural and marine product logistics, regulation on various signs and advertisements
Fourth Quarter	Financial industry, communication industry business, vitalization of e-government, improvement of mandatory employment system, various cost-sharing systems