

ECCK

White Paper

2026

Message from Chairperson



Philippe Van Hoof
Chairperson,
European Chamber
of Commerce in
Korea

Since its establishment in 2012, the European Chamber of Commerce in Korea (ECCK) has worked to bring the experience and perspectives of European businesses into constructive dialogue with Korean society, while strengthening mutual understanding and cooperation between Korea and Europe.

The recent EU–Republic of Korea Summit marked an important milestone in advancing bilateral cooperation. Among its key outcomes was the establishment of the EU–Republic of Korea High-Level Economic Dialogue (HLED), which the ECCK warmly welcomes. We believe the HLED provides an important platform for government and business to remain closely aligned and to help avoid unintended consequences of policymaking for European companies in Korea and Korean companies in Europe. We look forward to contributing to its future work through the practical experience and policy perspectives of our member companies.

Beyond the recommendations presented in this White Paper, the ECCK has also been actively engaged this year on broader issues affecting its members, including the new ‘Yellow Envelope Act’, economic security and customs matters. In this regard, we have particularly valued the constructive dialogue and open channels of communication maintained with the Korean authorities.

It is my pleasure to present the ECCK White Paper 2026. This year’s White Paper brings together 82 policy recommendations developed by eighteen ECCK committees and forums. For the first time, these recommendations have been organised into five cross-cutting policy themes—Customs & Import, Standards & Conformity, Fair Competition, Regulatory Implementation, and Other Regulatory Barriers. While the specific challenges vary across industries, they share a common objective: a more predictable regulatory environment aligned with international standards.

The recommendations presented in this White Paper reflect our shared commitment to strengthening Korea’s competitiveness, enhancing regulatory transparency and deepening the strategic partnership between Korea and the European Union. European companies remain committed partners in Korea’s long-term economic development, and the ECCK will continue to serve as a trusted bridge between businesses and policymakers, helping to transform shared ambitions into meaningful cooperation.

On behalf of the ECCK Board of Directors, I would like to express my sincere appreciation to all committee members, member companies, government counterparts and stakeholders who contributed to this year’s publication. I hope the recommendations presented in this White Paper will continue to serve as a valuable foundation for meaningful policy dialogue and practical regulatory improvements in the years ahead.

A handwritten signature in dark ink, appearing to read 'Philippe Van Hoof', written in a cursive style.

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

Message from President



Stefan Ernst
President,
European Chamber
of Commerce in
Korea

The ECCK White Paper has always been shaped by practical experience from the business community and constructive policy dialogue. Every recommendation contained in this publication reflects both the collective expertise of European companies operating in Korea and their shared commitment to supporting Korea's continued economic development and industrial competitiveness.

This year's White Paper brings together 82 policy recommendations developed by eighteen ECCK committees and forums, organised for the first time into five cross-cutting policy themes. Although these recommendations span a wide range of industries, they are united by a common objective: to enhance regulatory clarity, predictability and fairness, while promoting closer alignment with international standards.

The recommendations presented this year demonstrate that stronger regulatory cooperation can generate tangible benefits not only for European businesses but also for Korean companies competing in global markets. Improving regulatory alignment, recognising trusted overseas assessments, and reducing unnecessary duplication will enhance business efficiency and regulatory predictability in Korea. Likewise, proposals to establish more innovation-friendly assessment and reimbursement frameworks in the healthcare sector would improve patient access to innovative medicines and advanced medical technologies while strengthening Korea's attractiveness as a destination for investment and clinical development. These examples illustrate that internationally aligned regulation does more than reduce administrative burdens—it enhances industrial competitiveness, promotes innovation, and creates new opportunities for sustainable economic growth. They also provide a stronger foundation for deeper regulatory cooperation, including the further expansion of Mutual Recognition Agreements (MRAs) between Korea and the European Union.

The progress achieved through previous editions of the White Paper demonstrates the value of continuous dialogue between government and industry. I would therefore like to express my sincere appreciation to the Office of the Foreign Investment Ombudsman, relevant ministries and regulatory authorities, as well as all public officials who have engaged with the ECCK

in an open and constructive manner. Your willingness to listen, exchange views and work towards practical solutions has been instrumental in establishing the White Paper as a meaningful platform for policy dialogue.

Regulatory reform is an ongoing process that requires close collaboration between government and industry. I hope that the recommendations presented in this year's White Paper will contribute to practical and sustainable policy improvements that further strengthen Korea's investment environment and international competitiveness.

Finally, I would like to extend my sincere thanks to all Committee Chairs, Vice Chairs, member companies, government counterparts and stakeholders whose dedication made this publication possible. The ECCK remains committed to working closely with the Korean Government to foster a more transparent, predictable and internationally competitive business environment for the benefit of all.

A handwritten signature in black ink, appearing to read 'Stefan Ernst'.

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

ECCK White Paper 2026

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ECCK Introduction

ECCK Introduction

The European Chamber of Commerce in Korea (ECCK) was established in 2012 to represent the interests of European businesses operating in Korea. As of August 2026, the ECCK represents around 350 member companies employing approximately 110,000 people, and carries out its advocacy activities through 17 industry committees and 8 forums.

While most members are European companies, businesses of any nationality that share the ECCK's vision are welcome to join. The Chamber is governed by a Board of Directors elected by its members and supported by an Advisory Board comprising representatives of European chambers of commerce and European embassies in Korea. The Secretariat manages policy advocacy, member services, external relations and events, facilitating more than 160 committee meetings and 100 consultations with government authorities each year.

Published annually, the ECCK White Paper is the Chamber's flagship policy publication, presenting practical recommendations to improve Korea's regulatory environment and strengthen industrial competitiveness. Together with ECCK Connect and the ECCK Newsletter, it also supports communication and information sharing among members, government and industry.

Through policy advocacy, forums, seminars and international cooperation initiatives, the ECCK contributes to improving Korea's investment environment while strengthening economic cooperation and mutual understanding between Korea and Europe.

To support these efforts, the ECCK works closely with the European Commission, the European Free Trade Association (EFTA) and the Government of the United Kingdom. It is also an active member of the European Business Organisation Worldwide Network (EBOWN) and works with domestic and international CSR partners to encourage member companies' social responsibility initiatives and create positive value for Korean society.

The ECCK will continue to serve as a trusted bridge between Korea and Europe, working closely with its members, governments and stakeholders to promote stronger economic cooperation and sustainable growth.

ECCK at a Glance	Established	2012
	Members	350+
	Employees Represented	110,000+
	Committee Members	160+
	(Industry) Committees	18
	(Thematic) Forums	8
	Government Engagements	140+
	Events	80+

ECCK
Activities

Committees & Fora

Committees and Forums are at the core of the ECCK's advocacy activities. Comprised of participating member companies, Committees and Forums assist members to keep informed of regulations, to stay informed about regulatory developments, share market intelligence, and develop common positions on key trade and business issues. Committees address industry-specific issues to Korean government counterparts. Meanwhile, Forums focus on cross-industry topics such as human resources and sustainability, and are open to all members free of charge.

Events & Networking

The ECCK organises policy dialogues, seminars, conferences and networking events to facilitate knowledge sharing and strengthen engagement between members, government and key stakeholders. The ECCK also serves as an important point of contact for European business leaders and government officials visiting or operating in Korea, facilitating dialogue, information exchange and business connections.

Publications

To facilitate information sharing and policy dialogue, the ECCK produces regular publications to inform our members of the current market situation, key regulatory issues, and social trends in Korea. Major publications include:

- ECCK White Paper
- ECCK Connect Magazine
- ECCK Membership Directory
- Weekly Newsletter

Board
of Directors



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

Philippe Van Hoof has served as an Independent Director of AXA Korea since March 2023. Next to that, he is also senior advisor at Kim & Chang. From 2021 to August 2025, he served as Country Manager of ING Bank Korea. Prior to assuming that role, he was Head of Financial Institutions for ING Bank Asia Pacific, based in Singapore, and also served as a member of the Asia Pacific management team from 2017. With more than 30 years of experience in the banking industry, Mr Van Hoof has spent 18 years working in Singapore, Korea, and Japan. In addition to managing strategic relationships with banks, he has extensive experience in a wide range of strategic matters involving insurance companies, asset managers, securities firms, and sovereign wealth funds at both executive and board levels.

A Belgian national, Mr Van Hoof became involved with the ECCK in 2021. He was elected Chairperson of the ECCK Sustainability Committee in 2022 and was appointed Chairperson of the European Chamber of Commerce in Korea in June 2023. He previously served as Chairperson of the Financial Services Committee of EuroCham Singapore until 2018 and as Vice President of EuroCham Singapore from April 2019 to July 2021.



Per Stenius (Finland)
Vice Chairperson
Reddal
Chief Executive Officer

Per Stenius has served as Chairman and Chief Executive Officer of Reddal, as well as Director of Reddal Korea, since 2010. He is a strategy and process development professional with more than 25 years of experience across a wide range of industries. Throughout his career, he has held senior management and consulting roles at McKinsey & Company, Accenture, Stratos Ventures, and several technology companies, demonstrating strong leadership across both corporate and advisory environments. Mr Stenius holds a PhD in Electrical Engineering and a Master's degree in Economics from the University of California, Santa Barbara, as well as a Master of Science in Engineering from Helsinki University of Technology. He has published more than

Board of Directors

30 articles in leading Korean and international business and scientific journals and serves as a Visiting Professor of Strategy in the MBA Program at Yonsei University Graduate School of Business. Reddal Korea joined the ECCK in 2020.



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

Go Young Moon has served as Country Chair and Co-Managing Director of RWE Renewables Korea, a German offshore wind developer, since November 2020. He has more than 28 years of industry experience across a broad range of energy technologies and business development areas, including offshore wind, solar power, battery energy storage systems, hydrogen fuel cells, waste-to-energy, and water treatment membranes. He has held technology development, academic, and business development leadership roles at Korean organisations including LG, LS, POSCO, Kongju National University, and Hanyang. Dr Moon holds a PhD in Chemical Engineering from the University of Waterloo in Ontario, Canada. He has published 23 papers in SCI-indexed journals and has actively participated as a speaker and board member at numerous conferences, forums, and institutions. He has also delivered more than 60 invited lectures on energy technology. RWE Renewables Korea joined the ECCK in 2021, and Dr Moon served as Chair of the ECCK Energy & Environment Committee from 2023 to 2025.



Gayoung Lee (Korea)
Director
knoell Korea
Managing Director

Gayoung Lee is a Korean national and has served as Managing Director of knoell Korea since establishing the company in January 2016. She holds a Master's degree in Environmental Management and Environmental Economics from the University of York in the United Kingdom. Prior to joining knoell, she worked primarily as a consultant in the fields of sustainability and climate change for more than ten years. Since joining knoell, she has been actively engaged in the field of chemical regulation.

Board of Directors



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

Dr Ana-Maria Boie, originally from Romania, currently serves as General Manager of Boehringer Ingelheim Korea and Head of Human Pharma. With more than 25 years of experience in the pharmaceutical industry, Dr Boie has held a variety of global and regional leadership positions spanning general management, marketing, sales, and ESG. She earned her medical degree from Carol Davila University of Medicine and Pharmacy and later completed an Executive MBA programme at Tiffin University, building expertise across both healthcare and business management. Since joining Boehringer Ingelheim in 2009, she has worked in Romania, Austria, Russia, and Germany, leading key business operations and contributing to the development of the company's global ESG initiative, Sustainable Development for Generations (SD4G). In 2024, she was elected Chair of the ECCK Healthcare Committee, where she has worked to support the development of Korea's healthcare sector and strengthen cooperation across the industry.



Robert Browell (UK)
Treasurer
Samil PricewaterhouseCoopers
Partner

Robert Browell is a British national and a Partner at Samil PwC, the Korean member firm of PwC and one of Korea's largest professional services organisations. With more than 20 years of professional experience, he has advised a broad range of global corporate clients across multiple industries, including many European companies. He began his career with PwC in the United Kingdom, where he spent his first ten years, before joining PwC Korea in 2012. He currently serves as Chairperson of the ECCK Tax Committee and as Special Advisor to the British Chamber of Commerce in Korea (BCCCK).

Board of Directors



Johan Vandromme (Belgium)
Trustee
Kim & Chang
Senior Advisor

Johan Vandromme is a Belgian national and has served as Senior Advisor at Kim & Chang since October 2020. He previously held the same position from 2007 to 2009. He began his career in 2001 as a Case Handler at the Directorate-General for Competition of the European Commission in Brussels and relocated to Korea in 2007. In 2009, he joined the Delegation of the European Commission in Beijing, where he was responsible for trade and competition policy. He subsequently transferred to the European Union Delegation in Seoul in 2013. In 2018, he returned to the EU Delegation in Beijing, where he was responsible for competition and justice policy, before rejoining Kim & Chang in 2020.

ECCK Secretariat



Stefan ERNST
President

Stefan Ernst has served as President of the European Chamber of Commerce in Korea (ECCK) since 1 October 2023. Since June 2026, he has also served as Chair of the Board of the European Business Organisation Worldwide Network (EBOWN), representing the collective interests of European Business Organizations (EBOs) worldwide and promoting stronger international economic cooperation.

Stefan worked at Beiersdorf AG for more than 20 years, gaining extensive marketing and management experience across international markets, including Latin America, China, Taiwan, and Korea. He previously led the Beiersdorf Korea/Taiwan organisation from 2010 to 2013 before serving as Corporate Vice President of Global Pharmacy Operations, based in Germany, until leaving the company in 2015.

After returning to Korea in 2016, he successfully led Mackevision Korea, a start-up company that is now part of Accenture Song. Prior to joining the ECCK, he served as Chief Operating Officer at ZABEL + PARTNERS Architects, an international architectural firm based in Korea.

A German national, Stefan is fluent in German, English, Spanish, and French. He is a highly versatile cross-cultural executive with more than 30 years of broad experience in marketing and executive leadership.

Stefan holds a BA in European Business Administration from Middlesex University, United Kingdom, and a Diplom-Betriebswirt (Dipl.) from the European School of Business, Germany, awarded in 1995.

Management Team

Bo Sun KIM
Vice President

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

**ECCK
Secretariat**

Hyokyung SUH
Director, Alcohol Beverages/Food/
Kitchen & Home Appliances Committees

Geumchae NOH
Director, Finance

Committee
Management

Naekun RYU
Director, Automotive Committees

Siyoon KIM
Manager, Insurance Committee/Taxation/CFO Forums

Sunyoung KANG
Manager, Fashion & Retail/IPR Committees

Hyewon SHIN
Manager, Aerospace & Defense/Energy & Environment
Committees/Sustainability Forum

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

Operations &
External Relations

Hyeeun CHO
Team Leader, Membership Management & CR

Yuri JANG
Team Leader, PR & Communications

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

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

Bokyoung CHO
Manager, HR & Compliance Forum/HR

Busan Chapter

Andrew MILLARD
Busan Chapter Representative

Yeaji KIM
Manager, Marine Industry Committee

Each recommendation is accompanied by practical and actionable policy proposals that can be considered by the relevant government ministries and authorities. The recommendations are presented in the following format:

Industry Landscape
Overview of the industry and regulatory landscape relevant to the committee's key issues, as well as its key objectives.

Issue
Overview of the current regulatory issue and its impact on the industry.

Recommendation
The industry's policy recommendation for improving the regulatory framework.

Ansook PARK
Senior Director
Cosmetics Committee

Cosmetics

under which product safety responsibility will be assumed by the responsible cosmetic marketing authorization holders—it is necessary to review and improve the current Standard Advance Customs Declaration procedure.

In the EU, cosmetic product information is submitted through the Cosmetics Products Notification Portal (CPNP). In contrast, in Korea, there are many challenges due to the requirement to obtain prior approval from the Korea Pharmaceutical Traders Association.

The Korean government has designated the bio-health industry as a key future growth engine and has consistently pursued meaningful regulatory reform, with the Ministry of Food and Drug Safety (MFDS) playing a central role. This proactive approach to regulatory easing has become an important institutional foundation for creating a more dynamic business environment for both domestic and international companies. The ECCC Cosmetics Committee actively embraces this positive momentum and seeks to present strategic recommendations aimed at enhancing the global competitiveness of Korea's cosmetics industry and fostering mutually beneficial growth with multinational partners. It is highly valued seeking global alignment with global standards, reducing unnecessary administrative procedures and strengthening international regulatory coherence. These are the core challenges that must be addressed.

These collaborative regulatory improvement efforts will serve as a critical foundation for Korea's emergence as a global hub for beauty and bio-health. Ultimately, by reinforcing mutual trust on the basis of the Korea-EU Free Trade Agreement, we anticipate the realization of shared benefits: a stable business environment for European companies and the seamless supply of high-quality and safe global products to Korean consumers.

COSMETICS COMMITTEE

Relevant Act/Regulation	Integrated Public Notice of the Ministry of Trade, Industry and Resources
Responsible Authority & Division	Ministry of Trade, Industry and Resources (MOTIR) Trade Policy Division, Ministry of Food and Drug Safety (MFDS), Cosmetics Policy Division
Recommendation Status	New

3

Total Key Issues

COSMETICS COMMITTEE

- Improvement of Substantive Protection Factor (SPF) Labeling for Functional Cosmetics

Issue: According to the Ministry of Trade, Resources and Energy's Integrated Public Notice, companies importing cosmetics are required to submit a Standard Advance Customs Declaration via the Electronic Data Interchange (EDI) system and obtain prior approval from the Korea Pharmaceutical Traders Association (KPTA) before customs clearance.

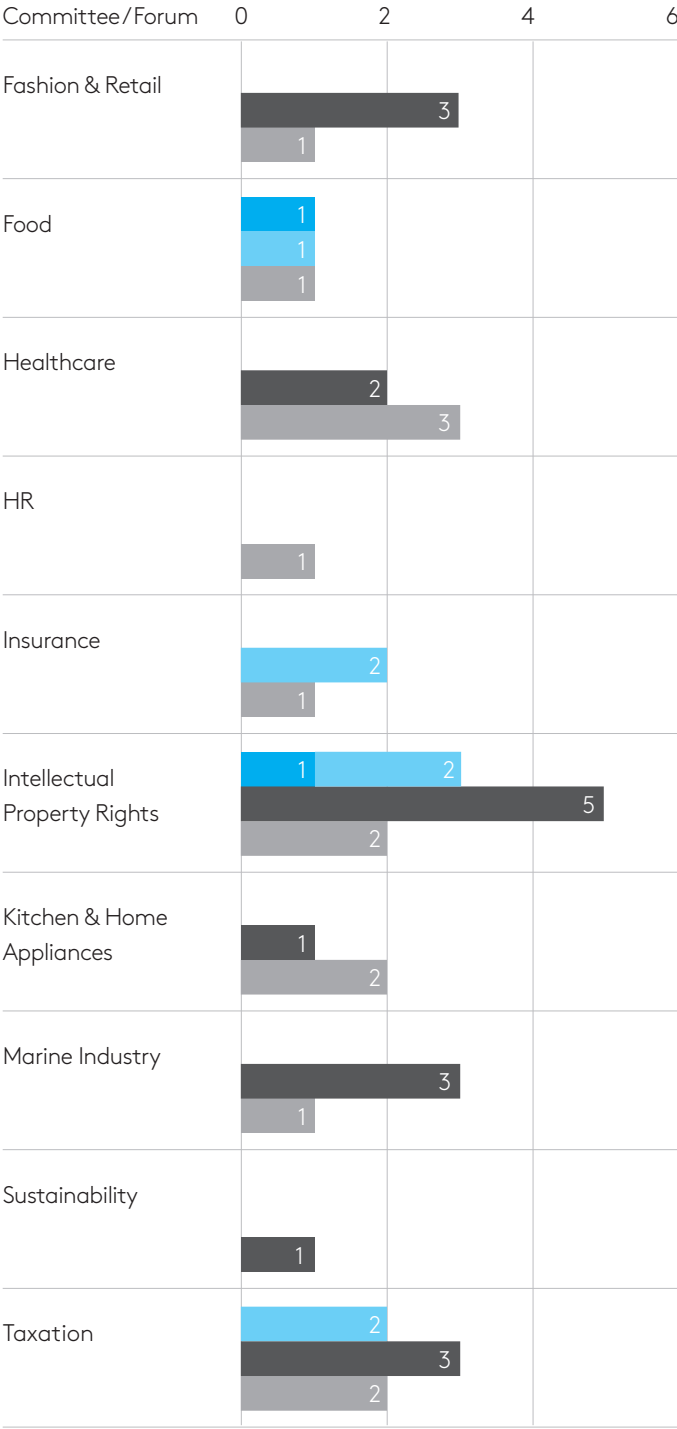
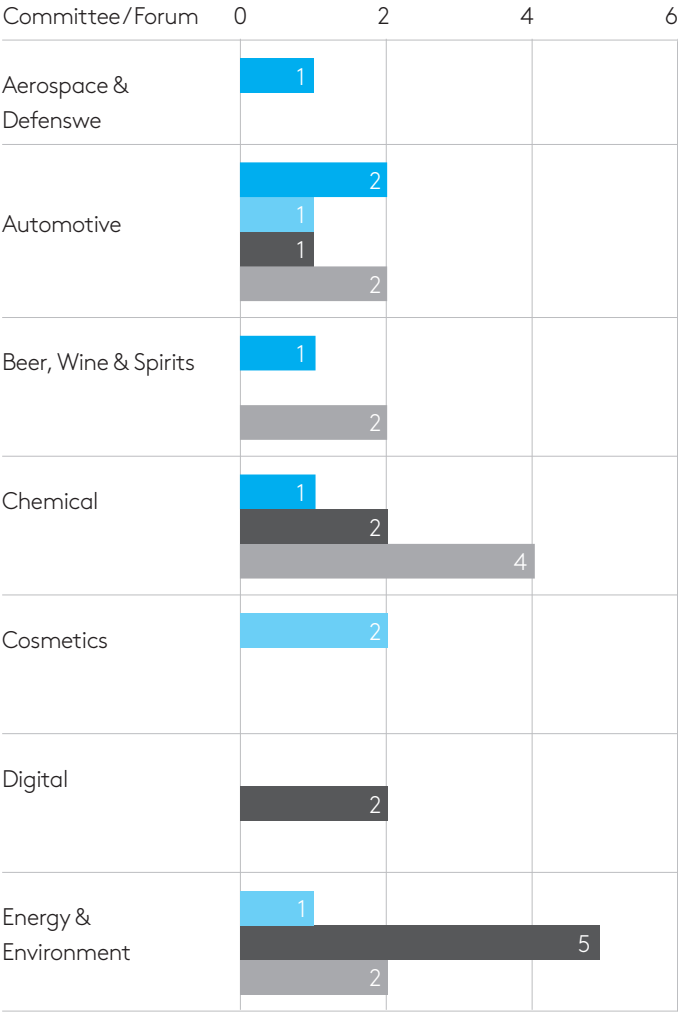
As this procedure is intended to ensure the safety of imported cosmetics in advance, and in light of the gradual implementation of the Cosmetic Safety Assessment System starting in 2028—

Related Laws/Authorities Recommendation Status

Identifies the relevant legislation, responsible government authority, and whether the recommendation is Retained (carried forward from the previous White Paper), Updated (revised from the previous edition), or New (introduced for the first time this year).

2025 Review

In 2025, the ECCK committees and forums across 17 different sectors raised 70 key industry issues and suggestions to the Korean government. The government's feedback for each committee and forum is summarised below.



In 2025, the ECCK committees and forums across 17 different sectors raised 70 key industry issues and suggestions to the Korean government. The government's feedback for each committee and forum is summarised below.

This section outlines the details of the 2025 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 & Defense	1 Improvement of Communication and Flexibility in Offset Proposal Evaluation	✓	🔄		
Automotive	1 Moderation of Penalty Provisions Related to EDR Notification Obligations	🕒	📶		
	2 Moderation of Penalty Provisions under the Fleet Average System (FAS)	✓	📶		
	3 Support for Expanding the Distribution of Medium and Large Sized Environmentally Friendly Commercial Vehicles	🕒	🔄		
	4 Establishment of Procedures for Granting Exemptions to New Technologies	✓	📶		
	5 Mitigation of the Requirement to Request Suspension of Customs Clearance Due to IPR Concerns	✓	✓		
	6 Introduction of Additional Incentive Programs for Electric Vehicles	✗	✗		

Committee/Forum	Issue	Government Feedback	ECCK Future Action
Alcohol Beverages	1 Expanding E commerce Delivery Access for All Retail Alcohol License Holders	🕒	🔄
	2 Revision of Health Warning Labels on Alcoholic Beverages	✓	✓
	3 Transitioning to Specific Taxation for Still and Sparkling Wines	🕒	🔄
Chemical	1 Improvement to Alleviate Industry Burden Caused by Discrepancies in Chemical Lists between AREC and OSHA	🕒	🔄
	2 Resolving Redundancy in Hazards and Dangers Investigation Exemption Criteria	🕒	🔄
	3 Enabling Simultaneous Registration as OR and Importer for the Same Substance	✓	✓
	4 Allowing Submission of LOC for MSDS of Domestically Manufactured Products	🕒	🔄
	5 Improvement of CBI Approval Procedure	🕒	🔄
	6 Simplification of Appointment Letter Sharing Process	✗	✓
	7 Easing Hazards and Risk Data Submission Criteria for Fragrances in Biocidal Products	✗	🔄
Cosmetics	1 Improvement on Labelling Requirements of Overseas Manufacturer Information in Imported Cosmetics	✓	🔄
	2 Improvement of Import Procedures for Cosmetics Containing Newly Listed EU Allergens	✓	✓

Committee/Forum	Issue	Government Feedback	ECCK Future Action
Digital	1 Suggestions for Cloud Security Assurance Program (CSAP) Requirements	✗	🔄
	2 Suggesting a Bill for Fair Competition of Open Digital Platform	✗	🔄
Energy & Environment	1 Proposal for Voltage Wise Power Systems and Grid Connectivity Information for Onshore and Offshore Wind Power Projects	✗	✗
	2 Establishing a Validity Period for the Effective Area of Onshore Wind Measurement Masts	✗	🔄
	3 Clarification on the Conditions for Applying the Flexible Interconnection System	🔄	🔄
	4 Allowance for Special Exceptions for Relevant Construction Permits for the Construction of Onshore Transmission and Distribution Facilities for Private Led Offshore Wind Power	✗	🔄
	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	✗	🔄
	6 Establishment of Standards for Floating Substations	🔄	🔄
	7 Revision of the Calculation Criteria for Occupancy or Use Fees for Public Waters	🔄	🔄
	8 Establishment of Objective Public Acceptance Criteria at the Permit Stage for Occupancy or Use of Public Waters for Offshore Wind Power	✗	🔄

Committee/Forum	Issue	Government Feedback	ECCK Future Action
Fashion & Retail	1 Expanding the Use of QR Codes and Institutionalizing Digital Labelling for Household Products	✗	🔄
	2 Labelling Method for Important Information on Footwear Products	✗	🔄
	3 Improving Country of Origin Labelling for Retail Packaging to Simplify Import Procedures and Reduce Costs	✗	🔄
	4 Enhancing Flexibility and Improving Labelling Standards for Leather Products	🔄	🔄
Food	1 Request for Improvement in Communication Methods and Standards for On Site Inspection of Foreign Food Facilities and Foreign Establishments	🔄	✓
	2 Request for Sharing of On site Inspection Results	🔄	✗
	3 Expanding the Scope of Permitted Natural Flavors	✗	✗
Healthcare	1 Establishment of Fast Track System and Improvement of Registration Environment to Enhance Patient Access to Innovative New Drugs	🔄	🔄
	2 Improved Environment to Prevent the Undermining of the Value of Innovative New Drugs	🔄	🔄
	3 Improvement of Regulation on Risk Sharing Agreement (RSA) Drugs	🔄	🔄
	4 Expansion of On Site Use of Multiplex Molecular Diagnostics for Infectious Disease Pathogen Detection to Strengthen Infectious Disease Control	✗	🔄

Committee/Forum	Issue	Government Feedback	ECCK Future Action
	5 Relaxing Regulation on Excessive Chemical Information Requirements for Imported Research Use Only (RUO) Products with SR&D Purpose	✗	✗
HR & Compliance	1 Restriction on Ambiguous Expansion of Employer Definition under Trade Union Act	🕒	🔄
Insurance	1 Preventing Fraudulent Billing and Reducing Unnecessary Medical Expenses through Establishment of a Mandatory Identity Verification (QR Code) System for Automobile Insurance Claimants	🕒	📈
	2 Ease Restrictions on Introducing Foreign Security Solutions in Network Separated Environments	📶	✓
	3 Alternative Risk Transfer (ART) Insurance Guidance to be Provided by Regulator	📶	✗
Intellectual Property Rights	1 Strengthening Criminal Penalties for Crimes Infringing Intellectual Property Rights	✗	🔄
	2 Strengthening Border Measures Against IP Infringing Goods	📶	🔄
	3 Enhancement of Efficiency in the Customs Clearance of International Postal Items (EMS)	✗	🔄
	4 Establishment of a System to Prevent Distribution of Counterfeits by Online Service Providers	📶	🔄
	5 Improvement of Systems for Eradicating the Distribution of Counterfeit Goods and Strengthening Intellectual Property Rights Protection	✗	🔄

Committee/Forum	Issue	Government Feedback	ECCK Future Action
	6 Designation of Special Judicial Authority to Local Government Officials for an Effective Crackdown on IP Infringement	✗	🔄
	7 Improvement of the Statutory Damages System under the Trademark Act in Line with International Legislative Practices	🕒	🔄
	8 Establishment of a Cooperation Mechanism to Enhance the Effectiveness of Blocking Counterfeit Websites	🕒	🔄
	9 Establishment of Legal Standards and Practical Guidelines in Response to the Proliferation of Lookalike (Dupe) Products	✓	🔄
	10 Studies on the Economic Impact of IP Infringement	✗	✗
Kitchen & Home Appliances	1 Increasing the Quantity Limit for Exemption from Conformity Assessment of Market Research Samples	🕒	📈
	2 Improving the Five Year Cycle Detailed Inspection System for Kitchen Appliances	🕒	✗
	3 Revising Submission Deadline for Registration of Compliance with Hazardous Substance Standards in EcoAS System	✗	✗
Marine Industry	1 Modernization of Export Certification Thresholds and Procedures under the EU Korea FTA	✗	✗
	2 Floating offshore wind in Korea Specifying Regulatory Clarity and Facilitating Stakeholder Engagement under the OSW Promotion Act	🕒	✗

Committee/Forum	Issue	Government Feedback	ECCK Future Action
	3 Easing Bare Boat Charter Hire Purchase (BBCHP) Requirements, Korean RO Restrictions, and State Financing Schemes for Fair Competition	✗	↺
	4 Unfair Business Opportunities for Foreign Class Societies on Bare Boat Charter Hire Purchase (BBCHP) Vessels	✗	✗
Sustainability	1 Establishing Key Performance Metrics to Measure and Improve the Effectiveness of Sustainable Infrastructure Investments	✗	✗
Taxation	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	⌚	⌚
	2 Taxation of Software Payments as Royalty Income	⌚	✗
	3 Exclusion of Advance Pricing Agreement (APA) Covered Transactions from a Tax Audit	⌚	⌚
	4 Penalty Protection for Maintaining Transfer Pricing Documentation	✗	↺
	5 Expanding Eligibility for Advance Rulings on Tariff Classification	✗	✗
	6 Submission Requirements of Master File and Local File	✗	↺
	7 Customs Valuation of Carnet Goods When Used for Other Purposes After Temporary Import	⌚	⌚

ECCK Committee (Forum) Reports

Aerospace & Defense

Korea’s aerospace and defence industry is gaining increasing global attention, supported by growing defence exports, expanding industrial cooperation, and rising demand for advanced capabilities across allied markets. As geopolitical uncertainty, supply-chain resilience, and technological sovereignty become more important, Korea has the opportunity to further strengthen its role as a trusted defence-industrial partner.

In this context, closer Korea–Europe cooperation can contribute to strengthening Korea’s defence-industrial ecosystem by combining Korea’s manufacturing and systems integration capabilities with Europe’s advanced technologies, qualified supplier base, lifecycle support capabilities, and experience in allied defence programmes. Areas such as subsystems, mission equipment, avionics, engines, software, cybersecurity, MRO, lifecycle support, unmanned vehicles and drones, and emerging technologies offer meaningful opportunities for mutually beneficial cooperation.

The ECCK Aerospace & Defense Committee recognises the importance of Korea’s defence acquisition and industrial cooperation frameworks as key instruments for strengthening technology partnerships, supply-chain resilience, and long-term defence-industrial competitiveness. As aerospace and defence technologies become increasingly complex and software-driven, it is important that policy and regulatory frameworks remain predictable, transparent, and capable of reflecting the strategic value of advanced technologies.

The recommendations in this chapter aim to support a more open and sustainable Korea–Europe defence-industrial partnership. By strengthening regulatory predictability and creating clearer channels for industrial and technology cooperation, Korea can

2 Total Key Issue

further enhance its access to trusted technologies, qualified suppliers, and long-term partnership opportunities. The Committee looks forward to continued constructive dialogue with the Korean government to support a more resilient and competitive aerospace and defence ecosystem.

1.
Ensuring Effective
Implementation
of Offset Guideline
Improvements
and Strengthening
Evaluation
of Advanced
Technology-Based
Offset Projects

Issue
Korea’s defence offset framework remains an important mechanism for foreign companies to contribute to Korea’s capability, technology base, and supply-chain resilience. In December 2025, the ECCK Aerospace & Defence Committee submitted its views on improving the predictability and flexibility of the offset system. Following this submission, the ECCK and DAPA held a roundtable on 11 February, 2026, in which DAPA presented their proposed improvement measures and provided feedback to European industry.

The Committee appreciates DAPA’s constructive response and continued engagement with European industry. The measures presented by DAPA covered the targeted easing and simplification of key operational issues, including penalty rates for extended implementation periods, penalty treatment for agreed changes to offset implementation details, separate implementation periods for subcontract-based offset projects, performance bond arrangements, value banking, and the transparency of offset value evaluation.

To ensure effective implementation, DAPA’s proposed easing and simplification measures should be reflected in the Offset Program Guidelines and related operating procedures with a clear implementation timeline. Greater predictability in the offset system would support longer-term planning for European companies, reduce execution risk, and eventually enable offset projects to contribute more effectively to Korea’s defence-industrial ecosystem.

In parallel, advanced technology-based offset projects require evaluation methods that reflect their strategic and industrial value. Projects involving AI, cybersecurity, autonomous systems, quantum technologies, software, and other emerging domains cannot be assessed only through traditional manufacturing-oriented criteria or short-term transaction value. For these forms of offset, it is the ECCK’s Aerospace & Defence Committee’s perception that an objective evaluation process is needed to assess technology

maturity, strategic relevance, IP arrangements, long-term industrial participation, and contribution to Korea’s defence capabilities.

Recommendation

The ECCK Aerospace & Defense Committee recommends that DAPA formalise the offset improvement measures presented at the 11 February, 2026, roundtable and strengthen the evaluation framework for advanced technology-based offset projects through amendments or supplementary guidance to the Offset Program Guidelines. In particular, the Committee recommends that DAPA:

- Publish a clear implementation timeline for the proposed offset improvements
- Clarify penalty-rate adjustments and penalty mitigation for agreed changes to implementation details
- Set separate implementation periods for offset projects
- Permit flexible performance bond arrangements, including alternatives to bank guarantees
- Extend or clarify the validity period for value banking
- Improve transparency and objectivity in offset value evaluation
- Establish technology-specific valuation criteria, and expert review mechanisms, for AI, cybersecurity, autonomous systems, quantum technologies, software, and other emerging domains.

Relevant Act/Regulation	1. Article 20 (Offset Trade) of the Defense Acquisition Program Act and Article 26 (Standards for Offset Trade) of the Enforcement Decree of the Defense Acquisition Program Act 2. Offset Program Guidelines
Responsible Authority & Division	Defense Acquisition Program Administration (DAPA) Defense Industry Cooperation Division
Recommendation Status	Updated

2. Expanding European Participation in Korea’s Defence Supply Chain and Technology Partnership Opportunities

Issue

Korean defence companies are rapidly expanding their footprint in Europe through major platform exports, land systems, missiles, aerospace programs, and related industrial cooperation. This reflects Korea’s increasing role as an industrial defence partner for European countries seeking to address capability gaps, reinforce deterrence, and strengthen supply-chain resilience.

At the same time, Korea’s domestic defence procurement framework provides limited opportunities for European aerospace and defence companies to participate beyond selected niche technologies. Participation at the subsystem, mission equipment, avionics, engine, software, cybersecurity, MRO, lifecycle support, and advanced technology levels remains constrained, even where European companies have proven capabilities and experience in allied defence programs, including, but not limited to, NATO’s framework.

This limited access may reduce opportunities for Korea’s armed forces and defence industry to benefit from advanced European technologies, qualified suppliers, ITAR-free systems, lifecycle and global support capabilities, and long-term industrial cooperation models. It may also limit cooperation in areas where interoperability, technology assurance, and supply-chain resilience are increasingly important.

Defence-industrial cooperation requires early visibility on future capability needs, sufficient time for supplier qualification, clear security and IP requirements, and practical routes for local partnership. Without these mechanisms, cooperation tends to remain limited to project-specific procurement or offset obligations, rather than developing into a sustainable Korea-Europe defence-industrial partnership. A more predictable pathway for European participation would help align Korea’s acquisition planning with trusted allied capabilities, industrial resilience, and long-term technology cooperation.

Recommendation

The ECCK Aerospace & Defense Committee recommends that the Korean government establish a structured market-access and industrial-partnership framework for European aerospace and defence companies. In particular, the Committee recommends that DAPA and relevant authorities:

- Provide earlier visibility on future capability requirements and major acquisition programs
- Organise industry briefings, RFIs, or technology exchange programmes before key procurement decisions
- Create clearer routes for European participation in subsystems, mission equipment, avionics, engines, software, cybersecurity, MRO, and lifecycle support
- Clarify vendor qualification procedures, security requirements, localisation expectations, and IP treatment at an early stage

- Encourage joint R&D, technology demonstration, pilot cooperation projects and Korean industrial partnerships with trusted European partners
- Review procurement and partnership practices that unnecessarily limit participation by qualified foreign suppliers while maintaining Korea’s security, sovereignty, and technology assurance requirements

Relevant Act/Regulation	1. Defense Acquisition Program Act and its Enforcement Decree of the Defense Acquisition Program Act 2. Act on Contracts to Which the State is a Party and its Enforcement Decree, where applicable to defence procurement
Responsible Authority & Division	Defense Acquisition Program Administration (DAPA) Defense Industry Cooperation Division
Recommendation Status	New

Hyokyung SUH
Director
Alcohol Beverages
Committee

Alcohol Beverages

Korea’s alcohol beverage sector has undergone a significant transformation over the past decade. This progress has been driven by Korea’s increasingly sophisticated and demanding consumers, who seek greater diversity, variety and quality in their alcohol beverage choices. While reforms such as the specific tax for beer and takju are positive signals, the broader regulatory framework remains outdated, fragmented and protectionist. Inconsistent taxation, restrictive and discriminatory e-commerce regulations, and burdensome RFID requirements continue to distort competition and limit market access. These constraints disproportionately impact innovation, imports, and smaller players. A unified specific tax system, full liberalisation of e-commerce delivery, and deregulation of RFID requirements are essential. Such reforms would modernize the industry, enhance fairness, expand employment and deliver clear benefits to government, industry, and consumers.

3 Total Key Issues

1. Maximising Economic and Social Benefits Through the Liberalisation of E-commerce Delivery for All License Holders

1. 1 case = 9 liter

Issue
Since 2017, the Korean government has permitted online sales and delivery exclusively for traditional Korean alcoholic beverages (jeontongju), as part of efforts to support small business owners and revitalize the traditional liquor industry. This discriminatory system, which favors the domestic traditional liquor industry, has resulted in structural discrimination that effectively excludes imported wines, spirits, and domestic non-traditional alcoholic beverages from the digital economy. In fact, traditional liquor—the beneficiary of this regulation—has grown substantially, from 980,000 cases¹ in 2017 to 2.6 million cases in 2024 (based on National Tax Service shipment statistics), a volume that now exceeds the shipment volume of all imported whisky combined.

This disparity persists even though alcohol is the only major fast-moving consumer goods(FMCG) category in Korea excluded from full e-commerce delivery, creating a market-access barrier and raising serious concerns under WTO and FTA non-discrimination principles.

The current prohibition on delivery for the majority of the alcohol market results in significant economic and social inefficiencies as evidenced by the explosive growth in cross-border e-commerce. According to recent Korea Customs Service data, the value of direct alcohol imports surged by approximately 700% over the past four years, rising from KRW 6.26 billion in 2020 to KRW 43.53 billion in 2024.

The expansion of e-commerce delivery to all license holders, building on Korea's advanced, cutting-edge age verification system, would serve as a powerful catalyst driving the modernisation and sustainable growth of Korea's alcoholic beverage industry. The specific expected benefits are as follows:

- Increased Tax revenue through expanding the national tax base, whilst capturing transactions in highly transparent digital channels, thereby increasing revenue from VAT and liquor taxes – and undermining the opportunistic international websites from direct e-commerce delivery of imported liquor to Korean homes, bypassing VAT, Duties & Taxes and mandatory Korean labelling requirements
- Strengthened related industries through attracting domestic and foreign direct investment in warehousing, logistics, education, skills development and retail-tech innovation
- Address the needs of Korea’s consumers, who are increasingly demanding and discerning and seek convenience, choice and increased quality, throughout Korea - where 8 million Korean consumers, either of single-person or mobility-challenged households, struggle daily with their purchasing needs through offline channels
- Support the K-Wave through growth of K-Liquor, enabling Korea’s premium producers to build and leverage a strong domestic e-commerce platform from which to gain the requisite skills and experience to expand within the developed global e-commerce world, mirroring the international success of K-Food, K-Content and K-Talent, through a combination of unique Korean appeal and global competitiveness.

Recommendation

The ECCK Alcohol Beverages Committee strongly recommends that the government immediately cease the protectionist and discriminatory policy through ensuring a structurally consistent, equitable and fair regulatory framework for e-commerce delivery – eliminating a fragmented system that grants exclusive digital access to a single category while barring all others. To ensure legal consistency, this regulatory framework must either be fully closed to all categories or fully open to all - eliminating discrimination and protectionism.

Given the obvious economic benefits for Korea, the industry and Korean consumers, the Committee recommends the full liberalisation of e-commerce delivery for all licensed retailers - and urges the government to eliminate artificial, protectionist market distinctions through aligning Korea’s retail landscape with global standards of fairness and digital safety.

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

2.	<u>Issue</u>
Fostering Industry Growth and Consumer Benefit: The Need for a Single Specific Tax System in Korea	In 2020, the Korean government made a forward-looking reform by shifting from an ad valorem to a specific tax system for beer and takju. Following this milestone, the Ministry of Economy and Finance (MOEF) stated its intention to consider applying this system to other alcohol categories. The industry held high expectations for the expansion of this globally recognized standard. However, meaningful progress toward a comprehensive specific tax system remains stagnant. Instead, recent liquor tax reforms have been largely piecemeal and fragmented, limited to isolated measures such as the introduction of a standard sales ratio (discount rate on tax base) and tax rate reductions for spirit-based low-alcohol mixed liquors.

Alcohol taxation is a critical policy tool that significantly shapes the direction and development of the entire liquor industry. Given this

profound impact, it is highly beneficial to examine the successful precedents of other countries and establish a globally aligned tax framework. In contrast to Korea's incremental steps, Japan has taken a more comprehensive approach by moving entirely to a specific tax system. Notably, Japan's specific taxation system played a pivotal role in driving the growth of premium products. By fostering an environment that encourages premiumisation, Japanese whisky and sake has flourished and become a major export driver. Furthermore, Japan is currently undergoing a structural revision of its Liquor Tax Act to unify the tax rates for beer, happoshu (low-malt beer), and third-category beer into a single rate. According to the Japanese government, this change is to simplify the liquor tax system and protect consumers' rights to make proper choices based on product quality and brand appeal rather than being influenced by tax-driven price disparities.

However, Korea's alcohol taxation system remains excessively fragmented and complex. Within the fermented alcohol category, two different tax systems are in operation, and discussions on tax reform for spirits remain a distant prospect. The continued reliance on an ad valorem system for the remaining categories exacerbates the financial burden on households during highly inflationary periods. This structure distorts market competition, leads to significantly higher consumer prices of high-quality, premium products compared to other OECD countries, and ultimately hinders Korean consumers from making fair, quality-driven choices. Consequently, many consumers are turning to unregulated direct overseas purchases, and Korea is losing competitiveness in international trade, as well as potential tax revenue.

Recommendation

To foster a fair, competitive, and consumer-friendly market, the ECCK Alcohol Beverages Committee strongly recommends expanding the specific liquor taxation system to all remaining alcohol categories. Shifting to a comprehensive specific tax system is a globally recognized best practice endorsed by the OECD, the WHO, the IMF, and the World Bank.

This crucial expansion will secure a stable tax revenue stream while eliminating illicit activities. It directly benefits both consumers and industry by preventing the penalisation of premiumisation, allowing Korean consumers to trade up to higher-quality products. To ensure

a smooth transition, we urge the Ministry of Finance and Economy (MOFE) and the National Tax Service (NTS) to establish a dedicated working group comprising representatives from government, industry, and academia to develop a practical policy roadmap.

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

3.
Deregulation of
Radio Frequency
Identification
Requirements for
Whisky Products

Issue
Product labelling for alcohol beverages in Korea is among the most complex and stringent in the world, with certain regulations unique to the market. Korea is the only country that requires the labelling of 'Radio Frequency Identification' (RFID) tags on whisky.

The RFID regulation was introduced in 2010 and became mandatory nationwide in 2012 under the context of eradicating illicit liquor transactions such as undocumented trading and counterfeit spirits. The intervention at the time was a valid one, as a high volume of illicit liquor transactions was prevalent in the entertainment business and entertainment channels in the 2000s.

In recent years, however, it has become questionable whether the social benefits of the regulation still exceed the burden on industry and consumers. With more than 15 years having passed since its introduction, and with significant shifts in the whisky market toward more transparency, it is now timely to re-evaluate the necessity of RFID under the principle of 'balanced regulation'. If the RFID tags are abolished, the whisky distillers and importers are expected to see a reduced cost burden of approximately KRW 35 billion annually². This structural cost reduction can be reinvested to enhance consumer experiences, expand product portfolios, and drive sustainable industry growth.

Thanks to the effectiveness of customs and tax authorities, deeper knowledge and more discerning taste of the consumers, and expansion of significantly lower-priced range of whisky products, the illicit volume has become minimal. Furthermore, RFID tags were introduced to control illicit liquor transactions in the On-Premise channels, especially the traditional entertainment venues,

2. Estimated based on 2024 TASIS data: 35 million bottles at an average of KRW 1,000 per bottle

where the vast majority of the whisky volume was consumed up to mid-2010s. Today, however, the growing trend of at-home drinking ('home-sul') has shifted consumption towards a higher proportion of purchases at supermarkets or convenience stores, where distribution management is very strict and where illicit trade is non-existent.

Moreover, RFID is not required for whiskies that are directly purchased online by consumers from overseas, thus the system only burdens domestic importers and manufacturers. Crucially, the domestic regulatory and administrative environment has also evolved dramatically over the past 15 years. The National Tax Service has established an advanced electronic tax administration system linked with electronic tax invoices, enabling transparent tracking and management of transaction records across the entire supply chain—from import and production through to final sale. Given that a sufficiently robust, data-based verification system is now in place, the uniform mandatory requirement to attach RFID tags to all whisky products needs to be reexamined, as it now imposes a greater regulatory burden on industry than administrative benefit it provides.

Recommendation

The ECCK Alcohol Beverages Committee recommends that the National Tax Service (NTS) amend the relevant notification to allow whisky to be distributed without RFID tags, in line with EU and global practices.

If an outright abolishment of the RFID requirements on whisky is not feasible immediately, the Committee suggests abolishing the regulation for Off-Premise channels first, where the counterfeit risk is far lower, or at least for small-volume products of 350ml or less, as nearly 95% of these products are sold through Off-Premise channels. Such a phased approach would help alleviate the industry's operational burden under the current market conditions and is estimated to reduce costs by approximately KRW 5 billion annually³ for products of 350ml or less alone.

In case any manufacturer or importer wants to retain the tags for any business reason, an alternative suggestion that the Committee would like to propose is to make the RFID tags optional rather than mandatory.

3. ≤350ml: contribute around 15% of the total RFID cost burden of KRW 35 billion.

Relevant Act/Regulation	Article 14 of the Notification regarding Shipment and Sale of Liquor
Responsible Authority & Division	National Tax Service (NTS) Excise Tax Division
Recommendation Status	New

Automotive

The ECCK Automotive Committee is pleased to present policy recommendations through the 2026 White Paper aimed at supporting the sustainable development of Korea’s automotive industry ecosystem and enhancing its global competitiveness.

The automotive industry is undergoing a rapid transformation driven by electrification, autonomous driving, and digitalisation, while simultaneously facing complex challenges such as supply chain restructuring, carbon neutrality goals, and evolving global regulatory frameworks. In this context, Korea continues to play a pivotal role, supported by its strong innovation capabilities and manufacturing excellence. Drawing on the practical experience of European companies and aligned with international standards, the Automotive Committee has consistently advocated for improving regulatory predictability, ensuring technological neutrality, enhancing the transparency of administrative procedures, and fostering a policy environment that supports industrial competitiveness. Particularly in this period of industrial transition, it is more important than ever to ensure that stakeholder views are sufficiently heard in policy development and implementation, and that regulatory frame works are operated based on clear procedures and reasonable timelines.

The recommendations outlined in this White Paper reflect not only the perspectives of European companies operating in Korea, but also a shared objective of strengthening the global competitiveness of Korea’s automotive industry as a whole. We look forward to continued close cooperation with the Korean government to help foster a more open, transparent, and innovation-friendly industrial environment.

15
Total Key Issues

1.
Request for No
Less Favorable
Treatment under
the Korea-EU FTA
in Light of Proposed
Amendments
to Automobile
Certification
Following Korea-U.S.
Tariff Consultations

Issue
The “Partial Amendment to the Regulation on Certification and Inspection Methods and Procedures for Manufactured Motor Vehicles,” announced by the Ministry of Climate, Energy and Environment on June 30, 2026, includes provisions to simplify domestic certification procedures for gasoline vehicles certified and produced in the United States pursuant to the Korea-U.S. tariff consultations. In particular, the amendment includes the following measures:

- Allowing documents submitted to U.S. certification authorities to substitute for domestic certification application documents;
- Relaxing requirements so that vehicles of the same vehicle type listed on a U.S. certificate may be selected as emission test vehicles, even if they are not included in the domestic certification application;
- Providing that deterioration factors may not be applied in in-use inspections for vehicles certified through maximum durability mileage driving.

In this regard, Article 5 of Annex 2-C of the Korea-EU FTA indicates that:

“With respect to internal taxes and emission regulations concerning products covered by this Annex, each Party shall accord to products originating in the other Party treatment no less favorable than that accorded to like products originating in any third country, including those provided for in a free trade agreement with a third country that is not a Party to this Agreement.”

As the term “emission regulations” should naturally be understood to include standards and procedures related to emission certification, vehicles certified and produced in the European Union should be accorded treatment no less favorable than that granted to U.S.-origin vehicles.

Furthermore, the Korea-U.S. tariff consultations also include a measure to remove the annual cap of 50,000 units under the existing arrangement allowing U.S.-origin vehicles that comply with the U.S. Federal Motor Vehicle Safety Standards (FMVSS) to be imported without additional modifications. In this regard, we

respectfully request that consultations also be pursued to allow vehicles originating in the European Union that comply with European safety standards to be imported without additional modifications, even if such treatment is introduced in a phased manner with designated volume limits.

Recommendation

The ECCK Automotive Committee respectfully requests that vehicles manufactured and certified in the European Union (EU) not be subjected to less favorable treatment than vehicles from third countries in the administration and implementation of Korea’s vehicle emissions certification system.

Furthermore, it is respectfully requested that consultations be undertaken to allow vehicles originating in the European Union that comply with European safety standards to be imported without additional modifications, even if such treatment is introduced on a phased basis with specified volume limits

Relevant Act/Regulation	1. Clean Air Conservation Act and Regulations Governing the Methods and Procedures for Motor Vehicle Certification and Inspection (2026.6.30) 2. Korea-EU FTA Annex 2-C Article 5
Responsible Authority & Division	Ministry of Trade, Industry and Resources (MOTIR) Europe Trade Division, Ministry of Climate, Energy and Environment (MCEE) Transportation Environment Division
Recommendation Status	New

2. Request to Improve Communication with European Automotive Importers and Manufacturers on the Evaluation Criteria for Selecting Implementing Entities for the Electric Vehicle Deployment Program	<u>Issue</u> Effective July 2026, the “Evaluation Criteria for Entities Performing the Electric Vehicle Deployment Program” enter into force under the Ministry of Climate, Energy and Environment. However, as the evaluation criteria were announced on May 13 and the deadline for submission of materials was set for June 15, approximately one month later, companies faced significant difficulties in translating, interpreting, and preparing for the newly announced criteria within the given timeframe. In particular, the timeframe was insufficient for importers and manufacturers that require close communication with their overseas headquarters. Accordingly, improvements are respectfully requested with regard to the future evaluation process for selecting entities to perform the electric
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vehicle deployment program.

As development networks and supply chains have become increasingly globalized, European importers and manufacturers operate under diverse business models. In such circumstances, when new regulations are introduced, responses are required not only at the local level, but also across overseas headquarters and broader global networks. Therefore, it is necessary to secure sufficient preparation time when implementing new criteria.

In addition, as the evaluation criteria for selecting entities to perform the electric vehicle deployment program are expected to be updated annually, it is necessary to establish a communication channel through which European importers and manufacturers can present their views and engage in discussions during the criteria revision process. In particular, for importers and manufacturers, preparation of materials at the headquarters level is essential, and additional procedures and time are required for translation, interpretation and clarification of the required criteria, and review of relevant domestic and overseas regulations. Therefore, it is necessary to establish a structured process for collecting opinions and addressing questions in a timely manner, so that any enquiries that may arise during this process can be resolved promptly and clear guidance can be provided on the evaluation criteria and submission requirements.

The evaluation of entities performing the electric vehicle deployment program is an essential requirement that determines consumers’ eligibility to receive subsidies. Therefore, securing sufficient preparation time and establishing a structured communication mechanism would contribute to expanding opportunities for European importers and manufacturers to participate, while improving the predictability of the system and enhancing the stability and effectiveness of the program.

Recommendation

The ECCK Automotive Committee respectfully requests that in future updates to the “Evaluation Criteria for Selecting Entities to Perform the Electric Vehicle Deployment Program,” an official channel for communication and opinion collection be established to allow European importers and manufacturers to present their views and engage in joint discussions. This would contribute to

enhancing the transparency of the revision process and improving industry acceptance of the system.

In addition, given that European importers and manufacturers need to prepare materials in close coordination with their headquarters, it is respectfully requested that a reasonable and sufficient preparation period be provided to allow adequate time for translation, interpretation of the criteria, internal review, and approval procedures.

Relevant Act/Regulation	Evaluation Criteria for the Selection of Implementing Entities for the Electric Vehicle Deployment Program (MCEE Notice, 13 May, 2026)
Responsible Authority & Division	Ministry of Climate, Energy and Environment (MCEE) Decarbonized Green Transport Innovation Division
Recommendation Status	New

3. Request for Global Regulatory Harmonisation and Mutual Recognition in Emerging Technology Areas under the Korea-EU FTA	<u>Issue</u> The automotive industry is experiencing a rapid increase in the introduction of new technologies, making global regulatory harmonisation an increasingly important priority. In particular, regulatory frameworks are gradually being established in areas such as CSMS (Cyber Security Management System, UN R155), SUMS (Software Update Management System, UN R156), and DCAS (Driver Control Assistance Systems, UN R171). Although both Korea and the EU operate their regulatory systems based on UN ECE Regulations, differences still remain in their practical application and detailed regulatory requirements. Furthermore, UN R155, R156, and R171 are currently not included in the list of items accepted for market access under Article 3 of the Annex (2-C-3) to the Korea-EU FTA.
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Automotive lighting regulations are also an area where complexity is increasing due to technological advancement and the multilayered structure of regulatory requirements, while the need for regulatory harmonisation is rapidly growing in light of global supply chains and market integration. Although the Korea-EU FTA currently provides for mutual recognition based on a number of existing lighting regulations, it does not sufficiently reflect the restructuring of the UNECE regulatory framework around R148, R149, and R150. As a result, inconsistencies may arise between type approval for vehicles equipped with the latest technologies and the mutual recognition framework under the FTA.

Through the introduction of R149, UNECE has enhanced regulatory clarity and efficiency by consolidating multiple existing lighting regulations. However, if this regulation is not reflected in the FTA Annex, companies may face a dual burden of having to consider both the latest regulations and existing regulations at the same time. This may create unnecessary complexity between regulatory systems and increase regulatory compliance costs.

Furthermore, with the diversification of energy sources and growing demand for enhanced safety, regulations concerning hydrogen storage systems, such as R134, and acceleration control for pedal error (ACPE), such as R175, are also becoming increasingly complex due to technological dynamism and multilayered regulatory structures. For the same reasons applicable to lighting devices, it is necessary to reflect these regulations in the FTA mutual recognition framework.

In this regard, Article 4 of Annex 2-C of the Korea-EU FTA defines the strengthening of regulatory convergence as follows:

- The Parties shall:
- a) at any time refrain from introducing any new domestic technical regulations diverging from UNECE Regulations or GTR in areas covered by such regulations, or where the completion of such regulations is imminent, in particular in the areas covered by Appendix 2-C-2, in the case of the European Union, and Appendix 2-C-3, in the case of Korea; and
 - b) as soon as practicable after any new UNECE Regulations or GTR is adopted by UNECE in areas covered by existing domestic technical regulations, provide treatment for products originating in the other Party complying with UNECE Regulations or GTR in accordance with Article 3 of this Annex, mutatis mutandis,

It is necessary to promote the timely introduction of global regulatory harmonisation and mutual recognition/reference in emerging technology sectors through the expansion of market access acceptance items under the Korea-EU FTA Annex. Such measures will help strengthen cooperation between both parties in emerging technology fields and reduce unnecessary regulatory burdens, thereby enhancing overall competitiveness.

Recommendation
The ECCK Automotive Committee respectfully requests that the

inclusion of new technology-related UN Regulations under the market access acceptance items of the Annex to the Korea-EU FTA be actively considered, including:

- UN R155 (CSMS: Regulation on Cybersecurity and Cybersecurity Management Systems for vehicles)
- UN R156 (SUMS: Regulation on Software Updates and Software Update Management Systems for vehicles)
- UN R171 (DCAS: Regulation on the type approval of Driver Control Assistance Systems)
- UN R148/R149/R150 (Lighting Devices)
- UN R134 (Hydrogen Storage System)
- UN R175 (Acceleration Control for Pedal Error)

Relevant Act/Regulation	EU-Korea FTA Annex 2-C Article 4 Consolidation of Regulatory Convergence
Responsible Authority & Division	Ministry of Trade, Industry and Resources (MOTIR) Europe Trade Division, Ministry of Land, Infrastructure and Transport (MOLIT) Automobile Policy Division
Recommendation Status	New

4.
Request for
Clarification of
Greenhouse Gas
Reduction Targets
for Passenger and
Commercial Vehicle
Sectors

Issue
The Ministry of Climate, Energy and Environment held several briefing sessions throughout 2025 regarding greenhouse gas reduction targets for both passenger and commercial vehicles. In addition, following the publication of the proposed amendment to the Automobile Greenhouse Gas Standards Notification on July 15, 2026, stakeholders have gained a clearer understanding of the government's policy direction and target levels through 2030.

However, considering recent regulatory developments in major overseas automotive markets, as well as ongoing market uncertainties, we believe that continued discussions between the government and industry are still necessary regarding both realistic target levels and practical compliance pathways.

Importers and manufacturers are also contributing to the transition toward eco-friendly vehicles in line with Korea's greenhouse gas reduction targets and are making every effort to support the achievement of the government's goals through

the development of mid- to long-term business strategies and close coordination with their global headquarters. However, for these efforts to translate into meaningful results, it is essential that policy directions and relevant information be shared with all stakeholders at an earlier stage and that a discussion framework be established in which diverse stakeholders can participate in a balanced manner. At present, opportunities for participation remain limited, and there is a perception that practical support for the successful implementation of these targets is still insufficient.

In particular, if regulatory predictability, sufficient lead time, and effective implementation support measures are not secured, importers and manufacturers are likely to face significant challenges in effectively achieving greenhouse gas reduction targets. Furthermore, in the commercial vehicle sector, certain regulations may be perceived as non-tariff barriers given the unique characteristics of the market.

Therefore, we hope that broader opportunities for communication and dialogue can be established so that the government and industry may work together, based on mutual trust, to identify realistic and achievable pathways for emissions reduction.

Recommendation
The ECCK Automotive Committee respectfully requests the establishment of a regular communication channel through which predictability and detailed measures relevant to importers and manufacturers can be discussed and clarified, in order to support the achievement of greenhouse gas reduction targets in the transport sector.

Relevant Act/Regulation	1. Clean Air Conservation Act, 2. Framework Act on Carbon Neutrality and Green Growth for Coping with the Climate Crisis
Responsible Authority & Division	Ministry of Climate, Energy and Environment (MCEE) Transportation Environment Division
Recommendation Status	New

5. Request for Clarification of the Fuel Economy Reporting System and Elimination of Redundant Administrative Procedures Related to Facility Inspections	<u>Issue</u> It is necessary to improve the operational framework of the fuel economy system in a more rational manner and to eliminate redundant administrative procedures that have continued even after the government reorganisation. In particular, although the fuel economy system is legally operated as a notification-based system, in practice, companies are required to submit supporting documents that are not clearly institutionalised, such as test photographs and manufacturer confirmation letters regarding matters including fuel type and break-in mileage. In addition, despite the notification-based nature of the system, customs-related notifications provide that customs clearance is only possible after approval, which is not consistent with the purpose of a notification system. As a result, the system is effectively operated like an approval-based system, and the autonomous management framework under which companies assess and take responsibility for compliance with legal requirements is not sufficiently guaranteed. In addition, the facility conformity confirmation procedure also remains duplicative. Although, following the government reorganisation, the former Energy Efficiency Division under the Ministry of Trade, Industry and Energy was transferred to the Ministry of Climate, Energy and Environment as the Energy Safety and Efficiency Division, companies are still required to undergo separate substitution applications, reviews, and approvals by the Energy Safety and Efficiency Division and the Korea Energy Agency for the same facilities, even after obtaining approval for emission-related facility conformity confirmation from the Transportation Environment Division within the same ministry. Accordingly, the fuel economy system should be clearly operated as a notification-based system in line with its original purpose, thereby ensuring companies' autonomy. At the same time, unnecessary overlapping approvals and excessive requirements for supporting documents should be eased to enable a more efficient and predictable operation of the system. Such rationalisation and streamlining of the system would be consistent with the purpose of the government's ministry integration and reorganisation.
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Recommendation

The ECCK Automotive Committee respectfully requests that the materials required for notification under the fuel economy system be clearly defined so that the system can be operated as a notification-based system in line with its original purpose. In addition, the Committee respectfully requests improvements toward a more reasonable and efficient system by easing unnecessary overlapping approvals and excessive requirements for supporting documents.

Relevant Act/Regulation	Regulation on Energy Consumption Efficiency and Labeling of Motor Vehicles
Responsible Authority & Division	Ministry of Climate, Energy and Environment (MCEE) Energy Safety and Efficiency Division/Transportation Environment Division, Korea Energy Agency (KEA)
Recommendation Status	New

6. Request for Improvements to the Electric Vehicle Subsidy Evaluation Process, Expansion of Infrastructure, and Clarification of Relevant Regulations	<u>Issue</u> There is a need to enhance the flexibility of the electric vehicle eligibility evaluation system and reduce processing time by allowing the use of vehicles of the same model for evaluation, as well as by simplifying and systematising the evaluation procedures. Currently, the EV eligibility evaluation process takes more than two months. As a result, manufacturers submit applications at the earliest possible stage, even before obtaining emissions certification. However, under the current system, when the evaluation is conducted prior to certification completion, it is required that the same vehicle used for the single-charge driving range certification test be used for the subsidy eligibility evaluation as well. For overseas manufacturers, this creates a burden as the test vehicle must be transported by air to domestic evaluation agencies, leading to excessive logistics costs and delays. Therefore, when manufacturers guarantee that the vehicle is of the same model and submit relevant documentation—such as a certificate of conformity- it should be permitted to conduct the evaluation using a different vehicle of the same model, rather than the original certification test vehicle. Furthermore, the evaluation process should be systematised and streamlined to reduce processing time, and the system should allow manufacturers greater flexibility to conduct and submit evaluations autonomously based
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on supporting data. At the same time, if discrepancies are identified between submitted data and the actual vehicle, post-management measures—such as subsidy recovery and administrative sanctions—should be strengthened to ensure the credibility and effectiveness of the system.

While the number of EV models continues to increase, the testing and evaluation capacity of the Korea Environment Corporation remains limited. This imbalance is likely to further exacerbate delays in subsidy evaluations. Accordingly, it is necessary to extend the designation of qualified private institutions to participate in evaluation tasks or introduce a simplified verification inspection scheme to reduce evaluation timelines. In addition, to prevent unnecessary administrative inefficiencies, there is a need to reduce administrative burdens by clarifying the criteria for reporting changes in certification and requirements for retesting.

Interpretations of the retesting provisions under Article 16 (b) of Appendix 5 of the subsidy evaluation regulations currently vary among officials. In particular, the phrase “may be reviewed” has been interpreted arbitrarily, resulting in cases where manufacturers are required to report certification changes to the Korea Environment Corporation even when such changes do not affect the single-charge driving range. This creates unnecessary administrative burdens and may delay certification procedures. Therefore, the regulations should be clarified to specify that reporting obligations for certification changes apply only when such changes materially affect evaluation criteria or the single-charge driving range. For minor changes that do not impact evaluation items, the standards should clearly state that no additional certification or reporting obligations arise.

Recommendation

The ECCK Automotive Committee respectfully requests the authorities to consider improvements to relevant regulations in order to enhance flexibility in the EV subsidy evaluation procedure and to clarify the regulatory language.

With respect to the evaluation process for determining eligibility for electric vehicle (EV) subsidies:

1. Allow the evaluation to be conducted using a different vehicle of the same model, provided that the manufacturer guarantees model identity and submits relevant documentation, such as a

certificate of conformity or equivalent verification materials.

2. Expand the designation of evaluation bodies to include qualified private institutions or introduce a simplified verification inspection system in order to shorten the evaluation period.

Regarding Article 16, Subparagraph (b) of Annex 5

3. Clarify that the obligation to report certification changes shall apply only in cases where such changes have a practical impact on evaluation criteria or the one-time charge driving range.
(For minor changes that do not affect evaluation items, it should be clearly specified that no additional change certification or reporting requirement shall arise)

We would appreciate your kind consideration and positive review of the above requests.

Relevant Act/Regulation	Regulation on the Evaluation of Electric Vehicle Deployment Eligibility
Responsible Authority & Division	Ministry of Climate, Energy and Environment (MCEE) Decarbonized Green Transport Innovation Division
Recommendation Status	New

7. Request for Procedural and Operational Improvements to Address Delays in Electric Vehicle Launch Schedules	<u>Issue</u> It is necessary to improve the relevant procedures and operations so that certification and evaluation processes can be conducted in parallel, thereby minimizing delays in electric vehicle launch schedules and accelerating the timing of market supply. At present, in order to launch an electric vehicle, manufacturers are required to undergo not only environmental certification, but also additional procedures for subsidy evaluation and registration as an environmentally friendly vehicle. These procedures are currently operated sequentially. As the certification process for electric vehicles already takes longer than that for internal combustion engine vehicles, additional delays occur even after certification is completed. Following document submission, the subsidy evaluation process requires approximately one month for performance evaluation, while the timeline for registration as an environmentally friendly vehicle is difficult to predict and generally requires approximately two additional months. As a result, even when manufacturers proceed with the process as quickly as possible,
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there is a structural issue whereby the actual sales launch of electric vehicles is delayed by at least two to three months compared to internal combustion engine vehicles.

In order for vehicles to receive benefits as “environmentally friendly vehicles” after launch, they must undergo the registration procedure under the relevant notification of the Ministry of Trade, Industry and Energy.

In particular, as registration as an environmentally friendly vehicle is carried out through amendments to the relevant notification, a lengthy waiting period may occur even after vehicle certification has been completed before the benefits can actually be applied. This results in low predictability in the operation of the system.

In addition, even for vehicles with the same fuel economy and specifications, the Korea Energy Agency requires separate applications for environmentally friendly vehicle registration by tyre specification. As a result, manufacturers face an administrative burden of repeatedly submitting substantially identical information.

Accordingly, it is necessary to improve the current notification-based registration method by transitioning to a registration system based on electronic approval. This would help address processing delays and unpredictable operation issues arising under the current notification amendment process. In addition, for vehicles with the same fuel economy and specifications, the operating criteria should be clarified in a manner that minimizes separate applications by tyre specification, thereby reducing unnecessary duplicate notifications and administrative burdens.

Furthermore, we propose a more integrated approach underpinned by close policy coordination among the relevant government ministries and agencies. In particular, the environmental certification process, subsidy eligibility assessment, and eco-friendly vehicle registration procedures should be conducted in parallel wherever possible, thereby improving overall regulatory efficiency.

Recommendation

The ECCK Automotive Committee respectfully requests consideration of the following improvements to minimize delays in electric vehicle launch schedules:

- 1. Improving the current procedure by transitioning from the existing notification amendment-based listing method to a registration system based on an electronic approval system
- 2. Minimising separate applications by tyre specification for vehicles with the same fuel economy and specifications
- 3. Allowing environmental certification, subsidy evaluation, and environmentally friendly vehicle registration procedures to be conducted in parallel

Relevant Act/Regulation	1. Regulation on Requirements for Environment-Friendly Vehicles (Ministry of Trade and Industry Notification) 2. Article 48 (Certification of Manufactured Vehicles) of the Clean Air Conservation Act and its Enforcement Rules
Responsible Authority & Division	Ministry of Trade, Industry and Resources (MOTIR) Automobile Division, Korea Energy Agency (KEA) Transport Energy Department, Ministry of Climate, Energy and Environment (MCEE) Decarbonized Green Transport Innovation Division
Recommendation Status	New

8. Request for Expediting the Review Process for Corrective Measures and Voluntary Repairs, and Electric Vehicle Environmental Certification

Issue
It is necessary to improve the operational framework and re-inforce staffing to ensure the speed and consistency of review procedures for recalls and voluntary repairs, as well as environmental certification for electric vehicles.

Currently, in some cases where manufacturers submit materials related to recalls or voluntary repairs, the review process takes a considerable amount of time. In particular, even when manufacturers voluntarily pursue corrective measures for defects that may affect the atmospheric environment, prolonged reviews may delay prompt market actions and the resulting environmental benefits. In addition, if a change occurs in the personnel in charge of the review and the previous review details are not sufficiently handed over, resulting in a de facto re-review or resubmission of official letters, the same matter may be reviewed repeatedly over an extended period. If such issues arise, they not only increase the administrative burden on manufacturers but may also affect the schedule for customer-facing measures.

Accordingly, it is necessary to reasonably shorten the processing period for review procedures related to recalls and voluntary repairs, and to improve the operational criteria so that voluntary corrective measures for defects that may have an impact on air quality can be reviewed and processed more promptly.

While the demand for certification of internal combustion engine vehicles has not decreased, the number of electric vehicle certifications has increased significantly. Due to the shortage of personnel responsible for electric vehicle certification, predictability regarding the time required from application submission to certification approval has declined. In addition, given the limited number of certification personnel, it has become difficult to resolve differences in regulatory interpretation in a timely manner, thereby increasing the administrative burden.

Recommendation

The ECCK Automotive Committee respectfully requests that improvements be considered to the operational framework for review procedures related to recalls and voluntary repairs. In particular, the Committee requests that the processing period for such review procedures be reasonably shortened, and that the operational criteria be improved so that voluntary corrective measures for defects that may have an impact on air quality can be reviewed and processed more promptly.

In addition, the Committee respectfully recommends reinforcing staffing for electric vehicle certification in order to shorten certification lead times, facilitate communication, and reduce unnecessary administrative burdens.

Relevant Act/Regulation	Articles 52 and 53 of the Clean Air Conservation Act
Responsible Authority & Division	Ministry of Climate, Energy and Environment (MCEE) Transportation Environment Division/Decarbonized Green Transport Innovation Division, National Institute of Environmental Research (NIER) Mobility and Environmental Research Center
Recommendation Status	New

9. Need to Improve Operational Criteria for the Zero-Emission Vehicle Deployment Target System	<u>Issue</u> It is necessary to improve the regulatory framework governing the recognition of zero-emission vehicle (ZEV) deployment performance in order to ensure the effectiveness of policies promoting ZEV adoption and the rational operation of the system. Under the current “Annual Deployment Targets for Low-Emission and Zero-Emission Vehicles” framework, starting from 2030, even vehicles that do not apply for subsidies will be required to meet the “eligibility evaluation for EV deployment” criteria in order to be recognized as part of ZEV deployment performance. However, the eligibility evaluation system was originally designed to determine whether a vehicle qualifies for subsidies. Extending this requirement to vehicles that do not receive subsidies may impose an excessive regulatory burden.
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Recommendation

The ECCK Automotive Committee respectfully requests the authorities to consider revising the system so that the criteria for recognising zero-emission vehicle (ZEV) deployment performance are not linked to whether a vehicle receives subsidies.

Relevant Act/Regulation	1. Annual Deployment Targets for Low-Emission and Zero-Emission Vehicles (Annex 2) 2. Regulation on the Evaluation of Eligibility for Electric Vehicle Deployment
Responsible Authority & Division	Ministry of Climate, Energy and Environment (MCEE) Decarbonized Green Transport Innovation Division
Recommendation Status	New

10. Allowing the Import of European Fire Extinguishers for Vehicle Installation	<u>Issue</u> It is necessary to establish measures to allow the importation of European fire extinguishers designed for installation in motor vehicles. Since December 2024, passenger vehicles with five or more seats are required to install or carry a vehicle-mounted fire extinguisher that complies with the standards set forth under Article 11(1) of the Act on Fire Prevention and Installation, Maintenance, and Safety Control of Firefighting Systems. However, when importing motor vehicles, even if a fire extinguisher is originally installed as original
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equipment (OEM), a separate type approval must be obtained in accordance with domestic certification procedures and standards for fire extinguishers in order to install or carry such equipment.

Although OEM vehicle-mounted fire extinguishers are verified and managed under the vehicle manufacturers’ quality control systems and relevant international standards, additional domestic certification requirements are imposed upon importation. This creates an additional administrative burden on vehicle importers and, in practice, results in cases where fire extinguishers installed in vehicles cannot be imported in their original condition.

Furthermore, OEM vehicle fire extinguishers are specifically designed and manufactured to fit the vehicle structure and interior space, taking into account usability and safety. However, due to the current domestic type approval system, the importation of such products remains difficult. In contrast, domestically certified fire extinguishers often do not fully consider the specific installation environment of individual vehicle models in terms of size, shape, and specifications. As a result, proper installation or storage within the vehicle may be challenging, potentially causing customer inconvenience and raising concerns regarding safety. Consequently, the advantages of optimised usability and safety design intended by vehicle manufacturers cannot be fully realised.

Recommendation

The ECCK Automotive Committee respectfully requests the authorities to consider improvements to the relevant regulatory framework to allow vehicle-mounted fire extinguishers installed by original equipment manufacturers (OEMs) to be imported and sold without requiring separate domestic type approval and testing procedures.

Relevant Act/Regulation	Article 11 (1) 1 and Article 37 (1) of the Act on Fire Prevention and Installation, Maintenance, and Safety Control of Firefighting Systems
Responsible Authority & Division	National Fire Agency (NFA) Fire Industry Promotion Policy Division
Recommendation Status	New

11.
Support for
Expanding the
Deployment of
Medium- and
Heavy-Duty Electric
Commercial
Vehicles

Issue

Medium- and heavy-duty commercial vehicles typically have longer driving distances and higher emissions compared to passenger vehicles. Therefore, promoting the deployment of eco-friendly medium- and heavy-duty vehicles is expected to have a significant impact on improving air quality in the transport sector. Accordingly, national greenhouse gas reduction targets have been established, and the expansion of eco-friendly medium- and heavy-duty vehicles in the domestic market is strongly required.

European commercial vehicle manufacturers in Korea are actively pursuing the introduction of eco-friendly medium- and heavy-duty vehicles (electric trucks) into the domestic market. However, there are currently several challenges related to regulatory frameworks and infrastructure that hinder the deployment of medium- and heavy-duty electric commercial vehicles. In 2026, meaningful progress was made with the initial introduction of subsidies for medium- and heavy-duty commercial vehicles. Nevertheless, the current electric vehicle subsidy scheme remains insufficient to ensure price competitiveness compared to hydrogen vehicles. In addition, medium- and heavy-duty electric trucks cannot be charged using standard passenger vehicle charging infrastructure. Therefore, dedicated charging infrastructure and related support measures are required.

Recommendation

The ECCK Automotive Committee respectfully recommends that, in order to promote the deployment of medium- and heavy-duty electric commercial vehicles, the government raise purchase subsidies for electric commercial vehicles to a level comparable to those provided for hydrogen fuel cell heavy-duty commercial vehicles. In addition, favorable conditions for the wider adoption of environmentally friendly medium- and heavy-duty commercial vehicles should be established through the expansion of high-power charging infrastructure and financial support for operation and charging costs.

Furthermore, with regard to the medium- and heavy-duty commercial vehicle sector, we respectfully propose that the government consider temporarily deferring or gradually applying penalties for non-compliance with greenhouse gas emission regulations until a sufficient level of market readiness and infrastructure for eco-friendly vehicles has been established.

Relevant Act/Regulation	Article 58 (Subsidies, etc.) of the Clean Air Conservation Act
Responsible Authority & Division	Ministry of Climate, Energy and Environment (MCEE)
Recommendation Status	Updated

12. Request for Flexibility in Vehicle Width Standards

Issue

Vehicle width standards in Korea need to be improved given the difference in standards between Korea and Europe.

Article 4 of the current ‘Rules on Performance and Standards Motor Vehicles and Parts’ stipulates that the width of a motor vehicle cannot exceed 2.5m. As the vehicle width standard in Europe is set at 2.55m, buses and trucks built to a 2.55m width standard cannot be introduced to the Korean market.

In recent years, the automotive sector has seen a significant increase in the application of advanced technologies, including Advanced Driver Assistance Systems (ADAS), sensors, Camera Monitor Systems (CMS), radar systems, and aerodynamic auxiliary devices. Furthermore, with the strengthening of environmental policies, more stringent CO₂ emission reduction targets, and the growing emphasis on fuel efficiency, the installation of aerodynamic devices has become increasingly important. In particular, aerodynamic devices designed to reduce air resistance make a substantial contribution to improving energy efficiency and reducing carbon emissions. In Europe, there has been a clear shift toward actively permitting the application of such technologies (e.g., EU Regulation 2021/535, consolidated version as of January 1, 2025). However, under the current domestic vehicle width measurement standards, there is a lack of clear provisions excluding certain aerodynamic auxiliary devices. This creates practical challenges in vehicle specification management when applying technologies intended to improve environmental performance. Accordingly, it is necessary to recognize aerodynamic devices intended solely for improving aerodynamic performance—without materially affecting vehicle safety or operational characteristics—as excluded items from vehicle width measurements.

Accordingly, in order to ensure design flexibility in response to the expansion of eco-friendly technologies and the application

of advanced driver assistance systems, and to support the achievement of policy objectives for CO₂ reduction and improved fuel efficiency, the ECCK respectfully requests that the relevant standards be revised to allow aerodynamic devices intended for performance enhancement—including those recognized as excluded items in vehicle width measurements in Europe—to also be designated as excluded items under domestic regulations.

Recommendation

The ECCK Automotive Committee respectfully proposes that, for freight vehicles, greater flexibility be introduced in vehicle width standards—up to 2.55 meters—in light of the increasing need for compatibility across markets driven by the adoption of various eco-friendly technologies and advanced driver assistance systems.

Furthermore, we kindly request the authorities to actively consider accepting European standards with respect to excluded items in vehicle width measurements, particularly aerodynamic devices.

Relevant Act/Regulation	Article 4 of the Rules on the Performance and Standards of Motor Vehicles and Parts
Responsible Authority & Division	Ministry of Land, Infrastructure and Transport (MOLIT)
Recommendation Status	Updated

13. Review of Measures to Strengthen Safety Inspections for Components and Equipment Installed by Customers

Issue

After a vehicle is released by the original equipment manufacturer (OEM), it is necessary to enhance safety by strengthening safety inspections of components and equipment installed by customers, thereby improving overall vehicle safety and preventing accidents.

We understand that the fundamental intent behind the Ministry of Land, Infrastructure and Transport’s introduction and refinement of the self-certification system for incomplete vehicles and multi-stage manufactured vehicles was to enhance automobile safety by reinforcing safety accountability while responding to the expansion of the “multi-stage vehicle manufacturing” industry. By introducing the concepts of “incomplete vehicles” and “multi-stage manufactured vehicles” into the legal framework, the policy aimed to promote the automotive industry, institutionalize accountability for compliance with safety standards at each stage of vehicle production, clearly define manufacturing history and certification

responsibility, ensure vehicle safety, and foster the special-purpose vehicle and tuning industry within a regulated framework.

While the introduction of this system has contributed to the growth of the special-purpose vehicle industry, concerns still remain. In some cases, vehicle safety is compromised due to components and equipment installed by customers, leading to increased risks and accidents. In particular, arbitrarily modified electrical devices may pose fire hazards, and in the event of an accident, responsibility may become unclear. Such cases can also undermine trust in OEMs. Therefore, there is a need to establish measures to inspect the risks associated with the final condition of vehicles—especially those arising from customer-installed components and equipment—prior to any accidents, in order to prevent such incidents.

Recommendation

The ECCK Automotive Committee respectfully requests the establishment of institutional measures to enhance vehicle safety by strengthening safety inspections of components and equipment installed by customers after vehicles have been released by original equipment manufacturers (OEMs).

Relevant Act/Regulation	Regulation on the Performance and Standards of Motor Vehicles and Their Parts
Responsible Authority & Division	Ministry of Land, Infrastructure and Transport (MOLIT), Korea Automobile Testing & Research Institute (KATRI)
Recommendation Status	New

14.
Regarding the Ongoing Discussions on Revising the Tyre Energy Efficiency Rating System

Issue

Revisions to the Regulation on the Energy Efficiency Rating, Labelling, and Related Requirements for Automotive Tyres have been under consideration in 2025 and 2026. While the policy objective of encouraging consumers to opt for high-efficiency products is well understood, it is anticipated that the revised rating criteria may be difficult to meet based solely on tyre testing conducted in accordance with UN R117.

In this regard, the following concerns are raised:

- There are significant concerns that additional testing may be required to establish a statistical safety margin for post-market compliance tolerance levels

- There is also concern regarding the lack of clarity in the interpretation between declared values and rating thresholds
- Furthermore, as differences in rating systems across markets continue to widen, the need for market-specific compliance testing is expected to increase (thereby diminishing the significance of harmonization with UN R117)

Recommendation

The ECCK Automotive Committee respectfully requests that the current regulation on the energy efficiency rating, labeling, and related requirements for automotive tyres be maintained. In the event that new rating criteria are introduced, we further request that consideration be given to minimising additional testing, enhancing regulatory clarity to ensure clear management of post-market compliance risks, and maintaining cross-market compatibility in line with UN R117.

Relevant Act/Regulation	Articles 15 and 16 of the Energy Use Rationalisation Act, Regulation on the Measurement, Rating Standards, and Labelling of Energy Efficiency for Automotive Tires
Responsible Authority & Division	Ministry of Climate, Energy and Environment (MCEE) Energy Safety and Efficiency Division, Korea Energy Agency (KEA) Transport Energy Office
Recommendation Status	New

15.
Regarding the Implementation of the Tyre Noise Reporting and Rating Labelling System

Issue

As of January 1, 2026, the “Tyre Noise Reporting and Labelling System” has been extended to replacement tyres for passenger vehicles. In consideration of existing inventory in the distribution market, a one-year grace period has been granted for replacement tyres for passenger vehicles that were manufactured or imported prior to 2026. Accordingly, it is understood that potential confusion in the distribution network faced by manufacturers and importers has been partially alleviated during this transition period. Furthermore, the system is scheduled to be gradually expanded to in-use tires for light trucks starting from 2028, and for trucks and buses from 2029.

However, the tyre noise rating system is a product regulatory framework under the Noise and Vibration Control Act, which imposes obligations for performance verification, reporting, and

labelling at the stage of manufacturing or importation. As such, the system is fundamentally applied based on the point of production. In this regard, imposing labelling obligations retroactively or restricting the distribution of products that were lawfully manufactured or imported prior to the implementation of the system requires a cautious approach, taking into account the structural limitations that manufacturers and importers face in managing products throughout the entire distribution chain after market release.

In addition, in order to ensure the reliable implementation and settlement of the Tyre Noise Reporting and Labelling System, it is important to enhance the predictability and correlation of noise measurement conducted by manufacturers and importers. To this end, it is necessary to establish verification and correlation processes between domestic accredited testing facilities and the measurement results of manufacturers and importers.

Recommendation

The ECCK Tyre Committee respectfully requests the authorities to consider the following measures to ensure the successful implementation and settlement of the Tyre Noise Reporting and Labelling System for automotive tyres:

1. Application of tyre noise regulation based on the date of manufacture (DOT), rather than the date of sale
(in alignment with the Tyre Energy Efficiency Rating System and for effective management purposes)
2. Establishment of correlation processes between domestic accredited testing facilities and manufacturers/importers for noise measurements

We would appreciate your kind review and consideration of the above recommendations.

Relevant Act/Regulation	Noise and Vibration Control Act
Responsible Authority & Division	Ministry of Climate, Energy and Environment (MCEE) Transportation Environment Division, Korea Environment Corporation (K-eco) Environmental Health Support Department
Recommendation Status	New

Kyunghyun KIM
Manager
Chemical
Committee

Chemical

Over the past year, the ECCK Chemical Committee has proactively responded to the evolving regulatory environment and contributed to enhancing compliance standards across the industry. In particular, our continuous engagement with government authorities on key chemical regulatory issues has effectively reflected industry perspectives and helped drive policy improvements. In addition, strengthened collaboration and information sharing among member companies have supported stable business operations amid an increasingly complex regulatory landscape.

Building on these achievements, this year's White Paper focuses on presenting more practical and actionable policy recommendations. As regulatory requirements continue to intensify and compliance burdens increase, a sustainable and balanced approach is becoming increasingly important to ensure both effective regulatory implementation and the maintenance of industrial competitiveness.

Our recommendations aim to enhance regulatory clarity and predictability based on real-world industry experience. At the same time, they seek to support industrial competitiveness by aligning with global regulatory trends. We hope that this White Paper will serve as a foundation for fostering constructive collaboration and dialogue between the government and industry.

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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), any person who intends to manufacture or import a non-phase-in substance in excess of the quantity prescribed by the Ordinance of the Ministry of Employment and Labor is required to submit a hazards and dangers investigation report (hereinafter referred to as the "Investigation Report") to the Minister of Employment and Labor (MOEL).

Meanwhile, Article 10 of the Act on Registration and Evaluation of Chemical Substances (AREC) also prescribes registration or notification obligations for chemical substances, including non-phase-in substances. To reduce overlapping regulatory burdens under the two laws, a proviso was added to Article 147 of the Enforcement Rule of OSHA, stipulating that where a non-phase-in substance is registered under Article 10 of AREC, the Investigation Report under OSHA shall be deemed to have been submitted.

Nevertheless, inconsistencies between the two laws in determining and applying the concepts of “non-phase-in substances” and “phase-in substances” continue to cause confusion for industry stakeholders in complying with registration, notification, and reporting obligations. For example, AREC defines phase-in substances under Article 2(3) of the Act and the relevant MCEE Notice, whereas OSHA does not provide a separate definition of phase-in substances. Instead, OSHA operates by listing chemical substances exempt from hazards and dangers investigation under Article 85 of its Enforcement Decree. As a result, the scope of substances exempt from investigation under OSHA does not fully align with the scope of phase-in substances under AREC.

We acknowledge that the hazards and dangers investigation system for non-phase-in substances under OSHA is intended to protect the health of workers handling such substances in workplaces. However, this worker protection objective does not necessarily require duplicative submission of hazard information under both AREC and OSHA for the same chemical substance. If registration and notification data submitted under AREC are effectively linked to OSHA’s workplace exposure management framework, the objective of protecting workers can be maintained while reducing duplicative administrative burdens on manufacturers and importers.

In particular, following the amendment to AREC, the registration threshold for substances has been adjusted to one tonne or more per year, and non-phase-in substances below one tonne per year are now subject to notification rather than registration. If OSHA continues to require a separate Investigation Report for non-phase-in substances manufactured or imported in quantities between 100 kg and one tonne per year, companies would face a dual burden of submitting a notification to MCEE and a separate Investigation

Report to MOEL for the same low-volume substance. This would be difficult to reconcile with the purpose of the AREC amendment, which is to rationalize regulatory requirements for low-volume substances.

Therefore, while respecting the different purposes of the two regulatory regimes, the procedure for submitting hazard information on the same chemical substance should be linked in a more consistent and efficient manner.

Recommendation

The ECCK Chemical Committee respectfully proposes the following improvements to the regulatory framework for non-phase-in substances, with the aim of maintaining the worker protection objective while reducing duplicative administrative burdens on manufacturers and importers.

- First, Article 147 of the Enforcement Rule of OSHA should be amended so that not only registration, but also notification of a non-phase-in substance under Article 10 of AREC is deemed to constitute submission of the Investigation Report under OSHA
- Second, the data-sharing framework between MCEE and MOEL should be improved so that registration data, notification data, hazard review results, and hazard classification and labelling information submitted or generated under AREC can be provided to MOEL. This would address concerns over potential information gaps at the MOEL while reducing duplicative submission burdens on manufacturers and importers
- Third, consideration should be given to recognizing phase-in substances under AREC as substances exempt from hazards and dangers investigation under Article 85 of the Enforcement Decree of OSHA, subject to appropriate safeguards. MOEL’s authority to request additional data may be maintained for substances that require particular attention from the perspective of workers’ health, protection or information leakage
- Finally, in the long term, the regulatory roles of the two regimes should be redefined so that the generation and evaluation of hazard information for the same chemical substances are primarily managed under AREC, while OSHA focuses on confirming the adequacy of workplace-specific exposure conditions and risk management measures

Relevant Act/Regulation	1. Article 108 of the Occupational Safety and Health Act and Article 85 of its Enforcement Decree 2. Notice on Hazards and Dangers Investigation etc. of New Chemical Substances (MOEL, No.2026-25) 3. Article 2 of the Act on Registration and Evaluation of Chemical Substances 4. Notice on Phase-in Substances (MCEE, No.2026-103)
Responsible Authority & Division	Ministry of Employment and Labor (MOEL) Chemical Accident Prevention Division, Ministry of Climate, Energy and Environment (MCEE) Chemical Policy Division
Recommendation Status	Updated

2. Resolving Redundancy in Hazards and Dangers Investigation Exemption Criteria	<u>Issue</u> Under Article 147(1) of the Enforcement Rule of the Occupational Safety and Health Act (OSHA), where a non-phase-in substance has been registered under Article 10 of the Act on Registration and Evaluation of Chemical Substances (AREC), the hazards and dangers investigation report required under OSHA is deemed to have been submitted. This mechanism was introduced to reduce duplicative regulatory burdens between AREC and OSHA.
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However, this mechanism does not fully address cases where a non-phase-in substance is exempt from registration or notification under Article 11 of AREC.

Since the scope of exemptions under AREC does not fully align with the scope of exemptions from hazard/risk investigation under Article 150 of the Enforcement Rule of OSHA, companies may still be required to obtain a separate OSHA exemption confirmation or submit an investigation report even after obtaining exemption confirmation under AREC.

For example, the following substances may be eligible for exemption from registration or notification under AREC, but may still be subject to separate requirements under OSHA due to differences in exemption scope:

- Chemical substances manufactured or imported solely for export
- Substances subject to surface treatment and substances used to treat their surfaces

We fully understand that the hazards and dangers investigation system for non-phase-in substances under OSHA is intended to protect the health of workers handling such substances in workplaces. However, requiring a separate OSHA exemption confirmation or investigation report for substances that have already been confirmed as exempt under AREC may result in duplicative administrative procedures for the same substance.

Recommendation

The ECCCK Chemical Committee respectfully proposes the following regulatory improvements to maintain the worker protection objective under OSHA while reducing duplicative administrative burdens on manufacturers and importers;

- Article 147 and Article 150 of the Enforcement Rule of OSHA should be amended so that where a non-phase-in substance is exempt from registration or notification, or has obtained confirmation of exemption from registration or notification, under Article 11 of AREC, such substance is deemed to have either submitted the hazards and dangers investigation report under OSHA or obtained confirmation of exemption from such investigation.
- The separate confirmation procedure for exemption from hazards and dangers investigation under OSHA should be minimised. Instead, an inter-ministerial data-sharing system should be established between MCEE and MOEL, so that MOEL can directly verify AREC exemption confirmation records. This would reduce the burden on companies of repeatedly submitting similar information to both ministries.

Relevant Act/Regulation	1. Articles 147(1), 150 and 151(1) of the Enforcement Rule of the Occupational Safety and Health Act 2. 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 Climate, Energy and Environment (MCEE) Chemical Policy Division
Recommendation Status	Updated

3. Issue
Allowing Domestic Manufacturers to Use LOCs in MSDS Submissions
Under the current Occupational Safety and Health Act (OSHA), manufacturers and importers of chemical substances or mixtures are required to prepare, submit, and provide Material Safety Data Sheet (MSDS). In particular, products containing substances that meet the hazard classification criteria prescribed under Article 104 of OSHA are subject to MSDS submission requirements. In addition, certain information must also be submitted for substances that do not fall under the hazard classification criteria.

Notwithstanding the above, an exception is currently recognised for imported chemical products. If a foreign manufacturer provides a Letter of Confirmation (LOC) confirming that the product does not contain substances classified as hazardous under OSHA, the importer may submit such an LOC in lieu of disclosing certain substance information. This exception reflects the practical reality that foreign manufacturers often regard detailed product formulations, including non-hazardous substances, as Confidential Business Information (CBI), making it difficult for Korean importers to obtain full compositional information.

However, under the current framework, the use of an LOC is limited to “importers.” Therefore, even where the same product from the same foreign manufacturer is used in Korea as a raw material to manufacture another product, the domestic company may not be able to rely on the same LOC. In such case, the Korean company is regarded as a “manufacturer” under OSHA and is required to submit an MSDS for the final product. To comply with this obligation, the Korean manufacturer must request detailed substance information for the imported raw material from the foreign manufacturer.

The issue is that, even where the imported raw material has been confirmed not to contain substances classified as hazardous under Article 104 of OSHA, the domestic manufacturer is not allowed to use the LOC mechanism currently available to importers. As a result, the Korean manufacturer may face practical difficulties in obtaining the information necessary for legal compliance, while the foreign manufacturer may refuse or restrict disclosure due to concerns over CBI protection. This may also lead to restrictions on transactions or technical cooperation between foreign suppliers and Korean manufacturers.

This issue is particularly relevant to strategic industries such as semiconductors, batteries, displays, and advanced materials, where trace components, additives, and formulation ratios may constitute core technology. Given the nature of these industries, it is often practically difficult for foreign manufacturers to disclose full compositional information directly to Korean customers. As a result, Korean manufacturers may face a conflict between fulfilling their legal obligations and maintaining a stable supply chain.

Accordingly, even where the same supplier, the same raw material, and the same confirmation of non-hazardousness are involved, different substance information submission requirements may apply depending on the way the product is used and the legal status of the Korean company. This may undermine fairness and predictability in regulatory implementation.

Recommendation

This recommendation is not intended to reduce disclosure requirements for substances classified as hazardous or to weaken worker protection. Rather, it aims to rationalize the current framework so that the confirmation process for non-hazardous imported raw materials can be applied equally to both importers and domestic manufacturers.

Under the current framework, importers may submit the relevant LOC issued by a foreign manufacturer in lieu of submitting information on non-hazardous substances. However, domestic companies that use the same imported product as a raw material to manufacture another product in Korea may not be able to rely on the same LOC. As a result, different regulatory burdens may be imposed on the same product depending solely on whether the Korean company is legally regarded as an importer or a manufacturer.

Therefore, the ECCK Chemical Committee respectfully requests that the requirement to submit information on substances not classified as hazardous be improved so that it applies equally to both domestic importers and domestic manufacturers, as follows:

- Where a foreign manufacturer confirms that the product does not contain substances classified as hazardous, domestic manufacturers should also be allowed to submit the relevant LOC
- Where an MSDS has already been submitted for the same

imported product, domestic manufacturers should be allowed to use the previously submitted MSDS for the imported product as supporting documentation when submitting the MSDS for the final product

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	Updated

4. Improvement of CBI Approval Procedure	<u>Issue</u> Under Article 112 of the Occupational Safety and Health Act (OSHA) and Article 161 of its Enforcement Rule, when a chemical name or concentration of a substance subject to Material Safety Data Sheet (MSDS) requirements is to be replaced with an alternative name or alternative concentration range as Confidential Business Information (CBI), prior approval from the Ministry of Employment and Labor (MOEL) must be obtained before manufacture or import. We understand that this system is intended to protect CBI while ensuring that workers receive necessary hazard and risk information.
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However, chemical substances or chemical products used for research and development (R&D) purposes are often not distributed as commercial products, but are used in small quantities and disposed of in controlled environments such as laboratories. Therefore, their exposure patterns and potential risks differ from those of chemicals or products manufactured, imported, or distributed for general commercial purposes. In fact, a study by the Occupational Safety and Health Research Institute (OSHRI)¹ on the MSDS submission and CBI approval review system also identified business delays caused by the review of R&D products and raised the need for regulatory relief for product groups with relatively low risks, such as those handled in small quantities.

MOEL has previously stated that, in consideration of the specific nature of R&D substances, it has been operating a simplified review procedure by allowing certain submission documents, such as materials substantiating the validity of trade secrets, to be omitted when applying for CBI approval. Article 161(2) of the Enforcement

1. OSHRI, 2021, Study on Improvement Measures for the MSDS Submission and CBI Approval Review System

Rule of OSHA also provides that, for R&D chemicals or chemical products, the documents specified in Article 161(1) Items 1 and 6 may be omitted.

However, the current simplification is limited to the omission of certain submission documents, and R&D substances are still subject to the prior CBI approval procedure before manufacture or import. According to the Government²⁴ civil petition guidance, the processing period for MSDS CBI approval applications is indicated as one month, which may still cause delays and uncertainty in R&D activities that are carried out in small quantities, over short periods, and on a repeated basis.

In particular, during the R&D stage, target substances, compositions, and concentrations may change frequently, and whether the substance or product will ultimately be commercialized is often uncertain. Requiring prior approval before each manufacture or import of such substances may undermine the speed and flexibility of R&D activities, while also diverting administrative review resources to cases with relatively low risk potential.

Meanwhile, under the current MSDS system, even where certain substances are treated as CBI, safety information necessary for worker protection, such as hazards and risks, first-aid measures, handling and storage methods, protective equipment, and disposal methods, is still provided. In addition, Article 112 of OSHA allows doctors, health managers, occupational health physicians, and worker representatives to request the actual chemical names and concentrations of substances listed as alternative information where necessary, such as in cases involving serious health impairment to workers.

Therefore, for substances manufactured or imported in small quantities solely for R&D purposes and used and disposed of only in controlled environments, it would be appropriate to shift from a prior CBI approval requirement to an ex post management framework, such as internal recordkeeping and disclosure of actual substance information upon request.

Recommendation
The ECCCK Chemical Committee recommends allowing alternative

names or alternative concentration ranges to be used in the MSDS without prior CBI approval under Article 112 of the Occupational Safety and Health Act when chemicals or mixtures are manufactured or imported in small quantities solely for R&D purposes, provided that certain safety management requirements are met.

Worker protection can be maintained by requiring the same level of hazard, risk, and safety measure information in the MSDS as under the current system, while retaining the actual chemical names and concentrations internally at the workplace and disclosing them promptly upon request by the competent authority or relevant health professionals, or in the event of an occupational accident investigation or emergency. Additional conditions, including prohibition of external distribution, use only in controlled environments, proper disposal after use, and exclusion of high-risk substances, would help ensure that R&D speed and flexibility are improved without compromising worker protection.

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	Updated

5.	<u>Issue</u>
Easing Hazard and Risk Data Submission Criteria for Fragrances in Biocidal Products	On April 18, 2024, the National Institute of Environmental Research (NIER) announced the Notice on the Scope of Hazard and Risk Data Submission for Fragrances in Biocidal Products (hereinafter referred to as the “Notice”), providing guidance on the scope of hazard and risk data to be submitted for fragrances contained in biocidal products. Under the Notice, for products where inhalation exposure is expected due to their dosage form or method of use, submission of hazard data is exempted if the total fragrance content in the product is less than 0.1%, while relevant data must be submitted if the content is 0.1% or higher. The Notice also provides that hazard data must be submitted for substances of concern (SoCs), regardless of concentration, and for allergenic substances where their total content in the product is 0.01% or higher, regardless of exposure route.

We fully understand the regulatory purpose of verifying hazard and

risk information on product components for the safety evaluation of biocidal products. However, fragrances are generally used at very low concentrations in products, and individual fragrance components are often present only at ppm levels. Therefore, requiring the same level of hazard test data for all individual fragrance components may impose an excessive administrative burden, considering their actual contribution to risk and the practical feasibility of obtaining such data.

Furthermore, the current Notice does not provide sufficient clarity as to whether hazard classification and labelling information alone would be accepted for individual fragrance components, or whether the underlying test results, original data, or test and literature data with reliability grade 2 or higher would also be required. This lack of clarity undermines regulatory predictability for industry stakeholders. Considering that the regulation on the preparation scope and methods for biocidal product approval dossiers permits, under certain conditions, the use of alternative data such as QSAR, read-across, and hazard assessment results published by international organizations or foreign governments, clear and reasonable criteria should likewise be established for fragrances, taking into account their low concentrations, actual exposure potential, and practical feasibility of data acquisition.

Fragrances used in biocidal products should not be viewed solely as ingredients added for consumer preference or sales promotion purposes. In some biocidal products, strong characteristic odors may arise from active substances, solvents, surfactants, or other base formulation ingredients. Fragrances may serve an auxiliary function by reducing such raw material odors or malodors, thereby helping users apply the product properly in accordance with its labelled instructions. In consumer products, fragrances are also described as functional ingredients used not only to impart scent but also to mask undesirable odors in formulations.

Biocidal products must be used in accordance with the labelled directions in order to ensure both efficacy and safety. For example, disinfectant labels include information such as target microorganisms, applicable surfaces, directions for use, contact time, and safety precautions, and users are expected to follow such instructions. If the odor of a product is perceived as excessively unpleasant or irritating, users may wipe off the product before the

recommended contact time, reduce the amount used, or avoid using the product altogether. This could lead to use inconsistent with the labelled directions. Therefore, in some products, fragrances may be understood not merely as preference-based ingredients, but as auxiliary functional ingredients that support appropriate usability and user compliance with label instructions.

Such usability considerations are also recognized as important for hygiene products used for public health purposes. The WHO Guidelines on Hand Hygiene in Health Care explain that, when selecting hand hygiene products, user acceptability is a key factor in addition to antimicrobial efficacy, and that product characteristics such as fragrance, consistency, and colour may affect user acceptance. While this guidance does not directly apply to all biocidal products, it provides a useful reference showing that product characteristics can influence actual compliance and sustained use of hygiene and disinfection products.

Recommendation

Accordingly, the ECCK Chemical Committee would like to propose the following improvements to the requirements for submitting hazard data on fragrances.

1. Relaxation of Data Submission Requirements for Low-Concentration, Non-SoC Fragrance Components
Even where the total fragrance content in a product is 0.1% or higher, if an individual fragrance component is present only at a trace level in the product, is not a substance of concern, and does not affect the hazard classification or labelling of the product, the submission of 6-pack toxicity data with reliability grade 2 or higher should not be required as a uniform requirement.

Instead, companies should be allowed to satisfy the requirement by submitting hazard classification and labelling information, publicly available database information, literature data, or supply-chain confirmation documents.

This proposal does not deny the need to verify the components contained in biocidal products. Rather, it seeks to introduce a more proportionate and differentiated approach to data submission for fragrance components whose actual exposure potential and contribution to risk are low.

2. Clarification of Acceptable Hazard Data and Expanded Acceptance of Alternative Data

Clear guidance should be provided on the scope of acceptable data required for individual fragrance components. In particular, the authorities are requested to clarify to what extent the following types of information may be accepted:

- Hazard classification and labelling information under GHS or domestic and foreign CLP systems
- Evaluation reports or safety information issued by internationally recognized fragrance-related organisations, such as RIFM and IFRA
- Hazard assessment reports published by foreign governments or international organizations, such as ECHA, OECD, and EPA
- Non-test data, including QSAR, read-across, and weight-of-evidence approaches
- Supply-chain-based documents, such as full composition letters, Certificates of Analysis (CoA), SDS, or PSDS provided by suppliers

Considering that the current regulation on the preparation scope and methods for biocidal product approval dossiers permits the use of alternative data under certain conditions, we respectfully request that the same principle be clearly applied to fragrances as well.

Relevant Act/Regulation	1. Consumer Chemical Products and Biocides Safety Control Act 2. Notice on hazard and risk data submission criteria for fragrances in biocidal products (NIER, 2024.04.18.)
Responsible Authority & Division	Ministry of Climate, Energy and Environment (MCEE) Chemical Product Management Division, National Institute of Chemical Safety (NICS)
Recommendation Status	Updated

6. Recognition of Overseas Approval and Assessment Data and Introduction of an Expedited Review Process

Issue
The approval system for biocidal active substances and biocidal products plays an essential role in protecting public health and the environment through prior safety assessment. However, requiring repeated submission and review of similar data for substances or products that have already been assessed or approved under major overseas regulatory frameworks, such as the EU BPR and the U.S. EPA system, may increase the burden on both industry and

regulatory authorities.

As Korea's biocidal product approval process is being implemented in phases according to product-type-specific grace periods, improving the speed and predictability of approval reviews is becoming increasingly important. While maintaining the independence of Korea's domestic safety assessment system, reliable overseas approval and assessment data should be used more effectively where appropriate.

The EU BPR provides useful precedents through its system of EU-level active substance approval and product authorisation procedures, including national authorisation, mutual recognition, and Union authorisation. In addition, the UK HSE's GB BPR reform discussions, including the recognition of overseas approvals and risk-based call-in review, may serve as useful references for enhancing the efficiency of Korea's biocidal product approval system.

Recommendation

The ECCK Chemical Committee recommends that the MCEE establish a clear procedure for recognising or referencing overseas approval and assessment data in the domestic review of biocidal active substances and biocidal products, while maintaining the safety and reliability of the approval system.

Data already assessed or approved under major overseas regulatory frameworks, such as the EU BPR and the U.S. EPA system, including assessment reports, hazard and risk assessment results, efficacy data, and authorisation conditions, should be considered reliable reference materials for domestic review.

Where domestic use conditions, exposure scenarios, product formulation, labelling requirements, and potential exposure of vulnerable populations are identical or similar to overseas authorisation conditions, duplicate data submission requirements should be reduced, and the relevant applications should be eligible for expedited review. If domestic conditions differ from overseas authorisation conditions, supplementary data may be requested only to the extent necessary to assess the risk implications of such differences. However, repeated submission of data already assessed overseas should be minimised.

Relevant Act/Regulation	Consumer Chemical Products and Biocides Safety Control Act
Responsible Authority & Division	Ministry of Climate, Energy and Environment (MCEE) Chemical Product Management Division, National Institute of Chemical Safety (NICS)
Recommendation Status	New

Cosmetics

The Korean government has designated the bio-health industry as a key future growth engine and has consistently pursued meaningful regulatory reform, with the Ministry of Food and Drug Safety (MFDS) playing a central role. This proactive approach to regulatory easing has become an important institutional foundation for creating a more dynamic business environment for both domestic and international companies. The ECCK Cosmetics Committee actively embraces this positive momentum and seeks to present strategic recommendations aimed at enhancing the global competitiveness of Korea's cosmetics industry and fostering mutually beneficial growth with multinational corporations. In a rapidly evolving global market, securing both consumer safety and market requires closer alignment with global standards, reducing unnecessary administrative procedures and strengthening international regulatory coherence. These are the core challenges that must be addressed.

These collaborative regulatory improvement efforts will serve as a critical foundation for Korea's emergence as a global hub for beauty and bio-health. Ultimately, by reinforcing mutual trust on the basis of the Korea-EU Free Trade Agreement, we anticipate the realization of shared benefits: a stable business environment for European companies, and the seamless supply of high-quality and safe global products to Korean consumers.

3 Total Key Issues

1. Improvement of the Imported Cosmetics Advance Customs Declaration (EDI) Procedure	<u>Issue</u> According to the Ministry of Trade, Industry and Resources Integrated Public Notice, companies importing cosmetics are required to submit a Standard Advance Customs Declaration via the Electronic Data Interchange (EDI) system and obtain prior approval from the Korea Pharmaceutical Traders Association (KPTA) before customs clearance.
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As this procedure is intended to ensure the safety of imported cosmetics in advance, and in light of the gradual implementation of the Cosmetic Safety Assessment System starting in 2028—

under which product safety responsibility will be assumed by the responsible cosmetic marketing authorization holders—it is necessary to review and improve the current Standard Advance Customs Declaration procedure.

In the EU, cosmetic product information is submitted through the Cosmetic Products Notification Portal (CPNP). In contrast, in Korea, there are many challenges due to the requirement to obtain prior approval from the Korea Pharmaceutical Traders Association.

Recommendation
The ECCK Cosmetics Committee would like to recommend a review of the procedures related to the Standard Advance Customs Declaration for imported cosmetics that currently require prior approval from the Korea Pharmaceutical Traders Association (KPTA) before importation, as stipulated in the Integrated Public Notice.

Relevant Act/Regulation	Integrated Public Notice of the Ministry of Trade, Industry and Resources
Responsible Authority & Division	Ministry of Trade, Industry and Resources (MOTIR) Trade Policy Division, Ministry of Food and Drug Safety (MFDS) Cosmetics Policy Division
Recommendation Status	New

2. Improvement of Sun Protection Factor (SPF) Labelling for Functional Cosmetics	<u>Issue</u> According to the current Enforcement Rules of the Cosmetics Act and related notifications, the Sun Protection Factor (hereinafter "SPF") is to be indicated as an integer within a range of -20% or less of the average value (truncated to the nearest whole number) based on measurement results (e.g., if the average SPF value is '23', the value must be an integer within the range of 19 to 23); however, SPF 50 or higher is required to be labeled as "SPF50+".
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Since the labeling is uniformly set to SPF 50+ regardless of whether the actual measured value approaches SPF 50 or significantly exceeds SPF 60, there are limitations in conveying accurate SPF information to consumers. Furthermore, this differs from the overseas regulation that allows SPF 50 labelling when the actual value is between 50 and 59.9. Consequently, imported products must display SPF values differently from those indicated on the original product, which may instead increase consumer confusion regarding SPF indication. Additionally, it

causes problems such as the additional time and costs for labelling.

Note: In Europe, it is recommended to label products with an SPF value of 50–59.9 as ‘SPF 50’ and those with a value of 60 or higher as ‘SPF 50+’ (European Commission Recommendation 2006/647/EC)

Recommendation

The ECCK Cosmetics Committee recommends an improvement to the UV protection index labelling method so that when the actual UV protection test value is 50–59.9, it can also be displayed as SPF 50.

Relevant Act/Regulation	1. Article 19, Paragraph 4, Subparagraph 2 of the Enforcement Rule of the Cosmetics Act 2. Article 13, Paragraph 2, Subparagraph 1 of the Regulations on the Evaluation of Functional Cosmetics
Responsible Authority & Division	Ministry of Food and Drug Safety (MFDS) Cosmetics Policy Division/Cosmetics Evaluation Division
Recommendation Status	New

3. Improvement of Labelling Requirements of Overseas Manufacturer Information in Imported Cosmetics	<u>Issue</u> 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.
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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 allowing the address to be provided in its original language or in an internationally recognized language such as English for the address of the overseas manufacturer.

Furthermore, as the manufacturer's information submitted for customs clearance is already provided in English, displaying the same information on product labels would ensure consistency with the supporting documentation.

Recommendation

The ECCK Cosmetics Committee recommends that, in the case of

overseas manufacturing sites for cosmetics, the address may be indicated in a language commonly used internationally (English).

This agenda item was accepted at the 2025 MFDS Regulatory Innovation Roundtable and was also submitted as a white paper issue in 2025. Regarding this matter, the competent authority, the Cosmetics Policy Division of the MFDS, has previously provided a review opinion stating that “allowing the name and address of the manufacturer of imported cosmetics to be indicated in the language of the exporting country is acceptable, considering the prevention of mistranslation or labelling errors during Korean translation, as well as ensuring traceability and accuracy of identification.” In light of this, the ECCK respectfully requests a follow-up action on this recommendation.

Relevant Act/Regulation	1. Article 10 of the Cosmetics Act (Labelling Requirements for Cosmetics) 2. 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	Updated

Digital

Recent developments in digital and communications technologies point to an increasing shift toward highly integrated, interconnected, and platform-based ecosystems. Advanced network equipment, mobile operating systems, devices, applications, data, and peripheral products now form the foundation through which businesses deliver services and users access information, connectivity, and digital experiences. As these ecosystems continue to evolve in scale and complexity, the technical and regulatory conditions that determine how technologies are designed and used are becoming increasingly important.

This year, the Digital Committee recommends improving radio station inspection requirements for antenna-integrated 5G and next-generation equipment to ensure that the regulatory framework evolves appropriately in line with technological change. This highlights the importance of ensuring that regulation remains technologically appropriate, transparent, and predictable, while supporting innovation, fair competition, operational reliability, safety, security, consumer choice, and user trust.

Through this recommendation, the ECCK Digital Committee hopes to contribute to continued dialogue among policymakers, industry participants, and other stakeholders, and to support the development of a balanced, competitive, and sustainable digital ecosystem.

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Total Key Issues

	Issue
1. Improvement of the Requirement for Installing Monitoring Ports for Radio Station Inspection	Under the current regulations, performance inspection of mobile communications radio towers is premised on conducted measurement – connecting test instruments directly to a monitoring port. This reflects the architecture of earlier-generation equipment, in which the antenna and the radio were separated and a dedicated connection point could be provided. It is fundamentally misaligned with today’s 5G

equipment in which the antenna and radio are fully integrated, with the inspection practices adopted by major telecom markets.

Since the commercialisation of 5G, Active Antenna System (AAS)-based multiple-input multiple-output (MIMO) equipment—in which the transceiver and antenna are integrated—has become the industry standard. Installing measurement terminals for each individual path significantly increases design complexity, creates upward pressure on costs, and negatively affects durability performance. Furthermore, in next-generation equipment using higher frequency bands, the number of RF paths is expected to expand to the hundreds, making the approach of providing physical measurement terminals technically difficult in itself.

Meeting these Korea-specific requirements necessitates separate hardware design changes and additional manufacturing processes solely for the Korean market, lengthening product launch lead times and increasing uncertainty in supply schedules. In particular, certain models, in which it is impossible to add ports, may be precluded from launching in Korea. There is a concern that top-specification products may not be introduced into the Korean market due to regulatory requirements, regardless of their inherent competitiveness.

The integrated equipment is usually installed at height so the current method—requiring inspectors to physically access the equipment to take measurements—raises worker safety risks.

Recommendation
The ECCK Digital Committee therefore recommends that, at least for the performance inspection of antenna-integrated MIMO radio towers, the installation of a physical monitoring port not be fixed as a mandatory requirement, and that alternative measurement methods without using a monitoring port—be permitted on a regulatory basis.

- First, an OTA (Over-the-Air) measurement method can be applied to evaluate performance while signals are radiated into the air, in line with the integrated antenna structure. OTA is specified by 3GPP as a testing standard, and current regulations premised on monitoring ports are already transitional from an international standards perspective. In the candidate 6G bands, which presuppose beamforming and large-scale arrays, OTA is

the most technically appropriate.

- Second, we recommend examining, in parallel, a remote-monitoring-based inspection method that leverages the operations and management functions inherent in base station equipment to continuously record and submit key indicators. As in Japan, equipment-embedded monitoring enables continuous verification rather than one-off field measurement, thereby reducing the on-site measurement burden without compromising the reliability of the inspection.

If the measurement-port obligation is eased, Korean operators will be able to respond swiftly to technological evolution, and suppliers will be able to deliver products in a timely manner. The highest-specification product lines can be introduced in the domestic market without discrimination.

Furthermore, inspectors will no longer need to be exposed to elevated working environments for extended periods, which is expected to enhance worker safety.

Relevant Act/Regulation	Article 24 of the Radio Waves Act, and Article 36 of its Enforcement Decree, and the Enforcement Rules (Standards for the Inspection of Radio Stations and Radio Application Equipment) [Annex 2] Performance Inspection
Responsible Authority & Division	Ministry of Science and ICT (MSIT) Radio Infrastructure Division, Korea Communications Agency (KCA)
Recommendation Status	New

Hyewon SHIN
Manager
Energy &
Environment
Committee

Energy & Environment

Korea's energy transition and the deployment of renewable energy are important policy priorities for strengthening energy security, advancing carbon neutrality, and enhancing industrial competitiveness. As renewable energy becomes increasingly central to Korea's long-term energy strategy, a stable and predictable policy environment is essential to attracting private investment and enabling projects to move from planning to implementation.

The renewable energy sector requires long-term regulatory clarity, timely infrastructure development, and confidence in market frameworks. Wind power projects, both onshore and offshore, involve long development timelines, substantial upfront investment, and close coordination among government, industry, financial institutions, grid operators, and local stakeholders. In this context, policy consistency and transparent implementation are critical to ensuring that projects can be developed with strong investment confidence and sound project viability.

European companies have extensive experience in renewable energy development, technology, financing, and project execution across global markets. Based on this expertise, European companies remain committed to supporting Korea's renewable energy deployment and energy transition by contributing practical experience, advanced technologies, and long-term investment. The ECCK Energy & Environment Committee will continue to share practical industry perspectives and support the development of a more transparent, competitive, and predictable market environment.

The recommendations in this chapter aim to support Korea's renewable energy ambitions by improving regulatory predictability, strengthening investor confidence, and facilitating fair and effective project development. The Committee looks forward to continued cooperation with the Korean government to help advance Korea's energy transition and foster a sustainable renewable energy ecosystem.

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

Issue

Currently, a significant number of onshore wind Electricity Business Licenses (EBLs) are being cancelled. One of the understood policy intentions behind such cancellations by the Ministry of Climate, Energy and Environment (MCEE) is to provide opportunities for capable new project developers to develop the cancelled project sites.

However, for projects located on privately owned land, Articles 8 and 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 Business apply. Under these provisions, the Effective Area of the cancelled project developer remains valid without limitation even after the EBL is cancelled. As a result, new project developers are prevented from entering the affected areas. The Effective Area extends to a radius of two kilometers, covering approximately 12,561,000 sqm (3.8 million pyeong). Allowing developers whose EBLs have been cancelled, or who lack project execution capability, to indefinitely retain development rights over wind-resource-rich sites hinders the government's renewable energy deployment objectives. It may also create an unintended consequence, including allowing cancelled developers to trade or sell wind measurement permits.

In addition, EBLs are granted based on land-use consent from landowners for the relevant project site, and in most cases, legally valid registered rights over privately owned land have not been secured. To date, there has been no consultation, meeting, or formal engagement with the relevant Korean governmental authority regarding this issue.

Recommendation

The ECCK Energy & Environment Committee recommends that

a validity period also be established for Effective Area of wind measurement equipment for projects located on privately owned land.

Specifically, the Committee recommends deleting the phrase in 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 Business, which states that "provided, however, that no validity period shall be imposed if the project site does not include public land or public waters". This would ensure that the validity period is uniformly limited to three years, regardless of whether the project site includes publicly owned land or privately owned land.

By amending the relevant regulation, which currently allows certain developers to indefinitely occupy wind-resource-rich areas solely by securing wind measurement permit approval, the Committee expects that MCEE will be better positioned to accelerate progress toward its target of deploying 6 GW of onshore wind power by 2030.

Relevant Act/Regulation	Article 8 and 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 Business
Responsible Authority & Division	Ministry of Climate, Energy and Environment (MCEE) Electricity Commission
Recommendation Status	Updated

2. Enhancing Reliability of Pre-disclosed Data and Site Selection for Planned-Site Offshore Wind Auctions

Issue

Under the government-led planned site auction system, sufficient baseline data on project sites should be provided in advance so that developers can assess economic feasibility and make investment decisions. However, the scope and quality of pre-bid site investigation (SI) data to be included in the Basic Plan are not yet clearly codified, creating substantial regulatory uncertainty for developers.

In leading offshore wind markets such as Germany, the Netherlands, and Denmark, governments ensure developer access to pre-survey data by publishing geotechnical

investigation results either on an ongoing basis or at least six months prior to commencement of auction. In particular, these markets provide sufficiently broad and high-quality datasets that allow developers to meaningfully assess site-related risks.

Recommendation

Considering that upfront costs incurred by the government can ultimately be recovered from successful bidders, the ECCK Energy & Environment Committee recommends expanding the scope of geotechnical and geophysical surveys for preliminary sites, and ensuring that the resulting survey data is disclosed in line with European best practices.

In addition, auction sites should be subject to prior technical and economic assessments based on government-led pre-bid survey data, and the assessment results should be disclosed at least six months prior to the commencement of the auction. This would enable developers to conduct sufficient site analysis and submit competitive bid prices under a more predictable and bankable regulatory framework.

Relevant Act/Regulation	Articles 14 and 15 of the Special Act on the Promotion of Offshore Wind Power Distribution and Industrial Development
Responsible Authority & Division	Ministry of Climate, Energy and Environment (MCEE) Offshore Wind Power Promotion Task Force, Ministry of Oceans and Fisheries (MOF) Marine Space Policy Division
Recommendation Status	New

3. Enhancing Evaluation Criteria for Planned-Site Auction and Defining the Collaboration Framework with Public Generation Companies	<u>Issue</u> The evaluation criteria for the planned-site auctions are expected to follow a structure similar to the current Renewable Energy Certificate (REC) auction framework. However, the detailed evaluation categories and scoring criteria for planned-site auctions remain unclear. In addition, the role and incentive structure of Public Generation Companies (GENCOs), which are expected to be integrated into the planned-site auction framework prior to the auction, have yet to be clearly defined. As a result, developers currently face limitations in establishing stable strategic partnerships with GENCOs and making informed
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decisions on whether to participate in the auction.

Recommendation

Since key site-related risks and local acceptance issues are expected to be addressed by the government prior to the planned-site auction, the ECCK Energy & Environment Committee recommends that the evaluation framework place greater emphasis on developers' project execution capabilities, technical capabilities in offshore wind farm operations, and global project delivery experience, in order to ensure long-term project stability and technical maturity.

The Committee also requests that the government provide an early and clear framework regarding the role and incentive structure of GENCOs to be integrated into the planned-site auction framework. This would enable developers to establish strategic partnerships and participate in planned-site auctions with greater certainty and transparency.

Relevant Act/Regulation	Article 15 of the Special Act on the Promotion of Offshore Wind Power Distribution and Industrial Development
Responsible Authority & Division	Ministry of Climate, Energy and Environment (MCEE) Offshore Wind Power Promotion Task Force
Recommendation Status	New

4. Revision of the Calculation Criteria for Occupancy and Use Fees of Public Waters	<u>Issue</u> In 2025, the ECCK Energy & Environment Committee submitted a recommendation noting that the current calculation criteria for fees imposed on the occupancy and use of public waters do not sufficiently reflect the specific characteristics of offshore wind projects. Under the current framework, the fee is calculated based on the land value of the nearest onshore area, rather than the actual site conditions of an offshore wind farm. This approach may result in excessive fees, particularly for projects where the actual value of the offshore site is difficult to assess by reference to nearby land prices, such as floating offshore wind projects located far from the coastline. From the perspective of global investors, this may undermine cost predictability for offshore wind projects.
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In response, the Government stated that, following the introduction of special provisions under the Special Act on the Promotion of Offshore Wind Power Distribution and Industrial Development, it was reviewing the establishment of appropriate calculation criteria for public waters occupancy and use fees in the form of a public notice. The Committee understands this response as recognition by the Government of the need for separate calculation criteria that better reflect the locational and business characteristics of offshore wind projects.

However, as no specific public notice has yet been issued, offshore wind developers continue to face uncertainty regarding the calculation method, scope of application, and timing of application of public waters occupancy and use fees. Offshore wind is a large-scale infrastructure business that requires a long development period and significant upfront investment. Public waters occupancy and use fees can therefore have a direct impact on project costs, bid prices, financing arrangements, and the final assessment of project bankability.

In particular, as the implementation of the Special Act on the Promotion of Offshore Wind Power Distribution and Industrial Development is expected to accelerate the designation of offshore wind zones under a national planned site framework, it is necessary to promptly establish reasonable and predictable fee calculation criteria that reflect the characteristics of offshore wind projects and are aligned with the new regulatory framework.

Recommendation

The ECCK Energy & Environment Committee respectfully recommends that the Government promptly establish the public notice on the calculation criteria for public waters occupancy and use fees applicable to offshore wind projects, as indicated in the Government’s response to the Committee’s 2025 recommendation.

In addition, when establishing the public notice, the Committee requests that the Government clearly specify the scope of application, timing of application, and transitional measures so that reasonable criteria may also apply to existing offshore wind developers that obtained electricity business licences and

have been developing their projects prior to the enforcement of the Special Act on the Promotion of Offshore Wind Power Distribution and Industrial Development.

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

5.
Establishing
Transitional
Measures for REC
Auctions Following
the RPS Phase-out

Issue
Legislative bills have been proposed and are currently under review by the competent standing committee of the National Assembly to phase out the Renewable Portfolio Standard (RPS) and transition the current Renewable Energy Certificate (REC) fixed-price contract auction into a more price-based auction system. The government is also planning to abolish the RPS system in 2027.

However, existing offshore wind projects have assessed project economics and made investment decisions based on the current RPS framework employing the REC multipliers system. Therefore, if the auction structure is changed abruptly during the transition period without appropriate consideration of existing revenue assumptions and REC multiplier mechanisms, it could undermine economic viability of projects already under development and negatively affect financing capability and investment continuity.

In particular, offshore wind projects are large-scale infrastructure investments involving long-term permitting, grid connection, financing, and supply chain commitments. Therefore, transitional measures are necessary to protect investment confidence and regulatory predictability for existing projects during the policy transition.

Recommendation

The ECCK Energy & Environment Committee recommends establishing transitional measures that would allow existing projects to participate in auctions based on the current REC multiplier framework for at least one year following the RPS phase-out.

In addition, during the early stage of the market transition, the Committee proposes introducing a temporary measure to designate KEPCO as the sole offtaker for REC fixed-price contracts.

Such measures would help ensure investment continuity for projects already under development and maintain investor confidence in the Korean offshore wind market even after the RPS phase-out.

Relevant Act/Regulation	1. Article 12-13 and Article 2 of the Addenda to the proposed amendment to the Act on the Promotion of the Development, Use and Diffusion of New and Renewable Energy (Bill No. 8391) 2. Article 12-14 and Article 2 of the Addenda to the proposed amendment to the Act on the Promotion of the Development, Use and Diffusion of New and Renewable Energy (Bill No. 15929)
Responsible Authority & Division	Ministry of Climate, Energy and Environment (MCEE) Offshore Wind Power Promotion Task Force/Renewable Energy Policy Division
Recommendation Status	New

6. Policy Measures to Mitigate Offshore Wind Investment Risks Amid Macroeconomic Deterioration	<u>Issue</u> Offshore wind projects are characterised by high upfront capital expenditure and a strong dependence on global supply chains, including foreign-currency-denominated equipment, offshore construction, and installation vessels. As a result, increases in interest rates, exchange rate fluctuations, rising raw material costs, and supply chain bottlenecks act as exogenous risks that are difficult for developers to control.
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In contrast, under the fixed-price contract scheme, bid prices are locked in over a long period. Therefore, when macroeconomic conditions change significantly, particularly in an adverse direction, developers may be unable to fully recover increased costs. This can lead to reduced participation in bidding, delays in financial close, project delays after winning bids, and postponed investments in the domestic supply chain. In practice, the recent depreciation of the Korean Won by approximately 20–30% over the past year may result in an estimated increase of around 10% in the levelized cost of energy (LCOE).

Recommendation
In light of these challenges, the ECCK Energy & Environment Committee recommends (i) introducing settlement price adjustment mechanisms linked to inflation, (ii) expanding guarantee and financial support schemes, and (iii) establishing provisions to support foreign exchange hedging costs.

Relevant Act/Regulation	1. Competitive Bidding Scheme for Wind Power Fixed-Price Contracts 2. Rules on the Issuance of Renewable Energy Certificates and the Operation of the Trading Market 3. Notice on the Renewable Portfolio Standard (RPS)
Responsible Authority & Division	Ministry of Climate, Energy and Environment (MCEE) Renewable Energy Policy Division/Offshore Wind Power Promotion Team, Ministry of Finance and Economy (MOFE) International Finance Bureau Foreign Exchange System Division
Recommendation Status	New

7. Clarifying Criteria for Grid Connection Capacity Reallocation to Protect Genuine Offshore Wind Developers	<u>Issue</u> Under the current grid connection management framework, detailed criteria for identifying speculative or delayed projects—such as evaluation milestones, the developer’s right to provide explanations, and the sequence for reallocation—are not explicitly defined in the regulations. In addition, the current approach to grid capacity withdrawal and reallocation tends to favor solar PV projects, which can be developed and constructed within a relatively short timeframe.
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Offshore wind projects, by contrast, require extended timelines, as permitting, financing, and supply chain contracting processes are carried out in parallel. As a result, grid uncertainty directly affects financial close and construction schedules. Therefore, grid reallocation should take place approximately five to six years prior to the commercial operation date (COD) to allow developers to respond effectively.

Recommendation
In light of the above, the ECCK E&E Committee recommends that evaluation criteria, developer clarification procedures, and the

sequence for grid capacity reallocation be explicitly stipulated in the Regulations on the Use of Transmission and Distribution Facilities or other relevant regulations, notices or administrative guidelines.

Relevant Act/Regulation	1. Electric Utility Act 2. Article 22 of the Regulations on the Use of Transmission and Distribution Facilities (Termination of Use Agreement, etc.)
Responsible Authority & Division	Ministry of Climate, Energy and Environment (MCEE) Power Grid System Policy Division/Power Grid System Operation Division, Korea Electric Power Corporation (KEPCO), Korea Power Exchange (KPX)
Recommendation Status	New

8.	<u>Issue</u>
Ensuring Timely Grid Connection and Institutionalising Compensation Mechanisms for Grid Connection Delays	Timely grid connection is one of the most critical factors affecting the bankability of offshore wind projects. Although the government plans transmission infrastructure in advance for planned-site auctions, timely grid connection is not guaranteed, and this remains a significant risk for post-award financing. In addition, under the planned-site auction framework, the transmission system operator (TSO) is required to construct common grid connection facilities when the grid capacity of adjacent projects exceeds 1 GW. However, the scope of such facilities is delegated to subordinate regulation, creating uncertainty as to whether offshore export cable infrastructure will be included. In leading European offshore wind markets such as Germany, the Netherlands, and France, national transmission system operators are responsible for planning, constructing, and operating transmission infrastructure from offshore substations to onshore grid facilities. Furthermore, these markets have institutionalised financial compensation mechanisms for delayed grid connection based on the principle of no-fault liability. <u>Recommendation</u> The ECCK Energy & Environment Committee recommends clearly defining the scope of common grid connection facilities to be constructed by the TSO under the Offshore Wind Special Act, as

originally proposed in the draft legislation, as covering offshore export cables through to onshore grid facilities. This would help prevent duplicate investment by developers and improve overall grid stability.

Delayed grid connection ultimately increases project costs and may lead to higher electricity prices for consumers. Therefore, the Committee recommends establishing a framework that clearly guarantees grid connection timelines and provides compensation mechanisms for delays, as well as corresponding contract term protections or extensions, in order to facilitate project financing and minimise financing costs.

Relevant Act/Regulation	Article 27 of the Special Act on the Promotion of Offshore Wind Power Distribution and Industrial Development
Responsible Authority & Division	Ministry of Climate, Energy and Environment (MCEE) Offshore Wind Power Promotion Task Force/Power Grid System Policy Division
Recommendation Status	New

9.	<u>Issue</u>
Strengthening the link between Transmission Service Agreement and Power Purchase Agreements to Reduce Uncertainty for Genuine Offshore Wind Developers	The Regulations on the Use of Transmission and Distribution Facilities currently restrict the grounds for postponing the commencement date to the approval or notification of construction plans for electricity use facilities. As a result, they do not reflect practical conditions for postponement, such as the execution of a Power Purchase Agreement (PPA) or financial close (FC), thereby creating uncertainty in financial institutions' risk assessments. In addition, when the “connect-and-manage” approach (i.e., connection prior to full grid readiness with curtailment) is applied to ensure grid stability, there is currently no compensation mechanism for curtailed output. This may reduce the profitability of long-term fixed-price projects and highlights the lack of institutional mechanisms to support revenue predictability, design efficiency, and bankability assessments. <u>Recommendation</u> Accordingly, the ECCK Energy & Environment Committee

recommends that the Transmission Service Agreement (TSA) formally recognise practical grounds for postponement of the commencement date, such as the execution of a Power Purchase Agreement (PPA) and financial close (FC) and establish clear compensation mechanisms for curtailed output.

Relevant Act/Regulation	1. Electric Utility Act 2. Article 20, Article 29 of Regulations on the Use of Transmission and Distribution Facilities 3. Rules on the Issuance of Renewable Energy Certificates and the Operation of the Trading Market
Responsible Authority & Division	Ministry of Climate, Energy and Environment (MCEE) Power Grid System Policy Division, Korea Electric Power Corporation (KEPCO) Grid Planning Department / Distribution Planning Department, Korea Power Exchange (KPX)
Recommendation Status	New

10. Ensuring Revenue Recognition and Offtake Arrangements for RECs Issued during Phased	<u>Issue</u> Following the 2025 amendment to the Renewable Energy Certificate (REC) regulation, the eligibility date for REC issuance under phased pre-use inspections has been clarified as the date of initial approval for the commencement of electricity trading. However, it remains unclear whether RECs issued during the commissioning period can be incorporated into fixed-price contracts, or through which channel such RECs can be sold if the REC spot market is reduced or phased out.
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In particular, even projects selected under REC fixed-price contracts after the RPS phase-out may face difficulties monetising RECs issued during phased commissioning prior to full commercial operation. Large-scale offshore wind projects typically undergo extended phased commissioning periods. Therefore, recognition of commissioning-period REC revenues has a direct impact on early-stage cash flow, financing costs, and overall project bankability.

Recommendation

The ECCK Energy & Environment Committee recommends reviewing measures to allow RECs issued during the commissioning period to be included under fixed-price contracts by adjusting

the contract applicability date from the current final pre-use inspection date to the initial pre-use inspection date.

In addition, in preparation for the potential reduction or phase-out of the REC spot market, the Committee recommends establishing a clear offtake pathway through obligated purchasers or designated offtakers. For example, under the Rules on the Issuance of Renewable Energy Certificates and the Operation of the Trading Market, offshore wind projects exceeding 100 MW may reach their commercial operation date (COD) 70 to 78 months, or approximately 6 to 6.5 years, after the execution of the REC sales contract. In this regard, it is necessary to provide a sufficient grace period during the transition from the current system to the new system, or to introduce additional regulatory measures to secure sales channels for commissioning-period RECs.

Such measures would help mitigate revenue gaps arising during the phased commissioning of large-scale offshore wind projects and improve project bankability, financing assessments, and overall investment stability from the perspective of financial institutions.

Relevant Act/Regulation	1. Competitive Bidding Scheme for Wind Power Fixed-Price Contracts 2. Rules on the Issuance of Renewable Energy Certificates and the Operation of the Trading Market 3. REC Spot Market Operation Standards
Responsible Authority & Division	Ministry of Climate, Energy and Environment (MCEE) Offshore Wind Power Promotion Task Force/ Renewable Energy Policy Division
Recommendation Status	New

Family Friendly Future

Korea is undergoing rapid changes in its labor market structure, driven by ultra-low birth rates and accelerated population aging. These shifts are contributing to labor shortages, growing caregiving demands, and career interruptions, prompting both employers and employees to adapt.

The ECCK Family Friendly Future Forum examines how companies can evolve their workforce management practices and working environments in response to these demographic changes. It treats family-friendly workplace practices not simply as employee benefits, but as strategic drivers of labor market sustainability and long-term business competitiveness. In this context, the Forum places particular emphasis on ensuring that policies are actively used and effectively embedded in day-to-day operations

Through the recommendations outlined, the ECCK Family Friendly Future Forum seeks to move the discussion forward by strengthening policy effectiveness, encouraging greater corporate participation, and enhancing employee awareness and utilization of family-friendly policies.

As a result, access to information and early-stage care opportunities is constrained, and national health screening systems and public-private collaboration frameworks for prevention and early diagnosis are not yet sufficiently established. This gap may influence individuals' reproductive health management and future family planning decisions, thereby limiting the effectiveness of broader fertility policies.

In addition, while some companies have introduced related benefits and health programs, institutional mechanisms to scale and systematically support these efforts remain insufficient.

Recommendation

The ECCK Family-Friendly Future Forum recommends strengthening preventive reproductive health policies by improving access to education, early diagnosis, and fertility preservation support, while enhancing public-private collaboration.

Strengthening links with public education systems, national health screening frameworks, and workplace health programs would support timely reproductive health management and facilitate early detection. For example, this may include integrating reproductive health education into public education and workplace training systems, as well as expanding the scope of basic reproductive health screenings within national health check-ups, such as Anti-Müllerian Hormon (AMH) testing and semen testing.

In addition, expanding institutional support for fertility preservation and encouraging corporate participation would help protect reproductive choices and promote family-friendly workplace environments. Incentives, such as tax benefits and certification schemes, could support the expansion and wider adoption of existing programs.

3
Total Key Issues

- 1. Strengthening Preventive Reproductive Healthcare Policies for Young Adults

Issue
While post-treatment policies such as preconception health screening and financial support for infertility treatments have been expanded to address ultra-low fertility, preventive reproductive health management for young adults remains limited. Preventive reproductive health measures remain underdeveloped compared to post-treatment policies, limiting early access to information and care for adolescents and young adults.

Relevant Act/Regulation	1. Article 14 of the Enforcement Decree and Article 11-7 of the Enforcement Rules of the Maternal and Child Health Act 2. Health Plan 2030 under the National Health Promotion Act 3. Article 29 of the Occupational Safety and Health Act and the Safety and Health Education Regulations
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Responsible Authority & Division	Ministry of Health and Welfare (MOHW), Ministry of Employment and Labor (MOEL)
Recommendation Status	New

2. Expanding Adult Immunisation to Strengthen a Prevention-oriented Healthcare System
- Issue
- As population aging accelerates, the financial burden on the national health insurance system continues to increase. However, the current healthcare system remains largely treatment-oriented, limiting its ability to ensure long-term sustainability. Adult immunisation policies remain limited in scope, with key vaccines for older populations still relying heavily on out-of-pocket payment, restricting access to essential preventive care.

In particular, as healthcare expenditure for those aged 65 and above continues to rise, there is a growing need to shift from post-illness intervention to prevention-oriented approaches. Limited access to vaccines such as shingles and respiratory syncytial virus (RSV) increases health risks among older adults and places additional caregiving burdens on families, with potential negative implications for labour force participation and work-life balance.

While some companies have introduced vaccination support as part of employee health management, institutional mechanisms to systematically expand these efforts remain underdeveloped.

Recommendation

The ECCK Family-Friendly Future Forum recommends expanding adult immunisation policies and strengthening prevention-oriented healthcare frameworks through improved coverage, sustainable financing mechanisms, and enhanced public-private collaboration.

Expand the national immunisation program and improve affordability to support healthier aging and reduce long-term system burdens. For example, this may include broader access to vaccines targeting older populations, such as shingles and respiratory syncytial virus (RSV).

In addition, to improve accessibility to vaccinations whilst ensuring fiscal sustainability, it is necessary to design a more balanced cost-sharing structure between the government and individuals.

Moreover, there is a need to establish evaluation frameworks that capture broader socio-economic outcomes, such as sustained labor participation and reduced absenteeism, during the policy implementation and expansion process.

Strengthen incentives for employer participation and public-private collaboration to support workforce health and productivity, while reducing the burden on both businesses and families. For example, tax incentives and certification schemes could encourage the wider adoption of employer-led vaccination support programmes.

Relevant Act/Regulation	Article 24 of the Infectious Disease Control and Prevention Act
Responsible Authority & Division	Ministry of Health and Welfare (MOHW), Korea Disease Control and Prevention Agency (KDCA)
Recommendation Status	New

3. Enhancing Effective Incentive Mechanisms to Promote Family-Friendly Policies
- Issue
- The government has introduced various initiatives to promote a family-friendly and work-life balance culture, including certification programs, best company designations, and incentive schemes. Certified companies benefit from measures such as additional points in public procurement, financial support, and administrative advantages.

However, the utilisation of these incentives remains limited and uneven, and the fragmented structure across ministries and programs makes it difficult for companies to clearly understand eligibility criteria and access pathways. In addition, the current scale and scope of incentives are insufficient to meaningfully influence corporate decision-making, particularly in areas such as investment and workforce management.

Recommendation

The ECCK Family-Friendly Future Forum (FFFF) recommends strengthening and streamlining existing incentive frameworks for companies implementing family-friendly policies, in order to encourage broader corporate participation.

Addressing the fragmented structure of incentives across ministries and improving policy coherence would enable companies to more

easily understand eligibility criteria and access available support. Enhanced coordination among major government programs would further improve usability and policy effectiveness.

Expanding the scope and impact of incentives would allow companies to better anticipate potential benefits and incorporate them into business decisions. Incentives should be strengthened to meaningfully influence corporate investment and workforce management decisions, while providing practical support that reflects the costs associated with adopting and maintaining family-friendly practices.

Relevant Act/Regulation	1. Act on the Promotion of Creation of Family-Friendly Social Environment, Article 15 (Certification of Family-Friendly Companies) 2. Act on Equal Employment and Support for Work-Family Reconciliation, Articles 4, 19, etc. (Provisions related to work-family balance support)
Responsible Authority & Division	Ministry of Gender Equality and Family (MOGEF) Family Policy Division/Family Friendly Division, Ministry of Employment and Labor (MOEL) Women's Employment Policy Division/Work Culture Improvement Policy Division
Recommendation Status	New

Sunyoung KANG
Manager
Fashion & Retail
Committee

Fashion & Retail

The fashion & retail industry continues to experience significant regulatory developments driven by digital transformation, sustainability, product safety, and evolving global supply chains. As international regulatory frameworks continue to evolve, greater alignment with global standards has become increasingly important to improving business predictability while maintaining a high level of consumer protection.

The ECCK Fashion & Retail Committee works closely with industry and the Korean government to identify practical regulatory challenges and promote balanced policy recommendations covering product labelling, product safety, customs procedures, sustainability, and market access. Through constructive dialogue with relevant authorities, the Committee continues to support practical and internationally aligned regulatory improvements.

The recommendations presented in this White Paper reflect both international regulatory developments and the practical experience of industry. They seek to support regulatory modernization, improve predictability for businesses, and promote a transparent and competitive regulatory environment while maintaining effective consumer protection.

6

Total Key Issues

1.
Expanding the
Use of QR Codes
and Improving
the Regulatory
Framework
for the Digital
Transformation of
Product Information

Issue
As digital transformation and sustainability requirements continue to expand globally, the use of digital tools such as QR codes to provide product information is becoming increasingly widespread. In particular, the European Union (EU) is advancing the implementation of the Digital Product Passport (DPP) framework under the Ecodesign for Sustainable Products Regulation (ESPR), establishing a regulatory foundation for the digital provision of product-related information.

In response, global companies are developing systems that enable consumers to access information such as product origin, material composition, care instructions, and sustainability-related data through QR codes and other digital means. Discussions on the introduction of frameworks for the digital provision of product information are also gaining momentum in major markets worldwide. In contrast, Korea’s product labelling framework under the Electrical Appliances and Consumer Products Safety Control Act remains largely focused on physical labelling, with limited scope for the use of QR codes and other digital methods. In particular, although the volume of information required to be provided to consumers for textile products and consumer goods continues to increase, the use of digital information delivery remains restricted, creating challenges in responding to evolving global regulatory and industry trends.

As international frameworks for the digital provision of product information continue to develop, maintaining a predominantly physical labelling system may require companies to operate separate product information schemes for different jurisdictions, increasing compliance burdens and reducing regulatory alignment. Accordingly, it is timely to review improvements to Korea’s labelling framework in light of international developments.

Recommendation

The ECCK Fashion & Retail Committee recommends that the current labelling requirements be revised to allow care instructions and other supplementary product information for textile products, including apparel and footwear, to be provided through QR codes, while maintaining existing requirements for mandatory safety-related information.

Furthermore, taking into account global developments in digital product information systems, including the Digital Product Passport (DPP), and the regulatory direction of Korea’s major trading partners, we recommend that the government establish clear standards governing the use of QR codes for product information. We also encourage the gradual introduction of frameworks for the digital provision of product information supported by relevant guidelines and pilot programmes.

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

2.	<u>Issue</u>
Request for Reasonable Criteria on Labelling Method of Important Information on Footwear Products	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 compromise product quality. This leads to increased processing steps and labour costs, which in turn raises consumer prices.

While the industry fully supports the objective of providing consumers with appropriate product information, there are concerns that expanding the current recommendation into a mandatory requirement may create significant practical challenges, given the structural characteristics of footwear products and the realities of global manufacturing and supply chains. Furthermore, additional manufacturing, labour, and quality control costs could ultimately be passed on to consumers. Accordingly, while maintaining the underlying objective of consumer protection, industry stakeholders have consistently called for a more flexible regulatory approach that takes into account the specific characteristics of footwear products and the practical feasibility of implementation.

Recommendation

The ECCK Fashion & Retail Committee acknowledges the policy objective of strengthening consumer protection through the provision of important information on footwear products. However, given the diverse structures, materials, and production and distribution conditions of footwear products, there are cases where the application of this recommendation may be difficult. Accordingly, careful consideration should be given before applying the same labelling method uniformly to all footwear products.

Therefore, we respectfully request the deletion of Note 1 under Annex 1 of the Safety Standards for Household Products Subject to Compliance with Safety Standards, 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.” Alternatively, we request that the scope of application of this provision be reviewed. Furthermore, we request that the operation of this requirement be reviewed in consideration of the characteristics of footwear products and industry realities, so that this recommendation will not be expanded into a mandatory requirement in the future.

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	<u>Issue</u> Annex 3 of the Korea Customs Service’s Notice on the Operation of the Country of Origin Labelling System sets out detailed country of origin marking requirements for individual product categories. While certain products, such as cosmetics (HS 3304) and perfumes (HS 3303), may display the country of origin on the smallest retail packaging, other items, including mirrors (HS 7009), brushes (HS 9603), and eyelash curlers (HS 8203), are required to be marked directly on the products themselves.
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However, for products such as mirrors, brushes, and eyelash curlers, consumers typically rely on the country of origin information displayed

on the retail packaging when making purchasing decisions. In many cases, the country of origin marking on the product itself provides limited additional value once the product is in use. Furthermore, due to the characteristics of these products, direct marking may be difficult to apply, often requiring the retail packaging to be opened prior to customs clearance. This process may result in product damage, increased labour costs, and customs clearance delays.

In addition, major trading partners, including the European Union, Japan, China, Vietnam, and Thailand, generally permit country of origin marking on retail packaging for comparable products. As a result, differences between Korea’s requirements and international practices continue to create additional compliance burdens for companies.

As the country of origin marking system operates through both overarching regulatory principles and product-specific implementation requirements, there is a need to establish more practical and balanced standards that take into account consumer protection objectives, product characteristics, consumer purchasing behaviour, and actual distribution practices. Continued review and coordination among the relevant authorities will also be important to support the effective operation of the system.

Recommendation

The ECCK Fashion & Retail Committee recommends that products such as mirrors (HS 7009), brushes (HS 9603), and eyelash curlers (HS 8203), for which consumers can readily verify country of origin information through retail packaging at the point of purchase, be permitted to satisfy the country of origin requirements by marking only the smallest retail packaging.

Furthermore, as the country of origin marking system is governed by both overarching regulatory principles and product-specific implementation requirements, we recommend that the relevant authorities review potential improvements to the system through inter-agency consultation in order to ensure regulatory consistency and better reflect actual distribution practices. Should such discussions take place, we also encourage the authorities to provide opportunities for dialogue with industry stakeholders so that practical business perspectives may be adequately considered during the review process.

Relevant Act/Regulation	Foreign Trade Management Regulations, Notice on the Operation of the Country of Origin Labelling System
Responsible Authority & Division	Ministry of Trade, Industry and Resources (MOTIR), Korea Customs Service (KCS) Fair Trade Review Division
Recommendation Status	Retained

4. Enhancing Flexibility in the Labelling Standards for Leather Products	<u>Issue</u> 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 product traceability. However, leather products are generally manufactured overseas and imported after a certain period of time. Due to short product life cycles, diverse product models, and complex supply chains, obtaining and verifying manufacturing date information is often difficult.
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Importers face additional challenges in collecting such information due to language and time zone barriers with overseas manufacturers, resulting in ongoing administrative and logistical burdens. Furthermore, unlike products such as cosmetics, leather products are not typically managed through batch-based production systems, making it difficult to accurately identify and track the manufacturing date of individual products. At the same time, alternative information such as serial numbers, date of importation, and initial sales season is often already managed in practice and can serve the purpose of product traceability. Nevertheless, leather products remain subject to a single mandatory labelling requirement based solely on the manufacturing date.

In comparison, similar product categories such as household textile products and sunglasses allow for multiple labelling options, providing greater flexibility in meeting regulatory requirements. While maintaining the objective of product traceability, it is timely to consider a more flexible approach that better reflects the characteristics of leather products and actual distribution practices.

Recommendation

The ECCK Fashion & Retail Committee recommends that the labelling requirements for leather products be revised to

allow alternative traceability information, such as the date of importation, initial sales season, or serial number, in addition to the manufacturing date.

Furthermore, while maintaining the objective of product traceability, we encourage the authorities to introduce greater flexibility into the labelling requirements for leather products by taking into account product characteristics and actual management practices. In particular, we recommend reviewing the possibility of allowing businesses to choose from multiple traceability indicators, similar to the approach applied to comparable product categories such as household textile products and sunglasses.

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

5. Improvement of Customs Clearance Procedures and Risk-Based Inspection Practices for Imported Footwear Products	<u>Issue</u> Importing companies in Korea distribute a wide range of footwear products through global supply chains, with a significant portion of customs clearance procedures being handled through Busan Customs. Under the Customs Act, customs authorities are authorised to inspect imported goods to verify compliance with relevant regulations, including product classification, country of origin marking, intellectual property rights protection, and customs clearance requirements. However, footwear products are frequently subject to physical inspections, resulting in repeated procedures such as inspection scheduling, container transfers, unpacking, and repackaging. These processes can lead to customs clearance delays, which may affect sales schedules and overall logistics operations, particularly for seasonal sports and fashion products that rely on timely market supply.
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In addition, inspections often generate additional logistics and operational costs, including container movement fees, loading and unloading expenses, inspection-related charges, and increased labour requirements. These costs create a significant burden for importing companies. Furthermore, inspections are sometimes conducted repeatedly on companies with long-standing records of

customs compliance and stable import operations. This has raised questions regarding consistency with the objectives of compliance-based customs administration. To enhance both administrative efficiency and business predictability, there is a need to further expand inspection practices based on actual risk assessments.

Recommendation

The ECCK Fashion & Retail Committee recommends that customs authorities reduce inspection rates and expand document-based reviews for companies with proven records of customs compliance, taking into account factors such as compliance history, previous violations, repeated imports of identical products, and supply chain stability.

We also recommend expanding risk-based inspection practices by focusing inspection resources on material risk factors, including new trading relationships, compliance violations, country-of-origin risks, and the potential infringement of intellectual property rights.

For products that have been imported consistently under the same conditions over an extended period, we encourage the introduction of measures that enhance predictability, such as simplified inspection procedures, reduced inspection frequency, or fast-track programs.

In addition, we recommend expanding opportunities for regular dialogue between customs authorities and importing companies to facilitate the exchange of practical concerns and discussion of potential improvements to customs clearance procedures.

Relevant Act/Regulation	Notice on Customs Clearance Procedures for Imports
Responsible Authority & Division	Korea Customs Service
Recommendation Status	New

6.	<u>Issue</u>
Promoting the Effective Use of the Mutual Recognition Framework for Safety Verification Test Results for Infant Textile Products	Under Article 22(3) of the Special Act on the Safety of Children's Products, safety verification testing and inspection for infant textile products must be conducted through designated domestic testing and inspection agencies. As a result, products that have already undergone extensive safety testing and verification overseas are often required to undergo additional testing and certification procedures in Korea. This creates additional costs,

administrative burdens, and delays for companies.

At the same time, Article 22(7) of the Special Act on the Safety of Children's Products permits domestic and foreign testing and inspection agencies to enter into agreements for the mutual recognition of product safety verification test and inspection results. The Enforcement Rule of the Act also provides relevant requirements and procedures. However, there appear to be few practical examples of the system being utilised, and information regarding applicable procedures, implementation practices, and the scope of recognition remains limited.

Furthermore, even when testing is conducted by accredited overseas laboratories in accordance with Korean safety standards, the extent to which such test results may be utilised remains unclear. Consequently, companies often continue to rely on additional testing through domestic laboratories. Despite the existence of a legal framework for mutual recognition, industry stakeholders have indicated that the practical benefits of the system remain limited. The ECCK Fashion & Retail Committee believes that continued efforts are needed to ensure that the mutual recognition framework operates in a manner that reduces unnecessary duplicate testing and reflects the realities of international trade.

Recommendation

The ECCK Fashion & Retail Committee recommends that the authorities review the current operation of the mutual recognition framework permitted under the Special Act on the Safety of Children's Products and assess how the system can be utilised more effectively in practice.

It is further recommended that clear guidelines be established regarding the acceptance and use of test results issued by accredited overseas laboratories that conduct testing in accordance with Korean safety standards. Relevant procedures, requirements, and practical implementation measures should also be communicated transparently to industry stakeholders and testing institutions.

In addition, the Korea Agency for Technology and Standards is encouraged to support cooperation between domestic and

overseas testing institutions and to facilitate regular dialogue with industry stakeholders to identify and address practical challenges in utilising the mutual recognition framework.

Relevant Act/Regulation	Special Act on the Safety of Children's Products
Responsible Authority & Division	Korea Agency for Technology and Standards (KATS) Consumer Product Safety Division
Recommendation Status	Retained

Hyokyung SUH
Director
Food
Committee

Food

The ECCCK Food Committee made progress enhancing regulatory transparency and communication, with several recommendations accepted or partially accepted by the Ministry of Food and Drug Safety (MFDS). Notably, there are now improvements in the provision of English-language information related to foreign food facility inspections and in the expansion of communication channels between authorities and industry stakeholders. However, despite these advancements, the general availability of detailed English guidance remains limited, particularly for foreign food facilities and global headquarters seeking to ensure compliance with Korean regulations.

In 2026, the Committee plans to submit recommendations to the Ministry of Climate, Energy and Environment that are similar in nature to those previously addressed to the Ministry of Food and Drug Safety in 2025. In particular, the continued lack of sufficient and practical English-language materials across regulations, including those related to packaging and recycling information, has emerged as a common issue. This gap limits accurate interpretation by overseas stakeholders and frequently results in inefficiencies, including duplicated administrative procedures and post-market corrective actions. Addressing these structural limitations will improve regulatory predictability for international businesses, facilitate smoother international cooperation, and enhance overall compliance and competitiveness within the food sector.

3

Total Key Issues

1. Proposal for the Digitalisation of Health Certificates

Issue
For livestock processed products (such as sterilised meat, eggs, and dairy products) and animal-origin foods (including meat and egg-containing processed products) exported from the EU, health certificates have been submitted to two Korean government authorities—the Ministry of Food and Drug Safety (MFDS) and the Animal and Plant Quarantine Agency (APQA)—using the EU harmonised certificate format since 1 March, 2026, replacing the

previously agreed-upon formats by each exporting country.

In EU exporting countries, certificates are now issued in a standardised EU harmonised format through the Trade Control and Expert System (TRACES), an integrated electronic documentation system. The MFDS has established a system to enable the submission of electronic health certificates and is currently operating it on a pilot basis, with full implementation expected within the year. However, as the necessary infrastructure for electronic submission to the Animal and Plant Quarantine Agency has not yet been established, it is anticipated that the same certificate will need to be submitted both electronically (to MFDS) and in hard copy (to APQA), resulting in a dual submission process.

The EU harmonised certificate includes information on the heat treatment applied to the relevant food product. However, for designated quarantine items used as ingredients in finished products (e.g., egg yolk used in ice cream), heat treatment certification continues to be issued using separate formats specific to each exporting country.

Although the certificate format has been consolidated under the EU harmonized system, certain supporting documents are not issued through the TRACES platform. As a result, these additional certificates must still be requested separately from, and issued by, the respective exporting countries. This fragmented documentation requirement may limit the full benefits of electronic certification and should be taken into account when promoting the transition to a fully digital system.

Recommendation

The ECCK Food Committee respectfully requests that both relevant authorities establish systems to enable the submission of health certificates in electronic format. This is expected to contribute to the simplification of administrative procedures between exporting and importing countries, enhance operational efficiency for businesses, reduce costs, and improve document management and security.

In addition, when developing the electronic documentation system, consideration should also be given to simplifying the required submission documents. In particular, we recommend

exploring the development of a unified format for heat treatment certificates applicable to designated quarantine items used as ingredients in finished products, or alternatively, incorporating such information into the existing EU harmonised certificate.

Relevant Act/Regulation	Act on the Prevention of Contagious Animal Diseases
Responsible Authority & Division	Animal and Plant Quarantine Agency (APQA) Animal Quarantine Department
Recommendation Status	New

2.	<u>Issue</u>
Request for English Guidelines to Support the Global Implementation of the Packaging Material and Structure Evaluation System	The Packaging Material and Structure Evaluation System is a key policy designed to promote recycling and applies equally to imported food products. However, in practice, the absence of sufficient English-language resources creates significant challenges in effectively communicating requirements to overseas manufacturers.
	In particular, while some higher-level regulations are partially available in English, the Ministry of Climate, Energy and Environment's notifications and detailed operational guidelines—which contain the actual evaluation criteria—are largely provided only in Korean. This makes it difficult for overseas headquarters and manufacturers to fully understand the requirements and accurately incorporate them into product design.

As a result, discrepancies in interpretation frequently occur, leading to inefficiencies. Instead of enabling proactive compliance, these challenges often result in the need for modifications after product launch.

Recommendation

To enhance the effectiveness and global applicability of the Packaging Material and Structure Evaluation System, the ECCK Food Committee recommends expanding the availability of official English translations of Ministry of Climate, Energy and Environment's notifications and detailed evaluation criteria.

In addition, we propose the development of practical English-language resources, including assessment examples and interpretative guidelines categorised by material and structure type.

These efforts would facilitate more efficient collaboration with overseas manufacturers and enable regulatory requirements to be incorporated from the product design stage. This, in turn, is expected to minimise unnecessary post-launch modifications and associated costs, while supporting the effective implementation and stabilisation of the system.

Relevant Act/Regulation	1. Standards for the Assessment of Recyclability of Packaging Materials 2. Standards for Labelling the Recyclability Grades of Packaging Materials and Structures
Responsible Authority & Division	Ministry of Climate, Energy and Environment (MCEE) Resources Recycling Division
Recommendation Status	New

Relevant Act/Regulation	Rules on Standards for Packaging Materials and Packaging Methods
Responsible Authority & Division	Ministry of Climate, Energy and Environment (MCEE) Resources Recycling Division
Recommendation Status	New

3. Request for English Guidelines to Support the Global Implementation of the Packaging Space Ratio	<u>Issue</u> Imported food products are subject to the same packaging space ratio regulations as domestic products. However, as packaging design is primarily led by overseas headquarters or manufacturers, local importers in Korea have limited control over packaging structure and dimensions.
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In addition, overseas manufacturers often have limited understanding of Korea’s quantitative packaging space ratio requirements and may lack awareness that structural elements such as inner trays and dividers are also considered part of the packaging space.

In particular, for set products and seasonal items (e.g., Advent calendars), the likelihood of exceeding the permitted space ratio is higher due to the presence of significant internal empty space. Nevertheless, in the absence of clear application criteria or pre-verification procedures, issues frequently arise during inspection or distribution stages after product launch.

Recommendation
The ECCK Food Committee recommends that English-language guidelines be developed to facilitate effective communication and coordination with overseas manufacturers. Such measures are expected to enhance the overall effectiveness of the system, while minimising unnecessary post-launch modifications and associated costs.

Healthcare

Korea has indentified the biohealth sector as a national priority through policies that promote innovation and system efficiency. Despite this progress, access to innovative medicines remains slower than in peer markets, and current frameworks fall short in recognizing global innovation and ensuring resilient supply chains.

Reimbursement criteria should be transparent, objective, and clinically meaningful. Overly restrictive requirements can limit patient access and lead to unmet needs and suboptimal clinical outcomes. While budget considerations remain important, they should be balanced with strong clinical evidence and scientific rationale. Moving toward evidence-based standards will improve equitable patient access and support the advancement of Korea’s healthcare and reimbursement system

Stronger Korea-EU cooperation offers a win-win opportunity—supporting Korea’s ambition to become a global biopharma hub while ensuring a level playing field for European companies. By aligning policy reforms and leveraging the Korea-EU FTA, Korea can accelerate innovation, improve patient outcomes, and enhance supply stability.

6

Total Key Issues

1.
- Enhancement of Evaluation Criteria for Pharmaceutical Value Assessment

Issue

The pharmacoeconomic evaluation system, introduced in the Republic of Korea in December 2006, represents the sole mechanism through which pharmaceutical agents demonstrating superior clinical efficacy may be recognised for their incremental value over comparator therapies. However, the cost-effectiveness threshold (ICER/QALY threshold) established at the time — set at approximately one GDP per capita — has remained largely unchanged and continues to be applied to the vast majority of pharmaceutical products, failing to account for the substantial appreciation in exchange rates and GDP growth that has occurred since its inception.

Compounding this challenge, the forthcoming reform of the drug pricing system under the Ministry of Health and Welfare is expected to reduce the reimbursed price of comparator products from 53.55% to 45%. As comparator prices decline, demonstrating cost-effectiveness for novel therapeutics will become increasingly arduous, further constraining market access for innovative medicines.

Furthermore, the Korean Health Technology Assessment (HTA) guidelines have undergone only a single revision to date (2021), and when benchmarked against international HTA frameworks, they remain notably conservative in their assumptions — including discount rates, analytical time horizons, and extrapolation methodologies. The adoption of a strictly 'healthcare system perspective' tends to inadequately capture patient-centric benefits and indirect costs, particularly for therapies where quality of life constitutes a critical dimension of value.

For multi-indication pharmaceutical products, the prevailing policy of imposing successive price reductions with each additional reimbursement expansion has created a structural disincentive for innovation. This approach has resulted in a paradox whereby ground-breaking therapies — whose value has been rigorously substantiated through extensive clinical development programs — are rendered inaccessible to the very patients who stand to benefit most.

The current RSA system poses significant administrative and participation costs on EU companies and additionally subjects them to VAT payments above the statutory 10% VAT rate. Currently no apparent RSA reforms are planned, and no clear pathway exists to transition these products to Flexible Pricing Contract arrangements. RSA products treat life-threatening conditions with no other alternative treatments. Without RSA reform, a clear pathway to Flexible Pricing Contracts agreements, without additional administrative or financial cost, is needed to ensure the fair value recognition and stable supply of these life-saving treatments.

Recommendation

The ECKK Healthcare Committee recommends that the Health Insurance Review and Assessment Service (HIRA) comprehensively incorporate industry perspectives into its forthcoming research initiative on 'Establishing Rational Cost-Effectiveness Evaluation Criteria for Health Insurance Coverage of New Pharmaceuticals and Related Products.'

Furthermore, we recommend modernising the pharmacoeconomic evaluation guidelines to align with international best practices, encompassing updates to discount rates, analytical time horizons, and the recognition of societal costs — including caregiving expenses, burden of care, and productivity loss costs. Additionally, revisions to operational regulations are warranted to redefine comparator pricing based on initial listing prices or the highest-priced product within the same therapeutic class.

We further recommend that key methodological parameters within the pharmacoeconomic guidelines be updated to conform with international standards, and that consideration be given to establishing a more flexible and transparent cost-effectiveness threshold framework. Such an approach should better capture the value of innovative therapeutics by incorporating economic growth, inflation, and disease severity considerations.

Revisions to operational guidelines regarding comparator drug pricing definitions are also essential. Rather than relying solely on reduced or adjusted price levels, it would be prudent to permit more appropriate reference points, such as initial listing prices or the highest-priced products within equivalent therapeutic categories.

We recommend the concrete implementation of indication-based pricing mechanisms linked to coverage expansion, establishing a comprehensive evaluation framework that reflects the weighted average pricing of comparator drugs across individual indications. Such assessments should encompass the holistic therapeutic value and clinical contribution across the entire indication portfolio of innovative medicines, rather than focusing solely on the additional indication under review.

There is a compelling need to enhance patient convenience and administrative efficiency by transitioning the reimbursement mechanism for Risk Sharing Agreement (RSA) products to a transaction-based billing system. We recommend that pathways be established to transition products currently under the overly burdensome RSA frameworks to Flexible Pricing Contract arrangements without further penalty to ensure fair value recognition and continued access for these critical life-saving treatments needed by Korean patients.

Relevant Act/Regulation	1. Article 5 of the Regulations on Evaluation Criteria and Procedures for Reimbursement Eligibility of Pharmaceuticals 2. Detailed Evaluation Criteria for Negotiation-Eligible Pharmaceuticals, including New Drugs 3. Pharmacoeconomic Evaluation Guidelines 4. Pharmaceutical Pricing Negotiation Guidelines
Responsible Authority & Division	Ministry of Health and Welfare (MOHW) Pharmaceutical Benefits Division, Health Insurance Review and Assessment Service (HIRA) Pharmaceutical Benefit Department, National Health Insurance Service (NHIS) Department of Drug Management
Recommendation Status	Updated

2.	<u>Issue</u>
Improving Patient Access through Accelerated Reimbursement Listing and Expansion of Innovative Medicines	The Ministry of Health and Welfare approved the introduction of an accelerated listing within 100 days for rare and intractable diseases, along with a post-listing adjustment evaluation mechanism through the Health Insurance Policy Deliberation Committee on March 26, 2026. This track is designed to expedite reimbursement listing prioritising clinical usefulness and reimbursement criteria, followed by post-listing evaluation. It aims to address the limitations of the existing “pilot program for concurrent review of Regulatory approval-Reimbursement decision”, which had limited impact on shortening the timeline for patient access as all review processes were maintained.

Currently, the new drug reimbursement listing process is primarily determined based on cost-effectiveness evaluation and price negotiations. While more than 60% of the reimbursed medicines are subject to be reviewed under the weighted-average price mechanism, there is no streamlined pathway for these cases.

The proportion of new drugs listed in Korea remains low compared to major countries (Korea 22%, Germany 61%, Japan 48%). On average, it takes approximately 46 months from initial launch to reimbursement in Korea, which is significantly slower compared with other countries, such as the United States (4 months), Germany (11 months), and Japan (17 months). These delays restrict patient access to treatment, particularly for those with

severe and rare diseases. Additionally, delayed listing acts as a disincentive for companies to launch medicines in Korea and may discourage investment.

The fast-track listing framework has been introduced to address these challenges. However, the lack of clarity regarding the scope of eligibility and requirements at each process undermines predictability. Without clearly defined procedures about the post-listing evaluation, such as timing and methodology of evaluation, and scope of post-listing management, there is a risk of repeated re-evaluations and excessive administrative burden. Moreover, unless the disease characteristics of rare diseases, including limited patient population and long-term therapeutic value in rare diseases, are adequately reflected, the policy may ultimately become ineffective in real practice and lose its original intent.

The reviews of reimbursement expansion are conducted on a first-come, first-served basis for new indications of existing listed medicines. There is no separate review timeline or processing deadline for reimbursement expansion review. Lower priority compared to new drug listings and limited review personnel lead to prolonged review periods. As a result, even for indications with proven clinical value, patient access to treatment is delayed.

Major countries ensure the predictability of the system by separating rapid entry and post-listing management, establishing separate pathways for indication expansion, and specifying processing deadlines for each procedure. Germany operates a system that allows immediate entry into reimbursement after approval and subsequently adjusts drug prices based on initial evaluation results. The UK combines initial access with post-establishment grounds through conditional reimbursement and managed entry agreements. Starting in 2025, Canada began operating a separate evaluation track for medicines evaluated on comparative drug cost assessments, shortening review periods. Korea also needs to clarify evaluation criteria reflecting disease characteristics, differentiate evaluation tracks, and specify procedures for reimbursement listing and reimbursement expansion.

Recommendation

The ECCK Healthcare Committee recommends the introduction of a fast-track listing framework that enables reimbursement

listing within 100 days for new medicines, incorporating a “listing first, evaluation later” pathway.

While there is broad consensus regarding the necessity of a fast-track listing framework for rare disease treatments from the perspective of improving patient access, and the system is expected to be implemented in the near future, close and thorough discussions among stakeholders on the scope of eligibility and the clarification of applicable criteria should take precedence. It is necessary to establish a clear relationship with the current cost-effectiveness assessment exemption framework and to ensure differentiation of the new system, rather than limiting its function to strengthened post-listing management alone. Accordingly, we recommend that the framework be designed with a balanced approach encompassing reasonable eligibility criteria, pricing methodologies, and a feasible post-listing evaluation system, thereby enhancing the acceptability of the system and ultimately ensuring timely patient access.

Eligibility criteria should be predicated upon clinical urgency and the availability of therapeutic alternatives, rather than rigid disease classification parameters, thereby ensuring the inclusion of orphan drugs encompassing rare oncological indications. To achieve meaningful improvements in patient access for rare diseases that are differentiated from existing frameworks, more flexible assessment standards should be applied with respect to current cost-effectiveness assessment exemption criteria, including disease severity and budget impact.

Furthermore, we recommend adopting flexible operational standards to extend fast-track eligibility to medicines eligible for rapid cost-effectiveness assessment—such as those eligible for the weighted-average price mechanism—as well as to innovative medicines.

It is essential to establish clear operational criteria to ensure that post-listing evaluation neither leads to excessive social costs and delays in the review process nor becomes disproportionately utilised as a mechanism for price reduction. To enhance the operational efficiency of the framework, repetitive data submission requirements should be minimised by utilising existing data wherever feasible, including materials required during the

regulatory approval process—such as Risk Management Plans (RMPs), subject to assessment of the feasibility of data linkage with the Ministry of Food and Drug Safety (MFDS)—as well as additional global real-world evidence (RWE) and clinical data where generation plans are already in place.

Particularly for rare diseases, evaluation frameworks should incorporate patient-centric clinical endpoints beyond survival metrics alone, including disease progression delay, functional preservation, and quality-of-life improvements. Such an approach would enhance the predictability of the system and meaningfully improve patient access to essential therapies.

Also, we recommend implementing differentiated review pathways based on review complexity and budget impact. Specifically, we strongly recommend establishing a separate fast-track review process for medicines with limited budget impact, for instance, cases where the weighted-average price is accepted. For such medicines, an expedited listing could be granted first, followed by volume-based post-listing negotiations. This approach will enable the optimal allocation of evaluation resources and significantly reduce the time-to-reimbursement for new therapies.

Furthermore, we recommend establishing a fast-track review process and enhancing the evaluation infrastructure for reimbursement expansion. It is urged the introduction of a system that pre-classifies medicines based on their budget impact and review complexity, thereby prioritising the evaluation of fast-track eligible medicines.

Furthermore, we propose establishing clear prioritisation criteria for reimbursement expansion cases and stipulating clear review schedules and processing deadlines. In tandem, it is essential to strengthen review capacity by securing dedicated personnel and operating a dedicated unit for reimbursement expansion. Ultimately, these measures will foster an environment with enhanced predictability regarding treatment access for patients, healthcare professionals, and medical institutions.

Relevant Act/Regulation	1. Article 41-3 of the National Health Insurance Act 2. Articles 11-2 and 13 of the Regulations on Standards for National Health Insurance Benefits 3. Articles 3-3, 5, and 6-2, and Appendix 2 of the Regulations on Evaluation Criteria and Procedures for Reimbursement Eligibility of Pharmaceuticals 4. Detailed Evaluation Criteria for Negotiation-Eligible Pharmaceuticals, including New Drugs 5. Pharmaceutical Pricing Negotiation Guidelines 6. Article 7, Paragraph 1, Subparagraph 2; Article 8; and Article 26, Paragraph 4 of the Regulation on Review and Authorisation of Biological Products, etc. 7. Regulation on the Designation of Orphan Drugs 8. Article 60 of the Rules on the Safety of Pharmaceuticals, etc. 9. Annexes 4, 5, and 6 of the Standards for Stability Testing of Pharmaceuticals, etc. 10. Article 5, Annex 2-D of the Korea-EU Free Trade Agreement, on regulatory cooperation for pharmaceuticals and medical devices
Responsible Authority & Division	Ministry of Health and Welfare (MOHW) Pharmaceutical Benefits Division, Health Insurance Review and Assessment Service (HIRA) Pharmaceutical Benefit Department/New Drug Listing Division /Pharmaceutical Evaluation Division, National Health Insurance Service (NHIS) Department of Drug Management/New Drug Management Division, Ministry of Food and Drug Safety (MFDS) Pharmaceutical Policy Division/Biopharmaceutical Policy Division, National Institute of Food and Drug Safety Evaluation (NIFDS) Recombinant Pharmaceutical Products Division
RecommendationStatus	Updated

3. Improving the Framework for Stable Supply of Pharmaceuticals: Proposal for Korea-EU Mutual Recognition of GMP and Local Batch Release Testing and Exemption of Essential Medicines from Price Post-Management

Issue

Despite the commitment under the Korea-EU FTA to operate regulatory systems based on cooperation and mutual trust, mutual recognition has not yet been implemented in the areas of GMP inspections and in-country batch release testing. As a result, duplicate inspections and testing for the same manufacturing sites continue to occur. Although both Korea and the EU are members of PIC/S and ICH, and maintain equivalent regulatory systems, such duplicative procedures are not aligned with the objective of global regulatory harmonisation envisioned under the FTA.

These redundancies increase costs and delay supply timelines, negatively affecting patient access and the stable supply of medicines. Therefore, it is necessary to enhance regulatory efficiency and supply stability by establishing a Korea-EU GMP Mutual Recognition Agreement (MRA) and enabling mutual utilisation of batch release testing results. From an industry perspective, the establishment of a Korea-EU GMP MRA should be regarded as the main priority for strengthening pharmaceutical regulatory cooperation between Korea and the EU, while issues related to in-country batch release testing should ultimately be addressed within the scope of such an MRA.

Meanwhile, the overlapping and unpredictable nature of post-listing drug pricing management systems in Korea makes it difficult for companies to establish mid- to long-term supply and investment plans. This may lead to delays in the introduction of innovative medicines and reduced supply. For essential medicines, appropriate pricing that reflects cost structures and supply responsibilities is critical to ensuring stable supply. However, the current system does not adequately provide such compensation. The unpredictability and overlap of post-pricing adjustments may result in delayed reimbursement listing, reduced investment in Korea, and potential ‘Korea passing’ scenarios, ultimately undermining long-term supply planning. This risk is particularly pronounced for single-sourced essential medicines, where price-volume agreements and other post-management mechanisms may significantly threaten supply stability.

Therefore, to strengthen the foundation for stable supply, it is

necessary to establish a more predictable pricing management system and ensure a reasonable and sustainable pricing framework for essential medicines.

Recommendation

The ECCK Healthcare Committee recommends advancing a Korea-EU Good Manufacturing Practice (GMP) Mutual Recognition Agreement (MRA) to effectively implement the intent of Annex 2-D, Article 5 (Regulatory Cooperation) of the Korea-EU FTA. In addition, we request that matters related to in-country batch release testing be included in the scope of the MRA discussions. Furthermore, we encourage the appropriate recognition and use of quality testing results generated in accordance with EU standards within domestic regulatory procedures.

For essential medicines, particularly single-source products, we recommend exempting them from price-volume agreements and ensuring appropriate pricing that reflects manufacturing costs and supply obligations. This will help secure sustainable supply conditions and ensure that patients have stable access to essential medicines.

Relevant Act/Regulation	1. Annex 2-D of the Korea-EU Free Trade Agreement (FTA) (Articles on Access to Innovation, Transparency, and Regulatory Cooperation) 2. Regulations on the Safety of Pharmaceuticals, etc. 3. Rules on Criteria for Reimbursement of National Health Insurance
Responsible Authority & Division	Ministry of Food and Drug Safety (MFDS), Ministry of Health and Welfare (MOHW) Pharmaceutical Policy Division
Recommendation Status	New

4. Improvement of Clinical and Non-Clinical Data Acceptance

Issue

While English-language data has been accepted for Phase I clinical trials, Phase II and III trials still require Korean-language CMC (Chemistry, Manufacturing, and Controls) documentation, increasing the burden as development progresses. This leads to delays, as well as risks of interpretation inconsistencies.

In addition, GLP (Good Laboratory Practice) data requirements in Korea are excessive compared to international practices, reducing

predictability and causing delays in IND (Investigational New Drug) preparation and review.

Recommendation

The ECCK Healthcare Committee recommends that regulatory flexibility be expanded to the acceptance of English-language data from all clinical trial phases and to waive Korean CMC documentation requirements, enabling management through an IMPD (Investigational Medicinal Product Dossier)-based framework.

Furthermore, GLP requirements should shift toward a risk-based approach focusing on compliance status, minimising excessive data requirements at the IND stage. Transparency in inspection outcomes should be improved, and duplicate submissions and inspections should be avoided.

Clear guidelines should be established, and conditional or stepwise approval mechanisms should be introduced based on the totality of available data, along with pre-submission consultation and early engagement channels.

Relevant Act/Regulation	1. Pharmaceutical Affairs Act 2. Clinical Trial Management Standards 3. Regulations on Marketing Authorisation and Review 4. GLP (Non-clinical Study) Standards
Responsible Authority & Division	Ministry of Food and Drug Safety (MFDS)
Recommendation Status	New

5. Expanding Differentiated Reimbursement for Advanced Diagnostic Imaging Equipment such as MRI and CT based on Performance and Age	<u>Issue</u> Under the current fee-for-service reimbursement system, the performance, lifecycle (including age), clinical value, and level of innovation of medical devices are not adequately reflected. This results in uniform reimbursement regardless of technological advancement, thereby limiting the economic viability of adopting advanced equipment and weakening investment incentives for healthcare providers. In particular, continued reductions in radiology relative value scores, combined with non-differentiated reimbursement, have contributed to delays in the adoption of innovative imaging technologies such as photon-counting CT (PCCT). As a result, patients face restricted access to high-precision diagnostic and treatment options, which may
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compromise the quality of healthcare services, while the broader healthcare ecosystem experiences reduced incentives for technological advancement.

This also risks undermining Korea's medical device industry by weakening R&D investment and diminishing global competitiveness.

Recommendation

The ECCK Healthcare Committee recommends introducing a differentiated reimbursement system for advanced diagnostic imaging equipment such as MRI and CT that reflects equipment performance, age, and clinical superiority. For CT in particular, differentiated reimbursement by equipment performance should be adopted to establish appropriate compensation for investment in innovative medical equipment.

Relevant Act/Regulation	1. Article 38 of the Medical Services Act 2. Articles 1, 2, 3, and 8 of the Rules on the Installation and Operation of Special Medical Equipment 3. Article 41 of the National Health Insurance Act 4. Article 1 of the Regulation on the Criteria for National Health Insurance Benefits 5. Notification on the List of National Health Insurance Benefits and Non-Benefits and Relative Value Scores for Medical Services
Responsible Authority & Division	Ministry of Health and Welfare (MOHW) Insurance Benefits Division/Medical Resources Policy Division, Health Insurance Review & Assessment Service (HIRA), National Health Insurance Service (NHIS)
Recommendation Status	New

6. Recognition and Expansion of Value- Based Assessment for In Vitro Diagnostic (IVD) Tests under the New Health Technology Assessment Framework	<u>Issue</u> Under the current healthcare system in Korea, the pathway for listing new medical technologies follows a sequential process: regulatory approval of the product (medical device), determination of whether it is an existing technology, assessment under the New Health Technology Assessment (nHTA) framework, and subsequent evaluation for reimbursement of medical procedures. This system presents several limitations, including procedural complexity, lengthy timelines, low predictability of reimbursement decisions, and the lack of control over the use of technologies in
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the non-reimbursed (non-covered) sector.

In particular, the uniform application of the same evaluation pathway to all technologies fails to adequately reflect differences in value across technologies. It also limits the ability to proactively manage expenditures for technologies with low clinical utility or uncertain evidence, resulting in a misalignment between the actual value of medical technologies and the reimbursement system.

For in vitro diagnostics (IVDs), the burden of evidence generation is especially high. Beyond demonstrating clinical validity, IVDs are required to provide robust evidence on real-world applicability and improvement in patient outcomes during the nHTA process, leading to significant time and cost requirements.

In contrast, for therapeutic materials that are reimbursed separately, institutional mechanisms exist to recognize higher levels of compensation through a “value-based assessment” track for technologies that demonstrate safety, efficacy, and clinical utility. However, IVDs, which are typically bundled within procedure fees, lack a pathway for additional value-based compensation—even when clinical effectiveness has been recognized through the nHTA process.

Furthermore, digital and AI-based medical technologies are subject to separate evaluation frameworks within the procedure assessment process, creating inconsistencies in value recognition across different technology categories and resulting in structural imbalance in the reimbursement system. Notably, IVDs are excluded from the “differentiated pathways based on technology characteristics” proposed in the 2026 HIRA-commissioned study on improving the reimbursement listing process for medical technologies.

Recommendation

The ECCK Healthcare Committee recommends introducing a dedicated value-based assessment track for IVDs at the procedure evaluation stage, specifically for technologies that have successfully completed the nHTA process. This would enable a reimbursement framework that appropriately recognises and rewards the level of evidence generation and the value delivered in clinical practice.

Relevant Act/Regulation	1. Article 9-2(1) of the Enforcement Rule of the National Health Insurance Act on Criteria for Reimbursement of Medical Care Benefits 2. Articles 53-55 of the Medical Services Act 3. Regulation on the Assessment of New Health Technologies 4. Article 9(2)3 [Appendix 1] of the Standards for Decision and Adjustment of Medical Procedures and Therapeutic Materials
Responsible Authority & Division	Ministry of Health and Welfare (MOHW) Health Insurance Policy Division, Health Insurance Review and Assessment Service (HIRA) Medical Procedure Listing Department
Recommendation Status	New

HR & Compliance

Korea's labor landscape continues to evolve in response to changing workforce dynamics, digital transformation, global business practices, and increasing expectations for corporate social responsibility. At the same time, companies face growing challenges in navigating complex regulatory requirements, ensuring consistent compliance, and maintaining operational stability in a rapidly changing policy environment.

Against this backdrop, the ECCK HR & Compliance Forum has continuously worked to identify the practical challenges faced by foreign-invested companies in the field and provide constructive policy recommendations based on international standards and the experiences of European companies operating in Korea. In particular, the Forum has emphasized the importance of ensuring regulatory clarity, enhancing consistency in policy implementation, improving transparency of administrative procedures, and establishing a balanced regulatory framework that harmonizes employee protection with industrial competitiveness. In order for Korea to strengthen its competitiveness as an attractive global investment destination, it is essential that labor-related policies are developed and implemented through sufficient stakeholder engagement, based on clear standards and reasonable transition periods. Enhancing alignment with global standards will contribute to building deeper trust among companies, employees, and government authorities, while establishing a foundation for long-term, sustainable cooperation.

The recommendations presented in this White Paper reflect the practical perspectives of European companies in Korea, as well as our shared commitment to strengthening the overall dynamism of Korea's business environment.

1. Concretisation of the 'Employer' Scope under the Trade Union Act and Employment Standards

Issue

While fully respecting the intent of the Act, particularly the emphasis on balanced labor-management relations, the European Chamber of Commerce in Korea (ECCK) is concerned that the expanded definition of "employer" diverges from traditional legal principles and creates uncertainty for companies operating in Korea. Similar concerns arise from the possibility that commercial supply chain relationships, such as distribution, logistics, and warehousing arrangements, may be conflated with actual employment relationships, leading to unforeseen legal obligations.

Foreign invested companies also face growing administrative challenges due to the increasing number of bargaining units within single enterprises, which makes collective bargaining processes more complex and resource-intensive. At the same time, unresolved ambiguities in the rules governing industrial actions, including workplace occupation, the use of alternative labour during strikes, and compensation for damages arising from illegal actions, continue to undermine predictability in labour-management relations.

Beyond the Act itself, regulatory uncertainty remains a major concern for global companies that need sufficient time to adjust to new rules and incorporate regulatory risk into their investment decisions. Clear standards for addressing employee misconduct, chronic underperformance, and conduct that causes significant harm to a company are also lacking, creating challenges for firms seeking to employ regular workers. Finally, foreign companies see a pressing need for a more consistent and institutionalised public-private communication mechanism, as stable dialogue is critical for effective policymaking and regulatory implementation.

Recommendation

Given these considerations, the ECCK HR & Compliance Forum respectfully recommends that the Korean government provide clearer judicial interpretation of the term "employer" under the Trade Union Act (the so-called "Yellow Envelope Act"), accompanied by detailed enforcement guidelines issued before any criminal penalties take effect. To ensure an orderly transition, the ECCK believes that a minimum one-year grace period for any imposition of criminal penalties would allow companies, regulators, and courts to prepare appropriately. It is also important for the

government to draw a clear line between commercial supply chain arrangements and genuine employment relationships in order to prevent unintended legal exposure to businesses. Addressing the administrative burden caused by the proliferation of bargaining units is equally essential, and the ECCK recommends adopting mechanisms that limit excessive fragmentation and promote more coherent and efficient bargaining structures.

Ambiguities surrounding industrial actions should be resolved through clearer rules that govern workplace occupation, the use of alternative labour during strikes, and liability for damages related to unlawful actions.

More broadly, the ECCK HR & Compliance Forum respectfully encourages the government to strengthen regulatory predictability by ensuring that major policy changes are introduced with sufficient transition periods and through transparent decision-making processes. Establishing clear and reasonable standards for handling cases of employee misconduct and inadequate performance would also help create a more efficient labour market and reduce the reluctance of companies to hire regular workers.

Finally, the ECCK HR & Compliance Forum respectfully recommends institutionalising a regular public-private consultation mechanism, ideally on a quarterly basis, to facilitate continuous communication, support stable regulatory implementation, and enable a shared understanding of the economic implications of policy decisions.

Relevant Act/Regulation	Articles 2 and 3 of the Trade Union and Labour Relations Adjustment Act and its Enforcement Decree
Responsible Authority & Division	Ministry of Employment and Labor (MOEL) Task Force for the Implementation of the Trade Union Act (Articles 2&3)
Recommendation Status	Updated

Siyeon KIM
Manager
Insurance
Committee

Insurance

The ECCK Insurance Committee represents the collective voice of European insurance companies operating in Korea and serves as a constructive platform for dialogue between industry and government. The Committee supports the government's commitment to regulatory innovation and looks forward to a balanced regulatory environment, where clients of insurance products are adequately protected, while insurance firms are encouraged to develop high-quality and diverse insurance services.

To achieve this objective, the Committee believes that Korea's insurance framework should be operated based on transparency and predictability and align with financial market conditions and policy goals, while avoiding unnecessary compliance burdens and excessive capital requirements. Also, predictable and smooth organization structure as well as close cooperation between FSC and FSS are important to enhance regulatory efficiency and market stability. At the same time, greater regulatory flexibility should be encouraged for product innovation while ensuring that all market participants compete on the same field under the fair competition.

3

Total Key Issues

Through this year's recommendations, the Committee looks forward to contributing to continued development of modern, competitive and internationally aligned insurance market which is beneficial to both clients of insurance products and insurance firms.

1. Establishment and Operation of an Independent and Neutral Medical Advisory Organisation

Issue

To enhance the credibility of medical advisory services, relevant provisions were first introduced in the Regulation on Supervision of Insurance Business in 2020, followed by the implementation of the Internal Control Standards for Medical Advisory Services in August 2021. Nevertheless, concerns regarding the reliability of medical advisory procedures and outcomes continue to persist.

Recently, issues such as allegations of manipulation of medical

advisory results through intermediary agencies have continued to be raised. In May of this year, the Financial Supervisory Service (FSS) and the Korean Medical Association (KMA) signed a memorandum of understanding to enable the provision of medical advisory services. However, this arrangement is limited to third-party medical advisory cases, and the majority of medical advisory services are still conducted in accordance with insurers' internal procedures.

Furthermore, the operation of medical advisory services based on individual contracts with insurers has led to unnecessary disputes, including an increase in VOCs and customer complaints. Additional challenges have also emerged, such as the need for further third-party medical advisory reviews, litigation, and delays in claim processing.

Recommendation

Considering the above-mentioned circumstances, the ECCK Insurance Committee recommends to establish an independent, neutral, and public medical advisory body, free from conflicts of interest and capable of ensuring objectivity, to enhance fairness and reliability in medical advisory services. Through this, it is expected that transparency in the medical advisory process will be enhanced, disputes will be minimized, and the protection of insurance consumers will be strengthened.

Relevant Act/Regulation	1. Enforcement Decree of the Insurance Business Act, Article 42-2 (Material Matters of the Duty of Explanation), Subparagraph 3: Insurance Claim Assessment and Payment Stage. 2. Regulation on Supervision of Insurance Business, Article 4-35-2 (Duty to Explain Important Matters of Insurance Contracts), Paragraph 11. 3. Detailed Regulations for the Supervision of Insurance Business, Article 2-34-2 (Duty to Explain Important Matters of Insurance Contracts, etc.), Paragraph 5 and Appendix 1-1 (Calculation Standards by Comparative Disclosure Items Related to Insurance Sales and Claim Payments) 4. Internal Control Standards for Medical Advisory Services
Responsible Authority & Division	Ministry of Land, Infrastructure and Transport (MOLIT) Automobile Insurance Department, Financial Supervisory Service (FSS)
Recommendation Status	New

2. Expansion of Effective Data Access Rights to Detect Organised and Medical Institution-Linked Fraud

Issue

With the enforcement of the amended Special Act on the Prevention of Insurance Fraud and its Enforcement Decree, a legal basis has been established for financial authorities to request information from relevant institutions, including data on healthcare providers under the National Health Insurance Act and health insurance claims review data.

However, from the practical perspective of Special Investigation Units (SIUs) in private insurance companies, significant bottlenecks remain. In many cases, the "hospitalisation appropriateness review" conducted by the Health Insurance Review & Assessment Service (HIRA) is substantially delayed during the stages of investigation requests or proof of suspected fraud. Furthermore, the sharing of non-covered (non-benefit) medical data by health authorities remains limited due to passive administrative practices, making it difficult to respond promptly to organised, healthcare-linked fraud schemes.

Recommendation

The ECCK Insurance Committee recommends that non-covered (non-benefit) medical data and information on healthcare institutions suspected of excessive billing in automobile insurance are proactively shared with both non-life and life insurance companies. In Europe, statistical data and information for the purpose of preventing insurance fraud are shared relatively flexibly, provided that strict anonymisation is ensured in accordance with established guidelines. To effectively curb the recent surge in "provider-driven automobile insurance fraud" in the Korean market, prompt institutional improvements are urgently required. Accordingly, we propose the establishment of a regular and systematic data-sharing mechanism through which key risk information—such as lists of healthcare institutions frequently involved in excessive billing and data indicating suspected involvement of illegal brokers—is proactively and periodically provided to the SIU (Special Investigation Unit) teams of private non-life insurers.

Relevant Act/Regulation	1. Special Act on the Prevention of Insurance Fraud, Article 7 2. Special Act on the Prevention of Insurance Fraud, Article 5-2 3. Automobile Liability Insurance Act, Article 12-4
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Responsible Authority & Division	Financial Supervisory Service (FSS), Ministry of Land, Infrastructure and Transport (MOLIT) Automobile Insurance Department, Health Insurance Review & Assessment Service (HIRA)
Recommendation Status	New

3. Adjustment of Insurance Solvency Rules for Fair Market Competition	<u>Issue</u> In early 2026, the detailed calculation method for the basic capital ratio minimum requirement was newly introduced, applicable from 2027, on top of the existing K-ICS solvency ratio requirement. The ECCK Insurance Committee would like to emphasise that the new solvency constraint seems to introduce a bias favouring large players already well implemented on the insurance market and imposing an excessive capital burden for medium size companies and/or potential new entrants.
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To illustrate this, we will provide a numerical example from company A, a fictitious company reflecting the case of a medium-size company, eventually supported by a large international group, who recently entered the long-term insurance segment and is in a development phase. Company A's required capital calculated under K-ICS methodology is assumed to be 200. In order to cover such a requirement, the paid capital is 300 and the retained earnings are 100. In this context, Company A shows a very solid 200% K-ICS ratio. As Company A newly entered the LI market, its need of Surrender Value Reserve is growing fast, and even faster than the retained earnings growth during the portfolio building phase (which could last more than 15 years). If we assume the need to be 400, the gap with the existing retained earnings 100 would be 300.

In the example, Company A's Basic Capital would be defined by available capital 400 – gap in surrender value reserve 300 = 100. Required capital is still 200 and Company A meets the new minimum basic capital ratio requirement of 50%. We now assume that during the year Company A makes an operating loss of -50, for whatever reason. In such a situation, available capital is reduced to 350, and company A would still show a solid 175% K-ICS Solvency Ratio. However, from the supplementary capital perspective, as operating loss directly affects retained earnings, the gap between

new retained earnings (50) and needed Surrender Value Reserve (400) would increase to 350. When deducting such an amount from the new available capital (350), Company A's basic capital becomes 0 and the ratio falls from 50% to 0%. Such situation would require the large international group supporting Company A to increase capital representing at least 50% of the required capital (200), i.e. 100, which is twice the amount of the realised loss.

As we can see in the simplified numerical example, the new mechanism introduces an excessive call for capital (it calls for twice the amount of the operating loss generated), which would significantly reduce the attractiveness of the Korean Insurance market for a foreign investor. It also introduces a competition disruption situation in the sense that existing large players have already accumulated since they operate sufficient retained earnings and largely cover their surrender value reserve needs. Their supplementary capital would therefore not be affected the same way by the operational loss described in the example.

<u>Recommendation</u>	
The ECCK Insurance Committee recommends not to enforce the new basic capital ratio solvency constraint, or at least to remove the part referring to the gap to the surrender reserve. It is understood that the new ratio was implemented in order to better control the usage of subordinated debt as a solvency tool. However, there is already an existing limitation of subordinated debt usage embedded in the existing K-ICS ratio definition. Introducing a second constraint does not look necessary to meet such purpose. On the contrary, the new constraint on surrender value reserve gap introduces a bias which favours large players already in place in the market, adding excessive capital barriers to medium size players or new entrants.	

Relevant Act/Regulation	1. New regulation applicable in 2027, adding a new solvency constraint on basic capital ratio, on top of the existing K-ICS ratio one
Responsible Authority & Division	2. Regulations on Supervision of Insurance Business Financial Services Commission (FSC) Insurance Bureau, Financial Supervisory Services (FSS) Insurance Risk Supervision Department
Recommendation Status	New

Intellectual Property Rights

The intellectual property landscape continues to evolve rapidly with the expansion of cross-border e-commerce, the growth of online platforms, and increasingly sophisticated methods of counterfeit distribution. Against this backdrop, strengthening enforcement mechanisms, enhancing legal certainty, and promoting effective public-private cooperation have become increasingly important to ensuring robust intellectual property protection.

The ECCK Intellectual Property Rights (IPR) Committee serves as a platform for constructive dialogue between European industry and the Korean government, providing practical policy recommendations on key issues including border enforcement, online platform liability, criminal sanctions, legal remedies, and enforcement capacity building.

The recommendations presented in this White Paper reflect the practical experience of industry together with international best practices and seek to strengthen the effectiveness of Korea's intellectual property protection framework while promoting a fair, predictable, and innovation-friendly business environment. The Committee remains committed to supporting continued cooperation between the public and private sectors to further enhance intellectual property protection in Korea.

10
Total Key Issues

1. Strengthening Criminal Penalties for Crimes Infringing on Intellectual Property Rights

Issue
While Korea's Trademark Act and Design Protection Act prescribe relatively high statutory penalties, including imprisonment of up to seven years or fines of up to KRW 100 million, the actual sentences imposed tend to remain lenient, raising concerns regarding the effectiveness of enforcement. In many cases involving small-scale

counterfeit distribution, offenders are fined merely KRW 500,000 to KRW 2 million. Even repeat offenders rarely face imprisonment, with courts frequently issuing only minor fines. As a result, concerns continue to be raised among investigative authorities and rights holders regarding the insufficient deterrent effect against counterfeiting crimes and habitual infringement. This situation may also reduce the effectiveness of enforcement efforts by allowing infringers to continue benefiting from unlawful gains derived from intellectual property rights violations.

Recently, Korea has demonstrated a broader policy trend toward strengthening intellectual property protection, including reinforced sentencing standards in cases involving the leakage of industrial technologies and national core technologies. Public discussion surrounding the need for stronger intellectual property protection has also expanded through socially high-profile design infringement cases involving well-known fashion eyewear brands. The government has likewise continued to emphasise the importance of protecting market order and strengthening intellectual property rights protection. Nevertheless, despite these positive developments, concerns persist that the actual level of punishment for trademark and design infringement offenses remains insufficient to provide an effective deterrent or adequately protect the legitimate rights and interests of rights holders.

In addition, it was previously confirmed through a government response that the ECCK's recommendations on this issue could be submitted for discussion at a plenary session or expert committee meeting of the Sentencing Commission. However, no specific update has yet been provided regarding the actual progress of such discussions or future review plans.

Recommendation
The ECCK IPR Committee recommends strengthening the overall sentencing standards for violations of the Trademark Act and Design Protection Act. Specifically, the current sentencing ranges should be increased, while minimum fine standards should be established at a clearer and more meaningful level to ensure consistent sanctions even for small-scale infringement cases. In addition, the sentencing guidelines should be supplemented to allow enhanced penalties for repeated and habitual infringement, taking into account the recurring nature of intellectual property rights violations. Such

measures are essential to establish an effective deterrent against recidivism and to send a clear message that intellectual property infringement should not be regarded as a profitable activity.

Furthermore, as it has previously been confirmed that the ECCK’s recommendations on this issue may be reviewed by the Sentencing Commission at the plenary or expert committee level, the ECCK respectfully requests an official update regarding the progress of such discussions and any future implementation plans.

Relevant Act/Regulation	1. Trademark Act 2. Design Protection Act 3. Supreme Court Sentencing Guidelines
Responsible Authority & Division	Sentencing Commission Planning & Coordination Division
Recommendation Status	Retained

2. Strengthening Border Measures against IP-Infringing Goods	<u>Issue</u> According to the 2024 Annual Statistical Report on IPR Enforcement published by the Korea Customs Service (KCS), border enforcement against trademark infringing goods achieved meaningful results, with the number of cases increasing by 19.9% and the quantity of seized goods increasing by 6.6% compared to the previous year. These figures demonstrate the effectiveness of the KCS’s enforcement efforts in responding to the rapidly evolving distribution environment, including the sharp growth of cross border e-commerce and online platforms, as well as the diversification of channels through which infringing goods enter the country. However, inspection rates for general cargo have declined significantly compared to 2022, decreasing by 54% in terms of cases and 79.2% in terms of volume. As a result, concerns remain that increasing quantities of counterfeit goods may enter the domestic market without being detected during the customs clearance process.
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Meanwhile, although design rights account for a considerable portion of overall IPR protection requests filed with the KCS, actual enforcement and seizure performance relating to design right infringement remains relatively limited. In recent years, the number of design right infringement filings submitted to customs authorities has continued to increase. However, practical difficulties in assessing design right infringement at the operational level have reportedly limited the conversion of such filings into actual enforcement

actions. Accordingly, there is a need to strengthen customs authorities’ attention to and protection capabilities regarding design right infringing goods, while improving on site enforcement systems to ensure that increasing design related filings lead to meaningful seizure and enforcement outcomes.

Recommendation

The ECCK IPR Committee recommends continuously strengthening enforcement capabilities against counterfeit goods imported through general cargo channels at major ports and customs offices across the country. This should include the expansion of dedicated personnel for intellectual property enforcement, the modernisation of inspection equipment such as X ray scanners, and the establishment of dedicated appraisal facilities and storage infrastructure capable of handling large scale seizures.

It is also recommended that customs authorities strengthen their protection and enforcement capabilities related to design right infringing goods through enhanced operational response systems and continued institutional attention. In particular, greater efforts are needed to improve practical assessment and enforcement capabilities so that the increasing number of design right infringement filings may lead to more effective enforcement and seizure outcomes.

Relevant Act/Regulation	1. Article 235 of the Customs Act 2. Article 269-2 of the Enforcement Decree of the Customs Act 3. Korea Customs Service Notification on Customs Clearance Procedures for the Protection of Intellectual Property Rights
Responsible Authority & Division	Korea Customs Service (KCS) Export and Import Safety Inspection Division
Recommendation Status	Retained

3. Enhancement of Efficiency in the Customs Clearance of International Small Parcel Shipments	<u>Issue</u> With the rapid expansion of Chinese e-commerce platforms such as AliExpress and TEMU, the inflow of counterfeit goods in the form of small parcel shipments through international mail and express cargo channels continues to increase. As a result, the importance of enforcement systems targeting international mail and express shipments has become even greater. Given that a
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significant proportion of detected counterfeits continues to enter Korea through these channels, concerns have consistently been raised regarding the need to strengthen enforcement frameworks and operational response capabilities tailored to small parcel shipments as a whole.

The Korea Customs Service currently conducts intensive enforcement campaigns during major shopping seasons such as Black Friday and China's Singles' Day. In recent years, related budgets and operational response systems also appear to have been expanded through cooperation with the Trade related IPR Protection Association (TIPA). Nevertheless, several customs offices continue to face operational challenges, including shortages of enforcement personnel and insufficient storage capacity for seized goods. In addition, current enforcement campaigns are largely organised around specific products or themes, highlighting the need to establish a more stable and sustainable response framework covering international mail and express cargo shipments more broadly.

Recommendation

The ECCCK IPR Committee recommends that the Korea Customs Service continue to expand enforcement personnel, increase storage capacity for seized goods, and enhance customs inspection infrastructure to effectively respond to the inflow of counterfeit goods through international mail and express cargo channels. In particular, a medium to long term plan should be established to expand relevant personnel and facilities in preparation for the rapidly increasing volume of cross border shipments.

Furthermore, it is recommended that the current one to two annual intensive inspections targeting international mail and express cargo shipments be further institutionalised and that a flexible framework be established to allow expanded operations during periods of increased counterfeit inflow. In addition, continuous information sharing regarding the operation status and future plans for intensive inspections during peak seasons such as Black Friday and China's Singles' Day is encouraged, together with strengthened cooperation and additional support to ensure the stable operation of TIPA based enforcement systems and rights holder cooperation processes.

Relevant Act/Regulation	1. Notification on Customs Clearance Procedures for International Postal Items 2. Notification on Customs Clearance Procedures for the Protection of Intellectual Property Rights
Responsible Authority & Division	Korea Customs Service (KCS) E-Commerce Clearance Division
Recommendation Status	Retained

4.

Establishment of a System to Prevent Distribution of Counterfeit Goods by Online Service Providers

Issue

Online marketplaces and social media platforms have become major distribution channels for counterfeit goods, further intensifying trademark infringement issues in the digital environment. While some platforms voluntarily implement takedown measures, the absence of clear legal grounds and liability standards has resulted in inconsistencies in the level and effectiveness of platform responses.

In particular, the distribution of counterfeit goods through real time and SNS based platforms such as YouTube Live, Instagram, and TikTok has increased significantly in recent years. Due to the nature of these platforms, structural limitations continue to exist, including seller anonymity, lack of information disclosure, and delays in reporting procedures, making it difficult for trademark owners to promptly respond to infringing content or obtain information regarding sellers. As a result, there is a growing need to more clearly define the scope of responsibility of online service providers and their obligations to cooperate in preventing trademark infringement, while establishing institutional mechanisms that can effectively support the exercise of trademark owners' rights.

Discussions on amendments to the Trademark Act aimed at strengthening the responsibilities of online platform operators are currently underway at the National Assembly. In addition, the Ministry of Intellectual Property continues to recognise the need for related institutional improvements. However, the establishment of an effective framework will require ongoing discussions and industry consultation, including comprehensive reviews of overseas legislative approaches and global platform operating practices.

Recommendation

The ECCCK IPR Committee recommends that the legal definition and

liability standards of online service providers be more clearly established. In particular, the criteria for determining ‘willful misconduct or gross negligence’ in relation to counterfeit listings should be specified through legislation or subordinate regulations. The obligations of online service providers to cooperate in preventing trademark infringement should also be clearly defined to enhance predictability and practical enforceability. Detailed standards should further be established regarding streamlined reporting procedures for infringing content, timelines for takedown measures and notification procedures, and the scope of information requests available to trademark owners.

Given the growing distribution of counterfeit goods through real time and SNS based platforms such as YouTube Live, Instagram, and TikTok, it is recommended that legislative approaches concerning platform liability in major jurisdictions, as well as global platform operating standards, be comprehensively reviewed and reflected in Korea’s institutional improvement discussions. Public hearings or stakeholder roundtables should also be organized to officially gather input from all relevant stakeholders, including trademark owners, platform operators, and legal experts, in order to ensure both regulatory effectiveness and practical industry acceptance.

Relevant Act/Regulation	Trademark Act
Responsible Authority & Division	Ministry of Intellectual Property (MOIP) Trademark Examination Policy Division
Recommendation Status	Retained

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

Issue

The distribution of counterfeit goods constitutes not only trademark infringement, but also a crime that directly threatens consumer health and safety. Hazardous substances exceeding safety standards have been detected in counterfeit products that come into direct contact with the skin, highlighting risks that are directly linked to public safety. These cases demonstrate that counterfeit distribution should be addressed not only as an intellectual property rights issue, but also as a serious crime affecting public welfare. Accordingly, the need for more proactive investigation and enforcement efforts continues to grow.

Nevertheless, intellectual property rights investigations have traditionally been regarded as a relatively low priority within broader

police enforcement activities. Concerns have continuously been raised regarding limitations in both investigative motivation and professional expertise despite the importance of combating counterfeit goods. Against this backdrop, it is highly encouraging that intellectual property rights enforcement has recently emerged as a key area of police activity and that related enforcement performance has begun to be reflected in the police personnel evaluation system. This development demonstrates meaningful institutional recognition of the importance of anti-counterfeit enforcement and reflects tangible efforts to promote more active field investigations. The ECCK IPR Committee welcomes these government initiatives and hopes they will continue to evolve into a more effective and sustainable enforcement framework.

Meanwhile, although the National Police Agency currently operates a system designating “IPR specialised investigators,” specialised education programmes and practice oriented training, curricula capable of systematically supporting such investigators remain insufficient. As a result, concerns continue to be raised regarding the need for further institutional and educational improvements to strengthen investigative expertise and sustainable field response capabilities in intellectual property rights enforcement.

Recommendation

The ECCK IPR Committee recommends the following measures to strengthen the legal framework governing online service providers and improve the effectiveness of online intellectual property enforcement.

1. Improve Performance Evaluation System for IPR Enforcement
Recent efforts to incorporate intellectual property rights enforcement performance into the police personnel evaluation system represent a highly positive development. This demonstrates growing institutional recognition of the importance of combating counterfeit goods and strengthening intellectual property rights protection. However, as the current level of reflection remains limited, it is recommended that the evaluation framework continue to be enhanced so that intellectual property rights enforcement activities may be more meaningfully reflected in personnel and organisational performance assessments. Such improvements would further strengthen motivation among enforcement personnel and promote more active and effective enforcement activities.

2. Introduce Specialised IPR Training Programs and Expand Public Private Cooperation

Although the National Police Agency currently operates a system of IPR specialised investigators, concerns continue to be raised that the lack of structured education programmes and practice oriented training curricula limits the development of field level investigative capabilities. It is therefore recommended that specialised training courses on intellectual property rights investigations be formally incorporated into the regular curriculum of the National Police Agency in order to strengthen the capabilities of specialised investigators in a systematic manner. Furthermore, as the ECCK and other private sector organisations remain willing to support curriculum development and provide instructors, public private cooperation initiatives should also be actively explored to enhance practical enforcement expertise and strengthen overall investigative capacity in the field of intellectual property rights protection.

Relevant Act/Regulation	1. Chemical Substances Control Act 2. Trademark Act
Responsible Authority & Division	Korean National Police Agency
Recommendation Status	Retained

6.	<u>Issue</u>
Designation of Special Judicial Authority to Local Government Officials for an Effective Crackdown on IP Infringement	Traditional markets such as Dongdaemun in Seoul, Gukje Market in Busan, and Seomun Market in Daegu continue to be identified as major offline distribution hubs for counterfeit goods in Korea. According to a survey conducted by the ECCK, a considerable number of consumers reported having purchased counterfeit goods, and a significant proportion of those purchases were made through offline distribution channels such as traditional markets and street vendors, highlighting the seriousness of offline counterfeit distribution.

In particular, concerns continue to be raised that counterfeit goods are still being openly sold in certain areas, including Busan’s Gukje Market and Daegu’s Seomun Market. Differences in enforcement attention and response levels among regions also appear to exist. In contrast, Seoul has demonstrated a successful example of reducing counterfeit distribution through strengthened enforcement activities in the Dongdaemun area based on close cooperation among the Seoul Metropolitan Government, Jung gu District Office, police authorities,

and the Ministry of Intellectual Property (MOIP). This demonstrates that region-based cooperation systems, together with a sustained commitment to management and enforcement, can serve as critical factors in reducing the distribution of counterfeit goods.

Nevertheless, practical challenges remain at the local level, including manpower shortages, limitations in jurisdictional authority, and the absence of well-coordinated cooperation structures. In order to overcome these limitations and effectively combat counterfeit distribution, continued cooperation among local governments, police authorities, and related agencies, as well as greater attention to enforcement activities, remains essential.

Recommendation

The ECCK IPR Committee recommends the following measures to strengthen regional cooperation, enhance enforcement coordination, and promote sustained public-private collaboration in combating offline counterfeit distribution.

1. Strengthen and Expand Region Based Cooperation Systems
It is recommended that cooperation systems among local governments, police authorities, and related agencies continue to be strengthened in areas with high concentrations of counterfeit distribution, such as Busan’s Gukje Market and Daegu’s Seomun Market. In particular, continued attention and support are requested so that cooperative enforcement models that have demonstrated successful outcomes in Seoul may be expanded to other regions with significant counterfeit distribution, while taking into account local characteristics and circumstances.
2. Strengthen Monitoring of Counterfeit Distribution in Traditional Markets and Promote Information Sharing
It is recommended that continued monitoring, awareness raising, and management activities be conducted in traditional markets and street vendor areas where counterfeit distribution frequently occurs. In addition, consideration is requested for establishing stronger information sharing and cooperation mechanisms regarding regional counterfeit distribution trends, effective enforcement practices, and successful enforcement

3. Encourage Participation in ECCK Capacity Building Seminars
It is recommended that local government officials and representatives of related agencies continue to participate in the ECCK's intellectual property rights capacity building seminars. Such participation would provide valuable opportunities to strengthen field level enforcement capabilities, expand cooperation with the private sector, and share the latest trends and best practices relating to counterfeit distribution and enforcement. The ECCK hopes that closer public private cooperation will generate meaningful synergies in the fight against counterfeit goods.

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

7. Issue
Enhancement of Predictability in the Statutory Damages System under the Trademark Act
In trademark infringement cases, concerns continue to be raised regarding the difficulty of proving actual damages, as compensation amounts are often determined at the discretion of the court, resulting in significant disparities and limited predictability. Although Korea's statutory damages system under the Trademark Act was introduced in 2011 as part of the implementation of the Korea-US Free Trade Agreement and was subsequently amended once to increase the maximum damages amount, concerns remain that the current framework has limitations in providing a meaningful deterrent against large scale and repetitive counterfeit distribution conducted through online platforms.

The Korean government's ongoing discussions regarding the introduction of a so called "K Discovery" system to address difficulties in collecting evidence during intellectual property infringement litigation are viewed as a positive step toward strengthening intellectual property protection. However, concerns continue to be raised that improvements to evidence collection and damage substantiation mechanisms should be accompanied by parallel discussions on a damages framework capable of providing a meaningful deterrent effect against trademark infringement.

In the United States, statutory damages for willful trademark counterfeiting may be calculated on a per mark and per type of goods or services basis. Similarly, Singapore operates a statutory damages system that allows damages to be assessed based on individual categories of counterfeit goods. Accordingly, the need to improve Korea's statutory damages framework in line with international legislative practices continues to be raised.

Recommendation

The ECCK IPR Committee recommends reviewing the statutory damages system under Article 111 of the Trademark Act to ensure its effective operation in practice. In particular, consideration should be given to improving the method for calculating statutory damages and the scope of their application in order to strengthen the deterrent effect against intentional and repeated trademark infringement.

In addition, the ECCK IPR Committee positively acknowledges the government's ongoing discussions regarding improvements to evidence collection mechanisms in intellectual property infringement cases, including the proposed K Discovery framework. We respectfully request that discussions on an effective damages regime be pursued in parallel with future reforms relating to damage substantiation and evidence collection. As improvements in evidence collection are expected to facilitate the enforcement of intellectual property rights, corresponding efforts should also be made to establish appropriate and predictable standards for calculating damages, thereby creating a more comprehensive legal framework for preventing intellectual property infringement and strengthening trademark protection.

Relevant Act/Regulation	Trademark Act, Article 111 (Claim for Statutory Damages)
Responsible Authority & Division	Ministry of Intellectual Property (MOIP) Trademark and Design Examination Policy Division/Intellectual Property Protection Policy Division, Ministry of Justice (MOJ), National Assembly Legislation Judiciary Committee
Recommendation Status	Retained

8. Establishment of a Cooperation Mechanism to Enhance the Effectiveness of Blocking Counterfeit Websites	<u>Issue</u> The proportion of counterfeit distribution through stand-alone counterfeit websites has continued to increase in recent years, and the resulting economic harm has reached a serious level. In some cases, such websites have reportedly generated sales of approximately KRW 16.5 billion within a period of only two years and ten months, demonstrating the substantial profits that can be derived from counterfeit sales and the significant disruption caused to fair market order. Despite the clear nature of such infringement, effective enforcement measures are often not achieved under the current website blocking and deliberation framework.
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The evidentiary requirements currently applied to block stand-alone counterfeit websites remain stringent, resulting in frequent situations where an entire website is not blocked despite trademark owners having sufficiently demonstrated infringement. In addition, reports submitted through the Korea Intellectual Property Protection Agency (KOIPA) are often processed through procedures similar to those applied to ordinary public complaints, leading to delays in review and response. These circumstances highlight the urgent need for a more prompt and effective response framework to better protect both trademark owners and consumers.

Meanwhile, KOIPA continues to make significant efforts to protect trademark owners and combat online infringement. However, limitations remain under the current institutional framework with respect to final blocking authority and decision-making powers relating to website blocking measures. Accordingly, concerns continue to be raised regarding the need to strengthen cooperation among relevant authorities, including the Korea Communications Standards Commission, and to pursue further improvements to the operational framework in order to effectively address the growing number of stand-alone counterfeit websites that generate substantial illegal profits and economic harm.

Taking into account the precedent established under the Copyright Act for emergency blocking and access restriction measures against copyright infringing websites, it is recommended that the government actively consider introducing a similar emergency blocking mechanism for stand-alone websites that are clearly engaged in the sale of counterfeit goods. Applying such a mechanism in the trademark field would contribute to maintaining a healthy online marketplace and

enable immediate responses to serious cases involving substantial illegal profits and large-scale economic harm.

Recommendation

The ECCK IPR Committee further recommends strengthening the cooperation framework between the Korea Communications Standards Commission and the Korea Intellectual Property Protection Agency to facilitate more prompt and efficient responses to intellectual property-infringing websites.

In particular, the existing linkage system between the Korea Intellectual Property Protection Agency (KOIPA) and the Korea Communications Standards Commission should be actively utilised to improve the speed of reviewing submitted evidence and verifying facts. Consideration should also be given to allowing the priority review of professional reports that satisfy specified criteria.

In addition, considering the characteristics of online counterfeit websites, including circumvention and reposting through overseas servers, it is recommended that effective blocking mechanisms linked to cooperation with Content Delivery Network (CDN) service providers be further explored. Continued discussions are also requested regarding improvements to evidentiary requirements and interpretation standards for website blocking so that they more accurately reflect the rapidly evolving realities of online counterfeit distribution.

Relevant Act/Regulation	1. Act on the Promotion of Information and Communications Network Utilisation and Information Protection 2. Regulations on Deliberation by the Korea Communications Standards Commission
Responsible Authority & Division	Korea Communications Standards Commission (KCSC) , Korea Intellectual Property Protection Agency (KOIPA), Ministry of Intellectual Property (MOIP)
Recommendation Status	Retained

9. Establishment of Legal Standards and Practical Guidelines in Response to the Proliferation of Lookalike (Dupe) Products	<u>Issue</u> Recently, so called “Dupe” products resembling high end branded goods have rapidly expanded across various distribution channels, including online platforms, offline select shops, and live commerce. Although dupe products often do not directly imitate logos or trademarks and therefore may not fall within the traditional definition of counterfeits, concerns continue to be raised that they may cause consumer confusion and adversely affect brand value and market order by replicating product designs, color schemes, product configurations, and overall appearance.
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In particular, concerns regarding lookalike products are growing not only in global markets, but also in Korea across a wide range of industries, including K beauty, fashion, and consumer goods. The Korean government is also understood to be aware of these market developments and the concerns expressed by industry stakeholders. However, concerns continue to be raised that rights holders face practical limitations in responding to dupe products because the current legal framework does not clearly define the standards for determining infringement or the scope of practical enforcement.

In addition, interpretive and enforcement standards relating to “imitation of product appearance” and “acts causing confusion about the source” under the Unfair Competition Prevention and Trade Secret Protection Act have not yet been clearly established. As a result, legal uncertainty continues to exist in administrative enforcement, investigations, and practical responses. Accordingly, there is a continuing need for institutional review that distinguishes dupe products from traditional counterfeits, while also addressing concerns relating to consumer confusion, market disruption, and the dilution of brand value.

Recommendation

The ECCK IPR Committee recommends establishing more specific interpretive and enforcement standards for dupe products in relation to the ‘imitation of product appearance’ and ‘acts causing confusion about the source’ under the Unfair Competition Prevention and Trade Secret Protection Act.

In particular, practical reference criteria and case examples that reflect the realities of the online distribution environment and recent market trends should be developed.

It is also recommended that the government consider preparing practical guidelines or policy materials based on domestic and international judicial precedents and policy developments that may assist rights holders and industry stakeholders. Furthermore, the opinions of a broad range of stakeholders, including industry representatives, experts, and rights holders, should be actively collected throughout the process of developing related standards and policies to ensure both practical effectiveness and industry acceptance.

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

10. Enhancement of Predictability and Timeliness in Customs IPR Training Programs	<u>Issue</u> The customs intellectual property rights (IPR) training programmes organised by the Korea Customs Service (KCS) and supported by the Trade related IPR Protection Association (TIPA) have been conducted approximately 17 to 20 times annually in cooperation with major and regional customs offices. These programmes serve as an important public-private cooperation platform through which companies provide counterfeit identification training and share the latest counterfeit trends with frontline customs officials. They play a critical role in strengthening the ability of customs officers to identify counterfeit goods during import clearance and enhancing the effectiveness of border enforcement.
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In many major jurisdictions, intellectual property rights training for enforcement officials is conducted in person because it involves confidential brand information provided by rights holders. Likewise, face-to-face training in Korea helps safeguard sensitive information while enabling direct interaction and immediate feedback between the public and private sectors. These programs have traditionally commenced around mid-March each year. However, in 2026, detailed information regarding the training schedule and implementation timeline has been delayed, and no clear operational plan has yet been communicated. Such uncertainty may weaken frontline capacity to respond to rapidly evolving counterfeit trends and reduce the

effectiveness of border enforcement, ultimately affecting fair market order and consumer protection.

Recommendation

It is recommended that the annual schedule and implementation timeline for customs intellectual property rights (IPR) training programmes be confirmed and communicated at an early stage. The operational framework among the relevant authorities should also be strengthened to ensure the stable delivery of practical training programs in cooperation with rights holders. To prevent interruptions, advance notice of the annual training schedule and implementation period is requested. In addition, field-oriented training in cooperation with regional customs offices should continue to be supported to strengthen frontline enforcement capabilities and improve the effectiveness of border enforcement.

Given that customs IPR training involves confidential business information and must reflect rapidly evolving counterfeit distribution trends, face-to-face training remains essential. In-person programmes provide a secure environment for real-time discussion, questions and answers, and practical knowledge sharing, while pre-recorded materials have limitations in protecting commercially sensitive information, incorporating the latest developments, and facilitating meaningful interaction. Accordingly, it is recommended that customs IPR training continue to be delivered primarily through offline programmes.

Relevant Act/Regulation	Customs Act, Article 235 (Protection of Intellectual Property Rights, etc.)
Responsible Authority & Division	Korea Customs Service
Recommendation Status	New

Hyokyung SUH
Director
Kitchen & Home
Appliances
Committee

Kitchen & Home Appliances

The ECCK Kitchen & Home Appliances Committee continued its constructive dialogue with the Korean government on regulatory issues affecting the industry. A key achievement was engagement with the Ministry of Science and ICT on increasing the exemption limit for market research samples, with the issue accepted for long-term review. This reflects the value of ongoing collaboration between industry and policymakers to support a more transparent and predictable regulatory environment.

Building on this progress, the Committee's 2026 recommendations focus on promoting regulatory consistency, reducing unnecessary compliance burdens, and strengthening alignment with international standards. As the regulatory landscape continues to evolve, the Committee encourages practical, risk-based approaches that improve regulatory clarity, facilitate compliance, and enable companies to bring products to the Korean market more efficiently while maintaining high standards of consumer protection.

2
Total Key Issues

1.
Improvement of
Labelling Location
Requirements for
Hygiene Products

Issue
Following the amendment of the Hygiene Products Control Act on 13 June, 2023, oral care products that had previously been classified as general consumer products were incorporated into the hygiene products category. Consequently, product-specific labelling requirements for oral care products were established to align with the Labelling Standards for Hygiene Products (effective from June 2025 with a two-year grace period), including a mandatory requirement to indicate the manufacturing date. However, with respect to manufacturing date labelling, regulations governing comparable consumer product categories in Korea generally allow

1. Labelling Standards of Hygiene products
II. Common Labelling Standards - 1. Labelling Methods - A. The container or package of each minimum sales or rental unit of a product sold or rented to consumers shall bear the labelling required under III. Product-Specific Labelling Items and Standards.
2. Safety Standards for Safety Confirmation
Children's Products Subject to Safety Confirmation - [Annex 2] Plastic Children's Products - 7. Labelling - The following information shall be displayed on each product or minimum unit package in a conspicuous location visible to consumers using a durable method that is not easily erased.
3. Operational Guidelines for the Safety Management of Electrical Appliances and Household Products - Article 59 (Labelling Methods) - Paragraph 1 - Item 2. The labelling required under Article 57 shall be affixed, printed, engraved, or otherwise marked on the relevant product or packaging in a readily identifiable location so that it does not easily detach, with marking directly on the product being the general principle.
4. Public Notice on Conformity Assessment for Broadcasting and Communication Equipment - [Appendix 5] Standards and Methods for Conformity Assessment Labelling of Broadcasting and Communication Equipment (related to Article 26) - 1. Conformity Assessment Labelling

the manufacturing date to be displayed either on the product itself or on its packaging. In contrast, the Labelling Standards for Hygiene Products¹ require the manufacturing date to be displayed only on the container or packaging of the minimum sales unit. As a result, manufacturing dates marked directly on the product itself are not currently recognised as compliant labelling.

1. Improving Product Identification After Packaging Disposal

Products classified as hygiene products are commonly used and stored after the outer packaging has been discarded. Allowing the manufacturing date to be displayed directly on the product would enable consumers to access this information even after the packaging has been removed. From a consumer safety and information accessibility perspective, this would improve product identification and traceability throughout the product lifecycle. Such an approach may also be considered a more robust labelling practice than the current requirement.

2. Harmonisation with Labelling Requirements for Comparable Product Categories

Korean regulations governing manufacturing date labelling for major consumer products generally permit the information to be displayed either on the product itself or on its packaging. Key examples include:

- 1) Food-contact utensils and food packaging materials: No mandatory requirement to indicate the manufacturing date.
- 2) Plastic children's products: Manufacturing date may be displayed on the product or the minimum unit package.²
- 3) Electrical appliances and household products: Mandatory information may be displayed on the product or packaging.³
- 4) Electromagnetic compatibility (EMC) requirements for electrical products: Mandatory information may be displayed on the product or packaging.⁴

Considering the need for consistency across consumer product regulations, it would be appropriate to review the current framework and allow oral care products to display the manufacturing date directly on the product itself. This would align the labelling requirements for hygiene products with those applicable to comparable consumer product categories while improving consumer access to important product information.

Recommendation

The ECCK Kitchen and Home Appliances Committee recommends that the Ministry of Food and Drug Safety amend the Labelling Standards for Hygiene Products to allow mandatory labelling information, including the manufacturing date, to be displayed on either the product itself or the container/package of the minimum sales unit. This amendment would improve consistency across Korean consumer product regulations, reduce unnecessary compliance burdens arising from different labelling location requirements, and encourage manufacturers to provide manufacturing date information directly on products. As a result, consumers' access to product information would be improved even after the packaging has been discarded, thereby improving product traceability and consumer information accessibility.

Relevant Act/Regulation	Labelling Standards for Hygiene Products
Responsible Authority & Division	Ministry of Food and Drug Safety (MFDS) Hygiene Products Policy Division
Recommendation Status	New

2. Improvement of Manufacturing Standards for Oral Care Products

<u>Issue</u> The manufacturing standards for fruit and vegetable detergents are as follows: 1) Fruit and vegetable detergents must not use enzymes or bleaching agents. 2) Only ingredients listed in [Annex 1] may be used in detergents. However, food additives or food ingredients recognised under the "Food Sanitation Act" may be used. 3) If an ingredient not listed in [Annex 1] is to be used, supporting documents, relevant papers, and safety data on international usage must be submitted to the Ministry of Food and Drug Safety for review. The manufacturing standard for oral care products (toothbrushes (interdental brushes), dental floss, tongue cleaners) is as follows: 1) Only food additives or food ingredients recognised under the "Food Sanitation Act" may be intentionally added as raw materials/ingredients (additives) during the manufacturing and processing of toothbrushes (interdental brushes), dental floss, and tongue cleaners.	
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As seen above, fruit and vegetable detergents allow for the use of unlisted ingredients if reviewed by the Ministry of Food and Drug

Safety. However, oral care products lack this condition, limiting options of using additives.

1. Procedural difficulty in introducing new ingredients
Introducing new ingredients requires prior registration as a 'food additive' or 'food ingredient,' even if not intended for consumption. This imposes significant time and cost burdens on the industry, including SMEs, hindering new product development and technological innovation of local industry.
2. Trade limitations due to differences in global standards
Ingredients recognised as safe by internationally accredited bodies (e.g., FDA, EFSA, CAC, ECHA) and widely used globally face difficulties in local adoption if not classified as food ingredients in Korea. This disparity acts as a non-tariff barrier for importers of high-quality global products, ultimately limiting consumer choice in the local market.

Recommendation

The ECCK Kitchen and Home Appliances Committee recommends expanding the scope of permitted raw materials for oral care products to a level consistent with that of other hygiene products. We suggest a regulatory improvement allowing substances to be used—even if they are not food additives or food ingredients under the Food Sanitation Act—provided their safety is verified through the Ministry of Food and Drug Safety's evaluation and approval procedures. This will alleviate the research and development burden on companies and enhance harmony with global standards, thereby strengthening domestic market competitiveness and expanding consumer choices.

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

Kyunghyun KIM
Manager
Logistics &
Transportation
Committee

Logistics & Transportation

Over the past year, the global logistics and maritime sector has navigated one of its most volatile periods in recent decades, shaped by geopolitical tensions, shifting trade routes, and growing energy security concerns. Against this backdrop, Korea has reaffirmed its role as an indispensable maritime and logistics hub, with its ports, shipping networks, and relevant infrastructure serving as strategic national assets.

Within this landscape, the transparency, openness, and predictability of maritime services — including auxiliary services such as ship agency — have become increasingly important to sustaining a competitive and trusted logistics ecosystem. In the current business environment, industry stakeholders have observed certain practices that may benefit from clearer and more publicly verifiable procedures. Where such services or facilities carry the character of public infrastructure, greater clarity can help reinforce market access, customer choice, and fair competition.

Building on this perspective, the ECCK Logistics & Transportation Committee's 2026 recommendation seeks to encourage further dialogue on enhancing transparency and predictability in this area, in a manner that fully respects safety and operational integrity. Deeper Korea-EU cooperation in maritime and logistics services offers a clear win-win, supporting Korea's world-class infrastructure ambitions while enabling a level playing field for European companies. By aligning with international principles of transparency and non-discrimination, Korea can further strengthen the resilience and competitiveness of its maritime logistics ecosystem.

1
Total Key Issue

1. Improving Transparency and Openness in Ship Agency Appointment at LNG Receiving Terminals	<u>Issue</u> Under the Maritime Transport Act, “shipping agency business” is defined as a business that ordinarily acts on behalf of maritime passenger transport operators or maritime cargo transport operators, including foreign transport operators, in transactions related to their business. Shipping brokerage businesses, shipping agency businesses and other related businesses are required to be registered in accordance with the procedures prescribed by the Ordinance of the Ministry of Oceans and Fisheries. Accordingly, ship agents that meet the statutory registration requirements are, in principle, permitted to act for and support ship operation-related matters, including vessel arrivals and departures, port use, filings with relevant authorities, and communications among shipowners, charterers and port authorities.
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LNG receiving terminals are closely linked to energy supply stability, port security, handling hazardous cargoes, and terminal safety management. Therefore, in addition to the general registration requirements applicable to shipping agency businesses, separate operational requirements may apply at each terminal, such as access approval, safety and security training, system access authorisation, and familiarity with emergency response procedures. On this basis, the key issue is whether the relevant procedures are operated in a clear, predictable and transparent manner, taking into account both statutory registration requirements and terminal-specific operational and approval requirements.

However, industry stakeholders have raised concerns that, at certain LNG receiving terminals, ship agency services have for many years been handled primarily by specific designated agents. In addition, there does not appear to be sufficiently clear, public or documented procedures through which new or qualified agents may apply, enquire, or be reviewed for eligibility to provide such services at these terminals. This situation should not necessarily be attributed to an intentional measure by any single party. Rather, it may be the result of multiple factors, including terminal operating standards, allocation of responsibilities under transportation contracts, shipowners’ and charterers’ agency appointment practices, management of service providers by carriers or terminal operators, and access, security and safety approval procedures. Nevertheless, where LNG receiving terminals have the character of public infrastructure or are operated in close connection with public-sector entities, the absence of externally verifiable standards may raise concerns regarding market access,

customer choice, operational transparency and fair competition.

Improving this practice requires an assessment of whether the procedures for appointing, approving or changing ship agents at each LNG receiving terminal are operated in an open and objective manner, and whether new or qualified agents that meet safety, security and operational standards have a reasonable opportunity to participate through a transparent process.

In particular, where LNG receiving terminals serve as public infrastructure or are closely linked to public-sector entities, operating procedures that are not clearly disclosed or verifiable may give rise to concerns over market access, transparency, customer choice and fair competition.

Furthermore, this issue is not limited to domestic registration requirements for shipping agency businesses. It also relates to the broader principles of transparency, non-discrimination, and fair market access in maritime transport auxiliary services — principles that are consistent with those reflected in the Korea-EU FTA. Where the procedures for appointing, approving or changing ship agents at LNG receiving terminals are not clear or cannot be objectively verified, the matter therefore warrants review from the perspective of market access, predictability, and transparency in the maritime transport and maritime transport auxiliary services sectors.

Recommendation

The ECCK Logistics & Transport Committee recommends that the relevant authorities and public-sector entities review the practices for appointing, approving and changing ship agents at LNG receiving terminals, and establish transparent and objective market access criteria, to the extent that safety and security are not compromised. This recommendation seeks to ensure that agents meeting safety, security and operational requirements are able to have their eligibility reviewed through a reasonable and objective process, with clarity on the existence of such procedures, applicable criteria, grounds for restriction, and available enquiry or objection channels.

Specifically, the Committee recommends that the relevant authorities consider the following measures;

- Review whether procedures exist for the designation, registration, approval or change of ship agents at each LNG receiving

terminal, including access approval and system access procedures, and document and disclose the basic criteria and procedures, excluding information that must remain restricted for safety or security reasons

- Confirm and review whether the use of a single designated agent arises from contractual obligations, terminal operating requirements, carrier or transporter service-provider selection practices, shipowner or charter party conditions, or safety and security restrictions
- Improve the process so that ship agents meeting safety, security and operational standards may have their potential participation reviewed under published procedures and objective criteria
- Allow shipowners, charterers or transporters to reasonably appoint agents that meet the published criteria. Where restrictions are necessary for terminal safety or security reasons, the grounds, applicable criteria and review procedures should be clearly presented
- Where a specific agent has been used for an extended period, establish a regular review mechanism and provide inquiry or objection channels to enhance predictability and transparency in terminal operations

Relevant Act/Regulation	Maritime Transport Act, Article 33; Enforcement Rule of the Maritime Transport Act, Articles 22 and 23
Responsible Authority & Division	Ministry of Oceans and Fisheries (MOF), Ministry of Trade, Industry and Resources (MOTIR)
Recommendation Status	New

Yejji KIM
Manager
Marine Industry
Committee

Marine Industry

Korea is advancing its marine industry as a strategic high-value sector where global investment, international value chains, and green transitions are increasingly important. In this context, the ECCK Marine Industry Committee has been actively engaging in identifying practical industrial challenges and proposing key agenda items to promote fair competition, regulatory clarity, and stronger alignment with international practices.

Through this work, the Committee has identified financing models and domestic requirements that appear to create structural disadvantages for European companies and, in practice, may limit their ability to compete on equal terms in the Korean marine market.

Such barriers risk reducing fair competition, limiting access to international expertise, and slowing the contribution of European companies to Korea’s green maritime transition. This is the rationale behind the 2026 recommendations. Continued efforts to enhance regulatory clarity and align with international practices would contribute to strengthening competitiveness, improving investor confidence, and reinforcing Korea’s position as a global marine and offshore industry.

Deeper Korea-EU cooperation offers a clear win-win: supporting Korea’s ambition to remain a leading global marine and offshore industry, while enabling European companies to contribute with technology, safety, sustainability, and global expertise under fair, transparent, and predictable market conditions.

1. Floating Offshore Wind in Korea - Specifying Technical Standards/Rules, Certification Bodies and Associated Regulations after the OSW Promotion Act

Issue

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 upon completion of the government’s formal procedures and its operative provisions came into effect on 26 March, 2026, one year after promulgation. However, despite this legislative progress, Korea’s legal and institutional framework for floating offshore wind remains insufficient - particularly with respect to practical technical standards/rules applicable to the design and construction phases.

As of June 2026, Korea has established technical standards for bottom-fixed offshore wind, but procedures for adopting and applying recognised technical standards for floating offshore wind remain limited and underdeveloped. By contrast, international practice typically relies on well-established frameworks such as DNV and International Electrotechnical Commission (IEC) standards, which are widely accepted and fully recognised in key areas, including project financing (PF), Engineering, Procurement and Construction (EPC) execution, and insurance.

Under the current Korean regulatory framework, verification is primarily required based on domestic standards, meaning that international standards are not automatically recognised. As a result, developers are required to undertake a dual verification process: one to satisfy Korean legal and regulatory requirements, and another to meet international technical standards necessary to ensure project safety, quality, and bankability. However, this dual regulatory structure gives rise to several challenges:

- Delays in permitting and design approval processes
- Increased development and compliance costs
- Elevated perceived technical risks

As a consequence, these factors have negatively impacted investor confidence, and in some cases, resulted in financial institutions declining project financing applications.

Recommendation

The ECCK Marine Industry Committee respectfully submits the following recommendations, with the objective of enhancing global alignment and strengthening the competitiveness of Korea’s

offshore wind market through the utilisation of internationally recognised technical standards and certification systems:

1. Establish Unified National Technical Standards Aligned with International Frameworks.
The Korean government should establish a unified national technical standard framework for offshore wind, particularly floating offshore wind, by aligning with internationally recognised standards such as DNV and IEC. This is already standard practice in leading markets and is essential for ensuring technical consistency, global compatibility and project credibility.
2. Adopt International Certification Systems, Technical Standards, and Rules to Mitigate Uncertainty in FOW Project Development.
To reduce regulatory uncertainty in the early stages of floating offshore wind development, internationally recognised certification systems, technical standards, and rules should be applied. Utilising experienced international certification bodies can ensure robust technical verification, more predictable approval processes, and greater trust from global financiers and insurers.
At the same time, domestic certification bodies should become eligible to participate in FOW projects as a qualified certification body once they achieve internationally recognised, equivalent levels of capability. This approach will ensure alignment with international certification practices while also strengthening domestic technical capacity and industrial competitiveness.
3. Enhance Bankability and Project Feasibility.
Adopting internationally proven standards and certification systems will help ensure project quality, safe operation throughout the project lifecycle, and compliance with global financing requirements. This will ultimately improve project financing feasibility and strengthen investor confidence.

Relevant Act/Regulation	Special Act on the Promotion of Offshore Wind Power Distribution and Industrial Development (OSW Promotion Act)
Responsible Authority & Division	Ministry of Climate, Energy and Environment
Recommendation Status	New

2. Easing BBCHP Requirements, Korean RO Restrictions, and State Financing Schemes for Fair Competition	<u>Issue</u> ECCK Marine Industry Committee fully acknowledges the Government's sovereign authority to regulate maritime safety, designate Recognised Organisations (RO), and pursue policies supporting national shipping interests. However, concerns arise regarding the practical implications of the current framework and its alignment with international maritime practices. Bareboat Charter Hire Purchase (BBCHP) vessels, while treated similarly to Korean-flagged vessels for certain domestic purposes, remain legally registered under foreign flags and subject to the jurisdiction and international responsibilities of their respective flag administrations. Under established International Maritime Organization (IMO) principles, the authority to appoint and recognize ROs primarily rests with the flag state. Accordingly, the domestic characterisation of such vessels should not, without transparent and objective justification, effectively override flag state recognition decisions. The ECCK Marine Industry Committee recognises that RO designation is a legitimate governmental function. However, classification services are delivered by independent organisations operating in a globally competitive environment under harmonised frameworks such as the IMO RO Code and IACS (International Association of Classification Societies) requirements. The key concern is not the authority to designate ROs, but whether the current framework applies clear, objective, and proportionate criteria to all technically qualified organisations. In practice, the interaction between BBCHP requirements, RO designation, and associated financing arrangements appears to significantly influence the selection of classification societies for newbuilding projects. While Korean Register (KR) and Bureau Veritas (BV) are recognised participants, other IACS members, including DNV, American Bureau of Shipping (ABS), and Lloyd's Register, possess equivalent technical capabilities and global recognition. The absence of transparent access criteria raises concerns regarding equal opportunity, market fairness, and flexibility for shipowners, charterers, and investors. This issue is further compounded by the fact that, in international practice, classification arrangements are generally determined
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by shipowners based on a combination of flag administration requirements and commercial considerations, including charterer preferences. Extending domestic policy constraints to these areas may inadvertently restrict commercial choice and reduce operational efficiency across the maritime value chain.

The practical impact extends beyond individual classification societies. To meet both domestic regulatory requirements (BBCHP) and the expectations of international stakeholders (Charterers) -particularly in LNG projects – newbuilding projects often adopt dual-class arrangements. While these arrangements provide a functional solution, they introduce duplicated approval processes, increased administrative complexity, and higher compliance costs for shipowners, shipyards, and equipment suppliers. As global verification frameworks continue to evolve and the role of classification societies in newbuilding projects becomes more clearly defined and increasingly critical under a dual-class setting, these inefficiencies are likely to become more pronounced.

The ECCK Marine Industry Committee emphasizes that these observations are made in a constructive spirit, aimed at supporting a framework that preserves robust safety oversight while promoting transparency, international alignment, and fair competition. Addressing these concerns would strengthen Korea's position as a globally competitive shipbuilding nation and enhance confidence among international investors and industry stakeholders.

Recommendation

The ECCK Marine Industry Committee respectfully submits the following recommendations:

1. Establish transparent and objective criteria for RO participation in BBCHP-related activities, ensuring equal consideration of all technically qualified IACS members.
2. Clarify the legal and policy framework applicable to foreign-flagged BBCHP vessels, including the relationship between Korean regulatory requirements and the responsibilities of flag administrations under international maritime conventions, thereby enhancing legal certainty and regulatory predictability.
3. Review the interaction between BBCHP structures, RO designation, and financing arrangements to avoid unintended constraints on commercial flexibility and operational efficiency.

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

Siyeon KIM
Manager
Taxation
Forum

Taxation

5

Total Key Issues

The ECCCK Taxation Forum brings together tax and finance professionals from ECCCK member companies to provide regular updates on tax law and policy developments and identify the practical challenges faced in the field. Based on this experience of European companies and global standards, we have been presenting policy recommendations through our White Paper to the Ministry of Finance and Economy (MOFE) and the National Tax Service (NTS). Through these efforts, we are dedicated to advancing the Korean tax system by enhancing the certainty and consistency of tax administration, ensuring alignment with global standards, and fostering a more investment-friendly business environment.

1. Revision to Clarify Definition of Statutory Import Requirements

Issue

As a general provision that obligates the importer to comply with pre-import regulations, the current Customs Act states "Goods that need to satisfy the requirements prescribed by statutes, such as permission, approval, and labels, at the time of exportation or importation, shall be verified by the head of a customs office that they have satisfied such conditions" (Customs Act 226(1)). For the Korea Customs Service ("KCS") to give practical guidance to importers in order to ensure compliance, the specifics of which goods are subject to pre-import regulations and what are the requirements are provided in written as 'goods subject to verification by the head of customs office' (Customs Act 226(2), Enforcement Decree of the Customs Act, KCS administrative regulation).

Nevertheless, the 'goods subject to verification by the head of customs office' is not an exhaustive list regarding import requirements. Consequently, there will always be a possibility for importers to import foreign goods without being aware of pre-import clearance regulations. In particular, if the foreign goods to be imported are not included in the 'goods subject to verification by the head of customs office', the risk of overlooking import requirements increases further. This entails a serious risk, as foreign goods without fully and validly

satisfying all applicable import requirements are import-cleared into the customs territory of South Korea and if found by KCS at a post-clearance audit, on-site examination or any other modes of inspection, construe violation of 'illegal importation' which is a criminal offense (Customs Act 270(2)).

Unless the definition of import requirements and the importer's pertinent method of compliance are clearly defined by law, it is expected that the current phenomenon whereby customs inspections which were originally regarded as ordinary post-clearance audits (customs audits) or routine administrative inspections are converted into customs criminal offense investigations (criminal investigations) will continue, resulting in criminal punishments for importers.

Recommendation

The ECCK Taxation Forum recommends that the Customs Act expressly and clearly defines the meaning of what constitutes "requirements prescribed by statutes", either directly in the Act or via a delegated article in its Presidential Decree, so as to allow taxpayers to conduct import business at a heightened level of predictability.

Relevant Act/Regulation	Article 226 (1) of the Customs Act
Responsible Authority & Division	Ministry of Finance and Economy
Recommendation Status	New

2.	<u>Issue</u>
Revision of Profit Level Indicator Regulation for the Transactional Net Margin Method	Many ECCK member companies apply the Transactional Net Margin Method (TNMM) to manage the transfer pricing of their subsidiaries in Korea. The current Enforcement Decree of the Law for Coordination of International Tax Affairs specifies that the profit level indicator to be used in applying the TNMM shall be a ratio based on accounting operating profit. (The legislation defines transactional net margin as "the amount obtained by deducting operating expenses from gross profit, where operating expenses refer to selling, general and administrative expenses.")

In practice, however, situations arise in which a more rational transfer pricing operation requires the reflection of non-operating items under accounting standards. In particular, the recent sharp fluctuations in exchange rates have caused many ECCK member companies significant difficulties in managing the profitability of

their Korean subsidiaries. The current regulations, however, prohibit the reflection of foreign exchange gains and losses in transfer prices, thereby impeding a rational transfer pricing operation.

For reference, the OECD Transfer Pricing Guidelines (paragraph 2.88) permit the consideration of non-operating items on an exceptional basis. Furthermore, in mutual agreement procedures and advance pricing agreements between Korea and EU member states, profit level indicators based on Profit Before Tax (PBT) — which reflect non-operating items — are being used, giving rise to conflicts with the current regulations.

Recommendation

The ECCK Taxation Forum recommends that the current regulations, which restrict the basis for calculating the transactional net margin to accounting operating profit, be relaxed so as to allow taxpayers to manage their transfer prices by also taking non-operating items into account at a reasonable level.

Relevant Act/Regulation	Article 8 of the Law for Coordination of International Tax Affairs
Responsible Authority & Division	Ministry of Finance and Economy
Recommendation Status	New

3.	<u>Issue</u>
Underreporting Penalty Protection for Maintaining Transfer Pricing Documentation	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 Base Erosion and Profit Shifting (BEPS) (e.g., Local File and Master File) 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 since BEPS reports must be filed with the Tax Office by a certain due date. Filing BEPS reports on time provides greater assurance to tax auditors that the taxpayer has been compliant with this documentation obligations.

Recommendation

The ECCK Taxation Forum recommends that regulations 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 Finance and Economy (MOFE) Tax Policy Division
Recommendation Status	Retained

4. Recommendation on Submission Requirements of Master File and Local File	<u>Issue</u> 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.
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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	1. Article 34, Paragraph 1 of the Presidential Enforcement Decree of the Law for the Coordination of International Tax Affairs 2. Article 22 of the Enforcement Rule of the Law for the Coordination of International Tax Affairs
Responsible Authority & Division	Ministry of Finance and Economy (MOFE) International Tax Division
Recommendation Status	Retained

5. Recommendation on the Submission of GloBE Information Return	<u>Issue</u> For fiscal years beginning on or after 1 January 2024, multinational enterprise (MNE) groups with consolidated annual revenues of at least EUR 750 million in at least two of the preceding four fiscal years are subject to the Global Anti-Base Erosion (GloBE) rules. As a result, each Korean constituent entity (including subsidiaries and branches) is required to file a GloBE Information Return (GIR) with the National Tax Service (NTS) by the applicable deadline.
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For entities with a 31 December 2024 year-end, the first filing deadline is 30 June 2026. Non-compliance may result in a fine of up to KRW 100 million.

A simplified filing approach is available where a Korean entity files a GIR Notification Form (Form 55), rather than the full GIR, to designate an overseas filing entity within the group. This approach is permitted where:

- 1) An overseas group entity files the GIR in its jurisdiction; and
- 2) The jurisdiction of the filing entity has activated the Multilateral Competent Authority Agreement on Automatic Exchange of GIR Information (GIR-MCAA) with Korea for the relevant fiscal year.

However, there is uncertainty regarding the timely activation of exchange relationships under the GIR-MCAA. While it is expected that exchange relationships between implementing jurisdictions will be in place by the end of 2026, many jurisdictions may not formally activate these arrangements before the first filing deadline of 30 June 2026 for December year-end entities.

In recognition of the practical challenges arising from this uncertainty and in following an agreement reached with the OECD/Inclusive Framework in the document 'Global Minimum Tax: Support for Central GloBE Information Return Filing and Exchange (2024 Reporting Fiscal Year)', the Korean tax authorities have indicated that fines will be waived and local GIR filing will not be enforced before the relevant GIR exchange deadline (31 December 2026) where:

- 1) the GIR for the 2024 fiscal year has been centrally filed in one of the designated jurisdictions by the filing deadline listed in the Annex to the OECD document; and
- 2) the GIR notification for the 2024 fiscal year has been submitted in Korea on time.

While this guidance is helpful, uncertainty remains for Korean entities of multinational groups, particularly European-headquartered groups, due to the lack of clarity on the timing of GIR-MCAA activation in relevant jurisdictions. Specifically, it remains unclear whether the GIR-MCAA will be activated between Korea and the relevant EU jurisdictions before the GIR exchange deadline of the end of December 2026, and whether any further delay in activation beyond the exchange deadline in the relevant jurisdiction would give rise to fines or additional GIR filing obligations for Korean constituent entities. Further confirmation or guidance from the Korean authorities would therefore be beneficial.

Recommendation

The ECCK Taxation Forum recommends that, to provide greater certainty for Korean entities within European-headquartered multinational groups, the Korean government issue clear guidance confirming whether the GIR-MCAA will be activated between Korea and the relevant jurisdictions on or before 31 December 2026. Where activation is not achieved by that date, it is further recommended that the current fine waiver be extended until such time as the GIR-MCAA is activated.

Relevant Act/Regulation	Law for the Coordination of International Tax Affairs, Article 83
Responsible Authority & Division	Ministry of Finance and Economy (MOFE) Tax Policy Division
Recommendation Status	New

Categorised Issues in 2026

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
-  Regulatory Implementation
-  Other Regulatory Barriers

Status:  New  Updated  Retained

Committee/Forum	Issue Titles	Status	Category
Aerospace & Defense	Ensuring Effective Implementation of Offset Guideline Improvements and Strengthening Evaluation of Advanced Technology-Based Offset Projects		
	Expanding European Participation in Korea's Defence Supply Chain and Technology Partnership Opportunities		
Alcohol Beverages	Maximising Economic and Social Benefits Through the Liberalisation of E-commerce Delivery for All License Holders		
	Fostering Industry Growth and Consumer Benefit: The Need for a Single Specific Tax System in Korea		
	Deregulation of Radio Frequency Identification Requirements for Whisky Products		

Committee/Forum	Issue Titles	Status	Category
Automotive	Request for No Less Favorable Treatment under the Korea-EU FTA in Light of Proposed Amendments to Automobile Certification Following Korea-U.S. Tariff Consultations		
	Request to Improve Communication with European Automotive Importers and Manufacturers on the Evaluation Criteria for Selecting Implementing Entities for the Electric Vehicle Deployment Program		
	Request for Global Regulatory Harmonisation and Mutual Recognition in Emerging Technology Areas under the Korea-EU FTA		
	Request for Clarification of Greenhouse Gas Reduction Targets for Passenger and Commercial Vehicle Sectors		
	Request for Clarification of the Fuel Economy Reporting System and Elimination of Redundant Administrative Procedures Related to Facility Inspections		
	Request for Improvement to the Electric Vehicle Subsidy Evaluation Process, Expansion of Infrastructure, and Clarification of Regulations		
	Request for Procedural and Operational Improvements to Address Delays in Electric Vehicle Launch Schedules		
	Request for Expediting the Review Process for Corrective Measures and Voluntary Repairs, and Electric Vehicle Environmental Certification		
	Need to Improve Operational Criteria for the Zero-Emission Vehicle Deployment Target System		

Committee/Forum	Issue Titles	Status	Category
	Ensuring Timely Grid Connection and Institutionalizing Compensation Mechanisms for Grid Connection Delays	✱	📌
	Strengthening the Link Between Transmission Service Agreements and Power Purchase Agreements to Reduce Uncertainty for Genuine Offshore Wind Developers	✱	📌
	Ensuring Revenue Recognition and Offtake Arrangements for RECs Issued during Phased Commissioning	✱	📌
Family Friendly Future	Strengthening Preventive Reproductive Healthcare Policies for Young Adults	✱	📌
	Expanding Adult Immunisation to Strengthen a Prevention-oriented Healthcare System	✱	📌
	Enhancing Effective Incentive Mechanisms to Promote Family-Friendly Policies	✱	📌
Fashion & Retail	Expanding the Use of QR Codes and Improving the Regulatory Framework for the Digital Transformation of Product Information	🔄	📌
	Request for Reasonable Criteria on Labelling Method of 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	🔄	🌐

Committee/Forum	Issue Titles	Status	Category
	Improvement of Customs Clearance Procedures and Risk-Based Inspection Practices for Imported Footwear Products	✱	🛡️
	Promoting the Effective Use of the Mutual Recognition Framework for Safety Verification Test Results for Infant Textile Products	🔄	🌐
Food	Proposal for the Digitalisation of Health Certificates	✱	🌐
	Request for English Guidelines to Support the Global Implementation of the Packaging Material and Structure Evaluation System	✱	🚫
	Request for English Guidelines to Support the Global Implementation of the Packaging Space Ratio	✱	🚫
Healthcare	Enhancement of Evaluation Criteria for Pharmaceutical Value Assessment	📈	📌
	Improving Patient Access through Accelerated Reimbursement Listing and Expansion of Innovative Medicines	📈	📌
	Improving the Framework for Stable Supply of Pharmaceuticals: Proposal for Korea-EU Mutual Recognition of GMP and Local Batch Release Testing and Exemption of Essential Medicines from Price Post-Management	✱	🌐
	Improvement of Clinical and Non-Clinical Data Acceptance	✱	🌐
	Expanding Differentiated Reimbursement for Advanced Diagnostic Imaging Equipment such as MRI and CT based on Performance and Age	✱	⚖️

Abbreviation	Abbreviated	Expanded
	3GPP	3rd Generation Partnership Project
	AAS	Active Antenna System
	ABS	American Bureau of Shipping
	ACPE	Acceleration Control for Pedal Error
	ADAS	Advanced Driver Assistance Systems
	AREC	Act on the Registration and Evaluation of Chemical Substances
	BBCHP	Bareboat Charter Hire Purchase
	BEPS	Base Erosion and Profit Shifting
	BPR	Biocidal Products Regulation
	BV	Bureau Veritas
	CAC	Codex Alimentarius Commission
	CBI	Confidential Business Information
	CDN	Content Delivery Network
	CLP	Classification, Labelling and Packaging
	CMC	Chemistry, Manufacturing, and Controls
	CMS	Camera Monitoring System
	CoA	Certificate of Analysis
	COD	Commercial Operation Date
	CPNP	Cosmetic Products Notification Portal
	CSMS	Cyber Security Management System
	CT	Computed Tomography
	DCAS	Driver Control Assistance System
	DNV	Det Norske Veritas
	DOT	Department of Transportation Code
	EBL	Electricity Business License
	ECHA	European Chemicals Agency
	EDI	Electronic Data Interchange
	EFSA	European Food Safety Authority
	EMC	Electromagnetic Compatibility
	EPA	Environmental Protection Agency
	EPC	Engineering, Procurement and Construction
	ESPR	Ecodesign for Sustainable Products Regulation
	EU BPR	EU Biocidal Products Regulation

Abbreviation	Abbreviated	Expanded
	FC	Financial Closure
	FDA	Food and Drug Administration
	FMCG	Fast-Moving Consumer Goods
	FMVSS	Federal Motor Vehicle Safety Standards
	FOW	Floating Offshore Wind
	GENCO	Public Generation Companies
	GHS	Globally Harmonized System of Classification and Labelling of Chemicals
	GIR	Global Information Return
	GIR-MCAA	Multilateral Competent Authority Agreement on the Exchange of GloBE Information Returns
	GloBE	Global Anti-Base Erosion
	GLP	Good Laboratory Practice
	GMP	Good Manufacturing Practice
	GTR	Global Technical Regulation
	HS	Harmonised System
	HSE	Health, Safety and Environment
	HTA	Health Technology Assessment
	IACS	International Association of Classification Societies
	ICER	Incremental Cost-Effectiveness Ratio
	ICH	International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use
	IEC	International Electrotechnical Commission
	IFRA	International Fragrance Association
	IMO	International Maritime Organization
	IMPD	Investigational Medicinal Product Dossier
	IND	Investigational New Drug
	ITAR-free systems	International Traffic in Arms Regulations (ITAR)-free systems
	IVD	In Vitro Diagnostics
	K-ICS	Korea Insurance Capital Standard
	KPTA	Korea Pharmaceutical Traders Association
	KR	Korean Register
	LCOE	Levelized Cost of Energy
	LI	Life Insurance

Organisations

Organisations

Organisations	Expanded
APQA	Animal and Plant Quarantine Agency
DAPA	Defense Acquisition Program Administration
FSC FSS	Financial Services Commission Financial Supervisory Services
HIRA	Health Insurance Review and Assessment Service
KATRI	Korea Automobile Testing & Research Institute
KATS	Korean Agency for Technology and Standards
KCA	Korea Communications Agency
KCS	Korea Customs Service
KCSC	Korea Communications Standards Commission
KDCA	Korea Disease Control and Prevention Agency
KEA	Korea Energy Agency
K-eco	Korea Environment Corporation
KEPCO	Korea Electric Power Corporation
KFTC	Korea Fair Trade Commission
KNPA	Korean National Police Agency
KOIPA	Korea Intellectual Property Protection Agency
KPX	Korea Power Exchange
MCEE	Ministry of Climate, Energy and Environment
MFDS	Ministry of Food and Drug Safety
MOEL	Ministry of Employment and Labor
MOF	Ministry of Ocean and Fisheries
MOFE	Ministry of Finance and Economy
MOGEF	Ministry of Gender Equality and Family
MOHW	Ministry of Health and Welfare
MOIP	Ministry of Intellectual Property
MOJ	Ministry of Justice
MOLIT	Ministry of Land, Infrastructure and Transport
MOTIR	Ministry of Trade, Industry and Resources
MSIT	Ministry of Science and ICT
NFA	National Fire Agency
NHIS	National Health Insurance Service
NICS	National Institute of Chemical Safety

Organisations

Organisations	Expanded
NIER	National Institute of Environmental Research
NIFDS	National Institute of Food and Drug Safety Evaluation
NTS	National Tax Service
	Busan Jung-gu Office Daegu Jung-gu Office National Assembly of the Republic of Korea Sentencing Commission

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