COVID19, SDGs, and Green New Deal in South Korea

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1. COVID 19 – Last Warning

1987 Our Common Future, Sustainable Development. UN Report

2008 Global Financial Crisis

2020 COVID 19

Two crisis came from a same source

The way we do economic growth

-Neo-liberalistic economic growth

-Globalization – competition, infinite growth oriented economic policy

-Deregulation on market and financial institution

-Financial and real market collapse

-States' support concentrated on financial institutions with public finds

-Unprotected individuals lost jobs and homes

COVID 19 – Human Space expansion into animal and plant space

-Indiscriminate development for economic growth

-Human realm overlaps with animal realm, more contact b/w man and animals

-Greater probability animal virus transmitted to humans, AIDS, Ebola, SARS, MERS, COVID 19.

-This pandemic is what we brought on ourselves

Developed countries in Europe and America are not better than developing countries

-When government does not protect its people from these crisis, what is role of government? And What is development? What is it for?

2. UN - Sustainable Development, SDGs

Warning on infinite economic growth oriented policy was made by UN in 1987 Took 28 years to be adopted as 17 concrete Sustainable Development Goals that all nations together to achieve by the year 2030.

17 sustainable development goals are becoming international standard and goals for development, sustainable development.

Meaningful because it was adopted by the UN which can represent all nations in the world better than the G7 and G20.

5P: People, Planet, Prosperity, Peace inclusive society and institution, Partnership. The core of UN SDGs is the end of poverty, resolution of hunger, health and well-being, quality education, and gender equality -> "Development as freedom" what Amartia Sen has defined as ultimate goal of development, can be achieved.

COVID 19 is a golden opportunity to make sustainable development realized

3. Response to COVID 19

Response with Extra Budget

2020.March. First extra budget, 11.7 trillion KRW

2020.April. Second extra budget 12.2 trillion KRW

2020.June. Third extra budget 31.3 trillion KRW

Additional 45 trillion KRW by 2025.

Total sum of Budget, 76.3 trillion KRW (US \$62.7 bil) by 2025 (2020-2025)

Supports for Those affected

Supports for Small & CON SME Enterprises	Industry	spec
Measures to encourage rent cuts VAT cuts for businesses KRW0.7 trillion	D Airtines	Emerge landing
earning 80 million won or less a year	• m Tourism	Loan re new un
SME R&D support KRW2.2 trillion Wage support	Shipping lines	Emerge includir
Increase small business wage support (synaw 0.5tmion) and job retention support (synaw 0.5tmion)	Performing Arts	Produc
Support for business reopening KRW 0.3 trillion Those visited by the COVID-19 infected pstw 2 million eachy those closing businesses (vitw2 million each)	Dining out	Expand
Financia	Support	
Measures to Provide Liquidity to Businesses	F	Financi
Low interest rate loans for KRW 12 trillion small enterprises for high credit scores) low interest rate loans from commercial banks using scribes;	 Bond market stabiliz Ajoint fund raised by 84 financ commercial paper issued by b 	
(for middle credit scores) super lowinterest rate loans from Industrial Bank of Korea (Krwsteinioe)	 Stock market Ajointfund raised by 	

(for low credit scores) Low interest rate loans from state-owned Small Merchant Development. Institute www.zromonj

- Guarantees and insurance for exporters KRW6.0 trillion
- Loans for and investments in ventures KRW 1.9 trillion and startups
- Full guarantees for emergency small KRW3.0 trillion enterprise loans
- Purchase of small enterprises' overdue ---- KRW2.0 trillion debt
- Loans for SMEs and medium-sized KRW21.2 trillion leading enterprises

COVID-19 Relief Payments

- Emergency relief payments to households in the bottom 70% income bracket KRW 9.1 trillion, provisional
- Cuts in and payment deferrals on social KRW8.4 trillion security contributions
- Vouchers to help low-income households ---- KRW 1.0 trillion
- Temporarily expand emergency welfare aid KRW 0.2 trillion
- Daycare vouchers to parents with children KRW 1.1 trillion younger than 7 years

Industry-specific supports

Airtines	Emergency financing for low cost airlines, landing fee cuts
) Tourism	Loan repayment defemals and loan extensions, new unsecured loans
e pping lines	Emergency financing, cuts in port charges, including facilities rental charges
forming Arts	Production support and admission fee support
	Expanded loans for farm product exporters

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support	w P
Financial Support Pa	ckage
Bond market stabilization fund KRW	10 trillion + KRW 10 trillion
Ajoint fund raised by 84 financial institutions to buy commercial paper issued by blue-chip companies	corporate bonds and
Stock market stabilization fund	KRW 10.7 trillion
A joint fund raised by 5 financial holding companies companies to invest in index funds.	and 18 leading financial
 Quick bond takeover program 	KRW 2.2 trillion
Korea Development Bank will take over corporate b which will then issue P-CBOs.	onds for sale to KODIT
Corporate bond refinancing	KRW 1.9 trillion
Korea Development Bank will directly purchase inv conversion issue of corporate bonds.	estment grade

Short-term money markets stabilization — KRW 7.0 trillion

Stock finance loans (kRW25 million), Reportmarket financing by BOK(kRW25 million), CP purchases by state-owned banks (kRW20million)

Stimulus Measures to Boost Consumption

- 70% individual consumption tax cut for all passenger cars
- Double the income tax deduction rate for credit or debit card use
- Local governments to expand their KRW3 trillion gift certificates → KRW6 trillion
- 10% payment refund for purchases of energy-efficiency home appliances
 KRW 150 billion
- Central government to expand their gift certificates issuance
 KRW 2.5 trillion → KRW 3 trillion
- Leisure and tourism coupons, as well as maternal health care coupons

The Government of the Republic of Korea. 2020. May. COVID19, Testing Time for RESILIENCE In recovering from COVID-19: Korean experience.

4. Korean New Deal – Digital New Deal, Green New Deal, Employee Safety Net

Area	Policy, program, project	3 yrs. financial resources	Target # of job
Digital New Deal	Strengthening the data, network and artificial intelligence ecosystem, including building big data platforms	6.4 trillion Korean Won(KRW)	222,000
	Establishing a digital inclusiveness and safety net, including the establishment of Wi-Fi in public facilities	800 bil KRW	15,000
	Development of non-face-to-face industries such as the establishment of digital educational infrastructure in elementary, middle and high school	1.4 trillion KRW	28,000
	Digitalizing SOCs, such as building a remote dam gate control system	4.8 trillion KRW	65,000
Green New Deal	Green conversion of infrastructure, such as zero energy in public facilities	5.8 trillion KRW	89,000
	Establishing an ecosystem of green industries, including fostering leading companies in Green New Deal	1.7 trillion KRW	11,000
	Diffusion of low-carbon, distributed energy, such as building a foundation for the diffusion of renewable energy such as solar energy.	5.4 trillion KRW	33,000
Employee Safety Net	Establishing employment safety net for all people	900 bil KRW	
Salety Net	Support for life and job security for people who are not covered by any employment insurance	2.7 trillion KRW	
	Reorganization of future-adaptive vocational training system	500 bil KRW	
	Industrial Safety and Work Environment Innovation	400 bil KRW	
	Support for new entrances to job market and transitions to other job	500 bil KRW	92,000
Total	Plan to invest additional 45 trillion KRW, total sum of 76.3 trillion KRW (US \$62.7 bil) by 2025 (1 US \$=1216 KRW, 2020.6.4). (5 year period, 2020-2025) paper. 2020.6.1. Source: 관계부처합동. 2020.6.1. 2020 하반기 경제정책방향(Related Ministries. Economic Policy Directi	31.3 trillion KRW (US \$25.7 bil)	555,000

5. Experience of Green Growth Policy, 2009-2013

- Korea has experience of green growth during the the economic crisis of 2008.
- Green growth in Korea was aiming for a green turn across all directions like the European Union's Green New Deal introduced in 2019.
- Invest 107.4 trillion KOR (US \$ 83.6 billion) between 2009-2013.
- Not a green growth. Carbon emission, 4 Grand river restoration project, renewable energy industry declining since 2015(Go, 2020), Renewable energy ecosystem not formed, Central government, big business centered policy, etc.



Strategies	Policy Directions	
Measures for Climate Change and Securing Energy Independence	Reduce Carbon Emissions	
	Decrease Energy Dependence and Enhance Energy Self-suffice	
	Support Adaptation to Climate Change Impacts	
Creation of New Growth Engines	Develop Green Technologies as Future Growth Engines	
	Greening of Industry	
	Develop Cutting-edge Industries	
	Set up Policy Infrastructure for Green Growth	
Improving Quality of Life and Strengthening the Status of the Country	Green City and Green Transport	
	Green Revolution in Lifestyle	
	Enhance Global Cooperation on Green Growth	

* Source: Hong Kong and Shanghai Banking Corporation (HSBC), cited in the UNEP (2010: 15).

* Source: UNEP (2010: 17).

Moon, Tae Hoon. 2010. Green Growth Policy in the Republic of Korea: Its Promise and Pitfalls. Korea Observer. Vol.41.No.3.

6. Lessons we learned – for Success of Green New Deal

- Improve governance system of Korean New Deal to secure consistency and integration of policies. Strong political will and strengthening governance system and the role of Commission on Sustainable Development is critical.
- Develop a synergetic and cooperative relationship with all actors-people, big and small business, and central and local Government etc.
- Decentralize central government power to local government and make them move. Support local government based on performance.
- Increase food, energy, and resource self-sufficiency as much as possible with emphasis on conservation and efficient use of all resources.
- Integrated systemic approach in all policy areas. A system for regulation, incentive, participation, and cooperation that creates a virtuous cycle within each segment and among segments of policy.
- Careful policy design, communicate more closely with people, make them a part of Green New Deal



Independent Group of Scientists appointed by Secretary-General. 2019. Global Sustainable Development Report 2019: The Future is Now - Science for Achieving Sustainable Development. United Nations, New York.

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