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**Announcement on the Revision of the “Act
on the Promotion of Mutually Beneficial
Cooperation Between Large Enterprises
and Small and Medium Enterprises”
(March 28)**

- Launch, composition, and grounds for the Commissioned Dispute Mediation Council designated by law
- Dispute mediation request may interrupt civil prescription procedures, and the mediation plan will be invested with civil executive force
- Incentives to violating companies taking part in voluntary damage relief, including exemption of administrative punishment and reduced penalty

The revised version of the “Act on the Promotion of Mutually Beneficial Cooperation Between Large Enterprises and Small and Medium Enterprises” (hereinafter referred to as “Mutually Beneficial Cooperation Act”) was concluded on March 21, 2023 at the State Council, and announced on March 28. The revision includes the legal foundation for the launch, composition, and operation of the dispute mediation council, and granting the Dispute Mediation Council the rights to require the submission of data and attendance. The revision aims to enhance the effectiveness of the Commissioned Dispute Mediation System and provide prompt damage relief.

The Ministry of SMEs and Startups (Minister LEE Young) expects that the revision can provide practical help for victim SMEs, such as reducing the great cost and time needed for lawsuits, by enhancing the effectiveness of the

Commissioned Dispute Mediation System. The Ministry stated that by providing incentives for violating companies that take part in voluntary damage relief, it has become possible to offer a foundation for victim companies to ask for compensation as quickly as possible.

The major details of the revision are as follows.

① Legal grounds for the launch, composition, and operation of the Dispute Mediation Council

The Dispute Mediation Council will be under the Korea Foundation for Cooperation of Large & Small Business, Rural Affairs. It consists of no more than 20 members including the Council Head*. The council's expertise will be guaranteed as the Minister of SMEs and Startups will appoint appropriate members including professors of law, economics, and business; judges and prosecutors; government officials of level 4 or higher; lawyers; patent attorneys; and authorised accountants.

* The Minister of SMEs and Startups will appoint a member of the council with an attorney license as the Council Head

To ensure efficient dispute resolution, the Dispute Mediation Council will have a Mediation Group of three or less members, and the Council Head will appoint a member of the Mediation Group with an attorney license as the group head. The grounds for exclusion, recusal, or avoidance for the members of the Dispute Mediation Council will be clearly defined to secure fairness.

② Providing the Dispute Mediation Council the rights to require data and attendance

The Dispute Mediation Council will be given the rights to submit mandatory requests for data or attendance to the parties involved or the testifiers to confirm the validity of the dispute when needed. Such parties or testifiers will

not be able to refuse any such request without a valid reason.

The Dispute Mediation Council can advise parties involved in the dispute to come to an agreement, or prepare and submit a mediation plan. When the mediation is completed, council members who took part in the mediation process and the parties involved in the dispute shall sign the mediation plan. Afterwards, the parties involved in the dispute shall follow the mediation plan and submit the results to the Dispute Mediation Council.

③ Strengthening effectiveness following the dispute mediation

The dispute mediation request filed to the Dispute Mediation Council by the parties involved in the dispute may interrupt civil prescription procedures. This prevents the request for a statute of limitation for bonds during the process of dispute mediation.

Also, the Dispute Mediation Council's original copy of the mediation plan that includes the approval of compulsory execution between the parties will be invested with civil execution power. In the case the mediation plans have not been executed, it shall be subject to compulsory execution without a separate lawsuit.

After the mediation of the Dispute Mediation Council, and the fulfillment of the agreed-upon terms, parties involved in the dispute will not receive the request to make improvements, recommendations for corrections, and correction orders (hereinafter referred to as "improvement requests, etc.") from the Minister of SMEs and Startups.

④ Providing incentives for voluntary damage relief

The Minister of SMEs and Startups has strengthened incentives for voluntary

damage relief. The Ministry may not require improvements when companies subject for investigation have taken part in voluntary damage relief in relation to the violations before starting the investigation. When providing damage relief before requiring improvements, penalties may be reduced. As a result, it is expected that companies that violate the law will be able to provide more prompt damage relief.

The revised Act on the Promotion of Mutually Beneficial Cooperation Between Large Enterprises and Small and Medium Enterprises will come into effect six months after the announcement, from September 29 this year.