South Korea's new Anti-Corruption Law

April 29, 2021, The National Assembly of the Republic of Korea has passed the Conflict of Interest Prevention Act, which aims to prohibit government employees and elected officials from using insider information for personal benefit. This law complements the so-called Kim Young-ran Anti-Bribery Act, adopted in 2016.

Over the past eight years, there have been several unsuccessful attempts to legislate such a bill. Still, political parties have not discussed or engaged in it, citing the unclear definition of the scope of government officials. In 2013, the Commission on Civil Rights and Anti-Corruption introduced a draconian anti-bribery bill to the National Assembly, which contained provisions on conflicts of interest. As a result of discussions in the National Assembly in 2015, lawmakers passed the bill after those clauses had been removed, resulting in a law better known as the Kim Young-ran Act that went into effect in 2016. However, in 2018, the part about the conflict of interests was included in the Code of ethics of civil servants.

For the first time, a new version of the draft law on conflict of interests was submitted to the National Assembly of the Republic of Korea in January 2020 by the above-mentioned anti-corruption group, but then it could not be approved. After April 2020, the composition of Parliament changed and it was introduced again in June 2020, but the deputies ignored it even then.

At the end of March 2021, the idea of passing the law was activated against the background of a shocking land speculation scandal involving more than a dozen employees of the state-owned Korea Land and Housing Corp. They used insider information to buy farmland worth about 10 billion won ($8.8 million) in the two cities of Gwangmyeon and Sihyeong before the government announced a new plan to build 70,000 apartments to stabilize skyrocketing...
On April 16, 2021, the bill passed preliminary consideration by the legislative Subcommittee on National Policy, and was approved on April 22.

On April 29, the law preventing conflicts of interest was approved at the plenary session of Parliament on the same day after its passage through the Committee on Legislation and the Judiciary. This super speed was because, on that same day, President Moon Jae-in said that it would be imperative for the National Assembly to pass a long-stalled bill. According to him, once the law is enforced, it will play a big role in staving off corruption by public officials, such as real estate speculation and unfair hiring based on private interests. It is very meaningful in that both preventive and response measures against corruption have been established.

The new law comes into force one year after its promulgation. Its main features can be summarized as follows:

- The law is designed for approximately 1,900,000 public sector employees, including lawmakers of local legislative assemblies.
- Civil servants are advised to avoid work related to their personal interests, otherwise they should notify in advance of such risks.
- They are prohibited from using insider information obtained at work for personal gain.
- Civil servants must report their financial transactions, securities, and real estate transactions to the authorities. Property must be declared within 14 days from the date of its purchase.
- Family members of high-ranking government officials or government employees responsible for public employment are prohibited from seeking employment in public institutions where their relatives serve.
- Those with family ties to public companies or subsidiaries are also prohibited from signing commission contracts with these agencies.
- Violations of the proposed law resulting in the acquisition of property may result in disciplinary penalties and criminal penalties, including up to seven years in prison or a fine of up to 70 million won ($63,000), as well as other disciplinary measures.
- The law provides for more severe penalties for employees with higher salaries, including officials at the Deputy Minister level and above, members of legislative bodies of all kinds, members of local councils, politically appointed officials, and heads of state corporations.

A companion bill was also passed that toughens the penalties for lawmakers who use insider knowledge for personal purposes. From May 2022, newly elected lawmakers must fully declare their personal and family wealth and their previous activities while working in the private sector within 30 days. They must also submit a request to avoid admission to certain committees in cases of potential conflicts of interest.

Of course, there is criticism of the law by conservatives, but not much. First, the number of people who must follow the law is too large - 5-6, or even 8 million, if you consider the families of 1.9 million employees. If the law's scope is too broad, it won't work. Secondly, when it comes to government employees' contacts with retired colleagues (a popular way of peddling influence or leaking information), the bill stipulates that government employees should only report golf outings, foreign trips, and joint entertainment. As a result, there have been many loopholes from the very beginning.

The author's opinion on this law can be expressed as follows:

- Like the Kim Yuong-ran Act, this law seriously undermines traditional corrupt practices and aims to prevent potential conflicts of interest before they occur. In this context, its adoption is significant and valuable. The author agrees with the thesis that it can lead to a considerable change in the administrative culture in increasing transparency and work ethics.
- If failed approval of the law before April 2020 can somehow be explained by the machinations of the conservatives, then delaying its adoption in the new parliament characterizes exactly how much the Democratic Party was willing to fight corruption and not FOR corruption; especially in the context of how the law was instantly passed when the need arose.
- However, if it hadn't been for the sensational scandal and several more minor scandals that hit the image of the Moon government as anti-corruption fighters, the authorities would not have accelerated the adoption of the law.
- At the same time, President Moon protected himself and his entourage from the action of the law. He has less than a year left in the post of president, and the law will work under his successor. But he is the one who will benefit from all the fruits of PR.
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