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NEWSLETTER

Antitrust & Competition Group

CONTACT



Partner
Hwan JEONG
T: +82.2.772.4940
E: hwan.jeong@leeko.com



Partner
Jeong-Ho SUN
T: +82.2.772.4676
E: jeongho.sun@leeko.com



Partner
Suruyn KIM
T: +82.2.2191.3253
E: suruyn.kim@leeko.com



Partner
Miji LEE
T: +82.2.772.4752
E: miji.lee@leeko.com



Partner
Jungwon KWON
T: +82.2.772.5955
E: jungwon.kwon@leeko.com

KFTC 2025 Annual Work Plan

The KFTC has announced its '2025 Annual Work Plan' which identifies key tasks to restore the civil economy and to create a fair trade foundation for future-proofing as follows: 1) promoting innovation competition for future-proofing, 2) enhancing the economic vitality of SMEs and micro-entrepreneurs, and 3) strengthening consumer protection and promoting rights and interests.

Please refer below for highlights of the KFTC's announcement and how enterprises may respond to them.

1. Promoting Innovation Competition for Future-Proofing

A. Combating Collusion and Unfair Trade Practices

As in previous years, the KFTC has announced intensive monitoring for collusion this year. In particular, the KFTC **will focus on collusion in four areas that will directly result in economic burden on the public.**

- **Four focus areas: (i) health and safety, (ii) consumer goods (food, furniture, etc.), (iii) construction and intermediate goods, and (iv) public procurement**

The KFTC also plans to prepare countermeasures through case reviews, legal studies, and in-depth analyses of new types of collusion (collusion using AI, information exchange collusion, etc.).

Further, the KFTC will focus on improving unfair trade practices in Korea's core business sectors (**such as telecommunications, automobiles, and semiconductors**), and will strengthen surveillance of unfair subcontracting transactions (such as failure to issue documents, non-payment, etc.) and technology misappropriation in the fields of **advanced strategy, software, content, and industrial machinery.**

B. Streamlining Merger Review to Secure New Growth Engines for the Future

To support sustainable growth, the KFTC will streamline merger review to improve the market structure and support implementing an innovation ecosystem (i.e., expedite review in areas where business reorganization and



Senior Foreign Attorney
Frank S. SHYN
 T: +82.2.6386.7846
 E: frank.shyn@leeko.com

entry into new businesses are urgent).

C. Promote Fair Competition in the Online Platform Market

To lay the institutional foundation for promoting fair competition in the online platform market, the KFTC seeks to **promote the amendment of the Monopoly Regulation and Fair Trade Act to block quickly the four typical types of anticompetitive behaviors of giant online platforms.**

<p>Legislative Advocacy</p>	<ul style="list-style-type: none"> ■ Pursuing legislation to curb the four anticompetitive behaviors (i.e., self-preferencing, tying, multihoming restrictions, and most-favored-nation demands) of online platforms in six service areas (i.e., brokerage, search, SNS, video, OS, and advertising)
<p>Areas of Focus</p>	<ul style="list-style-type: none"> ■ Unfair trade practices on subscription, vertical and mobile platforms (e.g., tying, forced transaction, preventing competitors from entering the market) ■ Consumer deceptive practices on overseas online brokerage platforms (e.g., advertising prices which are not actually applicable)

2. Enhancing the Economic Vitality of SMEs and Micro-Enterprises

A. Ensuring Fair Payment for SMEs and Suppliers in the Subcontracting and Distribution Sectors

The KFTC has been making efforts to ensure the fair share of SMEs through enactment of the subcontract price linkage system. This year, the KFTC announced that it will promote comprehensive improvement measures aimed at **strengthening the stability of payment for subcontracting and distribution.** Through the revision of the Subcontracting Act, the KFTC will nullify the contractual effects of unfair special contracts and enable unjust enrichment claims by subcontractors. Also, the KFTC has announced an **intensive inspection of the online shopping industry's delayed payment and shifting of promotional costs to SMEs.**

B. Improvement of Business Conditions for Franchisees and Agencies

The KFTC plans to (i) introduce a **'disclosure system' for Franchise Disclosure Document** to strengthen the business stability of franchisees and (ii) amend the Agency Act to ensure the right of agencies to organize in order to improve their bargaining power and to stipulate a strict procedure to provide prior notice when terminating an agency contract.

This year, the KFTC plans to check for status and take actions regarding **"franchisor's delivery and event cost-shifting"** as well as unfair trade practices (cost-shifting, management interference) against agencies dealing with **"products closely related to individuals' lives such as dairy products and tires"**.

C. Increasing Protections for Self-employed and Reducing Business Obstacles

The KFTC will further **strengthen its monitoring of unfair trade practices of online platforms** in order to resolve business difficulties and strengthen protection for self-employed individuals. The KFTC will correct unfair trade practices such as delivery apps' demand for MFN and self-preferencing. In addition, the KFTC announced that it will conduct a survey on unfair trade practices of 'restaurant technology' such as reservation and queueing apps, remote ordering apps, and table ordering devices, which have been actively adopted by self-employed individuals in recent years. Related companies will need to proactively check for unfair trade practices and prepare improvement measures accordingly.

3. Strengthening Consumer Protection and Promoting Rights and Interests

In the 2025 Annual Work Plan, the KFTC further has emphasized its commitment to consumer protection and announced plans to strengthen investigations and inspections in industries of interest to the KFTC. As the importance of consumer protection is emphasized, consumer disputes are expected to increase and will be monitored strictly by the KFTC. In preparation for these changes, enterprises in these industries will need to thoroughly conduct preliminary inspections to prevent violations of the law and enhance their compliance systems. In addition, it will be timely to take active measures to respond to consumers.

A. Protecting Consumers in Digital Transactions

The KFTC will continue its efforts to prevent **dark patterns (consumer deceptive practices)** and improve the system for strengthening consumer rights in subscription services such as **C2C platforms (e.g., online platforms for second-hand transactions) and OTT**.

B. Preventing Consumer Damage in New Type and Global Transactions

In order to expand consumer protection in new types of transactions, the KFTC will (i) increase the refund rate for **new types of gift certificates (such as mobile gift certificates)** and review the terms and conditions related to transfer and refund, (ii) investigate **AI-washing** (the practice of exaggerating or falsely claiming that a business uses AI in its products, services, or operations to make them appear more innovative or technologically advanced than they actually are), and (iii) revise the Consumer Protection Guidelines for Specialty Sales to prevent consumer harm related to **transactions in temporary exhibition venues such as pop-up stores**.

In addition, to prevent consumer harm arising from global transactions as consumers increasingly shop overseas, the law will be amended to **require overseas online platforms to designate domestic agents for Korea** to fulfill their obligations to resolve consumer complaints and disputes, and to establish guidelines to prevent the distribution of harmful and certified products.

4. Recommended Response Strategy

The 2025 Annual Work Plan aims to build a foundation for fair trade that will secure the recovery of the civil economy and sustainable growth engines for the

future. Accordingly, as KFTC inspections and investigations will be conducted in various areas included in the work plan, enterprises will need to be prepared to prevent violations of the law through preliminary inspections and by strengthening their compliance systems, as well as to respond flexibly to KFTC policy changes.

- **Strengthen proactive checks**

To prevent violations of the law, enterprises will need to strengthen their monitoring systems and increase their understanding of the relevant laws and regulations. This will help minimize unnecessary legal risks.

- **Establish a voluntary compliance system**

The importance of CP is constantly emphasized. Establishing CP internally, conducting fair trade training, and preparing legal responses will be an important response strategy for enterprises.

- **Understand the flow of policies and systems**

It is important to monitor continuously the flow of new policies and systems promoted by the KFTC and develop strategies accordingly. Staying informed and prepared is key to responding appropriately to the changing laws and regulations.

Lee & Ko's Antitrust & Competition Group analyzes the KFTC Annual Work Plan every year and provides in-depth advice on the needs of enterprises in line with the KFTC's policies and regulatory trends. Should you require assistance with the 2025 Annual Work Plan, please do not hesitate to contact us.

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Seoul, Korea | PanGyo, Korea | Beijing, China | Ho Chi Minh City, Vietnam | Hanoi, Vietnam
+82.2.772.4000 | mail@leeko.com | www.leeko.com