Creating a Better Regulatory Environment

The *Invest Korea Express* presents an overview of the government’s recently unveiled Foreign Investment Regulatory Reform Plan.

The Korean government is committed to improving the foreign investment environment of Korea and easing or eliminating regulations that could hinder business. Since taking office, Korean President Park Geun-hye has held three ministerial meetings on regulatory reform, the most recent of which was in May. Attended by government ministers and business leaders, this meeting brought to light 41 regulations related to foreign investment that need to be reformed. Officials also presented a regulatory reform plan that involves the creation of a taskforce and improving communication between the government and foreign investors.

Created in May soon after the meeting, the taskforce comprises officials from the Ministry of Trade, Industry & Energy and other ministries who will keep track of how the 41 regulations are being reformed, by when and under which department. Another key part of the plan is to improve communication between foreign-invested companies and the government through various channels, including the Foreign Investment Advisory Council (FIAC) meeting, which is held by the Office of the Foreign Investment Ombudsman, a part of the Korea Trade-Investment Promotion Agency (KOTRA), twice a year and attended by foreign business leaders in Korea and government officials.

A focus of the most recent FIAC meeting, held last month, was the designation of foreign direct investment (FDI) coordinators at 21 central administrative organizations in charge of business related to foreign-invested companies in Korea. These coordinators will help resolve investors’ grievances and improve communication between the involved parties.

As for the 41 regulations the government is working to ease or eliminate, the aim is to ensure that Korea’s regulatory reforms keep up with international standards, to customize regulatory reforms for industries with the potential to attract FDI and to prevent foreign investment-related difficulties through strengthening communication. A summary of the regulatory reform plan is below. [IKE]

Source: Ministry of Trade, Industry & Energy

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**Regulations to be reformed are related to key investment components (capital, workforce), pertain to industrial sectors with the potential to attract FDI and affect the overall business climate (environment, labor). The government will carry out reforms to:**

**1. Keep up with international FDI regulation standards by:**

a. Facilitating the opening of sectors restricted to foreign investors.
b. Increasing the foreign employment ratio for small foreign-invested companies.
c. Granting visas for foreign instructors at for-profit training institutes.
d. Streamlining foreign investment procedures.

**2. Customize regulatory reforms for industries with the potential to attract FDI by:**

a. No longer requiring the CEOs of foreign-invested cosmetics companies to submit personal medical certificates for company registration.
b. Expanding the definition of functional cosmetics.
c. Allowing the CMO production of animal medicine.
d. Allowing the partner companies of foreign-invested companies to move into complex-type foreign investment zones exclusively for parts and materials.

**3. Prevent foreign-investment related difficulties through strengthening communication by:**

a. Improving regulations related to the environment, labor and tax and strengthening communication.
b. Increasing the participation of foreign investors in the regulatory decision-making process.