OECD Regulatory Reform Reviews in Korea

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Contents

Ⅰ Why Korea Participated in the Review ?
Ⅱ OECD 2000 Review
Ⅲ How has Korea incorporated Recommendations?
Ⅳ Monitoring Exercise and Policy Directions
Ⅴ Conclusion
I. Why Korea Participated in the Review?

1997 Financial Crisis
- Severe recession in 1998, with output falling by 7%
- Growth model led by the government become less appropriate
- Structural adjustment and regulatory reform as a new strategy

1998 Full-Scale Regulatory Reform
- Establishment of the Basic Act on Administrative Regulations
- RRC reduced the regulations by more than 50%

Why Korea participated in the OECD Review
- To further accelerate regulatory reform
- To assess regulatory reform system based on global standards

II. OECD 2000 Review

OECD Review Discussed
- How to shift the government’s role from direct intervention towards ensuring the sound functioning of a market economy

Recommendations
- Listen more to stakeholders in decision making
- Limit the discretionary power of bureaucracy
- Regulatory reform should be based on the comprehensive sectoral reform plans
- Strengthen RIA capacity for quality regulations
III. How has Korea incorporated recommendations in its regulatory reform process?

**Business Friendly, Life Enriching Environment**

**Regulatory Quality and Performance**

**Policy Shift**
- Consumer-Perspective
- Bundled Regulation
- Government-Private
- Qualitative Approach

**Institutional Setting**
- Regulatory Reform Committee
- Regulatory Reform Task Force
- Business Difficulties Resolution Center

**Transparency of Regulatory Process**
- Consultation
- Limit Discretion
- RIA

**Regulatory Reform Policy Shifted**

**Before**
- Supplier Perspective
- Individual Regulations
- Government led
- Quantitative Approach

**After**
- Consumer-Perspective
- Bundled Regulations
- Government-Private
- Qualitative Approach
Regulatory Reform Committee
- Reviewing new and amended regulations
- 25 Members including 18 from the private sector
- Annually 305 (33%) out of 931 laws improved or abolished

Regulatory Reform Task Force
- Focus on bundled regulations, by a user-oriented reform approach
- Private/Public Joint Organization
- 48 tasks in 7 sectors selected and improved

Business Difficulties Resolution Center
- Provides a one-stop trouble shooting service
- 922 (61%) resolved out of a total 1,524 proposals as of 2006
  In survey, 77% of Respondents said satisfied

Enlarge Public Consultation
- Consultation with local government and business groups
- Cooperation channel with foreign business groups (Amcham, EUCCK)

Limit Discretionary Power of Bureaucracy
- Enforcing review on new or reinforced regulations
- Regulatory reform training on first-line civil servants
- Distributing Regulation Review Manual

RIA as a tool to improve the Quality of Regulation
- RIA Manual published in 2005
- The result of assessment must be opened
Administrative Simplification through E-government

- Government for Citizens (G4C), Government for Businesses (G4B), Government for Foreigners (G4F) for a one-stop e-government shop

Strengthen Competition Policy

- “Three Year Market Reform Roadmap” was launched in 2003 for transparency, fairness and competition

Market Openness through FTA

- Powerful tool to enhance productivity of service & agriculture area
- FTA with US, EU, China, India, etc

Comprehensive Structural Reform Developed

Regulatory Reform Perception Survey (2006)

- Government’s Commitment: 74% Satisfied, 23% Moderate, 3% Dis-satisfied
- Performance: 50% Satisfied, 47% Moderate, 3% Dis-satisfied
- Improvement for Bundled Regulation: 77% Satisfied, 20% Moderate, 3% Dis-satisfied
- Implementation Behavior: 34% Satisfied, 54% Moderate, 12% Dis-satisfied

Respondents: 521 persons, Gallup Korea

Improvement for Bundled Regulation

Implementation Behavior
IV. Monitoring Exercise and Policy Directions

Monitoring Exercise Result
- Korea has made impressive progress in a very short time period implementing regulatory reform to streamline regulations, foster growth and competition
- But, more should be done to strengthen capacity and promote change at local and working level

Future Policy Directions: For Better Regulation
- Reform regulations lagging behind changes in market trends
- Introduce a program to reduce administrative burden
- Improve RIA in terms of quantitative BC analysis
- Fill the gap in implementation by training

V. Conclusion: Lessons from Reviews

Valuable Advice for Korea: The OECD Review
- Good Opportunity to look back on the reform so far, and further develop future directions going forward
- The OECD report provides a wide variety of experiences and views of all OECD member countries

The Key is how to make the Best of the Review
- The OECD Recommendations could be used to enhance government capacity, and promote competition & structural reform, eventually improving fundamentals of Korean economy
Thank You!

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