

New Legislation Aims to Balance Promoting Micromobility Industry Growth with Safety

“[This] bill on the management and [safe] use of personal mobility devices will lead to [greater] popularity and vitalization of the rapidly evolving personal mobility industry, and will also [help] to prevent accidents. We will continue to do our best to [ensure] the convenience and safety of our citizens through [appropriate] legislation.”¹

- National Assemblyman Keewon Hong

As the number of personal mobility device users in South Korea has increased, so has the number of related accidents. While there is social consensus on the need for legislation that addresses, among others, safety, standards for use, and parking issues, question is how to appropriately promote the use of personal mobility devices while also promoting safe use. After all, last mile or micromobility solutions, such as electric scooters (“e-scooters”) and electric bicycles (“e-bikes”), are key components of the future urban mobility.

1. See; <https://www.news1.kr/articles/?4062937>; <https://www.edaily.co.kr/news/read?newsId=01203766625902088&mediaCodeNo=257&OutLnkChk=Y>

Shin & Kim's Mobility Team discusses the latest legislative development, and the implications for the industry and businesses.

Q: What is being proposed in the Korean parliament? How will it impact the micromobility industry in Korea?

A: On September 17, 2020, National Assemblyman Keewon Hong of Korea's ruling Democratic Party² introduced a bill on the Act on the Management and Promotion of Use of Personal Mobility ("Proposed PM Act"). Mr. Hong did so as the primary sponsor, along with 21 other lawmakers. Generally speaking, the Proposed PM Act includes provisions that may have a significant impact on the electric scooter rental business.

Q: Does the proposed bill only affect e-scooters?

A: No, the scope of the Proposed PM Act appears to apply to other personal mobility devices other than e-scooters, such as e-bikes. This is one of the major reasons why the mobility industry is encouraged to pay close attention to the legislative progress of the Proposed PM Act.

Q: Can you elaborate on the scope of the Proposed PM Act?

A: We have seen many news articles reporting that the Korean lawmakers have been discussing the enactment of a PM Act to regulate e-scooters. By comparison, the language in the Proposed PM Act states that the new law, if passed, will apply to "certain **short-distance transportation devices for one person using electric power**, which are prescribed by the Ordinance of the Ministry of Land, Infrastructure and Transport [emphasis added]." So according to this definition, there is a possibility that the Proposed PM Act will apply to not only e-scooters, but also e-bikes

2. National Assemblyman Keewon Hong is a first-time member of the Korean parliament and a member of the Land, Infrastructure and Transport Committee. Prior to becoming a National Assemblyman, Mr. Hong served with Korea's Ministry of Foreign Affairs for many years, after passing the Public Officer Qualification Exam.

Q: To operate a personal mobility rental business in Korea, is registration required? What about insurance?

A: Yes, in order to operate a personal mobility rental business, registration is required with the municipal government, which has jurisdiction over the relevant area(s) in which you operate.

And, under the Proposed PM Act, personal mobility rental businesses are required to not delay in making sure that their personal mobility rental devices are not left unattended in the prohibited areas. In the event of violation of this obligation, PM rental businesses may face an administrative fine of up to KRW 5 million. Further, the relevant municipal government may collect and dispose of the personal mobility devices that have been parked in the prohibited areas (by sale or otherwise).

Q: Does the Proposed PM Act ban parking of personal mobility devices in areas other than at the designated stations?

A: Generally speaking, yes. The head of the municipal government with jurisdiction over the area in which you operate may designate an area, where personal mobility devices may not be parked or stationed.

And personal mobility rental businesses are required to not delay ensuring that their personal mobility rental devices are not left unattended in the prohibited areas. In the event of violation of this obligation, you may face an administrative fine of up to KRW 5 million. Also, the municipal government may collect and dispose of (by sale or otherwise) the personal mobility devices that have been parked in the prohibited areas.

Currently, it is difficult to predict which areas will be designated as being prohibited to parking or stationing personal mobility devices. That said, it is likely that sidewalks with high traffic volume will be designated as prohibited areas to minimize inconvenience to pedestrians.

Given the current operation of e-scooter rental services in Korea, this obligation may have much greater impact than expected on the growth of the e-scooter rental business.

Q: Does the Proposed PM Act include safety requirements for personal mobility devices?

A: Yes, according to the Proposed PM Act, personal mobility devices that will be rented to consumers should meet certain safety requirements. As for the details, we will have to wait until the lawmakers make such a determination in the Enforcement Rule to the PM Act.

Q: I understand that the Proposed PM Act includes reference to “Public Personal Mobility Device Business” by the Municipal Government. Can you explain?

A: The Proposed PM Act provides a legal ground to allow the head(s) of the municipal government(s) to operate public personal mobility device business as well as a public e-mobility device safety equipment & supply business (e.g., supply of helmets, personal mobility device racks).

Also, the Proposed PM Act provides that the Korean central government may subsidize municipal governments operating a public personal mobility business, which is linked to the consumers’ use of public transportation. Further, the Proposed PM Act also allows municipal governments to install personal mobility device racks near public transportation areas.

Q: How will Shin & Kim support companies on the related developments?

A: Shin & Kim continues to closely monitor the legislative progress of the

Proposed PM Act. We will continue to issue legal updates on any key issues and developments for the industry.

If you have any questions or comments about this Alert or wish to receive additional clarification and insights on the Proposed PM Act, please do not hesitate to contact us.

Q: What are Shin & Kim's relevant capabilities covering these developments and the industry?

A: Our **Automotive and Mobility practice** provides comprehensive legal and regulatory advice and solutions to clients in the transportation & mobility industry, including last mile solutions, such as e-scooters and e-bikes. The scope of our services covers advice and consultation on various legal, regulatory and compliance issues, full range of advocacy and investigatory services, as well as government affairs and policy-related advice. Further, our Automotive and Mobility Team collaborates closely with other professionals and experts across the firm, including legislative & government affairs, TMT, data privacy & security, insurance, intellectual property, labor & employment, litigation & dispute resolution to provide customized services and solutions to our clients.

In addition, our **Legislative & Government Affairs Team** is comprised of a group of top experts, such as former government officials, including those who served in high positions responsible for implementing government policies and administration within Korea's cabinet-level ministries and other governmental bodies. Other key members of the practice include both Korean and foreign attorneys with experience relating to matters involving the National Assembly and the Blue House as well as foreign government experience, and former senior legislative staff, with wealth of experience and strong network.

Additionally, Shin & Kim is honored to have been selected as the Korean National Assembly's official law firm to advise the Korean parliament in 2020.

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