

「OECD Regulatory Policy Outlook 2025」 Analysis and Korea's Response Strategy

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The recently released **OECD Regulatory Policy Outlook 2025** redefines regulation as a core strategic capability for governments to address complex risks such as digital and green transitions. The report assesses member countries' regulatory systems based on key elements including Regulatory Impact Assessment (RIA), stakeholder engagement, and ex post evaluation. Korea received high marks for the institutionalization of RIA and ex post evaluation; however, structural limitations were identified, including the exclusion of legislature-initiated bills from RIA, weak strategic coordination, and insufficient inter-ministerial collaboration.

This issue paper, jointly developed by the **Korea Startup Forum** and **CODIT**, analyzes Korea's performance in the report and proposes reform directions such as legal codification of regulatory governance and the establishment of a continuous regulatory feedback mechanism. We hope this issue paper contributes meaningfully to the restructuring of Korea's regulatory framework under the next administration.

1. OECD Regulatory Policy Outlook 2025

- The *OECD Regulatory Policy Outlook* is a recurring report that reviews member countries' regulatory policies and governance capacity, while sharing institutional benchmarks and policy practices aimed at improving regulatory quality. It is based on the 2012 OECD Recommendation on Regulatory Policy and Governance. The newly released 2025 edition is the first comprehensive assessment in four years since the 2021 edition. It evaluates countries' regulatory systems in the context of a rapidly changing policy environment marked by digital transformation, climate crisis, and geopolitical risks.
- The OECD operates the Indicators of Regulatory Policy and Governance (iREG) to assess the quality of regulatory policy across member countries. These indicators focus on three core areas: stakeholder engagement, Regulatory Impact Assessment (RIA), and ex post evaluation. Through iREG, the OECD compares and diagnoses countries' regulatory governance capacities and offers recommendations for improvement.

- This issue paper examines Korea's regulatory governance structure in light of the 2025 iREG assessment and presents policy implications and reform proposals based on international benchmarks.

< Publication History of the OECD Regulatory Policy Outlook >

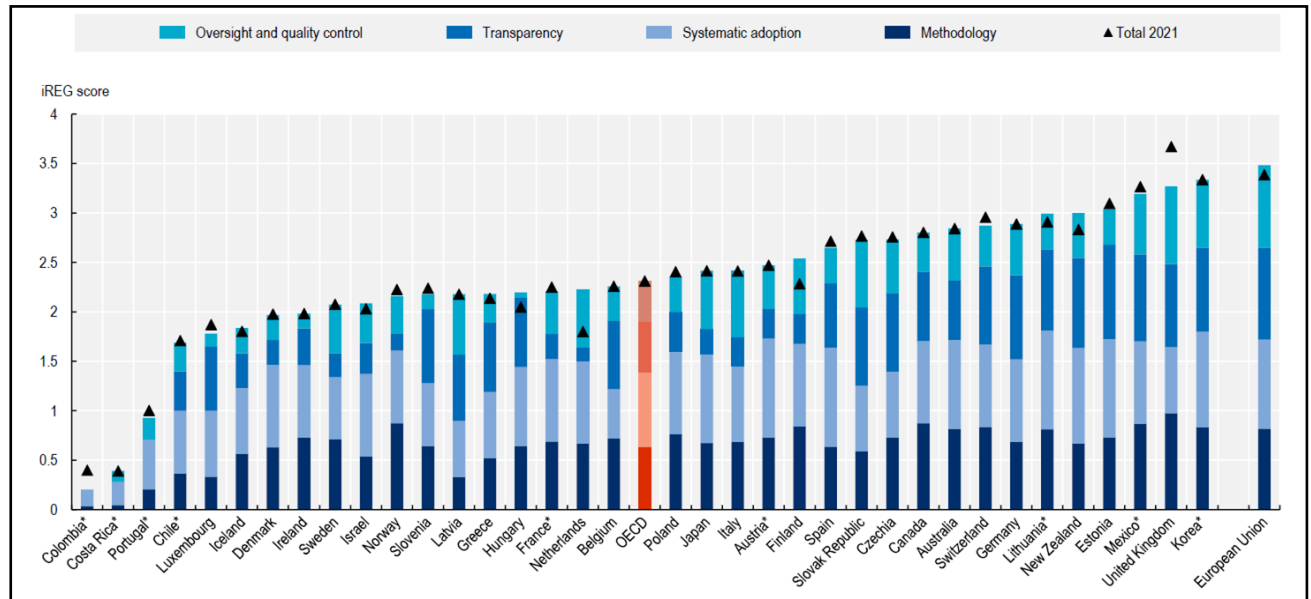
Edition	Year of Publication	Remarks
1st	2015	<ul style="list-style-type: none"> • First comprehensive evaluation report • Initial OECD-wide comparison of regulatory policy and governance
2nd	2018	<ul style="list-style-type: none"> • Second report issued on a three-year cycle • Formal introduction of the iREG indicators
3rd	2021	<ul style="list-style-type: none"> • Focused on regulatory resilience and digital transition in the post-COVID-19 context
4th	2025	<ul style="list-style-type: none"> • Latest edition released after a four-year gap • Highlights responses to complex risks such as digital transition, green policy, and geopolitical uncertainty

2. Summary and Analysis of Key Korea-Related Findings

(1) Regulatory Impact Assessment and Ex Post Evaluation

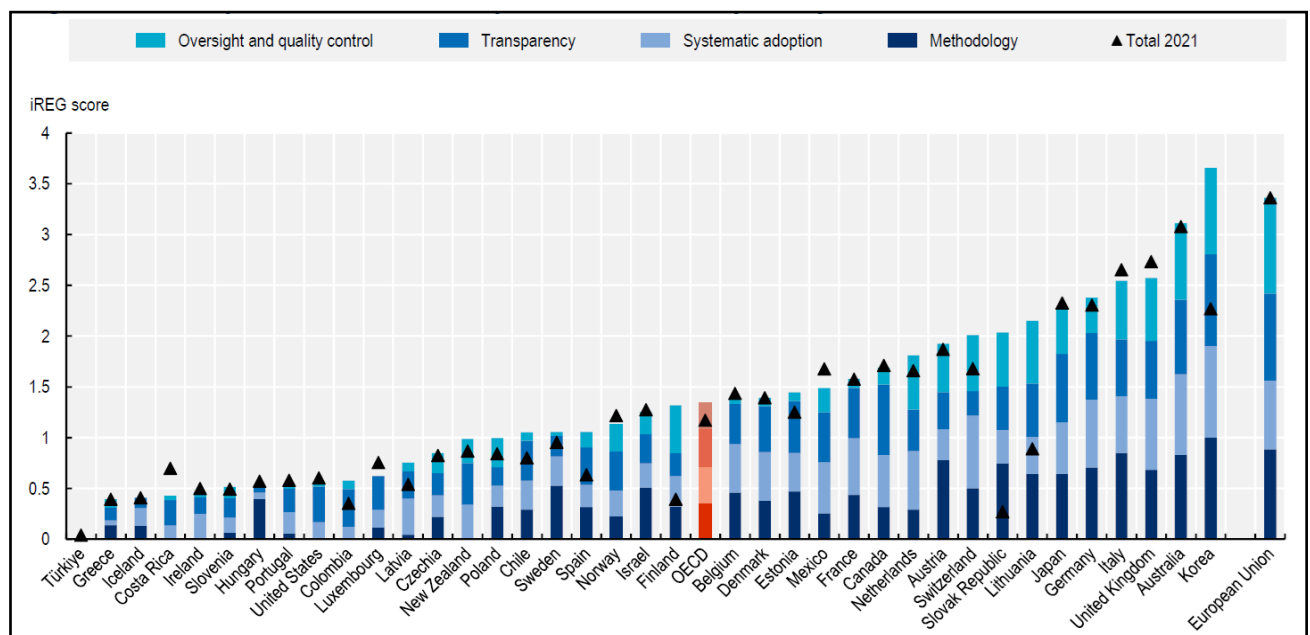
- Korea is regarded as one of the most advanced OECD member countries in terms of institutionalizing Regulatory Impact Assessment and ex post evaluation. RIA is conducted for all regulatory proposals initiated by the executive branch, with the depth of analysis calibrated according to the significance of the regulation and structured to include comparisons of alternative options.
- In addition, ex post evaluation is mandated to be planned at the time of regulatory formulation, ensuring that quality control mechanisms operate throughout the entire regulatory lifecycle. These systems are overseen primarily by the Office for Government Policy Coordination and the Regulatory Reform Committee. The report views the presence of such centralized oversight bodies as a key strength in ensuring regulatory quality.

<Composite indicators: Regulatory impact assessment for developing primary laws(2021-2024)>



* OECD Regulatory Policy Outlook 2025, p.125.

<Composite indicators: Ex post evaluation of primary laws(2021-2024)>



* OECD Regulatory Policy Outlook 2025, p.127.

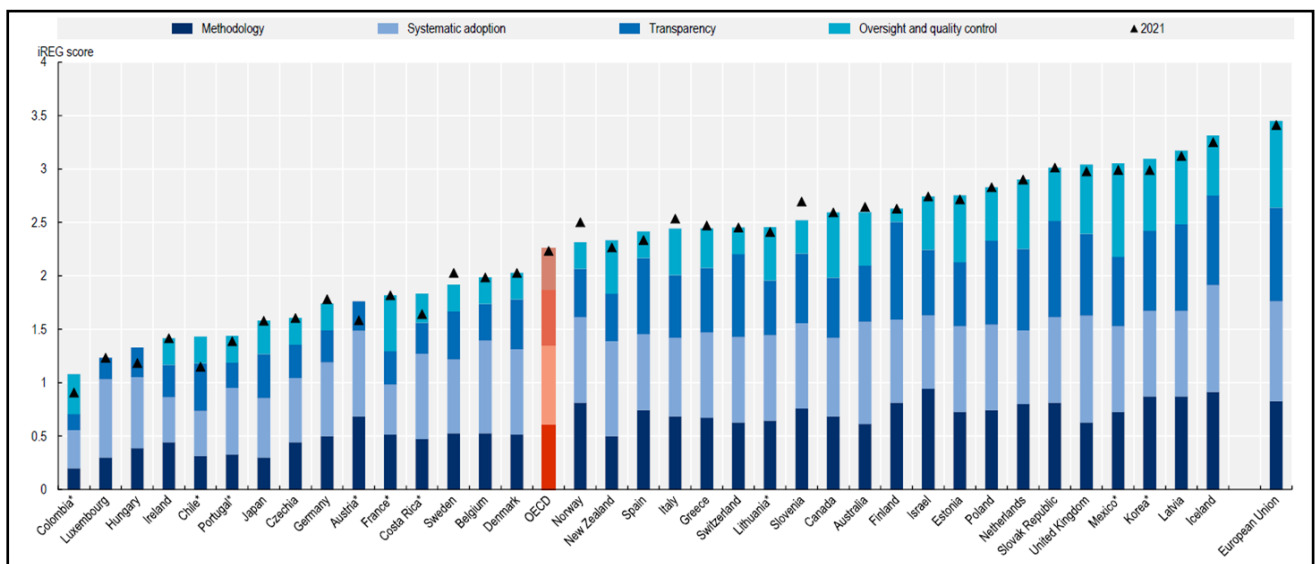
- However, it also points out a structural limitation: the RIA and stakeholder engagement mechanisms apply only to executive-initiated legislation, not to bills introduced by the legislature. This is considered a significant shortcoming, particularly given that a large share of newly enacted laws originates from the National Assembly. The report notes that the lack of RIA for these legislative proposals undermines the consistency and fairness of Korea's regulatory governance.

- The OECD recommends that RIA and ex post evaluation be applied to all primary laws, including those initiated by the legislature, and that legal and institutional frameworks be adjusted to ensure shared responsibility for regulatory quality between the legislative and executive branches. This recommendation underscores the need for structural reforms that go beyond formal processes to ensure the substantive quality of regulation.

(2) Stakeholder Engagement

- The OECD considers stakeholder engagement a key element in enhancing the legitimacy and acceptability of regulatory policy. It emphasizes three main standards: early-stage consultation, diversification of participation channels, and transparent feedback mechanisms. Korea has institutionalized systems that allow for the collection of stakeholder input through various channels, including digital platforms. Some ministries have also adopted online systems to gather public input during the policy formulation process.

<Composite indicators: Stakeholder engagement in developing primary laws (2021-2024)>



* OECD Regulatory Policy Outlook 2025, p.29.

- However, the OECD Regulatory Policy Outlook report identifies several limitations in Korea's stakeholder engagement practices. It notes that public consultations are often concentrated in the later stages of the regulatory process, with insufficient systematic feedback on how collected input is reflected in final policy decisions. Additionally, stakeholder engagement procedures are not consistently applied to primary laws enacted by the legislature, creating an institutional gap that may undermine regulatory consistency and transparency.
- In response, the OECD recommends that public consultations be conducted from the early stages of all regulatory processes and that structural feedback mechanisms be established to clearly communicate how stakeholder input influences policy decisions.

(3) Green Regulation and Reform Challenges in Licensing and Permitting Systems

- The OECD Regulatory Policy Outlook identifies the green transition as a core priority for regulatory policy and emphasizes the need to reform regulatory frameworks and streamline permitting procedures to support this goal. The report highlights the importance of ensuring consistency between environmental objectives and regulatory systems, noting that complex permitting processes, fragmented operations across ministries, and weak implementation capacity are structural barriers that hinder green infrastructure investment across member countries.
- It points out that in some countries, permitting procedures have become excessively prolonged, with approval bottlenecks emerging as major obstacles in the deployment of renewable energy infrastructure such as wind, solar, and hydrogen. Regarding Korea, the report underscores the need to strengthen strategic foresight and cross-ministerial coordination, suggesting that the regulatory framework must be restructured to better address complex and overlapping policy objectives.

3. Comparison of OECD Regulatory Policy Outlook (2021 vs. 2025) : Korea's Regulatory Governance Assessment

- According to the OECD Regulatory Policy Outlook reports (2021 and 2025), Korea demonstrates a relatively high level of institutionalization across key elements such as Regulatory Impact Assessment (RIA), stakeholder engagement, ex post evaluation, and oversight mechanisms. The country is recognized as having established a solid institutional foundation for enhancing regulatory quality. However, both reports consistently point out that while Korea has achieved formal institutionalization, it continues to fall short in terms of practical implementation outcomes and the overall comprehensiveness of its regulatory framework.
- A comparative analysis of the 2021 and 2025 reports reveals that Korea's structural model of regulatory governance has remained largely unchanged, with similar limitations and challenges raised in both assessments. This underscores the need for more fundamental and actionable reforms to improve the effectiveness of institutional operations and deliver meaningful impact.

(1) Regulatory Impact Assessment (RIA)

- Korea conducts Regulatory Impact Assessments (RIA) for all regulations proposed by the executive branch, with the depth of analysis calibrated based on the significance of the regulation and structured to include comparisons of alternative options. This practice is consistently recognized in both the 2021 and 2025 OECD reports.
- However, Cost-Benefit Analysis (CBA) is not a legal requirement, and the 2025 report recommends incorporating a more comprehensive assessment of costs—including indirect, fiscal, and macroeconomic impacts—to enhance the effectiveness of RIA. Both reports also point to a common structural gap: RIA applies only to executive-initiated legislation, not to bills proposed by the National Assembly. As a result, the reports assess that this creates a significant gap in regulatory quality management.

(2) Stakeholder Engagement

- The 2021 OECD report noted that Korea facilitates stakeholder engagement through various digital platforms, such as the e-Legislation Center and the Regulatory Information Portal, and provides channels for public hearings and comment submissions. While these systems remain in place as of the 2025 report, the OECD highlights that stakeholder engagement in Korea is still largely concentrated in the later stages of the regulatory process.
- In particular, it points out that such engagement is not systematically applied during the legislative process for major laws. Accordingly, the 2025 report recommends introducing participation mechanisms at earlier stages and expanding engagement during the legislative phase.

(3) Ex Post Evaluation

- Korea requires post-implementation evaluation plans to be included in RIA documents for executive regulations, and certain regulations are subject to additional quality control procedures. The 2021 OECD report acknowledged this institutional foundation, while the 2025 report emphasizes the need for more substantive evaluation metrics.
- In particular, it recommends introducing structured evaluations based on key criteria, such as the degree to which policy objectives are achieved and alignment with international standards. The report also highlights the importance of enhancing transparency in post-evaluation planning and linking the process more closely with stakeholder feedback.

(4) Oversight and Institutional Setup

- Korea maintains a regulatory oversight system centered on the Regulatory Reform Committee, with the Office for Government Policy Coordination serving as its secretariat—a structure that has remained consistent in both the 2021 and 2025 OECD reports.

- While the 2025 report acknowledges that this oversight framework is institutionally well-established, it also notes limitations in regulatory coordination capacity, particularly in ensuring policy coherence across ministries, designing long-term strategic plans, and responding to complex risks such as digital transformation and the climate crisis. The need for structural improvements in these areas was also indirectly referenced in the 2021 report.

<OECD Regulatory Policy Outlook 2021 vs. 2025: Summary of Key Areas for Korea>

Category	2021 Report	2025 Report
Regulatory Impact Assessment (RIA)	Applied to executive-initiated regulations; analysis calibrated by significance; includes comparison of alternatives	Cost-benefit analysis not mandatory; highlights the need to strengthen analysis of indirect, fiscal, and macroeconomic impacts; still not applied to legislature-initiated bills
Stakeholder Engagement	Post-drafting consultations via digital platforms (e.g., e-Legislation Center)	Maintains a late-stage consultation structure; limited engagement in legislative process; calls for earlier and institutionalized participation
Ex Post Evaluation	Evaluation planning required for all executive regulations; some subject to quality control	Recommends inclusion of performance against policy objectives and alignment with international standards; stresses transparency and stakeholder linkage
Oversight and Institutional Operation	Institutional framework centered on Regulatory Reform Committee and Office for Government Policy Coordination	Notes lack of strategic foresight and inter-ministerial coordination; emphasizes need to strengthen capacity to address complex risks

4. Challenges and Policy Responses for Korea's Regulatory Governance

- The OECD Regulatory Policy Outlook defines regulation not merely as a constraint on economic activity, but as a core public asset that underpins sustainable growth and social trust. It recommends that countries establish strategic, whole-of-cycle regulatory governance systems. Using its quantitative iREG indicators, the report compares the regulatory performance of member countries and clearly identifies both Korea's relative strengths and its structural challenges.
- Korea ranks among the top OECD countries in terms of institutional foundations for regulatory governance, including Regulatory Impact Assessment (RIA), ex post evaluation, digital stakeholder engagement, and regulatory sandboxes.
- All executive-initiated regulations are subject to RIA and evaluation planning, and digital consultation platforms—such as the e-Legislation Center and the Regulatory Information Portal—are in place. However, despite this high level of institutionalization, the OECD report points out persistent limitations in Korea's regulatory governance, particularly in achieving operational integration, strategic agility, and trust-based consultation mechanisms.
- One of the most critical structural challenges in Korea's regulatory governance is the exclusion of legislature-initiated bills from the scope of Regulatory Impact Assessment (RIA). The OECD has repeatedly raised this issue in both its 2021 and 2025 reports, identifying it as a key factor undermining the consistency and fairness of regulatory quality management. This concern is particularly significant given that a majority of Korea's legislation originates from the National Assembly. Nevertheless, such bills remain outside the coverage of RIA and ex post evaluation, creating a persistent blind spot in the country's regulatory framework.

- To address this gap, the OECD emphasizes the need to establish a shared regulatory responsibility framework between the legislative and executive branches, along with a strategic and systematic approach to managing the full regulatory cycle. Based on the OECD's regulatory policy analysis, this report proposes five response strategies to enhance the effectiveness and sustainability of Korea's regulatory governance.

- 1. Legal Codification of Regulatory Governance:** Institutionalize full-cycle regulatory management —such as RIA, stakeholder consultation, strategic foresight, and ex post evaluation—by making them legally binding and applying the same standards to legislature-initiated laws.
- 2. Institutionalization of an Annual Regulatory Performance Report:** Introduce a system to evaluate regulatory performance using quantitative indicators such as credibility, stakeholder input integration, and cost savings, while strengthening the feedback loop.
- 3. Inter-Ministerial Assessment of Regulatory Performance:** Conduct comparative evaluations of regulatory performance by ministry based on iREG criteria, creating internal competition and performance-based incentives.
- 4. Capacity Building for Regulatory Institutions:** Enhance institutional capabilities to respond to structural changes in areas such as digital transformation, ESG, and AI by expanding dedicated teams, promoting evidence-based regulatory innovation, and adopting technology-driven enforcement tools.
- 5. Establishment of a Sustainable Regulatory Feedback System:** Create a structured feedback loop that connects field-level issues to regulatory reform, and institutionalize mechanisms for collecting and addressing regulatory challenges through sector-specific representative bodies.

- The OECD’s assessment carries significance beyond quantitative indicators, serving as a practical guide for Korea’s transition toward becoming a trust-based state through regulation. Korea must now move beyond formal institutionalization and build a regulatory framework grounded in execution and strategic capacity—one that earns the confidence of both the public and the market. It is hoped that the incoming administration will take these concerns into account and work to strengthen regulatory effectiveness across the full policy cycle as it reforms the national regulatory system.

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