EUROPEAN CHAMBER OF COMMERCE IN KOREA

ECCK White Paper 2025

Message from Chairperson

Philippe van Hoof
Chairperson,
European Chamber of Commerce in Korea

On the occasion of the publication of the 2025 ECCK White Paper, I would like to extend my heartfelt appreciation to all Committee and Forum Chairs, as well as our members, for your active participation and invaluable insights throughout the process. The Chamber's efforts to represent the voice of European businesses in Korea are deeply rooted in real-world experience, and at the heart of this work lies the dedicated contribution of our Committees and Fora.

The year 2025 has been a significant one for Korea. The presidential election held in June once again demonstrated the strength and maturity of Korea's democracy. Since the new administration took office, both domestic and global economic conditions have shown encouraging signs of recovery. Under the slogan "A Government Opening the People's Tomorrow," the administration has placed the revitalisation of people's livelihoods—through housing, finance, welfare, and employment—at the centre of its national agenda. Notably, reforms aimed at shifting the country's asset structure from real estate to financial assets present new opportunities for businesses, including European firms.

The ECCK takes particular interest in three priority areas of the Korean government: renewable energy — especially the development of locally integrated offshore wind power and the improvement of the power grid; digital transformation and the adoption of artificial intelligence technologies; and the expansion of financial investment through foreign direct investment. In these areas, European companies bring strong technological expertise and a wealth of experience, which can serve as valuable assets to Korea's sustainable growth and innovation.

The signing of the EU-Korea Digital Trade Agreement (DTA) in March 2025 has laid a stronger foundation for enhanced cooperation in digital sectors. In parallel, the United Kingdom is currently pursuing an upgrade of the Korea–UK Free Trade Agreement (FTA), including provisions on digital trade. Moreover, the European Free Trade Association (EFTA), which also maintains an FTA with Korea, continues to promote the diverse opportunities of the Korean market to European businesses through consistent trade engagement. The upcoming 10th anniversary of the full entry into force of the Korea-EU FTA in 2015 marks an important milestone, offering an opportunity to further deepen our solid and mutually beneficial economic relations.

The ECCK also remains committed to constructive dialogue with the Korean government to ensure our members can operate in a stable and predictable business environment. In this context, the recent amendment to the Labor Union Act represents an important development. We believe it is possible to uphold the principles of international labour conventions while also establishing concrete and practical guidelines that provide European-invested companies with a stable operational foundation in Korea.

Once again, I would like to express my sincere thanks to everyone who contributed to this year's White Paper, and I respectfully request the continued interest and cooperation of the Korean government.

Thank you.

Philippe van Hoof
Chairperson, European Chamber of Commerce in Korea (ECCK)

Message from President

Stefan Ernst
President,
European Chamber of Commerce in Korea

The European Chamber of Commerce in Korea (ECCK) is pleased to present the 2025 White Paper. I would like to extend my heartfelt appreciation to all committee members and delegates who have contributed their time and expertise to this year's publication.

The ECCK Committees are organised by industry, while the Fora are structured around cross-sectoral themes. Of the 70 issues, 20 are matters previously submitted—some for several consecutive years—which reflect the pressing and long-standing concerns of our member companies. We sincerely hope these matters will be given the thorough consideration they deserve. An additional 18 issues represent follow-up suggestions to proposals that were previously accepted or partially accepted, with the aim of ensuring that relevant regulations and systems are more coherent and complete. The remaining 32 are newly raised issues that respond to changes in the market environment, where proactive action is needed, and we hope these will draw timely and constructive attention from the relevant ministries.

For the first time, this year's White Paper categorises the recommendations by type. Of the 70 issues, 9 concern import and customs procedures, 18 call for the alignment of standards with international norms, 5 address the creation of a fair and competitive business environment, 35 involve regulations related to enforcement and penalties, and 3 fall under miscellaneous categories. Notably, the majority of recommendations relating to enforcement regulations include proposals for both easing and strengthening certain requirements, which indicates that industry expectations and concerns about the regulatory framework are diverse. Meanwhile, calls for greater alignment with international standards underscore the necessity for Korea to secure sustainable competitiveness in the global market. A more detailed breakdown of the classifications can be found in the appendix of this White Paper.

The ECCK also supports the deepening of diversity, equity, and inclusion (DEI) in corporate culture in Korea through various platforms such as the Sustainability Awards and the Family Friendly Future Forum. These initiatives are open to both Korean and European companies, providing opportunities to share best practices and address common challenges together.

Moving forward, the ECCK will continue to work closely with the Korean government to ensure that our members can operate in a stable and predictable business environment. We remain committed to conveying the voice of the business community in a transparent and responsible manner and to striving for tangible improvements through constructive dialogue.

Once again, I extend my sincere thanks to everyone who contributed to the preparation of this White Paper, and I hope it serves as a valuable reference for our members and stakeholders alike.

Thank you.

Stefan Ernst
President, European Chamber of Commerce in Korea (ECCK)

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ECCK Introduction

ECCK Introduction

Established back in 2012, the European Chamber of Commerce in Korea (ECCK) functions as a prominent business association representing European companies operating in and with Korea. With a mission to advocate for the collective interests of the European business community, the ECCK offers its members valuable resources such as information, communication channels, and access to information concerning Korea's business and regulatory environment. As of August 2025, the Chamber consists of more than 350 member companies and approximately 110,000 employees in Korea.

While most of its members consist of European firms, the ECCK extends a warm invitation to companies of diverse nationalities to join and collaborate in sharing their experiences. Entrusted with a member's mandate, the Board of Directors presides over the organisation. Additionally, the Advisory Board, comprising representatives nominated by national chambers or embassies, plays a vital role in providing valuable guidance and advice. Additionally, the Secretariat manages day-to-day activities and operations, ensuring the seamless functioning of the Chamber.

The primary goal of the ECCK is to foster an ideal business environment and community for European companies, striving to establish a sustainable and mutually beneficial relationship between European corporations and the Korean government through active collaboration with both parties. This annual White Paper is a perfect example of bridging European businesses and the Korean government together toward creating a better business environment.

The ECCK has also been striving to make a positive impact on Korean society by fostering connections between local and global CSR partners and our members.

The ECCK's influence goes beyond regional boundaries, as it has built collaborative ties with the European Commission and the Secretariat of the European Free Trade Association. Moreover, the ECCK holds membership in the European Business Organisation Worldwide Network (EBOWN), further expanding its global reach and influence.

ECCK Vision & Mission

The ECCK is committed to advancing the interests of companies from Europe operating in Korea. We cooperate with organisations that share mutual interests to fairly represent the European business community and promote an optimal business environment in Korea. To achieve these objectives, the ECCK focuses on:

- Ensuring a fair and open business environment by facilitating dialogue with the government
- Collecting and disseminating information on business as well as economic and regulatory developments in Korea and Europe
- Creating networking opportunities for members and partners
- Contributing to Korean society by supporting corporate social responsibility activities and promoting good corporate governance practices
- Becoming a commercial and cultural ambassador to Korea

Board of Directors

Philippe van Hoof (Belgium)
Chairperson
Member of the Board of Directors (Independent)
AXA Korea

Philippe van Hoof serves as a Member of the Board of Directors (Independent) at AXA Korea since 2023. He was the Country Manager of ING Bank N.V. in Seoul from August 2021 to August 2025. Prior to that, he was ING's Head of Financial Institutions APAC, based in Singapore, and has been a member of the Asia Pacific Senior Management Team since 2017. Philippe has more than 30 years of banking experience, including 15 years in Singapore, Korea and Japan. In addition to managing strategic relationships with banks, Philippe has extensive experience in covering insurers, asset managers, securities companies and sovereign wealth funds at executive/board level on a wide range of strategic topics. A Belgian citizen, Philippe joined the ECCK as a member from 2021 and was elected in June 2022 as a Chairperson of ECCK's Sustainability Committee. He then was appointed as a Chairperson of the ECCK in June 2023. While he was based in Singapore, Philippe was the chairman of Eurocham Singapore's Financial Services Committee until 2018, and later served as Vice President from April 2019 until July 2021.

Board of Directors

Mathias Vaitl (Germany)
Vice Chairperson
President & CEO
Mercedes-Benz Korea

Mr. Vaitl graduated with Diploma (FH) in Business Administration from Nuertingen-Geislingen University (HfWU) specializing in Automotive Industry and International Business Management in 2005, and in the same year, he joined Mercedes-Benz as a Business Manager for Dealer Network at its subsidiary in Prague, Czech Republic. Mathias Vaitl has extensive automotive experience in Digital Services, Sales, Training & Qualification, as well as Customer Services and Network Development in German, Chinese and Czech Republic markets.

Per Stenius (Finland)
Vice Chairperson
Chairman & CEO
Reddal

Dr. Per Stenius has served as Director of Reddal Korea and as Chairman and CEO of Reddal Inc. since 2010. He has over 25 years of experience in strategy and process development across multiple industries. Throughout his career, he has worked as a top management consultant and executive, with positions at McKinsey & Company, Accenture, Stratos Ventures, and several technology companies. Per holds a PhD in Electrical Engineering from the University of California, Santa Barbara, a Master's in Economics from the University of California, Santa Barbara, and an M.Sc. in Engineering from Helsinki University of Technology. He has published over 30 articles in leading business and scientific journals and served as an Adjunct Professor at the Seoul School of Integrated Sciences & Technologies. He now also serves as Visting Professor in Strategy at Yonsei University, Graduate School of Business. Per, along with Reddal Korea, joined the ECCK as a member in October 2020.

Go Young Moon (Canada)
Vice Chairperson
Country Chair
RWE Renewables Korea

Go Young Moon has been the Co-CEO and Country Chair of RWE Renewables Korea, a German offshore wind power developer, since November 2020. He has over 28 years of industrial experience in various energy sectors, including technology and business development in offshore wind, solar power, battery energy storage systems, hydrogen fuel cells, waste-to-energy, and water treatment membrane industries. Throughout his career, he has served as a technology development leader, professor, and business development leader at leading Korean entities such as LG, LS, POSCO, Kongju National University, and Hanyang Corp. Go Young holds a PhD in Chemical Engineering from the University of Waterloo, Ontario, Canada. He has published 23 papers in SCI journals and has actively participated as a speaker and board member at various conferences, forums, and institutions, delivering over 60 invited lectures on energy technology topics. Go Young, along with RWE Renewables Korea, joined the ECCK as a member in 2021 and served as Chair of the ECCK Energy & Environment Committee from 2022 to 2024.

Gayoung Lee (Korea)
Director
Managing Director
Knoell Korea

Gayoung Lee, a Korean citizen, has served as the Managing Director of knoell Korea since the company's establishment in January 2016. Gayoung holds a master's degree in Environmental Management and Environmental Economics from University of York in the UK. Prior to joining knoell, she worked primarily as a consultant in the fields of sustainability and climate change over a decade. Since joining knoell, she has been actively working in the area of chemical regulatory affairs.

Ana-Maria Boie (Romania)
Director
General Manager
Boehringer Ingelheim Korea

Dr. Ana-Maria Boie, a Romanian national, serves as the General Manager and Head of Human Pharma at Boehringer Ingelheim Korea. With over 25 years of experience in the pharmaceutical industry, she has held leadership roles across general management, marketing, sales, and ESG at local, regional, and global levels. She earned her medical degree from the Carol Davila University of Medicine and Pharmacy and later completed an Executive MBA at Tiffin University, enhancing her expertise in both medical and business domains. Since joining Boehringer Ingelheim in 2009, she has worked in Romania, Austria, Russia, and Germany, leading key business strategies and contributing to the company's global sustainability initiatives. In 2024, she was elected as Chair of the ECCK Healthcare Committee, where she advocates for industry collaboration and healthcare advancements in Korea.

Bjørn Inge Braathen (Norway)
Director
Country Managing Director
Equinor Korea

Bjørn Inge Braathen has served as the Country Managing Director of Equinor Korea since May 2023. He has lived and worked in Norway, Canada, and the USA. After completing a Cand. Scient. degree in Applied Geophysics at the University of Oslo in Norway, he began his career at Norsk Hydro, working in the North Sea exploration department. An accomplished senior executive with more than 28 years of experience in the energy sector, Mr. Braathen has significant international experience across Europe, Asia, Africa, North and South America. He has led multi-functional, culturally diverse organizations and has extensive experience in board positions and capital market communications. Mr. Braathen has held various leadership roles, including Vice President of Exploration Strategy and Portfolio, Senior Vice President of Exploration North America, Senior Vice President of International Exploration Onshore, and Vice President of Renewable Portfolio Commercial and Valuation, before assuming responsibility for Equinor's activities in Korea.

Board of Directors

Robert Browell (UK)
Treasurer
Partner
Samil PricewaterhouseCoopers

Robert Browell, a British citizen, is a partner at Samil PricewaterhouseCoopers, the Korean member firm of PwC and the largest professional services organization in Korea. He has over 20 years of experience providing services to multinational clients, including numerous European groups operating across a wide range of industries. Robert spent the first 10 years of his career with PwC in the UK before joining PwC Korea in 2012. He currently serves as the Chair of the Taxation Committee at the European Chamber of Commerce in Korea and as a Special Advisor to the British Chamber of Commerce in Korea.

Johan Vandromme (Belgium)
Trustee
Senior Advisor
Kim & Chang

Johan Vandromme, a Belgian citizen, has been a senior advisor with Kim & Chang since October 2020, having previously served in the same role from 2007 to 2009. He began his career in Brussels in 2001 as a case handler at the European Commission's Directorate-General for Competition, before moving to Korea in 2007. He left private practice in 2009 to rejoin the European Commission at the Delegation in Beijing, where he covered trade and competition matters, before returning to Korea in 2013 to serve at the Seoul Delegation. Prior to returning to Kim & Chang in 2020, he served at the Beijing Delegation from 2018, focusing on competition and justice policies for the Commission.

ECCK Secretariat

Stefan ERNST
President

Stefan Ernst appointed as President as of October 1, 2023.

Stefan has worked at Beiersdorf AG for 20 years, gaining extensive marketing and management experience in international markets such as Latin America, China, Taiwan, and Korea. Previously, he led the Beiersdorf Korea/Taiwan organisation from 2010 to 2013 and later became a Corporate Vice President of Global Pharmacy Operations based in Germany until his departure from the company in 2015.

After returning to Korea in 2016, he successfully led a start-up company, Mackevision Korea, which is a part of Accenture Song. Before joining the ECCK, he served as COO at ZABEL + PARTNERS architects, a professional architectural firm based in Korea.

Stefan is a German citizen fluent in German, English, Spanish and French, and is a highly versatile cross-cultural executive with 28 years of broad experience in marketing and general management roles.

Stefan graduated with a BA in European Business Administration from Middlesex University, Great Britain, and holds a Diploma as Dipl.-Betriebswirt from European School of Business, Germany, obtained in 1995.

Management Team

Bo Sun KIM
Vice President

Ansook PARK
Senior Director, Head of Committee Operations, Cosmetics/Healthcare Committees

Hyokyung SUH
Director, Beer, Wine & Spirits/Food/Kitchen & Home Appliances Committees

Geumchae NOH
Director, Finance

ECCK Secretariat
Committee Management

Changhoon RIM
Director, Automotive Committees

Siyoon KIM
Manager, Insurance Committee / Taxation / CFO Forums

Sunyoung KANG
Manager, Fashion & Retail / IPR Committees

Hyewon SHIN
Manager, Aerospacea & Defence / Energy & Environment / Sustainability Committees

Kyunghyun KIM
Manager, Chemical / Digital / Logistics & Transport Committees

Administration

Yuri JANG
Team Leader, PR & Communications

Hyeeun CHO
Team Leader, Membership Management & CR

Heejung KIM
Manager, Membership Management & CR

Hyewon SHIM
Team Leader, Future Development Forum / Marketing & Events

Jeonghyun LEE
Manager, Family Friendly Future / Tourism Forums / Advocacy Events

Bokyung CHO
Manager, HR & Compliance Forum / HR

Busan Chapter

Andrew MILLARD
Busan Chapter Representative

Yeaji KIM
Manager, Marine Industry Committee

ECCK Services & Programs

Committees & Forums
Committees and Forums are the centrepieces of ECCK's activities. Comprised of participating member companies, Committees and Forums assist members to keep informed of regulations, to improve market intelligence, and to express positions on specific trade issues. Committees address industry-specific issues to Korean government counterparts. Meanwhile, Forums focus primarily on cross-industry topics, such as human resources, which are open to all members free of charge.

Events
The ECCK organises conferences and seminars of industrial relevance for knowledge sharing. We are actively engaged in dialogues with government agencies to represent the European industries' concerns and issues. Furthermore, formal, and informal networking events are hosted to encourage information exchange and business relationships. Finally, the ECCK functions as the first point of contact for European executives and officials coming to Korea.

Publications
As a platform of communication, the ECCK produces regular publications to inform our members of the current market situation, key regulatory issues, and social trends in Korea. In addition, we conduct surveys on the business climate in Korea and interviews with industry experts. Major publications include:

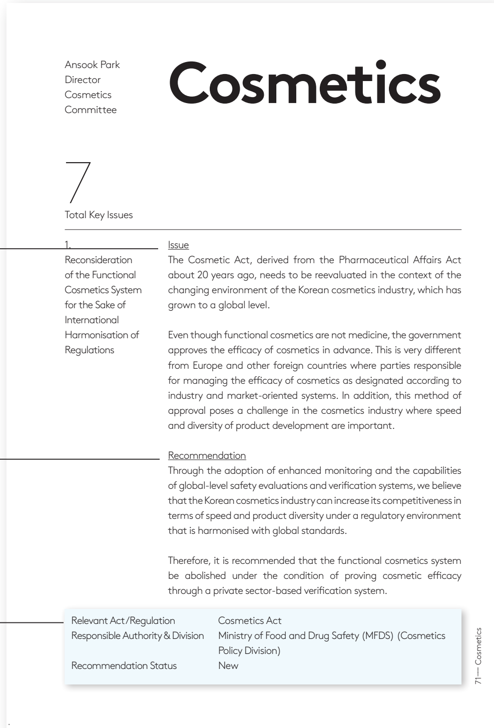
- ECCK White Paper
- Business Confidence Survey
- ECCK Connect Magazine
- ECCK Membership Directory
- Weekly Newsletter

Guideline

How to read ECCK White Paper
Key Issues and Recommendations

The ECCK White Paper 2025 presents a total of 70 industry issues and recommendations intended to improve the business environment in Korea. The recommendations are developed through extensive consultations with our European members participating in our 17 industry committees and cross-industry forums The purpose of the White Paper is to serve as a constructive communication tool to the Korean government and European counterparts, and therefore every issue included in the publication is presented with a realistic recommendation that could be implemented by the relevant authorities.

The issues and recommendations take the following format:



Ansook Park
Director
Cosmetics
Committee

Cosmetics

7
Total Key Issues

1.
Reconsideration of the Functional Cosmetics System for the Sake of International Harmonisation of Regulations

Issue
The Cosmetic Act, derived from the Pharmaceutical Affairs Act about 20 years ago, needs to be reevaluated in the context of the changing environment of the Korean cosmetics industry, which has grown to a global level.

Even though functional cosmetics are not medicine, the government approves the efficacy of cosmetics in advance. This is very different from Europe and other foreign countries where parties responsible for managing the efficacy of cosmetics as designated according to industry and market-oriented systems. In addition, this method of approval poses a challenge in the cosmetics industry where speed and diversity of product development are important.

Recommendation
Through the adoption of enhanced monitoring and the capabilities of global-level safety evaluations and verification systems, we believe that the Korean cosmetics industry can increase its competitiveness in terms of speed and product diversity under a regulatory environment that is harmonised with global standards.

Therefore, it is recommended that the functional cosmetics system be abolished under the condition of proving cosmetic efficacy through a private sector-based verification system.

Relevant Act/Regulation	Cosmetics Act
Responsible Authority & Division	Ministry of Food and Drug Safety (MFDS) (Cosmetics Policy Division)
Recommendation Status	New

71 — Cosmetics

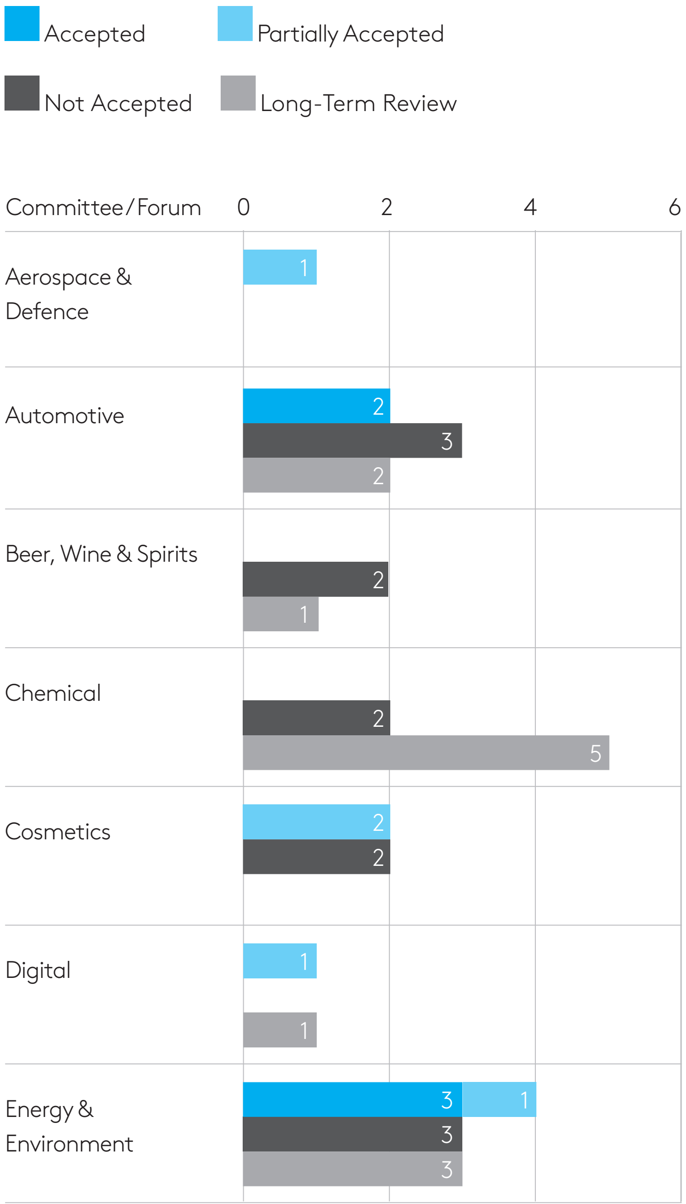
Issue Description
Details the present-day situation and how it affects the industry.

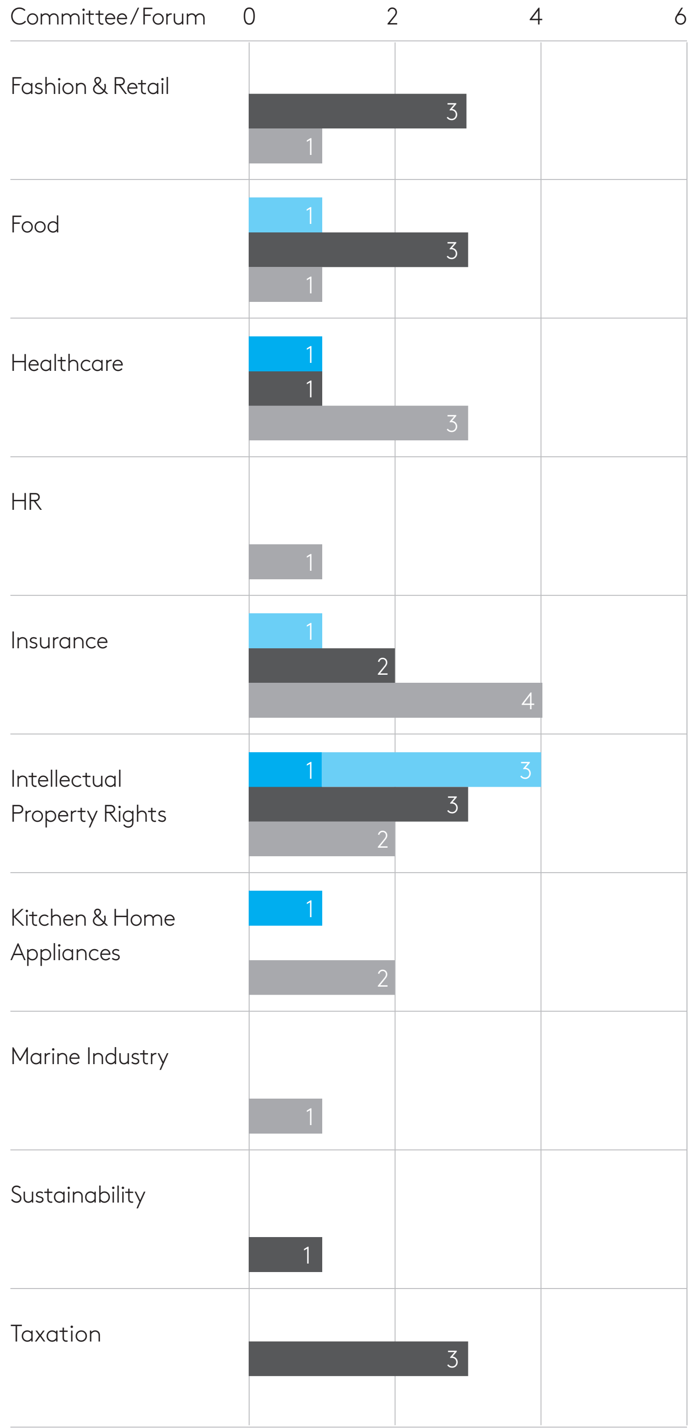
Recommendation
Presents specific actions that could improve the situation for all parties.

Related Laws/Authorities
Recommendation Status
Indicates a recommendation has been either 'Retained' or 'Updated' from last year's white paper, or it is a 'New' recommendation for 2025.

2024 Review

In 2024, the ECCK committees and forums across 17 different sectors raised 73 key industry issues and suggestions to the Korean government. The government's feedback for each committee and forum is summarised below.





2024 Review

This section outlines the details of the 2024 issues and recommendations, along with the government's feedback and the ECCK's future actions, as follows.

Government Feedback
- Accepted
- Partially Accepted
- Not Accepted
- Long-term review

ECCK Future Action
- Closed (Success)
- Closed (Drop)
- Need to Monitor
- Readdress

Committee/Forum		Issue	Government Feedback	ECCK Future Action
Aerospace & Defence	1	Improvement for Industrial Cooperation Quota (Consortium) Requirement	Partially Accepted	Need to Monitor
Automotive	1	Update on the Recognition of Technical Regulations in the Korea-EU FTA	Long-term review	Readdress
	2	Scope of Vehicles Subject to Software Update Data Submission	Not Accepted	Need to Monitor
	3	Establishment of Procedures for Granting Exemptions for New Technologies	Accepted	Need to Monitor
	4	Providing Flexibilities to Fleet Average System (FAS)	Not Accepted	Readdress
	5	Improvement of Management Standards for Vehicles Used for Electric Vehicle Subsidy Evaluation or Advertising Purposes	Not Accepted	Readdress
	6	Support for Expanding the Distribution of Medium/Large-Sized Electric Freight Motor Vehicles	Long-term review	Readdress
	7	Improvement of Registration Procedures for Environment-Friendly Vehicles	Accepted	Need to Monitor
Beer, Wine & Spirits	1	Harmonising Liquor E-commerce Delivery to Consumers for All Retail Licence Holders	Long-term review	Readdress
	2	Implementing Alcohol Label Regulations in Coalition with Global Standards and Practices	Not Accepted	Need to Monitor
	3	Expanding the Specific Liquor Taxation System to the Rest of the Fermented Alcohols (still and sparkling wines)	Not Accepted	Readdress
Chemical	1	Expanding Scope of Signing Entities for LoC Under OSHA	Long-term review	Closed (Drop)
	2	Allowing Submission of LOC for SDS of Domestically Manufactured Products	Long-term review	Readdress
	3	Improvement to Alleviate Industry Burden Caused by Discrepancy in Chemical List Between AREC and OSHA	Not Accepted	Readdress
	4	Resolving Redundancy in Hazardous and Risk Investigation Exemption Criteria	Long-term review	Readdress
	5	Enabling Simultaneous Registration as OR and Importer for The Same Substance	Long-term review	Readdress
	6	Easing Hazards and Risk Data Submission Criteria for Fragrances in Biocidal Products	Long-term review	Readdress
	7	Redundancy in Licence Tax on Prohibited/Authorised/Toxic Substances	Not Accepted	Closed (Drop)
Cosmetics	1	Grant a Grace Period When Changing Review Data Requirements for Functional Cosmetics	Accepted	Closed (Success)
	2	Shortening the Clinical Trial Period for Functional Cosmetics for Anti-Hair Loss (Relief of Hair Loss Symptoms)	Not Accepted	Need to Monitor
	3	Enlargement of Sun Protection Factor (SPF) Indication	Not Accepted	Need to Monitor

Committee/Forum		Issue	Government Feedback	ECCK Future Action
	4	Relaxation of Administrative Penalties on Labelling and Advertising of Cosmetics		
Digital	1	Improvements for CSAP Requirements (temp.)		
	2	Suggesting Bill of Act for Fair Competition of Open Digital Platform		
Energy & Environment	1	Proposal for Voltage-Wise Power Systems and Grid Connectivity Information for Offshore Wind Power Projects		
	2	Establishment of Objective Public Acceptance Criteria for Electric Business Licenses (EBL)		
	3	Establishment of Objective Public Acceptance Criteria at the Permit Stage for Occupancy or Use of Public Waters for Offshore Wind Power		
	4	Revision of the Calculation Criteria for Occupancy or Use Fees for Public Waters		
	5	Establishment of a Prior Consultation Channel with Administrative Agencies for Military Operations-Related Issues		
	6	Establishment of Standards for Floating Substations		
	7	Resolving Uncertainty Regarding the Timing of REC Multiplier Changes for Offshore Wind		
	8	Allowing Contracts with Multiple Off-Takers upon Winning Fixed Price Contract Auction for Wind Power		
	9	Relaxation of the Period for Pre-Use Inspections for Offshore Wind Power Projects of 300MW or More		
	10	Expansion of Preliminary Review Scope for Protected Areas under the Protection of Military Bases and Installations Act and Amendment of Related Directives		
Fashion & Retail	1	Indication of Product Information via QR Code		
	2	Labelling Method for Important Information on Footwear Products		
	3	Simplifying Import Procedures and Reducing Costs through Improved Country of Origin Labelling for Retail Packaging		
	4	Enhancing and Increasing the Flexibility of Labelling Standards for Leather Products		
Food	1	Establishment of Acceptance Standards for Containers Using Physically Recycled Raw Materials Used in Imported Food Products		
	2	Changes in the Labelling of Use-by Date or Date of Minimum Durability for Imported Food Products with Labelling of 'Year and Month'		
	3	Expansion of the Recognition Scope of Official Documents from Foreign Manufacturing Facilities During the Registration and Renewal Process		
	4	Re-examination of Partial Revision Notice on Labelling Standards for Foods, Etc. Requiring Indication of Reduced Content		

Committee/Forum		Issue	Government Feedback	ECCK Future Action
	5	Adjustment of the Scope of Administrative Disposition for Businesses Importing and Selling Imported Food, Etc.		
Health Care	1	Devaluation of Innovative Healthcare Products and Unfair Competitive Environments		
	2	Continuous Erosion the Value of Innovative Drugs		
	3	Improvement of Regulation on Risk Sharing Agreement (RSA) Drugs		
	4	Promote a Mutual Recognition Agreement between Korea and the EU to Fully Recognize GMP Evaluation and Improve Quality Control Testing, and Specify the Regulation Related to the Improvement of Duplicate Quality Tests of Biological Products.		
	5	Improvement of the System for Exchange Rate Indexing Adjustment Table for Reimbursement Cap Price for Medical Devices		
HR	1	Improvement of Serious Accidents Punishment Act		
Insurance	1	Immediate Improvement of Cloud-Related Network Separation Regulations		
	2	Abolition or Change in the Accumulation of Surrender Value Reserves		
	3	Reinforcement of the 1,200% Rule Application		

Committee/Forum		Issue	Government Feedback	ECCK Future Action
	4	Establishment of a Deadline for Notification of Decisions by the Auto Insurance Medical Fee Review Council and Reflection of the Council's Decision in the Review by the Health Insurance Review and Assessment Service		
	5	Increase Flexibility in the Basis for Applying Premium Rates Commensurate with the Risk of a Group of Policyholders to Allow Cross-Selection of Life and P&C Reference Net Premium Rates		
	6	Clarification of Treatment Criteria for Minor Accidents		
	7	Abolition of the IFRS4 Standard Business Report		
Intellectual Property Rights	1	Studies on the Economic Impact of IP Infringement		
	2	Strengthening Criminal Penalties for Crimes Infringing Intellectual Property Rights		
	3	Strengthening Border Measures against IP Infringing Goods		
	4	Enhancement of Effectiveness of EMS Project		
	5	Establishment of Systems by Online Service Providers to Prevent the Distribution of Counterfeit Goods		
	6	Measures to Address the Increase in Imported Counterfeit Goods Due to Overseas Direct Purchases		

Committee/Forum		Issue	Government Feedback	ECCK Future Action
	7	Improvement of Systems for Eradicating the Distribution of Counterfeit Goods and Strengthening Intellectual Property Rights Protection		
	8	Designation of Special Judicial Authority to Local Government Officials for an Effective Crackdown on IP Infringement		
	9	Harmonisation of Royalty Imposition Methods in Copyright Law with International Standards		
Kitchen & Home Appliances	1	Request for Relaxation of the Inspection Date Criteria for the '5-Year Cycle Detailed Inspection System for Imported Food and Other Items' of the Apparatus		
	2	Mitigation of Type Approval Scope for Household Scales		
	3	Display of Legal and Non-Legal Units for Household Scales		
Marine Industry	1	Floating Offshore Wind in Korea - Market Restrictions Resulting from Amendment to the Ship Safety Act (SSA)		
Sustainability	1	Develop a Framework to Measure and Monitor the Impact of Korea's Green Transition Plan		
Taxation	1	Deductions for Overseas Education Fees		
	2	Submission Requirements of Master File and Local File		
	3	Customs Valuation of Carnet Goods When Used for Other Purposes After Temporary Import		

ECCK Committee Reports

Hyewon SHIN
Manager
Aerospace & Defence Committee

Aerospace & Defence

1
Total Key Issue

1.
Improvement of Communication and Flexibility in Offset Proposal Evaluation

Issue

European defence companies recognize the objectives and direction of Korea's offset program. However, during the submission and evaluation of offset proposals, communication with DAPA and KRIT is sometimes perceived as limited and one-directional, making effective consultation difficult in certain cases.

In particular, there have been instances where the core structure or principles of proposals were repeatedly challenged, or unilaterally changed, without any opportunity offered for engaging in constructive discussions to explore alternatives. This approach can hinder mutual understanding and reduce the ability of companies to propose practical and innovative cooperation models. It also lowers the predictability of the review process and may complicate the development of high-value proposals.

In this regard, the ECCK Aerospace & Defence Committee remains fully committed to open and constructive communication with the Korean authorities, with the aim of enhancing mutual understanding and improving the effectiveness of the offset program.

Recommendation

The ECCK Aerospace and Defence Committee recommends that DAPA and KRIT consider adopting a more open and interactive approach in the evaluation of offset proposals. Rather than repeatedly raising fundamental objections to the overall direction or structure of proposals, it would be more constructive to engage in dialogue that supports mutual understanding and alignment between Korea's policy priorities and the industrial capabilities of foreign companies.

We also recommend that any major changes to the existing rules documented in DAPA's governing documents on offset be shared and discussed with foreign aerospace and defence companies — including European firms — prior to their implementation. This would lead to a more open discussion between parties and would provide sufficient leeway for them to organize if needed.

Introducing specific mechanisms, such as pre-submission consultations or dedicated working-level communication channels, could help improve the quality of proposals while enhancing the transparency, predictability, and overall effectiveness of the offset system.

Relevant Act/Regulation	Offset Program Guidelines
Responsible Authority & Division	Defense Acquisition Program Administration (DAPA), Korea Research Institute for Defense Technology Planning and Advancement (KRIT)
Recommendation Status	Updated

Changhoon RIM
Director
Automotive
Committees

Automotive

6

Total Key Issues

1. Moderation of Penalty Provisions Related to EDR Notification Obligations

Issue

It is recommended to moderate the penalty provisions for violations of the notification obligation concerning the installation of the Event Data Recorder (EDR), taking into account the practical implementation of the regulation.

The current Motor Vehicle Management Act sets standards for EDRs that record driving information for a certain period before and after an accident, such as collisions. It also stipulates that automobile manufacturers who fail to notify purchasers about the installation of these devices may be subject to criminal penalties of up to three years' imprisonment or a fine of up to 30 million KRW.

Starting from February 2025, the installation of EDRs became mandatory for all passenger vehicles, as well as buses and trucks with a gross vehicle weight of 3.85 tons or less.

In this context, imposing criminal penalties solely for failure to notify consumers about the installation of a device that is now mandatory may be considered an excessive sanction considering the intent of the act. To ensure regulatory effectiveness while reducing the compliance burden on automobile manufacturers, it is recommended that the penalty provisions be revised in a reasonable manner that aligns enforcement with practical market conditions.

Recommendation

The ECCK Automotive Committee recommends that failure to notify purchasers about the installation of an EDR be handled through administrative fines, rather than criminal penalties.

Relevant Act/Regulation	Article 29-3, Paragraph 2 and Article 79, Subparagraph 3 of the Motor Vehicle Management Act
Responsible Authority & Division	Ministry of Land, Infrastructure and Transport (MOLIT)
Recommendation Status	New

2. Moderation of Penalty Provisions under the Fleet Average System (FAS)

Issue

It is recommended to revise the penalty provisions under the Fleet Average System (FAS) in a more reasonable manner, taking into account market realities.

The Fleet Average System (FAS) requires automobile manufacturers to ensure that the average emissions of all vehicles sold annually do not exceed the limit set by the ME. If a manufacturer exceeds the permissible average emission level, it must offset the excess within a period specified by the Ministerial Decree of Environment. Failure to do so results in criminal penalties of up to seven years' imprisonment or a fine of up to 100 million KRW.

However, manufacturers' ability to meet these targets is significantly impacted by external factors beyond their control, such as economic conditions and shifts in consumer demand. As a result, even with active efforts to comply, manufacturers may face structural challenges in consistently achieving these targets. Despite these challenges, the current system imposes criminal penalties for non-compliance, which places an excessive burden on manufacturers. A more reasonable approach to penalty provisions is therefore recommended, taking into account the practical conditions associated with compliance.

Recommendation

The ECCK Automotive Committee recommends that criminal penalties for failure to achieve FAS standards be replaced with administrative penalties, such as surcharges.

Relevant Act/Regulation	Article 50-3 and Article 89, Subparagraph 7-2 of the Clean Air Conservation Act
Responsible Authority & Division	Ministry of Environment (ME)
Recommendation Status	New

3. Support for Expanding the Distribution of Medium- and Large-Sized Environmentally Friendly Commercial Vehicles

Issue

There is a growing need for government support measures to expand the distribution of medium- and large-sized environmentally friendly commercial vehicles in Korea.

Medium- and large-sized commercial vehicles travel longer distances and emit higher amounts of emissions compared to passenger vehicles. Therefore, promoting the widespread adoption of environmentally friendly commercial vehicles can have a significant impact on improving air quality in the transportation sector.

Recognizing this potential, European commercial vehicle manufacturers in Korea are actively promoting the introduction of environmentally friendly commercial vehicles, such as electric freight vehicles and hydrogen internal combustion engine freight vehicles. However, there are regulatory and infrastructure-related challenges hindering their adoption in Korea. For example, while subsidies are available for electric buses and hydrogen electric freight vehicles, there are currently no subsidy programs for large-sized electric freight vehicles. In addition, since medium- and large-sized electric freight vehicles cannot use the ordinary charging facilities for passenger vehicles, the installation of dedicated charging infrastructure is essential.

It is anticipated that average greenhouse gas (GHG) emission standards will become mandatory for medium- and large-sized commercial vehicles in the near future. Consequently, commercial vehicle manufacturers in Korea, including European commercial vehicle manufacturers, will be required to reduce GHG emissions from their vehicles' fleet, accelerating the need to adopt environmentally friendly vehicles. To ensure compliance with these upcoming GHG regulations, it is essential to establish support measures that facilitate the deployment of medium- and large-sized environmentally friendly commercial vehicles.

This proposal was presented in the 2024 ECCK White Paper. The ME provided feedback indicating that a long-term review is necessary to determine the subsidy support measures for medium- and large-sized freight vehicles. In light of the existing subsidies for medium- and large-sized hydrogen electric freight vehicles, the ECCK Automotive Committee kindly requests the proactive consideration of subsidy programs for other categories of environmentally friendly commercial vehicles, such as medium- and large-sized electric freight vehicles.

Recommendation

The ECCK Automotive Committee recommends that the government establish and implement subsidy programs to support the adoption of medium- and large-sized environmentally friendly commercial vehicles. These programs should include:

- Electric freight motor vehicles and special-purpose vehicles
- Hydrogen internal combustion engine freight motor vehicles and special-purpose vehicles

In addition, it is recommended to expand the availability of dedicated charging infrastructure for medium- and large-sized electric freight vehicles and to increase financial support for the installation costs of these charging facilities.

Relevant Act/Regulation	Article 58, Paragraph 3 of the Clean Air Conservation Act
Responsible Authority & Division	Ministry of Environment (ME)
Recommendation Status	Updated

4. Establishment of Procedures for Granting Exemptions to New Technologies

Issue

It is necessary to establish clear procedures for granting exemptions for new technologies incorporated in motor vehicles.

At present, when automobile manufacturers incorporate new technologies in motor vehicles that are not included in Korean motor vehicle safety standards, they are required to obtain exemptions from the MOLIT. However, the specific procedures for granting these exemptions are not clearly defined in Korean regulations, and industry is faced with uncertainties preventing the latest technologies to be used.

This lack of clarity has led to challenges in communication between automobile manufacturers and relevant authorities, creating obstacles to the introduction of new vehicle technologies in Korea.

Furthermore, according to the relevant provisions of the Korea-EU FTA (Annex 2-C, Article 6), it is stipulated that neither party shall prevent or unduly delay the placing on its market of a product on the grounds that it incorporates a new technology unless it can demonstrate that this new technology creates a risk for human health, safety or the environment. Therefore, there should not be excessive delays in granting exemptions for new technologies for motor vehicles from the EU.

This proposal was presented in the 2024 ECCK White Paper. The MOLIT responded it planned to amend the relevant regulation in 2025. The ECCK Automotive Committee recommends that clear procedures for granting exemptions be established promptly to resolve difficulties faced by European automobile manufacturers in obtaining approvals for new vehicle technologies in Korea.

Recommendation

The ECCK Automotive Committee recommends that clear procedures for granting exemptions for new technologies in motor vehicles be promptly established. Specifically, we propose that the review period for exemption approvals be clearly defined: the results of any review should be notified within three months, with a possible extension of up to three additional months in unavoidable cases, setting the maximum review period at six months.

Additionally, in accordance with the relevant provisions of the Korea-EU FTA[1], it is recommended that the European Commission be notified in cases where an exemption request for new technologies is declined.

1. ARTICLE 6: PRODUCTS WITH NEW TECHNOLOGIES OR NEW FEATURES, annex 2-c to the Korea-EU FTA 2. when a party decides to refuse the placing on the market or require the withdrawal from the market of a product on the ground that it incorporates a new technology or a new feature creating a risk for human health, safety or the environment, it shall immediately notify this decision to the other party and to the economic operators concerned. the notification shall include all relevant scientific or technical information.

Relevant Act/Regulation	Article 114-2 of Rules on the Performance and Standards of Motor Vehicles and Parts
Responsible Authority & Division	Ministry of Land, Infrastructure and Transport (MOLIT)
Recommendation Status	Updated

5. Mitigation of the Requirement to Request Suspension of Customs Clearance Due to IPR Concerns

Issue

It is recommended to mitigate the requirements for requesting the suspension of customs clearance for imported products suspected of infringing intellectual property rights (IPR).

Under the current regulation, an automobile manufacturer (as the IPR holder) may request the head of a customs office to suspend the clearance of imported goods of non-genuine parts if those goods are suspected of infringing intellectual property rights of the automobile manufacturer. To proceed with such a request, the automobile manufacturer must provide a judgement confirming the IPR infringement and submit a cash guarantee equal to 120% of the declared import price within seven days of being notified by customs of the product's import.

However, the current seven-day deadline for an automobile manufacturer to request the suspension of customs clearance is considered too short to adequately meet the relevant requirements. In the case of technical reviews by European automobile manufacturers, the overseas headquarters need to be involved, making it difficult to complete the process within the designated period. Powertrain-related parts, in particular, require more detailed examination and additional time.

Additionally, regarding the cash guarantee requirement, it is difficult to make a cash decision within seven days when the guarantee amount is substantial. Therefore, it is recommended that alternative forms of guarantee, besides cash, be accepted as valid guarantees.

Recommendation

The ECCK Automotive Committee recommends to extend the current seven-day period during which the Intellectual Property Rights holder can request the suspension of customs clearance for imported products suspected of infringing intellectual property rights, following notification from the head of a customs office. An extension to 14–30 days is suggested.

Additionally, it is recommended that a "Tax Guarantee Insurance Certificate" be accepted as a valid form of guarantee when submitting a request for the suspension of customs clearance to the head of a customs office.

Relevant Act/Regulation	• Article 235, Paragraph 2 of the Customs Act • Article 13, Paragraph 2 and Article 14 of the Notification on the Administrative Procedures for Import and Export Customs Clearance for Intellectual Property Rights Protection
Responsible Authority & Division	Korea Customs Service
Recommendation Status	New

6.
Introduction of Additional Incentive Programs for Electric Vehicles

Issue

It is recommended to introduce additional incentive programs to further promote the distribution of electric vehicles (EVs).

Currently, the government provides purchase subsidies for EVs as part of its policy to increase the supply of eco-friendly vehicles. However, the eligibility criteria for these subsidies have become complex and strict, resulting in a decrease in both the number of eligible models and the subsidy amounts for European EV manufacturers. This may lead to a slowdown in EV demand and could negatively impact the broader objective of promoting eco-friendly vehicle adoption. In this context, the introduction of supplementary incentives is recommended to stimulate consumer demand.

Recommendation

The ECCK Automotive Committee recommends to establish and expand incentive programs for EVs that offer tangible, non-financial benefits which EV drivers can directly experience, in order to enhance the practical appeal of adopting eco-friendly vehicles. Specifically, it is recommended that EVs carrying three or more passengers be allowed to use expressway bus-only lanes.

Relevant Act/Regulation	Article 1, Paragraph 1 and Table 1 of the Enforcement Decree of the Road Traffic Act
Responsible Authority & Division	Korean National Police Agency
Recommendation Status	New

Hyokyung SUH
Director
Beer, Wine & Spirits Committee

Beer, Wine & Spirits

3
Total Key Issues

1.
Expanding E-Commerce Delivery Access for All Retail Alcohol License Holders

Issue

In April 2017, the Korean government amended the Enforcement Decree of the Traditional Liquor Industry Promotion Act, allowing the online sale and delivery of traditional liquor. Although the reform aimed to support small producers, preserve cultural heritage, and promote Korea's traditional liquor sector, it has evolved into a structurally discriminatory framework that excludes all non-traditional Korean alcohol categories (including imported liquor) from access to e-commerce delivery.

According to the National Tax Service (NTS), the shipment volume of traditional liquor increased from 982,000 9L cases in 2017 to 2.6M 9L cases in 2023. Yet, all other categories—including imported and domestic non-traditional liquors—remain categorically excluded from e-commerce. This restriction persists even for licensed importers and domestic retailers who fully comply with age verification and all relevant regulatory requirements.

Meanwhile, cross-border e-commerce is booming, particularly through direct overseas purchases. Korea Customs Service data shows a dramatic rise in direct alcohol imports by individuals—from KRW 26.1 billion in 2018 to KRW 344 billion in 2022—a 1,218% increase. This shift highlights strong consumer demand for convenient online access to global alcohol products, even as domestic actors remain sidelined. This imbalance has led to a rise in illegal reselling through informal channels such as social media and secondhand platforms. These transactions evade domestic labeling and safety standards, facilitate tax evasion, and increase the risk of underage access—undermining Korea's regulatory framework and distorting market competition.

The current policy environment contradicts the Korean Fair Trade Commission's (FTC) mandate to ensure fair competition and digital neutrality. By favoring a narrow category of products, the framework distorts the alcohol market and inadvertently incentivizes unregulated parallel imports. It also weakens the credibility of Korea's alcohol control regime.

Expanding e-commerce eligibility would benefit consumers through more competitive pricing, broader product choice, and improved access, while also supporting the entry of emerging craft and premium brands that lack brick-and-mortar distribution.

While concerns regarding potential underage access are often raised, it is important to consider the relevant regulatory precedent. Since 2017, traditional liquor has been legally available for online purchase in Korea, This was a notable policy decision reflecting the government's confidence in the effectiveness of the nation's age verification mechanisms and compliance infrastructure. This clearly demonstrates that appropriate safeguards can be put in place to ensure responsible consumption and e-commerce practices while expanding access within a well-regulated framework.

Similarly, some have raised the point of "widespread accessibility" of alcohol in Korea—referring to its availability in convenience stores and offline retail. However, this argument overlooks a crucial fact that soju, beer and makgeolli overwhelm more than 80% of the entire alcohol consumption in Korea and they are already accessible on most occasions. Allowing e-commerce to all categories and enhancing the accessibility of international categories would have a very limited impact. Therefore, this view fails to consider broader consumer needs for a broad product range, enhanced consumer choice, competitive pricing, and increased diversity of the consumer offer.

Moreover, current restrictions contribute to inconsistent pricing in the premium segment, where online-offline disparities confuse consumers and erode brand value. International best practices—such as the IARD's digital sales principles and industry-led safeguards—demonstrate that safe and responsible alcohol e-commerce is both viable and effective.

<u>Recommendation</u>
The ECCK Beer, Wine & Spirits Committee calls on the Fair Trade Commission (FTC) to recognize unequal access to alcohol e-commerce platforms as a significant competition policy issue. We would like to urge the FTC to lead coordinated cross-ministerial reform that establishes a harmonized regulatory framework. To ensure equal access to online sales platforms for all licensed alcohol retailers is essential to restoring market fairness, upholding regulatory consistency, and achieving digital parity in Korea's retail environment.

The FTC, with its mandate to foster fair competition and digital neutrality, is uniquely positioned to address the institutional obstacles that constantly delay progress in this respect. By guiding reform in this area, the FTC can help modernize Korea's regulatory framework for alcohol distribution in the digital era, while working to expand consumer choice, enhance protections and promote a fairer market environment.

Relevant Act/Regulation	Liquor Tax Act, Notice of Delegated Orders Concerning Mail Order of Liquor
Responsible Authority & Division	Fair Trade Commission (FTC) Market Structure Policy Division
Recommendation Status	Updated

2.
Revision of Health Warning Labels on Alcoholic Beverages

<u>Issue</u>
Since last year, proposals to implement 'no safe level' of alcohol consumption in the National Health Promotion Act were put forward by some lawmakers. The goal was to remove the word 'excessive' from the current warning that states "excessive drinking is harmful to health" and instead implement a 'no safe level' concept eventually targeting to strengthen restrictions on alcohol products. The National Assembly did not endorse such an argument, and the final amendment was to include a 'no drink driving' warning. However, the industry is concerned that similar revisions are still being proposed.

The industry is working together with global organizations such as the WHO to lower the risk of harmful use of alcohol. In the Global Alcohol Action Plan 2022–2030, the WHO targeted a relative reduction of at least 20% (in comparison with 2010) in the harmful use of alcohol. Stated in the action plan as important players, the industry is committed and is taking necessary actions such as moderate drinking campaigns and providing more consumer

1. Mayo Clinic (Alcohol use: Weighing risks and benefits, 2021), Harvard T.H. Chan School of Public Health (Alcohol: Balancing risks and benefits, 2022), Public Health England (Alcohol-attributable fractions for England: An update, 2020, see negative fractions applied to ischaemic heart disease on page 32 and discussion on page 38)

information on our products.

Scientific research, such as J-curve, shows that there are fewer concerns regarding moderate drinking and as such it should be the "harmful drinking" that should be targeted. Research on J-curve shows that low levels of alcohol consumption are associated with a lower risk of some disease outcomes.[1] This directly contradicts and updates the findings of the Global Burden of Disease 2016 study, which claimed in 2018, that there was "no safe level" of consumption. The industry is open to having discussions with the Government about necessary approaches such as drinking guidelines. Alcohol is deeply embedded in the social landscape of many societies and global practices and data show that a reduction of harmful alcohol consumption can be better achieved when both government and industry collaborate. In this regard, the industry has concerns regarding recent proposals on targeting alcohol drinking in general, rather than harmful drinking.

Beyond this, international companies together with some local companies are already providing additional information to better support consumers - and the industry is ready to collaborate with the National Assembly and the relevant authorities to improve information for Korean consumers.

Recommendation

The European Chamber of Commerce in Korea's (ECCK) Beer, Wine & Spirits Committee requests the MOHW to engage with the alcohol industry to discuss reducing the harmful use of alcohol including the details of 'no drink driving' warnings. Broader engagement with the association and academia could better support necessary actions such as drinking guidelines and balanced regulatory frameworks.

Relevant Act/Regulation	National Health Promotion Act
Responsible Authority & Division	Ministry of Health and Welfare (MOHW) Division of Health Promotion
Recommendation Status	New

3.
Transitioning to Specific Taxation for Still and Sparkling Wines

Issue

Korea's adoption of specific taxation for beer and takju marked a forward-looking reform, widely praised for improving transparency, predictability, and alignment with international norms. However, this progress remains incomplete. Still and sparkling wines continue to be taxed under an ad valorem system, resulting in persistent challenges—price volatility, administrative inefficiency, and increased consumer costs.

Under today's economic pressures—rising inflation, weakening consumption, and high living costs—these inefficiencies are more pronounced than ever. Wine prices in Korea are often significantly higher than in comparable markets, primarily due to layered markups and tax distortions. This discrepancy drives consumers toward personal imports and overseas purchases, undermining formal distribution networks, weakening tax compliance, and distorting market competition. Considering the fact that most OECD countries follow Specific Taxation for alcohol, especially neighboring countries such as Japan, Korea is losing competitiveness in international trade as well as a tax opportunity, as even Korean consumers are buying premium alcohol products overseas.

In April 2025, the National Assembly introduced Bill No. 9899, proposing a lower 30% tax rate for certain low-alcohol mixed liquors through product reclassification. While the bill's intent—to improve tax fairness—is commendable, it highlights a broader issue: Korea's liquor tax reforms are being pursued in a piecemeal manner, leading to greater fragmentation and policy inconsistency.

This incremental approach jeopardizes the integrity of the broader tax framework. Without a strategic and unified roadmap, targeted adjustments increase regulatory complexity, hinder compliance, and reinforce perceived inequities. For example, wine—despite having similar alcohol content and consumption patterns as beer—remains subject to disproportionately higher ad valorem taxation. This disincentivizes legal sales and limits access to premium and diverse wine offerings for consumers.

Recommendation

The ECCK Beer, Wine & Spirits Committee urges the Ministry of Economy and Finance (MOEF) and the National Tax Service (NTS) to undertake a comprehensive transition to specific taxation for all fermented alcoholic beverages, including still and sparkling wines. This shift would:

- Promote tax consistency across categories
- Mitigate under-invoicing risks
- Enhance fiscal predictability

- Support price stability and competitiveness
- Enhance consumer choice through diverse product range

This is not solely a concern for multinational brands. A simplified, fairer tax system would directly benefit domestic producers—especially small Korean wineries and importers—who often face disproportionate compliance burdens under the current framework. Preliminary analysis suggests that local producers stand to gain significantly from a shift to specific taxation, improving their market access and sustainability.

While prior advocacy has advanced awareness of this issue, the ECCK BWS Committee recommends strengthening the policy narrative by emphasizing how specific taxation:

- Reduces the administrative burden of the Ad Valorem system – and potential tax avoidance through under declaration
- Drives sustainable industry growth
- Encourages consumers to upgrade their selection, drink higher quality products, through non-penalization of premiumization
- Enables greater consumer access to a wider range of products

To move forward, the ECCK BWS Committee proposes establishing a dedicated working group—comprising MOEF, NTS, industry associations, and academic experts—to develop a practical implementation roadmap. Broader structural reform is urgently needed to ensure clarity, balance, and long-term coherence in Korea's alcohol taxation policy.

A transition towards Specific Tax is necessary if Korea wants to remain competitive and tax effective, as Hong Kong did through combining Ad Valorem and Specific Tax systems, in a transition move. Now is the time to build on previous reforms and ensure Korea's tax system supports fairness, economic resilience, and consumer access in a modern alcohol market.

Relevant Act/Regulation	Liquor Tax Act
Responsible Authority & Division	Ministry of Economy and Finance (MOEF) Individual Consumption Tax Division
Recommendation Status	Retained

Chemical

Kyunghyun KIM
Manager
Chemical Committee

7

Total Key Issues

1. Improvement to Alleviate Industry Burden Caused by Discrepancies in Chemical Lists between AREC and OSHA

Issue

Under Article 108(1) of the Occupational Safety and Health Act (OSHA), if a person who intends to manufacture or import any non-phase-in substance that exceeds the quantity prescribed by Ordinance of the Ministry of Employment and Labor, they should submit a hazards and dangers investigation report (hereafter referred to as "investigation report") to the Ministry of Employment and Labor.

At the same time, Article 10 of the Act on Registration and Evaluation of Chemical Substances (AREC) also mandates registration of non-phase-in substances. To alleviate overlapping obligations, a proviso clause was added to Article 147 of the Enforcement Rule of OSHA, stipulating if a non-phase-in substance is registered under Article 10 of AREC, it shall be deemed to have submitted the investigation report.

Nevertheless, inconsistencies in the definitions of "non-phase-in" and "phase-in" substances between the two laws continue to cause confusion for industry stakeholders.

Specifically, while AREC defines phase-in substances by Article 2(3) and Article 3 of ME Notice No.2023-122, OSHA does not provide a corresponding definition for phase-in substances. Instead, OSHA lists substances exempt from investigation under Article 85 of its Enforcement Decree, although the substances do not align with the scope of non-phase-in substances defined under AREC.

Recommendation

In light of the above, the ECCK Chemical Committee respectfully proposes that the registration and evaluation of non-phase-in substances be conducted solely under AREC, and remove the registration of non-phase-in substance clause from OSHA.

If, however, maintaining these OSHA provisions is deemed necessary, we recommend that Article 85 of the Enforcement Decree be revised so that all chemical substances recognized as existing under AREC are also exempted from hazards and dangers investigation under OSHA.

Relevant Act/Regulation	• Article 108 of the Occupational Safety and Health Act and Article 85 of its Enforcement Rule • Notice on Hazards and Dangers Investigation etc. of New Chemical Substances (MOEL, No.2024-2) • Article 2 of the Act on Registration and Evaluation of Chemical Substances • Notice on Phase-in substances (ME, No.2023-122)
Responsible Authority & Division	Ministry of Employment and Labor (MOEL) Chemical Accident Prevention Division, Ministry of Environment (ME) Chemical Policy Division
Recommendation Status	Retained

2.
Resolving Redundancy in Hazards and Dangers Investigation Exemption Criteria

Issue

Under Article 147(1) of the Occupational Safety and Health Act (OSHA), if a non-phase-in substance has been registered with the Ministry of Environment (ME) in accordance with Article 10 of the Act on Registration and Evaluation of Chemical Substances (AREC), it is deemed that the hazards and dangers investigation report required under OSHA has been submitted. This proviso clause was introduced to reduce the burden of overlapping regulations.

> Provided that in the case where a non-phase-in substance is registered with the Minister of Environment pursuant to article 10 of AREC, it shall be deemed to submit an investigative report on the hazards and dangers to the Minister of Employment and Labor (MOEL).

Despite this provision, confusion persists due to differences between Article 11 of AREC, which sets out exemptions for registration of non-phase-substance, and Article 150 of OSHA's Enforcement Rule, which outlines exemptions from hazards and dangers investigation.

For instance, even when a non-phase-in substance is exempt from registration under AREC, the following substances are still subject to hazards and dangers investigation under OSHA:

- Chemical substances manufactured or imported to export the whole amount thereof.
- Chemical substances subject to surface treatment and another substance that treats the surface of the substance.

Recommendation

The ECCK Chemical Committee proposes deletion of Article 150 of the Enforcement Rule of OSHA and amend Article 147(1) to non-phase-in substances registered or exempt form registration under AREC are also considered as having fulfilled OSHA's hazards and dangers investigation requirements.

Furthermore, we suggest establishing an inter-ministerial system, that allows MOEL to access registration or exemption records from ME directly, thereby eliminating the need for companies to obtain and submit separate confirmation documents.

Relevant Act/Regulation	• Articles 147(1), 150 and 151(1) of the Enforcement Rule of the Occupational Safety and Health Act • Article 11 of the Act on Registration and Evaluation of Chemical Substances
Responsible Authority & Division	Ministry of Employment and Labor (MOEL) Chemical Accident Prevention Division, Ministry of Environment (ME) Chemical Policy Division
Recommendation Status	Retained

3.
Enabling Simultaneous Registration as OR and Importer for the Same Substance

Issue

Due to the complex supply chain structure of the chemical industry, it is not uncommon for a company that has registered a substance as an Only Representative (hereafter referred to as "OR") on behalf of a foreign manufacturer to also act as an importer for the same substance, from a different supplier.

However, the Ministry of Environment (ME) noted that a company cannot hold both roles simultaneously for the same substance. For instance, if a company already appointed as OR intends to import the same substance from a different supplier as an importer, ME advised they should either register as an OR for the new supplier, or withdraw all existing OR registrations and proceed for importer registration. This applies vice versa, where the importer seeks to additionally act as an OR.

ME explained that this policy aims to prevent so-called ‘volume splitting’ – where import volumes are intentionally divided and registered at lower tonnage bands to reduce registration costs.

Due to this guideline, importers and ORs have to withdraw their existing registrations entirely and proceed with re-registration, which requires submission of toxicological data related to the substance. The problem is that these data are identical to those previously submitted when the substance was initially registered via OR or importer – meaning the ME already holding the same data. As a result, in order to comply with the current guidelines, companies are being forced to repurchase data that have already been submitted, leading to repeated payment of substantial foreign currency to foreign data owners. In fact, some companies have had to completely withdraw their previous registrations and re-register, incurring not only the burden of additional registration costs but also business losses such as delays in their schedules.

Recommendation

Diversifying overseas suppliers to ensure the stability of chemical supply chain is a natural and essential business strategy, particularly in a competitive global environment.

Thus, considering the above, the ECCK Chemical Committee respectfully requests a regulatory amendment that would allow a company to register a substance both as an OR and an importer.

We also ask the authorities to consider that most companies do not intend to circumvent regulations through volume-splitting. Truth to be told, registering a substance under a high tonnage band is often more cost-effective than splitting into multiple lower tonnage bands.

Relevant Act/Regulation	Act on Registration and Evaluation of Chemical Substances and its Enforcement Rule
Responsible Authority & Division	Ministry of Environment (ME) Chemical Policy Division
Recommendation Status	Retained

4. Allowing Submission of LoC for MSDS of Domestically Manufactured Products

Issue

Under the current Occupational Safety and Health Act (OSHA), manufacturers and importers of chemical substances or mixtures (collectively referred to as "products") are required to provide downstream users with the full list of substances contained in those products. In particular, if the products contain substances that fall under the classification prescribed in Article 104, submission of a Material Safety Data Sheet (MSDS) to the Ministry of Employment and Labor (MOEL) is mandatory (Article 110(1)).

Even for 'substances that do not fall under the classification prescribed in Article 104' (hereafter referred to as "substances not classified hazardous"), relevant information, such as the substance name and contents, should be also submitted (Article 110(2)).

Notwithstanding the above, an exception applies exclusively to importers if a Letter of Confirmation (LoC) is provided by the foreign manufacturer, stating that the product contains no hazardous substances except than those listed in the MSDS, this may be submitted in lieu of dull substance disclosure. This exception recognizes the practical limitations faced by foreign manufacturers who often consider product formulations as Confidential Business Information (CBI) and are reluctant to disclose them.

However, if the imported product is not used as-is, but undergoes processing - such as being mixed with other substances - the above exception cannot be applied. This is because such processing is considered as manufacturing of a new product within Korea, thus the obligation to submit substance information is imposed on the Korean manufacturer, whereas the exception applies solely for importers.

As a result, the Korean manufacturer has to provide downstream users with the full substance information of the final product. To do so, they have to request disclosure of the imported product's substance information from the foreign manufacturer, who are often as reluctant to provide such information due to concerns about protecting their CBI. This leads to a conflict between legal compliance obligations and the protection of intellectual property.

Even when purchasing the same product from the same foreign supplier, differing regulatory obligations are imposed depending on the intended use (finished product vs. raw material) and legal status (importer vs. domestic manufacturer), leading to regulatory burdens and ultimately hindering smooth cooperation between foreign suppliers and domestic manufacturers.

Products with CBI are commonly used in high-tech industries, such as semiconductors. Given the size and strategic importance of the Korean market, foreign manufacturers are generally willing to maintain business with Korean partners. However, current regulatory framework imposes limitations on how products can be used and how cross-border collaboration is structured. The following is a typical case that illustrated the issue:

> Foreign manufacturer 'A' supplies chemical products, composed of non-hazardous substances, to client 'B'. Since B uses A's products to manufacture goods domestically, B is required to prepare and submit an MSDS to MOEL, and full information about all substances is required for preparation. Since A's product contains CBI substances, A intended to issue an LoC stating that the substances are not classified as hazardous, as an alternative. However, due to Article 110 of OSHA, only the importers are allowed to substitute the substance information with an LoC, thus B is requesting the actual substance information to comply with the law.

Recommendation
In order to ensure fair and consistent regulatory implementation, the requirement to disclose information of substances not classified as hazardous should be applied equally to both importers and domestic manufacturers.

The ECCK Chemical Committee respectfully propose the following improvements:

- Allow domestic manufacturers to also submit a Letter of Confirmation (LoC) issued by the foreign manufacturer, which is currently permitted only for importers or;
- Permit submission of MSDS for the imported product in lieu of full substance disclosure.

Relevant Act/Regulation	Article 110(2) of the Occupational Safety and Health Act and Article 157 of its Enforcement Rule

Responsible Authority & Division	Ministry of Employment and Labor (MOEL) Chemical Accident Prevention Division
Recommendation Status	Retained

5.
Improvement of CBI Approval Procedure

Issue
Substances considered as Confidential Business Information (CBI) are typically used and disposed of in controlled environments such as laboratories, where the risk of harm to workers is low. However, under Article 112 of the Occupational Safety and Health Act (OSHA) and Article 161 of its Enforcement Rule, substances subject to Material Safety Data Sheet (MSDS) requirements must receive approval form the Ministry of Employment and Labor (MOEL) prior to manufacture or import, event when used in small quantities for research and development purposes.

Speed is a critical factor in industrial research and development, where competitiveness often depends on rapid application and decision-making. However, the current approval procedures slow down overall timelines and are widely perceived as hindering research capabilities.

Recommendation
Under the current MSDS communication system, all substances subject to MSDS requirements must be listed in the MSDS to ensure relevant hazard information and safety measures are properly conveyed throughout the supply chain to protect the workers. This principle applies equally to CBI substances.

While CBI substances may be listed using alternative names or concentration ranges, sufficient safety related information is still provided to enable appropriate safety measures to be implemented in practice.

Therefore, considering small quantities handled for R&D purposes pose low risk to workers, and the fact that sufficient safety information is provided under the current system, the ECCK Chemical Committee recommends revising the approval procedure, by allowing use of alternative names and ranges without prior approval when manufacturing or importing such substances solely for R&D purposes in small quantities.

Relevant Act/Regulation	Article 112 of the Occupational Safety and Health Act and Article 161 of its Enforcement Rule
Responsible Authority & Division	Ministry of Employment and Labor (MOEL) Chemical Accident Prevention Division
Recommendation Status	Retained

6.
Simplification of Appointment Letter Sharing Process

Issue

Article 166(5) of the Enforcement Rule of the Occupational Safety and Health Act (OSHA) mandates persons appointed by an overseas manufacturer (hereafter referred to as “appointed person”) to share a copy of the appointment letter to the importer. This appears to be unnecessary considering the current Material Safety Data Sheet (MSDS)-related work result sharing procedure.

Basically, if the MSDS is prepared by the appointed person, their information should be included in the supplier's information section. Additionally, each MSDS is assigned with a unique identification number, through which the associated product name and submission status can be confirmed. Therefore importers can check compliance by referring to this number.

In the case of multinational companies, the headquarter may assign an appointed person on behalf of all manufacturing sites in various countries. As such, the appointment letter alone has limitations in verifying detailed company information or identifying the actual responsible personnel.

The Korea MSDS System (KMS) provides a "Provision of Work Result by the Appointed Person of a Foreign Manufacturer" function, which enables importers to check key information, such as the foreign manufacturer's details, MSDS number, and submission records by each product. However, the system does not support the transmission of the appointment letter function. Thus, to comply with legal requirements, stakeholders must share the copy outside the system and manage it separately, which places an additional administrative burden to both appointed person and the importer.

Recommendation

Given that the "Provision of Work Results by the Appointed Person of a Foreign Manufacturer" function within the KMS sufficiently enables information verification and legal compliance, the ECCK Chemical Committee respectfully propose the removal of providing a copy of appointment letter. Furthermore, we recommend unifying the information provision process by amending the relevant regulation as follows:

- Delete the obligation to provide a copy of the appointment letter under Article 113(5) of the Enforcement Rule of OSHA and incorporate the following phrase into Article 113(6)

  "Where a person appointed under Article 113(1) of the Act performs any of the duties stipulated in Article 113(1)(i) to (iii), the results of such shall be provided to the importer of the substance subject to submission of Material Safety Data Sheet."

These revisions are expected to enhance both administrative efficiency and regulatory effectiveness, while reinforcing a system-based information provision mechanism.

Relevant Act/Regulation	Article 113 of the Occupational Safety and Health Act and Article 166 of its Enforcement Rule
Responsible Authority & Division	Ministry of Employment and Labor (MOEL) Chemical Accident Prevention Division
Recommendation Status	New

7.
Easing Hazards and Risk Data Submission Criteria for Fragrances in Biocidal Products

Issue

On April 18, 2024, the National Institute of Environment Research (NIER) announced the ‘Notice on hazards and risk data submission criteria for fragrances in biocidal products (hereafter referred as to “Notice”)’, specifying additional documents to be submitted for inhalation exposure products.

For products that have inhalation exposure due to their dosage form or usage, hazard data submission is exempted if the substance is present in less than 0.1%;

* Notwithstanding the above, hazard data must be submitted for:
  a) Substances of Concern (SoC); regardless of concentration
  b) Allergens; if present more than 0.01%

Despite the clear thresholds provided in the Notice there is inconsistency in how they are being interpreted and enforced in practice. The Ministry of Environment (ME)'s Chemical Product Management Division currently considers only SoCs are subject to hazard data submission. However, National Institute of Chemical Safety (NICS) requires companies to submit hazard data for all individual component consisting the fragrance, if any of the individual component is an SoC, regardless of the content.

Fragrances were already included in consumer chemical products subject to safety confirmation, and have been sold for several years. However, as these products are being reclassified as biocidal products, newly strengthened data submission requirements are being imposed retroactively.

As a result, while general consumer chemical products are not currently required to submit hazard and risk data for toxic substances or allergens, biocidal products are, thereby placing an increasing burden on industry stakeholders. This challenge is further compounded for Group 1 products, for which the grace period ends in late 2025. The time remaining is insufficient for companies to generate and submit all required data in accordance with the current requirements.

Additionally, the scope of what qualifies as acceptable hazard data remains unclear. It is not specified whether classification and labeling data alone are sufficient or if the original test results and supporting data must also be submitted. This ambiguity in the Notice leads to confusion and compliance challenges.

Recommendation
Accordingly, we would like to propose the following improvements to the requirements for submitting hazard data on fragrance ingredients:

1. Reestablish the content criteria for hazardous data submission of fragrances
Most biocidal products contain less than 1% total fragrance ingredients. At the individual component level, these substances are typically present at concentrations between 1 to 100 ppm, with the majority under 10 ppm. Considering that test methods for 'consumer chemical products subject to safety confirmation' set quantification limits at 10 ppm or 50 ppm, these values are extremely low.

Internationally, such trace levels are regarded as negligible in terms of impact. Under the GHS (Globally Harmonized System of Classification and Labeling of Chemicals) and EU CLP (Classification, Labeling and Packaging Regulation), the threshold for acute toxicity classification is 1% or less, while substances classified as carcinogenic or reproductive toxic substances has a threshold of 0.1% or less. If the content falls below these thresholds, they are generally not classified as hazardous.

This 0.1% threshold is not an arbitrary administrative figure; it is derived from international consensus based on scientific risk assessment and exposure potential (as reference by NIER's Regulation on Classification and Labeling of Chemical Substances).

Furthermore, under the EU Biocidal Products Regulation (EU BPR), hazard data for individual fragrance substances are not required. Even if the substance is classified as endocrine-disruptor, and thereby falls under the SoC category, it is excluded from hazard assessment if its content is 0.1% or lower in the product.

In light of these international precedents and actual exposure levels, the ECCK Chemical Committee respectfully request that the relevant Korean regulations align with global standards by limiting hazard data submission requirements of fragrances **only if the individual substance exceeds 0.1% in the product.**

We also highlight that the Ministry of Environment's current interpretation -requiring hazard data only for SoCs within fragrances- could inadvertently lead to all components being classified as SoCs. This could result in unnecessary hazard and risk assessments for substances that do not meet the classification criteria. In one case, a fragrance component was not classified as SoC, yet the Ministry of Environment classified it as such, due to "potential chronic toxicity", and demanded hazard and risk assessment results.

2. Rationalization of Hazard Data Submission Requirements
Currently the guidelines require companies to provide 6-pack toxicity data with reliability grade 2 or higher for each individual fragrance components. This requirement is often impractical. For example, acute dermal toxicity data is particularly difficult to obtain through alternative testing methods such as QSAR (Quantitative Structure-Activity Relationship) or Read Across. To facilitate realistic

compliance, we propose the following measures:

- Allow limited exceptions to strict reliability requirements;
- Accept documents issued by internationally recognised institutions beyond government agencies (e.g., RIFM);
- Permit estimation of dermal toxicity based on oral toxicity values;
- Waive additional hazard data requirements for allergens already identified as skin sensitizers, substituting with labeling disclosure instead;
- If the intent of data submission is to confirm the hazard profile of each fragrance substances, allow classification and labeling data alone to suffice for compliance.

Relevant Act/Regulation	• Consumer Chemical Products and Biocides Management Control Act • Notice on hazards and risk data submission criteria for fragrances in biocidal products (NIER, 2024.04.18.)
Responsible Authority & Division	Ministry of Environment (ME) Chemical Product Management Division, National Institute of Chemical Safety (NICS)
Recommendation Status	Retained

Ansook PARK
Senior Director
Cosmetics
Committee

Cosmetics

2
Total Key Issues

1. Improvement on Labelling Requirements of Overseas Manufacturer Information in Imported Cosmetics

Issue

Under the current Cosmetics Act and its Enforcement Rule of Cosmetics Act, cosmetic products are required to indicate the business operator's name and address in Korean. For imported cosmetics, additional labelling is mandated to include the country of manufacture, manufacturer's name and manufacturer's address clearly distinguished from that of the domestic manufacturer.

Consequently, the address of the overseas manufacturer is also required to be presented in Korean. However, considering the primary purpose of labelling is to ensure traceability, it would be more accurate and appropriate to allow the use of the original local language or an internationally recognized language such as English for the address of the overseas manufacturer. In actual practice, the manufacturer's information on the documents for customs clearance is typically provided in English.

If consumers inquire regarding the product, the domestic Responsible Distributor is required to respond in accordance with the Cosmetics Act, and information about the overseas manufacturer can be verified through the Responsible Distributor. Providing information beyond the country of origin and the name of the manufacturer may lead to information overload, potentially hindering the effective communication of key details to consumers and causing confusion. Therefore, a review of the requirement to indicate the full address of the overseas manufacturer is needed.

Recommendation

The ECCK Cosmetics Committee recommends that the address of overseas cosmetic manufacturers be allowed in English. Since it was confirmed during the 2025 MFDS Regulatory Innovation Roundtable that the possibility of using English for the foreign manufacturer's address is under review, it is necessary to proceed to the next step.

Additionally, it is recommended to consider removing the requirement to indicate the full address of overseas cosmetic manufacturers on the product label, as it is not directly related to consumer safety.

Relevant Act/Regulation	• Article 10 of the Cosmetics Act (Labelling Requirements for Cosmetics) • Article 19 of the Enforcement Rule of the Cosmetics Act (Labelling and Indication of Cosmetic Packaging), [Table 4] Labelling Standards and Methods for Cosmetic Packaging 2. D
Responsible Authority & Division	Ministry of Food and Drug Safety (MFDS) Cosmetics Policy Division
Recommendation Status	New

2.
Improvement of Import Procedures for Cosmetics Containing Newly Listed EU-Allergens

Issue

Due to the amendment of the EU Cosmetic Regulation on 26 July, 2023, an expanded list of fragrance allergens is now required to be labelled on cosmetic products within the EU. Accordingly, cosmetics reflecting this updated labelling are currently being imported to Korea, and documentation listing the newly extended allergens is being submitted for customs clearance. However, for allergen group names that now appear on labels—particularly those that include substances with concentration limits specified under Korean regulations—importers are required to submit additional documentation detailing the individual substances and their concentrations included within the group. This additional requirement is causing difficulties and delays in the import clearance process.

The amended EU regulation is intended solely to enhance consumer information and has no impact on the formulation of the products. To address limited labelling space and improve readability, the regulation permits the use of grouping names that combine substances with similar cross-sensitisation properties. These grouping names are also listed in the European Cosmetic Ingredients Inventory (CosIng) and the International Cosmetic Ingredient Dictionary (ICID).

Since the extended fragrance allergens introduced under the new EU regulation are listed beyond the 25 substances currently regulated by 'Regulations on the Labelling of Precautions for use for Cosmetics products and Allergen ingredients' their inclusion is independent of Korean requirements.

Therefore, it is reasonable that the grouping names as indicated on the Certificate of Manufacture should be accepted as-is.

Recommendation

The ECCK Cosmetics Committee recommends that documentation containing the EU grouping names for the expanded list of fragrance allergens be accepted as-is for import customs clearance process.

In cases where the grouping name includes substances that are subject to concentration limits under Korean regulations, it is recommended to allow import customs clearance upon submission of an additional confirmation letter from the manufacturer verifying that the total concentration of relevant substances within the group complies with Korean regulatory limits.

Relevant Act/Regulation	• Article 31, paragraph 2 of the Merged Notice • Article 19 of the Enforcement Rule of the Cosmetics Act (Labelling and Indication of Cosmetic Packaging), [Table 4] Labelling Standards and Methods for Cosmetic Packaging 3. E • Regulations on the Labelling of Precautions for use for Cosmetics products and Allergen ingredients
Responsible Authority & Division	Ministry of Food and Drug Safety (MFDS) Cosmetics Policy Division
Recommendation Status	New

Kyunghyun KIM
Manager
Digital Committee

Digital

2

Total Key Issues

1. Suggestions for Cloud Security Assurance Program (CASP) Requirements

Issue

In order to modernize its cybersecurity policies, the National Intelligence Service(NIS) released the National Network Security Framework(N2SF) Guidelines, which revise the government's policy on network segregation. Accordingly, Ministry of Science and ICT(MSIT) reformed Cloud Security Assurance Program(CSAP) requirements by introducing a tiered system for public institution data systems, categorized as "Low," "Medium," and "High" grades. These changes ease physical separation requirements, and permit the use of more global encryption standards for low-grade systems.

Whilst these developments represent a step forward, their impact is currently limited. They apply to "Low" grade systems, restricted to managing or operating public data that does not contain personal information. This causes concern that the reform limits meaningful access to cloud services for Korean Government systems.

Consequently, it is anticipated that only a small fraction of public institution systems will classify as "Low" grade. This leaves the majority of systems to be classified as "Medium" or "High". This effectively limits access to cloud services provided by non-Korean cloud providers.

Furthermore, even for "Low" grade systems, which now benefit from relaxed physical separation and encryption rules, other restrictive requirements remain in place. These include mandates for data residency, the use of government-approved encryption technology, and the physical presence of personnel within the country.

Recommendation

The ECCK Digital Committee recommends that only the most sensitive government systems, such as those used by defence and security organizations and those with sensitive health data, be classified as "High" grade and attract requirements such as data residency, encryption, and physical separation. Such a targeted approach would allow most of public institution systems to be classified as either "Medium" or "Low" grade.

For "Medium" and "Low"-grade systems, we recommend that requirements such as physical network separation, data residency, personnel presence and encryption be made non-mandatory. This would enable KISA to make a holistic assessment rather than a binary mandatory requirement.

Relevant Act/Regulation	Notice on Cloud Security Assurance Program (CSAP)
Responsible Authority & Division	Ministry of Science and ICT (MSIT) Cyber Security and Threat Management Division, Korea Internet & Security Agency (KISA)
Recommendation Status	Updated

2. Suggesting a Bill for Fair Competition of Open Digital Platform

Issue

Digital transformation created various new contents, products and services, vastly changing consumer experiences, many of which are provided through digital platforms.

Currently, only a few companies dominate the digital mobile operating system (OS) platform market, which presents considerable challenges for third-party product/solution providers and consumers alike. Third-party app/contents developers for mobile OS generally are restricted in providing or promoting their services to consumers outside the platform's own apps and are mandated to pay commissions , which can be as high as 30% of their revenue, to the platform provider.

Not only does the third-party pay more, but they also have handicaps; third-party developers of peripherals (smartwatches, earbuds, smart glasses, etc.) have limited access to the necessary technical information of the OS, which often the OS' own subsidiaries have full access to.

Consumers also experience difficulties in changing the default settings on their smartphones, which prioritize the OS' own apps over third-party ones. For example, smartphone users experience difficulties importing their own data (photos, files, music, etc.) from one OS to another. Another example is, despite the availability of a global standard (RCS), smartphone messages are not interoperable between different OS.

Recommendation

Relying solely on current ex-post antitrust or competition laws will not be sufficient to address the issues raised in the digital platform sector. The ECCK Digital Committee recommends the establishment of a system for proactive oversight of dominant mobile operating system (OS) platforms. This approach would be designed to prevent anti-competitive behavior, thereby ensuring a fair and contestable market environment. We recommend the re-enactment of the previously drafted legislation, by introducing legal clarity and a set of predefined obligations for dominant digital platforms, with focus on mobile operating systems, which would ultimately safeguard consumer interests.

The EU has passed and is enforcing the Digital Platform Act (DMA), which adopts ex-ante regulations for a very limited number of Core Platform Services (CPS) providers. The UK also passed its Digital Market, Competition and Consumers(DMCC) Act in May 2024, and it is now in force. Following this, Japan passed the Smartphone Software Competition Promotion Act in June 2024, which focuses on the mobile ecosystem, and it is expected to be in effect from December 2025.

Relevant Act/Regulation	Bill of Platform Competition Promotion Act (Draft)
Responsible Authority & Division	Fair Trade Commission (FTC)
Recommendation Status	Updated

Hyewon SHIN
Manager
Energy & Environment Committee

Energy & Environment

8
Total Key Issues

1.
Proposal for Voltage-Wise Power Systems and Grid Connectivity Information for Onshore and Offshore Wind Power Projects

Issue

In response to 2024 whitepaper feedback, we have received a response from the relevant authority stating that developers who have obtained Electricity Business Licenses (EBLs) are being tracked through updates to grid connection data. It was also noted that new measures, such as the grid reallocation scheme, are being introduced to allocate capacity to actual project developers.

However, this differs from the original intent of our request, *i.e.-* to *establish a preliminary grid review system that is available prior to making investment decisions for wind measurement systems*.

Recommendation

Key requests outlined in this agenda are as follows:

- Public disclosure of grid connection information by KEPCO, either to the general public or to project developers.
- As an alternative, establishment of a formal preliminary review process—either by the Electricity Regulatory Commission (ERC) or KEPCO—through which developers can assess grid connection feasibility at the early development phase before EBL application.

Relevant Act/Regulation	Article 30 of the Civil Petitions Treatment Act and Article 33 of its Enforcement Decree
Responsible Authority & Division	Ministry of Trade, Industry and Energy (MOTIE) Electricity Regulatory Commission (ERC), Korea Electric Power Corporation (KEPCO) Grid Planning Department
Recommendation Status	Updated

2.
Establishing a Validity Period for the Effective Area of Onshore Wind Measurement Masts

Issue

In accordance with Article 8 of the relevant regulation, if public land is not included within the project site, the validity period of the area secured by a wind measurement mast remains unrestricted.

In such cases, by securing a small plot of land (approximately 400 m^2) and obtaining a Temporary Use Permit for Forestry Land, followed by the installation of a wind measurement mast within six months, a developer gains indefinite priority right to apply for an EBL within a 2 km radius (approximately 12,561,000m^2 or 3.8 million pyeong). This is particularly problematic, as the Temporary Use Permit can be continuously extended through minimal administrative steps—namely, the submission of required documents and payment of additional restoration fees—thus enabling speculative land hoarding without genuine project intent or progress.

Recommendation

Given that the effective area of a wind measurement mast grants the right and priority to apply for an EBL over an area tens of thousands of times larger than the actual area used for measurement, projects that fail to secure the license over an extended period—regardless of whether public land is included—should have their validity period revoked to allow other developers the opportunity to proceed with development.

Relevant Act/Regulation	• Article 8 of Annex 2 to the Criteria for Wind Resource Measurement and Overlapping Wind Power Project Sites under the Detailed Licensing Standards for Power Generation Projects, • Article 9 of Annex 2 to the Criteria for Wind Resource Measurement and Overlapping Wind Power Project Sites under the Detailed Licensing Standards for Power Generation Projects
Responsible Authority & Division	Ministry of Trade, Industry and Energy (MOTIE) Electricity Regulatory Commission (ERC)
Recommendation Status	New

3.
Clarification on the Conditions for Applying the Flexible Interconnection System

Issue

The grid connection of renewable energy is rapidly increasing due to the government's policy of expanding renewable energy, but the regional concentration of renewable energy grid connection conditions is causing difficulties in stable grid operation and access to renewable energy. As a result, the government is discussing the introduction of a flexible interconnection system that can improve the capacity of renewable energy by managing fixed interconnection capacity by monitoring and controlling the effective output based on renewable energy output forecasts, unlike the existing method of managing fixed interconnection capacity based on the amount of renewable energy capacity. If such a flexible interconnection is introduced, we request that the government clarifies how the system will be applied, and under what specific conditions.

Recommendation

In the event of the introduction of the interconnection system, the ECCK Energy & Environment Committee requests that relevant provisions be made to allow the renewal of the transmission electric facility use contract and the REC offtake contract by specifying the date of commencement of use, the date of commencement of commercial operation, and the annual generation limit for each year. This is because the application of flexible interconnection for projects that have won the fixed-price tender should be reflected in the transmission electric facility use contract before the financial closing (FC), so that the financial closing can be initiated. In addition, there should be specific details on post-control conditions (i.e. expected control volume, expected control time) so that loan repayment conditions can be set after the expected commercial operation date (COD), and that financial closing can be realized.

Relevant Act/Regulation	Rules for use of transmission and distribution electric facilities
Responsible Authority & Division	Korea Electric Power Corporation (KEPCO) Grid Planning Department, Ministry of Trade, Industry and Energy (MOTIE) Power Grid System Innovation Division/ Korea Power Exchange (KPX)
Recommendation Status	New

4.
Allowance for Special Exceptions for Relevant Construction Permits for the Construction of Onshore Transmission and Distribution Facilities for Private-Led Offshore Wind Power

Issue
While policy/regulatory changes have been made to allow the Electric Power Resource Development Act to be applied to onshore transmission and distribution facilities constructed by private large-scale offshore wind developers, there is still a significant risk that the permit for relevant construction works other than electric facilities may be delayed due to excessive opposition from local governments or local residents, resulting in a prolonged delay in the overall construction schedule.

Therefore, to minimize the possibility of unreasonable construction delays, it is necessary to apply the special exception for expedited processing of relevant construction permits (Article 17 of the Special Act on National Grid Expansion) to the construction of transmission and transmission facilities for projects developed by private power producers.

Recommendation
The ECCK Energy & Environment Committee suggests two ways to solve the problem. The first is to add a special provision to the Electric Power Resource Development Act for expedited permits for relevant construction that come with the construction of onshore transmission and distribution facilities for offshore wind power.

Second, Article 3 (Project Implementer) of the Special Act on National Grid Expansion, which is limited to 'transmission system operation (TSO)', could be expanded to include private developers licensed under Article 7 of the Electricity Utility Act, the same as Article 3 of the Electric Power Resource Development Act.

Relevant Act/Regulation	• Electric Power Resource Development Act Article 2 (Definitions), Article 3 (Electric Power Resource Developer) • Special Act on National Grid Expansion Article 2-2b, Article 3, Article 17 • Electric Utility Act Article 2-6, Article 7-1
Responsible Authority & Division	Ministry of Trade, Industry and Energy (MOTIE) Power Grid System Innovation Division/Electricity Market Division/Electricity Industry Policy Division
Recommendation Status	New

5.
Establishment of Procedures for Determining whether Joint Connection Facilities for Private-Led Offshore Wind Meet the Criteria for Eligibility under the Electric Power Resource Development Act

Issue
The only official confirmation of the applicability of the Electric Power Development Act (hereafter "Act") to the construction of onshore transmission and distribution facilities (such as joint connection facilities) by private large-scale offshore wind developers is through the biennial Basic Plan for Electricity Supply and Demand and the following Long-term Transmission Facilities Plan (hereafter "Plan")

Between the announcement periods of each plan, there may be a time that a private power producer's transmission and distribution facility meets the criteria to be reflected in the Plan and a decision to proceed with the project by establishing a license plan is required. However, until the next Basic Plan is announced, there is no way to confirm from an authorized organization or specific procedure whether the Basic Plan can be reflected or whether the Act can be applied, which may affect the decision-making of private power producers to proceed with the project

As such, it seems necessary to establish a detailed confirmation procedure to ensure that the joint connection facilities constructed by power producers meet certain conditions to be reflected in the Plan, as stated in the 11th Long-term Transmission and Transmission Facilities Plan (p. 14, Evaluation Criteria for Grid Connection of Power Plants).[1]

Recommendation
The ECCK Energy & Environment Committee requests that the relevant department of MOTIE or the relevant department of KEPCO confirm from time to time whether the private power producer is subject to the Plan through an official letter or a separately established official procedure. (Other requirements, such as securing local acceptance, can be stated conditionally if necessary)

In addition, we request consideration of establishing a procedure in the Plan to officially confirm whether the conditions for reflecting joint connection facilities built by private power producers are met.

Relevant Act/Regulation	• 11th Basic Plan for Electricity Supply and Demand page 36. Evaluation criteria for Electric Power Resource Development Plan • 11th Long-term Transmission Facilities Plan page 14. Evaluation criteria for grid connection for power plants

Responsible Authority & Division	Ministry of Trade, Industry and Energy (MOTIE) Power Grid System Innovation Division, Korea Electric Power Corporation (KEPCO) Grid Planning Department
Recommendation Status	New

1. **Criteria for Reflecting Power Plant Interconnection Facilities in the Facility Plan**

(Centrally-dispatched generators) Interconnection facilities of generators reflected in the Basic Plan for Power Supply and Demand

(Non-centrally-dispatched generators) Among power plants that have signed a transmission facility usage agreement, interconnection facilities constructed by KEPCO shall be reflected in the facility plan. For shared interconnection facilities constructed by the generator, the following conditions must all be met for inclusion in the facility plan:

- Each generator shall use no more than 50% of the total capacity of the shared interconnection facility.
- The shared interconnection facility shall be managed by KEPCO, and if subsequent generators wish to connect, such connection shall be implemented under KEPCO's management.
- Costs related to support projects under the Electric Power Source Development Promotion Act and maintenance shall be borne by the generator.

6.
Establishment of Standards for Floating Substations

Issue

According to Article 63 of the Electric Utility Act, those who install power generation facilities must undergo a 'pre-use inspection' conducted by the Korea Electrical Safety Corporation. However, due to the lack of standards related to floating offshore substations from both the Ministry of Trade, Industry and Energy (Korean Electrical Installation Regulations) and the Korea Electrical Safety Corporation (Electrical Installation Inspection and Testing Standards), it is currently impossible to install floating substations.

Recommendation

In the case of the Ulsan floating offshore wind power project, the "power generation facility construction plan approval" must be obtained in the third quarter of 2026, and in order to apply for the construction plan approval, a "preliminary technical review" must be requested from the Korea Electric Safety Corporation (KESCO). Normally, the "preliminary technical review" takes 1~2 months, but considering that the Ulsan floating offshore wind power project is the first in Korea and the largest floating offshore wind power project in the world, it is expected that the technical review will take more time. Therefore, the "preliminary technical review" is expected to be requested in the second quarter of 2026, and since the technical standards for floating offshore substations must be reflected in the KEC (technical standards) and KESC (inspection standards) before then, it is necessary to quickly establish related standards.

Responsible Authority & Division	Ministry of Trade, Industry and Energy (MOTIE)
Recommendation Status	Updated

7.
Revision of the Calculation Criteria for Occupancy or Use Fees for Public Waters

Issue

Under the current system, the fee for the occupancy and use of public waters is calculated based on the land value of the closest onshore area, rather than reflecting the actual conditions of offshore wind project sites. In particular, for floating offshore wind farms located up to 100 km from the coast, the current approach fails to reflect the true value of the site, resulting in an excessive fee burden. This does not align with the technical characteristics of offshore wind projects, whose siting is determined by factors such as wind speed, water depth, and seabed conditions, and it undermines predictability from the perspective of global investors.

While the government currently applies a uniform 50% reduction for renewable energy installations, this flat-rate reduction does not account for the differing project conditions and therefore has limited effectiveness as a policy incentive. Given that the Offshore Wind Power Act will lead to the designation of state-planned zones for offshore wind projects, it would be desirable to introduce a separate fee calculation system or provide project developers with an option to choose from different methods, in alignment with the evolving regulatory framework.

Major countries such as the United States and the United Kingdom also operate fixed or capacity-based fee systems within their government-led planning zones. This is understood not as preferential treatment for a specific industry, but as a policy-aligned institutional design that reflects national strategic objectives.

Recommendation

There is concern that the special provision on the occupancy and use fee for public waters under the Offshore Wind Power Act may be interpreted as applying only to new project developers, potentially excluding existing project operators. Accordingly, the ECCK Energy & Environment Committee respectfully suggest that the relevant subordinate legislation or applicable regulations be revised to clearly include existing project operators within the scope of this special provision.

In addition, we propose the following amendments to the relevant subordinate legislation or applicable regulations to allow for a more reasonable calculation method for the occupancy and use fees for public waters:

Option 1 Allow the project operator to choose between the current land price application method* and the method based on revenue and facility capacity**, depending on which results in a lower fee.

* 'Based on the officially announced land price of the nearest coastal area in a straight line'

** Imposing occupancy and usage fees as a certain percentage of the power company's revenue or a fixed amount per MW of the wind farm's capacity

Option 2 Set a price cap for occupancy and usage fees for public waters, and apply this cap if the calculated fee exceeds it.

Option 3 Establish and apply occupancy and usage fees for the EEZ(Exclusive Economic Zone) area.

Relevant Act/Regulation	Article 8, Public Waters Management and Reclamation Act
Responsible Authority & Division	Ministry of Ocean and Fisheries (MOF) Marine Spatial Policy Divison
Recommendation Status	Updated

8.
Establishment of Objective Public Acceptance Criteria at the Permit Stage for Occupancy or Use of Public Waters for Offshore Wind Power

Issue

Regarding stakeholder opinion collection and consent, following the implementation of the amended Public Waters Management and Reclamation Act in July 2022, which introduced a procedure for collecting stakeholder opinions, some permitting authorities requested applicants to obtain consent from all identified stakeholders when applying for occupancy or use of public waters. Additionally, the definition and identification procedures for stakeholders are unclear. In the case of fishermen, stakeholders are identified through fisheries cooperatives without any supporting documentation.

Recommendation

The ECCK Energy & Environment Committee recommends establishing practical guidelines for the identification of stakeholders and the procedure for collecting their opinions during the review of applications for the occupancy or use of public waters. The guidelines that were supposed to be announced in the first half of 2025 have not been announced yet, so we request that the Ministry of Oceans and Fisheries announce the guidelines as soon as possible.

Relevant Act/Regulation	Article 8, Public Waters Management and Reclamation Act and its Enforcement Decree of Public Waters Management and Reclamation Act
Responsible Authority & Division	Ministry of Ocean and Fisheries (MOF) Marine Spatial Policy Divison
Recommendation Status	Updated

Sunyoung KANG
Manager
Fashion & Retail
Committee

Fashion & Retail

4

Total Key Issues

1.
Expanding the Use of QR Codes and Institutionalizing Digital Labelling for Household Products

Issue

In line with global trends toward digital transformation and sustainable consumption, QR code-based product information delivery is becoming increasingly common. The European Union, for example, is planning to introduce a Digital Product Passport system under the Ecodesign for Sustainable Products Regulation starting in 2026. This system will require sustainability related information, including raw materials, production processes, supply chains, and environmental impact, to be provided in a digital format such as through QR codes.

In Korea, QR code-based pilot projects are currently being conducted by the Ministry of Food and Drug Safety and the Ministry of Environment. However, under the Electrical Appliances and Consumer Products Safety Control Act, the use of QR codes for household textile products is restricted to a limited set of designated items and to basic identifiers such as manufacturing date and serial number. As a result, there is insufficient flexibility in how companies can provide product information.

As companies are required to include both mandatory and optional information within the limited label space, this often leads to design disruptions, reduced wearing comfort, and impaired legibility for consumers. To address these challenges and align with international practices, regulatory improvements are now necessary to enable more flexible methods of providing information.

Recommendation

The ECCK Fashion & Retail Committee recommends that the Electrical Appliances and Consumer Products Safety Control Act be amended to allow textile products such as apparel and footwear to display mandatory information through traditional labels while permitting optional information, such as handling precautions, to be delivered via QR codes.

Such a revision would enhance both efficiency and regulatory consistency in information provision, while also contributing to greater consumer convenience and sustainability. In line with global developments, we also recommend that Korea introduce clear standards allowing QR code substitution for product information such as handling instructions on apparel. Additionally, we request that the government expand pilot projects and establish guidelines that support the institutionalization of QR code-based labelling practices.

Relevant Act/Regulation	Electrical Appliances and Consumer Products Safety Control Act
Responsible Authority & Division	Korea Agency for Technology and Standards (KATS) Electrical and Telecommunications Product Safety Division
Recommendation Status	Retained

2.
Labelling Method for Important Information on Footwear Products

Issue

Following the amendment of the safety labelling standards for household textile products in November 2022, a new recommendation was added requiring that footwear products be marked with important information such as outer material, size, and handling precautions by stitching directly onto the individual products or using an equivalent method. While the intention is to provide clear information to consumers, footwear comes in various shapes and materials and there is limited space for attaching labels as structural constraints such as curves and depth make uniform physical labelling difficult. In particular, for imported products, it is challenging to operate separate production lines exclusively for the Korean market. Stitching additional labels onto finished goods can damage the product and lower its quality. This leads to increased processing steps and labor costs, which in turn raises consumer prices.

Given these circumstances, industry stakeholders have continuously expressed the need for more flexible labelling methods that balance actual feasibility, consumer clarity, and product integrity. As such, institutional review and regulatory adjustments are being requested.

Recommendation

The importer is reviewing the feasibility of applying this recommendation based on the realities of production and supply chain conditions. However, due to structural limitations and the characteristics of footwear products, on site implementation remains difficult. The industry has raised ongoing concerns that this requirement may result in quality degradation, complicated production processes, increased costs, and ultimately higher prices for consumers.

In order to implement a more practical and flexible regulatory framework that reflects the nature of footwear products and current distribution realities, the ECCK Fashion & Retail Committee respectfully requests the deletion of Note 1 in the relevant provision, which states,
"Note 1. Important information such as outer material, size, and handling precautions for footwear products is recommended to be indicated using the method specified in Section 6.1.1."

Relevant Act/Regulation	Annex 1 of Safety Standards for Household Textile Products Subject to Compliance with Safety Standards
Responsible Authority & Division	Korea Agency for Technology and Standards (KATS) Consumer Product Safety Division
Recommendation Status	Retained

3.
Improving Country of Origin Labelling for Retail Packaging to Simplify Import Procedures and Reduce Costs

Issue

According to Annex 3 of the Korea Customs Service's Notice on the Operation of the Country of Origin Labelling System, certain items such as brushes (HS 9603), eyelash curlers (HS 8203), and mirrors (HS 7009) are required to be marked with the country of origin directly on the products themselves. Even if the country of origin is clearly indicated on the retail packaging, customs clearance may be denied unless the information is also marked on the items.

However, these products are typically distributed in a way where consumers confirm the country of origin through the outer or retail packaging when making a purchase decision. Once the item is in use, displaying the country of origin on the product itself does not contribute meaningfully to consumer rights or product transparency.

In particular, cosmetic brushes are often difficult to label directly due to their structure and material. The process of opening the packaging to apply labels can result in damage or hygiene concerns. Additionally, the extra labor and time needed for such procedures raise overall import costs and delay customs clearance, creating significant burdens for importers.

In many other countries, similar items are permitted for import as long as the country of origin is indicated on the packaging. This practice aligns with international norms and enhances import efficiency.

Recommendation

The ECCK Fashion & Retail Committee recommends that an exception be made under Annex 3 of the Notice on the Operation of the Country of Origin Labelling System (hereafter 'the Notice') to allow cosmetic brushes (within HS 9603) to be treated in the same manner as toothbrushes, which are currently exempted from direct product marking. Given that the two items share the same HS code and have no essential differences in terms of consumer purchasing behavior, intended use, or product structure, it is reasonable to apply the same standard.

For other products such as mirrors and eyelash curlers, where country of origin information is sufficiently conveyed to consumers at the point of sale, we recommend that labelling on the retail packaging be accepted as adequate for import purposes.

Such exemptions would be consistent with Article 75 Paragraph 2 of the Regulations on Foreign Trade Management, which allows for flexible application of labelling based on product characteristics, use, and sales methods. It would also align with Article 6 Paragraph 2 Subparagraph 1 of the Notice, which permits exceptions when labelling is difficult due to aesthetic or functional reasons. Accordingly, we suggest including a footnote or supplementary provision to formally recognize these exemptions or provide them as recommendations.

This proposal seeks to maintain the integrity and purpose of the origin labelling system while reducing the physical and economic burden on importers and aligning with global practices, thereby improving the overall efficiency of the system.

Relevant Act/Regulation	Notice on the Operation of the Country of Origin Labelling System
Responsible Authority & Division	Korea Customs Service (KCS) Fair Trade Review Division
Recommendation Status	Retained

4.
Enhancing Flexibility and Improving Labelling Standards for Leather Products

Issue

Annex 3 of the Safety Standards for Household Goods Subject to Compliance mandates that leather products must be labelled with the manufacturing date to ensure traceability. However, leather products are generally manufactured overseas and imported after a certain period of time. Due to short product life cycles and high product variation, identifying the exact manufacturing date is often impractical.

Importers face particular challenges in collecting this information due to language and time zone barriers with manufacturers. As a result, compliance with this requirement significantly increases administrative and logistical burdens. Considering that the core purpose of this regulation is to enable product tracking in the event of safety issues, alternative indicators such as the date of importation, the initial sales season, or the delivery date can serve the same function effectively.

In comparison, similar items such as household textile products and sunglasses allow for multiple labelling options, providing flexibility under the same regulatory framework. The application of a rigid single standard only to leather products raises concerns about regulatory fairness. In response to the ECCK's 2024 recommendation, the Korea Agency for Technology and Standards replied that it plans to draft an amendment and begin stakeholder consultations in the first half of 2025, taking into account product safety and consumer acceptability.

Recommendation

The ECCK Fashion & Retail Committee recommends that the labelling requirements for leather products be revised to allow for alternative information such as the date of importation or the initial sales season, in addition to the manufacturing date. Such a revision would fulfill the regulation's purpose of product traceability while alleviating the burdens currently faced by importers. It would also enhance consistency with other product categories and ensure better alignment with international standards.

Furthermore, to ensure meaningful discussion during the upcoming revision process, we request that the authorities provide more detailed information on the schedule and stakeholder engagement methods related to the amendment planned for the first half of 2025.

Relevant Act/Regulation	Safety Standards for Household Goods Subject to Compliance, Annex 3 (Leather Products)
Responsible Authority & Division	Korea Agency for Technology and Standards (KATS) Consumer Product Safety Division
Recommendation Status	Retained

Hyokyung SUH
Director
Food
Committee

Food

3

Total Key Issues

1.
Request for Improvement in Communication Methods and Standards for On-Site Inspection of Foreign Food Facilities and Foreign Establishments

Issue

The ECCK Food Committee understands that on-site inspections of foreign food facilities are conducted in accordance with established standards to ensure the safety of imported food products. However, there have been ongoing concerns regarding insufficient communication during the inspection process.

Due to the absence of an official English translation of the inspection standards, foreign food facilities often direct their inquiries to importers in Korea. Most of the requirements must be understood and prepared by local foreign staff, yet the lack of accessible information in English hinders proper preparation. From the perspective of the foreign food facilities, which are expected to disclose their facilities despite potential risks of confidentiality breaches, there is limited understanding of the legal grounds referenced in official letters. Additionally, some facilities have expressed concerns about whether the entrusted inspection agencies are credible and authorized.

Although a list of required documents is provided in both Korean and English in advance, the detailed management standards and inspection checklists—outlined in Annexes 1–3 of the Notification on the Methods and Standards for On-Site Inspection of Foreign Food Facilities and Foreign Establishments—are not provided in advance which is only available in Korean. As a result, foreign food facilities are unable to review the requirements or prepare adequately ahead of time.

While importers are expected to cooperate when importing such products, it is not efficient for each importer to individually explain the inspection process to hundreds of overseas manufacturing sites using incomplete information. We believe it would be more effective and efficient for the competent authority to provide accurate and reliable information directly to the foreign food facilities.

For reference, the U.S. Food and Drug Administration (FDA)[1], which operates a similar system, publishes relevant regulations and a list of frequently asked questions (FAQs) on its website to support overseas manufacturers' understanding of the inspection process.

1. https://www.fda.gov/food/inspections-protect-food-supply/foreign-food-facility-inspection-program

Recommendation

The ECCK Food Committee respectfully requests that the MFDS, or its entrusted agency, provide clear and comprehensive information in English regarding on-site inspections of foreign food facilities through the official website or other accessible channels.

Specifically, we request:

- An official English translation of the Notification on the Methods and Standards for On-Site Inspection of Foreign Food Facilities and Foreign Establishments,
- Distribution of this translation via the website or as a downloadable file, including notification to the concerned Embassy in Korea as is the case for meat establishments audits
- Inclusion of the following items when notifying foreign food facilities of inspections:
    1. A list of required documents for preparation in both Korean and English,
    2. Annexes 1 and 2 (or 3) of the Notification in both Korean and English.

These measures will help foreign food facilities exporting or planning to export to Korea to better understand MFDS regulations and properly prepare for inspections.

Relevant Act/Regulation	Notification on the Methods and Standards for On-Site Inspection of Foreign Food Facilities and Foreign Establishments
Responsible Authority & Division	Ministry of Food and Drug Safety (MFDS) On-site Inspection Division
Recommendation Status	New

2.
Request for Sharing of On-Site Inspection Results

Issue

According to Article 8, Paragraph 1 of the Notification, the results of the inspection are classified and notified upon completion of the on-site inspection as Compliant/Non-compliant/Improvement Required. However, since the detailed results for each criterion are not shared, foreign food facilities are not informed of which specific items were evaluated or how they were assessed. In cases where the result is 'Improvement Required', non-compliant items are disclosed and a request for corrective action is made. However, in cases where the overall result is deemed 'Compliant', any non-compliant items that may still exist are not disclosed, and as a result, the foreign food facility is often unaware of issues that still need to be improved.

For Good Importers in accordance with Article 6, Paragraphs 3 and 4 of the Notification, the results of the on-site inspection are notified to the applicant as either Compliant or Non-compliant after the inspection is completed. However, since only the final result is communicated, Good Importers are not provided with detailed results by evaluation item. As part of the obligations of maintaining Good Importer status, importers must conduct at least one annual hygiene inspection of the relevant foreign food facility and submit the inspection results to the Ministry of Food and Drug Safety (MFDS). Nevertheless, due to the lack of access to the detailed results of the initial on-site inspection conducted at the time of registration, it becomes difficult for the importer to verify whether previously identified non-compliant items have been properly improved during the annual inspections.

Recommendation

The European Chamber of Commerce in Korea's (ECCK) Food Committee requests that the final inspection results, along with the Korean and English versions of the inspection checklist, be provided to the foreign food facility. This will enable the facility to clearly understand the inspection outcomes and to take appropriate follow-up measures independently in order to improve food safety and hygiene management.

Also, we request that, when notifying Good Importers of a 'Compliant' result following an on-site inspection, any non-compliant items identified during the inspection also be included in the notification. This would allow the importer to track these items and take appropriate follow-up measures, thereby enhancing the overall management of food safety and hygiene.

Relevant Act/Regulation	Notification on the Methods and Standards for On-Site Inspection of Foreign Food Facilities and Foreign Establishments
Responsible Authority & Division	Ministry of Food and Drug Safety (MFDS) On-site Inspection Division
Recommendation Status	New

3.
Expanding the Scope of Permitted Natural Flavors

Issue

In comparison with global standards and labeling practices, Korea imposes significantly more restrictive conditions on the use of the term "natural" in flavor for food labeling. Ingredients that are commonly labeled as "natural" in other countries are, in many cases, required to be designated as synthetic upon import into Korea. This often necessitates the application of additional stickers to conceal the word "natural" as printed by the exporting country.

In the interest of ensuring accurate consumer information and enhancing the global competitiveness of the Korean food industry, it is recommended that current regulatory standards be reviewed and revised accordingly.

In the case of the EU, US, CODEX, IOFI[2], and FEMA[3], substances are recognized as natural flavoring agents as long as their safety has been established, without imposing specific restrictions on solvents or additives used in the production process.

2. International Organization of the Flavor Industry
3. Flavor Extract Manufacturers Association

According to Korean standards, only substances such as purees, juices, extracts, and concentrates are recognized as natural flavorings when used in finished products. However, such forms represent only a small portion of flavorings actually distributed in the market. Considering the diverse physical and chemical characteristics of food products, preservatives and other additives are commonly used to ensure the safety and stability of flavorings, even when natural raw materials are used. Under current regulations, however, such products are classified and labeled as synthetic flavorings.

In a context where consumer perception of synthetic substances is highly negative, the current regulatory environment—under which many products must be labeled as containing synthetic flavorings—acts as a barrier to the advancement of the food industry. It discourages the development of diverse flavorings derived from natural ingredients and contributes to the distortion of information by leading consumers to assess the safety of a flavoring, and by extension the food product itself, solely based on whether it is labeled as natural or synthetic.

In comparison with global standards such as CODEX, Korea imposes extremely strict limitations on source materials, permitted solvents, residual solvent levels, and allowable additives. These restrictions hinder the development of diverse natural flavorings and make it difficult to find natural flavorings used in finished food products domestically.

Recommendation

To promote regulatory harmonization with global standards, enhance the competitiveness of the food industry, and ensure the accurate communication of information to consumers, the European Chamber of Commerce in Korea's (ECCK) Food Committee respectfully proposes the following:

- Expansion of Manufacturing Process Standards for Natural Flavorings: Global standards permit general manufacturing processes provided that food safety is ensured. (Korea currently recognizes only extraction and distillation methods).
- Expansion of Permitted Solvents for Natural Flavorings: Global standards allow the use of solvents as long as food safety is guaranteed. (In Korea, permitted solvents are currently limited to ethanol, isopropyl alcohol, and hexane).
- Allow Diverse Labeling of Natural Flavorings,
  e.g.1) The use of the term "natural flavor" does not necessarily imply that the entire flavor is 100% natural; it does not guarantee that all components are exclusively derived from natural sources. For example, labeling such as Natural Flavor with Other Natural Flavor or Natural & Artificial Flavor is recognized.
  e.g.2) Under CODEX standards, terms such as Natural, Nature-Identical, and Artificial may be used in combination to provide a more precise description of flavoring composition.

Relevant Act/Regulation	Standards and Specifications for Food Additives
Responsible Authority & Division	Ministry of Food and Drug Safety (MFDS) Food Additives Standard Division
Recommendation Status	New

Ansook PARK
Senior Director
Healthcare
Committee

Healthcare

5

Total Key Issues

1. Establishment of Fast Track System and Improvement of Registration Environment to Enhance Patient Access to Innovative New Drugs

Issue

Establishment of Fast system

According to the recent survey for 100 HCPs, all respondents answered that the period for the process from MFDS approval to NHIS coverage is too long. They indicated that the period for NHI hearing for innovative new drugs should be shortened and the treatment opportunities of the patients should be increased[1].

The reimbursement rate of new drugs is too low in Korea (22% in Korea, 61% in Germany, 48% in Japan). It takes longer in Korea for a new drug to be listed following its initial launch globally (46 months on average in Korea, four months in USA, eleven months in Germany, 17 months in Japan, 27 months in UK, 34 months in France)[2]. Patients in Korea should wait for about one and a half years (19.5 months) longer compared to those in A8 countries (26.5 months on average). Patients with severe or life-threatening diseases are not given the opportunities for treatment based on this.

The longer time for reimbursement is one of the factors making global pharmaceutical companies delay (Korea passing) the launch of innovative new drugs or lower the prioritization for supplies in Korea. Also, it negatively affects the overall healthcare investment environment. The above-mentioned, ultimately, could strongly hinder patients' access to innovative new drugs in Korea.

Improvement of registration environment

Korea has high-quality standards as a member of the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme (PIC/S), and its level has been verified as it has emerged as a major manufacturing base for biopharmaceuticals through overcoming

1. http://www.bosa.co.kr/news/articleView.html?idxno=2248570
2. PhRMA analysis of IQVIA MIDAS and country regulatory data. October 2022

the COVID-19 pandemic. In addition, after Switzerland, Singapore has signed a GMP mutual recognition agreement (February 2024), ensuring the GMP regulatory system equivalence of both countries, as both are PIC/S members. This recognition is expected to lead to positive developments in the pharmaceutical industry. Therefore, an expansion of the mutual recognition agreement between Korea and the EU is required to ensure the quick and efficient supply of drugs.

There are cases where it is difficult to get acceptance for the application of orphan drug designation from the MFDS, having been told that the safety and efficacy were not reviewed in foreign countries because it is before the approval in foreign countries, even though safety and efficacy data have been submitted to the MFDS. Considering the purpose of the orphan drug designation is to provide patients suffering from rare diseases in Korea with treatment options and relevant support, it is recommended to review and appraise the due dossiers regardless of the approval status in foreign countries. In addition, in the current approval process for orphan biopharmaceuticals, there is uncertainty about accepting Real Time Release Testing (RTRT) and new technologies, along with frequent and excessive requests for extra quality data. These factors are leading to delays for approvals and for domestic supply.

Recommendations

Establishment of Fast-track system

For drugs that can be rapidly assessed for cost-effectiveness and innovative new drugs, a new 100-day listing (expedited listing) track should be established to improve patient accessibility.

A pilot program for parallel approval-evaluation-negotiation should be implemented to improve patient access to innovative new drugs.

For drugs requiring urgent reimbursement, such as those for life-threatening diseases (diseases with short life expectancy), that meet the innovative criteria, an innovative expedited listing system should be considered, such as pre-reimbursement and post-reimbursement evaluation. This system allows for priority listing based on clinical efficacy evaluation, followed by cost-effectiveness evaluation and price adjustment (see the German case).

Medicines that meet the weighted average price of alternative drugs set by the Drug Reimbursement Evaluation Committee (DREC) should be prioritized for reimbursement, with subsequent negotiations with the National Health Insurance Service regarding usage.

Improve the registration environment

To achieve full GMP evaluation mutual recognition and improve quality control testing, the ECCK Healthcare Committee recommends the continued pursuit of the Korea-EU mutual recognition agreement in accordance with the Korea-EU FTA Agreement (Article 5 'Regulatory Cooperation' Annex 2-D (Drugs and Medical Devices))

Regardless of the approval status in foreign countries, it is recommended that the Ministry of Food and Drug Safety (MFDS) accepts the orphan drug designation application and timely review of the appropriateness of the submitted materials.

It is recommended to establish a scientific and consistent review system for orphan biopharmaceuticals based on ICH standards, with clear criteria for accepting RTRT and innovative technologies, and standardized quality data requests.

Relevant Act/Regulation	• 2023 Measures to innovate regulations for bio-health new industry • Rules on Standards for National Health Insurance Medical Care Benefit • Article 5 (Regulatory Cooperation) on Annex 2-D of the Korea-EU Free Trade Agreement (FTA) • Article 60 of the Regulation on Safety of Drugs, etc. • Regulations on designation of orphan drugs • Article 7, Paragraph 1, Subparagraph 2 & Article 8 & Article 26, Paragraph 4 of the Regulation on Marketing Authority Approval and Review for Biologics, etc. • Attached Form 4, 5, & 6 of the Standards for Stability Testing of Pharmaceuticals, etc.
Responsible Authority & Division	Ministry of Health and Welfare (MOHW) Division of Pharmaceutical Benefits, Health Insurance Review and Assessment Service (HIRA) Pharmaceutical Benefits Department, National Health Insurance Service (NHIS) Department of Drug Management, Ministry of Food and Drug Safety (MFDS) Pharmaceutical Policy Division/Biopharmaceutical Policy Division, National Institute of Food and Drug Safety Evaluation (NIFDS) Recombinant Protein Products Division
Recommendation Status	New

2. Improved Environment to Prevent the Undermining of the Value of Innovative New Drugs

Issue

Despite ranking as the 12th global GDP per capita, Korea's cost-effectiveness evaluation system does not sufficiently recognize the value of innovative drugs. As a result, market access for innovative drugs is delayed and Korea's reimbursement price levels remain among the lowest in the OECD. The share of new drug expenditure in Korea accounts for only 13.5% of total pharmaceutical spending, compared to the OECD average of 33.9%, and falls short of the 15–25% level in A8 countries such as the UK, France, Italy, and Canada[3].

The Drug Reimbursement Evaluation Committee (DREC) still applies the same Incremental Cost-Effectiveness Ratio (ICER) threshold set up in 2007, even though Korea's per capita GDP having increased by over 90% since then. As a result, innovative drugs are undervalued compared to existing drugs, and only 19 drugs have met the ICER criteria over the past five years.[4] Although HIRA introduced a flexible ICER assessment system in August 2024, its scope and criteria remain unclear, hindering predictability and the practical effectiveness of the system.

While leading markets such as the EU and Japan apply indication-based pricing (IBP) through blended pricing and differentiated refunds for each indication to better reflect indication-specific value[5], Korea maintains a single pricing model, which discourages additional indication launches and limits Korean patient access to innovative therapies.

The value of innovative new drugs is reduced to non-reasonable prices through a lengthy price "negotiation" process that continues several times even after insurance listing, thereby reducing the value of innovative drugs leading to the undesirable result of withdrawal of product approval in the Korean market. The current post-management system (e.g., official adjustment due to listing of the same drug, price-volume linkage agreement, price reduction of reimbursement expansion, list price adjustment by ATP investigation, etc.) is redundant and unpredictable. It has been causing delays in the listing of innovative new drugs and new indications for insurance benefits, reductions in R&D investment in Korea, and difficulties in establishing stable supply plans and long-term investment in innovative drugs such as Korea Passing.

The criteria for certifying Innovative Pharmaceutical Companies (IPCs) prioritize domestic investment, which puts multinational companies at a disadvantage. This contradicts the non-discrimination principle under the Korea-EU FTA and acts as a disincentive to foreign direct investment (FDI). Limited value recognition for innovation, delayed reimbursement, and low pricing have led to the withdrawal of multiple manufacturing facilities and weakened the healthcare innovation ecosystem. To attract continued FDI and foster open innovation partnerships between global pharmaceutical companies and the Korean government or domestic pharmaceutical companies, the pricing and reimbursement system must be enhanced to properly and fairly reward innovation as well.

Recommendations

The ECCK Healthcare Committee recommends increasing the ICER threshold to reflect Korea's current economic conditions, including GDP, wage levels, and inflation. It is also recommended to introduce a more flexible assessment that reflects disease severity and broader social value.

It is recommended to clearly define and publicly disclose the scope and detailed criteria in order to have a flexible ICER evaluation of innovative drugs to ensure transparency and predictability.

It is recommended to pilot indication-based pricing (IBP) using differentiated refunds for each indication or blended pricing for multi-indication products and establish regular implementation after performance evaluation.

It is recommended to abolish the ineffective drug pricing post-management systems (e.g., drug price reduction by the actual transaction price investigation that can be in violation of the Pharmaceutical Affairs Act) and reduce the number of systems (e.g., integrate price adjustment of NHI reimbursement expansion and price-volume linkage agreement, etc) to simplify redundant and excessive drug price reduction mechanisms, thereby improving the predictability of innovative new drugs, and integrate the post-management system to create a virtuous cycle environment to activate domestic investment from multinational pharmaceutical companies and improve patient accessibility.

Recommendations include improving the standards for innovative

3. http://www.hitnews.co.kr/news/articleView.html?idxno=58398
4. Hye-Young Kang et al. (2024), Study on Improving the Economic Evaluation System for Proper Value Reflection of New Drugs
5. Eun-A Han et al. (2023), Study on Evaluation and Improvement Measures for the Indication Expansion Pricing Scheme, NHIS Research Report_2023-2-0004

pharmaceutical companies to ensure fairness so that multinational pharmaceutical companies can be evaluated fairly.

To encourage direct investment by global pharmaceutical companies in Korea—such as the establishment of local manufacturing facilities, R&D centers, and open innovation initiatives—it is recommended to introduce preferential policies for innovative new drugs. These may include parallel and expedited review processes for regulatory and reimbursement approval, recognition of the adjusted average price in A8 reference countries for drugs exempt from pharmacoeconomic evaluation and an increase in the ICER threshold by two to three times.

Relevant Act/Regulation	• Rules on the Standards for National Health Insurance Benefits for Medical Services • Regulation on the Evaluation Criteria and Procedures for Reimbursement Eligibility of Pharmaceuticals • Enforcement Decree of the Special Act on the Promotion and Support of the Pharmaceutical Industry • Regulation on the Certification of Innovative Pharmaceutical Companies • Article 2 (Access to Innovation), Article 3 (Transparency), Article 5 (Regulatory Cooperation) in Annex 2-D of the Korea-EU Free Trade Agreement (FTA)
Responsible Authority & Division	Ministry of Health and Welfare (MOHW) Division of Pharmaceutical Benefits/Division of Health Industry Promotion, Health Insurance Review and Assessment Service (HIRA) Division of Drug Management, National Health Insurance Service (NHIS) Department of Drug Management
Recommendation Status	Updated

3. Improvement of Regulation on Risk Sharing Agreement (RSA) Drugs

Issue

Unlike overseas standards that implement risk-sharing agreement, VAT is included in the refund amount in Korea from a company perspective. So, additional burdens are required in addition to the VAT burden on the published listed price, which is a concern for the adverse impact on the value discount and stable supply of new drugs.

To extend the period for the risk-sharing agreement even though those RSA drugs are listed in the same way as new drugs that are not risk-sharing, the cost-effectiveness of the re-evaluation is required again and again. In particular, there are concerns about the adverse impact on the stable supply of medicines due to the decline in the value of new drugs due to repeated re-evaluation. Although the HIRA has improved by simplifying the third re-evaluation, predictability and rationalization of the first and second re-evaluations are still needed. In addition, even if a new contract is signed when the reimbursement standard is expanded, the burden of duplicated negotiations and drug price reductions occur due to a fixed re-evaluation cycle every five years, which leads to great administrative fatigue and adversely affects the company's supply continuity.

For follow-on drugs with RSA, cases arise where they are required to apply the same type of RSA as the originator drug, even though there are no regulatory restrictions on evaluating different RSA types. This issue is particularly prevalent when both the originator and the follow-on drugs are products of the same company, leading to an unreasonable situation where it is difficult to apply a different type of RSA because it is considered a change in the RSA. In the case of financial-based RSA, it is considered possible to change the type of RSA during the re-evaluation at the end of the RSA contract period by assessing the budget impact from the refund information of the contract period. However, there are situations where it is difficult to make changes because of constraints tied to the initial contract type. When expanding indications, there are instances where a different type of RSA is necessary due to the characteristics of the disease, such as different treatment duration, but the same type of RSA as the existing indication is applied.

After generic entry, the RSA contract automatically expires regardless of the remaining duration of the RSA contract. This creates concerns about the continuous supply of the original drug. If a generic drug enters the market, the original drug's price will drop to 53.55% of the actual price, making it difficult to supply the drug in Korea. Risk-sharing (RSA) is challenged by excessively strict and redundant post price control measures, which make it difficult to ensure a stable supply of RSA drugs, especially for rare and incurable diseases with low sales. Simple reimbursement drugs can skip the cost-effectiveness evaluation when the estimated additional bill is less than KRW 1.5 billion, but all drugs for severe incurable diseases have a total limited complex type of RSA, so they do not benefit from regulatory improvements.

RSA drugs are managed based on the actual price, but the burden of further drug price reduction is high due to the actual transaction price based on the upper price that does not take into account the specificity of the contract.

Recommendation
The ECCK Healthcare Committee recommends improving the system, such as excluding VAT from the refund amount, to rationalize the excessive burden.

Re-evaluation is not a tool for lowering drug prices, but it is recommended to re-evaluate to consider whether to extend the risk-sharing contract. When expanding the reimbursement, a flexible system operation is needed by setting a re-evaluation cycle from the time of contract renewal.

In the case of financial-based RSA, it is recommended to specify in the regulations the procedures and responsible entities for allowing different types of RSA between originator and follow-on drugs, and for enabling changes in the RSA type during indication expansion and re-evaluation.

It is recommended to revise RSA contract guidelines to allow maintaining RSA contracts regardless of generic entry by negotiating the actual price discount with NHIS. If the additional claim amount is less than KRW 1.5 billion, the submission of the economic evaluation should be exempted regardless of the type of RSA, and if the cost effectiveness of the benefit expansion is proven, the economic evaluation price should be prioritized in the negotiated reference price to ensure the appropriate value.

It is recommended that RSA drugs should be excluded from the actual transaction price scrutiny to reflect the specificity of the contract.

Relevant Act/Regulation	• Article 11-2 (Decision of pharmaceutical benefits) of the Rules on the Standard of National Health Insurance Benefits • [Annex 6] Pharmaceutical maximum reimbursement price adjustment rule driven by actual transaction price survey of the Rules on Pharmaceutical Decision and Adjustment • Detailed Evaluation Criteria for New Drugs and Other Drugs Subject to Negotiation 1.8.3 post management • Detailed Operational Guidelines for Risk-Sharing Drug Price Negotiations
Responsible Authority & Division	Ministry of Health and Welfare (MOHW), Health Insurance Review and Assessment Service (HIRA), National Health Insurance Service (NHIS), Ministry of Economy and Finance (MOEF)
Recommendation Status	Updated

4.
Expansion of On-Site Use of Multiplex Molecular Diagnostics for Infectious Disease Pathogen Detection to Strengthen Infectious Disease Control

Issue
There is no legal clause prohibiting on-site testing using molecular diagnostics for various infectious disease pathogens. However, under the current Health Insurance diagnostic test fee guidelines, molecular diagnostic tests cannot be reimbursed or effectively implemented in primary or secondary care institutions where there are no certified laboratory medicine specialist.

According to Article 4, Paragraph 2 of the Infectious Disease Prevention and Control Act, the national and local governments are obligated to establish prevention and response measures for infectious diseases. Certain diseases, depending on their classification (Grades 1 to 4), require immediate reporting and possible quarantine. Article 7 further emphasizes the need for governments to establish crisis response systems.

Particularly for highly transmissible respiratory viruses, it is essential to perform tests both rapidly and accurately, as the symptoms are often nonspecific and difficult to distinguish clinically. For high-risk groups (e.g., infants, the elderly, immunocompromised individuals), delayed diagnosis can lead to severe complications, making early detection critical.

Conventional PCR tests (one target per test) are widely used, but there is a growing shift toward multiplex tests that can detect multiple pathogens and microorganisms simultaneously, improving efficiency and diagnostic capability.

<Total test numbers>

- D6583(Nucleic acid amplification_c. Qualitative Group 3):

Number of patients 1,537,826/ Total test numbers 2,105,899 (one target per test)

- D6802(Nucleic acid amplification_b. Multiplex Group 2): Number of patients 3,166,059/ Total test numbers 4,570,159 (6~10 target per test)

However, the most appropriate and impactful setting for these tests is within the community healthcare facilities where infectious diseases initially emerge and spread rapidly. Despite this need, primary care institutions without certified specialists are unable to utilize these tests due to current reimbursement restrictions.

Recommendation

The ECCK Healthcare Committee recommends easing the current reimbursement guidelines or actively reviewing the possibility of allowing the on-site use of multiplex molecular diagnostic tests capable of rapidly detecting various pathogens, including use outside the National Health Insurance coverage.

Relevant Act/Regulation	Part 2, Chapter 2 (Diagnostic Test Fees) of the Guidelines for Infectious Disease Testing National Health Insurance Reimbursement Fee Schedule
Responsible Authority & Division	Ministry of Health and Welfare (MOHW) Division of Disease Policy/Division of Health Benefit
Recommendation Status	New

5.
Relaxing Regulation on Excessive Chemical Information Requirements for Imported Research Use Only (RUO) Products with SR&D Purpose

Issue

Under EU REACH, chemical substances including Research Use Only (RUO) reagents are exempt from registration if used for scientific research & development purposes according to Article 3(23)[6] and under one ton/year even when they are considered as "new substances" (i.e. not yet listed in the "official chemical inventory"). In contrast, Korea's Act on the Registration and Evaluation of Chemicals (AREC) requires sensitive molecular and structural data disclosure for exemption confirmation of such products. This creates discriminatory regulatory burden for European manufacturers and raises serious IP leakage concerns.

Recommendation

To enhance fairness in international trade and protect proprietary technologies, the ECCK Healthcare Committee recommends aligning with EU REACH regulations by allowing automatic exemption for chemical substances (incl. RUO reagents) used for scientific research & development purposes under one ton/year, including new substances.

Relevant Act/Regulation	• Article 10 (3), Article 11 (2), and Article 18 of the Act on the Registration and Evaluation of Chemicals • Notification on Exempted Chemicals from Registration or Notification
Responsible Authority & Division	Ministry of Environment (ME) Chemicals Policy Division, Ministry of Trade, Industry and Energy (MOTIE) Industrial Technology Convergence Division, Ministry of Health and Welfare (MOHW) Health Industry Policy Division
Recommendation Status	New

6. EU REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) - (EC) No 1907/2006, Article 3 (23) SR&D (Scientific Research and Development)

* Guidance on Scientific Research and Development (SR&D)/ ECHA (European Chemicals Agency)

Bokyung CHO
Manager
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1

Total Key Issue

1.
Restriction on Ambiguous Expansion of Employer Definition under Trade Union Act

Issue

The proposed amendment to Article 2 of the Trade Union Act adds a proviso stating that "In this case, even if a person is not a party to an employment contract, a person who is in a position to substantially and specifically control and determine the working conditions of a worker shall be regarded as an employer within that scope."

The amendment expands the definition of an "employer" to include those who substantially and specifically influence working conditions, regardless of whether they are party to an employment contract. This expansion abstractly broadens the scope of legal liability, thereby undermining the principle of legal certainty, particularly the requirement of clarity under the principle of legality. The Supreme Court has never recognized the concept of "substantial control" in determining who qualifies as an employer for the purposes of collective bargaining.

Given the numerous criminal sanctions imposed on employers under the Trade Union Act, this vague and expanded definition may treat business operators as potential criminals and significantly discourage business activity. The impact is particularly severe for foreign-invested companies, which are highly sensitive to legal risks stemming from labor regulations. For example, if a company faces the risk of criminal penalties for refusing to engage in collective bargaining—especially in situations where it is unclear which union to negotiate with—it may ultimately choose to withdraw from the Korean market.

Recommendation

In addition to these concerns, the European Chamber of Commerce in Korea (ECCK) HR & Compliance Forum warns that the expanded definition of "employer" in Article 2 could lead to increased subcontracting burdens, more frequent strikes by subcontracted workers, and heightened conflict between principal contractors and subcontractors. This overly broad scope risks destabilizing the subcontracting ecosystem, undermining legal predictability, and encouraging a confrontational labor culture that prioritizes strikes over constructive dialogue and cooperation between labor and management.

The Forum urges reconsideration of the proposed proviso to Article 2 of the Trade Union Act, as it may pose serious threats to the employment of both current workers and future generations.

Relevant Act/Regulation	Proviso to Article 2, Trade Union and Labor Relations Adjustment Act (Proposed Amendment)
Responsible Authority & Division	Ministry of Employment and Labor (MOEL)
Recommendation Status	New

Siyoon KIM
Manager
Insurance
Committee

Insurance

3
Total Key Issues

1. Preventing Fraudulent Billing and Reducing Unnecessary Medical Expenses through Establishment of a Mandatory Identity Verification (QR Code) System for Automobile Insurance Claimants

Issue

Currently, in the Compulsory Motor Vehicle Liability Security Act and its Presidential Decree, there are no regulations regarding insurance claimants to verify their identity which causes social costs such as fraudulent billings of medical expenses.

In particular, authorities such as the Ministry of Land, Infrastructure and Transport, Financial Services Commission, and Financial Supervisory Service jointly announced comprehensive measures to improve the automobile insurance system. One key initiative was the implementation of an identity verification system for insurance claimants and the introduction of an electronic payment guarantee system. These systems are expected to reduce fraudulent billing.

As a precedent, the National Health Insurance Act was amended (Article 12, Paragraph 4) to mandate identity verification from 2024. However, although the technical development of the identity verification system (e.g., QR code) is in progress, the necessary amendments to the relevant Act and its Presidential Decree have not yet been initiated. Without amendment of the relevant regulations, utilization of such system will be low as there is no legal obligation for insurance claimants to verify their identity.

Recommendation

The ECCK Insurance Committee would like to propose amending the Compulsory Motor Vehicle Security Act and its Presidential Decree to mandate Identity Verification for automobile insurance claimants, using QR codes or IDs.

This will enhance the efficiency of insurance claim processing, reduce unnecessary or excessive treatment of minor injury patients, and mitigate related social costs.

Specifically, we would like to request amending Article 12, Paragraph 2 to make it compulsory that when a medical institution conducts medical treatment of a traffic accident patient, it shall verify whether the person receiving treatment is the person involved in the traffic accident. Additionally, a corresponding provision should be added as Article 11, Paragraph 3 of the Presidential Decree, specifying accepted methods of verification, including QR code-based systems or IDs.

Relevant Act/Regulation	Article 12, Paragraph 2 of the Compulsory Motor Vehicle Liability Security Act and Article 11 of its Presidential Decree
Responsible Authority & Division	Ministry of Land, Infrastructure and Transport (MOLIT) Automobile Operations and Insurance Division
Recommendation Status	New

2. Ease Restrictions on Introducing Foreign Security Solutions in Network-Separated Environments

Issue

Currently, network separation regulation in the financial sector is an important policy keynote to strengthen security by physically separating internal business networks from external ones, but changes in the digital technology environment and system integration among global financial groups are increasingly acting as operational constraints. In particular, if a corporation in Korea wants to introduce a security solution (e.g., EDR, DLP, vulnerability scanner, etc.) that has been comprehensively certified and distributed by the global insurance group's headquarters, its use is restricted according to domestic network separation and security evaluation regulations, and there is a problem of redundancy and redundant operation that requires the introduction of additional solutions that perform the same security function separately in Korea.

This situation is more than just a technical inconvenience, it also creates structural problems such as:

- Lack of security policy consistency: The integrated security policy and monitoring system within the group cannot be applied equally to domestic systems, resulting in blind spots in control
- Increased costs and reduced operational efficiency: Multiple solutions with the same function increase costs and increase

the complexity of infrastructure management
- Structural blocking of the introduction of SaaS and new technologies: Most global security solutions are provided in the form of SaaS, but in principle, the use of SaaS without the Internet is prohibited in a network separation environment, making it impossible to adopt the latest technology or to find alternative solutions.
- Adverse impact on IT staffing: An environment that is not compatible with global security infrastructure is also an obstacle to hiring professionals with foreign or global project experience.

In addition, most overseas subsidiaries that operate security strategies integrated with global group headquarters are actively adopting SaaS and using the cloud based on more flexible security control systems (e.g., risk-based approval, application of controls by specific information asset class, etc.), while the domestic financial sector is still bound by uniform and static control standards, resulting in substantial reverse discrimination in the speed of digital transformation.

As a result, the current network separation and security evaluation system prevents the application of innovative security systems to the field due to regulatory interpretations or procedural limitations, even though it has secured technical security, which may have a negative impact on the financial sector's cyber resilience in the long term.

<u>Recommendation</u>
First, the ECCK Insurance Committee proposes that when the financial supervisory authority of an EU country or a financial supervisory authority in Korea approves the security solutions of their own financial companies in accordance with the security standards of their own countries, these approved solutions are to be used by the other country. To this end, the recently signed EU-Korea Digital Trade Agreement could be the framework of such an amendment to financial security rules.

Second, when applying network separation exceptions, it is recommended that a risk-based approach is introduced rather than the existing collective approval method. This would allow for a differential application system that considers the importance of information assets, data sensitivity, and work connectivity.

Third, for recurring SaaS security solutions, it is recommended to establish a mechanism to effectively recognize the results of past security evaluations for a period of time (e.g., three years) or to enable sharing and recognition of the evaluation results of other national corporations within the group.

This system improvement will ensure consistency in security policies with global groups, strengthen the technological competitiveness of domestic insurance companies, and contribute substantially to the advancement of cybersecurity systems.

Relevant Act/Regulation	Article 15 Clause 1 (3) (5) of the Electronic Financial Supervision Regulation
Responsible Authority & Division	Financial Services Commission (FSC) Cyber and Information Security Division
Recommendation Status	Updated

3.
Alternative Risk Transfer(ART) Insurance Guidance to be Provided by Regulator

<u>Issue</u>
ART insurance has been developed and expanded globally when traditional insurance may not provide coverage risk(e.g. natural disaster etc.,) and tailored coverage is needed.

Compared to overseas markets (e.g. Singapore, Japan, HK etc., except US, UK), there is no clear guidance nor direction on ART in the Korean market regarding whether it is allowed or which methods are allowed, etc,.

The ART(i.e. cat bond) may provide a new coverage against natural disasters (e.g. fire, flood, earthquake etc.,) and investment opportunities to sophisticated investors.

<u>Recommendation</u>
The ECCK Insurance Committee would like to request that a minimum guidance for ART (e.g. captive, cat bond, parametric/structure insurance etc.,) be provided as a best practice at the initial stage.

Relevant Act/Regulation	No clear guidance or direction for ART insurance in Insurance Business Act
Responsible Authority & Division	Financial Services Commission (FSC) & Financial Supervisory Services (FSS)
Recommendation Status	New

Sunyoung KANG
Manager
Intellectual
Property Rights
Committee

Intellectual Property Rights

10

Total Key Issues

1. Strengthening Criminal Penalties for Crimes Infringing Intellectual Property Rights

Issue

According to the 2023 Annual Statistical Report on IPR Seizures published by the Korea Customs Service (KCS), the number of detected trademark infringement cases decreased by more than 20% in both case count and quantity compared to the previous year. In particular, seizures via postal channels plummeted by 80.3%, while express cargo detection increased only slightly by 15.2%, showing a mismatch between enforcement outcomes and the growing trend of overseas direct purchases and online platform usage.

Additionally, while design rights accounted for 23.49% of total IPR protection requests filed with the KCS, they represented only 1.5% of actual enforcement cases, revealing a clear gap between enforcement performance and market demand. This discrepancy highlights a lack of on-site enforcement capacity and infrastructure, despite the existence of smart detection tools. In some customs offices, enforcement actions were reportedly abandoned due to a lack of appraisal rooms or storage space. Furthermore, there is an urgent need to secure adequate manpower and ensure sustainable working conditions for customs officials involved in IPR enforcement.

Recommendation

The ECCK IPR Committee recommends prioritizing the enhancement of container-based enforcement capabilities at major seaports and customs offices across the country. This should include the expansion of dedicated personnel, modernization of inspection equipment such as X-ray scanners, and the establishment of dedicated appraisal facilities and large-scale storage warehouses capable of handling bulk seizures.

Additionally, to support sustainable enforcement efforts, it is advised to establish an incentive system, such as performance-based compensation, linked to enforcement outcomes.

Relevant Act/Regulation	• Trademark Act • Design Protection Act • Supreme Court Sentencing Guidelines
Responsible Authority & Division	Financial Services Commission (FSC), Financial Supervisory Services (FSS)
Recommendation Status	Retained

2. Strengthening Border Measures Against IP-Infringing Goods

Issue

With the rapid expansion of Chinese e-commerce platforms such as AliExpress and TEMU, the influx of counterfeit goods in small parcel form via Express Mail Service (EMS) has surged. This has increasingly exposed the limitations of on-site enforcement capabilities. Several customs offices have repeatedly raised concerns about inadequate manpower and limited storage space, indicating an urgent need for systematic support to reinforce field enforcement capacity.

Although the Korea Customs Service (KCS) currently conducts intensive crackdowns on international postal items once or twice a year during peak seasons, the existing enforcement system needs to be made more sustainable and flexible to effectively respond to the growing volume and speed of counterfeit inflows. Given that over 90% of all counterfeit seizures are detected via express or postal channels, it is critical to strengthen targeted strategies for small-parcel enforcement.

Recommendation

To effectively respond to the increasing import of counterfeit goods via EMS and express delivery channels, it is recommended to expand enforcement personnel, increase the capacity of seizure storage facilities, and establish new customs inspection centers. We also request updates on the current status and future timeline of the government's plan to build inspection infrastructure and storage areas for counterfeits within international postal logistics centers.

Furthermore, we recommend institutionalizing the currently biannual intensive inspections of express and postal shipments, while also establishing a flexible framework that allows for expanded enforcement during peak periods of counterfeit inflow. To promote effective cooperation with trademark owners, we also request advance or follow-up sharing of inspection schedules to enable timely engagement at the clearance stage.

Relevant Act/Regulation	Notification on the Import Clearance Procedures for International Mail
Responsible Authority & Division	Korea Customs Service (KCS) E-Commerce Clearance Division
Recommendation Status	Retained

3.
Enhancement of Efficiency in the Customs Clearance of International Postal Items (EMS)

Issue

The rapid expansion of China-based e-commerce platforms such as AliExpress and TEMU has led to a sharp increase in the inflow of counterfeit goods via small consignments through the EMS channel. This has highlighted the growing need to reinforce on-site enforcement systems. Several customs offices have repeatedly raised concerns regarding operational limitations, including shortages of inspection personnel and insufficient storage capacity for seized goods, underscoring the necessity for systematic support to strengthen field response capabilities.

Although the Korea Customs Service currently conducts one to two intensive crackdowns per year during peak seasons, the pace and volume of counterfeit inflows call for enhanced consistency and flexibility in enforcement mechanisms. Notably, as approximately 90% of detected counterfeits are entering Korea through express and postal consignments, there is an urgent need for a dedicated enforcement strategy specifically tailored to small-volume shipments.

Recommendation

The ECCK IPR Committee recommends that enforcement capacity be strengthened to effectively respond to the inflow of counterfeit goods via EMS and express consignments. In particular, we recommend expanding enforcement personnel, securing additional storage facilities for seized goods, and establishing dedicated customs inspection centers within international postal logistics hubs. The Committee also requests that the government share the current status and future timeline of its ongoing plan to develop inspection infrastructure and designated storage areas within the International Postal Logistics Center.

Relevant Act/Regulation	Notification on the Import Clearance Procedures for International Postal Items
Responsible Authority & Division	Korea Customs Service (KCS) Electronic Commerce Clearance Division
Recommendation Status	Retained

4.
Establishment of a System to Prevent Distribution of Counterfeits by Online Service Providers

Issue

Online marketplaces and social media platforms have emerged as major distribution channels for counterfeits, intensifying the issue of trademark infringement in the digital space. While some platforms voluntarily remove infringing content, the lack of clear legal obligations and liability standards has led to inconsistent enforcement and limited overall effectiveness.

In particular, transactions via social media are structurally vulnerable due to the anonymity of sellers, lack of information disclosure, and delayed reporting processes. These challenges make it difficult for trademark owners to promptly respond to infringing posts or identify violators for legal action. To address these issues, it is critical to establish a concrete legal framework that clearly defines the responsibilities of online service providers and enables trademark owners to effectively exercise their rights.

Recommendation

The ECCK IPR Committee recommends clearly defining the legal status and responsibilities of online service providers. In particular, criteria for determining "willful or gross negligence" in connection with counterfeit listings should be specified through legislation or subordinate regulations (for example, Presidential Decrees or Enforcement Rules) to enhance the predictability and practical enforceability of platform liability.

Additionally, the reporting procedures for infringing content should be streamlined, and relevant procedures such as the timeline for takedown actions, notification to rights holders, and scope of information disclosure should be explicitly stipulated. If it is difficult to include such provisions directly in the Trademark Act, these details should be supplemented through subordinate legislation such as enforcement decrees or administrative notifications.

Furthermore, in the course of establishing the relevant system, it is recommended to officially gather input from stakeholders including trademark owners, platform operators, and legal experts through public hearings or stakeholder roundtables to ensure both regulatory effectiveness and field level acceptance.

Relevant Act/Regulation	Trademark Act
Responsible Authority & Division	Korean Intellectual Property Office (KIPO) Trademark Examination Policy Division
Recommendation Status	Updated

5.
Improvement of Systems for Eradicating the Distribution of Counterfeit Goods and Strengthening Intellectual Property Rights Protection

Issue

Counterfeit goods are no longer just a matter of trademark infringement; they increasingly pose serious threats to consumer health and public safety. According to the Korea Customs Service's 2023 announcement, certain counterfeit products that come into direct contact with the skin were found to contain carcinogenic substances exceeding the safety standards by up to 930 times. The influx of such hazardous counterfeits into the domestic market presents a grave risk to national health and safety.

Despite this, investigations into intellectual property rights (IPR) infringements remain outside the core enforcement priorities of the police. Currently, IPR-related enforcement performance is not reflected in officers' personnel evaluations or promotion assessments, resulting in low motivation for proactive investigation. In some cases, counterfeit enforcement efforts are reportedly discouraged internally as they are not officially recognized as investigative accomplishments. This institutional gap poses a growing concern regarding the sustainability and consistency of enforcement against counterfeit goods.

Moreover, although the National Police Agency operates a system designating "IPR-specialized investigators," there is no official education or training curriculum in place to support their capacity. This highlights an urgent need to enhance professionalism and establish a structured enforcement framework.

Recommendation

1. Improve Performance Evaluation System for IPR Enforcement

The ECCK IPR Committee recommends that enforcement efforts related to intellectual property rights infringement be reflected in the personnel evaluation and organizational performance assessment of the police. The distribution of counterfeit goods threatens both public safety and fair market order, but enforcement efforts remain undervalued in the current evaluation system. Introducing a quantified performance metric or minimum score threshold would help institutionalize the legitimacy and continuity of IPR investigations.

2. Introduce IPR-Specific Training into the Police Curriculum

It is also recommended that specialized training programs for IPR enforcement be officially included in the regular curriculum of the National Police Agency. Although the system of IPR-specialized investigators exists, the lack of a structured training program makes it difficult to develop practical investigative capabilities. The ECCK and other private-sector organizations are willing to support curriculum development and provide instructors. Therefore, we request that the government consider enhancing field-level enforcement capacity through public–private cooperation.

Relevant Act/Regulation	• Chemical Substances Control Act • Trademark Act
Responsible Authority & Division	Korean National Police Agency
Recommendation Status	Retained

6.
Designation of Special Judicial Authority to Local Government Officials for an Effective Crackdown on IP Infringement

Issue

Traditional markets such as Dongdaemun in Seoul, Gukje Market in Busan, and Seomun Market in Daegu have been identified as major offline distribution hubs for counterfeit goods in Korea. According to a 2025 survey conducted by the ECCK of 619 citizens in Busan, approximately 40 percent of respondents reported having purchased counterfeit goods, and among them, 43 percent stated that the purchases were made from street vendors or traditional markets.

In Seoul, the Jungbu Police Station, which oversees the Dongdaemun area, has collaborated closely with the Seoul Metropolitan Government, Jung-gu District Office, and the Korean Intellectual Property Office (KIPO) to intensify enforcement. As a result, counterfeit distribution in the local traditional markets has significantly declined.

In contrast, counterfeit goods continue to be openly sold in Busan and Daegu. Despite this, local police in these areas have not prioritized counterfeit enforcement, and the regionally tailored enforcement infrastructure remains underdeveloped. Given that notorious markets such as Gukje Market and Seomun Market fall under their jurisdiction, it is essential for the local police to elevate the priority of anti-counterfeit enforcement and enhance systematic and professional investigative capabilities.

Recommendation

1. Designate Counterfeit Enforcement as a Priority Task

The ECCK IPR Committee recommends that the relevant police stations assign counterfeit enforcement as an investigative priority task in areas with high concentrations of counterfeit activity, such as Busan's Gukje Market and Daegu's Seomun Market. Active enforcement and response should be conducted based on Articles 5(38) and 6(35) of the Act on the Judicial Police Officers and the Scope of Their Duties.

2. Establish or Expand Local Specialized Task Forces

We recommend establishing or expanding local task forces tailored to the regional market environments. Sustainable enforcement structures, such as leveraging the investigative experience of retired officers or partnering with municipal governments—as seen in the Special Judicial Police for Punlic Safety model in Gyeonggi Province and the collaboration with municipal investigators in Seoul—should also be considered.

3. Encourage Participation in ECCK Capacity Building Seminars

We request the continued participation of police personnel in the ECCK's capacity building seminars on intellectual property rights to strengthen field-level enforcement expertise and foster public–private cooperation.

Relevant Act/Regulation	Act on the Judicial Police Officers and the Scope of their Duties
Responsible Authority & Division	Busan Jungbu Police Station, Daegu Jungbu Police Station
Recommendation Status	Retained

7.
Improvement of the Statutory Damages System under the Trademark Act in Line with International Legislative Practices

Issue

In trademark infringement cases, it is often difficult to prove actual damages, resulting in compensation amounts being determined at the discretion of the court. This leads to wide variations and a lack of consistency, which significantly undermines legal predictability. To address this, a statutory damages system was introduced under the Trademark Act in 2011 as part of Korea's implementation of the Korea–US Free Trade Agreement.

However, the current provision sets the maximum statutory damages at KRW 50 million per infringer, which has led to limited practical application in litigation. It is particularly ineffective in dealing with large-scale online counterfeit distribution, where meaningful deterrence is difficult to achieve under the current framework. In contrast, Singapore's statutory damages system allows for damage awards to be calculated "per item" and "per trademark," enabling cumulative compensation where multiple trademarks are used on the same infringing product. Courts in Singapore actively apply this approach, resulting in effective enforcement and stronger deterrence. In the United States, statutory damages of up to USD2,000,000 are available under the Lanham Act. Meanwhile, the European Union and Japan primarily apply actual damages systems while continuously advancing legislative efforts to enhance enforcement against online infringements.

Recommendation

The ECCK IPR Committee recommends revising Article 110-2 of the Trademark Act to enhance predictability and reduce disparities in damage awards. Specifically, the provision should be amended to clearly allow statutory damages to be calculated based on a "per item" and "per trademark" basis. This would enable the application of cumulative damages in cases of intentional, large-scale infringement, thereby improving the overall effectiveness of the legal system.

The United States permits flexible statutory damage ceilings that reflect both the willfulness and scale of the infringement. The European Union also allows compensation for not only material damages, but also reputational harm and loss of brand value. As major jurisdictions such as Singapore are actively operating practical and effective damages systems, it is necessary for Korea to align its statutory damages framework with international legislative practices.

Relevant Act/Regulation	Trademark Act Article 110-2 (Statutory Damages)
Responsible Authority & Division	Korean Intellectual Property Office (KIPO) Trademark Examination Policy Division/Intellectual Property Protection Policy Division, Ministry of Justice, National Assembly Legislation and Judiciary Committee
Recommendation Status	New

8. Establishment of a Cooperation Mechanism to Enhance the Effectiveness of Blocking Counterfeit Websites

Issue

Recently, there has been a notable increase in the proportion of counterfeit goods being distributed through stand-alone counterfeit websites. Although these websites clearly engage in the sale of counterfeit products, the current deliberation structure of the Korea Communications Standards Commission often fails to result in effective takedown measures.

In particular, a takedown request for an entire website requires proof that 70 to 80 percent or more of the products listed are counterfeits. Furthermore, in cases where the seller falsely claims that the counterfeit products are authentic, the Commission may dismiss the report entirely, despite clear evidence provided by trademark owners. These overly rigid evidentiary standards have led to the rejection of takedown requests even in cases where trademark infringement is obvious.

In addition, reports submitted by the Korea Intellectual Property Protection Agency, despite being based on professional investigation, are still processed as general public complaints and subject to quarterly deliberation schedules, leading to long delays. These inefficiencies hinder the protection of both trademark owners and consumers, underscoring the urgent need for procedural reform to enable more prompt and effective responses.

Recommendation

The ECCK IPR Committee recommends establishing a fast-track mechanism based on cooperation between the Korea Communications Standards Commission and the Korea Intellectual Property Protection Agency. Under this mechanism, websites engaged in the sale of counterfeits, especially those reported through the Korea Intellectual Property Protection Agency, should be eligible for expedited action either ahead of scheduled deliberation sessions or even without a separate review process.

Furthermore, we recommend that the evidentiary requirements for full site blocking, such as requiring 70 to 80 percent of listed products to be verified as counterfeit, be revised to a more reasonable standard. When a seller falsely claims counterfeit goods as genuine, the evaluation should also consider factors such as the overall distribution structure and prevailing market practices. A more flexible interpretation of evidence should be adopted to better reflect the realities of online counterfeiting.

Relevant Act/Regulation	• Act on Promotion of Information and Communications Network Utilization and Information Protection • Regulations on Deliberation by the Korea Communications Standards Commission
Responsible Authority & Division	Korea Communications Standards Commission (KCSC), Korea Intellectual Property Protection Agency, Korean Intellectual Property Office (KIPO)
Recommendation Status	New

9. Establishment of Legal Standards and Practical Guidelines in Response to the Proliferation of Lookalike (dupe) Products

Issue

Recently, a surge in the distribution of so called “lookalike” (dupe) products, lookalike items that mimic the appearance of luxury brands, has been observed across various channels, including online platforms, offline select shops, and live commerce. These products do not directly replicate brand names or logos and therefore may not fall under the traditional legal definition of “counterfeits.” However, they resemble genuine goods in terms of design, color, and overall appearance, potentially misleading consumers and significantly disrupting the operations of authorized distributors and importers.

Since lookalike products do not meet the legal definition of counterfeits, they are not subject to customs enforcement or seizure. Moreover, it is unclear whether they constitute infringement under the current Trademark Act or the Unfair Competition Prevention Act. Although such products may fall under provisions related to “imitation of product appearance” or “acts causing confusion about the source” under Article 2(1) of the Unfair Competition Prevention Act, there are currently no government-issued interpretation guidelines, legal criteria, or casebooks that allow administrative or investigative authorities to apply the law clearly in practice. As a result, a legal and regulatory vacuum continues to exist.

Therefore, it is necessary to clearly distinguish between lookalike products and counterfeits and to establish legal grounds for addressing consumer confusion and market disruption caused by lookalikes.

Recommendation

The ECCK IPR Committee recommends that the government establish clear regulatory and interpretive standards to address the potential intellectual property infringement associated with the distribution of lookalike (dupe) products.

First, it is recommended to revise and supplement the interpretation guidelines under the Unfair Competition Prevention Act, particularly concerning the provisions on "imitation of product appearance" and "acts causing confusion about the source," and to clearly define administrative criteria applicable to dupe products.

Second, it is recommended that the government provide practical guidelines or policy reports based on domestic and international precedents and case studies to support rights holders in responding effectively. During the development of such standards, consultation with experts from both the public and private sectors, as well as representatives from industry, should be conducted to ensure field-level enforceability and relevance.

Relevant Act/Regulation	• Article 2(1) of the Unfair Competition Prevention and Trade Secret Protection Act (Definition of Unfair Competition) • Article 110 of the Trademark Act (Remedies for Infringement)
Responsible Authority & Division	Korea Intellectual Property Office (KIPO)
Recommendation Status	New

10.
Studies on the Economic Impact of IP Infringement

Issue

From May to November 2023, the Korea Institute of Intellectual Property (KIIP), in cooperation with the OECD, conducted a study on the impact of counterfeit goods on Korean brands in foreign markets. However, as this research focused solely on K-brands, it did not fully reflect the damage experienced by foreign brands operating in the Korean market, nor did it capture the broader scale of the economic and social impact of counterfeit circulation in Korea, where a significant portion of counterfeit goods involves foreign brand infringement. According to recent five-year statistics from the Korea Customs Service, counterfeit detections tend to be concentrated in a limited number of industries. Given the narrow scope of current research, the actual market conditions and economic losses caused by counterfeiting across all sectors are not comprehensively assessed. This makes it difficult to formulate holistic policy measures grounded in industry-wide economic evidence.

Major international bodies, such as the European Union Intellectual Property Office (EUIPO), conduct regular studies on the damage caused by counterfeiting across a wide range of industries and make their reports publicly available to support policymaking and use by the private sector. Korea should similarly move toward a more transparent and systematic sector-based research framework that reflects the most frequently targeted product categories and allows for broader public access and utilization of findings.

Recommendation

The ECCK IPR Committee recommends that future studies build upon and expand beyond the scope of the 2024 report "Illicit Trade and the Korean Economy", jointly published by KIIP and the OECD, which primarily focused on the damages suffered by Korean companies. As the current report does not sufficiently reflect the overall domestic market, future research should also include cases involving foreign brands operating in Korea and broaden its scope to cover the full spectrum of industries impacted by IP infringement.

In particular, a shift toward a sector specific, rotating publication model or biennial research framework is recommended, beginning with industries where counterfeit detection rates and estimated damages are high. This approach would help maximize resource efficiency and improve the practical effectiveness of related policies. It would also contribute to consistent data collection and the development of targeted, industry specific policy responses.

Relevant Act/Regulation	
Responsible Authority & Division	Korea Institute of Intellectual Property (KIIP)
Recommendation Status	Retained

Hyokyung SUH
Director
Kitchen & Home Appliances Committee

Kitchen & Home Appliances

3

Total Key Issues

1. Increasing the Quantity Limit for Exemption from Conformity Assessment of Market Research Samples

Issue

According to the Notification on Conformity Assessment of Broadcasting and Communications Equipment, equipment imported for market research purposes and not intended for sale may be exempted from conformity assessment for up to three units per model.

These sample products are imported solely to assess market potential and determine the feasibility of entering the Korean market. They are not for commercial sale, and in compliance with the exemption policy, the imported sample products are properly disposed of within two years, with appropriate documentation submitted following the issuance of the exemption certificate.

However, the current limit of three units is insufficient to effectively conduct consumer trend analysis, surveys, and marketing assessments within the Korean market. As a result, it becomes difficult to accurately gauge consumer preferences or engage relevant sales and distribution channels.

In the case of Electrical Safety Certification, according to Article 23, Annex 16, Section 6 of the Operational Guidelines for Safety Management of Electrical Appliances and Consumer Products, products that are imported for domestic market research purposes and not intended for sale or rental, and that have received an exemption confirmation from the Director of the Korea Product Safety Association (KPSA), are exempt from safety certification without any quantity limitations.

Recommendation

In consideration of the minimum quantity required for companies to meaningfully assess market potential, the ECCK Kitchen & Home Appliances Committee kindly requests that the exemption quantity for conformity assessment for market research purposes be increased from three to ten units to better reflect practical business and market validation needs.

Relevant Act/Regulation	Notification on Conformity Assessment of Broadcasting and Communications Equipment
Responsible Authority & Division	National Radio Research Agency (RRA) ICT Conformity Assessment Division
Recommendation Status	New

2. Improving the Five-Year Cycle Detailed Inspection System for Kitchen Appliances

Issue

The Five-Year Periodic Detailed Inspection System for Imported Food, etc.' has been implemented. Under this system, imported foods, etc. that have undergone an initial detailed inspection and have not been subject to random sampling inspections afterward are required to undergo detailed inspections every five years.

Unlike food or food containers/packaging, when kitchen appliances are subject to detailed inspection, all components that come into contact with food must be prepared and submitted. This requirement presents the following challenges for products with many parts, such as mixers, coffee machines, and toasters:

1. A preparation period is required to identify and organize the components subject to inspection, such as those categorized by material or color.
2. Procuring parts for inspection submission is time-consuming because each component has different suppliers and production schedules, making it difficult to gather the required quantities all at once.
3. Difficulty in scheduling shipments to align with the first import declaration after the five-year period, as the finished product and all corresponding components must be shipped together under a single Bill of Lading (B/L). This often requires delaying departure until all parts are ready or holding the shipment in a bonded warehouse.
4. If some components cannot be procured within the required period, importation of the entire product becomes impossible. This causes significant disruptions to the distribution schedule of newly shipped products or those ordered according to sales

plans, resulting not only in damage to the brand image, but also additional costs and lost revenue.

5. For companies importing a wide variety of products in small quantities, it is challenging to secure all components for multiple products within a specific timeframe when their five-year inspection cycles coincide.

Unlike food, kitchen appliances are manufactured products and are not subject to variations caused by changes in raw material conditions. Unlike containers or packaging, kitchen appliances are not made of single or uniform materials, but rather consist of numerous components that must be individually sourced from different suppliers to meet the required inspection standards and specifications.

Recommendation

The ECCK Kitchen & Home Appliances Committee kindly requests that the authorities allow periodic detailed inspections for kitchen appliances to be conducted up to six months prior to the five-year inspection cycle, in order to ease operational burdens and ensure smooth compliance with regulatory requirements.

We fully acknowledge that the five-year periodic detailed inspection system is established to enhance the safety of imported food products. This recommendation reflects the proactive commitment of companies to undergo safety inspections in advance, prior to the arrival of the five-year cycle.

Relevant Act/Regulation	Enforcement Rule of the Special Act on Imported Food Safety Control
Responsible Authority & Division	Ministry of Food and Drug Safety (MFDS) Import Inspection Division
Recommendation Status	Retained

3.
Revising Submission Deadline for Registration of Compliance with Hazardous Substance Standards in EcoAS System

Issue

In accordance with Article 11 of the Enforcement Decree, an importer of electrical and electronic equipment or an importer of vehicles shall disclose whether he or she complies with the maximum levels of hazardous substance standards or the annual recyclability rate within three months from the import declaration date. Failure to make such disclosure may result in the imposition of a fine of up to KRW 1,000,000.

Since 2021, a variety of products, including small electronic appliances, have been subject to the regulatory framework. Due to the nature of these products, new models are frequently released, and as a result, new imports occur on a continual basis.

Given the large number of items, registering each product individually in the EcoAS system within the required timeline reduces operational efficiency. Consequently, delays may unintentionally occur, resulting in the imposition of fines.

Recommendation

Considering the operational challenges, the ECCK Kitchen & Home Appliances Committee kindly asks that the declaration of compliance with the maximum levels of hazardous substance be amended to allow for batch registration based on the previous year's import records, rather than on an individual import basis.

Relevant Act/Regulation	Enforcement Decree of the Act on Resource Circulation of Electrical and Electronic Equipment and Vehicles
Responsible Authority & Division	Ministry of Environment (ME) Resources Recycling Division
Recommendation Status	New

Marine Industry

Yeaji KIM
Manager
Marine Industry
Committee

4

Total Key Issue

1.
Modernization of Export Certification Thresholds and Procedures under the EU-Korea FTA

Issue

Under the current EU-Korea FTA, export shipments valued at EUR 6,000 or less may include a simple origin declaration on the invoice. For shipments exceeding this amount, exporters must either issue an EUR.1 Certificate of Origin for each shipment or obtain Approved Exporter status with certified declarations on every invoice. This requirement creates considerable administrative burdens and costs, especially for industries involved in frequent, small-volume exports of components and intermediate goods. In some EU member states, securing Approved Exporter status or issuing EUR.1 certificates can take several months to over a year, making it difficult for new businesses to obtain the necessary documentation quickly. As a result, transactions above EUR 6,000 are often perceived as effectively incurring a tariff burden of about 8%. To avoid these requirements, some exporters deliberately lower invoice amounts or split shipments, undermining transparency and fairness in trade.

The EUR 6,000 threshold was set based on trade conditions when the FTA was was concluded and no longer reflects current market realities, given the growth in global trade volumes and high-frequency transactions. Many recent FTAs have responded by raising thresholds or simplifying procedures through trusted exporter programs. Therefore, it is necessary to consider improvements such as increasing the threshold or streamlining requirements.

Recommendation

The European Chamber of Commerce in Korea(ECCK) Marine Industry Committee recommends eliminating the EUR 6,000 export certification threshold under the EU-Korea FTA. If elimination is not feasible, we suggest raising the threshold to at least EUR 200,000 to better reflect current trade volumes and practices. This change would significantly reduce administrative burdens and costs for exporters, particularly SMEs and industries with high-frequency shipments. Trusted exporter frameworks (such as the Authorized Exporter System) can continue to ensure compliance and safeguard against misuse.

Relevant Act/Regulation	• Article 2: Access to Innovation, Article 3: Transparency, and Article 5: Regulatory Cooperation of Annex 2-D to the Korea-EU Free Trade Agreement (FTA) • Customs Act of Korea/Enforcement Decree of the Customs Act/Notice on Preferential Origin Certification under the Korea-EU FTA; Article 226 of the Customs Act of Korea and related enforcement rules, Annex 2-D to the Korea-EU FTA regarding preferential origin certification processes
Responsible Authority & Division	Ministry of Trade, Industry and Energy (MOTIE) FTA Policy Division, Korea Customs Service (KCS)
Recommendation Status	New

2.
Floating Offshore Wind in Korea - Specifying Regulatory Clarity and Facilitating Stakeholder Engagement under the OSW Promotion Act

Issue

In addition to the Korean government's formal response prepared by the MOF, which presumes the application of the Ship Safety Act (SSA) to floating offshore wind (FOW) projects, the National Assembly of Korea has passed the Special Act on the Promotion of Offshore Wind Power Distribution and Industrial Development (the "OSW Promotion Act"). This Act will become part of Korean statutory law following the completion of the government's official procedures, and its operative provisions will take effect on the first anniversary of its promulgation.

The MOF initially sought to bring FOW projects under the scope of the SSA, as reflected in the proposed SSA amendment released for industry hearing in February 2024. This amendment would have subjected FOW installations to the same inspection and classification regime as ships or mobile offshore units (e.g., oil rigs, flotels). Under this framework, all "floating maritime structures," including FOW facilities operating in Korean waters, would have been required to undergo design approval, construction oversight, and periodic surveys conducted by a Recognized Organization (RO), such as the Korean Register (KR), Bureau Veritas (BV), or Korea Maritime Transportation

Safety Authority (KOMSA).

However, industry feedback strongly emphasized that FOW installations are not related to maritime transport or offshore drilling, but rather constitute renewable energy infrastructure. As such, stakeholders argued that FOW projects do not fall naturally within the scope of the SSA.

To date, no official announcement has been made regarding the outcome of the February 2024 proposal. However, the most recent revision of the SSA Enforcement Rules, dated 27 February, 2025, did not include any provisions related to FOW, suggesting that the MOF has effectively withdrawn its regulatory claim over FOW projects through the SSA amendment process.

In light of this, regulatory oversight is highly likely to fall under the Ministry of Trade, Industry and Energy (MOTIE), within the framework of the newly enacted Offshore Wind Promotion Act (OSW Act). It is reasonable to expect that MOTIE will lead the development of a dedicated technical and safety framework tailored to the unique characteristics of floating offshore wind (FOW).

Recommendation

The ECCK Marine Industry Committee respectfully submits the following recommendations:

1. Seek formal confirmation that MOTIE will be designated as the responsible authority for regulating FOW projects and installations.
2. To ensure the establishment of a robust and effective regulatory framework, MOTIE should proactively engage with key stakeholders—including industry players, project developers, and classification societies—during the development and implementation of the OSW Act's enforcement mechanisms.
3. Public consultations, white papers, and joint working groups are recommended as effective platforms for shaping technical standards, approval processes, and long-term oversight.

Relevant Act/Regulation	• Amendment to Ship Safety Act (Notice 2024-234) • Special Act on the Promotion of Offshore Wind Power Distribution and Industrial Development (OSW Promotion Act)

Responsible Authority & Division	Ministry of Oceans and Fisheries (MOF) Maritime Industry and Technology Division, Ministry of Trade, Industry and Energy (MOTIE) Renewable Energy Deployment Division
Recommendation Status	Updated

3. Easing Bare Boat Charter-Hire Purchase (BBCHP) Requirements, Korean RO Restrictions, and State Financing Schemes for Fair Competition

Issue

The Bareboat Charter Hire Purchase (BBCHP) is a financing model widely used by Korean shipowners for new shipbuilding. Under this arrangement, ships are built at Korean shipyards and contracted by a foreign Special Purpose Company (SPC), which typically registers the vessel under a foreign flag for commercial reasons.

Under international law, ships engaged in global trade must undergo independent inspections and technical quality assurance by the flag state and a Recognized Organization (RO) appointed by the flag state. However, the Korean Ship Safety Act requires that foreign SPC-shipowners select an RO designated by the Korean government—currently limited to only the Korean Register (KR) and Bureau Veritas (BV). This restriction applies throughout the entire construction process and prevents foreign SPC-shipowners from freely choosing a classification society that meets their needs, thereby excluding all other internationally recognized classification societies from participating in the newbuilding process as a class. This requirement not only limits the foreign SPC-owner's options but also grants KR and BV privileged positions, raising concerns over fair competition and regulatory fairness.

After delivery, the ship (under a foreign flag) is leased to a Korean shipowner for five to 15 years under a bareboat charter agreement, after which the Korean company typically purchases the vessel from the SPC. By limiting the choice of independent technical quality assurance providers to just two, the Korean government undermines the ability of foreign investors to protect their assets.

This rule also applies to Korean financing and refund schemes, limiting both Korean and foreign shipowners' ability to choose service providers and harming the competitiveness of the Korean maritime industry. While Korea has the authority to designate ROs for Korean-flagged vessels, it is unusual to impose such restrictions on foreign-flagged ships. It is unclear how limiting access to internationally recognized classification societies, which already meet global safety standards, contributes to safety. Excluding these societies restricts competition, raises concerns about regulatory alignment, and may undermine industry best practices.

Recommendation

To secure and protect foreign shipping investors and to promote the competitiveness of the Korean maritime industries, it is recommended to stop foreign-flagged vessels financed through BBCHP or supported by state linking the BBCHP and state financing and refund guarantee schemes for foreign-flagged vessels to the mandatory use of RO's designated under the Korean Ship Safety Act.

Relevant Act/Regulation	Ship Safety Act
Responsible Authority & Division	Ministry of Oceans and Fisheries (MOF) Maritime Industry and Technology Division
Recommendation Status	Updated

4.
Unfair Business Opportunities for Foreign Class Societies on Bare Boat Charter-Hire Purchase (BBCHP) Vessels

Issue

The current policy under the Ship Safety Act (SSA) significantly restricts the freedom of Korean shipowners to select classification societies that best suit their technical, operational, or strategic preferences. By limiting choices to only KR (Korean Register) and BV (Bureau Veritas), the policy effectively enforces a duopoly. This distorts the classification market in Korea, undermining fair competition - a key driver of innovation, service quality, and safety in the global maritime industry.

Restricting classification options to just KR and BV may compromise service quality and reduce global technical support, especially for shipowners with international operations. Leading IACS members such as DNV, ABS, and Lloyd's Register offer extensive global networks and specialized services that many shipowners and charterers rely on. Excluding these societies risks reducing technical efficiency, responsiveness, and reliability.

Most international charterers - especially oil majors and gas developers - require vessels to be classed by internationally recognized IACS societies. As a result, Korean LNG carriers are often built under dual class arrangements (e.g., KR + DNV or KR + LR) to comply with both charterers' requirements and BBCHP conditions.

This policy has already created significant operational and administrative burdens across the maritime value chain:

- Korean shipowners must manage multiple compliance regimes.
- Shipyards are required to accommodate various classification rules during newbuilding design and construction.
- Vendors and manufacturers face increased testing, documentation, and certification demands.

These challenges will become even more critical under new governance requirements introduced by EMSA (European Maritime Safety Agency) and IACS, which call for greater independence and stricter verifications - particularly in the design and construction phases of newbuild vessels.

Recommendation

1. Implement a transparent and objective approval process for class societies in BBCHP programs based on measurable criteria (e.g., safety record, technical expertise, global service network).
2. Start a pilot program allowing select IACS members to participate under close monitoring.
3. Review the Ship Safety Act in consultation with industry stakeholders, ensuring alignment with international best practices.

Relevant Act/Regulation	Ship Safety Act
Responsible Authority & Division	Ministry of Oceans and Fisheries (MOF) Maritime Industry and Technology Division
Recommendation Status	Updated

Hyewon SHIN
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Sustainability
Committee

Sustaina-bility

1

Total Key Issue

1.
Establishing Key Performance Metrics to Measure and Improve the Effectiveness of Sustainable Infrastructure Investments

Issue

The Korean government has introduced several infrastructure investment plans to support its green transition agenda. However, there is currently no harmonized framework to evaluate the effectiveness of these investments in terms of sustainability performance.

The Framework Act on Carbon Neutrality and Green Growth and its Enforcement Decree outline broad goals for achieving carbon neutrality, but lack specific requirements for tracking and disclosing the performance of sustainable infrastructure projects.

Without standardized performance indicators, it is difficult for the public and private sectors to monitor whether infrastructure investments are achieving measurable outcomes such as greenhouse gas (GHG) reduction, energy efficiency, or resource circularity. Moreover, the absence of common metrics limits the ability of stakeholders—including EU companies operating in Korea—to align with international sustainability disclosure frameworks such as the ISSB or CSRD.

International best practices, particularly in the EU, promote the use of quantitative KPIs to evaluate sustainable investments. Implementing a similar framework in Korea would enable better transparency, policy accountability, and alignment with global ESG standards. This would also strengthen Korea's green policy credibility in global economic cooperation.

Recommendation

The ECCK Sustainability Committee recommends that the Korean government:

1. Define sector-specific KPIs to measure sustainability outcomes from infrastructure projects (e.g., CO_2 reduction per unit, circular resource use rate).
2. Align these indicators with international disclosure frameworks (e.g., ISSB) for global comparability.
3. Integrate KPI-based performance into incentive schemes (e.g., subsidies, tax credits).
4. Introduce regular (e.g., quarterly) reporting of performance to foster transparency and global collaboration.

The ECCK Sustainability Committee would welcome a specific dialogue with the Korean government and the EU Delegation to support Korea’s sustainability agenda on these and related issues.

Relevant Act/Regulation	Article 24 of the Framework Act on Carbon Neutrality and Green Growth for Coping with Climate Crisis and Article 15 of its Enforcement Decree on Sustainable Transition Plans
Responsible Authority & Division	Carbon Neutrality and Green Growth Commission (CNGGC), Ministry of Environment (ME) Green Transition Policy Division/Climate Change Adaptation Division
Recommendation Status	Updated

Siyoon KIM
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Taxation
Forum

Taxation

7

Total Key Issues

1.
Practical Challenges in Filing a Mutual Agreement Procedure (MAP) Request with the National Tax Service (NTS) Leading to Practical Difficulty in Application for a Payment Deferral Relief for Foreign-Invested Enterprises

Issue

Although Article 42 of the Law for the Coordination of International Tax Affairs(LCITA) expressly provides that a taxpayer may request the initiation of a Mutual Agreement Procedure(MAP) so long as one of the enumerated statutory conditions is satisfied, taxpayers continue to encounter significant practical barriers in initiating MAP proceedings with the National Tax Service (NTS) in a prompt and effective manner. Despite the existence of a formal legal framework, systemic delays in the acceptance and processing of MAP applications persist, undermining the utility of the process in resolving treaty-related disputes in a timely fashion.

A central source of delay stems from Article 83(1) of the Presidential Enforcement Decree(PED) of the LCITA, which grants the NTS broad discretion by allowing a deliberation period of up to three months before deciding whether to accept a MAP request. While such flexibility may be acceptable in the context of an Advance Pricing Agreement(APA)—which is inherently prospective and designed for dispute prevention—it proves highly problematic in the MAP context, where the timing of acceptance is critical. This is particularly true where the taxpayer is simultaneously considering how to respond to an impending tax assessment or is seeking to defer tax payment obligations pending resolution of the dispute.

Although Article 42(1), Item 2 of the LCITA is aligned with Article 25 of the OECD Model Tax Convention by allowing a taxpayer to initiate MAP where it has been or is "likely to be subjected to taxation" not in accordance with the applicable tax treaty, the NTS has adopted a narrow interpretation of the "likely to be" language. In practice, the NTS MAP office does not regard the issuance of a preliminary tax assessment notice as meeting the statutory threshold. As a result, even when a taxpayer receives a preliminary notice that clearly implicates treaty concerns, the NTS typically refuses to accept the MAP request until a final tax assessment is issued.

This restrictive stance effectively precludes the taxpayer from invoking treaty protections at an earlier procedural stage, especially where the taxpayer has opted to file a pre-assessment appeal through the Review of Appropriateness of Tax Imposition(RATI). The RATI process does not afford any additional time or procedural mechanism for filing a MAP in parallel, thereby leaving the taxpayer procedurally stranded until the final assessment is rendered.

This interpretive rigidity also renders Article 49 (2) & (3) of the LCITA largely ineffective. Under this provision, a taxpayer may request deferral of tax payment upon initiation of a MAP—provided that the MAP is commenced prior to the issuance of a final tax assessment notice. However, this statutory right is rendered nearly impossible to exercise in practice due to two compounding limitations:

- **NTS Practice**: The NTS generally refuses to accept any MAP application unless and until the final tax assessment notice is issued, making it procedurally infeasible to satisfy the statutory precondition for deferment.
- **Short Timeframe**: Even assuming arguendo that the NTS were willing to accept a MAP request at the preliminary assessment stage, the typical interval between preliminary and final notices is only 30 days—insufficient for taxpayers to prepare a robust MAP application, engage with the competent authorities, and secure deferral.

Unless the NTS promptly accepts and initiates MAP in coordination with the treaty partner, the taxpayer is effectively denied access to the statutory relief intended under the LCITA.

In light of these issues, it is imperative that the NTS adopt a more facilitative and treaty-compliant approach. Specifically, the NTS MAP office should accept MAP requests upon the issuance of a preliminary tax assessment or any other indication of potential treaty-based taxation. Doing so would enable taxpayers to exercise their statutory rights meaningfully, improve predictability in cross-border tax matters, support better cash flow and risk management, and help ensure that treaty protections function as substantive remedies rather than illusory assurances.

Recommendation

The ECCK Taxation Forum recommends that the NTS align its administrative practice with Article 42(1), Item 2 of the LCITA, thereby allowing taxpayers to initiate a MAP case at an earlier stage. Early acceptance of MAP applications would enable taxpayers to pursue tax assessment or tax payment deferral requests in a timely manner. Enabling earlier access to the MAP process would enhance the practical effectiveness of the existing statutory framework, ensuring that taxpayers can fully exercise their rights under the law.

In addition, it is recommended that Article 83(1) of the PED of the LCITA be amended to require the NTS to deliberate on, and determine the acceptance of a taxpayer's MAP application in a prompt and timely manner. Such revision would enhance procedural fairness, align with international best practices, and ensure timely access to treaty-based dispute resolution mechanisms.

Relevant Act/Regulation	• Article 42 (1), item 2 of Law for the Coordination of International Tax Affairs ("LCITA"), • Article 83 (1) of the Presidential Enforcement Decree ("PED") of the LCITA • Article 49(2) & (3) of Law for the Coordination of International Tax Affairs ("LCITA") • Article 91(2) & (3) of the Presidential Enforcement Decree ("PED") of the LCITA
Responsible Authority & Division	Ministry of Economy and Finance (MOEF), National Tax Service (NTS)
Recommendation Status	New

2. Taxation of Software Payments as Royalty Income

Issue

The NTS has been aggressively pursuing domestic distribution subsidiaries of foreign software companies by regarding payments for software as royalties derived from the knowhow transfer. This NTS practice has caused a number of tax controversies with software distribution companies in that their business model is reselling the software to domestic users (businesses or individuals).

Although we may not preclude situations where knowhow could be transferred through the medium of software, these are normally cases where the transferee of the knowhow as end-user commercially exploits it for its business. For cases of the distribution of software, it would be rare for such distributors to exploit any knowhow except for where the source code is provided to the distributor for further reproducing and distributing the software incorporating the copyrighted program.

In this regard, the OECD Model Commentary also emphasizes that the character of payments received in transactions involving the transfer of computer software depends on the nature of the rights that the transferee acquires under the particular arrangement regarding the use and exploitation of the program.

Recommendation

The ECCK Taxation Forum notes that the NTS tax practice relies heavily on OECD Model Commentary Observation 31.1. However, the Korean businesses no longer depend primarily on foreign technology transfer in the form or medium of software. The ECCK Taxation Forum would like to recommend MOEF to consider this aspect and removing the OECD Model Observation and revise the current Basic Guidelines of Corporate Tax Law on software payments, in view of the underlined part of the OECD Model Commentary above.

Relevant Act/Regulation	• Article 93, Item 8, Corporate Tax Law • 93-131...8, Basic Guidelines of Corporate Tax Law • OECD Model Tax Convention, Observation 31.1 of Art. 12.
Responsible Authority & Division	Ministry of Economy and Finance (MOEF), National Tax Service (NTS)
Recommendation Status	New

3. Exclusion of Advance Pricing Agreement (APA) Covered Transactions from a Tax Audit

Issue

A pending tax audit is not suspended by the taxpayer's application for an advance pricing agreement (APA). However, if a taxpayer submitted an APA application before receiving a tax audit notice, the tax audit on the taxpayer's international transactions during the APA covered period may be deferred.

In practice, when the APA has been applied for, but has yet to be concluded, tax auditors have the discretion to review the taxpayer's APA-covered international transactions within the scope of the tax audit. This can result in a redundant review of the taxpayer's APA-covered transactions by the Korean tax authority and makes it meaningless for taxpayers who have invested time and cost to pursue an APA.

Recommendation

The ECCK Taxation Forum would like to recommend that when a taxpayer has applied for an APA prior to receiving the tax audit notice, the APA-requested international transactions should be excluded from the scope of audit, even if the APA has yet to be concluded. It is also recommended that clearer guidance be provided outlining limited instances under which APA-covered transactions may be included in a tax audit.

Relevant Act/Regulation	Regulation for International Tax Affairs
Responsible Authority & Division	Ministry of Economy and Finance (MOEF) Tax Policy Division
Recommendation Status	New

4.
Penalty Protection for Maintaining Transfer Pricing Documentation

Issue

The transfer pricing regulations allow for the waiving of underreporting penalty protection for taxpayers maintaining transfer pricing documentation on a timely basis and that are reasonably prepared. Underreporting penalty relates to the ten percent penalty on additional tax assessment and timely basis refers to the tax filing date. The transfer pricing documentation is not required to be submitted unless the taxpayer is subject to BEPS filing. It is only submitted when specifically requested by tax auditors.

In practice, taxpayers seldom receive the waiver even though the documentation was prepared on time, and a reasonable effort was made in preparing such documentation. This is because tax auditors have the discretion to claim that the documentation was not sufficiently prepared and/or are not familiar on how to interpret the existing regulations.

This uncertainty (penalty waiver) is less prevalent for taxpayers subject to BEPS reporting (e.g., Local File and Master File) since BEPS reports must be filed with the Tax Office by a certain due date. Filling BEPS reports on time provides greater assurance to tax auditors that the taxpayer has been compliant with this documentation obligations.

Recommendation

Regulations should be introduced to enable taxpayers that are not subject to BEPS reporting to also file their transfer pricing documentation to receive penalty protection. This will promote more taxpayers to actively prepare documentation on a timely basis and provide tax auditors with readily available information when examining transfer prices. Transfer pricing disclosure forms are already required to be submitted so transfer pricing documentation can be submitted at the same time.

Relevant Act/Regulation	Law for the Coordination of International Tax Affairs, Article 17, Paragraph 1, Item 3
Responsible Authority & Division	Ministry of Economy and Finance (MOEF) Tax Policy Division
Recommendation Status	New

5.
Expanding Eligibility for Advance Rulings on Tariff Classification

Issue

The current Customs Act of Korea on advance tariff classification requests has been consistently interpreted by the tariff classification departments and experts of the KCS and the Customs Valuation & Classification Institute (CVCI) officers as: "only someone who actually imports or exports Product X may apply for an advance ruling on tariff classification". This appears contrary to the rationale of the legal system, because the very nature of the ruling is "advance". The aforesaid interpretive hurdle in the ruling restricts trade visibility of Korean import/export businesses, as in most instances the potential applicant would have to import goods with high level risks (e.g., substantial disparity in tariff rates between contending HS codes; unclear / potentially punishable pre-clearance regulations / and so on). Such a narrow interpretation also does not fully align with global practices, since the U.S.C.B.P. is known to review tariff classification ruling requests even before Product X is physically imported or exported.

Recommendation

The ECCK Taxation Forum would like to recommend that this article should be amended to broaden the range of potential applicants for tariff classification rulings. For example, the Customs Act article in question could be amended to explicitly include applicants who "may", "consider", or are "are likely to" import or export Product X within the eligible scope of advance tariff classification requests.

Relevant Act/Regulation	Article 86, Paragraph 1 of the Customs Act
Responsible Authority & Division	Ministry of Economy and Finance (MOEF) Customs Policy Division, Korea Customs Service (KCS) Legal Affairs Division
Recommendation Status	New

6.
Submission Requirements of Master File and Local File

Issue

When applying Article 34, Paragraph 1 of the Presidential Enforcement Decree of the Law for the Coordination of International Tax Affairs, the sales and total intercompany transaction amount of a taxpayer who has operated a business for less than one year in the relevant tax year are calculated by annualizing that amount.

Recommendation

The ECCK Taxation Forum is of view that it does not seem effective for a company which has operated business for a short term to submit the Master file and Local file. For the convenience of taxpayers, it is recommended to provide clear guidance on the taxpayers that would be subject to annualization and preferably it should be limited to those that have operated businesses for a substantial portion of the year. For instance, it does not seem reasonable for taxpayers that have operated a month-long period business to be subject to Master file and Local file submission.

Relevant Act/Regulation	• Article 34, Paragraph 1 of the Presidential Enforcement Decree of the Law for the Coordination of International Tax Affairs • Article 22 of the Enforcement Rule of the Law for the Coordination of International Tax Affairs
Responsible Authority & Division	Ministry of Economy and Finance (MOEF) Tax Policy Division
Recommendation Status	Retained

7.
Customs Valuation of Carnet Goods When Used for Other Purposes After Temporary Import

Issue

The A.T.A Carnet system allows goods for fairs & exhibitions, and commercial samples to be temporarily imported without paying customs duties on the condition that they are re-exported after use for the intended purposes. If these carnet goods are to be used for purposes other than those intended after temporary import, approval from the customs authority and payment of deferred customs duties are required. However, the relevant customs laws and regulations do not clearly specify how these goods should be valued for customs purposes.

In principle, customs valuation should be based on the transaction value as stipulated in Article 30 of the Customs Law. However, this method cannot be applied to carnet goods, as they are not sold for export to Korea. Consequently, for carnet goods used for purposes other than intended, the valuation should be done under Article 35 of the Customs Law (other reasonable method), since Articles 31 to 34 are inapplicable. Due to the lack of clear provisions, there are frequent disputes between taxpayers and the customs authorities regarding the appropriate basis for customs valuation. For instance, the customs authorities may argue that the value indicated on the carnet certificate should be used as it is determined before the goods are physically brought into Korea. However, this value is merely a nominal amount set for security purposes. If there is an actual price paid by the importer for the purchase of the carnet goods, it is more appropriate to use this price as the basis for customs valuation.

Recommendation

To resolve frequent disputes, the ECCK Taxation Forum recommends that clear provisions be introduced in the relevant law and regulations.

According to the customs valuation principles, the transaction value (i.e. the actual price paid or payable) should be the primary basis. Therefore, for carnet goods, the actual price paid by the importer should be used as the basis for customs value under Article 35 when requesting approval for the use of goods for other purposes.

Relevant Act/Regulation	Article 35 of the Customs Law
Responsible Authority & Division	Ministry of Economy and Finance (MOEF) Tax Policy Division
Recommendation Status	Retained

Categorized Issues in 2025

To enhance clarity and consistency in advocacy, the ECCK White Paper classifies issues into five categories based on their regulatory characteristics and policy context.

Customs & Import
Standards & Conformity
Fair Competition
Legal Enforcement Penalties
Other Regulatory Barriers

Status: New Updated Retained

Committee/Forum	Issue Titles	Status	Category
Aerospace & Defence	Improvement of Communication and Flexibility in Offset Proposal Evaluation	Updated	Legal Enforcement Penalties
Automotive	Moderation of Penalty Provisions Related to EDR Notification Obligations	New	Legal Enforcement Penalties
	Moderation of Penalty Provisions under the Fleet Average System (FAS)	New	Legal Enforcement Penalties
	Support for Expanding the Distribution of Medium- and Large-Sized Environmentally Friendly Commercial Vehicles	Updated	Customs & Import
	Establishment of Procedures for Granting Exemptions to New Technologies	Updated	Legal Enforcement Penalties
	Mitigation of the Requirement to Request Suspension of Customs Clearance Due to IPR Concerns	New	Legal Enforcement Penalties
	Introduction of Additional Incentive Programs for Electric Vehicles	New	Other Regulatory Barriers
Beer, Wine & Spirits	Expanding E-Commerce Delivery Access for All Retail Alcohol License Holders	Updated	Fair Competition
	Revision of Health Warning Labels on Alcoholic Beverages	New	Legal Enforcement Penalties
	Transitioning to Specific Taxation for Still and Sparkling Wines	Retained	Legal Enforcement Penalties
Chemical	Improvements to Alleviate Industry Burden Caused by Discrepancies in Chemical Lists between AREC and OSHA	Retained	Legal Enforcement Penalties
	Resolving Redundancy in Hazards and Dangers Investigation Exemption Criteria	Retained	Legal Enforcement Penalties
	Enabling Simultaneous Registration as OR and Importer for the Same Substance	Retained	Legal Enforcement Penalties
	Allowing Submission of LOC for MSDS of Domestically Manufactured Products	Retained	Fair Competition
	Improvement of CBI Approval Procedure	Retained	Standards & Conformity
	Simplification of Appointment Letter Sharing Process	New	Legal Enforcement Penalties
	Easing Hazards and Risk Data Submission Criteria for Fragrances in Biocidal Products	Retained	Standards & Conformity
Cosmetics	Improvement on Labelling Requirements of Overseas Manufacturer Information in Imported Cosmetics	New	Standards & Conformity
	Improvement of Import Procedures for Cosmetics Containing Newly Listed EU-Allergens	New	Customs & Import

Committee/Forum	Issue Titles	Status	Category
Digital	Suggestions for Cloud Security Assurance Program (CSAP) Requirements		
	Suggesting a Bill for Fair Competition of Open Digital Platform		
Energy & Environment	Proposal for Voltage-Wise Power Systems and Grid Connectivity Information for Onshore and Offshore Wind Power Projects		
	Establishing a Validity Period for the Effective Area of Onshore Wind Measurement Masts		
	Clarification on the Conditions for Applying the Flexible Interconnection System		
	Allowance for Special Exceptions for Relevant Construction Permits for the Construction of Onshore Transmission and Distribution Facilities for Private-Led Offshore Wind Power		
	Establishment of Procedures for Determining whether Joint Connection Facilities for Private-Led Offshore Wind Meet the Criteria for Eligibility under the Electric Power Resource Development Act		
	Establishment of Standards for Floating Substations		
	Revision of the Calculation Criteria for Occupancy or Use Fees for Public Waters		
	Establishment of Objective Public Acceptance Criteria at the Permit Stage for Occupancy or Use of Public Waters for Offshore Wind Power		
Fashion & Retail	Expanding the Use of QR Codes and Institutionalizing Digital Labelling for Household Products		

Committee/Forum	Issue Titles	Status	Category
	Labelling Method for Important Information on Footwear Products		
	Improving Country of Origin Labelling for Retail Packaging to Simplify Import Procedures and Reduce Costs		
	Enhancing Flexibility and Improving Labelling Standards for Leather Products		
Food	Request for Improvement in Communication Methods and Standards for On-Site Inspection of Foreign Food Facilities and Foreign Establishments		
	Request for Sharing of On-Site Inspection Results		
	Expanding the Scope of Permitted Natural Flavors		
Healthcare	Establishment of Fast Track System and Improvement of Registration Environment to Enhance Patient Access to Innovative New Drugs		
	Improved Environment to Prevent the Undermining of the Value of Innovative New Drugs		
	Improvement of Regulation on Risk Sharing Agreement (RSA) Drugs		
	Expansion of On-Site Use of Multiplex Molecular Diagnostics for Infectious Disease Pathogen Detection to Strengthen Infectious Disease Control		
	Relaxing Regulation on Excessive Chemical Information Requirements for Imported Research Use Only (RUO) Products with SR&D Purpose		

Committee/Forum	Issue Titles	Status	Category
HR Forum	Restriction on Ambiguous Expansion of Employer Definition under Trade Union Act		
Insurance	Preventing Fraudulent Billing and Reducing Unnecessary Medical Expenses through Establishment of a Mandatory Identity Verification (QR Code) System for Automobile Insurance Claimants		
	Ease Restrictions on Introducing Foreign Security Solutions in Network-Separated Environments		
	Alternative Risk Transfer (ART) Insurance Guidance to be Provided by Regulator		
Intellectual Property Rightsp	Strengthening Criminal Penalties for Crimes Infringing Intellectual Property Rights		
	Strengthening Border Measures Against IP-Infringing Goods		
	Enhancement of Efficiency in the Customs Clearance of International Postal Items (EMS)		
	Establishment of a System to Prevent Distribution of Counterfeits by Online Service Providers		
	Improvement of Systems for Eradicating the Distribution of Counterfeit Goods and Strengthening Intellectual Property Rights Protection		
	Designation of Special Judicial Authority to Local Government Officials for an Effective Crackdown on IP Infringement		

Committee/Forum	Issue Titles	Status	Category
	Improvement of the Statutory Damages System under the Trademark Act in Line with International Legislative Practices		
	Establishment of a Cooperation Mechanism to Enhance the Effectiveness of Blocking Counterfeit Websites		
	Establishment of Legal Standards and Practical Guidelines in Response to the Proliferation of Lookalike (dupe) Products		
	Studies on the Economic Impact of IP Infringement		
Kitchen & Home Appliances	Increasing the Quantity Limit for Exemption from Conformity Assessment of Market Research Samples		
	Improving the Five-Year Cycle Detailed Inspection System for Kitchen Appliances		
	Revising Submission Deadline for Registration of Compliance with Hazardous Substance Standards in EcoAS System		
Marine Industry	Modernization of Export Certification Thresholds and Procedures under the EU-Korea FTA		
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	Easing Bare Boat Charter-Hire Purchase(BBCHP) Requirements, Korean RO Restrictions, and State Financing Schemes for Fair Competition		

Committee/Forum	Issue Titles	Status	Category
	Unfair Business Opportunities for Foreign Class Societies on Bare Boat Charter-Hire Purchase (BBCHP) Vessels		
Sustainability	Establishing Key Performance Metrics to Measure and Improve the Effectiveness of Sustainable Infrastructure Investments		
Taxation	Practical Challenges in Filing a Mutual Agreement Procedure (MAP) Request with the National Tax Service (NTS) Leading to Practical Difficulty in Application for a Payment Deferral Relief for Foreign-Invested Enterprises		
	Taxation of Software Payments as Royalty Income		
	Exclusion of Advance Pricing Agreement (APA) Covered Transactions from a Tax Audit		
	Penalty Protection for Maintaining Transfer Pricing Documentation		
	Expanding Eligibility for Advance Rulings on Tariff Classification		
	Submission Requirements of Master File and Local File		
	Customs Valuation of Carnet Goods When Used for Other Purposes After Temporary Import		

Abbreviation

Abbreviation

Abbreviated	Expanded
ABS	American Bureau of Shipping
APA	Advance Pricing Agreement
AREC	Act on Registration and Evaluation of Chemical Substances
ART	Alternative Risk Transfer
A.T.A. Carnet	Admission Temporaire/Temporary Admission Carnet
BBCHP	Bareboat Charter Hire Purchase
BEPS	Base Erosion and Profit Shifting
BPR	Biocidal Products Regulation
BV	Bureau Veritas
CBI	Confindential Business Information
CPS	Core Platform Services
CLP Regulation	Classification, Labelling and Packaging
CO_2	Carbon Dioxide
COD	Commercial Operation Date
CODEX	Codex Alimentarius Commission
CSAP	Cloud Security Assurance Program
CSRD	Corporate Sustainability Reporting Directive
DLP	Data Loss Prevention
DMA	Digital Platform Act
DMCC	Digital Market, Competition and Consumers
DNV	Det Norske Veritas
DPP	Digital Product Passport
EBL	Electricity Buseiness License
EcoAS	Eco-Assurance System
EDR	Event Data Recorder
EDR	Endpoint Detection and Response
EEZ	Exclusive Economic Zone
EMS	Express Mail Service
EMSA	European Maritime Safety Agency
ESG	Environmental, Social and Governance
ESPR	Ecodesign for Sustainable Products Regulation
EUIPO	European Union Intellectual Property Office
EV	Electric Vehicle
FAS	Fleet Average System

Abbreviation

Abbreviated	Expanded
FEMA	Flavor and Extract Manufacturers Association of the United States
FTA	Fair Trade Agreement
FC	Financial Closure
FDI	Foreign Direct Investment
FOW	Floating Offshore Wind
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GHS	Globally Harmonized System of Classification and Labelling of Chemicals
GMP	Good Manufacturing Practice
HCP	Healthcare Profesisonal
HR	Human Resources
HS	Harmonized Code
IACS	International Association of Classification Societies
IARD	Fire, Accident, Miscellaneous Risks
IBP	Indication-Based Pricing
ICER	International Cost-Effectiveness Ratio
ICH	International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use
ICT	Information and Communication Technology
ID	Indentification
IOFI	International Organization of the Flavor Industry
IPC	Innovative Pharmaceutical Companies
IP	Intellectual Property
IPR	Intellectual Property Rights
ISSB	International Sustainability Standards Board
KEC	Korea Electrical Code
KESC	Korea Electrical Safety Code
KMS	Korea MSDS System
KPI	Key Performance Indicator
KR	Korean Register
LCITA	Law of International Tax Affairs
LNG	Liquefied Natural Gas
LoC	Letter of Confirmation

Abbreviation

Abbreviated	Expanded
LR	Loyd's Register
MAP	Mutual Agreement Procedure
MSDS	Material Safety Data Sheet
N2SF	National Network Security Framework
NHI	National Health Insurance
OS	Operating System
OR	Only Representative
OSHA	Occupational Safety and Health Act
OSW	Offshore Wind Power
PCR	Polymerase Chain Reaction
PED	Presidential Enforcement Decree
PIC/S	Pharmaceutical Inspection Co-operation Scheme
QR	Quick response Code
QSAR	Quantitative Structure-Activity Relationship Models
RATI	Review of Appropriateness of Tax Imposition
R&D	Research and Development
RCS	Rich Communication Services
REC	Renewable Energy Certificate
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
RIFM	Research Institute for Fragrance Materials
RO	Recognised Organization
RSA	Risk Sharing Agreement
RTRT	Real Time Release Testing
RUO	Research Use Only
SME	Small and Medium-Sized Enterprise
SoC	Substances of Concern
SPC	Special Purpose Company
SSA	Ship Safety Act
TSO	Transmission System Operation
U.S.C.B.P.	United States Customs and Border Protection

Abbreviation

Abbreviated	Expanded
VAT	Value Added Tax
WAP	Weighted Average Prices
WHO	World Health Organization

Organisations

Organisations

Organisations	Expanded
	Busan Jungbu Police Station
CNGGC	Carbon Neutrality and Green Growth Commission
CVCI	Customs Valuation and Classification Institute
	Daegu Jungbu Police Station
DAPA	Defense Acquisition Program Administration
DREC	Drug Reimbursement Evaluation Committee
ERC	Electricity Regulatory Commission
FSC	Financial Services Commission
FSS	Financial Supervisory Services
FTC	Fair Trade Commission
HIRA	Health Insurance Review and Assessment Service
KATS	Korean Agency for Technology and Standards
KCS	Korea Customs Service
KCSC	Korea Communications Standards Commission
KEPCO	Korea Electric Power Corporation
KESCO	Korea Eectric Safety Corporation
KFTC	Korea Fair Trade Commission
KIIP	Korea Institute of Intellectual Property
KIPO	Korea Intellectual Property Office
KISA	Korea Internet and Security Agency
KOMSA	Morea Maritime Transportation Safety Authority
KNPA	Korean National Police Agency
KPSA	Korea Product Safety Association
KPX	Korea Power Exchange
KRIT	Korea Research Institute for Defense Technology Planning and Advancement
ME	Ministry of Environment
MFDS	Ministry of Food and Drug Safety
MOEF	Ministry of Economy and Finance
MOEL	Ministry of Employment and Labor
MOF	Ministry of Ocean and Fisheries

Organisations	Expanded
MOHW	Ministry of Health and Welfare
MOJ	Ministry of Justice
MOLIT	Ministry of Land, Infrastructure and Transport
MOTIE	Ministry of Transportation, Industry and Energy
MSIT	Ministry of Science and ICT
	National Assembly of the Republic of Korea
NHIS	National Health Insurance Service
NICS	National Institute of Chemical Safety
NIER	National Institute of Environmental Research
NIFDS	National Institute of Food and Drug Safety Evaluation
NIS	National Intelligence Service
NTS	National Tax Service
RRA	Radio Research Agency

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