

Resolving Grievances Through Close Cooperation

The Office of the Foreign Investment Ombudsman works intimately with private and public sectors to improve regulations and vitalize the economy



On Nov. 6, 2015, the 4th Ministerial Meeting on Regulatory Reform and the Private-Public Joint Meeting on Regulatory Reform Review was chaired by the President of Korea. Citizens, business people, and foreign investors held active discussions with government officers about grievances caused by regulations.

In conjunction with the government's economic vitalization policy through regulatory reform, KOTRA's Office of the Foreign Investment Ombudsman works tirelessly to improve the business market by identifying unreasonable regulations. Let me explain one way the Ombudsman Office has improved the business climate for foreign-invested companies.

In an aim to conserve resources and facilitate recycling, the Ministry of Environment amended the Enforcement Decree of the Act on the Promotion of Saving and Recycling of Resources, and expanded items subject to the Extended Producer Responsibility (ERP) and Separate Discharge Mark. The items subject to this system were extended to all components, attachments, and warranted parts of electrical appliances under the Electrical Appliances Safety Control Act. As a result, manufacturers and importers of electronic devices have to bear much of the burden.

In particular, two foreign-invested companies that manufacture printers in Korea

have thousands of types of warranted service parts, and most of the packing materials of these parts are taken back after the company provides customer care. This means that the materials are less likely to cause environmental concerns, since the company will take care of the recycling process.

The Extended Producer Responsibility (ERP) and Separate Discharge Mark mandate the companies involved to directly collect and recycle packing materials, or pay a contribution. This ultimately doubles the company's responsibilities. Thus, businesses have constantly called for improvements in the system to exclude warranted parts from the items subject to the separate discharge mark.

The Office of the Foreign Investment Ombudsman believed that the said regulation is a problem for businesses. On June 12, 2015, the office brought up this issue at the Regulatory Reform Seminar joined by economic organizations and chaired by the Ministry of Government Administration and Home Affairs. One of the previously mentioned companies attended the seminar and explained the problems brought on by the regulation.

In response, the director of the Ministry of Environment said that the ministry will review easing the burden for businesses by "altering the size of packing materials subject to regulation from smaller units to larger units". However, the answer was far

from satisfying, considering the initial request had asked to exclude the packing materials of these parts.

The Foreign Investment Ombudsman's Office reintroduced the said issue at the 2015 Foreign Investment Advisory Council's Meeting on June 17, 2015. During this meeting, the chairman of another foreign-invested company said that the effects of the regulation were not significant. It added that this regulation, on the other hand, was excessive compared to the global standard and requested that packing materials be excluded from the separate discharge mark.

Accordingly, the Ministry of Environment responded that it would think of ways to improve the system and simplify the regulation. The Deputy Minister for International Trade & Investment of the Ministry of Trade, Industry and Energy promised to find solutions in cooperation with the Ministry of Environment.

On July 7, 2015, the Ministry of Environment announced the partial amendment to the Guideline on Separate Discharge Mark which states that "packing materials of warranted parts directly collected and selected by the producer for discharge without going through consumers shall be excluded from the separate discharge mark duty". The partial amendment was then enforced on Aug. 26, 2015.

Ultimately, the Ministry of Environment actively accepted the suggestions from both the Office of the Foreign Investment Ombudsman and foreign investors. In this regard, the Ombudsman Office will continue to serve as a bridge between private and public sectors, alleviating the business climate for even more companies in the future.

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