

For the week of July 1, 2024 – July 5, 2024

As the first-ever Korean law firm to issue specialized legislative journals, DR & AJU LLC has been publishing the monthly *Policy & Business (P&B) Report* since August 2019. The *P&B Report* provides analyses of plenary sessions of the National Assembly, as well as standing committee and subcommittee meetings. In addition, the firm has been co-hosting the *Future Leaders Forum* with the Herald Business, inviting chairpersons of standing committees to discuss relevant legislative issues and tasks.

As an extension of this service, DR & AJU has also been issuing the *Weekly Legislative Report*, which covers various legal issues at the center of public debate along with editorials and columns on the Serious Accidents Punishment Act (“SAPA”) from major daily news outlets. The report will be released with an update on newly proposed or pending bills. Enclosed is this week’s legislative report, and please refer to the *P&B Report* for further details.


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Executive Summary


Legislation Type	Keyword(s)	Name of Bill	Highlights
Proposed	Infrastructure & Technology	① Partial Amendment to the Act on Special Measures for Strengthening the Competitiveness of, and Protecting National High-tech Strategic Industries	This Amendment requires the government and local governments to bear at least 70% of the expenses for establishing or operating infrastructure for the semiconductor industry.
	Infrastructure & Technology	② Partial Amendment to the Act on Special Measures to Strengthen Competitiveness and Stabilize the Supply Chain of Materials, Components, and Equipment Industry	This Amendment proposes removing the sunset clause for the special account for strengthening the competitiveness of materials, components, and equipment.
Promulgated	Infrastructure & Technology	③ Framework Act on Supply Chain Stabilization Support for Economic Security	This Bill mandates the operation and management of an early warning system to monitor domestic and foreign supply and demand trends, prices, and production volumes of commodities and raw materials, as well as changes in policies of foreign governments and companies, and potential logistics, provisioning, and payment errors, to proactively address supply chain risks.
Undergoing Pre-Announcement of Legislation/ Administration	Administration	④ Partial Amendment to the Local Finance Act	This Amendment mandates local governments to implement a main financial activity evaluation system.

1. Proposed Bill(s)

*Please refer to the link at the bottom of each section for the full text of the legislative bill or examination report.

No.	Proposer	Name of Bill	Content	Related Article (Korean)	Progress
1	 <p>Sang Sik LEE (Democratic Party of Korea)</p>	Partial Amendment to the Act on Special Measures for Strengthening the Competitiveness of, and Protecting National High-tech Strategic Industries	<ul style="list-style-type: none"> The current Act prescribes technologies and industries with great impact on the national and economic security as national high-tech strategic technologies. It enables the designation of specialized complexes for strategic industries to promote the relevant investment and technology development and requires the State and local governments to subsidize the expenses for industrial infrastructure and infrastructure for joint research and development. <p>However, unlike other major countries such as the US, China, and Taiwan, where industrial infrastructures related to electricity, water, roads, wastewater, etc., are considered as basic national infrastructures and directly constructed and subsidized by the governments, Korea supports only partial industrial infrastructure, including water and electricity. It has been pointed out this limited support has discouraged investment.</p> <p>In addition, the current Act mandates the formation of a master plan for the fostering and protection of strategic industries, etc., every five years and requires the heads of relevant central administrative agencies to establish and implement implementation plans for the fostering and protection of strategic industries, etc. every year in accordance with the master plan.</p> <p>However, there are concerns that the absence of the duty to report the master plans to the National Assembly may result in a lack of systematic linkage between the plans and the legal system, such as the establishment of legal grounds and supports following a master plan. Moreover, the current Act does not mandate the reporting of the leakage or insufficient management of strategic technology to the National Assembly, making it difficult for the National Assembly to monitor and supervise such issues.</p>	https://www.mk.co.kr/news/economy/11055088	Proposed on July 1, 2024

No.	Proposer	Name of Bill	Content	Related Article (Korean)	Progress
			<p>Therefore, this Amendment prescribes that when a business entity engaged in national high-tech strategic industries directly establishes or operates an industrial infrastructure, the State and local governments shall support all or at least a certain percentage of the expenses to establish a sustainable growth foundation for national high-tech strategic industries and contribute to the advancement of the national economy. It also requires the Minister of Trade, Industry and Energy to report to the National Assembly on the formation of a master plan or an implementation plan, the status of strategic technology leaks over the past year, and the results of any measures taken to address them, aiming to protect strategic technologies and establish a sustainable growth foundation for the industry (Articles 20(3) and 45-2, Newly Inserted).</p> <p>■ Main Content</p> <ol style="list-style-type: none"> I. When a business entity from national high-tech strategic industries directly establishes or operates an industrial infrastructure, the State and local governments shall support at least 70% of the expenses (Article 20(3), Newly Inserted). II. The Minister of Trade, Industry and Energy shall report the National Assembly on the formulation of a master plan or an implementation plan, the status of strategic technology leaks over the past year, and the results of any measures taken to address technology leaks (Article 45-2, Newly Inserted). <p>Source (Korean): https://likms.assembly.go.kr/bill/billDetail.do?billId=PRC_Q2O4N0V6W2V7U0C9D1B6A4Y2G2H7G0</p>		

No.	Proposer	Name of Bill	Content	Related Article (Korean)	Progress
2	 <p>Jae Kwan LEE (Democratic Party of Korea)</p>	<p>Partial Amendment to the Act on Special Measures to Strengthen Competitiveness and Stabilize the Supply Chain of Materials, Components, and Equipment Industry</p>	<p>■ A special account for strengthening the competitiveness of materials, components, and equipment (hereinafter, the “Account”) was established under the current Act to secure financial resources for the stable implementation of the master plan for strengthening the competitiveness of the materials, components, and equipment industry and to efficiently implement related projects. The Account was established as a temporary five-year account in 2019 and is valid until December 31, 2024.</p> <p>However, given the persistent disruption in the global supply chain following the COVID-19 pandemic and the escalating hegemonic race between major countries like the US and China, Korea is increasingly required to develop comprehensive countermeasures to foster and protect materials, components, and equipment industries and secure a stable supply chain. Accordingly, in April, the government announced a five-year investment totaling KRW 500 billion to five specialized complexes for the materials, components, and equipment industry, that were additionally designated for technology independence and the domestication of supply chains. Given the ongoing need for sustainable financial support from the government for this initiative, the sunset clause for the Account should be eliminated.</p> <p>Therefore, this Amendment proposes the removal of the sunset clause for the special account for strengthening the competitiveness of materials, components, and equipment industries to facilitate the development of strategic technologies within material, components, and equipment industries and the promotion of relevant businesses, thereby contributing to supply chain stability and sustained growth in the national economy (Article 2 of the Addenda of the Act No. 16859, Deleted).</p> <p>Source (Korean): https://likms.assembly.go.kr/bill/billDetail.do?billId=PRC_S2T4R0Q6Y2X6X1W1V4R3P3O9F7E8D4</p>	<p>https://www.edaily.co.kr/News/Read?newsId=02204166638950256&mediaCodeNo=257&OutLnkChk=Y</p>	<p>Proposed on June 28, 2024</p>

2. Promulgated Bill(s)

No.	Competent Authority	Name of Bill	Content	Related Article (Korean)	Date
3	Ministry of Economy and Finance	Framework Act on Supply Chain Stabilization Support for Economic Security	<ul style="list-style-type: none"> ■ This Bill aims to prevent and respond effectively to supply chain risks arising or potentially arising from various domestic and international factors, thereby ensuring national security, maintaining the economic activities of the State and the people, and contributing to the development of the national economy. ■ Main Content <ol style="list-style-type: none"> I. Defines the terms economic security, supply chain, supply chain stabilization, key items of economic security, economic security services, supply chain risks, supply chain crisis situations, and items vulnerable to supply chain disruptions (Article 2). II. Requires the government to present a basic direction of economic policies related to supply chains to guarantee the stable economic activities of the State and the people and formulate a master plan for stabilizing the supply chain every three years to ensure the smooth operation of the supply chain in terms of economic security (Article 7). III. Establishes a Supply Chain Stabilization Committee under the jurisdiction of the Deputy Prime Minister and the Minister of Economy and Finance serving to deliberate and coordinate matters related to supply chain stabilization for economic stability (Article 10). IV. Grants the heads of central administrative agencies the authority to designate commodities, raw materials, services, or infrastructure that are indispensable to the lives of the people or essential for the stable operation of the State and the national economy as key items for economic security or key services for economic security (Article 13). 	https://www.hankyung.com/article/202406259151i	Enacted on December 26, 2023 Enforced on June 27, 2024

No.	Competent Authority	Name of Bill	Content	Related Article (Korean)	Date
			<p>V. Enables the operation and management of an early warning system to identify and respond to supply chain risks preemptively. Prescribes matters such as cross-border cooperation in response to the results of the early warning system, the provision of tariff information, and the duty of the State to protect such information (Articles 15 to 18).</p> <p>VI. Designates business operators and trade associations that submit a key items stabilization plan for economic security as leading supply chain stabilization business operators and provides support for the diversification of importing countries, the reinforcement of domestic and foreign production base, and technology development (Articles 19 to 27).</p> <p>VII. Requires the Minister of Economy and Finance to develop and distribute a standard crisis response manual to relevant central administrative agencies to stabilize the supply chain and implement crisis response measures, including designating items vulnerable to supply chain disruptions, implementing emergency supply and demand stabilization measures, establishing and operating a crisis response center, providing tariff support, and conducting emergency procurement (Articles 28 to 37).</p> <p>VIII. Provides systematic support for key supply chain stabilization businesses to minimize the damage from supply chain risks, establishes the Supply Chain Stabilization Funds under the Export-Import Bank of Korea to contribute to the sound development of the national economy and economic security, and prescribes the matters on the creation, management, operation, eligible subjects of support, and use of the Supply Chain Stabilization Funds' financial resources (Articles 38 to 43).</p>		

No.	Competent Authority	Name of Bill	Content	Related Article (Korean)	Date
			<p>IX. Prescribes the delegation and entrustment of authority and tasks, special cases for the measures implemented by other laws or statutes, confidentiality obligation, etc. (Articles 44 to 48).</p> <p>Source (Korean): https://www.law.go.kr/법령/경제안보를 위한 공급망 안정화 지원 기본법</p>		

3. Bill(s) Undergoing Pre-Announcement of Legislation/Administration

No.	Competent Authority	Name of Bill	Content	Related Article (Korean)	Notice Period
4	Ministry of the Interior and Safety	Partial Amendment to the Local Finance Act	<ul style="list-style-type: none"> This Amendment aims to improve and supplement the current legal system by mandating the implementation of a main financial activity evaluation system to establish a robust system for managing the performance of local government finances and reinforcing financial management responsibility. It also enhances the procedures for introducing legal special accounts to improve the soundness and efficiency of local finances. Main Content <ol style="list-style-type: none"> Mandates the evaluation of main financial activities (Article 5). Requires local governments to evaluate main financial activities and reflect the outcomes thereof in financial management. Reinforces the procedures for the introduction of legal special accounts (Article 9). Strengthens the procedures for introducing legal special accounts by requiring the establishment of a special accounts for a local government to be directly pursuant to the Local Finance Act, thereby restricting the creation of such accounts solely by an amendment to an individual law. 	https://www.yna.co.kr/view/AKR20240622035900530?input=1195m	June 24, 2024 – August 5, 2024

Source (Korean): <https://opinion.lawmaking.go.kr/gcom/ogLmPp/78824?pageIndex=4>

Editorials and Columns on the Serious Accidents Punishment Act (“SAPA”)

[News 1] ‘Hwaseong Disaster’ Occurred at High-Risk Workplace But Received ‘Zero’ Safety Inspection Over Past Five Years

<https://www.news1.kr/articles/5461258>

SUMMARY According to the Ministry of Employment and Labor (MOEL), a lithium primary battery manufacturer in Hwaseong, Gyeonggi Province, where a fire resulted in 31 casualties, was found to have not received a single industrial safety inspection from the MOEL over the past five years. According to the Labor Inspectors Regulations (pertaining to industrial safety and health), it is stipulated, “The MOEL must conduct regular, ad hoc, and special inspections annually in accordance with the comprehensive plan for workplace safety and health inspections or as deemed necessary to prevent industrial accident.” Indeed, safety and health inspections by the authorities are conducted by selectively targeting workplaces based on the severity of risks at each site. However, given that the manufacturer involved in the recent fire accident handles lithium, a high-risk substance among other industries, and has experienced previous fire accidents, the authorities may be unlikely to escape responsibility for poor management and oversight. In addition, the Ministry of Employment and Labor conducted a labor inspection two years ago, but it was confirmed that it failed to detect the currently controversial issue of illegal labor dispatching suspicions and only detected violations of sexual harassment prevention training provisions.

[The Korea Economic Daily] “Despite Body Temperature Reaching 42 Degrees Celsius” ... CEO of Prime Contractor ‘Prosecuted’ for Occupational Negligence Amid Heatwave

<https://www.hankyung.com/article/2024070145797>

SUMMARY In connection with a worker’s death during the summer, this marks the first case in which the CEO of a prime contractor has been prosecuted for violations under the SAPA. On July 1st, the Daejeon District Prosecutors’ Office indicted the CEO of the prime contractor on charges of violating the SAPA for neglecting to ensure safety measures for workers’ lives and safety at the construction site. In addition, site managers from both the prime contractor and subcontractor were separately charged with violations of the Occupational Safety and Health Act (OSHA). In July 2022, the deceased worker, employed by a subcontractor, died from heatstroke while pouring concrete at a new building construction site in Daejeon, with his body temperature reaching 42 degrees Celsius. The prosecution concluded that the CEO of the prime contractor failed to fulfill the duty to ensure safety and health under the SAPA, as they did not identify harmful or hazardous factors nor provide serious accident response manuals. The prosecution believes that site managers also failed to ensure minimum breaks or rest areas for workers.

[Yonhap News] Korea Enterprises Federation Expands Operation of 'Comprehensive Response Center for Serious Accidents' Nationwide

<https://www.yna.co.kr/view/AKR202407040569000003?input=1195m>

SUMMARY

On July 4th, the Korea Enterprises Federation (KEF) announced that it would expand the operation of the Comprehensive Response Center for Serious Accidents nationwide to support SMEs struggling to comply with the SAPA and manage safety. The KEF explained that it has decided to expand its operational policies to support safety activities that can be implemented at the workplace, stating, "Recently, the judicial risks for small-scale companies have become a reality with the first indictment under the SAPA for businesses with fewer than 50 employees." As a result, the KEF plans to establish additional regional centers in nine major regional federations nationwide, including Busan, Incheon, and Gwangju, expanding from the existing central units. They also intend to expand the project of appointing joint safety managers, which they have been collaborating on with the government and safety agencies.

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