

# 2024 NA audit at a glance

October 2024

## Industry section:

- **2024 NA audit's key policy discussions** at a glance, covering 4 business-related standing committees

## Political section:

- **The Yoon-Han meeting** – ruling party discord and opposition's inroads
- **October by-elections:** A 2-2 tie, both parties secure their strongholds

### Industry : Key policy developments in October



Source: Yonhap news

## The NA audit: active policy dialogues

The 2024 NA audit, has ended on 25 October. Aiming to efficiently carry out the functions of legislation, budget review, and state administration authority imparted, the NA uses the audit as a check & balance tool to ensure democratic input into opaque government bureaucratic structures. In this report, we present highlighted issues from the 4 key standing committees with high relevance to the industry players.

## Trade, Industry, Energy, SMEs, and Startups committee

Energy partisanship at a clash



### Yoon government accused of mishandling nuclear deal

During the NA Trade, Industry, Energy, SMEs, and Startups Committee audit, the DP and PPP members clashed over the government's recent nuclear power plant export to Czech Republic.

NA member Jeong Jin-wook (DP) criticized Korea Hydro & Nuclear Power (KHNP) for inadequate submission of documents related to an intellectual property dispute with Westinghouse prior to the Czech Republic agreement. Jeong accused the administration of **hiding information over their mishandling of the issue**, and of "deceiving the Korean people." In response, ruling party members criticized Jeong's remarks as excessive and urged "a more constructive audit," emphasizing that the goal should be to reach policymaking consensus.

The deal in question launched with an MOU between ROK President Yoon Suk-yeol and Czech Prime Minister Petr Fiala back in September, entailing joint cooperation on the nuclear energy cycle. The deal was also complemented by KHNP bid to build two nuclear reactor sites in the country. As has been its tendency, the Yoon administration had been aiming to leverage the diplomatic "win" for political capital.

### East Sea oil and gas field prospect called into question

That next week, the committee went on to conduct a state audit of subsidiaries of state-owned energy giants at the Korea Electric Power Company (KEPCO). The targets included KHNP, Korea Power Exchange, KEPCO Nuclear Fuel, Korea Energy Information Culture Foundation, and the Korea National Oil Corporation. Here also, ruling and opposition party members engaged in a heated argument over direction of the audit itself.

NA member Kim Won-I (DP), vice chair of the committee, urged KHNP and the Korea National Oil Corporation to promptly submit of data related to purported discovery of the East Sea oil and gas field. **The DP has repeatedly expressed doubts** over the Yoon administration's announcement of **a large potential crude oil field discovery off the country's southeast coast** earlier this year, which President Yoon claimed could hold up to 14 billion barrels of oil and gas with a "very high" chance.

On 21 October the NA National Policy Committee, chaired by the ruling party's Yoon Han-hong, conducted its audit of the Fair Trade Commission (FTC).

During proceedings, a government proposal to limit the settlement period for payments in the e-commerce industry to within 20 days was scrutinized, raising suspicions of favoritism towards specific companies amid efforts to prevent a recurrence of the WeMakePrice/Qoo10 liquidity fallout – an issue that had also previously been highlighted by the SMEs and Startups Committee. Other key issues raised by the National Policy Committee included commissions charged by delivery platforms, as well as the mandatory in-app payment systems imposed by global big tech companies like Google and Apple. We take a closer look at these three key issues below:

## National Policy Committee

Online platforms take center stage



### E-commerce settlement period: "the FTC is moving backwards"

NA member Cheon Joon-ho (DP) pointed out, "There have been sustained demands to shorten the settlement period, but **the FTC has only proposed halfway measures like their 'self-regulatory' model.**" Cheon also noted, "The FTC announced plans to revise the *Large-Scale Retail Business Act* to set the payment settlement deadline to within 20 days from the confirmation of item purchase. In a public hearing document, over 80% of the participating merchants expressed the need to receive settlements within 10 days of purchase confirmation, but this was summarily ignored. Most platforms settle payments within 1 to 3 days of purchase confirmation. **The only beneficiary of this 20-day rule seems to be Coupang,** so we can only assume this regulation seems to have been tailored to fit Coupang's payment cycle."

### Regulations required for food delivery platforms

Unfair practices by delivery platforms like Korea's Woowa Brother also became a focal point of the National Policy Committee's audit. Previously, the Yoon government set up a public-private committee to begin finding solutions to issues such as unfair commission fees. This committee includes major food delivery platforms like Woowa Brothers' Baedal Minjok, Coupang Eats, and Yogiyo, along with reps from F&B associations.

NA member Yoo Dong-soo (DP), highlighted how "Baedal Minjok raised its commission from 6.8% to 9.8% in August, after which a scheme was introduced called 'Baemin Club,' which offered free delivery, inflating consumer numbers and pressuring merchants to join. In exchange, Baemin demanded 'most-favored-nation' treatment from merchants, which **essentially forces them to offer the lowest prices** on Woowa Brothers' platform compared to other platforms." The FTC for its part, assured the committee that it was aware of these issues, and pledged to work for a timely solution.

### **In-app payment methods: Google and Apple in focus**

The issue of regulating the mandatory in-app payments imposed by Google and Apple also surfaced during the National Policy Committee audit. Upon being questioned by the committee on what his agency was doing to address

the longstanding issue of mandatory in-app payment integration, FTC Chair Han Ki-jeong said that "we are working to **introduce a pre-designation system, similar to what is in place in the EU, the UK, and Japan, to set platforms engaging in monopolistic behavior as regulatory targets in advance.** Namely, we are pushing for amendments to the *Fair Trade Act* to more swiftly regulate monopolistic abuses."

## **Health and Welfare Committee**

**Press for solutions to healthcare crises**



### **MOHW criticized for failing to address doctor shortage**

DP lawmakers – who formed the bulk of the vanguard – **focused their critique on increasing medical school admissions and pension reform.**

NA member Jeon Jin-sook (DP) criticized the Yoon government's persistent attempts to raise the medical student quota by 2,000, as well as MOHW's introduction of an automatic adjustment mechanism for pensions, arguing that these measures were distorted by the Office of the President. She warned that experts forecast further turmoil in the cards for the healthcare system as flu season sets in.

Meanwhile, fellow NA member So Byeong-hoon (DP) raised concerns about shortening the medical school curriculum from six to five years, questioning whether human lives were being valued less than those of animals. He emphasized the need for the government to address ongoing treatment delays at major hospitals nationwide.

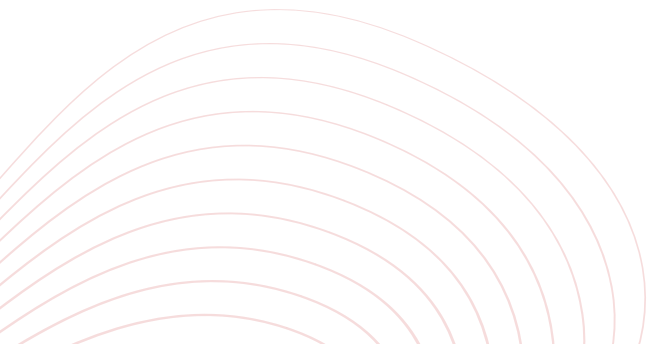
Additionally, NA member Nam In-soon (DP) flagged potential issues in the supply and demand of doctors due to the ongoing stalemate between the Yoon government and medical associations, emphasizing that dialogue is urgently needed to begin finding a resolution.

### **Government-led pension reforms being highlighted**

While DP focused on summoning government's accountability for medical crises, PPP lawmakers on the committee attempted to defend the necessity of the reforms led by government. NA member Baek Jong-heon (PPP) emphasized **the multi-faceted nature of such structural reforms, including for basic and retirement pensions**, urging **bipartisan cooperation** to secure these reforms before year's end. Baek stressed that delays would burden future generations.

NA member Ahn Sang-hoon (PPP) also highlighted the **urgency of pension reform, citing fiscal sustainability as key**. He warned against interpreting the proposed automatic stabilization mechanism as an automatic reduction of benefits and called for clear public communication on what the program entails.

What is clear is that the partisan conflict over solutions to Korea's fiscally compromised welfare systems is likely to continue for the foreseeable future, despite an ever-ageing population adding urgency.



The recent Environment and Labor Committee audit, concluding on 24 October, has focused chiefly on industrial accident policies and methods to promote circular economy. Notably, the Ministry of Labor faced intense scrutiny regarding workplace safety measures.

### Labor practices found lacking

Progressive Party member Jeong Hye-kyung raised concerns about the administration's new policy framework, which she claimed **complicates the approval of industrial accident claims**. There was a **rare consensus around industrial safety**, with members from various parties questioning the effectiveness of the current policies, often highlighting inconsistencies and slow administrative responses. Issues such as failure to recognize industrial accidents on the part of the Korea Workers' Compensation & Welfare Service (KCOMWEL), and structural weaknesses in accident assessments were also repeatedly brought up.

### NA reviews progress towards a circular economy

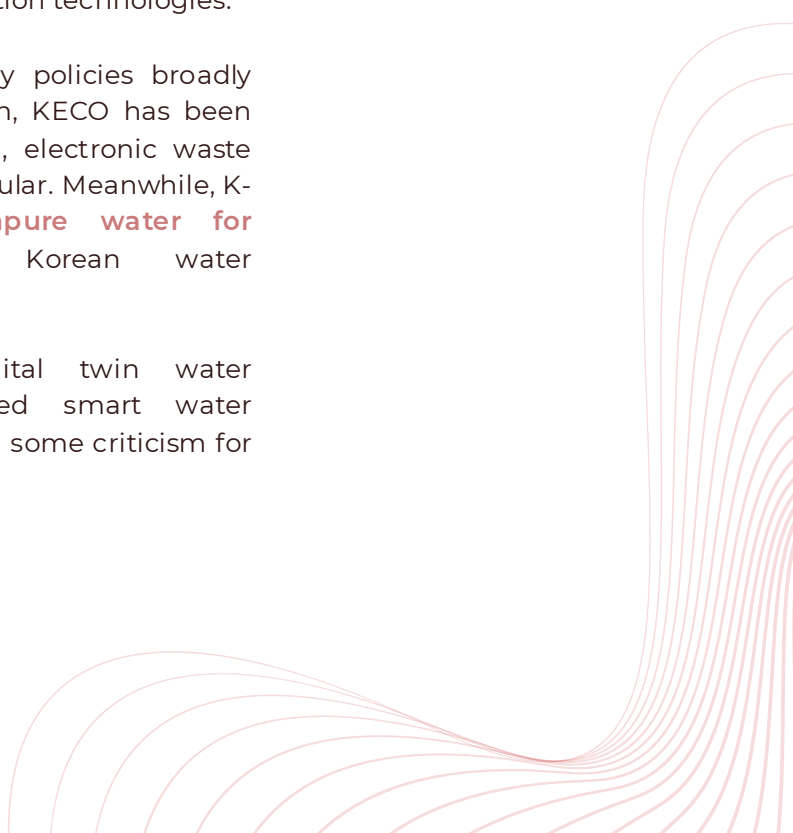
In terms of environmental issues, the Korea Environment Corporation (KECO) and the Korea Water Resources Corporation (K-water) were targeted. KECO for its part is pursuing initiatives aligned with government priorities on digital transformation and carbon neutrality, including enhancing water treatment and desalination technologies.

In the context of the circular economy policies broadly championed by the Yoon administration, KECO has been working to addressing plastic pollution, electronic waste recycling, and resource recovery in particular. Meanwhile, K-water focuses on **developing ultrapure water for semiconductors** and promoting Korean water management expertise globally.

It showcased innovations like digital twin water management platforms and AI-based smart water treatment systems – which have received some criticism for being ineffective.

## Environment and Labor Committee

Workplace safety,  
water initiatives



## The Yoon-Han meeting: ruling party's discord



Source: Office of the President

On 21 October, **President Yoon Suk-yeol met with People Power Party leader Han Dong-hoon** at the Office of the President. The meeting, which took place about a month after Han's request for a one-on-one meeting in late September, was intended for the two to broadly discuss public livelihood issues without a set agenda. However, sources indicated that **Han was expected to propose the "three solutions on the First Lady problem,"** which include 1) halting external activities, 2) restructuring personnel associated with First Lady Kim within the Office of the President, and 3) cooperating with procedures to address suspicions involving her. Pundits anticipated that **this meeting would serve as a critical point for the ongoing decline in approval rates** for the administration and ruling party, particularly concerning the various allegations and scandals surrounding the First Lady.

### The Yoon-Han conflict to pro-Yoon vs. pro-Han

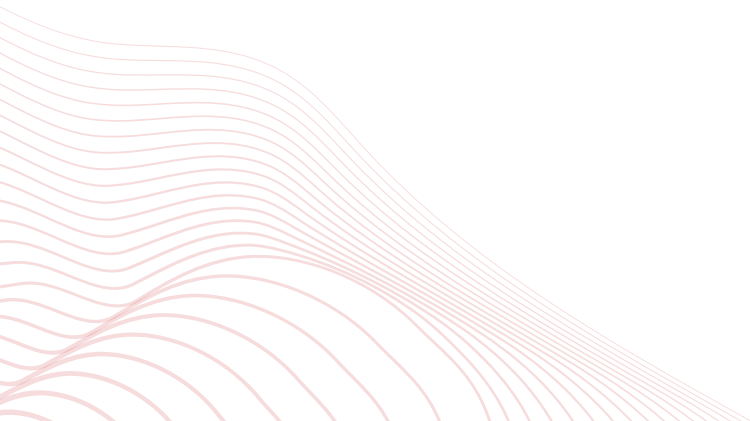
Following the meeting, which lasted over an hour, a secretary from the PPP leadership stated that "Han expressed the need for three solutions to resolve issues concerning First Lady Kim and discussed the importance of appointing a special, politically neutral inspector." However, **the political consensus was that the meeting ended without tangible outcomes**, earning it the label of "the fruitless meeting." The subsequent cancellation of a planned briefing by Han and a meeting between President Yoon and a pro-Yoon faction figure, PPP floor leader Choo Kyung-ho, immediately after the Yoon-Han meeting, underscored the persisting divide between the president and the party leader.

This Yoon-Han conflict has extended into a broader rift between the pro-Yoon and pro-Han factions within the ruling party. On 23 October, following the meeting, Han announced his intention to pursue the appointment of a special inspector (a vice-ministerial official tasked with monitoring misconduct among the president's relatives). However, immediately after the announcement, Choo promptly countered, stating that the appointment of a special inspector required parliamentary procedures, indicating Han's limited role as an extra-parliamentary figure and drawing a line on legislative responsibilities.

### **Democratic Party's inroads between the conflict**

Amid escalating internal discord in the PPP, the Democratic Party (DP) meanwhile is attempting to exploit this division. The DP's hope is that **the pro-Han faction could potentially play a deciding vote-role in re-votes following presidential vetoes**. DP floor leader Park Chan-dae officially called on Han to decide, and DP senior members like Kim Min-seok and Jeon Hyun-hee suggested possible compromise measures for the special prosecutor bill regarding Mrs. Kim, such as recommendations for a third-party investigator. DP leader Lee Jae-myung is also expected to hold a second meeting with Han soon. Although it remains unlikely that the pro-Han faction would support the *Special Counsel Investigation Act* regarding the First Lady, the continued low approval ratings for both ruling party and the President, as well as the anticipated 15 November trial outcome for DP leader Lee Jae-myung's case have heightened attention on Han's decisions.

Meanwhile, the DP is planning to launch a large-scale protest against First Lady Kim in central Seoul on 2 November, following the conclusion of the NA audit, to rally supporters. Simultaneously, Lee Jae-myung will resume outreach efforts by meeting with small business owners, self-employed individuals, and corporate leaders, aiming to expand support among moderates through livelihood-focused initiatives.







The by-elections on 16 October yielded no surprises, with **both the PPP and the DP winning two seats each**, thereby retaining their respective strongholds.

In Busan's Geumjeong-gu mayor election, which was counted as a key battleground, the PPP candidate Yoon Il-hyun won with 61% of the vote. In Jeonnam's Yeonggwang-gun mayor election, where a three-way race unfolded between the DP, the Rebuilding Korea Party (RKP), and the Progressive Party, the DP retained its position. In Incheon's Ganghwa-gun mayoral election, the PPP's Park Yong-cheol secured more than half the votes, while the DP's Jo Sang-rae won the Jeonnam Gokseong-gun mayoral seat.

**The recent by-elections were seen as a barometer of public sentiment** following the April General Election and the party's leadership transitions, drawing national attention. After the election results were confirmed, PPP leader Han Dong-hoon expressed his commitment to "seize the opportunity given by the people and bring about renewal," signaling his determination to overcome the ruling party's persistently low approval ratings. DP leader Lee Jae-myung also thanked the voters, remarking that he hoped the Yoon administration and ruling party would now deliver better policies following the election. While positively evaluating the recent election results, the Office of the President expressed relief at the outcome and **reaffirmed its commitment to pushing forward with its four major reform priorities**, including healthcare reform, despite difficulties thus far on this front.

## October by-elections: A 2-2 Split



# CONTACT

 [contact.kr@grcompany.com](mailto:contact.kr@grcompany.com)

### GR Korea – Seoul

22F 83 Uisadang-daero  
Yeongdeungpo-gu,  
Seoul, 07325  
T +82-2-556-4205  
[grkorea.com](http://grkorea.com)

### The GR Company - Washington D.C.

1101 Pennsylvania Ave. NW,  
Washington DC 20004  
T +1-202-813-6125  
[grcompany.com](http://grcompany.com)

### GR Japan – Tokyo

Juzen Bldg.101, 2-9-6 Nagatacho  
Chiyoda-ku, Tokyo 100-0014  
T +81-3-6205-4205  
F +81-3-6205-4206  
[grjapan.com](http://grjapan.com)

### The GR Company – London

25 Wilton Road, Victoria,  
London, SW1V 1LW, UK  
T +44-77-3066-6918  
[grcompany.com](http://grcompany.com)

### GR Taiwan – Taipei

Level 57, Taipei 101 Tower,  
No. 7, Section 5,  
Xinyi Road, Xinyi District, Taipei, 110  
T +886-2-8758-2888  
[grtaiwan.com](http://grtaiwan.com)

### The GR Company – Singapore

Gateway West, Lv. 35  
150 Beach Road, Singapore 189720  
T +65-6727-4640  
[grcompany.com](http://grcompany.com)