

Recent Trends of Law & Regulation in Korea



Issue and Law

- Introduction to the Structure and Legal Arguments of the ISDS Annulment Proceedings
- Korea's ISDS Response Framework and Pan-Governmental Coordination System
- Beyond the Courtroom: Fundamental Prevention of ISDS and Building Next-Generation Response Infrastructure

Living in Korea

- An Introduction to Visa Types (D-8) and the Investment Climate for Those Planning Investment Activities in Korea





Editor's Note

Dear Readers

This is my first issue as editor of the journal for the International Legal Affairs Department. Compared to previous issues, we have placed greater emphasis on sharing the department's work, particularly focusing on ISDS. As global attention on ISDS continues to grow, we hope that this issue will highlight Korea's efforts in international arbitration and contribute, even if only modestly, to strengthening its presence in the field.

The Issue & Law and Case Law sections outline the ISDS framework and Korea's response system, alongside recent outcomes in the Lone Star, Elliott and Schindler cases. In the Interview section, former Deputy Minister Hong-Sik (Justin) Chung shares his experience of leading the government's response to international arbitration cases. To gain a broader view of our work, readers are invited to consult the Recent Events section, featuring updates from the International Legal Policy Division, the International Legal Affairs Division and the International Dispute Settlement Division.

We appreciate your continued interest and will continue to work to provide useful and relevant insights.

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The Republic of Korea government has changed its official "government identity." The new logo conveys the dynamism and enthusiasm of the country with the three colors of blue, red and white. It echoes off Korea's national flag Taegeukgi with the taegeuk circular swirl and the blank canvas embodies in white.

The typeface was inspired by the font used in the "Hunminjeongeum" (1446), the original Hangeul text, in consideration of the harmony embodied in the taegeuk circle. Starting March 2016, the new logo is used at all 22 ministries including the Ministry of Justice and 51 central government agencies.

Introduction to the Structure and Legal Arguments of the ISDS Annulment Proceedings

Introduction

With the increase in the international capital flows, the likelihood of legal disputes accompanying international investments has also risen. Among the various types of disputes, the disputes between foreign investors and a state in which the foreign investors have invested their asset (hereinafter, the host state) can be particularly problematic. In such cases, the host state becomes a party to the dispute.

A resolution relying solely on the host state's domestic judicial processes, therefore, can present inherent limitations, including but not limited to fairness of trial.

Consequently, the need for a separate resolution mechanism for disputes between foreign investors and host states has become evident. "Investor-State Dispute Settlement" (hereinafter ISDS) exists for this very purpose.

As foreign capital inflows into Korea increased, Korea became a respondent State in ISDS proceedings. The most notable case is the "Lone Star ISDS Case," in which South Korea recently prevailed. This case is highly significant in that it represents a successful annulment decision against the initial award that had partially recognized Korea's liability and its obligation to pay for damages.

In light of this trend, this article aims to provide a general understanding of ISDS and its annulment proceedings, focusing on the "Lone Star ISDS Case." The paper will briefly introduce the definition, types, and procedures of the ISDS system, and examine ISDS annulment proceedings and the legal arguments of ISDS annulment as shown by the "Lone Star ISDS Case".

Introduction to the ISDS System: Definition, Types, and Procedures

ISDS is a process designed to resolve disputes between foreign investors and host states. More specifically, ISDS can be defined as "a mechanism that aims to resolve disputes through the direct legal action of an investor from one state party to an investment treaty against another state party to the treaty (the host state) when the investor suffers investment-related damages due to the host state's violation of the investment treaty".¹⁾



Litigation, arbitration, and mediation are all included in 'direct legal action' from the aforementioned definition. However, dispute resolutions are generally achieved through arbitration.

Arbitration can be further categorized based on the arbitral institution and arbitration rules applied to the case. Major arbitral institutions include the International Centre for Settlement of Investment Disputes (hereinafter ICSID) and the Permanent Court of Arbitration.

Major arbitration rules include the ICSID Arbitration Rules and the UNCITRAL Arbitration Rules.²⁾ As the "Lone Star ISDS Case" was arbitrated under the ICSID Arbitration Rules, the ICSID Arbitration procedures will be briefly outlined below.

1) Lee, Se-In. 2019, no. 25 (April): 139–140 (Various Methods of Investor-State Dispute Settlement)

2) Ibid., pp. 144.

For disputes to be resolved through the ICSID, the ICSID must have jurisdiction over the case that has been requested for arbitration.

Article 25 of Convention on the Settlement of Investment Disputes between States and Nationals of Other States³⁾ (hereinafter the ICSID Convention) outlines the jurisdiction of the centre. Article 25 states that ICSID extends its jurisdiction to any legal disputes ① "arising directly out of an investment," ② "between a Contracting State (or any constituent subdivision or agency of a Contracting State designated to the Centre by the State) and a national of another Contracting State," ③ "which the parties to the dispute have consented in writing to submit to the Centre".⁴⁾

Once the above jurisdictional requirements are satisfied and a request for arbitration is registered, the Arbitral Tribunal can be constituted. The "Arbitral Tribunal consists of a sole arbitrator or any uneven number of arbitrators appointed as the parties shall agree".

In most cases⁵⁾, and when "the parties do not agree upon the number of arbitrators and the method of their appointment, the Tribunal consists of three arbitrators".

In this case, each party appoints one arbitrator and appoints the third arbitrator—who becomes the president of the Arbitral Tribunal—by agreement.⁶⁾ A notable point regarding the constitution of the Tribunal is that there is a restriction on the nationality of the arbitrators.

With the exception of when there is a "sole arbitrator or each individual member of the Arbitral Tribunal has been appointed by the agreement of the parties", the ICSID Convention requires "the majority of the arbitrators ... be nationals of States other than the Contracting State Party to the dispute and the Contracting State whose national is a party to the dispute".⁷⁾

The constituted Arbitral Tribunal reviews the filed ISDS claim and renders its award based on the particular investment treaty. The Arbitral Tribunal must "decide questions by a majority of the votes of all its members". In addition, the Arbitral Tribunal must "deal with every question submitted to the Tribunal."⁸⁾ The award rendered in this manner becomes the final and binding decision on all questions submitted to it.⁹⁾

In this regard, unlike domestic litigations, ICSID awards are not subject to appeals. Instead, if a party wishes to challenge the outcome of the award, it may request an "annulment" based on limited grounds.



ICSID Arbitration Award Annulment Procedures

ICSID's arbitral award "annulment" procedure is a process that reviews, based on predetermined grounds for annulment, whether to annul a previous arbitral award awarded through the arbitration proceedings. As previously mentioned, the ICSID Convention does not have an appeals system. As such, an "annulment" request serves as the sole de facto means to challenge a decision.

The annulment process is not an appeals process to the arbitral award. The difference between an annulment process and an appeals process is as follows. In an appeals process, a review of the merits of the case is possible, and a new conclusion can be drawn.

However, in an annulment process, a decision is made based more on the formal and procedural level rather than on the substance of the factual background of the merits of the case. Furthermore, a new arbitral award cannot be awarded, and only an annulment of the original award is possible.¹⁰⁾

3) Convention on the Settlement of Investment Disputes between States and Nationals of Other States, March 18, 1965, 575 U.N.T.S. 159

4) Ibid., art. 25

5) Seo, Kyeong. 2009. (August): 487 (A Comparative Study on Certain Procedural Issues of ICSID and UNCITRAL Arbitrations)

6) Convention on the Settlement of Investment Disputes between States and Nationals of Other States, art. 37, March 18, 1965, 575 U.N.T.S. 159.

7) Ibid., art. 39

8) Ibid., art. 48

9) Seo, Kyeong. 2009. (August): 497 (A Comparative Study on Certain Procedural Issues of ICSID and UNCITRAL Arbitrations)

10) Hyun-Suk Oh. 2022. : 110–112. (Recent Trends and Case Analysis of ICSID Annulment Decisions)

An annulment decision by ICSID can only be made based on what is outlined in the ICSID Convention. Article 52 (1) lists the following five grounds for annulment: “that the Tribunal was not properly constituted; that the Tribunal has manifestly exceeded its powers; that there was corruption on the part of a member of the Tribunal; that there has been a serious departure from a fundamental rule of procedure; or that the award has failed to state the reasons on which it is based”.¹¹⁾

When an annulment decision is made on the original award based on the aforementioned grounds, the original award loses its legal effect. Furthermore, the parties cannot raise an additional request to nullify the annulment decision. The parties can request a supplementary decision or rectification, but only to make simple corrections from clerical, arithmetical, or similar errors. Once an annulment decision is made, because the original arbitral award is considered to have never existed, the dispute may be resubmitted. A point of arguments at this stage is whether the effect of an annulment decision extends to the new arbitral proceedings. In this regard, ICSID interpretation establishes that when an annulment decision is made, for the annulled matters, the parties revert to their status prior to the institution of the arbitration proceeding. On the other hand, for matters which were not annulled, the original award remains *res judicata*. Consequently, the annulled part of the original decision does not bind the newly constituted Arbitral Tribunal.¹²⁾

Legal Issues in the “Lone Star ISDS Case”

Of the five aforementioned grounds for annulment, the three primary points of the annulment grounds were whether “the Tribunal has manifestly exceeded its powers,” whether “there has been a serious departure from a fundamental rule of procedure,” and whether “the award has failed to state the reasons on which it is based.”

Below is a general overview of each ground for annulment and a summary of each party’s arguments in the “Lone Star ISDS Case”.

1) Manifestly Exceeded its Powers

The Arbitral Tribunal is considered to have “manifestly exceeded its powers” when the Arbitral Tribunal acts beyond the authority granted by the ICSID Convention and the agreement of the parties. Specific instances where this ground for annulment applies include cases where the Arbitral Tribunal decides on the merits of the case without jurisdiction or not applying applicable law.¹³⁾

As for the “Lone Star ISDS Case”, Lone Star (Claimant) argued that the Arbitral Tribunal had made errors in its determination of the scope of application of the South Korea-Belgium BIT and its jurisdiction. South Korea (Respondent) argued that the Arbitral Tribunal had manifestly exceeded its powers due to errors in failing to identify the Financial Services Commission’s illegal price reduction, as well as its misapplication of principles of state responsibility and causation.

2) Serious Departure from a Fundamental Rule of Procedure

“Serious departure from a fundamental rule of procedure” is ground for annulment, which concerns the way in which the Arbitral Tribunal conducted the arbitral proceedings. It refers to when the breached rule of procedure is “fundamental”, and the departure is “serious”.

“Fundamental” rules of procedure include legal principles such as: “fairness”, “impartiality”, “equal treatment”, “respect for the right to be heard”, “due process.” Furthermore, the departure is considered “serious” when it “deprives a party of the benefit or protection which the rule was intended to provide” or “it causes a tribunal to reach a result substantially different from what it would have awarded had such a rule been observed”.¹⁴⁾

In the “Lone Star ISDS Case”, Lone Star argued that the Arbitral Tribunal denied Lone Star procedural rights, such as the right to be heard, during damages analysis. South Korea argued there was a “serious departure from a fundamental rule of procedure” as the original award denied procedural rights such as the right to be heard and the right to cross-examination by relying on a separate ICC arbitration award to which South Korea was not a party.

3) Failure to State the Reasons on Which the Award is Based

“Failure to state the reasons on which the award is based” refers to instances where the Arbitral Tribunal is silent on the reasons or provides reasons entirely contradictory to the award.¹⁵⁾

Article 48 (3) in the ICSID Convention states that “the award shall deal with every question submitted to the tribunal, and shall state the reasons upon which it is based”,

requiring the Arbitral Tribunal to include the reasons that led to the conclusion in the award. In the “Lone Star ISDS Case”, both parties argued that the award lacked adequate reasoning or contained contradictions.

4) Decision of the ICSID ad hoc Committee

In response to these grounds for annulment from both parties, the ICSID ad hoc Committee granted South Korea’s request for annulment in full, on the other hand, fully dismissed Lone Star’s request for annulment. More specifically, the ad hoc Committee accepted South Korea’s argument regarding a “serious departure from fundamental procedure”. The ad hoc Committee found that the tribunal violated South Korea’s “due process rights” by referring to an ICC arbitration award, which South Korea was not a part of, as its primary evidence.

Consequently, the ad hoc Committee annulled all related portions of the award, such as its findings on liability, attribution, causation, and damages related to the Financial Services Commission.¹⁶⁾

Conclusion

To conclude, ISDS is a mechanism designed to resolve disputes between foreign investors and host states. While ISDS can take many forms, arbitration is most common, and the “Lone Star ISDS Case” followed the ICSID Arbitration Rules. Under the ICSID Arbitration Rules, the only way to challenge an award is to request annulment. Annulments can only be rendered based on five grounds. In the “Lone Star ISDS Case,” three of these five grounds were contested: whether “the Tribunal has manifestly exceeded its powers,” “there has been a serious departure from a fundamental rule of procedure,” and “the award has failed to state the reasons on which it is based.” Of these three grounds, the ad hoc Committee upheld the Korean government’s argument regarding whether “there has been a serious departure from a fundamental rule of procedure” and annulled the portion of the original award that recognized South Korea’s liability for damages.

The “Lone Star ISDS Case” is significant in that it is the first time the South Korean government obtained an annulment decision from an ICSID ad hoc Committee. The achievement is particularly notable considering how rarely annulment decisions are made; as of 2026, ICSID had granted an annulment decision in full on its own award in only 9 out of the 523 (1.7%) arbitration awards it rendered.¹⁷⁾ However, because a new Request for Arbitration may be submitted on the

annulled portions, it remains necessary for South Korea to prepare for the possibility of Lone Star initiating a second arbitration proceeding in the future.

14) A Study on the Annulment Procedure of ICSID Arbitral Awards, <https://cil.nus.edu.sg/wp-content/uploads/2013/11/SIAA2013-Reed-Sprange-Part-2-REVIEW-AND-ENFORCEMENT-OF-ICSID-AWARDS.pdf>

15) Yong Il KIM. 2016. (February): 559. (A Study on the Annulment Procedure of ICSID Arbitral Awards)

16) Ministry of Justice, Republic of Korea. 2025. "Lone Star ISDS Case: Korea Achieves Complete Victory in Annulment Proceedings." Ministry of Justice.

17) International Centre for Settlement of Investment Disputes (ICSID). 2026. The ICSID Caseload—Statistics, Issue 2026-1.

Korea’s ISDS Response Framework and Pan-Governmental Coordination System



Introduction

In November 2025, the Government of the Republic of Korea prevailed in the annulment proceedings of the investor–state dispute settlement (ISDS) case filed by the U.S. private equity fund Lone Star. The victory is widely regarded as having been significantly supported by Korea’s pan-governmental ISDS response framework led by the Ministry of Justice.

Agencies directly and indirectly involved in the dispute worked in close coordination, enabling the development of an effective response strategy.

Korea’s ISDS response framework was formally established following the adoption of the Presidential Directive entitled 「Regulations on the

Prevention and Response to International Investment Disputes」, adopted in April 2019. Prior to the establishment of this institutional framework, the lead ministry and response structure differed from case to case. For instance, the Lone Star case (2012) was handled by the Ministry of Justice, the Hanocal case (2015) by the National Tax Service, and the Dayyani case (2015) by the Financial Services Commission as the lead agency.

However, concerns were repeatedly raised that a system in which the lead ministry was newly designated and response strategies were separately formulated for each dispute made it difficult to accumulate expertise and to ensure consistent and efficient responses.¹⁾ Accordingly, the government unified the designation of the lead ministry for ISDS cases initiated since 2018 under the Ministry of Justice and institutionalized response procedures and a cooperation structure through the enactment of the 「Regulations on the Prevention and Response to International Investment Disputes」. Through this reform, functions related to international dispute responses previously dispersed across multiple ministries were integrated, thereby developing administrative expertise and competence. This article introduces Korea’s ISDS response framework and pan-governmental coordination system.

Korea’s ISDS Response Framework and Pan-Governmental Coordination System

Korea’s ISDS response framework, structured under the 「Regulations on the Prevention and Response to International Investment Disputes」, consists of the Inter-Ministerial Committee on International Investment Disputes, the Inter-Ministerial Task Force on International Investment Disputes, and supporting working-level organizations.²⁾ These bodies operate in an integrated manner, sharing responsibilities for the formulation of strategies and practical implementation.

The Inter-Ministerial Committee on International Investment Disputes (hereinafter the “Committee”) is convened as needed and serves as the highest decision-making body that takes charge of setting the overall direction of dispute responses and coordinating inter-ministerial differences.

The Committee is chaired by the Minister of Justice or the head of the lead ministry responsible for the dispute, and its members consist of vice minister-level officials from the Ministry of Economy and Finance,

the Ministry of Foreign Affairs, the Ministry of Justice, the Ministry of Trade, Industry and Resources, as well as other agencies concerned with the dispute. The Committee convenes with the attendance of a majority of its members and a concurrent vote of a majority of the members present is necessary for the resolution. In the Lone Star case, the Committee was convened whenever decisions on key issues were required, presided over by the Minister of the Office for Government Policy Coordination or the Minister of Justice, to review and coordinate ISDS response strategies.³⁾

The Inter-Ministerial Task Force on International Investment Disputes (hereinafter the “Task Force”) is the body responsible for discussing and making decisions on matters related to ISDS. Established under the Ministry of Justice, the Task Force formulates guidelines for the prevention and response to international investment disputes, appoints the domestic advisory law firms, and makes a concrete and operational decision-making system regarding ongoing cases. The Task Force is headed by the Vice Minister of Justice, who oversees its overall operation, and its members consist of standing members—senior officials from the Office for Government Policy Coordination, the Ministry of Economy and Finance, the Ministry of Foreign Affairs, the Ministry of Justice, and the Ministry of Trade, Industry and Resources—as well as non-standing members drawn from the disposition-taking authority or related agencies.

In this context, the disposition-taking authority refers to the relevant institution responsible for the administrative measures that give rise to the ISDS claim, which plays key roles in collecting evidence, securing testimony and witnesses, and arranging the budget. In the Lone Star case, the Task Force was composed of the aforementioned ministries as well as the Financial Services Commission and the National Tax Service, and it has operated consistently for thirteen years since the initiation of the case in 2012.⁴⁾ This illustrates how the Task Force framework helps ensure continuity in the response even when disputes extend over a long period of time.

1) Financial Services Commission. (2020.08.20.). Establishment of a dedicated ISDS unit and the current status of ISDS response. <https://www.fsc.go.kr/no010101/74499?srchCtgr=&curPage=&srchKey=&srchText=&srchBeginDt=&srchEndDt=>

2) Ministry of Justice. The Government’s current state of ISDS Response.

3) Yeonhap News. (2022.08.31.). [Lone Star Ruling] 1,546 Pieces of Evidence and a Decade-Long Legal Battle Costing KRW 47.8 Billion. <https://www.yna.co.kr/view/AKR20220830146351004>

4) The Korean Economic Daily. (2025.11.19.). Through Five Presidencies, Government and Legal Team Stand United to Defend Korea’s Interests in Lone Star Dispute. <https://www.hankyung.com/article/2025111940581>



Ministry concerned: Office for Government Policy Coordination, Ministry of Economy and Finance, Ministry of Foreign Affairs, Ministry of Justice, Ministry of Trade, Industry and Resources and other disposition-taking authorities

▲ The Government’s ISDS Response Framework

Source: Ministry of Justice. International Investment Dispute Procedures and Response Framework

The International Dispute Settlement Division has been responsible for handling international dispute matters within the Ministry of Justice. Following the establishment of the International Legal Affairs Department in 2023, the government further strengthened its response framework by reorganizing relevant functions and reallocating responsibilities, including the establishment of the International Investment Dispute Division. The response system operates in three stages: prevention, case response, and institutional improvement.⁵⁾ At the prevention stage, the International Legal Affairs Division works to reduce the risk of disputes by conducting ISDS-related research and training, as well as by participating in the negotiation of investment agreements. At the case response stage, it closely manages ISDS cases on a case-by-case basis, categorizes disputes and develops tailored strategies to ensure professional and efficient responses. At the final stage, institutional improvement, the division actively participates in international ISDS conferences, reviews relevant foreign practices, and continuously develops Korea’s domestic response framework. In particular, it proactively takes part in international dispute resolution bodies such as the International Centre for Settlement of Investment Disputes (ICSID) and the United Nations Commission on International Trade Law (UNCITRAL), with the aim of preventing potential ISDS claims.

Through these measures, Korea has established a systematic framework for responding to international investment disputes by creating an institutional foundation under the Presidential Directive and by establishing a dedicated unit within the Ministry of Justice. In addition, by organizing the Inter-Ministerial Committee and the Task

Force with officials from key ministries, the government has built a whole-of-government coordination system and further strengthened its capacity to respond to ISDS disputes.

Cooperation with Administrative and Related Agencies

Given the nature of international investment disputes, which typically involve multiple stakeholders, cooperation among government agencies is an essential element of an effective ISDS response. The framework for cooperation between administrative and related agencies is also stipulated in detail in the 「Regulations on the Prevention and Response to International Investment Disputes」, thereby elevating such cooperation beyond a mere practical arrangement into a structured and institutionalized obligation.

First, the Directive clearly defines the agents in such cooperation as administrative and related agencies. In this context, administrative agencies refer to central administrative agencies, agencies under the President, agencies under the Prime Minister, and local governments. Related agencies include public institutions, local public enterprises, and legal or natural persons vested with administrative authority.⁶⁾

Article 6 of the Directive explicitly stipulates the duty of cooperation among administrative and related agencies. Under this provision, administrative and related agencies are required to cooperate with one another to ensure the prompt collection of relevant data, sharing of information, and the timely budget allocation for the prevention and response to international investment disputes. The head of the Task Force may request the heads of each institution to designate a department that will take charge of the dispute and to submit resources related to the dispute. Unless there are exceptional circumstances, the requested institutions must comply with such requests. This provision can be understood as granting the legal authority necessary for the pan-governmental response framework, led by the Task Force, to function effectively.

Furthermore, Article 7 of the Directive provides that administrative and related agencies must immediately notify the head of the Task Force when certain situations arise. These include the conclusion of contracts with foreign investors, the signing of agreements containing dispute settlement clauses, the adoption of laws or administrative measures that may affect the property rights of foreign investors, and instances in which an investor indicates the possibility of initiating legal proceedings. Such notification obligations serve

as a mechanism for detecting potential international investment disputes at an early stage. Upon receiving such notice, the head of the Task Force should review the likelihood of an ISDS claim and deliver the results to the relevant institution, thereby enabling the establishment of preventive response strategies. In this respect, the system is significant in that it goes beyond a purely reactive approach and represents a prevention-focused model that structurally manages international investment dispute risks.

Cooperation with External Experts

In addition to cooperation among government agencies, the government has also recognized the need to collaborate with external experts and introduced an advisory committee system in 2021. Under this system, the head of the Task Force may appoint advisory members from among experts with extensive knowledge and experience in relevant fields.⁷⁾ The establishment of this institutional basis for obtaining legal advice and consultation from external experts has further reinforced the professional capacity of the Task Force.

In the Lone Star case, the Task Force worked closely with both domestic and international advisory law firms as well as academic experts, enabling a comprehensive analysis of the considerable amount of records and evidence. It is known that the government collaborated with external experts—including international arbitration lawyers, tax lawyers, and international trade lawyers—to carefully review extensive litigation records and tax-related evidence and to organize the relevant facts. Given that international investment disputes require substantial experience in international arbitration practice and a high degree of expertise, the system of cooperation with external experts plays an important role in complementing the government’s response capacity and securing a high level of expertise.

Conclusion

Korea’s ISDS response framework has a deep significance in that it represents a shift from a case-by-case approach to an institutionalized management model. By establishing a legal foundation through a Presidential Directive and by organizing a dedicated structure centered on the Ministry of Justice, the government has built a system capable of managing international investment disputes within a virtuous cycle of

prevention, case response, and institutional improvement. In particular, the policy coordination function of the Inter-Ministerial Committee, the strategic oversight function of the Task Force, and the operational role of the International Dispute Settlement Division operate in a mutually complementary manner, contributing to the formation of the government’s unified and consistent position. Additionally, combined with the legally mandated duty of cooperation among administrative and related agencies and the advisory system involving external experts, the framework has secured both organizational stability and professional expertise.

With the continued inflow of foreign investment into the domestic market, the likelihood of ISDS cases correspondingly increases. This underscores the need to continuously review the effectiveness of whole-of-government coordination, respond proactively to evolving international norms, and further strengthen professional capacity and practical expertise. Such institutional development will serve as a long-term asset, strengthening Korea’s capacity and competitiveness in responding to ISDS beyond the outcome of any individual case.

5) Ministry of Justice. (2023.08.01.). Ministry of Justice Establishes International Legal Affairs Bureau to Support Korea’s Future Growth and Prosperity. <https://www.moj.go.kr/bbs/moj/182/573765/artclView.do>

6) Article 6 of the 「Regulations on the Prevention and Response to International Investment Disputes」

7) Article 5-2 of the 「Regulations on the Prevention and Response to International Investment Disputes」

Beyond the Courtroom: Fundamental Prevention of ISDS and Building Next-Generation Response Infrastructure

Lessons from the Lone Star Victory and Evolution into a Dual-Track Strategy

Recently, the South Korean government achieved a historic victory by completely nullifying a KRW 400 billion compensation liability in the Investor-State Dispute Settlement (ISDS) annulment proceedings involving the U.S. private equity firm Lone Star. This is a remarkable achievement born from the meticulous defense capabilities of the International Investment Dispute Response Team, centered around the Ministry of Justice with pan-governmental collaboration.¹⁾ This case demonstrated South Korea's capacity to conduct international arbitration and manage crises to the world.

However, behind this victory lies a crucial lesson that must be addressed. The Lone Star case took staggering 13 years from the initiation of arbitration to the final annulment decision, with legal and arbitration costs amounting to approximately KRW 7.3 billion. While maintaining an ex-post litigation defense system to protect national wealth is a fundamental duty of the state, an ideal and complete victory is to preemptively block unnecessary disputes from arising in the first place. Therefore, South Korea's international investment policy must evolve beyond the advancement of ex-post litigation response into a "Dual-Track" strategy that completes a proactive prevention and an

Alternative Dispute Resolution (ADR) system. Now, standing as a victorious nation, is the optimal golden time to sublimate our defense experience into an institutional legacy and build a next-generation national response infrastructure.

The limitations on the procedural side are even more fatal. ISDS cases are decided by ad-hoc tribunals constituted on a case-by-case basis rather than by a permanent court, and they lack binding precedent. The predictability of national policies is severely undermined as completely contradictory outcomes can be reached depending on the arbitrators' inclinations even in similar cases. Above all, the total annulment rate of awards issued by the International Centre for Settlement of Investment Disputes (ICSID) has historically been consistently very low, standing at just 1.6% to 5%. Despite the recent victory, it is unsustainable to entrust the nation's fate solely to ex-post arbitral awards in a global environment where such remedies are largely ineffective. Amid the structural flaws of the ISDS ecosystem, the most powerful tool for protecting national interests is robust proactive prevention.

Diversification of Disputes and the Need for Early Resolution

To overcome these risks, the international community is already experiencing a massive paradigm shift. In the past, governments focused simply on investment promotion through economic incentives. However, recent studies indicate that approximately 25% of foreign investors in developing countries withdraw their businesses or cancel their plans due to political risks including government measures.²⁾ When investments are withdrawn, not only do the hard-won capital and jobs disappear, but the state is also exposed to massive legal disputes.

Structural Contradictions of the Global ISDS Ecosystem and the Imperative of Prevention

Proactive prevention is not an option but a necessity because the current global ISDS ecosystem inherently contains structural contradictions that inevitably lead to a surge in disputes. Many Bilateral Investment Treaties (BITs) concluded in the past stipulate overly broad definitions of investments and investors. This uncertainty provides a pretext for "Treaty Shopping," where investors bypass their nationality to obtain favorable awards, or "Forum Shopping," where they simultaneously file claims with multiple judicial bodies. In particular, the standards for "Fair and Equitable Treatment (FET)" and "Indirect Expropriation" clauses, which are most frequently invoked by investors, are highly abstract, making even legitimate public policies for environmental protection or public health targets for indiscriminate litigation.

Accordingly, the World Trade Organization (WTO) has been developing new international standards for dispute prevention through its Investment Facilitation for Development (IFD) negotiations. In particular, the WTO has emphasized the establishment of an Investment Grievance Mechanism (IGM) as a multilateral norm to identify and resolve minor administrative frictions before they escalate into full-scale disputes. South Korea's policy direction should likewise align with this global trend, focusing on investor retention through timely responses to existing investors' grievances and the proactive management of political risks.³⁾

1) Ministry of Justice, "Complete Victory for the Korean Government in the Lone Star ISDS Annulment Proceedings" (Press Release), Nov 2025.
2) Dongwook Chun, "Investment Retention Policies and its implication for WTO Investment Facilitation Negotiations", Yonsei Law Journal, Vol. 41, 2023.
3) Myung-soo Kim et al., A Study on the Prevention and Response System of Investor-State Dispute Settlement, Korean Institute of Criminology and Justice (KICJ), 2024, Chapter 3.



Next-Generation Prevention Infrastructure: Data-Driven Screening and Pan-Governmental Archives

To realize this investment retention strategy and extinguish the embers of disputes early on, the following solutions can be proposed. First, the establishment of a comprehensive ISDS portal and archive. A national database is required to systematically collect and analyze the dozens of arbitral awards and procedural orders released globally every year. Even without binding precedent, the logic of influential arbitral awards and the inclinations of arbitrators have profound impacts on subsequent cases. Therefore, a specialized international investment dispute research center should be established to continuously study these materials, creating a virtuous cycle of knowledge where the findings are immediately reflected in treaty renegotiations and litigation strategies.

Second, mandatory prior screening of potential ISDS claims should be conducted during the enactment or amendment of laws and regulations. When policy changes by central ministries or ordinances adopted by local governments may infringe upon the rights of foreign investors, a procedure should be institutionalized under which international legal experts rigorously assess potential violations of international investment agreements (IIAs) prior to implementation. Through such a mechanism, sources of disputes that administrative authorities may overlook in practice can be prevented at an early stage.⁴⁾

Institutional Advancement of the Response System: Strengthening the Foundation for Pan-Governmental Cooperation

Currently, South Korea operates a control tower centered around the Ministry of Justice, based on a pan-governmental cooperation framework established in 2019 to handle international investment disputes. Through this, the government has successfully consolidated its pan-governmental response capabilities, proving its underlying strength in cases like Lone Star.

Furthermore, in order to prepare for the increasingly diversified patterns of international investment disputes in the future, it is necessary to consider establishing a comprehensive institutional framework that enables closer institutional coordination with relevant actors, including local governments, beyond the current executive branch-centered response system. To elevate the national-level response system to the next tier, the following developmental directions can be considered:

Establishing an Institutional Foundation for Early Dispute Consultation: During the initial cooling-off period of a dispute, an institutional framework with flexible settlement procedures and clear standards is required so that the ministry in charge can conduct substantive negotiations and ADRs with foreign investors. **Advancing the Pan-Governmental Information Sharing System:** A tighter information-sharing network and cooperation system must be built so that relevant documents from various government ministries and local governments, which are essential for arbitration defense, can be rapidly shared with the control tower in preparation for written proceedings.

Exploring Measures to Secure Stable Response Funding: Considering the nature of ISDS, which entails massive costs and time, it is necessary to examine a systematic budget management system in the long term that can swiftly and stably procure the finances needed to conduct disputes. In this regard, the cases of advanced countries that have successfully established national defense funding systems are worth referencing. For example, the United States' Judgment Fund Statute operates an independent national compensation fund to support timely responses, or Peru's legislative example legislating the ISDS-specific budget procurement and law firm selection process clearly, serves as a good example. By benchmarking these models, the necessary financial flexibility can be secured to engage top-tier global legal expertise in a timely manner.

Conclusion: Leaping Forward as the Safest and Most Predictable Global Investment Hub

The ideal way to increase the ISDS defense rate is not to create disputes to defend against in the first place. Through the complete victory in the Lone Star case, South Korea proved its international arbitration defense capabilities and pan-governmental crisis management capacity to the world. Now is the time to institutionalize this experience through the establishment of a data-driven proactive archive and the advancement of an early resolution infrastructure based on a pan-governmental cooperation network. When world-class ex-post litigation response capability is fused with legally secured proactive prevention and early resolution infrastructure, the risk of national wealth outflow will decrease. The completion of such a system will ultimately create the safest, most transparent, and predictable optimal investment environment for global investors.

⁴⁾ Hyun-seok Oh, "Prevention and Response Measures for International Investment Disputes," in id. at Chapter 4.

Achieving the Unprecedented: The Complete Annulment of the Lone Star Award



Background Information

On November 18, 2025, at 3:22 PM (Korea Standard Time), the Annulment Committee of the International Centre for Settlement of Investment Disputes (ICSID) granted the annulment application filed by the Republic of Korea regarding the investor-state dispute settlement (ISDS) case initiated by the U.S. private equity fund Lone Star. This

decision effectively represents a comprehensive outcome in favor of the Republic of Korea.

The origins of the dispute date back to 2003, in the aftermath of the 1997 Asian financial crisis, when the Republic of Korea sought to recapitalize distressed financial institutions and attract capital investment. During

this period, Lone Star, a U.S.-based private equity fund, acquired interests in undervalued assets, including Korea Exchange Bank (KEB). Against this backdrop, Lone Star became the largest shareholder of Korea Exchange Bank (KEB) by investing approximately KRW 1.3834 trillion to acquire a 51.02% stake. However, a series of criminal proceedings - including allegations that the acquisition had been made at an unduly low price and stock price manipulation cases involving Lone Star’s Korean operations in relation to KEB - led to delays in the regulatory approval process.

In this context, Lone Star commenced arbitration under the ICSID Convention in 2012, asserting that the South Korean government’s unfair intervention caused losses due to delayed sales, with a claim amounting to approximately USD 4.68 billion (approximately KRW 6.8 trillion). In the original arbitral award rendered on August 31, 2022, the tribunal found Lone Star’s contributory fault, including the KEB Card stock price manipulation, and reduced the damages claimed by Lone Star by 50%. As a result, the South Korean government prevailed in 95.4% of the total claimed amount and was ordered to pay a principal amount of USD 216.5 million (approximately KRW 400 billion) to Lone Star. In the subsequent annulment proceedings, however, the Committee accepted the South Korean government’s argument that the original tribunal had admitted, as evidence, an arbitral award from an unrelated commercial arbitration to which the South Korean government was not a party, thereby fundamentally violating due process under international law. Consequently, the remaining 4.6% of compensation liability was annulled in full, and the government recovered approximately KRW 7.4 billion in legal costs in full.¹⁾ This marked the end of a 22-year saga since 2003 and a 13-year legal battle since 2012, resulting in the retroactive elimination of approximately KRW 400 billion in compensation obligations, winning a complete victory for the South Korean government.

Case Facts

(1) In 2003, Lone Star acquired a 51.02% stake in KEB for approximately KRW 1.3834 trillion. After years of controversy over allegations of short-term profit extraction and criminal trials regarding stock price manipulation involving KEB Card, Lone Star attempted to sell its stake to HSBC in 2008, but the transaction did not materialize. It eventually signed a final sale agreement with Hana Financial Group in January 2012.

(2) On November 21, 2012, Lone Star initiated ISDS proceedings at ICSID, seeking USD 4.68 billion (approximately KRW 6.9 trillion) in

damages. It claimed that delays in the approval of the sale of KEB and certain tax measures constituted violation of the Fair and Equitable Treatment (FET) obligations under the Korea-Belgium/Luxembourg BIT.

(3) On August 31, 2022, the original tribunal dismissed the majority of claims (95.4%) but found that the Government bore partial responsibility regarding the Hana Financial Group sale approval. The tribunal ruled that the Financial Services Commission (FSC) had exercised its authority in a manner inconsistent with the FET obligation, and ordered the South Korean government to pay USD 216.5 million plus interest.

(4) On May 9, 2023, the tribunal accepted the South Korean government’s rectification request, finding that dividends and other amounts already paid had been double-counted in the calculation of damages. Accordingly, the principal amount of damages was reduced from USD 216.5 million to USD 216.01 million.

(5) On July 29, 2023, Lone Star filed for annulment regarding the 95.4% portion it lost, alleging: ① errors in determining the scope of application and jurisdiction under the Korea–Belgium/Luxembourg BIT (manifest excess of powers); ② deprivation of the procedural right to be heard during damage analysis (violation of procedural rules); and ③ failure to state reasons or contradictory reasoning (failure to state reasons).

(6) In response, on September 1, 2023, the South Korean government filed a separate application for annulment and requested a stay of enforcement regarding the 4.6% portion it lost, arguing on the grounds of: ① deprivation of procedural rights resulting from the tribunal’s reliance on an ICC award in a separate proceeding (violation of procedural rules); ② errors in reasoning concerning state responsibility and causation (manifest excess of powers) and ③ failure to provide adequate reasoning (failure to state reasons).

(7) On December 16, 2023, the ICSID Annulment Committee accepted the Korean government’s request and granted an unconditional stay of enforcement, thereby preventing the enforcement of the award during the annulment proceedings. Following extensive written submissions throughout 2024, an oral hearing was held in London from January 21 to 23, 2025. The South Korean government particularly emphasized that the tribunal’s reliance on the ICC award constituted a serious breach of fundamental due process. The government argued that this reliance in error deprived it of its rights of defense and cross-examination and thus constituted a serious violation of a fundamental rule of procedure under international law.

1) Joint Government Ministries of the Republic of Korea, Republic of Korea Recovers Approximately KRW 7.4 Billion in Litigation Costs in the Lone Star ISDS Case (Press Release, Dec. 17, 2025) (Ministry of Justice).

(8) On November 18, 2025, the ICSID Annulment Committee granted the South Korean government’s application and dismissed Lone Star’s application in its entirety. The compensation liability of approximately KRW 400 billion (including principal and interest) was thereby annulled in full with retroactive effect, and Lone Star was ordered to reimburse the South Korean government for the cost of the annulment proceedings, amounting to approximately KRW 7.3 billion.

(9) Immediately following the victory on November 18, 2025, the South Korean government initiated prompt follow-up measures to enforce the Annulment Committee’s order requiring Lone Star to pay approximately KRW 7.3 billion in legal costs within 30 days. On November 25, 2025, the government implemented a strategic enforcement plan by issuing a Demand Letter to Lone Star, warning that, in the event of non-compliance, immediate enforcement measures could be taken against its assets worldwide. As a result of these proactive measures and a rigorous cost-control system, the government successfully recovered the full amount of approximately KRW 7.4 billion, including interests accrued during rectification proceedings, on December 17, 2025.



Subject Matter of Review

(1) **Whether the Admission of the Separate ICC Award Constituted a Violation of Due Process under International Law**
Pursuant to Article 52(1) (d) of the ICSID Convention, a “serious” departure from a “fundamental” rule of procedure is required for an arbitral award to be annulled. A “fundamental” rule specifically includes the right of a party to be heard and to examine evidence regarding specific matters.²⁾ Furthermore, for a violation to be considered “serious,” it must go beyond a mere technicality and be substantial

enough to deprive the affected party of the protections or benefits intended by that rule, thereby exerting a decisive influence on the outcome.

The decisive ground upon which the ICSID Annulment Committee granted the South Korean government’s application on November 18, 2025, was that the original tribunal had fundamentally violated due process under international law. This violation occurred when the tribunal adopted the ICC commercial arbitration award between Hana Financial Group and Lone Star as its primary evidence. Since the South Korean government was not a party to that specific proceeding, the tribunal effectively deprived the government of its right to defense and cross-examination. The original tribunal relied on incidental remarks within the ICC award regarding potential pressure from financial authorities despite the fact that the ICC case was a private contract dispute and direct evidence of government wrongdoing was lacking. The Annulment Committee concluded that this reliance resulted in a significant deprivation of the South Korean government’s right to a fair opportunity to present its case, constituting a serious violation of fundamental procedural rights.

(2) **Application of the Doctrine of Consequential Annulment and the Scope of Extinguished Liability**
The Annulment Committee noted that the logical structure of the original tribunal’s award was rigidly interconnected like a chain. It first established the illegality of the government’s conduct by labeling the FSC’s delay as an arbitrary measure based on the illegally adopted ICC award. This premise then served as the basis for deriving causation and the subsequent order for compensation.

Finding that a serious departure from a fundamental rule of procedure occurred at the evidence adoption stage which constituted the very foundation of this logical chain, the Committee determined that all subsequent findings including the determination of illegality, attribution of state responsibility, establishment of causation, and calculation of damages must consequently be annulled. Ultimately, under the Doctrine of Sequential Recession the 4.6% portion of the original award that had recognized the government’s liability was completely overturned, leading to the final extinguishment of the obligation to pay damages.

2) Yong-Il Kim, A Study on the “Annulment” of ICSID Arbitral Awards: A Comparison with Korean Arbitration Law, 37 J. Int’l Trade & Com. 144 (2008).

The Convention on the Settlement of Investment Disputes between States and Nationals of Other States (The ICSID Convention)
Article 52
(1) Either party may request annulment of the award by an application in writing addressed to the Secretary-General on one or more of the following grounds:
(a) that the Tribunal was not properly constituted;
(b) that the Tribunal has manifestly exceeded its powers;
(c) that there was corruption on the part of a member of the Tribunal;
(d) that there has been a serious departure from a fundamental rule of procedure; or
(e) that the award has failed to state the reasons on which it is based.

Implications

The achievement of the South Korean government in the Lone Star case is regarded as an exceptionally rare instance in the history of international investment disputes. The rate of full annulment in ICSID annulment proceedings is estimated to be approximately 1.6%, and remains at approximately 5% even when partial annulments are included. Based on this unprecedented achievement, the significance of this victory is as follows.

Firstly, it has become a landmark precedent reinforcing the principle of due process under the international law. This annulment decision clarifies the principle that evidence obtained in violation of due process under the international law cannot be used to establish state responsibility. This provides a meaningful legal reference point for future ISDS cases.

Secondly, it demonstrated the expertise of the whole-of-government response system and effectively prevented a significant outflow of public funds. The government operated a high-level decision-making system through the Vice-Ministerial-level Inter-agency Meeting to determine basic response strategies for each ISDS case and mediate differences between agencies. Moreover, the International Investment Dispute Response Team functioned as the core operational body with the Vice Minister of Justice serving as its head. Within this team,

permanent member agencies including the Office for Government Policy Coordination, Ministry of Economy and Finance, Ministry of Foreign Affairs, Ministry of Justice, and Ministry of Trade, Industry and Energy closely collaborated with relevant non-permanent agencies such as the FSC.³⁾ Through this coordinated response, and by analyzing extensive records and evidence, the government not only blocked Lone Star’s claim of approximately KRW 6.9 trillion but also completely eliminated the liability to pay approximately KRW 400 billion in principal and interest under the original award. This effort thereby safeguarded national interests and protected public funds.

Lastly, the full recovery of legal costs following the victory can be evaluated as a model example of prompt follow-up measures that enhanced the protection of national interests. Immediately after the award, the South Korean government initiated preparations for enforcement, which included sending a Demand Letter to Lone Star requesting the payment of costs. As a result, within 30 days of the decision, approximately KRW 7.4 billion (USD 5.51 million) in legal costs was fully recovered to the treasury, which marks the largest recovery of legal costs in the history of the South Korean government’s ISDS cases.

This demonstrates that the strict cost-control system of the International Dispute Settlement Division of the Ministry of Justice and the whole-of-government response system successfully translated the legal victory into practical national interest. In particular, by strictly enforcing the “Costs Follow the Event” rule where the losing party bears the costs of the prevailing party, the government sent a clear signal against any potential indiscriminate ISDS claims and achieved the practical benefit of minimizing the national fiscal burden.



3) Ministry of Justice, Int’l Inv. Dispute Div., Overview of International Investment Dispute Procedures and Response System (Reference Material No. 1).

Recent Development: The Elliott ISDS Case

On February 23, the Republic of Korea prevailed in a UK court challenge to an arbitral award related to an investor–state dispute settlement (ISDS) case brought by the U.S. private equity firm Elliott Management.

The UK court accepted the government’s argument that the National Pension Service of Korea could not be definitively characterized as a “state organ” for the purpose of establishing state liability in an international investment dispute. The court therefore remitted the case back to arbitration. As a result, the previous arbitral award ordering Korea to pay approximately KRW 160 billion in damages can no longer be sustained.

Hong-Sik (Justin) CHUNG, Former Deputy Minister



**Hong-Sik (Justin)
CHUNG**

Former Deputy Minister

Q: Before we begin, could you briefly introduce yourself and your professional background in the field of international dispute resolution?

Thank you for the opportunity. I am a law professor who has long taught and researched international business transactions, international arbitration, and private international law.

I earned a law degree and practiced law in the United States before joining academia back in 2006. Over the years, I have also been involved in international dispute resolution in various capacities, including service as an arbitrator in institutional proceedings.

Most recently, I served as Deputy Minister of the International Legal Affairs Department at the Ministry of Justice, where I oversaw major cross-border disputes involving the Republic of Korea, including Investor-State proceedings.

Q: You served as Deputy Minister of the International Legal Affairs Department at the Ministry of Justice from February 2024 to February 2026, leading the Lone Star case during its most critical phase. Could you briefly introduce your main roles and responsibilities during your tenure?

As Deputy Minister, my role was to serve as the government's central coordinator for international legal affairs. In practical terms, that meant three principal responsibilities. First, I supervised Korea's response to major Investor-State disputes, including overall strategy, review of written submissions, coordination with government counsel, and participation in important hearings held in various jurisdictions. Second, I worked to strengthen a whole-of-government response structure so that the Ministry of Justice, the Financial Services Commission, the National Tax Service, and other relevant agencies could operate on a common factual record and legal theory. Third, I focused not only on dispute response, but also on prevention - improving institutional systems, supporting other ministries on international legal issues, and helping ensure that government action remained consistent with Korea's international legal obligations.

Q: In November 2025, a historic decision was made in the Lone Star ISDS annulment proceedings, resulting in a complete victory for the Korean government and the nullification of a KRW 400 billion compensation liability. As the chief official in charge at the time of the ruling, what do you think is the greatest significance of this outcome?

In my view, the greatest significance of that outcome lies in the fact that it corrected a serious procedural wrong while protecting both the public fisc and the Republic of Korea's credibility. The decision did more than eliminate roughly KRW 400 billion in compensation liability. It demonstrated that even within the ICSID system - where annulment is exceptionally difficult - an award that rests on a fundamental due process defect can and should be corrected.

Equally important, the decision showed that the Republic of Korea is fully capable of defending itself through disciplined, principled, and highly coordinated legal advocacy. It also had significance beyond the immediate monetary amount, because the annulment committee rejected Lone Star's own annulment request in full. That was important in preventing the reopening of issues that could have led to a much larger follow-on dispute. In that sense, the ruling protected not only money, but also confidence in Korea's legal capacity and institutional resilience.

Q: The Lone Star case was a massive legal battle that spanned 13 years. Looking back at your time as Director of the International Legal Affairs Bureau, when did you feel the greatest sense of pressure or intensity? What was the mood like during those heated moments?

The most intense period was the annulment phase itself, especially the oral hearing and the post-hearing stage. This was because both parties had filed annulment applications, which meant that the Korean government had to do two things at once: advance its own offensive arguments for annulment while also defending against Lone Star's attempt to annul the much larger portion of the original award that had gone against it. That created an unusually demanding situation in which every argument had to be calibrated with great care.

The atmosphere during that period was extremely focused and exacting. Internally, we held repeated strategy meetings to ensure that our offensive and defensive positions remained fully coherent and did not undermine one another. There was naturally a great deal of pressure as the decision approached, but the working environment remained disciplined, serious, and determined throughout.

Q4. Annuling an ICSID award is known to be notoriously difficult. Your team challenged the original award on the ground that it relied on findings from a separate ICC arbitration to which the Republic of Korea was not a party, raising serious due process concerns. How did you structure this argument and present it before the ad hoc committee?

Because ICSID annulment is not an appeal on the merits, we knew from the outset that our argument had to be narrow, precise, and strictly anchored in the Convention's limited annulment grounds. Our central submission was that the original tribunal relied on findings from a separate ICC arbitration between Lone Star and Hana Financial Group even though the Republic of Korea was not a party to that proceeding and had no opportunity to participate in it or properly test those materials within that process. Once those materials were used as a decisive basis

for finding State responsibility, the issue was no longer a mere evidentiary disagreement; it became a fundamental due process problem.

In structuring the argument, we paid particular attention to the dissenting opinion in the original award, because it crystallized the procedural unfairness in a way that could be translated into the language of annulment. We also took great care to preserve strict coherence between our offensive and defensive positions, given that both parties were invoking similar legal categories in their respective annulment applications. Before the annulment committee, our objective was to show step by step that reliance on that separate ICC record fatally tainted the portion of the award imposing liability on Korea, and that annulment of that portion necessarily followed.

Q: In addition to the nullification of liability, you secured an exceptional order for Lone Star to reimburse approximately 7.3 billion KRW in legal costs. What efforts did the International Legal Affairs Department undertake with respect to cost management and the recovery process?

One clarification is important at the outset. The costs recovered from Lone Star were not the costs incurred in the original arbitration. Rather, they consisted of the legal fees and arbitration costs incurred in the post-award proceedings, particularly the annulment phase. Even with that distinction, however, the result was highly exceptional. It is very unusual for a respondent State in an ISDS case to recover virtually all of its post-award legal fees and arbitration costs, and in my view that outcome warrants special mention.

As for cost management, the International Legal Affairs Department has, by necessity, exercised fairly rigorous cost control in handling ISDS cases, largely because budgetary constraints are real. That approach has not always been welcomed by outside counsel representing the government, and at times it has understandably drawn complaints. Even so, some degree of disciplined cost control is both appropriate and unavoidable when public funds are involved.

That said, cost control should not become an end in itself. In ISDS cases, the overriding objective is not simply to minimize expenditure, but to secure the best possible result for the State. For that reason, I would emphasize that fiscal authorities should set budgets with a realistic appreciation of the nature of these disputes, taking into account legal fees and related expenses at levels broadly consistent with prevailing global market rates. In high-stakes international disputes, adequate budgeting is not a luxury; it is an essential part of effective case management and, ultimately, of protecting the national interest.

Q: *The Inter-Ministerial Task Force on International Investment Disputes led by the MOJ is cited as the core driving force behind this victory. What was the International Legal Affairs Department’s approach in coordinating differences among various ministries, including the Financial Services Commission (FSC) and National Tax Service (NTS), and external law firms to maintain a ‘One-Team’ system?*

The key was to ensure that everyone worked from the same facts, the same theory of the case, and the same strategic priorities. In complex ISDS proceedings, differences in perspective are inevitable. Ministries naturally see the facts through different institutional lenses, and outside counsel bring their own litigation instincts. The role of the International Legal Affairs Department was therefore not simply to convene meetings, but to ensure coherence. We did that through frequent coordination, disciplined circulation of materials, clear lines of decision-making, and a constant effort to translate highly technical issues into a form that all participating agencies could engage with productively.

At the same time, mutual respect was essential. The Financial Services Commission, the National Tax Service, and other relevant agencies possessed the underlying factual and regulatory expertise. Domestic and international law firms contributed specialized advocacy experience. The Ministry of Justice had to integrate those inputs into a single, credible litigation posture. The “One-Team” system worked because it was built on shared ownership of the case and a clear understanding that, whatever our institutional differences, we were defending the same national interest.

Q: *You studied law in the United States, obtained a U.S. bar license, and built your early career at an international law firm. In leading large-scale ISDS cases as Director of the International Legal Affairs Bureau—working with and against major global law firms and navigating highly complex legal arguments—how did this international training and practice concretely assist you in your role?*

My U.S. legal training and early practice were helpful in very concrete ways. First, they enabled me to work with major global law firms in the same legal language - not only in a linguistic sense, but also in terms of method, advocacy style, and the way complex records are organized for decision-makers. Second, years of teaching and practicing in cross-border commercial law and international arbitration helped me move comfortably across multiple legal domains - treaty interpretation, procedure, finance, tax, corporate matters, and public law questions -

which is often indispensable in large ISDS disputes. Just as importantly, my experience as an international arbitrator gave me the habit of looking at a case from the tribunal’s perspective. In a dispute of this scale, it is not enough to believe that one’s legal position is correct. One must ask what will actually persuade a neutral decision-maker, what concerns the tribunal is likely to have, and how an argument may appear when tested against the record and the opposing side’s narrative. That perspective was extremely valuable in shaping overall strategy and in guiding both written and oral advocacy.

Q: *Having overcome the monumental challenge of the Lone Star case, you must have experienced firsthand both the strengths and areas for improvement in Korea’s ISDS response infrastructure. What practical improvements are most urgently needed in Korea’s current ISDS response system? In addition, do you see any legislative or institutional reforms that would help Korea respond more proactively to future international disputes?*

The Lone Star case confirmed that Korea already has important strengths: dedicated professionals, the ability to build effective inter-ministerial cooperation when properly organized, and the capacity to mobilize strong external counsel when necessary. At the same time, the most urgent improvement is to strengthen prevention, not only response. In practical terms, that means building a more systematic government-wide mechanism under the leadership of the Ministry of Justice so that ministries, public institutions, and local governments can identify ISDS risks early, preserve records properly, and assess whether proposed measures are being implemented with sufficient procedural fairness and treaty awareness.



Institutionally, I also believe we need a more durable framework for cultivating specialized personnel and securing flexible litigation resources. ISDS cases require long-horizon expertise spanning international law, administrative law, finance, tax, and evidence management. That expertise cannot be assembled ad hoc each time a dispute arises. Over time, Korea should deepen its in-house capacity while continuing to use outside counsel strategically, and budgetary systems should better reflect the realities of major international disputes.

The broader policy objective should be clear: protect foreign investors fairly, preserve Korea’s legitimate regulatory authority, and reduce both unnecessary disputes and unwarranted regulatory caution.

Q: *As a professor who has long dedicated time to fostering future legal professionals, what do you consider the core competencies required for young lawyers to protect our national interests? Could you offer any specific advice for young legal professionals seeking to develop the expertise and international perspective necessary to navigate complex cross-border disputes?*

If I had to identify two indispensable qualities for young lawyers in this field, I would choose reputation and persuasion. Reputation begins long before one becomes a senior lawyer. It is built from the way one studies, competes, treats others, and handles responsibility. In international disputes, where teams are small and trust is essential, a lawyer’s professional reputation often precedes them before the lawyer does. Young lawyers should therefore cultivate not only technical excellence, but also fairness, discipline, and a genuine commitment to the public good.

Persuasion is equally important. Law is ultimately a profession of persuading judges, arbitrators, clients, colleagues, and institutions within a structured process. To persuade well, doctrinal mastery is necessary, but it is not sufficient. One must also understand people - their incentives, concerns, and decision-making habits. My advice to younger lawyers is to build a strong legal foundation, develop clear English and cross-border communication skills, read broadly beyond law, and learn how to view a problem from the other side’s perspective without losing sight of one’s own position. In the AI era, legal analysis will become more widely accessible; the qualities that will distinguish an outstanding lawyer are credibility, judgment, and the ability to persuade responsibly. Above all, one should strive to become the kind of professional others genuinely want to work with.



Q: *Finally, do you have any closing remarks you would like to share with our readers?*

I would close with two thoughts. First, international legal capacity is no longer peripheral; it is part of national competitiveness. A country that trades, invests, regulates, and negotiates globally must be able to defend its interests with the same sophistication in legal forums as it does in diplomacy or commerce.

Second, the Lone Star case was not the achievement of any one person or any one administration. It was the cumulative result of years of work by many prosecutors, government lawyers, public officials, and counsel across different periods. I hope readers will see in this case both a reason for confidence and a reminder of the importance of sustained institutional investment in international legal affairs.

I also hope more young Korean lawyers will enter this field. International dispute resolution is demanding, but it is deeply meaningful work. It is where law, public service, strategy, and national interest converge.

An Introduction to Visa Types (D-8) and the Investment Climate for Those Planning Investment Activities in Korea

Introduction

As the international mobility of capital has increased, foreign investment in the Republic of Korea has also grown. In 2024, foreign direct investment inflows into Korea reached USD 34.5 billion. In response to this active foreign investment climate, the Korean government has implemented various support programs to promote foreign investment. However, these support mechanisms are widely dispersed across multiple laws and government agencies, making them difficult to grasp comprehensively.

Accordingly, this paper aims to provide foreign investors planning to engage in investment activities in Korea with an introduction to visa types for foreign investors and the Korean investment environment. Specifically, the discussion will cover the definition of “foreign investment” under the Foreign Investment Promotion Act (hereinafter the “FIPA”), an overview of the visa system for foreign investors (D-8 visa), and a guide to the domestic investment environment for foreign investors.



What Constitutes Foreign Investment?

Korea regulates matters related to domestic investment by foreigners through the Foreign Investment Promotion Act (FIPA). Under the FIPA, the term “foreigners” includes individuals of foreign nationality, corporations established under foreign law, and international economic cooperation organizations designated by Presidential Decree. Under the FIPA, foreign investment is defined as investments made by foreigners who acquire shares or make contributions to Korean entities.

Article 2(4) of the same Act provides the definition of “foreign investment.” Under the FIPA, foreign investment can be categorized into four types: ① Acquisition of shares or equity, ② Investment through loans, ③ Contributions to corporations, and ④ Use of retained earnings. A summary of each type is provided below.

① Acquisition of Shares or Equity

Foreign investment occurs when a foreigner acquires shares or equity in a Korean corporation or enterprise for the purpose of establishing an ongoing economic relationship with that corporation or enterprise.

- 1) Acquiring newly issued shares by a Korean corporation or enterprise
- 2) Acquiring already issued shares or equity of a Korean corporation or enterprise

② Investment through Loans

Foreign investment also occurs when any of the following parties provides a loan of five years or longer to a foreign-invested enterprise

- 1) The foreign-invested enterprise’s overseas parent company
- 2) A company with a capital investment relationship with the enterprise described above
- 3) A foreign investor
- 4) A company with a capital investment relationship with the foreign investor above

③ Contributions to corporations

Foreign investment occurs when a foreigner makes a contribution to a non-profit Korean corporation or enterprise in the science and technology sector, in accordance with standards set by Presidential Decree, for the purpose of establishing an ongoing cooperative relationship.

④ Investment through Retained Earnings

Foreign investment also occurs when a foreign-invested enterprise utilizes undistributed retained earnings for purposes such as the establishment or expansion of production facilities, as defined by Presidential Decree.

What visa programs are available for foreign investors?

To actively attract foreign investment, the Korean government has established the D-8 visa system. As of 2025, the D-8 visa is issued as follows.

The D-8 visa is granted to foreign investors who invest at least KRW 100 million in establishing and operating a foreign-invested company in Korea. It is also issued to essential professionals dispatched from overseas parent companies or similar organizations to engage in management, administration, or specialized technical roles. These essential professionals are defined to include executives, senior managers, and specialists. Additionally, D-8 visas may be issued to: Founders of venture companies recognized for outstanding technology, including those holding intellectual property rights, Individuals with a domestic master’s degree or foreign bachelor’s degree and recognized technical expertise, provided they establish a company approved by the Minister of Justice.

Korean visas are categorized as “short-term stay” (up to 90 days), “long-term stay” (91 days or more), and “permanent residence” (unlimited). The D-8 visa is a type of long-term stay visa. For essential professionals in foreign-invested companies, the maximum stay is five years; for founders of venture or technology-based startups, it is up to two years.

D-8 visa holders receive preferential treatment when entering or leaving Korea, such as access to dedicated immigration counters. Various fees are waived, including the issuance of an Alien Registration Card (KRW 30,000), extension of stay (KRW 60,000), change of visa status (KRW 100,000), and re-entry permits (KRW 30,000–50,000). Accompanying spouses and minor children may obtain F-3 dependent visas, valid until the expiration of the D-8 visa holder’s stay.

What is the investment environment like in Korea?

“Korea has a comprehensive legal framework for foreign investment, covering procedures, protections, and support systems under the FIPA, that fosters predictable and stable investment conditions.”

Foreign investors are generally required to submit a prior notification before investing. According to Article 5 of Chapter 2 of the FIPA, investors must submit an investment report to the Minister of Trade, Industry and Energy. Exceptions allow post-investment reporting within 60 days in cases such as mergers, inheritance, or comprehensive share exchanges.

Certain sectors require government approval rather than notification, such as investment in defense-related enterprises. The Minister of Trade, Industry and Energy, in consultation with relevant authorities, decides on approvals and may impose additional conditions. Unauthorized acquisitions or violations may result in restricted voting rights or compulsory divestiture. Investments in defense-related sectors therefore require careful compliance review is therefore required.

Investments following proper procedures enjoy freedom under Article 4, Chapter 1 of the FIPA, ensuring foreign investors can engage in economic activities on equal footing with domestic investors. However, restrictions apply when investments threaten national security, public order, public health, environmental protection, or violate Korean law. Korea’s investment environment balances investor freedom with the protection of public interests.

Foreign investors also enjoy substantive protections. Profits generated from registered or approved investments may be freely remitted abroad, supporting predictable repatriation of profits. Foreign investors and foreign-invested companies receive equal treatment with Korean nationals and companies, including tax incentives under the Special Tax Treatment Control Law and Local Tax Special Law.

Support systems for investment promotion are systematically implemented, including cash grants, Foreign Investment Support Centers, and the Foreign Investment Ombudsman. Investors establishing or expanding high-tech facilities or generating significant new employment may receive partial financial support from the national or local government. Foreign Investment Support Centers, under KOTRA, provide administrative guidance, consultations, and research support.

The Foreign Investment Ombudsman, appointed by the President, investigates issues in investment processes and recommends institutional



improvements, demonstrating a structured system that goes beyond mere complaint handling.

Overall, Korea combines freedom of investment, guaranteed returns, equal treatment, and practical support, creating an institutional framework that allows foreign investors to operate with confidence.

Conclusion

As foreign investment in Korea continues to grow, it has become a key driver of economic growth. The government has established laws and systems to attract international capital actively, as illustrated by the D-8 visa and investor protections. The D-8 visa provides residency benefits that encourage long-term investment activities, while the FIPA ensures substantive protection and support, guaranteeing a stable investment environment.

Korea’s systematic and stable investment environment offers opportunities for more international investors to enter the market. In this context, foreign investors can enjoy various benefits and generate returns, creating a mutually beneficial outcome where capital inflows accelerate economic growth. Going forward, it is expected that foreign investors who understand and utilize the relevant visa and support systems will further enhance investment activities in Korea.

Discussing the Future of Korea’s Arbitration Industry

At the seminar titled “Exploring Ways to Revitalize the Domestic and International Arbitration Industry in 2026,” jointly hosted by four organizations, including the Korean Association of Arbitration Studies, the Korean Arbitrators Association, the Korean Council for International Arbitration, and the Korean Commercial Arbitration Board (KCAB), participants discussed ways to strengthen the competitiveness of Korea’s arbitration sector and directions for institutional reform. During the panel discussion, several speakers emphasized that advancing the arbitration industry requires more than simple regulatory improvements. They noted the need for policy-level support from the government, expanded budget allocations, and more proactive decision-making structures within public institutions. Public Prosecutor Jae-sung PARK of the Ministry of Justice’s International Legal Policy Division also participated in the discussion.

The Need for Policy Support to Revitalize the Arbitration Industry

Given the current scale and operating environment of Korea’s arbitration sector, more stable financial backing and stronger policy support are necessary to secure global competitiveness.

Some attendees noted that public institutions face structural limitations that make it difficult to actively adopt new systems. In this context, they suggested that clearer government policy direction and institutional support could play an important role in revitalizing the arbitration industry.



Discussion on the International Competitiveness of Korean Law

The growth of Singapore’s arbitration industry was also cited as a key example. Professor SUK explained that one key factor behind Singapore’s success was its ability to develop its domestic law, based on a common law framework, into legal standards usable in international commercial transactions. In Korea’s case, participants suggested that efforts should go beyond improving arbitration rules. They also emphasized the importance of enhancing the international competitiveness and practical applicability of Korean civil law itself.

Perspectives on Dispute Resolution in Public Contracts

The panel also examined dispute resolution mechanisms in public contracts. It was noted that in contracts with foreign companies, arbitration is sometimes used under international standard contract conditions such as FIDIC (International Federation of Consulting Engineers). By contrast, disputes involving domestic companies are more often resolved through litigation. In this regard, participants raised the need to align public contract conditions with international standards.

The Ministry of Justice is also exploring ways to explicitly incorporate arbitration into standard contract forms. During the discussion, Public Prosecutor PARK noted that revisions are currently being considered to include arbitration as a dispute resolution option in standard contracts. He also mentioned that the Ministry is reviewing whether any legal constraints may affect public institutions in choosing arbitration.

The Potential Use of AI in Arbitration Procedures

Participants also discussed the possibility of introducing AI into arbitration processes, a topic that has recently gained attention. While many participants believed that it is still too early for AI to take

on the role of issuing arbitral awards, they suggested that AI could potentially serve as a support tool in small value disputes or simple procedural matters. Possible applications include identifying and structuring issues or drafting preliminary documents. In view of this potential, the discussion also highlighted the need to establish ethical standards and operational guidelines for the future use of AI in arbitration.

The seminar concluded that strengthening the competitiveness of Korea’s arbitration industry requires more than institutional reform. Policy support, the internationalization of the legal framework, and improvements in the overall dispute resolution environment were all identified as key priorities for the future.

Policy Roundtable in Ulsan Discusses Visa Systems, Employment Balance, and Regional Immigration Policy in the Shipbuilding Sector

On March 11, 2026, the Ministry of Justice held a policy roundtable in Ulsan to gather on-site perspectives from the shipbuilding industry and discuss possible directions for policy improvements.

Participants included officials from the Ministry of Justice’s Korea Immigration Service, other relevant government agencies, local governments, representatives from the shipbuilding industry and labor sector, civil society organizations, and private members of the Regional Visa Expert Task Force.

The discussion focused on recent issues related to foreign labor in the shipbuilding sector and potential policy responses.

Discussion on Improving the Foreign Worker Visa System

Participants noted that as the range of residence statuses available to foreign workers has become more diverse, several structural challenges have emerged during the expansion of foreign labor inflows. These include concerns about low wage structures, limitations on contributions to local economies and on consumer activity, and difficulties associated with changing workplaces. Representatives from the labor sector emphasized that without improvements in working conditions, it would be difficult for foreign workers to settle in Korea over the long term. They also suggested that policies on foreign labor should focus less on simply increasing the number of workers and more on attracting skilled technical personnel. Based on these discussions, the Ministry of Justice plans to consider institutional reforms that prioritize the recruitment of skilled foreign workers needed in industry. The Ministry will also review possible measures to link approvals for hiring foreign workers to companies’ efforts to expand employment opportunities for Korean nationals and their contributions to local communities.

Expanding Employment Opportunities for Korean Nationals in the Shipbuilding Industry

When the Ministry of Justice eased the E-7-3 visa category for general skilled foreign workers in 2024, it emphasized the protection of employment opportunities for Korean nationals as a key policy principle. At that time, the shipbuilding industry also pledged to increase the hiring of Korean production workers and improve working conditions.

Recent assessments show that while companies have made certain efforts, the nature of shipbuilding work, which often involves high-risk and physically demanding tasks, continues to make it difficult to retain Korean production workers. The Ministry of Justice stated that it will continue consultations with industry stakeholders to ensure that efforts to expand employment for Korean nationals can be effectively implemented, while also taking into account the labor demands of the industry.



Discussion on the Ulsan Regional Visa Program

Participants also discussed the Ulsan Regional Visa Program. Many expressed hope that the program could serve as an opportunity to manage the entry of foreign workers into the shipbuilding sector in a more structured way and to explore balanced policy approaches through regional-level discussions. At the same time, some participants noted that the pilot program has only been in place for a short period and involves a limited number of participants, making it too early to evaluate its social and economic effects. Taking these views into account, the Ministry of Justice plans to develop a framework for evaluating the program and determine whether the program should continue through an objective review process.

The Commissioner of the Ministry of Justice's Korea Immigration Service, who chaired the meeting, noted that while participants shared a wide range of views, there was broad agreement on the need for immigration policies that contribute to both the national economy and regional development. The Commissioner also emphasized that the Ministry will continue engaging with diverse stakeholders and work toward creating an institutional environment in which both Korean nationals and foreign workers can work together in the shipbuilding sector.



Risks in the Strait of Hormuz and Response Strategies: Legal Guidance for Korean Companies Amid Middle East Logistics Uncertainty



In particular, the document emphasizes that when contractual performance is delayed or becomes impossible, companies should carefully examine the scope and requirements of the force majeure clause in the contract. It also highlights the importance of promptly notifying counterparties in an appropriate manner regarding relevant developments.

In international contracts, force majeure clauses are just one of several factors to consider. Other legal factors, including governing law, contract structure, and notification procedures, should also be carefully reviewed. Recognizing that such legal analysis may place a burden on companies, the Ministry of Justice provides legal advisory services through the International Legal Support Group for Overseas Businesses to assist companies engaged in international business and overseas expansion.

As tensions in the Middle East have recently intensified, the possibility of restrictions on transit through the Strait of Hormuz has emerged as a significant risk factor for global maritime logistics. The Strait of Hormuz is a critical maritime corridor through which approximately 20 percent of the world's crude oil shipments pass. Any restrictions on passage through the strait could affect international trade more broadly, including delays in maritime transportation, rising shipping costs, and limitations on the movement of personnel.

In response to these developments, the Ministry of Justice analyzed how regional instability and possible restrictions on transit through the Strait of Hormuz could affect international commercial contracts. Based on this analysis, the Ministry prepared and distributed guidance materials titled "Force Majeure Response Guidelines" to help Korean companies prevent contractual disputes and respond appropriately when such situations arise.

The Response Guidelines summarize key legal considerations and practical response measures that companies should review when force majeure events arise in international transactions.

Vice Minister Jin-soo LEE Meets UK High Court Judge and Commercial Court President to Discuss Cooperation in International Commercial Disputes and Legal Services



This support program particularly focuses on assisting small and medium-sized enterprises (SMEs) that do not maintain in-house legal teams or face difficulties hiring law firms. More than 200 experts participate in the program, including public prosecutors, public service advocate, attorneys, foreign legal consultants, and customs specialists. The group provides consultation services on a wide range of legal issues related to overseas business activities.

Companies may apply for legal advice through the online platform www.9988law.com, where they can receive written consultations and real-time advisory services free of charge.

The Ministry of Justice stated that as uncertainties in the global trade environment continue to grow due to changes in international political and economic conditions, it will continue providing legal

information and support to help Korean companies conduct overseas transactions with greater stability and address potential legal challenges in the course of global business expansion.

On March 12, 2026, Vice Minister of Justice Jin-soo LEE met with Robin KNOWLES, Judge of the High Court of England and Wales, and Andrew HENSHAW, President of the Commercial Court of England and Wales, at the Ministry of Justice.

The meeting focused on discussing cooperation in international commercial dispute resolution and legal services. The meeting also addressed recent changes in the global dispute resolution landscape and the need for expanded cooperation among judicial institutions.

Judge Robin KNOWLES noted that Korea is preparing to establish the Maritime and International Commercial Court in Incheon and Busan, with plans to open in March 2028. He expressed interest in the development and growing specialization of Korea’s judicial system in handling international disputes. In response, Vice Minister LEE referred to a recent UK Commercial Court decision in the remand proceedings of an ISDS annulment case brought by the Korean government against Elliott, in which the court partially set aside the arbitral award and remitted the case to arbitration. He also discussed the analytical approach and expertise shown by UK judicial institutions in handling international commercial disputes.

Vice Minister LEE noted that outcomes in international investment dispute can have direct implications for the national treasury, which in turn draws significant public and political attention. In this context, he emphasized that not only the outcome, but also the process of dispute resolution, should be carried out in a way that builds public trust. The UK side agreed that transparency and procedural integrity are essential elements in international dispute resolution, and that processes grounded in fairness and expertise help build confidence in judicial systems.

The discussion also covered the role and significance of the Standing International Forum of Commercial Courts (SIFoCC), which includes participants from approximately 67 jurisdictions. Both sides recognized that cooperative networks among commercial courts play an important role in the global dispute resolution landscape, and that continued exchange of experience and information through such forums is valuable.

Amid growing uncertainty in the international landscape, participants also noted the importance of international cooperation based on the rule of law and closer cooperation among judicial institutions. Participants emphasized that a collaborative approach to resolving international commercial disputes is important for fostering a legal framework that the international community can trust.



Special Naturalization Rules Eased for Overseas Korean Talent, with Expanded Science and Technology Recommendation Rights



Expansion of Recommending Authority in Science and Technology

To strengthen efforts to attract top talent in science and technology, the revised notice grants recommendation authority to the heads of government-funded research institutes. As a result, the heads of 19 such institutes, including the Korea Institute of Science and Technology (KIST), are now authorized to recommend candidates for special naturalization.

Relaxation of Eligibility Requirements for Overseas Korean Talent

The revision also eases certain eligibility requirements for overseas Koreans with historical and cultural ties to Korea. Previously, overseas Korean applicants were required to be currently employed in Korea or have secured employment in the country. Under the revised rules, applicants may now apply even if they are not currently employed in Korea, provided that their past experience demonstrates the potential to contribute to the national interest.

The Ministry of Justice of the Republic of Korea has revised the “Public Notice on Evaluation Criteria and Recommendations for Special Naturalization of Highly Skilled Talent,” expanding the scope of recommending authorities and easing eligibility requirements for overseas Koreans. The revised notice entered into force on February 11, 2026.

The special naturalization program allows foreign nationals and overseas Koreans with outstanding achievements in fields such as science, economy, culture, and sports to acquire Korean nationality, subject to review by the Nationality Deliberation Committee.

In such cases, dual citizenship is permitted. Since its introduction in 2011, a total of 428 individuals have obtained Korean nationality through this program. Applicants must demonstrate internationally recognized achievements, such as prestigious awards or research output, or be recommended by authorized bodies, including heads of central government agencies.

In addition, local government heads of municipalities newly admitted to the National Council of Multicultural Cities may also be granted recommendation authority, reflecting further adjustments to the operation of the system.



The Ministry of Justice expects these changes to create an environment in which outstanding foreign and overseas Korean talent can participate more actively as members of Korean society. It also plans to continue pursuing flexible and proactive immigration and nationality policies.

Stay Period for Parents of Foreign Children in Korean Schools Extended to Age 24 to Support Independent Settlement



The Ministry noted that many foreign children who have lived in Korea for an extended period and completed their education through high school are already well integrated into Korean society in terms of language and culture. It added that the government will continue to improve related policies to support their stable settlement as adults.

The Ministry of Justice has revised its policies to allow parents of foreign children born in Korea or who entered at a young age and are enrolled in Korean schools to remain in the country for a longer period.

Under the revised policy, if such children are enrolled in elementary, middle, or high school in Korea and hold lawful residence status, their parents or guardians may stay in the country until the child reaches the age of 24.

Previously, parents were permitted to remain in Korea for up to one year after the child graduated from high school or reached legal adulthood. However, increasing recognition of the need for parental support during the transition to independence, including higher education or vocational training, led to calls for extending the permitted period of stay.

In response, the Ministry of Justice determined that extending parents’ stay is necessary to ensure children’s right to education and to support a stable transition into adulthood. The revised policy took effect on February 26, 2026.

Together Day in Korea: A Celebration of Diversity and Community

“Together Day” is a national commemorative day established to promote a society in where Korean citizens and foreign residents respect each other’s cultures and traditions and live together in harmony. Under the Framework Act on Treatment of Foreigners Residing in the Republic of Korea, May 20 has been designated as Together Day since 2007. The day provides an opportunity to reflect on the values of cultural diversity and coexistence in Korean society.

The idea for this commemorative day was first proposed in 2006 during an immigration policy forum on the designation of a “Foreign Residents’ Day.” After public consultations and surveys, the name “Together Day” was adopted to reflect a more inclusive perspective. The date was also considered in connection with the United Nations’ World Day for Cultural Diversity for Dialogue and Development (May 21), but May 20 was ultimately selected to avoid overlap with other national observances.

To mark the occasion, the Ministry of Justice holds an annual ceremony. The 19th commemorative event will bring together people of diverse nationalities and backgrounds to share the values of cultural diversity and mutual respect.

The program will include keynote messages, congratulatory remarks, and cultural performances. In addition, awards will be presented to individuals and organizations that have contributed to the successful settlement of foreign residents and social integration in Korea.

Together Day is more than a symbolic observance; it highlights both the present and future of a society in which different cultures coexist. It reflects a shared commitment to building a community that respects diversity and promotes inclusion.

Further details on the schedule and program of the 19th commemorative ceremony will be announced on the Ministry of Justice website.



Law Day 2026: A Time to Reflect on Justice and the Rule of Law

Law Day is a national commemorative day established to reaffirm the importance of the rule of law and to promote the values of constitutional order and human rights across society. In Korea, Law Day is observed annually on April 25 as a time to reflect on the fundamental principles of the rule of law, including the realization of social justice and the protection of citizens’ rights.

The 63rd Law Day ceremony is scheduled to take place on April 24, 2026, at 10:00 a.m. at the Grand Hall, 7th floor, EL-Tower in Seoul. This year’s theme, “The Constitutional Order Safeguarded by the People: Advancing Human Rights and the Rule of Law,” reflects the core values of the event. The ceremony will be attended by key figures from across the legal community, including the Minister of Justice, the President of the Korean Bar Association, the Chief Justice of the Supreme Court, and the President of the Constitutional Court.

As part of the event, government awards will be presented to individuals, public officials, and organizations that have made significant contributions to advancing the rule of law, protecting human rights, strengthening constitutional order, and promoting social justice. These awards recognize efforts across society to uphold the values of law and justice.

Law Day in Korea was first established in 1964 under the Presidential Decree on Anniversaries and Commemorative Days and was originally observed on May 1.

This designation was influenced by the United States’ establishment of Law Day in 1958, as well as a 1963 resolution at the 1st Congress on the Law of the World (Athens) recommending that countries adopt similar observances.

In 2003, the date was changed to better align with Korea’s legal history. The enforcement date of the Court Organization Act (April 25, 1895), regarded as the first modern law of Korea, was reflected in an

amendment to the same Presidential Decree, and Law Day was accordingly moved to April 25.

Law Day is more than a formal observance; it is a meaningful occasion to reflect on the values of constitutional order, human rights, and the rule of law, and to consider how these principles should continue to guide the development of society.



Government Departments

Anti-Corruption & Civil Rights Commission

<http://www.acrc.go.kr/eng/index.do>
82-44-200-7151~6

Constitutional Court of Korea

<http://english.ccourt.go.kr/>
82-2-708-3460

Fair Trade Commission

<http://eng.ftc.go.kr>
82-44-200-4326

Financial Services Commission

<http://www.fsc.go.kr/eng/index.jsp>
82-2-2156-8000

National Assembly Law Library

<http://law.nanet.go.kr/eng/index.do>
82-2-788-4111

Judicial Research & Training Institute

<http://jrti.scourt.go.kr/>
82-31-920-3114

Korea Communications Commission

<http://eng.kcc.go.kr/user/ehpMain.do>
82-2-500-9000

Korea Consumer Agency

<http://english.kca.go.kr/index.do>
82-43-880-5500

Korea Customs Service

<http://english.customs.go.kr/>
82-1577-8577

Ministry of Food and Drug Safety

<http://www.mfds.go.kr/eng/index.do>
82-43-719-1564/ 82-1577-1255

Korean Intellectual Property Office

<http://www.kipo.go.kr/kpo/user.tdf?a=user.english.main.BoardApp&c=1001>
82-42-481-5008

Korea Law Service Center

<http://law.go.kr/LSW/main.html>
82-2-2100-2520
(Ministry of Government Legislation)/
82-2-2100-2600
(Legislative Research Services)

Korea Meteorological Administration

<http://web.kma.go.kr/eng/index.jsp>
82-2-2181-0900

Korean Bar Association

<http://www.koreanbar.or.kr/eng/>
82-2-3476-4008

Korean Library Information System Network

<http://www.nl.go.kr/kolisnet/index.php>
82-2-590-0626

Korean National Police Agency

<http://www.police.go.kr/eng/index.jsp>
82-182

Ministry of Agriculture, Food and Rural Affairs

<http://english.mifaff.go.kr/main.jsp>
110 (from Korea) / 82-2-6196-9110 (from overseas)

Ministry of Culture, Sports and Tourism

<http://www.mcst.go.kr/english/index.jsp>
82-44-203-2000

Ministry of Education

<http://english.moe.go.kr/enMain.do>
82-2-6222-6060

Ministry of Employment and Labor

<http://www.moel.go.kr/english/main.jsp>
82-52-702-5089 (National Labor Consultation Center)
82-44-202-7137 (International Cooperation Bureau)
82-44-202-7156 (Foreign Workforce Division)

Ministry of Environment

<http://eng.me.go.kr/>
82-44-201-6568 / 82-1577-8866

Ministry of Foreign Affairs

<http://www.mofa.go.kr/eng/index.do>
82-2-2100-2114

Ministry of Gender Equality and Family

<http://www.mogef.go.kr/eng/index.do>
82-2-2100-6000

Ministry of Government Legislation

<http://www.moleg.go.kr/english>
82-44-200-6900

Ministry of Health and Welfare

<http://www.mohw.go.kr/eng/index.jsp>
82-44-202-2001~3

Ministry of Justice

http://www.moj.go.kr/moj_eng/index.do
82-2-2110-3000

Ministry of Land, Infrastructure and Transport

<http://www.molit.go.kr/english/intro.do>
(Day) 82-44-1599-0001, (Night) 82-44-201-4672

Ministry of National Defense

<http://www.mnd.go.kr/mbshome/mbs/mndEN/>
82-2-748-1111

Ministry of the Interior and Safety

<https://www.mois.go.kr/eng/a01/engMain.do>
82-2-2100-3399

Ministry of Economy and Finance

<http://english.moef.go.kr/>
82-44-215-2114

Ministry of Trade, Industry and Energy

<http://www.motie.go.kr/language/eng/index.jsp>
82-2-1577-0900 / 82-44-203-4000

Ministry of Unification

https://www.unikorea.go.kr/eng_unikorea/
82-2-2100-5722

National Assembly Library

<http://www.nanet.go.kr/english/>
82-2-788-4211

National Intelligence Service

<https://eng.nis.go.kr/>
82-111

National Research Foundation of Korea

<https://www.nrf.re.kr/eng/index>
82-2-3460-5500 / 82-42-869-6114

National Tax Service

<http://www.nts.go.kr/eng/>
82-2-397-1200 / 82-1588-0560

Network of Committed Social Workers

<http://www.welfare.or.kr/>
82-2-822-2643

Public Procurement Service

<http://www.pps.go.kr/eng/index.do>
82-70-4056-7524

Ministry of SMEs and Startups

<https://www.mss.go.kr/site/eng/main.do>
82-1357

Statistics Korea

<http://kostat.go.kr/portal/english/index.action>
82-2-2012-9114

Supreme Court Library of Korea

<https://library.scourt.go.kr/base/eng/main.jsp>
82-31-920-3612~3

Supreme Prosecutors' Office

<http://www.spo.go.kr/eng/index.jsp>
82-2-3480-2337

The Board of Audit and Inspection of Korea

<http://english.bai.go.kr>
82-2-2011-2114

The Supreme Court of Korea

<http://eng.scourt.go.kr/eng/main/Main.work>
82-2-3480-1100

The National Assembly of the Republic of Korea

<http://korea.assembly.go.kr/index.jsp>
82-2-788-3656

National Library of Korea

<http://www.nl.go.kr/english/>
82-2-535-4142

VOD Service for Conferences

<http://na6500.assembly.go.kr/>
82-2-788-3056/2298

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The Rule of Law for Fairness and Compassion

Emblem

The Republic of Korea government has changed its official "government identity." The new logo conveys the dynamism and enthusiasm of the country with the three colors of blue, red and white. It echoes off Korea's national flag *Taegeukgi* with the *taegeuk* circular swirl and the blank canvas embodies in white. The

typeface was inspired by the font used in the "*Hunminjeongeum*" (1446), the original *Hangeul* text, in consideration of the harmony embodied in the *taegeuk* circle. Starting March 2016, the new logo is used at all 22 ministries including the Ministry of Justice and 51 central government agencies.



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