

# Korea's Green New Deal

## Towards a Low-carbon Society

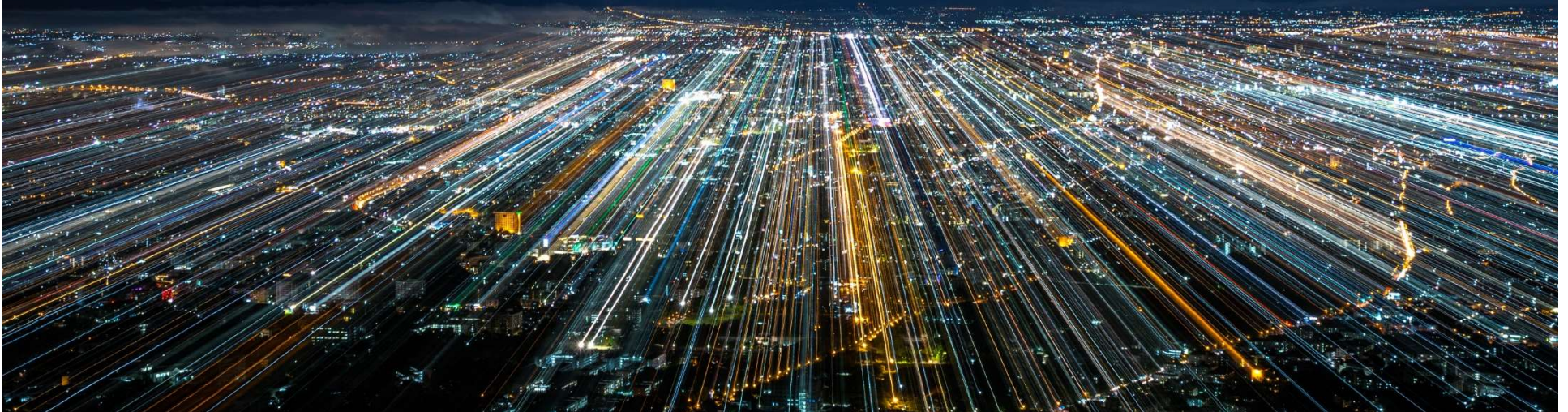


Ministry of Economy  
and Finance

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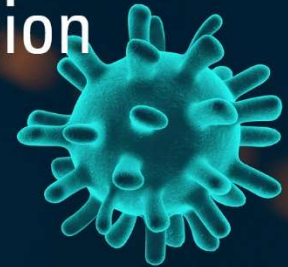
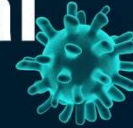
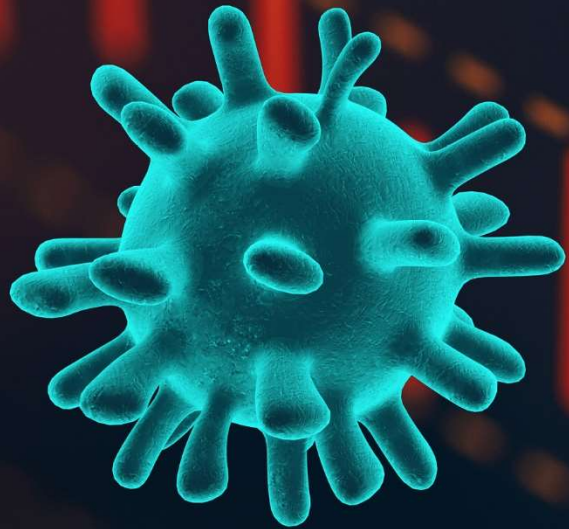




# 1. Background of the Korean New Deal

Two major challenges:

- ① Aiding recovery from severe economic recession
- ② Addressing the structural transformation

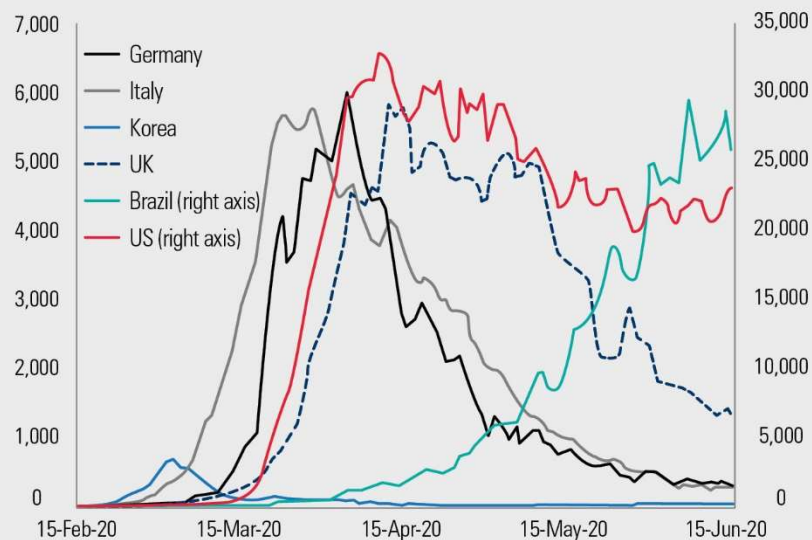


# Unprecedented global crisis from COVID-19

1. Background of the Korean  
New Deal

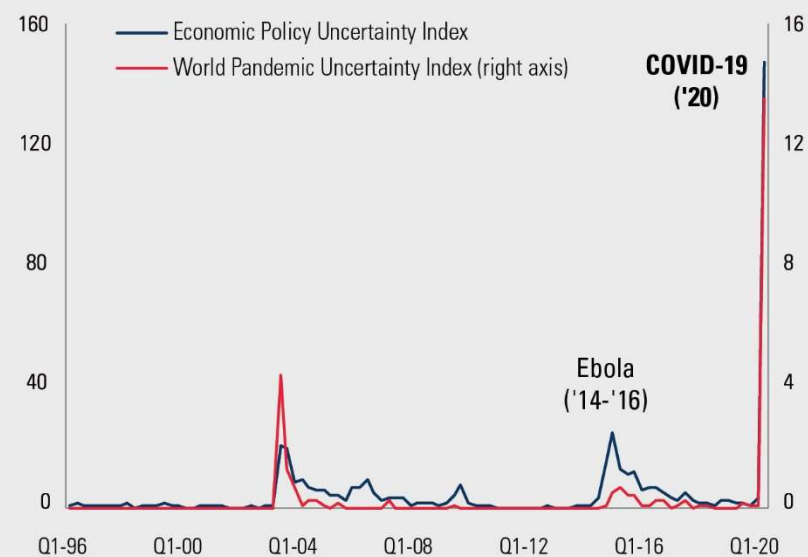


Daily new COVID-19 cases



WHO, 2020

Indices on global uncertainty



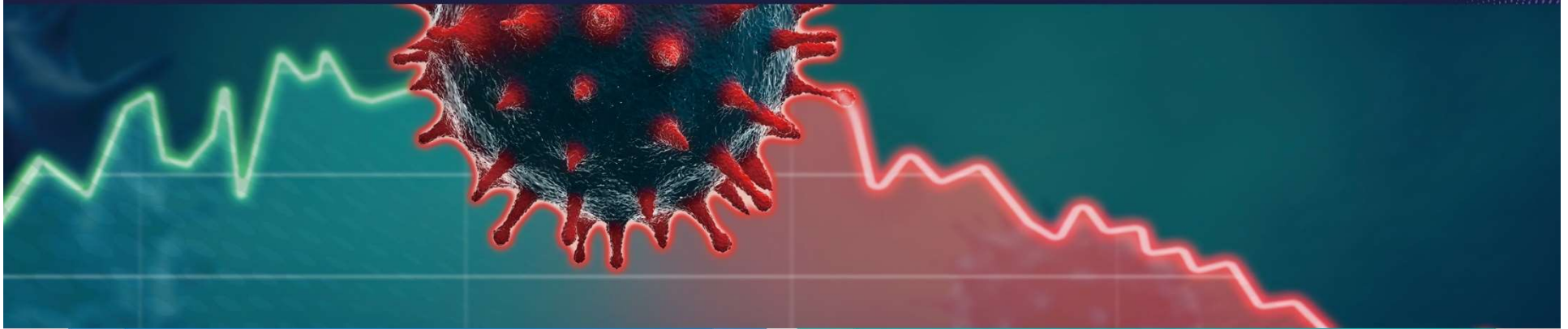
Economic Policy Uncertainty, 2020  
World Uncertainty Index, 2020

➡ Continued uncertainty amid the ongoing pandemic

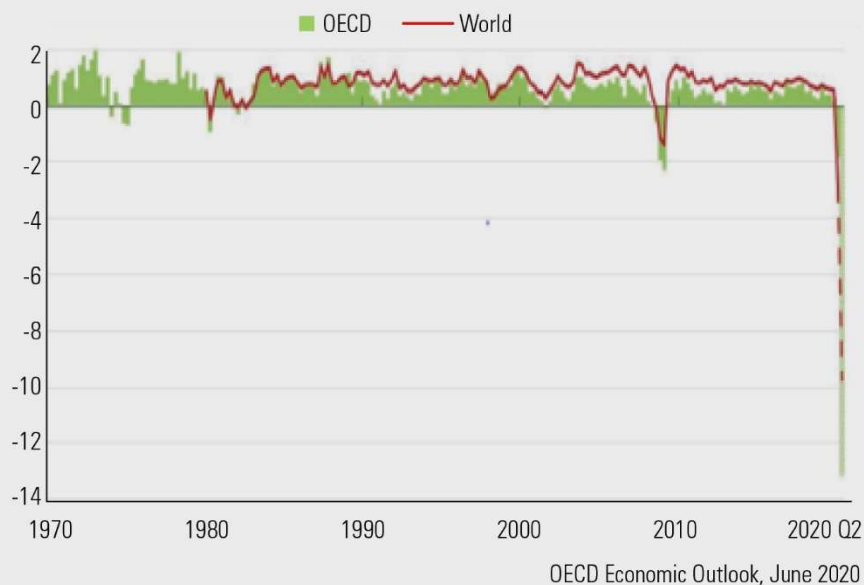


# Global economy

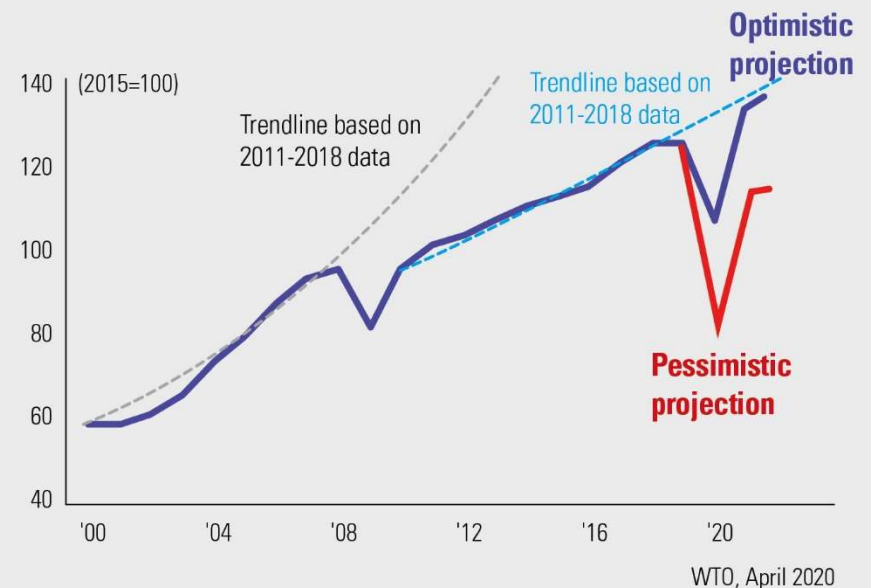
1. Background of the Korean New Deal



## Global economic growth rate



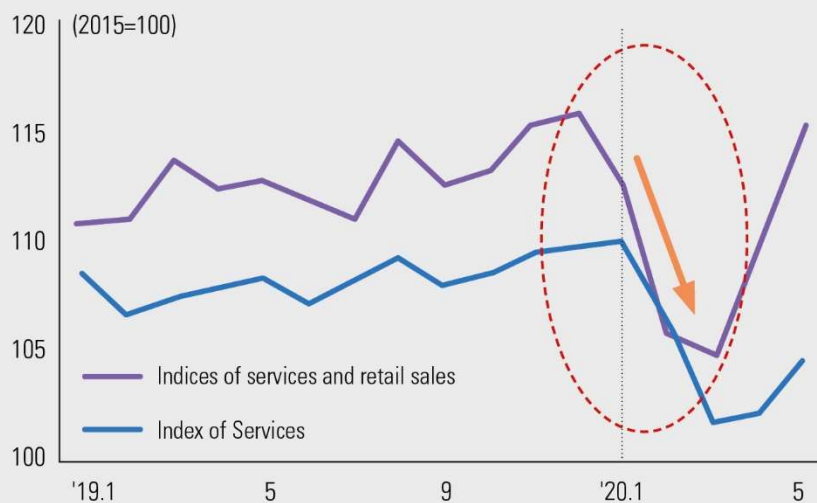
## World merchandise trade volume



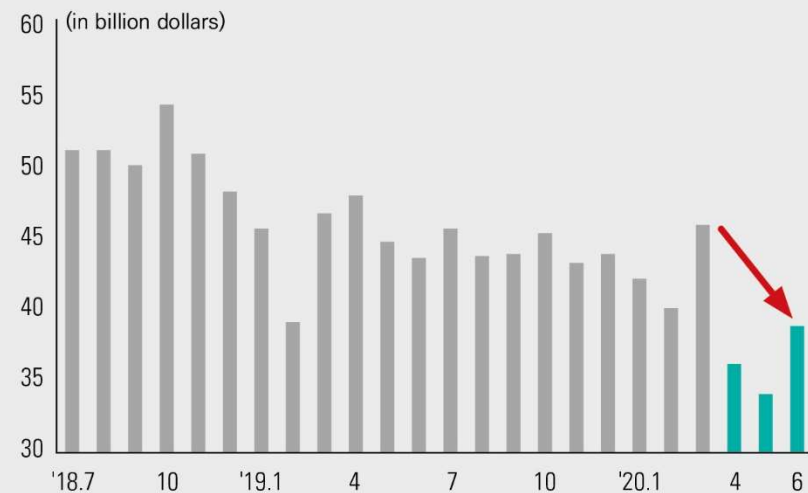
➡ **Worst economic downturn since the Great Depression in the 1930s**



### Indices of services and retail sales



### Korea's monthly export



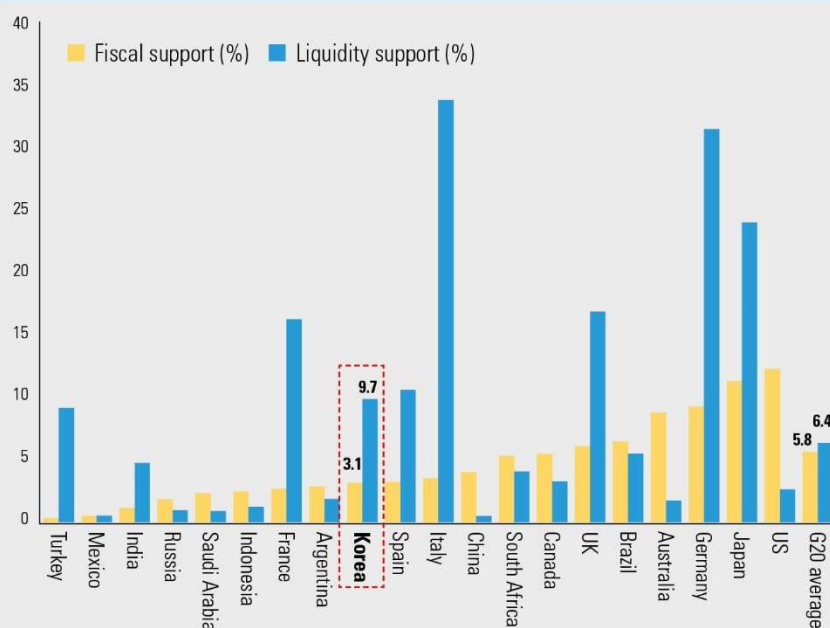
➡ Korea also faces an economic crisis: falling consumption, shocks to employment and slow exports

# Korea's response

1. Background of the Korean New Deal

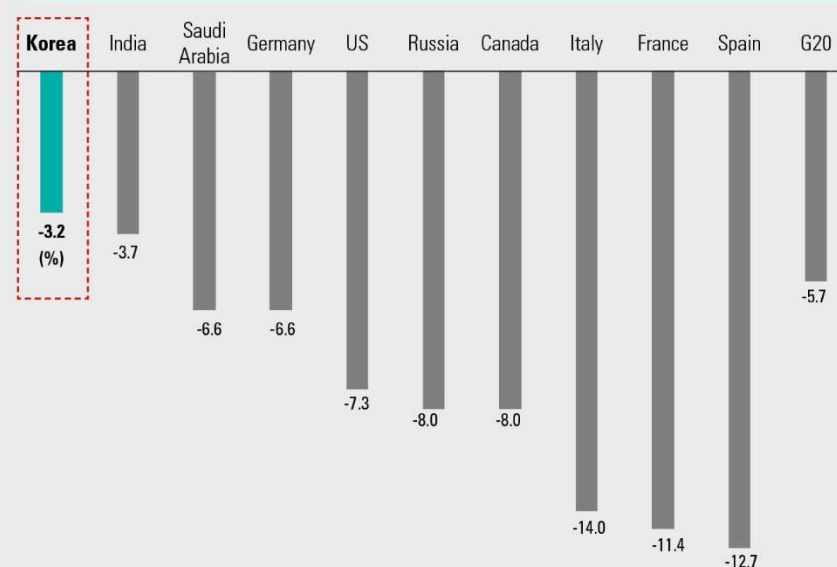
Support measure of 277 trillion won (14.4% of GDP) prepared in response to the COVID-19 crisis

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



IMF, June 2020

Korea's economy shrinks the least among G20 countries post COVID-19



2020 Projected change in GDP under single-hit scenario

OECD Economic Outlook, June 2020

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



# COVID-19 accelerates the transformation of economic and social structures

1. Background of the Korean  
New Deal

## 'Untact' services and digitalization

Faster pace of digitalization, which was in progress even before COVID-19



Reviewing investment of one trillion dollars in 5G infrastructure



Planning to invest 1.2 trillion yuan in data infrastructure by 2025

## Low-carbon and green economy

COVID-19 leading to greater recognition of the urgent need for climate actions



Targeting zero emissions by 2050

RE 100

Firms (Apple, Google, BMW, etc.) committing to 100% renewable power





# Greater demand for stronger safety nets

1. Background of the Korean  
New Deal

## Reinforcing social safety net



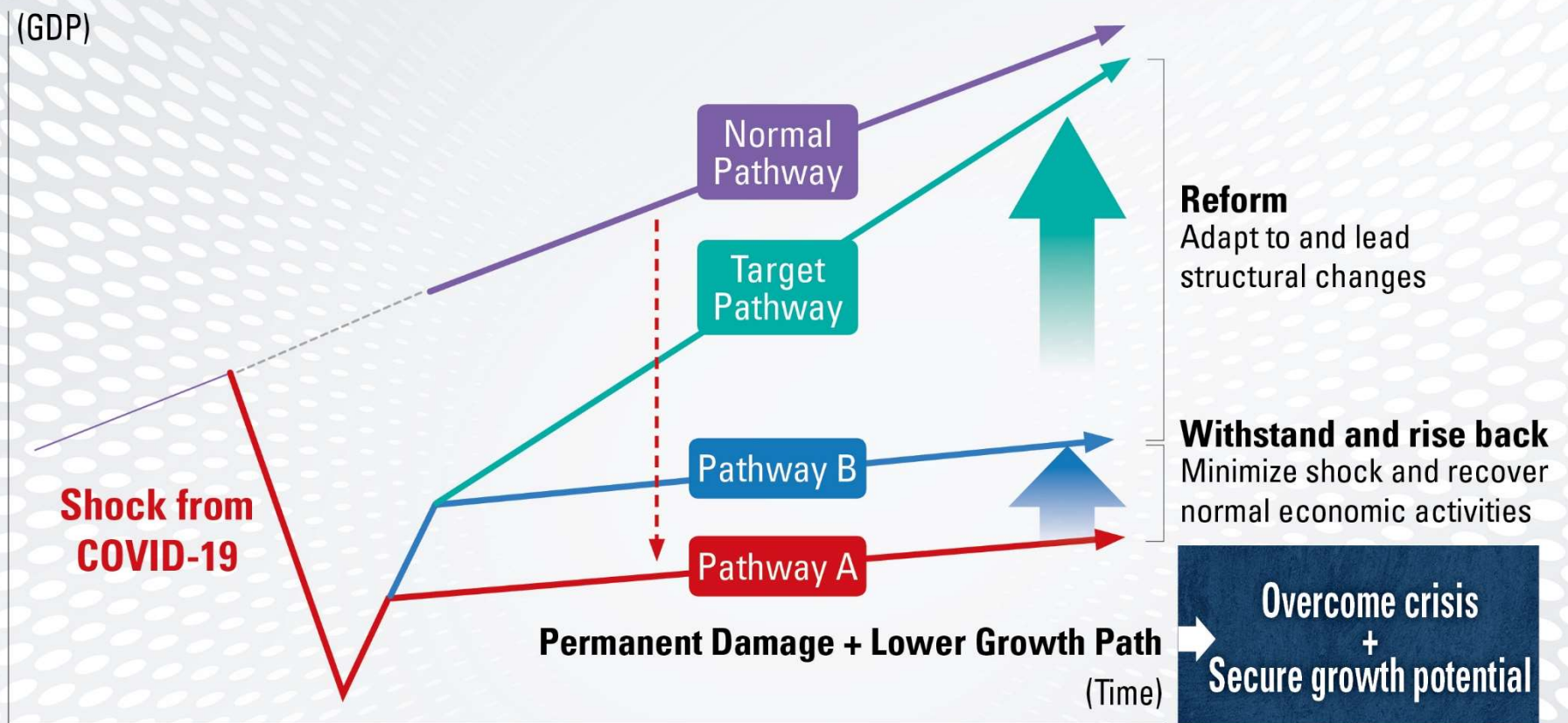
- Greater concerns over unemployment and polarization in the course of structural changes
- Especially high demand from the public to reinforce the employment security system

## Ensuring manufacturing stability



- Aim to minimize setbacks in production from risks such as a pandemic
- Allowing businesses to adapt quickly to new economic and industrial structures

# Korea plans to not only withstand and rise back from the crisis but also go beyond the original pace of growth through reforms



➡ The Korean New Deal was introduced as a national development strategy to recover from the current crisis and lead the global economy in the post COVID-19 era.



## 2. Overview of the Korean New Deal

Expediting the great transformation towards

- a sustainable and innovative country, and
- an inclusive country that focuses on people



# Main policies of the Korean New Deal





# Korean New Deal

## Digital New Deal

1. Stronger Integration of DNA throughout the Economy
2. Digitalization of Education Infrastructure
3. Fostering the 'Untact' Industry
4. Digitalization of Social Overhead Capital(SOC)

## Green New Deal

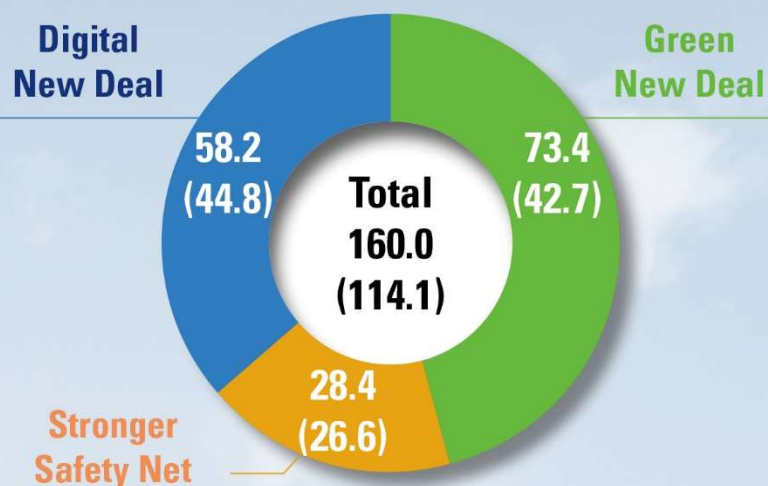
5. Green Transition of Infrastructures
6. Low-carbon and Decentralized Energy
7. Innovation in the Green Industry

## Stronger Safety Net

Employment and Social Safety Net + Investment in Human Resources

## Total Project Cost(from the Treasury)

(~2025, in trillion won)



## Number of Jobs

(~2025, in thousand)



## Investment Plan

[Project Cost (from the Treasury), in trillion won]

	2020 SB-2022	2020 SB-2025
<b>Total</b>	67.7 (49.0)	160.0 (114.1)
<b>Digital New Deal</b>	23.4 (18.6)	58.2 (44.8)
<b>Green New Deal</b>	32.5 (19.6)	73.4 (42.7)
<b>Stronger Safety Net</b>	11.8 (10.8)	28.4 (26.6)

\*SB = supplementary budget

## Number of Jobs Created

[in thousand]

	2020 SB-2022	2020 SB-2025
<b>Total</b>	887	1,901
<b>Digital New Deal</b>	390	903
<b>Green New Deal</b>	319	659
<b>Stronger Safety Net</b>	178	339



# 3. Green New Deal

- Enhance quality of life, foster green industries, and move towards a net-zero society



➡ Invest 73.4 trillion won and create 659,000 jobs by 2025

# 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 km<sup>2</sup> 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



 **Invest 30.1 trillion won and create 387,000 jobs by 2025**



# 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



**➡ Invest 35.8 trillion won and create 209,000 jobs by 2025**

# 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



**➡ Invest 7.6 trillion won and create 63,000 jobs by 2025**





## 4. Implementation Plan

Nationwide approach to ensure  
a strong momentum

# Support structure

## Strategy Meeting on the Korean New Deal

(Chaired by the President)

## Joint Committee between the Government and the Democratic Party

**(Co-chairs)** Deputy Prime Minister of Economy  
Chief of the K-New Deal Committee

**(Participants)** Relevant Ministers (Ministry of Science and ICT; Ministry of Education;  
Ministry of Trade, Industry and Energy; and Ministry of Employment and Labor)  
Heads of Subcommittees

## Ministerial Meeting on the Korean New Deal

(Chaired by the Deputy Prime Minister  
of Economy)

Digital New Deal (Minister of MSIT)

Green New Deal (Ministers of MOE and MOTIE)

Stronger Safety Net (Minister of MOEL)

## K- New Deal Committee

(Chaired by the Chair of the Policy Planning  
Committee of the Democratic Party)

Subcommittee on Digital New Deal

Subcommittee on Green New Deal

Subcommittee on Stronger Safety Net

## Working-level Task Force

led by the Vice Minister of Economy and Finance



# Thank You



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and Finance

