



GR Korea – ECCK mayoral election webinar

Main takeaways



- Major internal and external challenges remain – government must focus on Covid-19 containment/vaccinations, boosting economic growth and employment for young, cleaning up real estate scandals, managing foreign relations. It will be a difficult last year, made more complicated by political status.
- President Moon has major initiatives still underway, will work to see them put into force for legacy. Net Zero 2050, digital and green initiatives in the Korean New Deal are forward-looking areas for Korean industry. Major companies making significant investments around them, so not likely to go away with change in government.
- Businesses must continue to work on their priority issues and problems but now must be smart about finding allies in both parties and building relations with new mayors in Seoul and Busan.

Korea in 2021

The Economy: Basics

Economics

- Real GDP -1.0 in 2020, best in OECD. Moon government's stimulus/containment policies deserve credit.
- Real GDP forecast 3.3% 2021, 3.1% 2022. Solid, but lower than G20 average.
- Exports have rebounded since November, but structural problems remain.
- Chaebol doing well. Efforts to boost SMEs have not provided significant improvement. Youth unemployment high.

Politics

- President Moon is chastened, pledging to reshuffle Cabinet, work hard on priorities, but his last year will be difficult.
- Housing and real estate corruption remain problems that must be addressed.
- Seoul City Mayor Oh has political constraints that limit what he can do – Election in 14 months, Democratic Party controls 101 of 109 City Council seats and 24 of 25 wards.

Big Priorities

- COVID management – limiting “4th wave,” accelerating vaccinations.
- Support for SMEs. Addressing housing issues.
- Korean New Deal – Green New Deal, Digital New Deal Invest to create jobs, spur growth in 10 areas
- Net Zero 2050 driving energy transformation (renewables, hydrogen)

External Drivers

- China main trade partner, U.S. main ally; need to balance with US approach to China.
- Relations with Japan tense; US making effort to ease tensions and increase trilateral cooperation on North Korea.
- Relations with U.S. will improve significantly with emphasis on allies, cooperation; Special Measures Agreement negotiations much easier, less demanding in terms of Korea's burden. Questions over North Korea policy.
- RCEP membership positive (C-J-K). Interest in CPTPP but no commitment.

THE KOREAN NEW DEAL

In 2021, the government will prioritise investment in 10 key Korean New Deal projects in order to digitalise and green the economy, creating 360,000 jobs in the process.

Context



22.3%
growth in
e-commerce



1.1 mil
newly
unemployed



30%
decrease in
GHG by 2030



2050
carbon
neutrality goal

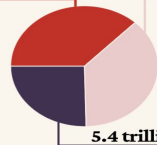
2021

Budget

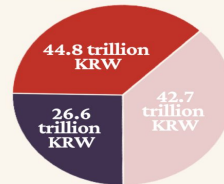
2021~2025

7.9 trillion KRW

8 trillion KRW



5.4 trillion KRW



■ Social Safety Net

■ Green New Deal

■ Digital New Deal

10 Key Projects

Digital New Deal



Data Dam

Promote the use of AI and big data in industry



Smart Governance

Provide smart services and increase cyber security



Smart Healthcare

Build more centres for AI-based disease control and prevention

Digital and Green New Deal



Green and Smart Schools

Make education digitalised and eco-friendly



Digitalisation of SOC*

Create smart transportation and flood management



Digital Twin

Produce detailed digital maps for driverless cars



Smart and Green Industrial Complex

Set up ICT-based energy management and fine dust management systems

Green New Deal



Green remodelling

Transform public buildings into zero energy buildings



Green Energy

Promote wind, solar, and hydrogen power generation



Green mobility

Supply electric and hydrogen cars and create related infrastructure

*GHG: Greenhouse gases, SOC: Social Overhead Capital

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