Interview

VOWING TO BECOME A TRUSTWORTHY PARTNER OF FOREIGN-INVESTED COMPANIES

Dr. In-Chul Kim has been appointed the new Foreign Investment Ombudsman

Q1. What are your thoughts on having been appointed the new Foreign Investment Ombudsman by the president of Korea?

I feel a tremendous responsibility as the Foreign Investment Ombudsman, the system for which has been benchmarked by governments around the world. I have been engaged in academic research as a university professor and as a researcher at KDI and have also provided policy advice at the Ministry of Finance. Based on my experiences and capabilities, I will devote myself to improving the investment and business environment for foreign-invested companies and addressing their grievances.

Q2. What should be the Foreign Investment Ombudsman’s role?

For Korea to become an attractive investment destination, we need to create an environment in which foreign investors can do business creatively and with autonomy, modernize legislation and administrative practices and be positive and open-minded about foreign investment.

My role will be to make Korea a business-friendly country through addressing the difficulties and grievances that foreign-invested companies face on-site and suggesting policy improvements to the government, to systematically improve the investment climate. I am fully committed to being a trustworthy partner and supporter of global companies – one who stands by their side – so that they can candidly share their grievances with me.

Q3. Why do you feel a responsibility to address grievances of foreign-invested companies?

The contributions of foreign-invested companies to the national economy have been proven both theoretically and empirically. Yet, foreign companies still encounter unexpected obstacles while doing business in a host country. Therefore, it is important to create a virtuous cycle of investment attraction by removing hurdles and establishing a business- and investment-friendly environment.

Korea has signed free trade agreements (FTA) with major economic blocs, including the European Union, United States and China, and the country’s FTA network covers about 70 percent of the global GDP. Countries around the world and international organizations, like UNCITAD and the World Bank, are promoting the liberalization of cross-border investment beyond the liberalization of cross-border trade. Against this backdrop, the international community faces the challenge of preventing investor-state disputes (ISDs) between multinational companies and their host country.

Grievance resolution for foreign-invested companies can preemptively prevent ISDs by addressing the main causes of potential conflicts early on. Korea’s Foreign Investment Ombudsman system has drawn the spotlight as a means of doing this and has been benchmarked by governments around the world.

Q4. It has been 15 years since the introduction of the Foreign Investment Ombudsman system in Korea, but companies still have grievances. Why is this?

The business environment has been rapidly changing along with evolving trends in the global economy and technological development. But laws and regulations on the investment and business environment have not kept up with those changes in some respects, and global standards have not been adopted in many areas. So companies still have grievances.

Also, legislative and institutional amendments tend to be made reactively, not proactively. And the arbitrary interpretation of laws and enforcement decrees by relevant agencies in the gray area of system implementation often leads to grievances related to acquiring permits or obtaining approvals. Moreover, public officials have, at times, been reluctant to take the initiative to correct unfavorable practices due to government procedures that unintentionally hindered such actions. Improvements are being made in this regard, but they have yet to firmly take root. For these reasons, foreign-invested companies keep facing grievances while doing business in Korea.

Q5. In closing, what would you like to say to foreign investors as their new Foreign Investment Ombudsman?

The needs of companies change with time. As the Foreign Investment Ombudsman, and as a reliable partner and supporter of foreign-invested companies, I will meet their needs by tackling their grievances and expanding projects that can prevent grievances.

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