

Korean New Deal

Innovation and Technology in the post-COVID-19 Era



Ministry of Economy
and Finance

Contents

1. COVID-19 Status

2. COVID-19 & 3 Policy Priorities

3. The Korean New Deal

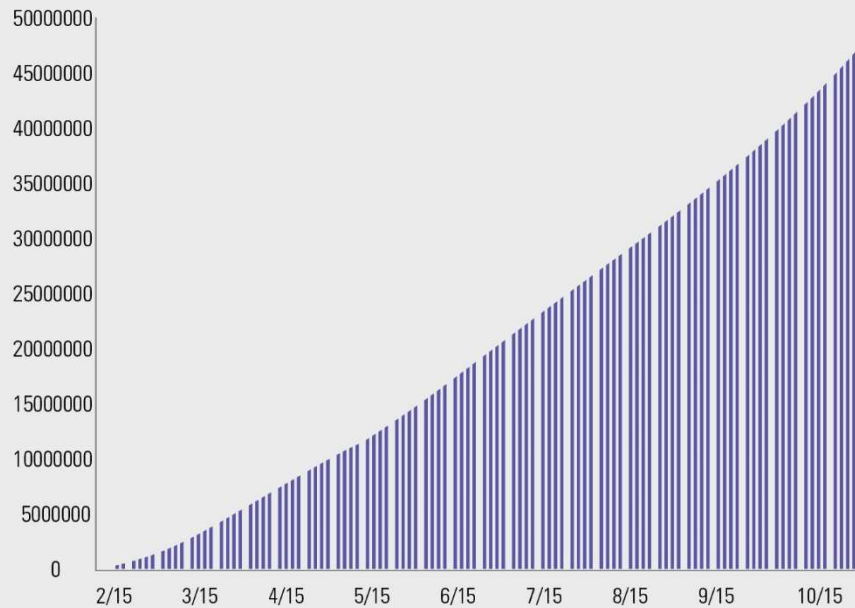


Current COVID-19 Situation



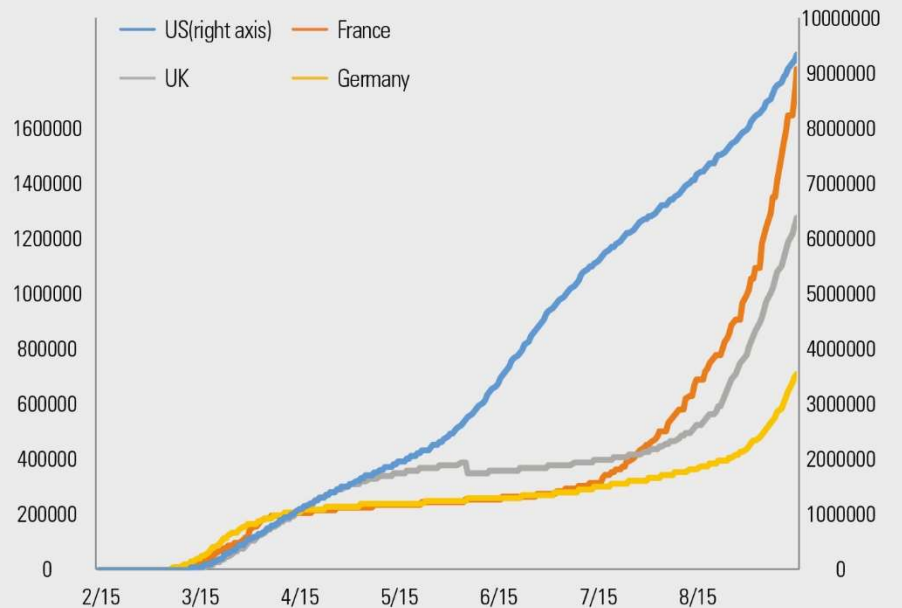
Global COVID-19 Cases Still Rising Quickly

Cumulative COVID-19 Cases Worldwide



European Countries Seeing Second Rise in COVID-19 cases

Cumulative COVID-19 Cases in US&European Countries



Comparison Between Korea and the New York State

1. COVID-19 Status



Korea

Population : 51.8million
Size : 100.4thousand km²
COVID-19 Cases: 26,807
(as of Nov 3th)



New York State

Population : 19.5 million
Size : 141.3 thousand km²
COVID-19 Cases: 511,368 (as of Nov 3th)



Korea is about 0.7 times the size of the New York State,
With a population size about 2.7 times of that of the New York State

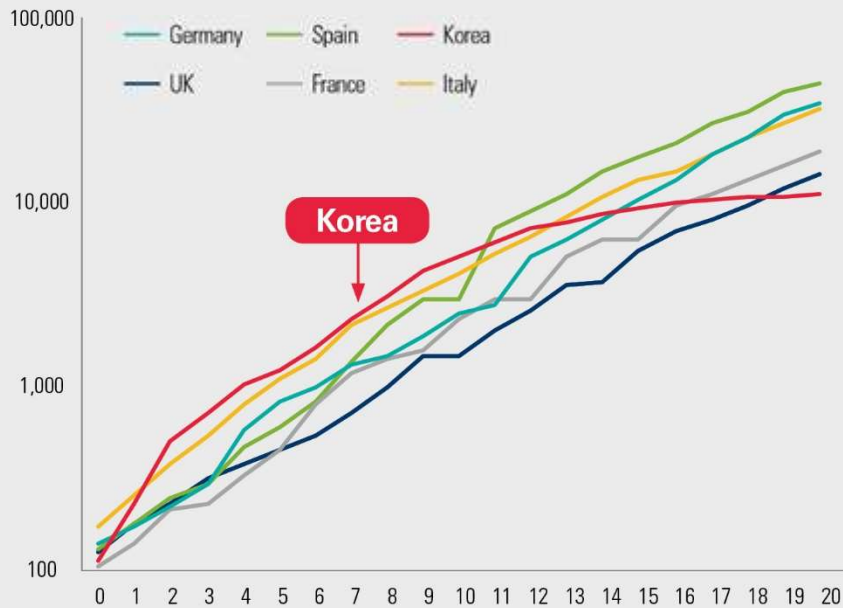
➡ **Korea is densely populated, which makes the country more vulnerable to a contagious disease**

COVID-19 Situation in the World



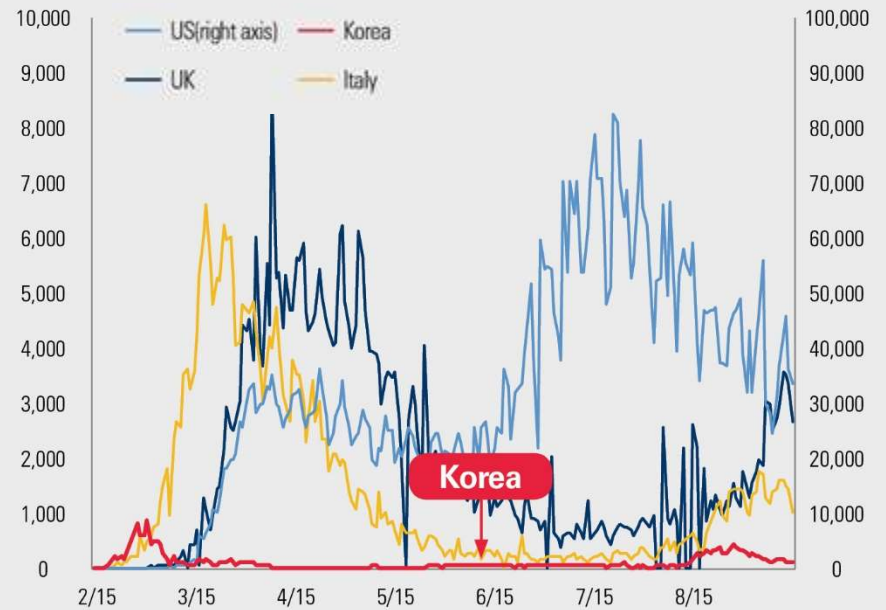
**In early March, Korea and European Countries
Appeared to be on Similar Paths**

Cumulative COVID-19 Cases by Number of Days Since 100th Cases



**Korea Managed to Flatten
the COVID-19 Curve**

Daily COVID-19 Cases



Main Features of the Korean Response : 3T+α

Flattening the curve on COVID-19 : South Korea's measures in tackling the initial outbreak of coronavirus

(American Journal of Epidemiology, Oct 27th)

American Journal of
Epidemiology

Issues More Content Submit Purchase Alerts About

ACCEPTED MANUSCRIPT

Flattening the curve on COVID-19 : South Korea's measures in tackling initial outbreak of coronavirus

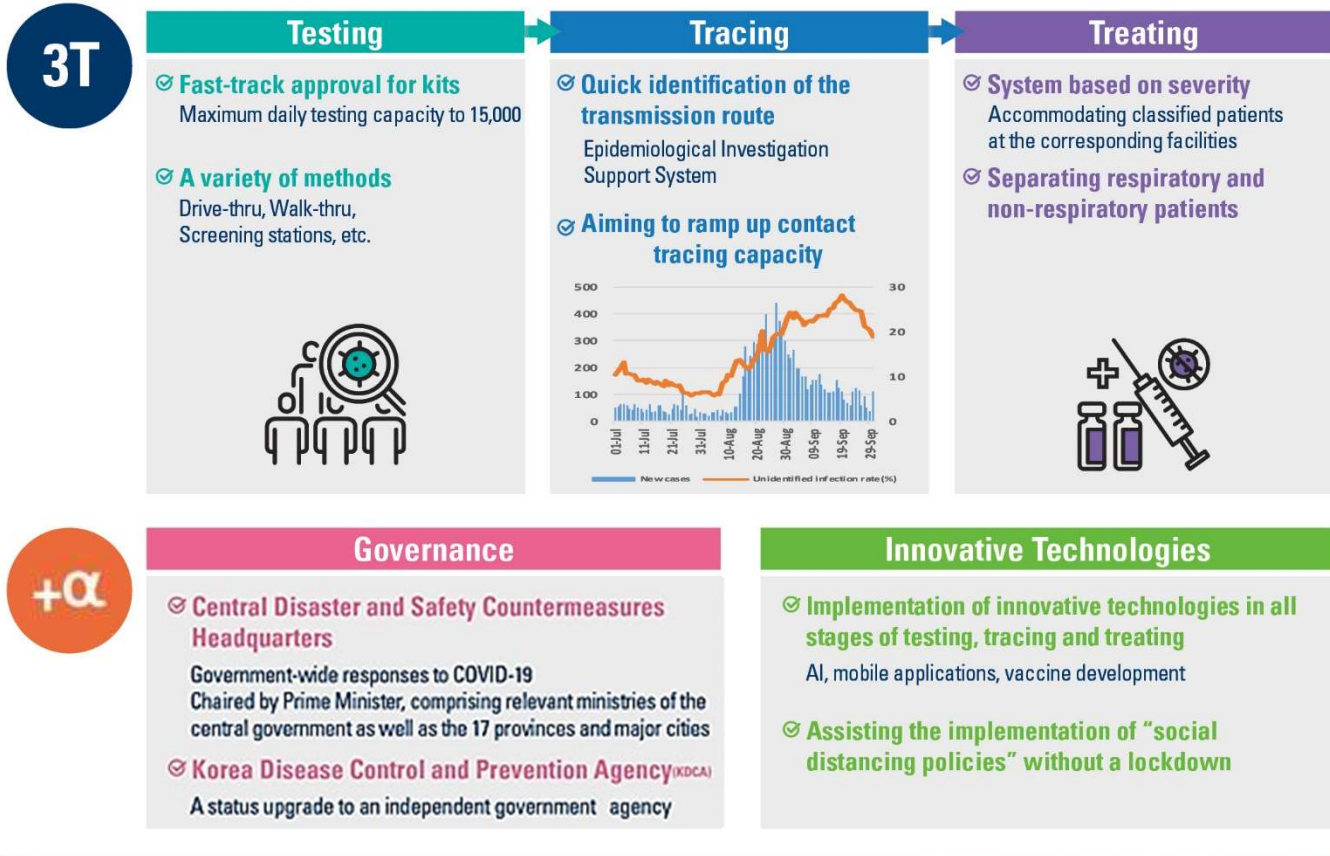
Daegu, ... Kwangmo, Heo, Yongseol
Sohyun Lee,

American Journal of
Epidemiology
Published: 27 October 2020

PDF Split View Cite

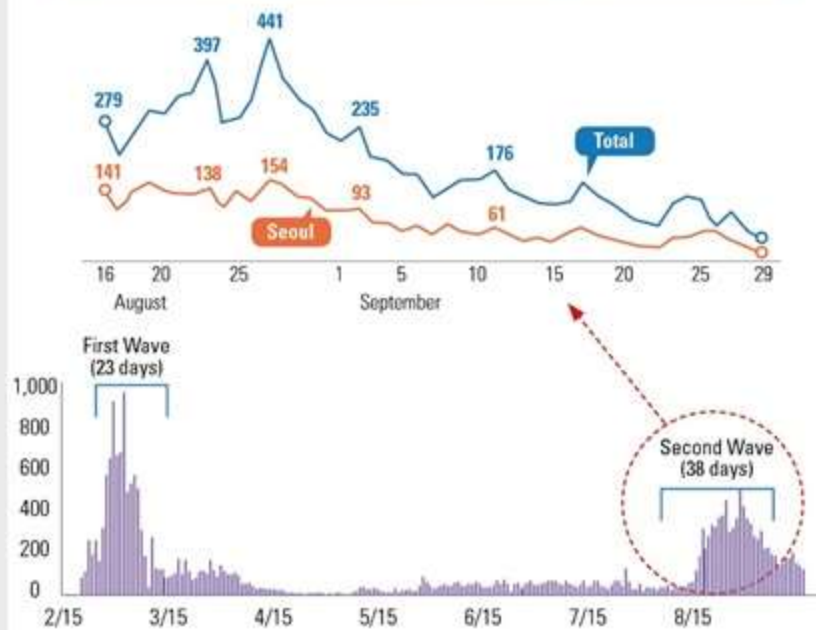
Abstract

The spread of coronavirus disease (COVID-19) is a global crisis around the world, with South Korea experienced a surge of COVID-19 cases in early 2020. To flatten the COVID-19 curve in only 2 months, South Korea achieved as such, this study examines the Korean government's COVID-19 response. The Korean government's COVID-19 response was drafted the 'Tackling COVID-19: Korea's Strategy' in the past South Korean government experience of the 2015 MERS (Middle East Respiratory Syndrome) outbreak. This paper finds that the Korean government's 'one team' approach efficiently cooperated with the private sector. A 'one team' approach is needed to combat the spread of COVID-19. Second, an effective communication technology (ICT) approach is needed to contain COVID-19. Third, an effective communication technology (ICT) approach is needed to the successful partnership between the government and the private sector.

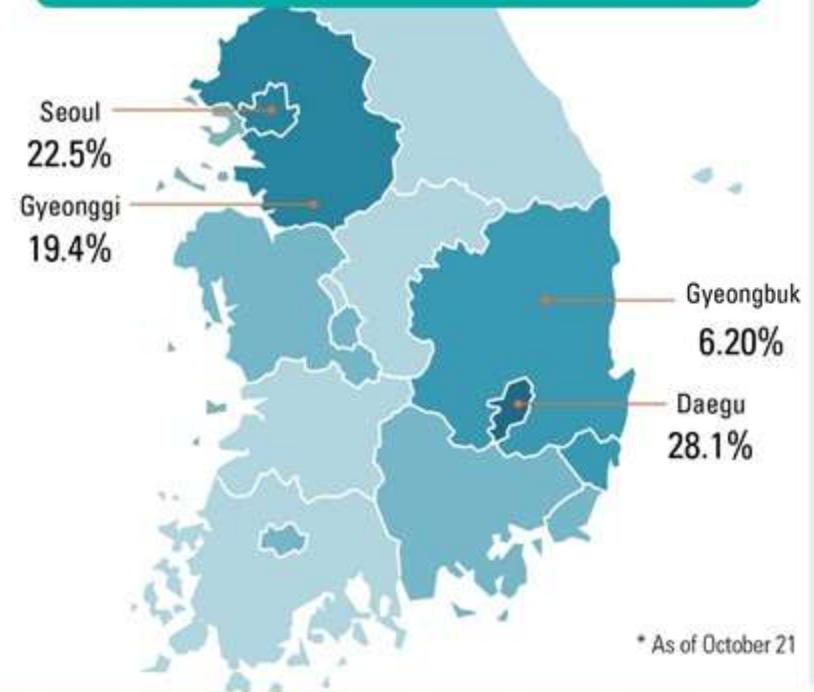


"Sleeping with the Enemy"

Daily new COVID-19 cases



Regional Breakdown of Confirmed Cases



➔ **Containing COVID-19 at a manageable level without a lockdown**

Tasks to be solved

① Contract tracing and the protection of privacy

- Finding suitable balance between the collection of personal information and the protection of the privacy of an infected individual



② Reopening of the economy and the loosening of social distancing measures

- Strong lockdown and social distancing measures have been successful in flattening the COVID-19 curve, but significant economic, social and political consequences have followed
- When and how can we reopen our economies and get back to normal life?



③ Preparing for the second wave of COVID-19

- Countries including Korea experienced a resurgence in COVID-19 cases after the loosening of social distancing



Contents

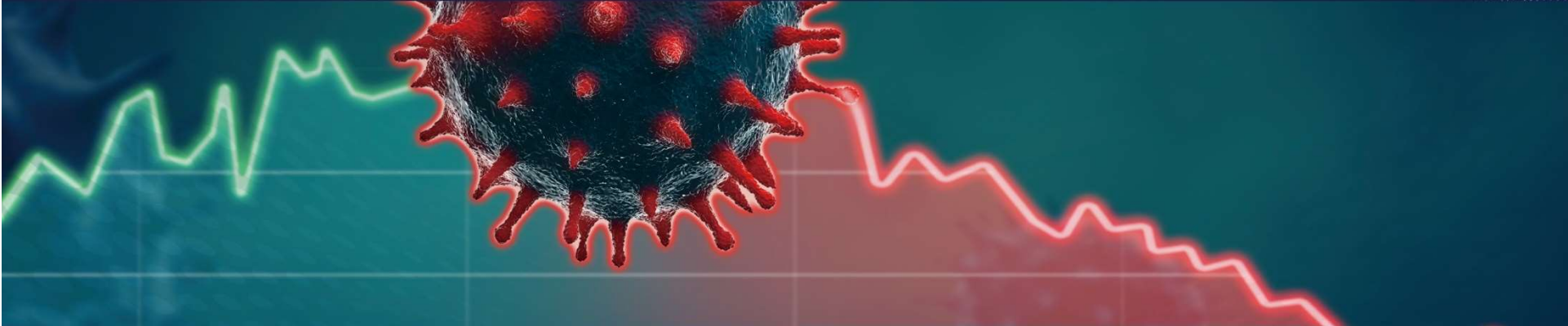
1. COVID-19 Status

2. COVID-19 & 3 Policy Priorities

3. The Korean New Deal



Global economy

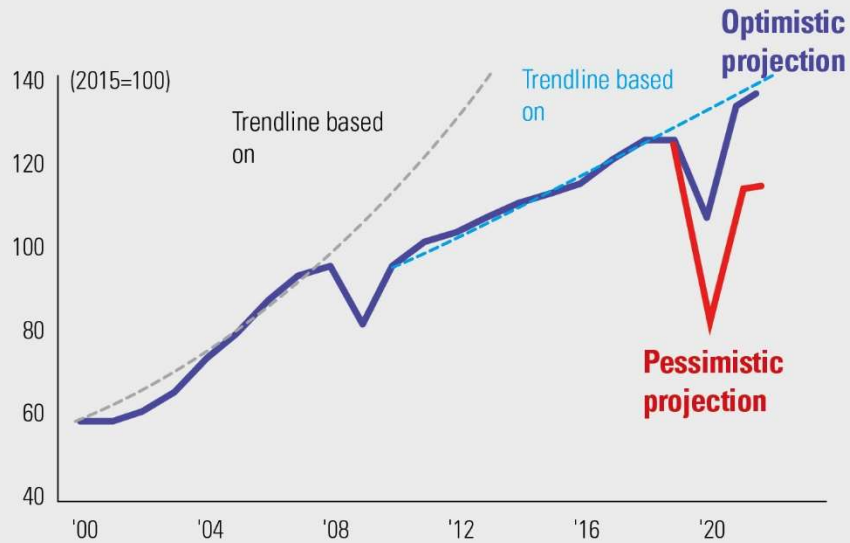


Global economic growth rate



OECD Economic Outlook, June 2020

World merchandise trade volume



WTO, April 2020

➔ **Worst economic downturn since the Great Depression in the 1930s**

THE WALL STREET JOURNAL.

ECONOMY | ASIA ECONOMY

Coronavirus Pandemic Hits South Korea's Export-Reliant Economy

Country slipped into recession as it notched its worst performance since the Asian financial crisis

South Korea fell into a recession in the second quarter as the [coronavirus pandemic](#) took a heavy toll on the export-reliant country, which recorded its worst performance since 1998 when it was embroiled in the Asian financial crisis.

Gross domestic product shrank 3.3% between April and June from the previous quarter, following a quarter-on-quarter contraction of 1.3% for the months of January to March, Bank of Korea data showed Thursday.

The latest reading missed the median forecast of a 2.4% sequential fall by economists polled by The Wall Street Journal, reflecting the challenges export-reliant economies face on the path to recovery as [patchy economic reopenings in other parts of the world](#) weigh on a pickup in exports.

“Experts expected the coronavirus to gradually settle down, but the level of slowdown [of the virus’ spread] has fallen short of expectations,” said Park Yang-su, head of Bank of Korea’s economic statistics department.

South Korea’s export figures, seen as a bellwether for trade, fell sharply by 16.6% from the previous quarter on weak demand for cars and petrochemicals. Investments in construction and factories swung into contraction during the same period, the data showed.

3 Policy Priorities

2. COVID-19 &
3 Policy Priorities

① PROTECTING

The Vulnerable and Small Businesses



② PRESERVING

Economic Resilience

③ PREPARING

For the Post-COVID-19



① PROTECTING the Vulnerable and Small Businesses

Measures for the Employment

- Expanding **employment retention subsidies**
- Stabilizing the livelihood of workers outside the employment insurance
- More support for job seekers including **unemployment allowance, job seeking**
- Creating **1.54 million jobs** in the public sector

Measures for the Small Businesses & SMEs

- **Financial Support Program**
 - Super-low interest loans, emergency management funds
 - Policy financial institutions to **extend existing loans & collateral**
- Government bears **50% of rent discounts** voluntarily by landlords



Measures for the Low

- **Emergency relief payments** for all Koreans (400,000 won for a single-person household, 600,000 won for a two-person household, 800,000 won for a three-person household, 1 million won for households with 4 or more)
- Expanding the social **security contribution reliefs** for the low-income group

Measures for Financial Stability

- **Bond Market**
 - Bond Market Stabilization Fund
 - Supporting purchase/conversion of the corporate bond
- **Securities Market**
 - Securities Market Stabilization Fund
- **Money Market**
 - SPV to purchase corp bond & CP

② PRESERVING Economic Resilience

2. COVID-19 &
3 Policy Priorities

Fiscal Stimulus

- Creating domestic demand through **pre-payments** and **pre-purchasing**
- Scaling up **construction investment** by government and public institutions
- **Tax relief** to induce consumption

Promoting Trade

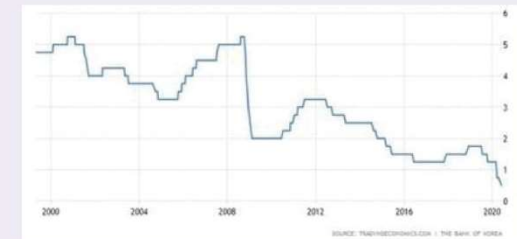
- Extending deadlines for **loans** and **insurance payments**
- **Untact** export support
- Assisting **Korean businessmen** enter foreign countries

Industry Specific Support

- **(Aviation)**
Emergency loans for LCCs,
Exemption/Deferrals
- **(Shipping)**
Lowering port fees, Purchasing corporate bonds for small, medium-sized companies
- **(Auto)**
Applying special tariffs to auto parts
Reducing individual consumption tax

Accommodative Monetary Policy

- Lowering the **Base Rate** (0.75% → 0.50%)

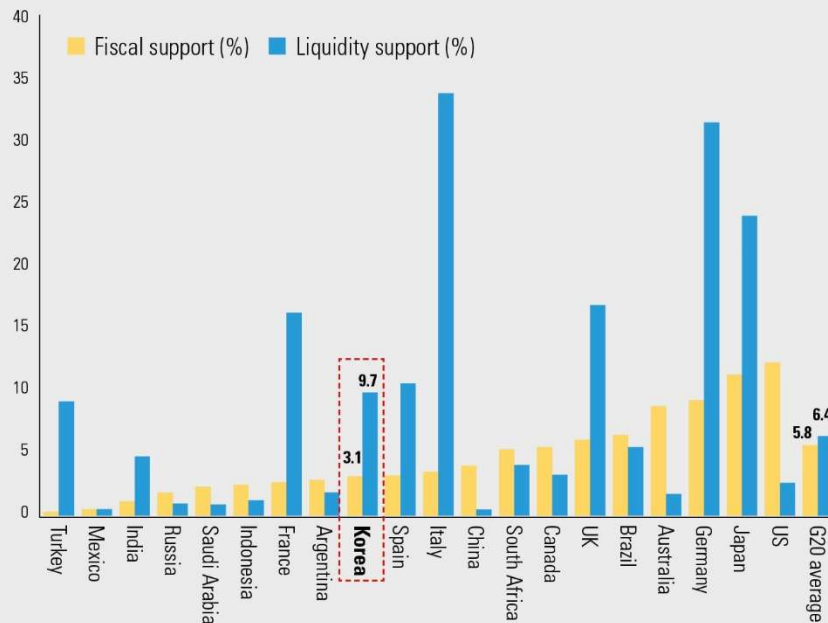


② PRESERVING Economic Resilience - Fiscal Stimulus

2. COVID-19 &
3 Policy Priorities

Support measure of 277 trillion won (14.4% of GDP) prepared in response to the COVID-19 crisis

Fiscal support of 58.1 trillion won (3.1% of GDP)
is the 12th largest among G20 countries



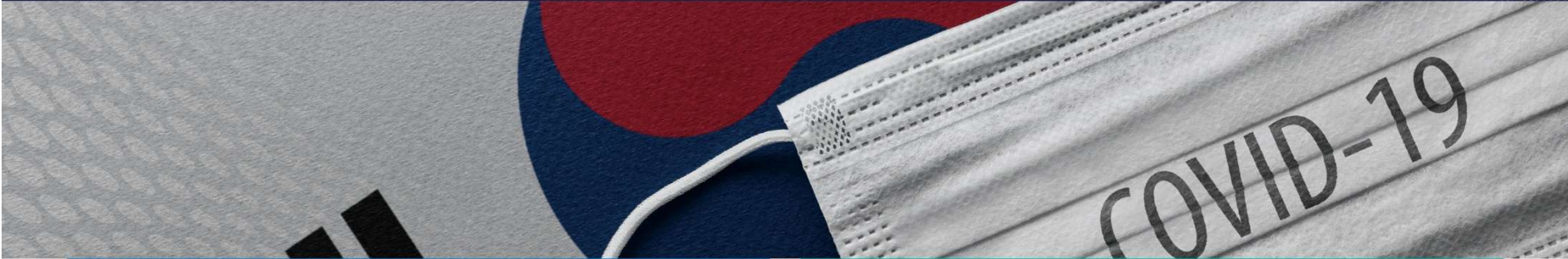
IMF, June 2020

Korea's export recovery on track

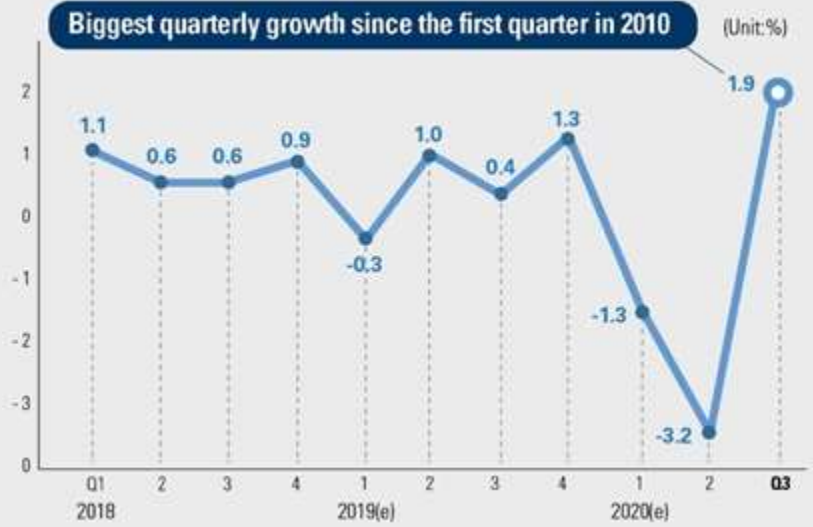


➔ Korea has responded to the economic crisis relatively well with measures including fiscal support

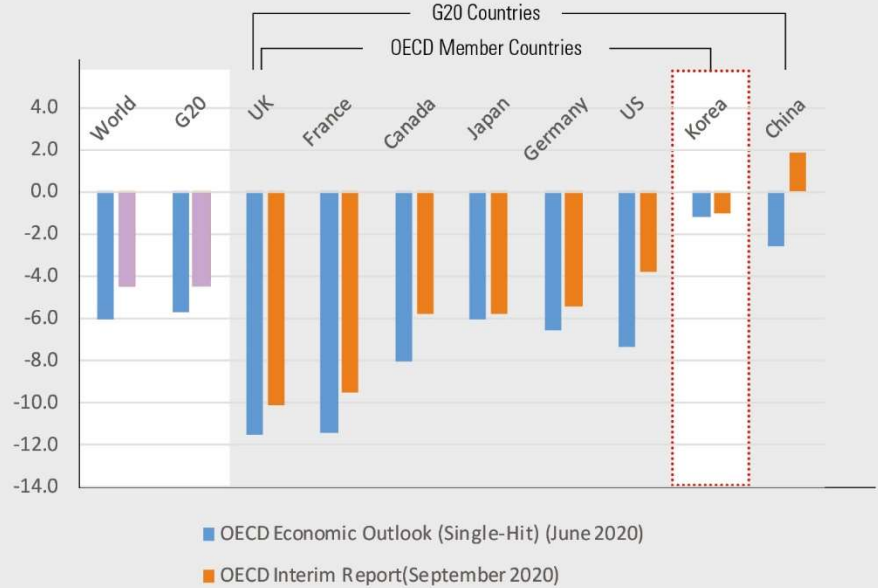
② PRESERVING Economic Resilience - Growth trajectory beginning to normalize



Korea's GDP growth



Korea's economy shrinks the least among OECD countries post COVID-19



③ PREPARING for the Post-COVID-19 Era

2. COVID-19 &
3 Policy Priorities

Digital economy

Accelerate transition toward a digital economy

- Rising demand for 'untact' services
- Growing need to invest in digital infrastructure

Green economy

Highlight the need for climate actions

- Long-standing and plentiful warnings on climate change
- Creating new industries and jobs through green investment

Changes in labor market

Call for a tighter and stronger employment safety net

- Transition towards a digital and green economy leading to mismatches between jobs and skills
- Intensified job polarization due to decreased demand for low-skilled workers

Contents

1. COVID-19 Status
2. COVID-19 & 3 Policy Priorities
- 3. The Korean New Deal**



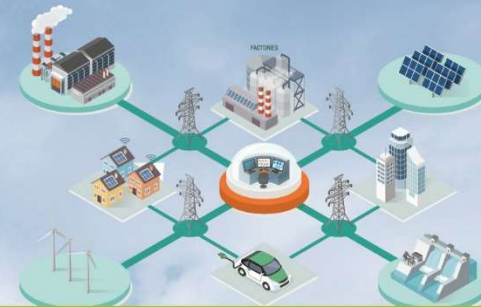
Main policies of the Korean New Deal

3. Korean New Deal



Digital New Deal

Promote digital innovation and dynamics in the economy



Green New Deal

Accelerate transition towards low-carbon and eco-friendly economy

Industrial & technological integration & innovation

Increase investment in human resources to create new jobs

Increase investment in human resources to create new jobs

Stronger Safety Net

Strengthen basis for a people-centered and inclusive country

Fiscal Investment

Create new markets & demand

Institutional Improvement

Accelerate innovation and investment in the private sector

Technology and Innovation

- Create new regional Technology and Innovation(T&I) Lab
- Support EAP regional disruptive technology agenda



WBG Korea Office

Global Hub for Innovation and Technology



Green Innovation

- Expand the Environment, Energy and Urban programs Support Korea Green Growth Trust Fund(KGGTF)



Digital New Deal

- ① Stronger Integration of DNA (data, network and AI) Throughout the Economy
- ② Digitalization of Infrastructures (Social Overhead Capital)
- ③ Digitalization of Education Infrastructures
- ④ Fostering the 'Untact' Industry

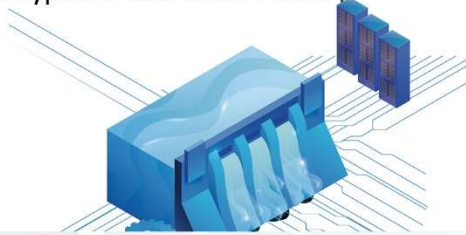


➡ To transform Korea into a smart country that leads the way for future industries

① Stronger integration of DNA (data, network and AI) throughout the economy

Collect, disclose and utilize data

- Disclose 142,000 public data
- Introduce vouchers for data purchasing, processing and AI-learning
- Collect 1,300 types of data for AI-learning



Expand the integration of 5G and AI into industries

- Produce 195 immersive contents
- Build 12,000 smart factories
- Support 1,000 startup businesses providing untact services



Make a smart government

- Establish 5G in phases at all government complexes
- Adopt cloud computing of public information system



Advance cyber security

- Provide installation support on security programs to 6,650 SMEs
- Develop 100 promising businesses for AI security

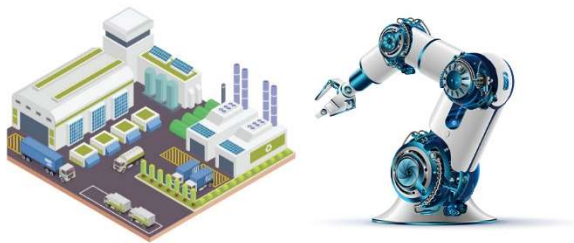


➡ To transform Korea into a smart country that leads the way for future

② Digitalization of Infrastructures(Social Overhead Capital)

Build a smart management system

- Adopt Cooperative-Intelligent Transportation System (C-ITS) on major roads
- Set up real-time remote controlling systems for rivers, reservoirs and dams



Add digital innovation to urban spaces and industrial complexes

- Set up comprehensive city management platforms in 108 smart cities
- Establish comprehensive control centers in 10 industrial complexes



Build a smart logistics and distribution system

- Establish 11 smart distribution centers shared by SMEs
- Introduce a certification system on smart distribution centers



➔ To transform Korea into a smart country that leads the way for future industries

③ Digitalization of education infrastructures

Create technology-based education infrastructure

- Provide Wi-Fi to all elementary, middle and high schools
- Replace 200,000 old faculty computers
- Provide 240,000 tablet PCs to 1,200 schools



Strengthen the online education of universities and job training institutions

- Replace old servers and network facilities at 39 national universities
- Develop 2,045 lectures on the 4th Industrial Revolution
- Develop 3,040 e-learning and virtual learning programs



➔ To transform Korea into a smart country that leads the way for future industries

④ Fostering the 'untact' industry

Build smart healthcare infrastructures

- Build 18 smart hospitals
- Provide care service using IoT and AI for 120,000 vulnerable persons



Promote remote working in SMEs

- Support 160,000 SMEs establish remote working system
- Establish 1,562 videoconferencing rooms for SMEs



Support online activities of microbusinesses

- Provide online exhibition and commerce space to 320,000 microbusinesses
- Build 100,000 smart stores and 10,000 smart workshops



➔ To transform Korea into a smart country that leads the way for future industries

Green New Deal

- ① Green Transition of Infrastructures
- ② Low-carbon and Decentralized Energy Supply
- ③ Innovation in the Green Industry



➔ **Achieving a balance among growth, people and nature**

① Green transition of infrastructures

Turn public facilities into zero-energy buildings

- Add renewable energy equipment to 225,000 public rental housings
- Enhance energy efficiency of 2,890 school buildings



Restore the terrestrial, marine and urban ecosystems

- Provide customized environmental solutions to 25 regions
- Create 630 ha of forest as a barrier against fine dust
- Restore the ecosystems in 16 national parks, and 4.5 km² of tidelands



Enhance the management system for clean and safe water

- Make 48 inter-regional and 161 local water supply systems smart
- Remodel 12 water purification plants for inter-regional supply



➔ Achieving a balance among growth, people and nature

② Low-carbon and decentralized energy supply

Build a smart grid for more efficient energy management

- Provide smart meters to 5 million apartments
- Establish eco-friendly generation system in 42 island regions



Promote renewable energy use and support a fair transition

- Find sites for large-scale offshore wind farms
- Support regions expecting difficulties from reduced use of coal power



Expand the supply of electric and hydrogen vehicles

- Provide 1.13 million EVs and 200,000 hydrogen vehicles
- Support the scrappage of 1,160,000 diesel vehicles



➔ Achieving a balance among growth, people and nature

③ Innovation in the green industry

Support businesses in the green industry

- Support 123 SMEs develop green business items
- Create smart energy platforms in 10 industrial complexes
- Set up 100 smart ecological plants and 1,750 clean factories



Lay the foundation for green innovation via R&D and the financial sector

- Support development and commercialization of GHG-reducing technology
- Introduce a loan of 1.9 trillion won for the green sector



➔ **Achieving a balance among growth, people and nature**

Stronger Safety Net

- Prioritize the value for inclusiveness



➔ **Protecting against unemployment and disparities**

Employment and social safety net

Build a universal employment safety net

- Expand employment insurance coverage
- Expand coverage of workers' compensation insurance



Strengthen the social safety net

- Relax the eligibility criteria of the basic livelihood security benefits
- Introduce pilot projects on invalidity benefits



Ensure livelihoods and employment stability

- Provide up to 500,000 won of job search subsidy for 6 months



Help new employees in the labor market

- Provide subsidy of up to 1,800,000 won for hiring young employees in IT related fields



Innovate working environment and industrial safety standards

- Provide regular technical training to prevent industrial accidents
- Improve working condition by eliminating dust and noise



➔ **Protecting against unemployment and disparities**

Investment in Human Resources

Train digital and green talents

- Train 100,000 individuals on AI and software
- Train 20,000 individuals in green-integrated fields



Restructure the job-training system to be future-oriented

- Train 180,000 individuals for new technologies
- Provide digitally based training platforms to SMEs and training institutions



Enhance accessibility to digital infrastructure

- Build an ultrahigh-speed internet network in 1,200 rural villages
- Install 41,000 high-performance Wi-Fi equipment in public places
- Operate 6,000 centers for digital education



➡ **Protecting against unemployment and disparities**

Action Plans for the Korean New Deal

Government Financing

- Maximizing its priming effect



Institutional Reform

- Removing the barriers of regulation
: Operation of the TF for legal/regulatory reforms
- Building the foundation for creativity in the private sector



Private Sector Investments

- Using Private capital for a public participatory
"Korean New Deal Fund"



Regionally Balanced New Deal

- Spreading the Korean New Deal to regions across the country
→ Promoting balanced national growth



Thank You



Ministry of Economy
and Finance

