OECD Regulatory Policy Outlook 2015

Country profile

KOREA

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BETTER POLICIES FOR BETTER LIVES

Overview

In 1998 Korea established the Regulatory Reform Committee which is composed of members from the private sector and government ministers including the Prime Minister of Korea. The Regulatory Reform Committee is the highest decision maker on regulatory reform within the executive branch. The Regulatory Reform Committee is responsible for setting regulatory policy, evaluating new and existing regulations and monitoring the actual regulatory reform progress at each administrative level. It is important that sufficient resources are made available to support improvements in regulatory quality.

Korea has recently introduced several new institutions and programmes to help establish the system required to produce quality regulation. In 2014, the government launched a pilot "cost-in cost-out" system in some ministries to reduce the costs of regulation on business and citizens. To support the implementation of this system, two independent Regulatory Impact Analysis centres have been established under the Korea Development Institute (KDI) and the Korea Institute of Public Administration (KIPA). The revised system aims to address the challenge of RIA being viewed as a routine formality rather than an instrument of policy decision making, and help ensure all the formal requirements regarding RIA are fully conducted in practice.

Korea conducts later-stage stakeholder engagement on all primary laws and subordinate regulations as well as early-stage consultation for some regulations. Greater use of online consultation could help ensure accessibility by the general public.

Periodic *ex post* evaluation is now formally required for all major primary laws and subordinate regulations, which are to be prepared by Regulatory Reform Committee or the department responsible for developing the regulation. There is no standardised evaluation technique; however these evaluations do contain by default an assessment of whether the underlying policy goals of regulations have been achieved and also whether there are areas of overlap or inconsistency amongst regulations.
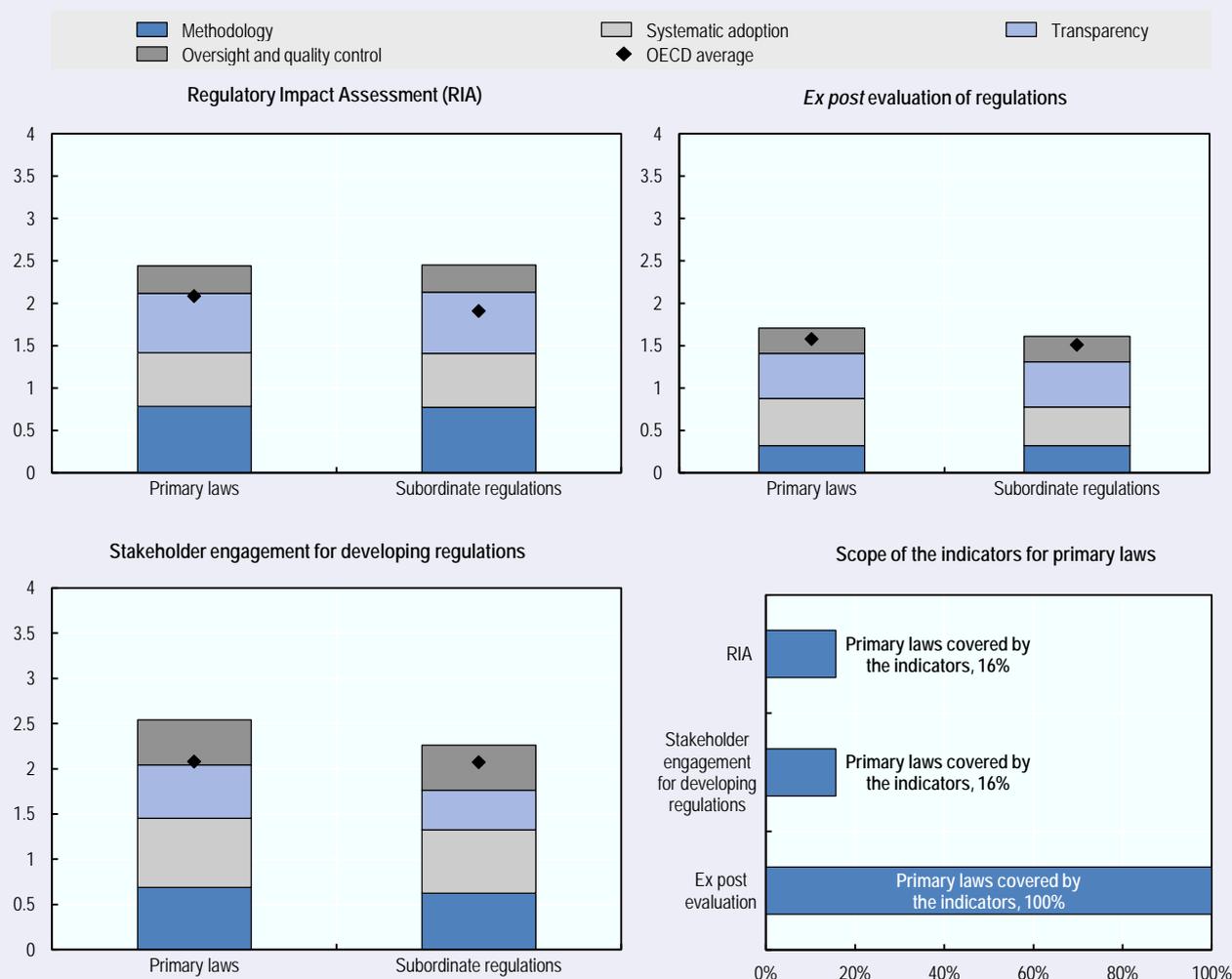
Spotlight: Regulatory petition system "Sin-Moon-Go"

The Korean government introduced a new regulatory petition system in 2014 on the dedicated regulatory portal www.better.go.kr, called "Sin-Moon-Go" in Korean. This petition procedure consists of three steps: First, if a petitioner requests the improvement of regulations, the relevant ministry has to provide an answer within 14 days. Second, if the petition is rejected, the ministry has to provide a detailed answer as to why within 3 months. Finally, the Regulatory Reform Committee can recommend changes to the ministry if their explanation is not sufficiently justified. The introduction of the Regulatory Petition System has shown striking results. In 2014, approximately 6 500 regulatory petitions were received, and the acceptance rate was 36.6%. Compared with 2013, the number of cases is 22 times greater, and the acceptance rate by 4.6 times greater.

Indicators presented on RIA and stakeholder engagement for primary laws only cover processes carried out by the executive, which initiates approx. 16% of primary laws in Korea. There is a requirement in Korea to conduct public consultation for major primary laws initiated by parliament, but there is no requirement to conduct RIA for primary laws initiated by parliament.

Indicators of Regulatory Policy and Governance 2015

Legend:
- Methodology
- Oversight and quality control
- Systematic adoption
- OECD average
- Transparency

Regulatory Impact Assessment (RIA)

Y-axis: 0, 0.5, 1, 1.5, 2, 2.5, 3, 3.5, 4

Categories: Primary laws, Subordinate regulations

Ex post evaluation of regulations

Y-axis: 0, 0.5, 1, 1.5, 2, 2.5, 3, 3.5, 4

Categories: Primary laws, Subordinate regulations

Stakeholder engagement for developing regulations

Y-axis: 0, 0.5, 1, 1.5, 2, 2.5, 3, 3.5, 4

Categories: Primary laws, Subordinate regulations

Scope of the indicators for primary laws

- RIA — Primary laws covered by the indicators, 16%
- Stakeholder engagement for developing regulations — Primary laws covered by the indicators, 16%
- Ex post evaluation — Primary laws covered by the indicators, 100%

X-axis: 0%, 20%, 40%, 60%, 80%, 100%

1. The figures display the aggregated scores from all four categories giving the total composite score for each indicator. The maximum score for each category is one and the maximum score for each aggregated indicator is four.

2. The information presented in the indicators for primary laws on RIA and stakeholder engagement only covers processes of developing primary laws that are carried out by the executive branch of the national government. As in Korea approx. 16% of primary laws are initiated by the executive, the indicators on RIA and stakeholder engagement cover approx. 16% of primary laws. The information presented in the indicators for primary laws on *ex post* evaluation covers processes in place for both primary laws initiated by parliament and by the executive. The percentage of primary laws initiated by parliament is an average between the years 2011 to 2013.

Source: 2014 Regulatory Indicators Survey results, www.oecd.org/gov/regulatory-policy/measuring-regulatory-performance.htm.

Statlink: http://dx.doi.org/10.1787/888933263232

Indicators of Regulatory Policy and Governance (iREG)

The three composite indicators provide an overview of a country's practices in the areas of stakeholder engagement, Regulatory Impact Assessment (RIA) and *ex post* evaluation. Each indicator comprises four equally weighted categories:

- Systematic adoption which records formal requirements and how often these requirements are conducted in practice.

- Methodology which gathers information on the methods used in each area, e.g. the type of impacts assessed or how frequently different forms of consultation are used.

- Oversight and quality control records the role of oversight bodies and publically available evaluations.

- Transparency records information from the questions that relate to the principles of open government, e.g. whether government decisions are made publically available.

The composite indicators are based on the results of the *OECD 2014 Regulatory Indicators Survey*, which gathers information from all 34 OECD countries and the European Commission as of 31 December 2014. The survey focuses on regulatory policy practices as described in the 2012 *OECD Recommendation on Regulatory Policy and Governance*. The more of these practices a country has adopted, the higher its indicator score. Further information on the methodology is available online at www.oecd.org/gov/regulatory-policy/measuring-regulatory-performance.htm.

Whilst the indicators provide an overview of a country's regulatory framework, they cannot fully capture the complex realities of its quality, use and impact. In-depth country reviews are therefore required to complement the indicators and to provide specific recommendations for reform.

OECD Regulatory Policy Outlook 2015

The *OECD Regulatory Policy Outlook* (www.oecd.org/publications/oecd-regulatory-policy-outlook-2015-9789264238770-en.htm) provides the first evidence-based, cross-country analysis of the progress made by OECD countries in improving the way they regulate. Findings are based on the results of the *OECD 2014 Regulatory Indicators Survey*.

Key findings:

- Laws and regulations are essential instruments, together with taxes and spending, in attaining policy objectives such as economic growth, social welfare and environmental protection. OECD countries have generally committed at the highest political level to an explicit whole-of-government policy for regulatory quality and have established a standing body charged with regulatory oversight.

- Implementation of regulatory policy varies greatly in scope and form across countries. While RIA has been widely adopted, few countries systematically assess whether their laws and regulations achieve their objectives. Stakeholder engagement on rule making is widespread in OECD countries, taking place mostly in the final phase of developing regulation.

- The national executive government has made important progress over the last decade to improve the quality of regulations. Parliaments, regulatory agencies and sub-national and international levels of government need to be more engaged to ensure that there are evidence-based and efficient laws and regulations for stimulating economic activity and promoting well-being.

- The impact of regulatory policy could be further improved by addressing shortcomings in the implementation and enforcement of regulations and by considering new approaches to regulatory design and delivery such as those based on behavioural economics.

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