

## **The Interlocking System for Cost of Goods Delivered** **Takes an Exciting First Step**

- Agreement Ceremony for Autonomous Promotion of the Interlocking System for Cost of Goods Delivered -

- Announcing the official start** of the 「Pilot operation of the interlocking system for cost of goods delivered」, and signing an agreement between the **government** and **participating companies** to take on an **active role** in the system
- The Ministry of SMEs and Startups and the Fair Trade Commission are receiving applications from companies that want to participate in the **interlocking system for cost of goods delivered** by **consolidating** the channel to the Ministry of SMEs and Startups in order to support the system

The Ministry of SMEs and Startups (Minister LEE Young) and the Fair Trade Commission (Vice-Chairperson YOON Soo-hyun) announced on Wednesday, September 14 that they held an 「**Agreement Ceremony for Autonomous Promotion of the Interlocking System for Cost of Goods Delivered**」 at the KT Woomyeon Research Center.

This agreement ceremony was prepared to declare the official start of the 「**Pilot operation of the interlocking system for cost of goods delivered**」 and to sign an agreement between the **government** and **participating companies** to take on an **active role** so that the system can be **established as an important element of corporate culture**.

The 「Pilot operation of the interlocking system for cost of goods delivered」 is a project in which the consignor and the consignee **enter into an interlocking agreement** using a **special contract for interlocking the delivery price (or subcontract price interlocking agreement)** and **adjust the delivery price** according to the contents of the agreement. Companies participating in the project will receive **incentives** according to their performance.

**More than 150 people**, including the **Minister of SMEs and Startups, Vice-Chairperson of the Fair Trade Commission, companies participating in the pilot operation, members of the National Assembly, and related associations and organisations**, attended the ceremony to celebrate the **official launch of the interlocking system for cost of goods delivered**.

Minister LEE from the Ministry of SMEs and Startups said, “Today is the day to address the **request of SMEs that has not been properly dealt with for the past 14 years**. Thanks to the entrepreneurs participating in the pilot operation, we can declare the **historic first step** of the interlocking system for cost of goods delivered.”

She added, “The Ministry of SMEs and Startups plans to **analyse the pilot operation process and develop measures to settle the system in the field**. We will do our utmost to **spread the system and support SMEs in our nation**.”

At the main event, the agreement signing ceremony, **the Ministry of SMEs and Startups, the Fair Trade Commission, 30 consignors** participating in the pilot operation, and **24 companies representing the consignees** signed a 「**Business agreement for the pilot operation of the interlocking system for cost of goods delivered**」.

**The Minister of the SMEs and Startups and the Vice-Chairperson of the Fair Trade Commission signed a total of 54 agreements** with 54 companies attending the agreement ceremony, and expressed their hopes that the entrepreneurs participating in the pilot operation **will honour and observe their agreements**.

According to the contents of the agreement, the consignor and consignee will **consult with each other in good faith to determine the target and necessary matters for interlocking the delivery price, and adjust the delivery price** according to the agreement, and the Ministry of the SMEs and Startups and the Fair Trade Commission will **support the pilot operation and provide administrative benefits** according to the consignor's performance during the pilot operation.

Also, all parties signing the agreement promised to make efforts to **establish the interlocking system for cost of goods delivered as a vital element of corporate culture.**

Starting with this agreement ceremony, companies participating in the pilot operation plan to **officially implement the interlocking system for cost of goods delivered** by signing a delivery price interlocking agreement and adjusting the delivery price according to changes in raw material prices.

The Ministry of SMEs and Startups and the Fair Trade Commission provide incentives such as **exemption from regular fact-finding, government awards, reflecting the win-win index and fair trade agreement implementation evaluation, preferential government rewards, reducing penalty points under the subcontracting law, additional points for exemplary subcontracting companies, reflecting in the deliberation of mandatory complaint requests, extended loan limits for SME policy funds, and additional points for smart factory selection according to the pilot performance of the consignor.**

Furthermore, **additional incentives** will be prepared after consulting with related ministries in order to **provide various benefits** to companies that signed interlocking agreements.

The Ministry of SMEs and Startups announced plans for the **「Pilot operation of the interlocking system for cost of goods delivered」** after a **TF meeting** on Thursday, August 11 with **large companies, SMEs, and experts**, and recruited

companies to participate in the pilot operation from Friday, August 12 to Friday, September 2.

The Fair Trade Commission also recruited companies to participate in the 「**Autonomous operation of subcontract price interlocking agreements**」 from Monday, August 22 and consolidated the **recruitment channel** to the Ministry of SMEs and Startups.

As a result, **a total of 335 companies** (41 consignors and 294 consignees) applied for the 「Pilot operation for the interlocking system for cost of goods delivered」, and the Ministry of SMEs and Startups and the Korea Foundation for Cooperation of Large & Small Businesses, Rural Affairs decided to select **all 41 consignors to participate in the pilot operation** on the basis of deliberations conducted by an evaluation committee.

Meanwhile, the Ministry of SMEs and Startups and the Fair Trade Commission are **accepting** applications for consignors who want to participate in the interlocking system for cost of goods delivered **by consolidating the channel to the Ministry of SMEs and Startups in order to support the system.**