Korean Regulatory Reform for SMEs

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(Regulatory situation) According to a 2017 survey by A-san Foundation, as a result of applying the business model of the top 100 global investment companies to Korean regulations, 40.9% are unable to do business and 30.4% are conditionally possible.
Regulatory reform is the most effective way to achieve a ‘win-win’ for all. Such reform allows us to support innovation without any special financial investment.
Treatment 1: Regulation Impact Assessment

- Systematic regulatory management through the introduction of the SME regulatory impact assessment system (2009) and by conducting SME impact analysis on new or strengthened regulations
- Minimize the impact of SMEs in terms of cost efficiency by benchmarking impacts to the US Regulatory Flexibility Act
- Examples: Compliance requirements, differentiation in implementation time, exemption of some business types (by region), differential implementation means, etc.
Example: Regulation Impact Assessment

(2009~Sep. 2020) Out of 8,319 cases of evaluated regulations, 627 cases of revised opinions were presented in 627 cases; recommendations were adopted in 308 cases.
Treatment 2: Sandbox for deregulation

Once a local government business is designated for a special zone, it can develop new technologies without the constraint of regulations and advance into new businesses. This is forecast to largely help the local economy such as increased quantity of quality jobs and investment in the region.
The latest new designation of regulation free zones is expected to generate KRW 1.5 trillion in sales and 4,390 new jobs, and draw 174 companies into the zones during the zones’ designation period (2020-2024). In the long-term, until 2030, sales of KRW 12.6 trillion, employment effect of 57,374 new jobs, and the drawing of 1,544 companies are expected.