
SUMMARY



Korea's Smart Regulation Strategies for Regional Development in the Era of 4th Industrial Revolution

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This study aimed to explore smart regulation strategies for regional development in the fourth industrial revolution. The fourth industrial revolution is expected to trigger economic and social transformation in which intelligent information technology and convergence technology are combined, creating innovative technologies and new industries. Regulation in Korea has strong effects based on the tradition of the continental law system and the rigidity of the legal system. Furthermore, traditional regulatory perspectives are difficult to reconcile with the fusion and complex characteristics of new technologies and industries. For example, technologies come into conflict with traditional regulation problems, including overlapping regulations, partition-type regulations, and multi-department certification systems. In particular, it is necessary to consider the transition from the ex-ante regulatory system, which has functioned as an entry barriers to prevent the introduction of entrepreneurship and new technologies, to the ex-post regulatory system. There are also new issues that cannot be addressed from the existing perspective, such as regulations that

restrict the market entry of new innovators and the lack of existing laws that can define new technologies. Thus, this study identified the following smart regulation strategies for regional development.

First, to respond to the new industries and business models, convergence among industries, and rapidly evolving new technologies, a systematic reform of regulations must be established through the periodic monitoring of regulated objects.

Second, regional development needs to be set as a goal of regulatory performance evaluation so that the region can share its benefits. Local residents should be able to connect with the results—beyond the increased number of start-ups and company sales—such as stable jobs, increased income, improved quality of urban services, and enhanced quality of life.

Third, the flexibility of the regulatory approach needs to be strengthened. There is a need for a granular approach based on empirical data rather than a comprehensive, one-size-fits-all approach to regulated objects. In addition, regulations need to be differentiated according to the characteristics of local areas, such as large cities, small cities, and agricultural and/or fishing villages. It is necessary to determine whether the regulations are applied comprehensively according to the characteristics of the zones in each regulatory case rather than applied uniformly by the central government.

Finally, cooperative regulatory governance needs to be established. The fourth industrial revolution calls for changes in the roles of markets and of central and local governments. For example, the government should reduce intervention and regulation in the private sector, as well as create conditions for the private sector to regulate itself. The decentralization of regulatory reform is also necessary. The central government should perform functions such as setting up visions and guidelines for the general regulations, enacting various statutes and

norms, developing human resources, creating industrial ecology, adjusting conflicts, and promoting competition. The local government should actively perform its functions as a test bed for the fourth industrial revolution. The local government also should select and concentrate on the specialized industries in each region.

For the regional diffusion of the fourth industrial revolution, the government can consider setting up more special zones and establishing a regulatory sandbox. Through the establishment of special zones, support can be provided to industries with great economic and social impacts, local government performance can be collateralized, and the infrastructure and regulatory environment can be readjusted. For the practical success of the regulatory sandbox, the government should provide spaces for new business, policies beyond existing regulations, and practical support, including post-verification. Furthermore, by implementing various special zones for regulation, such as a “regulatory sandbox,” it is possible to pre-test and evaluate regulations on new technologies, products, and services, as well as to test various regulatory methods such as post-regulation, flexible regulation, regulation grace, and joint regulation.

The role of the government in the fourth industrial revolution remains important. In particular, innovation in private technology and institutions needs to be actively led by the government. Regulation is one aspect of this role of government. Smart regulation is not minimal regulation but proper regulation. Regulatory governance also needs to be structured according to the regional contexts by sector and skill level rather than according to a uniform template.