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GOVERNMENT ANNOUNCES OVERVIEW OF KOREAN NEW DEAL

I. Background

The COVID-19 pandemic has brought changes to ways of thinking and living, accelerating a move to a digital and eco-friendly economy.   As quarantine has become a part of everyday life, demand for remote services surge and remote working is considered usual.   The economy has seen traditional services and small manufacturing fall, while online sales and platform businesses rise.   Major economies, such as the US, EU and China, have been working to expand investment in a digital economy.

With regard to a green economy, the government acknowledges again the impact of climate change on the spread of diseases, as Mckinsey & Company reported in April 2020, seeing how fast COVID-19 has been transmitted throughout the world.   As 241 major multinational companies have joined RE100[1], the country's manufacturing would lose its position in the GVC if we fail in a timely transition to a green economy.

New jobs are expected to increase along with demand for workers equipped with new skills and technologies, but there would also be jobs no longer needed and falling demand for low-skilled workers. The government will work to address these problems by improving retraining programs, providing adequate employee protection and further strengthening social safety nets.

II. Korean New Deal and how to pursue it

1. Korean New Deal

Goal: Transform the economy from a fast follower to a leader, from a carbon-dependent economy to a green economy, with the society going to a more inclusive one

2+1 policies: Digital New Deal and Green New Deal (2) + stronger safety nets (1), which will be implemented with strong fiscal support for pump priming and improved regulations to promote the private sector

Projects: 10 major projects out of a total of 28 projects (12 for Digital New Deal, 8 for Green New Deal and 8 for social safety nets)

- Three projects for Digital New Deal: 'data dam'[2], AI government, smart healthcare infrastructure
- Four projects for digital-green industrial convergence: green and smart schools, digital twins,

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[1] collective commitment to 100% renewable electricity
[2] large collection of data to support big data development

digital SOC, smart and green industrial complexes
- Three projects for Green New Deal: green remodeling, green energy, eco-friendly vehicles

2. How to pursue the Korean New Deal

1) Actively implement policies toward a digital and green economy, as well as strengthen social safety nets for those unable to quickly adapt to the change

- Digital New Deal: Prepare for surging demand for remote services and pave the way to a digital economy, through which the economy will increase its dynamism
- Green New Deal: Pursue a low-carbon and eco-friendly economy, such as by building eco-friendly energy infrastructure, including a 'green energy dam', and work to make the country's eco-friendly industries most competitive in the market, such as eco-friendly vehicles, electricity generation and other technologies
- Stronger safety nets: Work to reduce income inequality among workers due to the economic transition by expanding social securities and job securities, as well as by improving education and vocational training programs to adequately equip with skills for the future

2) Invest fiscal resources and improve regulations

- Make a total of 114.1 trillion won worth of fiscal investment by 2025 to help create new markets and promote the private sector
- Continue to improve regulations to promote innovation and investment by the private sector

3) Focus on the 10 major projects

- The 10 tasks have been selected, which will likely create new markets and more jobs, and have larger impact on the real economy

III. Investment plans and major projects

1. Investment plans

A total of 6.3 trillion won worth of investment will be made over 2020 through the 3rd supplementary budget, then a total of 67.7 trillion won (accumulated) will be invested by 2022, and finally by 2025 a total of 160.0 trillion won (accumulated, 114.1 trillion won from fiscal investment) will be invested, a total of 1.901 million jobs created during the period.

Investment plans by projects

- Digital New Deal: 58.2 trillion won (44.8 trillion won from fiscal investment), 903,000 jobs created
- Green New Deal: 73.4 trillion won (42.7 trillion won from fiscal investment), 659,000 jobs created
- Stronger safety nets: 28.4 trillion won (26.6 trillion won from fiscal investment), 339,000 jobs created

2. Major projects

1) Digital New Deal

- Create industrial convergence with data, network and AI across the economy: Make data open to the public and build big data platforms, promote 5G-AI industrial convergence, launch a smart government based on 5G and AI
- Make education infrastructure digital: Build digital learning infrastructure in primary and secondary schools, promote online classes for college education and job training
- Promote 'untact' industries: Build 18 smart hospitals to provide remote healthcare services, provide digital caring services for seniors and other vulnerable groups in terms of health, help SMEs jointly set up virtual conference rooms, and provide small businesses with support for online sales
- Make SOC digital: Introduce digital management systems to the four major SOC areas of transportation, underground structures (digital twins), water management and disaster response
- Make cities and industrial complexes digital: Build smart cities and smart industrial complexes
- Make logistics digital: Build smart logistics centers, including those near ports, and build online platforms for farm product transactions

2) Green New Deal

- Pursue eco-friendly infrastructure and renewable energy production: Work to achieve the 2030 greenhouse gas emission reduction target and RE3020[3]
- Green transition of infrastructure: Remodel public buildings and schools
- Promote low-carbon and decentralized energy: Build smart grids, and promote distributed energy production and eco-friendly vehicles
- Promote innovation in green industries: Provide technology development support for environment and energy SMEs, build a green industrial cluster to help with technology development, testing, production and marketing, and create about 215 billion won worth of public-private joint funds to grow green businesses, as well as make 1.9 trillion won worth of loans available for businesses investing in environment protection tools and facilities

3) Stronger safety nets

- Employment and social safety net: Invest in employment security and social security programs to expand the coverage
- Invest in human resources: Increase investment in digital and green workforce training programs, improve vocational training programs to adequately equip with skills for the future and expand internet excess in rural areas

IV. 10 major projects

The government has chosen 10 major projects out of a total of 28 projects through close cooperation with the Office of the President and the private sector.   By 2022, a total of 43.4 trillion won (29.5 trillion won from fiscal investment) will be spent on the 10 projects and 516,000 jobs are expected to be created.   By 2025, a total of 100.9 trillion won (accumulative, 68.7 trillion won from fiscal investment) will be spent and 1,111,000 jobs are expected to be created.

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[3] Initiative to reach 20 percent renewable energy production by 2030

Digital New Deal (3 projects)

(trillion won, thousand, accumulated)

Projects	Total investment (fiscal investment)		Jobs created
	2020[1] - 2022	2020[1] - 2025	2020[1] - 2025
Data dam	8.5 (7.1)	18.1 (15.5)	389
AI government	2.5 (2.5)	9.7 (9.7)	91
Smart healthcare	0.1 (0.1)	0.2 (0.1)	2

1. 2020 supplementary budget

Digital-Green Industrial Convergence (4 projects)

(trillion won, thousand, accumulated)

Projects	Total investment (fiscal investment)		Jobs created
	2020[1] - 2022	2020[1] - 2025	2020[1] - 2025
Green and smart schools	5.3 (1.1)	15.3 (3.4)	124
Digital twins	0.5 (0.5)	1.8 (1.5)	16
Make SOC digital	8.2 (5.5)	14.8 (10.0)	143
Smart and green industrial complexes	2.1 (1.6)	4.0 (3.2)	33

1. 2020 supplementary budget

Green New Deal (3 projects)

(trillion won, thousand, accumulated)

Projects	Total investment (fiscal investment)		Jobs created
	2020[1] - 2022	2020[1] - 2025	2020[1] - 2025
Green remodeling	3.1 (1.8)	5.4 (3.0)	124
Green energy production	4.5 (3.7)	11.3 (9.2)	38
Eco-friendly vehicles	8.6 (5.6)	20.3 (13.1)	151

1. 2020 supplementary budget

1. Data dam

(trillion won, %)

	2020	2022	2025
Data market size	16.8	30	43
5G coverage rates	14.3	45	70
Number of AI enterprises	56	100	150

A total of 8.5 trillion won (7.1 trillion won from fiscal investment) will be invested by 2022 and 207,000 jobs are expected to be created. By 2025, a total of 18.1 trillion won (15.5 trillion won from fiscal investment) will be invested and 389,000 jobs are expected to be created.

- Data: Increase big data platforms from 10 to 30 across industries, open up public data as many as 142,000, and build 1,300 data bases for AI learning
- 5G: Promote 5G installation such as by providing tax incentives
- Industrial convergence with 5G: Promote industrial convergence between digital contents and 5G, or self-driving technologies and 5G
- AI-data convergence: Manufacturing, fine dust reduction, infectious disease diagnoses, crime

prevention and other areas closely related to everyday life
- Data library: Organize databases and virtual contents scattered nationwide into a data library

2. AI government

(%)

	2020	2022	2025
Digital public services	Face to face	50 percent digital	Over 80 percent digital
5G network	Wired	Adopt 5G wireless	Build a 5G wireless government network
Cloud computing	17 percent	50 percent	100 percent

The government will invest 2.5 trillion won by 2022, jobs as many as 23,000 expected to be created, and 9.7 trillion won by 2025, jobs as many as 91,000 expected to be created.

- Adopt 5G and the blockchain technology to public services to make the processes fast and smart
- Make public services 100 percent digital by adopting a mobile identification system
- Adopt the blockchain technology to social benefits delivery, real estate transactions and online voting

3. Smart healthcare

	2020	2022	2025
Remote medical care	-	9 smart hospitals	18 smart hospitals
Infectious disease response	-	1,000 respiratory clinics	1,000 respiratory clinics
AI-based diagnoses	-	AI-based diagnoses for 8 diseases	AI-based diagnoses for 20 diseases

A total of 0.1 trillion won (0.1 trillion won from fiscal investment) will be invested by 2022, creating 1,000 jobs, and by 2025, a total of 0.2 trillion won (0.1 trillion won from fiscal investment) will be invested, creating 2,000 jobs.

- Smart hospitals: Invest in 18 hospitals to equip with 5G and IoT so that they provide real time monitoring and cooperation between medical institutions is made possible
- Respiratory clinics: Set up 1,000 respiratory clinics for diagnoses before visiting medical institutions
- AI-based diagnoses: Develop softwares to precisely diagnose 12 diseases, including lung cancer, diabetes and liver diseases

4. Green and smart schools

(trillion won, %)

	2020	2022	2025
Green remodeling of schools	-	1,299 buildings	Over 2,890 buildings
WiFi coverage rate for schools	14.8	100	100
Size of online education industry	3.8	7	10

A total of 5.3 trillion won (1.1 trillion won from fiscal investment) will be invested by 2022, creating 42,000 jobs, and by 2025 a total of 15.3 trillion won (3.4 trillion won from fiscal investment) will be invested, creating 124,000 jobs.

- Remodel old school buildings, making them energy-efficient and run by solar power
- Increase the classroom WiFi coverage for primary and secondary schools to 100 percent by 2022
- Build a digital education platform, which uses big data and provides custom-made education content

5. Digital twins

	2020	2022	2025
High-precision road maps	Expressways	National routes	Local routes with over 4 lanes
Underground public utilities facilities	10 kilometers	30 kilometers	130 kilometers

The government will invest 0.5 trillion won by 2022 and 5,000 jobs are expected to be created, and a total of 1.8 trillion won (1.5 trillion won from fiscal investment) will be invested by 2025, creating 16,000 jobs.

- Create high-resolution 3D maps for the country
- Create high-precision road maps covering expressways and national routes, as well as local routes with more than four lanes
- Build smart management systems for old underground public utilities facilities as deep as 120 kilometers, and dam safety management systems providing real time monitoring
- Build 29 smart ports, as well as smart cities to solve urban problems

6. Digital SOC

	2020	2022	2025
C-ITS[4]	Expressways (85 kilometers, 2 % of them)	Expressways (2,085 kilometers, 51.2 % of them)	Expressways (4,075 kilometers, 100%)
Smart water supply management system	Plan for inter-municipal systems	Make 39 systems smart	Make 48 systems smart
	Plan for municipal systems	Make 161 systems smart	Make 161 systems smart
Adopt early disaster warning system	-	510 places	510 places

A total of 8.2 trillion won (5.5 trillion won from fiscal investment) will be invested by 2022, creating 73,000 jobs, and by 2025 a total of 14.8 trillion won (10.0 trillion won from fiscal investment) will be invested, creating 143,000 jobs.

- Adopt C-ITS to major routes, install IoT sensors on railroads and build 4th generation wireless networks for railways
- Introduce 'untact' biometric systems to airports, as well as digital marine resources management systems to fishing areas
- Adopt smart water management and smart water supply management
- Install a total of 510 early disaster warning systems in areas with high risks of natural disasters, such as steep slopes

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[4] Cooperative Intelligent Transport System

7. Smart and green industrial complexes

	2020	2022	2025
Number of smart industrial complexes	7	10	15
Number of clean factories		700	1,750
Industrial complexes where recycling between manufacturers is promoted		27	81
Fine dust reduction systems for small manufacturers'	4,182	10,182	13,182

A total of 2.1 trillion won (1.6 trillion won from fiscal investment) will be invested, creating 17,000 jobs, and by 2025 a total of 4.0 trillion won (3.2 trillion won from fiscal investment) will be invested, creating 33,000 jobs.

- Smart industrial complexes:　Set up simulation centers to test manufacturing processes and adopt remote monitoring systems against the releases of toxic chemical substances, which use AI and drones
- Build smart energy platforms which control energy generation and consumption in real time
- Green factories:　Build 100 eco-factories, which produce a minimum level of pollutants through recycling, as well as 1,750 clean factories
- Promote recycling between manufacturers within an industrial complex
- Help 9,000 small manufacturers with installing fine dust reduction systems

8. Green remodeling

	2020	2022	2025
Public rental homes	-	186,000 homes	225,000 homes
Daycare centers	-	194 daycare centers	440 daycare centers
Recreation facilities	-	287 facilities	1,148 facilities

A total of 3.1 trillion won will be invested (1.8 trillion won from fiscal investment) by 2022, creating 78,000 jobs, and by 2025 a total of 5.4 trillion won (3.0 trillion won from fiscal investment) will be invested, creating 124,000 jobs.

- Old buildings:　Public rental homes older than 15 years, old daycare centers and healthcare facilities to be remodeled and become energy efficient
- New construction:　Build daycare centers and public sports facilities with energy-efficient and eco-friendly materials
- Recreation facilities:　Remodel a total of 1,148 recreation facilities to be energy-efficient, such as with solar generation systems and LED lamps
- Undergrounding:　Underground power lines and communications cables in school zones, invest 2 trillion won by 2025

9. Green energy

	2020	2022	2025
Renewable energy generation	12.7 GW	26.3 GW	42.7 GW
Source technologies for hydrogen power generation	Basic researches	-	Develop source technologies
Technology standards for cooling and heating with river water	-	Develop evaluation standards	-

A total of 4.5 trillion won (3.7 trillion won from fiscal investment) will be invested by 2022, creating 16,000 jobs, and by 2025 a total of 11.3 trillion won (9.2 trillion won from fiscal investment) will be invested, creating 38,000 jobs.

- Wind power: Help develop test sites in at least 13 areas
- Soar power: Introduce profit-sharing programs among residents, increase loans and support installation costs
- Hydrogen: Develop all the source technologies needed from generation to consumption, and build hydrogen cities
- From fossil fuels to renewables: Support transition from fossil fuel generation to renewable energy generation

10. Eco-friendly mobility of the future

(number of vehicles)

	2020	2022	2025
Electric cars	91,000	430,000	1,130,000
Hydrogen fuel cell cars	5,000	67,000	200,000
Scrap old diesel cars	1,060,000	1,720,000	2,220,000 (by 2024)
Replace old diesel vehicles with LPG vehicles	15,000	60,000	150,000

A total of 8.6 trillion won (5.6 trillion won from fiscal investment) will be invested by 2022, creating 52,000 jobs, and by 2025 a total of 20.3 trillion won (13.1 trillion won from fiscal investment) will be invested, creating 151,000 jobs.

- Electric cars: A total of 1,130,000 vehicles to be supplied, as well as charging equipment
- Hydrogen fuel cell cars: A total of 200,000 vehicles to be supplied, along with the stable supplies of hydrogen fuel
- Old diesel vehicles: Promote scrapping of old diesel vehicles, including construction vehicles and farm machines
- Old vessels: Promote replacing with LNG vessels and use diesel particulate filters (DPF) for public vessels
- R&Ds for future cars: Develop parts for future electric cars, hydrogen fuel cell systems and fuels for eco-friendly vessels

V. Expected outcomes

1. Smart country

Smart industries

A total of 43 trillion won worth of data markets are expected to be created, 18 smart hospitals will be in service and up to 40 percent of work will be done remotely.

Smart government

Eighty percent of public services will become digital, and the government will use cloud computing 100 percent.

Smart cities

There will be high-precision road maps for almost all roads across the country, and 108 smart city management platforms will be set up.

2. Green country

Clean environment

As many as 225,000 public rental houses will be remodeled to be energy-efficient and eco-friendly, 25 cities will be transformed to be smart and eco-friendly, and 723 hectares of urban forests will be set up to reduce fine dusts.

Use low-carbon green energy

There will be 1,130,000 electric cars and 200,000 hydrogen fuel cell cars running across the country, renewable energy production capacities will reach 42.7 GW, and 5,000,000 households will get electricity through smart grids.

Green industries

As many as 1,750 factories will be transformed into clean factories, fine dust reduction systems will be installed in 13,182 small manufacturers, and 10 smart energy platforms will be built.

3. Safe country

Income guarantee

As many as 21 million workers will be covered by the 'employment insurance' programs, and 1.13 million households will be made eligible for social security benefits.

Human resources

There will be 100,000 high tech workers available for AI and SW sectors, and 20,000 high tech workers for green industrial convergence.

Digital inclusion

Internet access will be made available to all rural areas of the country, and 70 percent of the elderly aged 70 or older will be able to enjoy mobile internet access.

VI. Presidential Meeting on the Korea New Deal

There will be a regular meeting (once or twice a month) presided by the President to check on the progress of the Korean New Deal projects. The presidential meeting will be followed up by the Ministerial Meeting on the Korean New Deal headed by Deputy Prime Minister.