

NA regular session begins

September 2024

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- Yoon's lowest approval rate, Lee's intensifying judicial risks

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The 22nd NA's first regular session begins



Source: Yonhap News

The first regular session of the 22nd National Assembly (NA) began on 2 September. Amid deepening conflict between the ruling and opposition parties, the NA convened 95 days after its formation since 30 May, marking the latest opening ceremony in history. Additionally, President Yoon Suk-yeol unexpectedly became the first President in Korea's constitutional history to not attend the opening ceremony of the NA. Given the intense political strife from the outset, the 100-day regular session is expected to be rife with challenges ahead.

Two major parties' legislation goals for the 22nd NA

Ahead of the regular session, the People Power Party (PPP) announced 170 key bills across six main areas as their legislative priorities: **revitalizing the economy, addressing low birth rates, healthcare reform, supporting key industries, promoting balanced regional development, and ensuring public safety**. Notably, in alignment with the Yoon administration's recent focus on economic recovery, the PPP has chosen "revitalizing public livelihood" as its top priority. Included in this area are bills aimed at protecting small businesses and consumers, such as measures to prevent incidents like the WeMakePrice/Qoo10 liquidity crisis, preventing illegal short-selling, repealing the Financial Investment Income Tax, and repealing the law regulating the distribution structure of mobile devices (known as the "DanTong Act"). Additionally, **the PPP plans to enhance Korea's competitiveness in industries like AI, nuclear power, semiconductors, and power grid infrastructure**.

The Democratic Party (DP) also outlined its legislative direction during a party workshop before the NA regular session, **presenting four major goals: reviving the economy, restoring the nation, preparing for the future, and increasing the population**. Based on these focus areas, the DP announced 165 legislative priorities, including bills related to reducing household debt, addressing issues in the e-commerce sector (such as highlighted by the WeMakePrice/Qoo10 crisis), incubating new industries, addressing the climate crisis and energy transition, and expanding state childrearing support from the ages of 0-8 to 17.

Bipartisan cooperation or continued conflicts

Despite the intense political conflict, **both parties emphasized the importance of livelihood legislation**. In particular, during the recent party leader summit, two party leaders also agreed to actively discuss support measures for industries such as semiconductors, AI, and the expansion of the national power grid, raising expectations for tangible legislative achievements in industrial promotion during this regular session.

However, **the DP also plans to reintroduce bills that Yoon previously vetoed**, including *the Broadcasting Act, the Yellow Envelope Act, the Grain Management Act, and the*

Special Act on Livelihood Restoration Cash Assistance - the proposal for paying out 250,000 KRW stimulus checks to every Korean. Additionally, the DP plans to push forward legislation such as *the Local Currency Activation Act* and Prosecutorial Reform Bills, which are unlikely to gain either government or ruling party support. This session of the National Assembly is therefore expected to be a repeat of the same scenario - the opposition with a majority of seats taking control of the legislation and Yoon vetoing the bills.

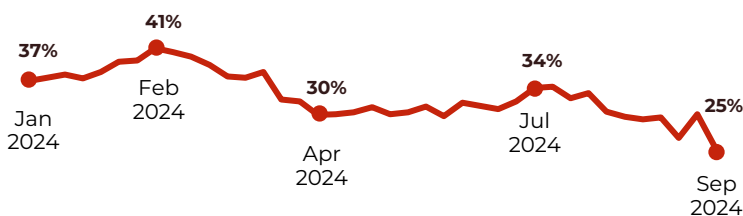
President Yoon Suk-yeol's approval rating has hit its lowest point since he took office. Latest data shows his approval rating hit a record low of 27% two weeks ago (2nd week Sep), the lowest since his inauguration, before rebounding to 30.3% (3rd week Sep). However, according to a Realmeter survey conducted from 23-27 September, polling 2,507 voters aged 18 and older nationwide, Yoon's approval rate dropped again, falling 4.5 points to 25.8%, the lowest ever recorded.

President Yoon's lowest approval rate to date

President Yoon's approval rate

Source: Realmeter

Jan 2024 – Sep 2024



The main reason for the public's worsening evaluation has been his healthcare reform plan, which is currently focused on expanding medical school quotas. Although this reform initially received positive feedback, the ongoing medical disputes, now stretching over seven months, have raised concerns about growing shortages in emergency medical services, casting doubts on the administration's ability to manage the growing coverage crisis. Another factor in the declining approval was First Lady Kim Keon-hee's recent return to public activities despite ongoing controversy surrounding her.

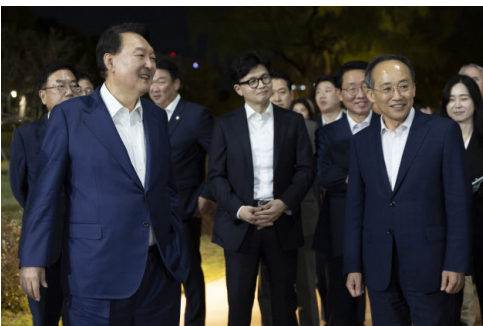
PPP's approval rating falling together

The sharp drop in President Yoon's approval rating has also led to a decline in support for his party. During the same period, the People Power Party's (PPP) approval rating dropped by 1.6 percentage points to 33%, creating a statistically significant gap compared to the main opposition DP's 39.6% rating.

In response, both the Office of President and the ruling party have been actively seeking ways to reverse the downward trend. On 24 September, President Yoon hosted a dinner with PPP leadership to reaffirm cooperation between the ruling party and the government on key state affairs. However, the attention has rather shifted to the report that PPP leader Han Dong-hoon's request for a one-on-one meeting with the president was denied by Yoon, suggesting ongoing tensions between the administration and the party. Han was reportedly hoping to use the meeting to encourage the president to take a more flexible stance on major issues, such as the medical crisis, controversies surrounding the First Lady, and the special prosecutor's investigation into Corporal Chae's case.

Although the one-on-one meeting between Yoon and Han did not take place, some speculate that Han was rather aimed to highlight divergences between the party and the President on controversies, attempting to distance the party from the unpopular president in order to regain public support.

However, given Han Dong-hoon's relatively weak support within the PPP and the fact that the party's approval ratings have been closely linked to those of the President, many suggest that it will be difficult for the ruling party to regain public favor via this strategy.



◀ President Yoon with
PPP leadership
council on 24
September
(source: Yonhap News)

Prosecutors demand 2-year prison term for Lee Jae-myung



Source: The Hankyoreh

Prosecutors sought a two-year prison sentence for Lee Jae-myung, leader of the main opposition Democratic Party, around two years after he was indicted for making false statements during the 2022 Presidential Election campaign.

During a broadcast interview as the Democratic Party's presidential candidate in 2021, Lee stated that he did not know the officials of the Seongnam Urban Development Corporation, as an effort to deny his relevancy in the Seongnam redevelopment scandal occurred during his tenure as a mayor of Seongnam. Prosecutors thus indicted him for perjury during the election campaign and have requested a two-year prison sentence. The first trial verdict is scheduled for 15 November.

If Lee is convicted of violating the *Public Official Election Act* and receives a fine of more than 1 million KRW, Lee will be disqualified from running for public office for five years, ultimately preventing him from running in the 2027 presidential election. Besides this case, Lee is currently facing a total of seven indictments and is undergoing trials as a defendant in four different courts.

The DP has strongly condemned the prosecution's actions as "political persecution", stating that they will accelerate legislative efforts to prevent judicial or prosecutorial misconduct, by amending the relevant legal frameworks to enable punishing prosecutors and/or officials for intentionally misinterpreting or misapplying laws to unjustly benefit or harm a party involved in a case. PPP floor leader Choo Kyung-ho immediately fired back that the "DP's mobilizing the legislative power of the NA for personal retaliation is not democracy, it's just madness."

While the DP added its explanation that this legislative push, along with impeachment efforts, is part of party's continued efforts for broader prosecutorial reform, there are still ongoing concerns that the DP is spending too much legislative resources and political capital on defending Lee.

Online Platform

Online platform legislation evolves even as consensus remains elusive



Earlier this month, the Fair Trade Commission (FTC) revamped its proposed strategy for regulating online platforms and addressing unfair market practices. The shift was announced during a joint ruling party-Yoon administration policy meeting on 9 September and is the culmination of numerous debates surrounding the recent WeMakePrice/Qoo10 liquidity crisis, which has spawned calls for greater legal culpability from online platforms.

Back in December 2023, the FTC had planned to draft a piece of legislation, call the *Platform Competition Promotion Act* (PCPA), which would preemptively designate market-dominant platforms based on their market share, thus making them subject to a potential wide range of curtails. However, after consultations with industry experts and government officials, the commission shifted its approach to that of a "post-facto presumption" paradigm. Now, the commission's intent is to revise the existing *Monopoly Regulation and Fair Trade Act* rather than draft a new law.

Under the FTC's new model, platforms would be targeted for regulation if they hold over 60% market share in their given sector, and have more than 10 million monthly active users, or if their combined market share (i.e., including subsidiaries) exceeds 85%, with at least three subsidiaries, each having 20 million monthly users and generating over 4 trillion KRW (approximately 3 billion USD) in revenue. Additional provisions include four new definitions of what the FTC calls "unfair practices:" self-preferencing, bundling, multi-homing restrictions, and demands for most-favored-nation treatment. Violations of these practices would be set to incur a fine of up to 8% of total sales per infraction.

This new approach on the part of Yoon's PPP and the FTC comes after pushback from industry stakeholders and legislative counter-proposals from the main opposition DP lawmakers over the past 9 months calling for stricter regulations. However, the FTC's new approach also has already drawn fire from DP lawmakers, who have labeled its proposed fines as "repressive" and a "piecemeal" solution that lacks sufficient targeted consumer and SME protections. The DP has since urged the FTC to instead work with the National Assembly – where the DP holds an absolute majority – to draft a more comprehensive alternative. Despite this call, and the continued focus on platform regulations in the Korean political sphere, meaningful consensus is likely to remain as elusive on this issue as it has for the past 10 months.

Korea's Ministry of Environment (ME) announced on 26 September that five pending amendments to existing environmental laws were passed by the National Assembly that same day. The laws in question are the *Environmental Impact Assessment Act*, the *Special Act on the Improvement of Air Quality in Air Control Zones*, the *Water Supply and Waterworks Installation Act*, the *Framework Act on Carbon Neutrality and Green Growth for Coping with Climate Crisis*, and the *Act on the Establishment and Operation of the Biological Resources Institute*.

Most notable is a **revision to the *Environmental Impact Assessment Act***, which introduces a more flexible **evaluation paradigm** that takes into account the specific degree of environmental impact of energy - and environment-adjacent projects, rather than determining evaluation requirements solely based on the type and scale of the project.

In addition, even if five years have passed since the environmental impact assessment target project developer was notified of the contents of the agreement due to cancellation, expiration, or delay, a request for re-negotiation can be omitted through consultation with the Minister of Environment.

The amendment also streamlines the process for projects deemed likely to induce minor environmental changes, while also allowing for environmental re-assessments to be skipped under certain conditions. Additionally, only certified environmental impact assessment (EIA) consultants will be allowed to draft assessment reports. An appeals process will also be established to resolve disputes between project developers and regulatory agencies.

The amendments to the *Waterworks Act* allow for municipalities to consolidate their water services based on local needs, aiming to reduce discrepancies in water service quality and costs across regions. This revision also strengthens state capacity to respond to water crises (e.g., shortages) caused by climate change.

Meanwhile, **the amendment to the *Framework Act on Carbon Neutrality and Green Growth for Coping with Climate Crisis*** introduces a legal framework for creating a 'Climate Crisis Adaptation Information Integration Platform,' aimed at providing easy access to information on climate change impact (e.g, flooding, drought) and appropriate response strategies.

Climate and energy

5 new bills aiming to accelerate green energy transition pass legislature to become law





Other changes include giving that to *the the Special Act on the Improvement of Air Quality in Air Control Zones*, which imbues the Minister of Environment with authority to appoint auditors for the state-run Korea Research Institute of Bioscience & Biotechnology, expanding its mandate to include production of microbial resources – in demand from domestic biopharma firms. Lastly, *the Special Act on the Improvement of Air Quality in Air Control Zones* allows municipalities to designate "low-emission zones" by regional municipalities to promote the use of Evs and other low-carbon transport.

These changes illustrate how the Yoon Suk-yeol administration – and Korea – is continuing to lay the basic groundwork for the energy transition along lines that are tailored to the country's economic model. As one of the most actively evolving areas of regulation, companies in the environment sector should pay close attention to ongoing policy discussions and legislative movements.

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