

June 11, 2025

## OVERVIEW OF THE NEW KOREAN ADMINISTRATION'S COMPETITION POLICY AGENDA

On June 5, 2025, during a Cabinet meeting, newly elected President Jae-myung Lee directed the government to prepare a plan to expand the size of the Korea Fair Trade Commission ("**KFTC**"). Under the newly inaugurated administration, the KFTC is expected to strengthen its capabilities and take a more active role in enforcing competition rules. This newsletter outlines the administration's anticipated competition policy direction and explores key implications for businesses operating in Korea.

### I. ONLINE PLATFORM REGULATIONS

#### A. Proposed Enactment of the Online Platform Act

##### (1) Policy Background and Legislative Direction

The Lee administration and the ruling liberal Democratic Party are expected to push for the enactment of a new Online Platform Act aimed at curbing major platform operators' potential abuse of market dominance and strengthening protections for small businesses and consumers in the rapidly growing digital economy.

In the 22nd National Assembly, numerous bills addressing platform regulation have been introduced, most notably the "Act on Regulation of Online Platform Monopoly" led by Democratic Party lawmaker Nam-geun Kim. Legislative discussions have centered around this proposal.

The KFTC also initially pursued a different legislative path modeled after the EU's Digital Markets Act ("**DMA**") that would introduce an ex-ante designation system for dominant platforms under a draft bill tentatively titled the "Platform Competition Promotion Act." However, the KFTC later shifted its approach, opting instead to amend the existing Monopoly Regulation and Fair Trade Act ("**MRFTA**"). The amendment bill was introduced by Representative Min-guk Kang of the People Power Party, which was the ruling conservative party at the time.

At a public hearing held in December 2024 by the National Assembly's Policy Committee, the debate focused on two key proposals: Rep. Kim's bill featuring an ex-ante designation system and Rep. Kang's bill proposing an ex-post presumption system. Although no consensus was reached, the new administration is expected to lend more support to Rep. Kim's ex-ante version. Given that the two approaches may not differ significantly in substance, a legislative compromise to expedite the process remains a real possibility and should be monitored closely.

As part of its presidential campaign pledges, the Lee administration emphasized the need to prevent the abuses of dominant positions by both Korean and international platform operators. Reflecting this commitment, the proposed Online Platform Act, is expected to incorporate previously discussed measures, including prohibitions on self-preferencing, tying, restrictions on multi-homing, and most-favored-nation clauses applicable to large tech companies. It is also worth noting that the administration pledged to introduce Korean revenue reporting obligations for platform operators exceeding certain thresholds and to establish a system to ensure that network usage agreements are fair and properly regulated.

## **(2) Implications and Recommendations**

The Lee administration's 2025 campaign signaled a broader regulatory shift toward stronger oversight of online platforms—a move that may have far-reaching effects not only on platform operators, but also on third-party vendors and adjacent industries. Businesses that may be affected should begin to assess and prepare for the following key developments.

If the Online Platform Act is enacted, a wide range of regulatory obligations could be introduced, including prohibitions on abuse of platform dominance, enhanced protections for third-party sellers, and measures to prevent consumer harm. In anticipation of such changes, platform operators should establish internal systems to demonstrate the transparency and fairness of their terms of service, vendor agreements, and algorithmic operations such as search and product rankings.

If Korean revenue reporting obligations and network usage regulations are introduced for platforms above a certain size, global platform operators will also need to adopt more structured and tailored compliance strategies for their operations in Korea. This may include applying Korea-specific terms and business models for local vendors and users, assessing risks of non-compliance with Korean law, and establishing communication channels with Korean regulators.

As the proposed legislation aims to enhance fairness and transparency in digital markets without undermining innovation, companies should proactively engage in the legislative process to ensure that practical business considerations are taken into account.

## **B. Regulation of Unfair Trade Practices by Platforms**

### **(1) Policy Background and Legislative Direction**

The Lee administration's competition policy agenda places a strong emphasis on regulating monopolistic and unfair practices by large corporations and digital platforms, while reinforcing the rights and interests of small and medium-sized enterprises ("**SMEs**") and small business owners. Key policy initiatives include revising relevant systems to prevent consumer harm and promote informed decision-making in online transactions, strengthening legislation to prohibit mandatory in-app payments, and enhancing protections against deceptive online practices (often referred to as 'dark patterns').

The administration is also expected to implement measures to prevent consumer harm in digital platforms by enhancing algorithmic transparency. Specifically, platform operators may be required to disclose, at a certain level of detail, how their search and recommendation systems operate. These measures aim to mitigate potential bias and discrimination in algorithm-driven services, and to safeguard users' access to meaningful information and freedom of choice.

The administration is also expected to pursue measures aimed at improving fairness in app store practices, particularly those of global platform operators. These may include prohibiting discriminatory conditions on external payment options and requiring commission fees to be set at reasonable levels.

In addition, stricter regulation of dark patterns (such as automatic subscription renewals or UI designs that make cancellation intentionally difficult) is likely to be introduced. Such practices may be targeted as part of broader efforts to protect consumers from misleading digital environments.

With respect to the delivery market, a proposal has been made to enact the 'Online Platform Fairness Act', which would include measures such as prohibiting discriminatory commission rates and introducing a cap on commission fees. The proposal also calls for the consolidation of platform self-regulation frameworks, which are currently overseen separately by the Korea Communications Commission and the KFTC.

## **(2) Implications and Recommendations**

Platform companies should prepare for these potential changes by documenting how their recommendation and search algorithms operate. This includes the datasets used, filtering criteria, and ranking logic. If certain products or user groups are given preferential visibility, companies should be able to explain and justify those decisions. For AI-driven services that are regularly updated, clear records of changes and their impact should be maintained.

The KFTC has been laying groundwork in regulating dark patterns. In April 2023, it released a policy paper outlining its approach to preventing consumer harm caused by dark patterns, in which it identified six types of dark patterns. Five of these—drip pricing (sequential disclosure of total costs), pre-selected options, misleading visual hierarchies, obstructed cancellation or withdrawal, and repeated interruptions or pop-ups—are now addressed in the amended Act on the Consumer Protection in Electronic Commerce, effective February 14, 2025. Given that the new administration has pledged to strengthen enforcement against dark patterns, the KFTC is expected to actively monitor digital platforms and may initiate investigations into suspected violations within the year. Companies should therefore conduct a thorough review of their online disclosures and user interfaces to ensure compliance.

Regulatory tightening around in-app payment systems is likely to focus on mandating greater transparency in how commission rates are determined and prohibiting discriminatory treatment of external payment methods. Although the Telecommunications Business Act was amended in 2021 to ban app store operators from forcing mobile

content providers to use specific in-app payment systems, the law has been criticized for lacking effectiveness in practice.

Accordingly, additional legislative action could be expected, either through a new amendment to the Telecommunications Business Act or by incorporating in-app payment provisions into the proposed Online Platform Act. These developments also come against the backdrop of a U.S. court ruling that found Apple's in-app payment practices to be anti-competitive, as well as recent moves by global platform companies such as Amazon and Spotify to adopt external payment options. Platform operators that rely heavily on in-app payment models may need to reassess their revenue structures in light of upcoming policy changes. Care should be taken to ensure that any resulting changes do not lead to new forms of unfair trade practices under Korean law.

Regulatory measures such as imposing commission caps, requiring disclosure of pricing criteria, and prohibiting discriminatory treatment appear increasingly likely in the food delivery sector. In November 2024, small merchant groups and civil society organizations criticized the proposal introduced by the prior administration's "Delivery Platform–Merchant Mutual-Growth Council" as insufficient, calling for more meaningful reductions in the burden of delivery fees. As a result, the "Social Dialogue Body" for delivery apps, led by the Democratic Party's Euljiro Committee, is expected to play a more prominent role. Furthermore, discussions on revising delivery fee structures are likely to take place within such forum.

Given that proposals such as a cap on commissions and mutual growth proposals developed through the Social Dialogue Body could extend to other platform sectors, platform operators in other industries should closely monitor regulatory developments related to delivery apps. In light of these developments, delivery and intermediary platforms should proactively review their contract terms and commission structures, and closely track the potential reallocation of regulatory authority resulting from the consolidation of platform regulation frameworks.

Enhancing compliance capabilities is no longer only about meeting regulatory requirements, but also increasingly seen as an important part of building consumer trust and long-term brand value. In particular, companies should proactively identify and address legal risks that may arise in key areas such as algorithmic operations, in-app payment structures, and user interface (UI/UX) design. To that end, it is advisable to strengthen internal compliance systems and establish an integrated governance framework that incorporates legal and ethical review from the early stages of product planning and development.

## **II. STRENGTHENING OF SMALL BUSINESS OPERATORS' BARGAINING POWER**

### **A. Policy Background and Legislative Direction**

The Lee administration has announced plans to strengthen the bargaining power of small business operators, including franchisees, distributors, subcontractors, and online platform vendors, as part of its broader commitment to promoting fair transactions and eliminating

unfair practices in dealings with large corporations. The goal is to prevent unfair conduct such as forced purchasing and discriminatory pricing, and to reduce the shifting of costs onto economically weaker parties. To achieve this, the administration has proposed introducing a registration system for business associations representing these groups, along with granting them collective negotiation rights. This would allow SMEs in relatively weaker bargaining positions to engage in formal negotiations over contract terms.

These proposals are expected to be implemented through amendments to the Fair Transactions in Franchise Business Act and the Fair Agency Transactions Act, as well as potentially through provisions in the proposed Online Platform Act. Several related bills are already under review in the current National Assembly, and some have been designated as fast-track items, increasing the likelihood of passage.

While these initiatives are generally welcomed for their potential to improve fairness and strengthen the bargaining position of SMEs, concerns have also been raised. Critics point to the risk of fragmented representation, lack of legitimacy among business groups, potential encroachment on management rights of the online platforms or suppliers, increased complexity of the transactions, and higher costs. The details of each proposed amendment or new law will ultimately be determined through legislative debate, but with the launch of the Lee administration, the likelihood of these proposals passing in the current session has increased.

## **B. Implications and Recommendations**

In light of the Lee administration's policy focus on strengthening the bargaining power of franchisees, distributors, subcontractors, and online platform vendors, companies falling within the scope of these regulatory proposals should take note of the following considerations:

First, companies should actively participate in the legislative process by submitting comments or engaging with policymakers. While the introduction of group registration and collective bargaining rights may provide small businesses with greater leverage to negotiate transaction terms, it may also give rise to concerns such as (i) the proliferation of multiple groups with overlapping or conflicting interests, (ii) the potential misuse of negotiation rights to interfere with day-to-day business operations of the companies, and (iii) unintended consequences stemming from the anonymity of group members. Companies should therefore seek to ensure that legislative outcomes minimize such concerns.

Second, businesses should establish internal procedures to handle collective bargaining requests in a transparent and organized manner. Once collective bargaining rights are granted by law, companies will be required to formally respond to such requests. It is important not only to engage in good faith negotiations but also to be able to demonstrate that the company has complied with relevant procedural requirements. To that end, companies are advised to designate internal teams to manage collective bargaining requests, develop negotiation protocols or manuals, and maintain clear records of the negotiation process and outcomes. In cases where multiple groups separately make bargaining requests, companies should consider centralizing communication channels and ensuring consistent messaging to prevent confusion and reduce administrative burdens.

Third, once the collective bargaining right is institutionalized, companies may need to determine terms of the transactions through sufficient discussion with the relevant group, rather than unilaterally notifying or modifying the terms. Upon implementation of such a system, businesses may be required to engage in formal negotiations over key terms such as pricing and advertising costs. It is therefore advisable to establish clear, objective, and transparent standards for setting such terms and to reflect them in standard contracts.

Fourth, even before any legislative changes take effect, companies should conduct internal assessments to determine whether they have engaged in any unfair trade practices, such as forced purchasing or discriminatory pricing toward counterparties in weaker bargaining positions. Companies should also review their overall transaction structures, including the pricing mechanisms for goods and services and the allocation of logistics or marketing costs. Given the administration's focus on eliminating unfair practices, it is possible that regulators may initiate investigations or that counterparties may raise concerns through the collective bargaining process. Early self-assessments and structural reviews are therefore recommended.

## Related Professionals

---

### Hongki Kim

Partner

T 82.2.3404.0489

E hongki.kim@bkl.co.kr

### Kee Won Shin

Senior Foreign Attorney (New York)

T 82.2.3404.0272

E keewon.shin@bkl.co.kr

### Joonkyu An

Partner

T 82.2.3404.6561

E joonkyu.an@bkl.co.kr

### Jeonghee Kang

Partner

T 82.2.3404.6480

E jeonghee.kang@bkl.co.kr

### Sung Gene Park

Partner

T 82.2.3404.0937

E sunggene.park@bkl.co.kr

### Kyusik Kim

Partner

T 82.2.3404.0945

E kyusik.kim@bkl.co.kr

### Hwijin (HJ) Choi

Partner

T 82.2.3404.6406

E hwijin.choi@bkl.co.kr

This publication is provided for general informational purposes only, and should not be construed as legal or professional advice on any particular matter, nor create an attorney-client relationship. Before you take any action that may have legal implications, please inquire with your contact at Bae, Kim & Lee LLC, or the authors of this publication.