

## SUMMARY OF PRESIDENT-ELECT YOON'S POLICY PLEDGE & IMPACTS ON INDUSTRIES



March 18, 2022

# Table of Contents

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|  |           |
|--|-----------|
| <b>Summary : Seok Yeol YOON's Policy Pledges .....</b>           | <b>4</b>  |
| <b>I . Real Estate .....</b>                                     | <b>9</b>  |
| ① Housing Supply / Redevelopment / Reconstruction .....          | 9         |
| ② Real Estate Tax.....   | 11        |
| ③ Housing Loans and Prevention of Speculation.....               | 12        |
| ④ Rental Housing Business .....                                  | 13        |
| <b>II. Economy / Finance.....</b>                                | <b>15</b> |
| ① Regulatory Reform and Improvement in Business Environment..... | 15        |
| ② Advancement of Capital Markets.....                            | 17        |
| ③ Small and Medium Enterprises & Venture Businesses.....         | 19        |
| ④ Other Major Industries.....                                    | 21        |
| ⑤ Regional Development.....                                      | 22        |
| <b>III. Digital Economy.....</b>                                 | <b>24</b> |
| ① Innovation and Stability of Digital Finance .....              | 24        |
| ② Digital Assets .....   | 25        |
| ③ Platform Policy.....   | 27        |
| <b>IV. Energy / Environment (Carbon Neutrality).....</b>         | <b>29</b> |
| ① Nuclear Power Plants.....                                      | 29        |
| ② Carbon Neutrality & Climate Change Policies .....              | 31        |

|   |           |
|---|-----------|
| <b>V. Labor</b> .....                                     | <b>33</b> |
| ① Job Creation and Fairness in Opportunity.....           | 33        |
| ② Employment Innovation/Labor Director/ Minimum Wage..... | 34        |
| ③ Industrial Safety.....                                  | 36        |
| <b>VI. Legal Reform</b> .....                             | <b>37</b> |
| ① Court System.....                                       | 37        |
| ② Prosecutor’s Office.....                                | 37        |
| <b>VII. Public Sector Reform</b> .....                    | <b>38</b> |
| ① Government Reorganization.....                          | 38        |
| <b>VIII. General Welfare</b> .....                        | <b>39</b> |
| ① Small Self-Employed Business Owners.....                | 39        |
| ② Response to Infectious Diseases.....                    | 39        |
| ③ Fair Society.....                                       | 40        |
| <b>■ Yulchon Professionals</b> .....                      | <b>41</b> |

*\*Yulchon held a webinar discussing policy directions of Yoon’s administration on March 16, 2022, and you can check our recorded video at [LINK](#)*

**I . Real Estate**

| <i>Classification</i>                              | <i>Highlights</i>  |
|--|--|
| Housing Supply /<br>Redevelopment / Reconstruction | <ul style="list-style-type: none"> <li>- Supply 2.5 million housing units during the term of office through relaxation of redevelopment and reconstruction regulations and development of complex urban</li> <li>- Promote sequential developments of the first generation cities (the "New Cities") by enacting the Special Act on the Promotion of Urban Renewal Projects</li> </ul> |
| Real Estate Tax                                    | <ul style="list-style-type: none"> <li>- Return the published value of housing units to the level of 2020</li> <li>- Merge comprehensive real estate tax into personal property tax and postpone heavy taxation on transfer tax for multiple homeowners</li> </ul>   |
| Housing Loans & Prevention of<br>Speculation       | <ul style="list-style-type: none"> <li>- Apply loan-to-value (LTV) ratio up to 80% for first-time home buyers and LTV ratio of up to 70% in general</li> <li>- Employ a permit system for non-resident foreigners buying/selling houses</li> </ul>   |
| Rental Housing Business                            | <ul style="list-style-type: none"> <li>- Relax regulations on owners/landlords renting homes and offer a tax break to registered rental business operators.</li> <li>- Revitalize private rental housing and amend the Rental Business Act.</li> </ul>   |

**II . Economy & Finance**

| <i>Classification</i>   | <i>Highlights</i>   |
|---|---|
| Regulatory Reform and<br>Improvement in Business<br>Environment | <ul style="list-style-type: none"> <li>- Innovate regulations through dedicated departments and reform "positive" regulations into "negative" regulations</li> <li>- Promote business-friendly policies, such as reforming corporate related regulations on person in a special relationship and introducing advanced measures to defend management rights</li> </ul> |

| <i>Classification</i>                             | <i>Highlights</i>   |
|---|---|
| Advancement of the Capital Markets                | <ul style="list-style-type: none"> <li>- Strengthen tax benefits for individual investors</li> <li>- Strengthen requirements for stock split-off and institutionalize measures to protect shareholders</li> </ul>                                 |
| Small and Medium Enterprises & Venture Businesses | <ul style="list-style-type: none"> <li>- Foster small and medium enterprises and venture businesses through various policy support</li> </ul>   |
| Other Major Industries                            | <ul style="list-style-type: none"> <li>- Promote supportive and restrictive measures for the semiconductor, shipping, shipbuilding, aviation, space, game industries, etc.</li> </ul>   |
| Regional Development                              | <ul style="list-style-type: none"> <li>- Form five mega-metropolitan areas and manage land by employing science, technology, and culture</li> <li>- Designate specialized innovation districts for new business developments by region</li> </ul> |

### III. Digital Economy

| <i>Classification</i>                       | <i>Highlights</i>   |
|---|---|
| Innovation and Stability of Digital Finance | <ul style="list-style-type: none"> <li>- Reorganize regulations over big tech companies in the finance sector</li> <li>- Promote to create a digital innovative financial ecosystem, such as strengthening AI, Data governance and Security</li> </ul>  |
| Digital Assets                              | <ul style="list-style-type: none"> <li>- Set rules on digital assets through non-taxation of profits from investment in cryptocurrency and the enactment of the Framework Act on Digital Assets, etc.</li> <li>- Foster and support markets for digital assets, such as allowing ICOs, activating NFTs, and legalizing metaverse-related legislation</li> </ul> |
| Platform Policy                             | <ul style="list-style-type: none"> <li>- Introduce a fund for the development of regional markets where online platforms and local markets benefit from each other</li> <li>- Establish a self-regulatory body for platform businesses and induce to establish a self-regulatory dispute mediation committee within the platforms</li> </ul>                    |

## IV. Energy & Environment (Carbon Neutrality)

| <i>Classification</i>                       | <i>Highlights</i>  |
|---|--|
| Nuclear Power Plants                        | <ul style="list-style-type: none"><li>- Rescind the nuclear phase-out plan and revitalize the nuclear power industry</li></ul>   |
| Carbon Neutrality & Climate Change Policies | <ul style="list-style-type: none"><li>- Initiate public discussion to comprehensively revise the Nationally Determined Contribution (NDC)</li><li>- Increase investment in carbon reduction R&amp;D and strengthen support climate change policy</li></ul> |

## V. Labor

| <i>Classification</i>                                 | <i>Highlights</i>   |
|---|---|
| Job Creation and Fairness in Opportunity              | <ul style="list-style-type: none"><li>- Secure quality jobs by establishing a fair competition environment</li><li>- Expand support for self-employed business owners and work force for the platform businesses</li><li>- Create jobs related to high-tech industries, such as nuclear energy and new and renewable energy</li></ul> |
| Employment Innovation / Labor Director / Minimum Wage | <ul style="list-style-type: none"><li>- Adopt measures to prevent industrial accidents</li><li>- Promote preemptive preventive measures through the amendment of the Enforcement Decree of the Severe Accidents Penalties Act</li></ul>   |

## VI. Legal Reform

| <i>Classification</i> | <i>Highlights</i>   |
|-----------------------|---|
| Court System          | <ul style="list-style-type: none"><li>- Establish the Integrated Family Court and the Maritime Specialized Court</li><li>- Establish the Integrated Administrative Tribunal</li></ul>                 |
| Prosecutor's Office   | <ul style="list-style-type: none"><li>- Secure the neutrality and political independence of the prosecution by abolishing the authority of the Minister of Justice to direct investigations</li></ul> |

| <i>Classification</i> | <i>Highlights</i>   |
|-----------------------|---|
|                       | <ul style="list-style-type: none"> <li>- Repeal rules granting the superior and monopolistic status of the Corruption Investigation Office</li> </ul> |

## VII. Public Sector Reform

| <i>Classification</i>     | <i>Highlights</i>   |
|---------------------------|---|
| Government Reorganization | <ul style="list-style-type: none"> <li>- Reorganize and reduce the size of the President's office</li> <li>- Abolish the Ministry of Gender Equality and Family and establish a separate ministry to cope with various social issues</li> <li>- Establish a Presidential Committee on Public-Private Science and Technology and a Government body to eliminate digital regulation</li> <li>- Develop an exportable AI system for administration and establish a digital platform government within three years</li> </ul> |

## VIII. General Welfare

| <i>Classification</i>               | <i>Highlights</i>   |
|-------------------------------------|---|
| Small Self-Employed Business Owners | <ul style="list-style-type: none"> <li>- Small Business Owners/ Self-Employed COVID-19 Loss Compensation</li> <li>- Promotion of rent sharing system</li> <li>- Active support for the recovery of damages to the tourism industry</li> </ul> |
| Response to Infectious Diseases     | <ul style="list-style-type: none"> <li>- Reorganize the COVID-19 response system within 100 days starting the new administration</li> <li>- Expand national responsibility for essential medical services</li> </ul>                          |
| Fair Society                        | <ul style="list-style-type: none"> <li>- Introduce law schools with part-time JD program for those who work</li> <li>- Prevention of misappropriation of public funds and accounting fraud by non-government organizations</li> </ul>         |

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***Classification******Highlights***

- Improve law enforcement systems related to fair trade
  - Improve the unit price system for the delivery of goods and create an environment for a fair payment for the delivered goods
-



### ① Housing Supply / Redevelopment / Reconstruction

- **Supply at least 2.5 million houses for five years through the relaxation of regulations on housing supply/redevelopment, reconstruction and redevelopment, and the combined development of urban and metropolitan areas**
  - Focus on the supply of housing to meet demand, enact the Remodeling Promotion Act, and promote the redevelopment of public Participation in areas with low business value
  - Engage private participation in the process of safety review in addition to the affiliated agencies of the Ministry of Land, Infrastructure and Transport.
- **Supply at least 100,000 houses by renovating the Seoul Metropolitan Area**
  - Enact laws to promote redevelopment of the Seoul Metropolitan Area by simplifying procedures and easing regulations on safety diagnosis systems and relevant restrictions to keep market price and rent price under control."

#### ▶ President-elect's comment

| Area           | Details   |
|----------------|---|
| Housing Supply | <ul style="list-style-type: none"> <li>▪ The housing supply in Seoul did not increase; Housing price is different from other goods; When the price is anticipated to rise, demand further increases even if is expensive. That's why the government should send signals to the market that there continue to be supply (2022.2.3, TV debate hosted by three terrestrial broadcasters)</li> <li>▪ During my term, 2.5 million new homes nationwide, including 1.3 million in the Seoul metropolitan area will be supplied. . .Through a tax reform and relaxed regulation(2022.3.3, KBS-TV Chosun Broadcasting Speech)</li> <li>▪ The policy of our party is to help more people own their houses, have more houses in the market by lowering capital gains taxes(2022.3.6, Jung-gu, Seoul)</li> </ul> |

▶ **President-elect's comment**

| Area                                | Details  |
|-------------------------------------|--|
| Re-construction and Re-development. | <ul style="list-style-type: none"><li>▪ Former Seoul Mayor Park stifled both reconstruction and redevelopment of new housings in Seoul; Retirees hoping to sell their urban homes and moved to suburbs pay huge capital gains tax. Those with multi-housing are treated as criminals (2022.3.6, Gangdong-gu/Jung-gu, Seoul).</li><li>▪ The People's Power Party means the government that allows housing prices to stay up and not rise, and allows re-development or re-construction if they are insufficient (2022.3.6, Campaigning in Gangdong-gu, Seoul)</li></ul> |

▶ **Implications and Industry Impact**

- Real estate and related tax pledges are areas closely related to property rights infringement, where changes in government policy and laws are both needed for a successful execution
- One of Mr Yoon's main pledges that he will promote redevelopment and reconstruction (470,000 units) by granting exceptions to the regulations on the restitution of excess profits from reconstruction requires changes in the law, and it will be challenged by the opposing party. Such reduction or exemption for long-term holders of one house is also a pledge that requires a revision of the law.
- In addition, in the case of the unused national land complex development (180,000 units) pledge, it can be promoted by three administrative phases: abolition of use, designation of residential districts, and housing site development

## ② Real Estate Tax

- **Reduce the published price to the level of 2020 and revisit the system through which the published price is determined**
  - Reduce the published price of real estate to the level of 2020 and establish a published price verification center in local governments to mutually verify the published prices of the central government.
- **Mitigate real estate tax burden through reorganization of the comprehensive real estate tax and acquisition tax and suspension of transfer income tax, etc.**
  - Merge the comprehensive real estate tax into property tax, provide a tax break relating to properties for long-term homeowners of one house, and relax tax ratios when transferring real estate.
  - Unify the current acquisition tax rate of 1 to 3 percent or simplify the tax rate application section to alleviate the burdens on homeowners with single home who wish to move. Reduce rates of progressive tax on homeowners with two or more homes in the areas that require land transaction permission from the government (such restriction comes from the outgoing administration's effort to control a possible speculation in the real estate market)
  - Re-examination of the heavy taxation policy for multiple homeowners in the process of comprehensive reorganization of the real estate tax system, excluding the application of the heavy taxation rate for multiple homeowners for up to two years

### ▶ President-elect's comment

| Area  | Details   |
|---|---|
| Reorganization of Comprehensive Real Estate Tax and Property Tax. | <ul style="list-style-type: none"> <li>▪ This is not to say that the comprehensive real estate tax should be abolished. It should be taxed in combination with property tax, Those having house with a loan should be taxed based on their net assets and reasonable standards (2022.2.21, the first legal debate organized by the Central Election Debate Broadcasting Committee)</li> </ul> |

### ► President-elect's comment

| Area  | Details   |
|---|---|
| Realization of published prices and mitigation of transfer tax burden | <ul style="list-style-type: none"><li>▪ The government intends to ease the drastic increase in the burden of holding taxes and reduce the capital gains tax rate.</li><li>▪ We will reduce the speed of price hikes to prevent a surge in holding taxes. One house for one household. We will also consider the deferral of tax payment for the long time elderly house owners until the sale or inheritance (2021.11.14, Facebook)</li></ul> |

### ► Implications and Industry Impact

- The 2020 level return pledge of the published value can be implemented immediately with the revision of the Enforcement Decree.
- The establishment of a published price verification center in local governments seems to be a policy that cannot be promoted due to the lack of legal authority.
- The merging of the comprehensive property tax into property tax requires changes in the laws, and, because the Congress is controlled by the opposing party, the pledge will be certainly challenged for the foreseeable future. However, tax rates for homeowners with one house will be adjusted as both parties have pledged for readjustment.
- Tax breaks relating to real estate will promote the housing market for at least on the short term.

## ③ Housing Loans and Prevention of Speculation

- **Reform the regulations on LTV ratio and promote financial support for newlyweds and younger people who wish to purchase homes**
  - Apply loan-to value (LTV) ratio up to 80% for first-time home buyers and LTV ratio of up to 70% in general; financial support for newlyweds and younger people who wish to purchase homes.
- **Adopt a permit system to prevent speculation in the housing market by non-resident foreigners**
  - Such system will prevent non-resident foreigners from evading tax, and their ownership status will be investigated to prevent speculative investment in the housing market.

► **President-elect's comment**

| Area                        | Details   |
|-----------------------------|---|
| LTV to ease DTI regulations | <ul style="list-style-type: none"> <li>Loan regulations have resulted in the loss of funds for home buyers and only cash-rich people are shopping for floating mountains. Why do they have to suffer unfair damage due to uniform loan regulations when they have repayment ability? (2021.12.2, Facebook)</li> </ul> |

► **Implications and Industry Impact**

- The LTV regulatory reform is an issue that typically requires administrative guidance and can be easily promoted by changing the notification of the Financial Services Commission chairman.
- Adopting a permit system to prevent speculative investment by non-resident foreigners in the housing market requires changing the laws, and, since both parties before election have pledged for such system and home purchases by foreigners have drastically increased in the past few years, Mr. Yoon will likely push to adopt a permit system. However, the opposing party controls the Congress, and it seems that the opposing party will not cooperate with Mr. Yoon in amending the laws for the adoption of the permit system.
- Also, the full introduction of the housing and land transaction permit system for foreigners is expected to be carefully reviewed as it could violate reciprocity under international law.

④ **Rental Housing Business**

- **Provide tax benefits and amend the Lease Act**
- **Revitalize public and private rental housing to resolve the current lease/rent crisis in the housing market**

► **President-elect's comment**

| Area                         | Details  |
|------------------------------|--|
| Supply of Rental Housing     | <ul style="list-style-type: none"> <li>I'm thinking of supplying small studio-type rental houses close to the workplace for young people, so that they can work near the workplace (2021.12.28, a forum to invite broadcasting journalists club)</li> </ul>  |
| Amendments to the Lease Act. | <ul style="list-style-type: none"> <li>Whether as a house owner or a tenant, there should be at least no obstacle to find a housing. If elected as president, my first task in this area will be amendment to the Lease Acts (2022.2.3, a joint TV debate between the three terrestrial broadcasters)</li> </ul> |

## ► Implications and Industry Impact

- Mr. Yoon will revisit and promote supporting measures for registered home rental business owners
  - The Lease Act will not likely be amended as it requires support from the Congress, and the Congress is controlled by the opposing party.
  - The pledge to allow private rental housing in public housing sites implicates a key issue of how to guarantee a profit for participating private project operators, generally construction companies. In the past, land prices were purchased with low-interest funds through the National Housing Fund, construction costs were significantly low, and after the mandatory lease period, the tenant realized profits (such as Booyoung and Hoban Construction) through the sale of the market price without regulations on the sale price. However, now it is an unpopular business model due to regulations on the sale price. Therefore, it is important what conditions are presented to ensure the benefits that private businesses can accept, and there is a possibility that this area will become an industry issue.
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**① Regulatory Reform and Improvement in Business Environment**

- **Promote corporate investment through designated body for regulatory reform**
  - (Mobility) Prepare legal basis for the mobility service industry to accelerate the development of delivery and logistics service using drones and Urban Air Mobility (UAM).
  - (Healthcare/virtual service ) Introduce a "digital healthcare family doctor" system and expand telehealth service to serve patients who are underprivileged or live in rural areas with limited access to healthcare service.
- **Reform corporate related regulations governing persons in a special relationship by narrowing down the scope of applicability**
- **Allow supervoting stocks for start-up companies so to defend their management rights**
- **Reorganize national R&D policies**
  - Designate the National Science and Technology Council to be responsible for R&D, so to enable national long-term projects for at least ten years.
- **Promote to increase private investment through tax and financial support**
  - Expansion of tax support, financial support, and contribution support for the private sector; and induce innovation by the private sector through regulatory relaxation for R&D.

▶ **President-elect's comment**

| Area                           | Details   |
|--------------------------------|---|
| Regulatory reform & Innovation | <ul style="list-style-type: none"> <li>▪ We will create an organization dedicated to regulatory impact analysis; abolish/relax regulations that hinder job creation to ensure corporate autonomy and induce innovation (2021.9.7, Change Korea 3 Major Commitments-National Report Meeting)</li> <li>▪ Unless it is related to the public safety, the current positive regulation system will be changed to negative system (2021.12.16, Visit to the Korea Chamber of Commerce and Industry)</li> <li>▪ Non-face-to-face medical treatment will be inevitable, and if the next government takes charge, all citizens will be able to enjoy non-face-to-face medical benefits (2021.12.2, startup policy talk)</li> </ul> |
| Shareholder/ Management Rights | <ul style="list-style-type: none"> <li>▪ Subject to impact analysis on the overall economy, I tend to support for multiple voting rights system (2022.1.28, Korea Digital Innovation Conference of the next president)</li> </ul>   |

▶ **Implications and Industry Impact**

- Special laws or new laws are needed to support the introduction of the new mobility transportation such as drones and UAM and support telehealth services
- The ruling opposing party is currently vehemently challenging any attempt to reform the regulations governing the restrictions on persons with a special relation for corporate matters.
- Revision of the Commercial Act is needed to adopt the supervoting stock system.



## ② Advancement of Capital Markets

- **Allow more tax benefits for individual investors (e.g. abolish the stock transfer tax and adjust the securities transaction tax to the appropriate level)**
- **Tighten up requirements for stock split-off and institutionalize measures to protect shareholders**
  - Restrict the listing of the split-off company, such as granting the right to acquire new stocks of the split-off company to shareholders of the parent company at a certain rate of public offering.
- **Revisit requirements for delisting of stocks and expansion of a management system for the process of delisting by each phase so to prevent companies with a potential business outlook from getting delisted**
- **Restrict insider sales of unlimited shares**
  - Revisit the relevant system so that ordinary shareholders do not suffer damage from unlimited sales of shares by insiders in large quantities without any restrictions.
  - Limit unlimited in-house selling (over-hours selling) to a certain limit within a specific period.
  - Revisit the practice of paying higher prices only to the controlling shareholders for management rights (e.g. granting stock purchase claims to shareholders of the acquired company).
- **Prohibit illegal short selling and reform the system for the operation of short selling**
  - Establish an organization exclusively responsible for monitoring short selling and strict punishment for illegal short selling (criminal punishment equivalent to stock price manipulation).
  - Adjust the collateral ratio, etc. of individual investors and actively review to adopt short selling circuit brake, which prevents automatic short selling if stock price falls excessively.

○ **Improve transparency and fairness in the capital market**

- Enhance transparency in accounting and disclosure and reorganize the investigation and punishment processes for securities crimes such as the use of undisclosed information and stock price manipulation.

| ▶ <b>President-elect's comment</b>                              |   |
|---|---|
| <b>Area</b>   | <b>Details</b>  |
| Tax support for individual investors                            | <ul style="list-style-type: none"> <li>▪ Given the current instability in stock market, the transfer tax will be abolished for the time being and the securities transaction tax would go back to the current state (Abolition of Capital Gains Tax for stock transaction) to protect Ant Investors (Presidential Candidate TV Debate, 2022.2.3)</li> </ul>   |
| Shareholder protection measures when listing split subsidiaries | <ul style="list-style-type: none"> <li>▪ Company will need to provide with shareholder protection plan in the event of listing split subsidiary (2021.12.27, press conference for Fair Recovery of Capital Market). Measures will include allocating stocks to the shareholders of the parent company (2022.2.14, announcement of additional pledges on fostering the capital market and protecting investors)</li> </ul> |
| Requirements for delisting of stocks.                           | <ul style="list-style-type: none"> <li>▪ Will heighten the criteria for delisting the public companies and strengthen seamless management, i.e., re-classify stages and/or transfer to over-the-counter exchange. (2022.2.14, announcement of additional pledges on fostering the capital market and protecting investors)</li> </ul>   |
| Restrictions on the sale of unlimited shares by insiders.       | <ul style="list-style-type: none"> <li>▪ To prevent moral hazard by large shareholders in the big tech companies, the current unlimited in-house sales in both duration and amount will be revised. In the event of control change, shareholders will be fairly given with the right to claim the purchase of shares (2021.12.27, Press Conference on Capital Market Fair Recovery Policy Pledge)</li> </ul>              |

► **President-elect's comment**

| Area   | Details  |
|--|--|
| <p>Eradication of illegal short selling and improvement of a reasonable system for the operation of short selling.</p> | <ul style="list-style-type: none"> <li>▪ The government will ensure that individual investors are not at a disadvantage compared to foreign and institutional investors. We will rationally adjust the excessive collateral ratio compared to the institution and improve the major stock system. If the stock price falls excessively, we will consider introducing a "short selling circuit brake" that automatically prohibits public sales (2021.12.27, press conference on the announcement of a policy pledge to restore fairness in the capital market)</li> <li>▪ I will establish an organization dedicated to monitoring stock short selling and strictly punish illegal short selling. Criminal penalties equivalent to stock price manipulation are imposed when issuing illegal short selling (2022.214, announcement of additional pledges on capital market development and investor protection)</li> </ul> |

► **Implications and Industry Impact**

- Giving the right to claim the right to buy back to the minority shareholders who oppose the split-off and assigning the shares to the shareholders of the parent company in proportion to the number of shares they hold when the new subsidiary is opened are highly feasible because it only needs changes to the Enforcement Decree of the Capital Markets Act and the Financial Investment Association's regulations.
- Tax support for individual investors does not affect the company itself, but it is expected to have an effect of increasing liquidity supply to the stock market, which may raise the issue of protecting minority shareholders.

③ **Small and Medium Enterprises & Venture Businesses**

○ **Plans for supporting small and medium enterprises and venture businesses**

- Strengthen government support, such as expanding financial benefits and supporting R&D, supporting exporting companies wishing to expand their business development by expanding loan services, and granting tax breaks.
- Improve competitiveness of small and medium enterprises and venture businesses by providing affordable and secure options to pass down the business to the heirs, sharing information on supply chain, and promoting relevant policy.

- **Expand tax benefits for midsize companies and establish a fund to support such companies**
- **Support small and medium enterprises and venture business in developing and employing ESG capabilities**

▶ **President-elect's comment**

| Area                                     | Details   |
|--|---|
| Support for SMEs and venture businesses. | <ul style="list-style-type: none"> <li>▪ We will expand R&amp;D investment that supports small and medium-sized enterprises. (2022.2.14, Presentation of the Policy Vision for Small and Medium Enterprises by Yoon Seok-Yul, Presidential Election Candidate of People Power Party)</li> <li>▪ The government will introduce a low-interest long-term financial support system for all new industries (2022.2.14, People Power Party Yoon Seok-yeol Presidential Candidate Policy Vision Presentation)</li> <li>▪ The tax ceiling for stock options will be raised from 30 million won to 200 million won</li> <li>▪ In order to support the government and revitalize private investment in the early stages of start-ups, the size of the fund will be doubled (2021.12.26, press conference on the announcement of growth, welfare and job policy pledges)</li> </ul> |
| ESG for SMEs                             | <ul style="list-style-type: none"> <li>▪ "We will expand R&amp;D investment in support of small and medium-sized enterprises, ESG management, taxation, finance, consulting and technical support to strengthen carbon-neutral capacity" (2022.2.14, Presidential Candidate, presentation for small and medium-sized enterprises policy vision)</li> </ul>  |

▶ **Implications and Industry Impact**

- ESG issues, which are currently focused on large, major companies, are expected to affect small and medium enterprises and venture companies overall.

#### ④ Other Major Industries

- **[Semiconductor] Support and reorganize to promote business developments for next generation semiconductor**
  - [Shipping / Shipbuilding] Support the shipping and shipbuilding industry by promoting environment friendly ships and shippers with good tracking record.
- **[Aerospace] Invest in the aerospace and space industries under one unified National Aeronautics and Space Administration**
- **[Game] Resolve issues surrounding exploitative in-game purchasing methods by employing a monitoring organization protecting user rights and have the companies fully disclose information on game items that can be purchased with limited possibilities**

#### ▶ President-elect's comment

| Area  | Details   |
|---|---|
| Support for shipping shipbuilding industry. | <ul style="list-style-type: none"> <li>▪ We will foster eco-friendly and safe marine fisheries. Research and development and production of high value-added ships such as eco-friendly ships with low carbon emissions are also required by the state, and the creation of new business models in line with changes in the paradigm in the shipping and port sectors, such as the introduction of autonomous ships and the operation of smart port development, requires active support from the state (2022.15, Declaration of Vision for New Maritime Power)</li> </ul> |

#### ▶ Implications and Industry Impact

- Mr. Yoon's pledges regarding the game industry are his pledges for younger males in their 20's and 30's
- However, in the past, game-related pledges by congress members were not fully put into practice in general, implying that Mr. Yoon's pledges regarding the game industry may also be unfulfilled.

## ⑤ Regional Development

- **Develop five mega-metropolitan areas and manage land by combining science, technology, and culture**
  - Operate high-speed transport networks and high-speed communications networks.
  - Apply IT and IoT technologies to manage land efficiently, with consideration of cultures of each region.
- **Create regional special zones for global innovation with a focus on areas in new industries**
- **Promote districts to attract people to move in and support settlement to prevent under-population of regional cities**
- **Allocate a budget for policies for regional science and technology development**
  - Develop additional transportation network for the metropolitan areas including high speed train (GTX) UAM, and transfer center complex.
- **Promote digital innovation and carbon neutrality for the development of agricultural, mountainous and fishing cities and towns in regions with limited access to larger metropolitan areas**

### ▶ President-elect's comment

| Area                    | Details  |
|-------------------------|--|
| 5 super-wide megacities | <ul style="list-style-type: none"> <li>▪ Busan, Ulsan, and Gyeongnam will actively support the promotion of creative regional development strategies by forming a mega-city beyond the boundaries of the administrative districts. Saemangeum, which has infinite possibilities, has not made unified development due to the division of administrative districts. Accordingly, Gunsan, Gimje, and Buan will be integrated into one administrative district to promote the development of Saemangeum (2022.2.21, response to press)</li> </ul> |

## ► Implications and Industry Impact

- The reason why the headquarters of large corporations focus on Seoul is because Seoul has an advantage with regards to information, talent, finance, the ease of overseas expansion, and the overall location of national businesses. Regional cities will be more attractive if Mr. Yoon's development pledges for the local metropolitan areas to some degree achieve the advantages of Seoul mentioned above.
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### ① Innovation and Stability of Digital Finance

- **Restructure the Big Tech financial business regulatory system**
  - Apply the same function, same regulation principle.
  - Regulate the Big Tech's simple payment system so to minimize the burden on smaller businesses.
- **Create an innovative ecosystem for digital finance**
  - Improve data utilization by strengthening AI and data governance and security.
  - Incorporate and employ new technology, such as blockchain into the financial industry.
  - Enhance financial consumer protection for platforms businesses.
  - Measures to prevent conflicts of interest.

#### ▶ President-elect's comment

| Area   | Details   |
|--|---|
| Big Tech Financial Business                              | <ul style="list-style-type: none"> <li>▪ According to the principle of applying "same function, same regulation" to the rules of the big tech financial industry, the simple payment fee will also be determined by compliance such as credit card (2022.2.9, Presidential candidate Yoon Seok-yeol's press release)</li> </ul>   |
| Creation of an ecosystem for digital innovation finance. | <ul style="list-style-type: none"> <li>▪ The AI (Artificial Intelligence) industry, which is the basis of the digital economy, should be intensively fostered. Due to the monopoly of the platform, those who use the platform and those who receive work from the platform are unfairly damaged, and platform companies should not pursue a zone (2022.1.28, "Next President's Digital Innovation Direction" meeting)</li> </ul> |



## ► Implications and Industry Impact

- While Mr. Yoon has repeatedly said he will minimize the burden of the simple payment system to small businesses, platform companies such as Naver corp. and Kakao corp. are opposing to such pledges, which could emerge as an issue for the simple payment industry in the future.
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## ② Digital Assets

- **Profits from cryptocurrency investment will not be taxed up to 50 million Korean won (approximately USD 41,178)**
- **Enact the Framework Act on Digital Assets**
  - Retrieve all profits from unfair coin trading when verified.
  - Introduce and develop insurance systems in preparation for hacking and system errors.
  - Develop specialized financial institutions linking digital asset transaction accounts with banks.
- **Allow domestic coin issuance (ICO)**
- **Develop a new digital asset market by activating NFT**
- **Develop the software industry**
- **Establish a high tech digital infrastructure**
  - Promote private cloud service over public cloud service in the public sector.
  - Provide tax breaks for companies investing in R&D for cloud computing.
  - Reinforcement of cyber safety networks.
- **Promote Metaverse and relating technology**

▶ **President-elect's comment**

| Area  | Details   |
|---|---|
| Tax exemption up to 50 million won in the profits from coin investment. | <ul style="list-style-type: none"> <li>▪ In order to help young people challenge the new market with confidence, we will create a safe investment environment; We will fully exempt up to 50 million won in coin profits. The basic deduction for coin transfer gains, which is currently KRW 2.5 million, will be raised in the same way as stocks. (2022.19, People Power Party News Conference)</li> </ul> |
| Software industry / building a highly reliable infrastructure           | <ul style="list-style-type: none"> <li>▪ A legitimate compensation system for software developers should be designed so that the AI field that analyzes and delivers data can develop. The government should foster the private cloud industry by using private Cloud first (2022.2.7, Korea Chamber of Commerce and Industry's special lecture on inviting presidential candidates)</li> </ul>               |

▶ **Implications and Industry Impact**

- It is widely believed that Mr. Yoon's pledges regarding cryptocurrency (virtual currency) have suggested practical measures that are friendly to virtual assets for the purpose of promoting the industry, breaking away from negative perceptions of the past
- If virtual currency is accepted to the current system according to the ICO/IEO activation policy, related regulations will also be strengthened. Government policies will boost the market entry of new virtual currency exchanges, but on the other hand, alternative materials such as distributed ledger finance (DeFi) are likely to emerge as a means of avoiding new regulations.
- Mr. Yoon seems to be in a position that he will exercise control over only a certain part of the government's efforts to create an ecosystem for the virtual asset market.

### ③ Platform Policy

- **Achieve a win-win relationship between online platform businesses and local commercial districts by introducing a regional distribution development fund**
- **Enhance the social role of the platform industry and promote a win-win relationship by establishing a self-regulatory body within the platform businesses**
  - In consideration of the diversity and dynamics of the platform, it is not necessary to introduce hasty regulations, but to establish a joint discussion body and self-regulatory framework consisting of stakeholders such as major platform businesses, consumer organizations, and small business owners.
  - The new administration will actively participate in the process of establishing institutional foundations, such as setting goals and governance, to secure effectiveness of the self-regulatory body.
- **Protect rights of businesses using the platform business by establishing the autonomous dispute mediation committee within the platform to resolve conflicts in a transparent and impartial manner**

#### ▶ President-elect's comment

| Area                                       | Details   |
|--|---|
| Platform Industry and Local Commerce       | <ul style="list-style-type: none"> <li>▪ It is quite unreasonable and does not fit the common sense of the people that taxi platform companies receive a huge portion of their profits as a commission. We will establish a financial-invested platform and promote it to the public to improve it. (2022.2.8, Taxi Industry Conference)</li> </ul>                             |
| Regulatory framework for platform business | <p>Platforms should serve as leaders in the development of society as a whole as an innovation. Due to the monopoly of the platform, those who use the platform and those who receive work should not suffer unjustly and the flat-form company should not pursue a zone. (2022.1.28 Question and Answer with Reporters Right After Venture/ICT Innovation Strategy Debate)</p> |

## ► Implications and Industry Impact

- Mr. Yoon's pledges regarding regulations on platform business are distinctive in that his pledges focus on self-regulatory measures.
  - However, Mr. Yoon has introduced a more intrusive regulation over the platform businesses right before the election, attempting to gain larger support from the public.
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## ① Nuclear Power Plants

- **Abolish the nuclear-free policy, immediately resume the construction of Shin Hanul Unit 3 and 4, and revitalize the ecosystem of the nuclear power industry to restore the world's best nuclear power technology**
  - Operation of the nuclear power plants have contributed in achieving 40% of the National Greenhouse Reduction Target (NDC), and the nuclear power plants will be the main component in achieving carbon neutrality.
- **Strengthen the Korea-US nuclear alliance**
  - Promote the Korea-U.S. High-Level Commission on Nuclear Energy.
- **Nuclear, battery, solar, and hydrogen technologies**
  - Significant supports for the development of hydrogen energy technology, new battery technology, fuel cell technology for transport power generation, and next-generation solar technology so to develop the technologies to the level of global top 3.

## ▶ President-elect's comment

| Area                          | Details  |
|-------------------------------|--|
| Phasing out of nuclear energy | <ul style="list-style-type: none"> <li>▪ We will investigate corruption in nuclear power generation and solar power generation and completely cancel the plan to raise electricity rates (2022.1.13, press conference)</li> <li>▪ The current government's excessive dependence on renewable energy has not only made energy supply unstable and demand difficult to reduce greenhouse gas emissions, but also dealt a serious blow to the world's highest-level nuclear power plant ecosystem.</li> </ul> |

▶ **President-elect's comment**

| Area | Details  |
|------|--|
|      | <ul style="list-style-type: none"> <li>▪ We should set up long-term research tasks that are essential for the future of the Republic of Korea, and ensure that these tasks are not affected by the regime. (2022.2.8, Presidential Debate on Science and Technology)</li> <li>▪ Nuclear power plants are essential to the Korean industry. Korea's economy was driven by cheap electricity, making its exports more competitive than any other country in the world. The nuclear power plant industry, which started from Wolsong Nuclear Power Plant during the Park Chung-hee administration, has made all of our industries competitive in exports. Can Solar or Wind Power Provide Cheap Electricity? Due to the de-nuclearization, 257 companies in the industrial ecosystem of Gyeongnam nuclear power plant went bankrupt. Who on earth is it for? (2022.2.19 Changwon Campaign)</li> </ul> |

▶ **Implications and Industry Impact**

- Policies to revive Shin Hanul Unit 3/4 are approved by the Nuclear Safety and Security Commission, which is in charge of carrying out business affairs related to nuclear safety, and such policies are subject to administrative operations. Thus, the pledges can be directly pursued by the new administration without revision of the law, as it is a policy matter of the Ministry of Trade, Industry and Energy's basic energy plan.
- In particular, the dismantlement of the nuclear power plant policy is likely to proceed quickly in line with the investigation into the nuclear power plant case, as Mr. Yoon's resignation as prosecutor-general and his involvement in politics are directly related to the Wolsong nuclear power plant incident, in which the outgoing administration irrationally determined to shut down the nuclear plant
- The pledge to strengthen the nuclear alliance between South Korea and the U.S. is an area where diplomacy is more important than the legal system, and laws governing battery, solar, and hydrogen-related legal systems are almost fully prepared,.

## ② Carbon Neutrality & Climate Change Policies

- **Full-scale revision of the Nationally Determined Contribution (NDC)**
  - Revisit the 2030 target reduction pledged to the international community through public discussion for a more practical execution plan.
  - Expand paid-in allocation of greenhouse gas emission permits but review if implementing carbon tax is necessary.
- **Carbon-free industrial structure**
  - Reduce the proportion of fossil fuel power generation, such as coal, etc. before the term of the new administration is finished, down to 40%.
  - Prohibit the registration of new cars with internal combustion engine starting 2035 and accelerate the mandatory scrapping date for old diesel cars below level 4 by 3 years.
- **Strengthen support for responding to climate change, such as carbon reduction R&D and increased investment in environment friendly waste processing technology**
  - Industry, academia and the Government to form a climate change response organization.
  - Foster sustainable forest resources for carbon neutrality and build a preemptive forest disaster management system based on big data.
- **Strengthen ESG capabilities of small and medium enterprises and venture businesses and expand their application**

### ▶ President-elect's comment

| Area              | Details   |
|-------------------|---|
| Carbon neutrality | <ul style="list-style-type: none"> <li>▪ It's not a problem that we need to use less carbon energy, but when we have to convert to energy that doesn't emit carbon and upgrade the efficiency of that energy, it means enhancing our science and technology capabilities. (Carbon Emission Reduction Goal in 2030) It is up to science, not politics. (2022.2.8 Presidential Debate on Science and Technology)</li> </ul> |

## ► Implications and Industry Impact

- While the revision of the NDC target is a matter of policy implementation that does not require a revision of the law, the expansion of the paid-in allocation of greenhouse gas emission rights and the introduction of carbon taxes are mixed with the laws and enforcement ordinances.
  - Pledges such as a ban on new registration of internal combustion engines are expected to infringe on people's property rights and ownership, requiring a revision of the law.
  - In the case of the ESG evaluation index standardization pledge, as it is still being dealt with at the level of administrative guidance, such as the Financial Supervisory Service's obligation to disclose, it is highly likely that the application will be expanded through administrative guidance and enforcement ordinances rather than the introduction of the law.
-



**① Job Creation and Fairness in Opportunity**

- **Establish a fair competition environment and promote regulatory innovation along with stable operation of the national economy and regional development**
  - Digital transformation, sustainable energy base, fostering innovative talents, and building an employment-friendly environment.
- **Create quality jobs through the innovative growth by the private sector**
  - Active support for investment in new industries by small and medium enterprises and support for dynamic innovation growth as global small and medium-sized enterprises.
  - Customized and comprehensive support for leading global enterprises, growth by attracting investment in high-tech industries, and creation of quality local jobs.
- **Strengthen support through the improvement of policies related to self-employed businesses and employees for platform businesses**
  - Expansion of opportunities for vocational training for self-employed workers and employees for platform businesses.
  - Provide an integrated training program focused on field experience and introduce a start-up preparation program.
- **Create new business industries for the Fourth Industrial Revolution and energy and create related jobs**
  - Strengthen support for semiconductor and battery industries and expand the reshoring policy that gives tax benefits to companies that move overseas production facilities to Korea.
  - Create a joint Korea-U.S. fund (Semiconductor Fund for Public-Private Partnerships) worth 50 trillion won (approximately USD 41.3 billion) and foster cluster industrial complexes by region.

## ② Employment Innovation/Labor Director/ Minimum Wage

- **Flexible Reorganization of the 52-Hour Work Week Policy**
  - Allow startups to be deemed as included in the special sector where extended work hours are permitted and extend the period for settling working hours from the current one to three months to one year so that more flexible working arrangements can be implemented.
- **Preferential introduction of labor director system to public institutions**
- **Introduce different minimum wages by region and types of business to increase labor market flexibility**

### ▶ President-elect's comment

| Area                                       | Details   |
|--|---|
| Introduction of union-recommended director | <ul style="list-style-type: none"> <li>▪ Public institutions, which are basically the people's own, may be concerned about moral hazard as the government has the right to appoint personnel unlike private companies. If a person recommended by workers in public institutions is in charge of identifying and supervising the company's situation, supervision will be possible more fairly. In the public sector, it would be better to try to introduce a labor director system. (2022.1.11, New Year's news conference)</li> </ul>  |
| Minimum Wage / 52-hour Week                | <ul style="list-style-type: none"> <li>▪ I have never talked about abolishing the minimum wage or the 52-hour system. "The Labor Standards Act for workplaces with fewer than five employees should be applied with respect to basic labor rights, but regulations on wage payment are poor. So let's look at the situation." (2022.2.3, TV Debate)</li> <li>▪ I was told that the minimum hourly wage or 52-hour workweek system is unrealistic when it is not a simple function job that requires creative work at small and medium-sized companies, and it really interferes with corporate management. In general, I accepted (the announcement) that it was difficult because of a system that made me an empty promise without knowing the reality of SME management. If I take charge of the next government, I will certainly refrain from doing things at will without asking the policy target, and abolish unrealistic systems. (2021.11.30, Visit Small Business in Secondary Battery)</li> </ul> |

## ► Implications and Industry Impact

- The bill to have workers' representatives participate in the board of directors of public institutions - the amendment to the Public Institution Operation Act (Labor Private Law) - passed the plenary session in January. The law is applied to public corporations and quasi-governmental institutions, and considering the governance structure in which the central government controls the budget of public institutions, and the special characteristics of the labor-management relations in Korea, which are negotiated mainly by individual companies, there seems to be a limit to the ripple effect. In addition, the overlapping roles and functions of the existing company's union representative and the labor-management council representative are also factors that limit the role of labor directors. The labor director system is a highly contagious issue that can be spread to the private sector, which can also act as a risk for companies in the future. However, since Mr. Yoon shortly after election emphasized in a press conference that "the principle of state administration is not led by the state but by the private sector", the introduction of a corporate labor board system is also likely to leave autonomy in management decision-making to the realm, not compulsory legislation.
  - The new administration is likely to take strict action against illegal activities such as unauthorized occupation of workplaces and violent events by militant unions, and conflicts and disputes between labor and management may arise in the process of preferentially applying and introducing the labor director system to the public sector.
  - The new administration will begin reforming the 52-hour workweek and the minimum wage system after taking the current industry situation into account, and companies need to reflect the revised standards in their internal regulations.
  - Support for high-tech industry-related jobs, including renewable energy, is expected to expand significantly, raising issues on support policies related to high-tech industries such as the National High-tech Strategic Industry Act.
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### ③ Industrial Safety

- Strengthen prevention of industrial accidents in the sectors where industrial accidents are prevalent and employ the Fourth Industrial Revolution technology in developing measures for prevention
- Eradicate defective construction and create safe construction sites by improving the safety management system of construction works

#### ▶ President-elect's comment

| Area                           | Details  |
|--------------------------------|--|
| Severe Accidents Penalties Act | <ul style="list-style-type: none"> <li>▪ The Serious Accident Punishment Act is also a little ambiguous when looking at the composition requirements. Various legal problems may arise when criminal prosecution is made. (2022.3.2, TV Debates)</li> <li>▪ It would be realistic to make a decision considering the conditions for fully preparing after the enforcement of the current Serious Disaster Act is established so that discussions on ways to improve the system, such as expanding the scope of responsibility to workplaces with fewer than five employees, will not be a big burden on the industrial and labor markets. Ignoring the reality of small businesses and applying the law at a speeding rate could rather result in taking away jobs from low-wage workers who desperately need jobs. (2022.2.11, TV Debates)</li> </ul> |

#### ▶ Implications and Industry Impact

- Mr. Yoon has on multiple occasions opined that the Severe Accidents Penalties Act unnecessarily reduces the will of business owners to manage.
- In addition, even if there is no Severe Accident Penalties Act, one could still be criminally prosecuted if the prosecution decides to investigate properly. Thus, even if amending the Severe Accident Penalties Act is not feasible due to the controlling opposing party at the Congress, it is possible to have much lenient interpretation and effects of the Severe Accident Penalties Act by opting for a lenient investigation.

**① Court System**

- **Establish the Consolidated Family Court and the Maritime Specialized Court**
- **Establish the Integrated Administrative Tribunal**

**② Prosecutor's Office**

- **Secure the neutrality and political independence of the prosecution by abolishing the authority of the Minister of Justice to direct investigations**
- **Repeal rules granting superior and monopolistic status of investigations into corruption of high-ranking public officials by the Corruption Investigation Office**

**► Implications and Industry Impact**

- The Integrated Family Court and the Maritime Specialized Court are all subject to the amendment of the Court Organization Act. In particular, the Maritime Specialized Court has a strong character of a local bidding competition, and the key is how many cases are there to establish a specialized court, so it may not be established.
- In the case of the Integrated Administrative Tribunal's pledge, the revision of the Government Organization Act and the Anti-Corruption and Civil Rights Act is essential, and it is a matter directly related to the positions of the relevant ministries (Tax Tribunal, Ministry of Strategy and Finance, National Tax Service) / (Appeals Review Committee, Ministry of Public Administration and Security, and Ministry of Personnel Management), so the interests among the ministries are sharp.
- Each of the prosecution-related pledges requires a revision of the Public Prosecutor's Office Act (Article 8) and the Corruption Investigation Office Act, which will require a considerable amount of time to implement them. Therefore, it weighs on the possibility of pushing in a direction that produces similar effects by controlling the operation of administrative agencies rather than revising the law.

**① Government Reorganization**

- **President's office has scaled down and reorganized into a strategic structure**
  - Apply to the administration a simpler structure and reduce the workforce by 30 percent.
  - Relocate the office of the President to the Seoul Government Complex in Gwanghwamun (*exact location to be determined*).
- **Dissolve the Ministry of Gender Equality and Family and establish a separate ministry to cope with tasks dealt by the ministry**
- **Establish a Presidential Committee to promote the digital economy**
  - The public-private science and technology committee consisted of researchers, developers, field experts in companies, and science and technology administrators, recommend a national science and technology strategy roadmap to the President.
  - The organization exclusively in charge of regulatory reform will support the revitalization of corporate investment and the entry of small and medium enterprises into new businesses.
- **Develop exportable administrative AI systems that can form digital platform government within 3 years**

**► Implications and Industry Impact**

- Dissolving the Ministry of Gender Equality and Family requires a revision of the Government Organization Act.
- Mr. Yoon and Mr. Cheol Soo AHN, who merged his presidential candidacy and party into Mr. Yoon's party a few days before the election, both have emphasized the importance of science and technology governance several times, and so it is expected that the new administration will raise the status of science and technology ministries and actively pursue policies to remove and support regulations in related industries.
- It is expected that the new government will collaborate with companies that specializes in software, AI, and clouding in developing government digital platforms.

# VIII

## General Welfare

### ① Small Self-Employed Business Owners

- Carry out COVID-19 loss compensation for small business/self-employed with the expected budget of 50 trillion Korean won (approximately USD 41.3 billion)
- Adopt the rent sharing system in which rents of small and self-employed business owners are divided and shared by lessors, tenants, and the government
- Support the tourism industry

#### ► Implications and Industry Impact

- Compensation for losses of small and self-employed business owners for COVID-19 will likely be carried out, albeit the controlling opposing party may vehemently challenge a supplementary budget
- Low-interest loan funds will be expanded through special guarantees for small and self-employed business owners.
- As corporate leases are also included in the proposed rent sharing system, it is necessary to prepare for tax deductions after reducing rents.
- IT technology may be applied to the tourism industry (for example, metaverse).

### ② Response to Infectious Diseases

- A complete transformation of the current COVID-19 response system within 100 days of starting the new administration
- Require a higher national responsibility for essential medical services, such as securing essential healthcare facilities through the application of public policy fees

#### ► Implications and Industry Impact

- For the purpose of introducing public policy fees, it is expected that social consensus will be drawn up for the purpose of benchmarking cases in advanced countries of overseas medical services and the selection of essential medical fields.
- In addition, Mr. Yoon has announced that the new administration will focus on supporting related venture companies to foster virtual healthcare, which expects a backlash from the medical community in the future.

### ③ Fair Society

- Prevent misappropriation of public funds and accounting fraud by non-government organizations
- Improve the legal execution system for fair trade and prompt relief of victims
- Improve the supply price system by tracing data on raw material prices and subcontractor agreements and adopting a rule for mandatory supply price adjustment when prices change excessively so to create an environment in which reasonable prices are paid

#### ► Implications and Industry Impact

- It is possible to enact a special law to reenact the Alternative Dispute Resolution System and prevent technology leakage by small and medium enterprises.
  - It is expected that the new administration will lower the regulatory intensity over fair trade practice of platform businesses compared to the outgoing government, with an emphasis on the principle of self-regulatory measures.
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