Korea’s new anti-bribery law, the Improper Solicitation and Graft Act, will take effect September 28. The purpose of this act is to secure public confidence in public institutions by forbidding the bribery of government officials and other relevant people including journalists and teachers.

The most controversial part of the new act, first proposed in August 2012 by former chief of the Anti-Corruption and Civil Rights Commission Kim Young-ran, was to limit the value of meals, gifts and congratulatory or condolence money. Under this act, if people in power or of social influence receive meals priced higher than KRW 30,000 (USD 27), gifts valued above KRW 50,000 (USD 45) or marriage or funeral money beyond KRW 100,000 (USD 90), they will be indicted for bribery even though there was no quid pro quo. There has been hot debate on this law. Some say it is too harsh and others say it is still not enough to stop bribery.

Amid the voices of pros and cons, the new anti-bribery law has been through various stages. First, the Kim Young-ran bill was approved in the National Assembly on March 3, 2015. President Park promulgated the new law on March 26, 2015, and Korea’s Constitutional Court ruled on July 28 this year that the new law was constitutional, allowing the controversial law to take effect as scheduled. On August 29, the ordinances of the anti-bribery law, including the limits of KRW 30,000, KRW 50,000 and KRW 100,000, were critically reviewed at a vice ministerial meeting. It was finalized at the Cabinet meeting.

The Kim Young-ran Act will apply to domestic citizens as well as foreign nationals by the principle of national treatment. Foreign businesspeople have shown much interest in Korea’s new anti-graft law. Foreign investors may fear that the Kim Young-ran Act would impede their business significantly.

Bribery has been a part of human society since the oldest of times. A bribe is money or a favor given in order to influence the decision of someone who is in a position of political power or social influence. The U.S. and other Western countries had been lenient toward the offer of bribes to foreign officials by their businessmen until the late 1990s. When operating a business in less developed countries, they often see bribes as greasing the wheels. But this practice had to be stopped after the occurrences of huge bribery scandals committed by multinational companies including Lockheed Martin. In November 1997, the U.S. Congress enacted the FCPA (Foreign Corrupt Practices Act) to stop the giving of bribes to foreign officials and to restore public confidence in the integrity of the American business system. After the U.S., other advanced countries in Europe followed suit and enacted strict anti-corruption laws one after another.

Under these circumstances, Korea’s new anti-bribery law will help foreign-invested companies to become more competitive in the domestic as well as global markets. Now, the set of three numbers, 3-5-10 which symbolizes the budget limit for meal cost, gift price and congratulatory or condolence money, is the target for criticism. But these numbers will certainly change as inflation increases and the living standard advances. In any event, the Kim Young-ran Act is very likely to work in favor of foreign investors.

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