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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

- US (right axis)
- France
- UK
- Germany
Comparison Between Korea and the New York State

Korea
Population: 51.8 million
Size: 100.4 thousand 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*
In early March, Korea and European Countries Appeared to be on Similar Paths

Korea Managed to Flatten the COVID-19 Curve

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

Daily COVID-19 Cases

[Graphs showing cumulative and daily COVID-19 cases for countries including Korea, Spain, UK, France, and Italy]
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)

3T

- **Testing**
  - Fast-track approval for kits
  - Maximum daily testing capacity to 15,000
  - A variety of methods
    - Drive-thru, Walk-thru, Screening stations, etc.

- **Tracing**
  - Quick identification of the transmission route
  - Epidemiological Investigation Support System
  - Aiming to ramp up contact tracing capacity

- **Treating**
  - System based on severity
  - Accommodating classified patients at the corresponding facilities
  - Separating respiratory and non-respiratory patients

+α

- **Governance**
  - Central Disaster and Safety Countermeasures Headquarters
  - Government-wide responses to COVID-19
  - Chaired by Prime Minister, comprising relevant ministries of the central government as well as the 17 provinces and major cities
  - Korea Disease Control and Prevention Agency (KDCA)
  - A status upgrade to an independent government agency

- **Innovative Technologies**
  - Implementation of innovative technologies in all stages of testing, tracing and treating
  - AI, mobile applications, vaccine development
  - Assisting the implementation of “social distancing policies” without a lockdown
"Sleeping with the Enemy"

Daily new COVID-19 cases

Regional Breakdown of Confirmed Cases

- Seoul: 22.5%
- Gyeonggi: 19.4%
- Gyeongbuk: 6.20%
- Daegu: 28.1%

* As of October 21

Containing COVID-19 at a manageable level without a lockdown
"Sleeping with the Enemy"

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
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Global economy

Global economic growth rate

World merchandise trade volume

Worst economic downturn since the Great Depression in the 1930s
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 shrunk 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.
① PROTECTING
The Vulnerable and Small Businesses

② PRESERVING
Economic Resilience

③ PREPARING
For the Post-COVID-19
**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 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 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 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
PRESERVING Economic Resilience

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

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

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

Accommodative Monetary Policy
- Lowering the Base Rate (0.75% → 0.50%)
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

Korea’s export recovery on track

IMF, June 2020

Korea has responded to the economic crisis relatively well with measures including fiscal support
Korea’s GDP growth

Biggest quarterly growth since the first quarter in 2010 (Unit: %)

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

OECD Economic Outlook (Single-Hit) (June 2020)
OECD Interim Report (September 2020)
PREPARING for the Post-COVID-19 Era

**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
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Main policies of the Korean New Deal

**Digital New Deal**
Promote digital innovation and dynamics in the economy

- Increase investment in human resources to create new jobs

**Green New Deal**
Accelerate transition towards low-carbon and eco-friendly economy

- 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
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
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
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
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
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
### Government Financing

- Maximizing its priming effet

### 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