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Cartel Enforcement in Korea: Heightened Risks and the Importance of Early Strategic Assessment

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Cartel enforcement in Korea has become more aggressive. The Korea Fair Trade Commission ("KFTC") has raised the level of sanctions for cartel conduct and imposed record surcharges in several major cases this year. At the same time, changes to the KFTC's whistleblower reward program have increased incentives for insiders to report suspected cartel conduct, while the Prosecutors' Office is taking a more active role in investigating and prosecuting cartel cases independently of, or in parallel with, the KFTC.

These developments are increasing both the likelihood that potential cartel conduct will come to the attention of Korean authorities and the potential administrative and criminal exposure for companies and individuals if a violation is found.

Companies that identify potential cartel issues with a Korean nexus should therefore consider their level of seriousness and possible sanctions and punishment relating thereto at an early stage and evaluate the available strategic options, such as whether and how to engage with the Korean authorities and, where relevant, whether to apply for leniency.

1. KFTC Enforcement Developments

(1) Higher Surcharge Rates and Increasing Financial Exposure

The KFTC has overhauled its framework for calculating surcharges.* Amendments to the KFTC's *Public Notice of Detailed Guidelines for Imposition of Surcharges* that took effect on April 30, 2026 sharply increased the minimum base rates applicable across all levels of seriousness. For conduct classified as "Less Serious," the minimum base rate increased twentyfold, from 0.5% to 10%. The minimum rate for "Serious" violations increased fivefold, from 3% to 15%, while the minimum rate for "Very Serious" violations increased from 10.5% to 18%:

* Surcharges are determined by multiplying the sales revenue relating to the cartel conduct by the applicable rate.

Seriousness	Previous Range	Current Range
Very Serious	10.5%—20.0%	18.0%—20.0%
Serious	3.0%—10.5%	15.0%—18.0%
Less Serious	0.5%—3.0%	10.0%—15.0%

The applicable ranges have also been narrowed, leaving less room for rates at the lower end of the spectrum. The result is greater potential financial exposure for companies involved in cartel conduct.

Recent cases illustrate the impact in practice. The KFTC has consistently applied double-digit base rates in major cartel cases this year, resulting in aggregate surcharges in the hundreds of billions of Korean won. The record for the largest cartel surcharges ever imposed by the KFTC has already been broken twice in 2026.

Case	Base Rate	Aggregate Surcharge
Starch Syrup Cartel (July 2026)	**15%**	Approx. KRW 747.6 billion (record high)
Flour Cartel (July 2026)	**15%** (10% for three smaller participants)*	Approx. KRW 671.0 billion
Sugar Cartel (April 2026)	**15%**	Approx. KRW 396.0 billion
Printing Paper Cartel (June 2026)	**12%** (4% for one smaller participant)	Approx. KRW 338.3 billion

* A lower rate was applied to three small and medium-sized companies found to have played relatively limited roles in the cartel.

The potential financial exposure is also evident in cases involving anticompetitive information exchanges. In January 2026, the KFTC imposed approximately KRW 272 billion in surcharges on four banks in connection with their exchange of loan-to-value information. This was the first case applying Korea's information-exchange cartel provisions since their introduction in December 2020. Another case currently pending before the KFTC involves allegations that 15 primary dealers exchanged interest-rate information in advance of Korean Treasury bond auctions. The case has attracted particular attention because estimates of potential surcharges have reached as high as KRW 15 trillion under certain assumptions. Although the ultimate surcharges, if any, remain to be determined, the case further illustrates the scale of potential financial exposure under Korea's cartel regime.

(2) Stronger Incentives for Whistleblowers

Changes to the KFTC's whistleblower reward program have increased the incentives to report cartel conduct.

Under amendments to the KFTC's *Rules on the Payment of Rewards to Persons Reporting Violations of the Monopoly*

Regulation and Fair Trade Act that took effect in June 2026, the basic reward for reporting cartel conduct is now calculated at 10% of the total surcharges imposed, while the previous KRW 3 billion cap has been eliminated.

The potential financial incentive to report cartel conduct has therefore increased, particularly for individuals such as current and former employees and executives with access to internal information.

2. More Active Criminal Enforcement

The enforcement landscape is also becoming more complex as the Prosecutors' Office takes a more active role in cartel cases. The Prosecutors' Office has continued to pursue cartel cases aggressively even as Korea prepares for the launch of the new Serious Crimes Investigation Agency ("SCIA") in October 2026. While responsibility for investigating serious competition law violations will shift to the SCIA under the new framework, the current active criminal enforcement stance is expected to continue following the transition.

Historically, the KFTC was the only Korean enforcement authority operating a formal cartel leniency program. Cartel cases therefore generally proceeded first through a KFTC investigation, with criminal proceedings following if the KFTC subsequently made a criminal referral.

This framework began to change in December 2020, when the Supreme Prosecutors' Office introduced a separate criminal leniency program under its *Guidelines on Criminal Leniency and Investigation Procedures for Cartel Cases*. Under the program, companies and individuals that voluntarily report cartel conduct or cooperate with the Prosecutors' Office may qualify for immunity from prosecution or reduced criminal penalties.

Under the current framework, the Prosecutors' Office's criminal leniency program operates separately from the KFTC's leniency program. Leniency applications are increasingly being made in parallel to the KFTC and the Prosecutors' Office. The Prosecutors' Office may also initiate criminal investigations without waiting for the KFTC to complete its administrative proceedings.

Recent cases illustrate this shift. In connection with cartel investigations involving flour, sugar, and electrical equipment, the Prosecutors' Office brought charges against 52 defendants (16 companies and 36 individuals, including CEOs and senior executives). In the flour and sugar cases, the Prosecutors' Office sought criminal referrals from the KFTC before the KFTC had completed its investigation.

Active criminal enforcement adds a separate layer of risk to cartel matters in Korea. Companies may face not only KFTC surcharges but also criminal investigations and potential charges against both corporate entities and individual officers and employees. Where leniency is under consideration, the existence of separate KFTC and prosecutorial regimes also means that implications of both need to be assessed.

3. Practical Implications

Higher surcharges, stronger incentives for whistleblowers, and more active criminal enforcement have changed the risk profile for cartel conduct in Korea. Taken together, these developments increase both the likelihood that potential cartel conduct will come to the attention of the authorities and the potential administrative and criminal exposure if a violation is found, including substantial KFTC surcharges and criminal punishment.

The combination of greater detection risk and more serious consequences makes early assessment of potential Korean exposure increasingly important. When a potential cartel issue with a Korean nexus is identified, companies should consider how the matter should be investigated internally, what steps may be needed to preserve relevant evidence, and how developments in Korea may affect the company's overall approach.

Companies should also evaluate the available strategic options early in the process. Depending on the circumstances, this may include decisions about whether and when to engage with the Korean authorities and whether to apply for leniency under the separate administrative and criminal leniency regimes. For companies operating across multiple jurisdictions, potential Korean exposure should be considered as part of the broader cross-border response, with the Korean dimension factored into the company's global strategy from the outset.

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