Korea's Green New Deal
Towards a Low-carbon Society
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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

Daily new COVID-19 cases

- Germany
- Italy
- Korea
- UK
- Brazil (right axis)
- US (right axis)

Indices on global uncertainty

- Economic Policy Uncertainty Index
- World Pandemic Uncertainty Index (right axis)

WHO, 2020

Continued uncertainty amid the ongoing pandemic
Worst economic downturn since the Great Depression in the 1930s
Korea also faces an economic crisis: falling consumption, shocks to employment and slow exports
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 economy shrinks the least among G20 countries post COVID-19

Korea has responded to the economic crisis relatively well with measures including fiscal support
COVID-19 accelerates the transformation of economic and social structures

**'Untact' services and digitalization**

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

- **Reviewed investment of one trillion dollars in 5G infrastructure**
  - United States

- **Planning to invest 1.2 trillion yuan in data infrastructure by 2025**
  - China

**Low-carbon and green economy**

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

- **Targeting zero emissions by 2050**
  - European Union

- **Firms (Apple, Google, BMW, etc.) committing to 100% renewable power**
Greater demand for stronger safety nets

**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

**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
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)

<table>
<thead>
<tr>
<th></th>
<th>2020 SB-2022</th>
<th>2020 SB-2025</th>
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</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>67.7 (49.0)</td>
<td>160.0 (114.1)</td>
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<tr>
<td><strong>Digital New Deal</strong></td>
<td>23.4 (18.6)</td>
<td>58.2 (44.8)</td>
</tr>
<tr>
<td><strong>Green New Deal</strong></td>
<td>32.5 (19.6)</td>
<td>73.4 (42.7)</td>
</tr>
<tr>
<td><strong>Stronger Safety Net</strong></td>
<td>11.8 (10.8)</td>
<td>28.4 (26.6)</td>
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*SB = supplementary budget

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**Number of Jobs**

(≈2025, in thousand)

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<tr>
<th></th>
<th>2020 SB-2022</th>
<th>2020 SB-2025</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>887</td>
<td>1,901</td>
</tr>
<tr>
<td><strong>Digital New Deal</strong></td>
<td>390</td>
<td>903</td>
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<tr>
<td><strong>Green New Deal</strong></td>
<td>319</td>
<td>659</td>
</tr>
<tr>
<td><strong>Stronger Safety Net</strong></td>
<td>178</td>
<td>339</td>
</tr>
</tbody>
</table>
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 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

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