



## Tackling COVID-19: Economic and Financial Measures of the Republic of Korea

3 June 2020, 1500-1630 (Manila Time), via Microsoft Teams

### I. Background and Context

1. The Republic of Korea's (ROK's) effective model in tackling the COVID-19 has been based on a "TRUST"<sup>1</sup> strategy—an acronym for "Transparency, Robust screening and quarantine, Unique but universally applicable testing, Strict control, and Treatment." The ROK's **3Ts method** in testing, tracing and treatment was built around a strong national system for promptly and effectively responding to the COVID-19 pandemic. The 3Ts method has been internationally recognized as a successful strategy in flattening the epidemiologic curve.
2. The ROK used a "whole of government approach" with a decisive central leadership working in tandem with local governments and other government institutions. The Korea Centers for Disease Control and Prevention spearheaded the response anchored on transparency and open communication, public-private partnerships, data-driven deployment of public health measures, and innovative solutions hinged on technology and big data.
3. The ROK Government recognized that addressing the COVID-19 pandemic required multi-faceted responses beyond health given the evolving complex situation. President Moon Jae-in at his meeting with business and labor leaders on 18 March 2020<sup>2</sup> informed "The COVID-19 outbreak is simultaneously impacting supply and demand and causing a multi-crisis for the real economy and finance. As the entire world is going through this problem, the economic crisis is highly likely to be prolonged." He added that "we will not be constrained by precedent and will take additional preemptive, bold and sufficient measures to revive the economy for ordinary people's livelihoods while responding to global economic shocks."
4. The ROK Government tried to overcome the downturn by utilizing monetary, economic and fiscal policies. It utilized reserve funds and supplementary budget for economic measures of over 50 trillion won (US\$40.67 billion) to help businesses and households affected by the COVID-19 outbreak. Four financial stimulus packages in varying amounts and tapping supplementary budgets were implemented in February to March 2020. The stimulus packages<sup>3</sup> had multiple objectives and provided support to: (i) boost the local economies, (ii) help maintain businesses, (iii) relieve households, (iv) provide emergency livelihoods, (v) ease the burden on borrowers, (vi) avoid credit crunch, and (vii) stabilize stock markets, among others. The Central Bank of Korea lowered the base rate. The government also raised forex futures trading limits, signed currency swaps with other countries to manage foreign exchange rate, and adopted an Emergency Subsidy for the Disaster.
5. The ROK Government's comprehensive response also spanned sectors and key stakeholders that were affected by the COVID-19 pandemic. Fiscal assistance, tax relief, financial support (e.g. loans and guarantees), administrative assistance and other support programs were provided to: (i) small and medium enterprises (SMEs)

<sup>1</sup> <https://www.theregview.org/2020/05/14/oh-south-korea-success-against-covid-19/>

<sup>2</sup> <http://www.korea.net/Government/Briefing-Room/Presidential-Speeches/view?articleId=183471&pageIndex=5>

<sup>3</sup> Paper on "Tackling COVID-19: Health, Quarantine and Economic Measures of South Korea" as of 31 March 2020 prepared by the Development Finance Bureau at Ministry of Economy and Finance in collaboration with Korea Centers for Disease Control and Prevention and the Ministry of Health and Welfare.

and microbusiness owners; (ii) export industries; (iii) local economies; (iv) airline and shipping industries; (v) tourism, restaurant and services; and (vi) workers and consumers. In April 2020, the government also advised additional economic stimulus packages will be implemented to “tackle the employment shock” and support industries. Emergency financial aid package for small firms, microbusiness owners, and the self-employed will be expanded. The half-year economic policy will be announced in early June 2020 alongside budget approval for increased funding to curb the effects of the COVID-19 pandemic.

## II. Inaugural PACER Dialogue

6. Countries in the Asian region and across the world are grappling with how to balance policy responses that can mitigate the economic costs of the COVID-19 crisis while also minimizing risks to society. Countries can learn from the experience and lessons of the ROK in utilizing monetary, economic and fiscal policies in tackling COVID-19.

7. It is against this background that the Asian Development Bank (ADB), will convene the inaugural dialogue of the **Policy Actions for COVID-19 Economic Recovery (PACER) Dialogues** in virtual format on 3 June 2020 (Wednesday) from 1500-1630 (Manila time) using Microsoft Teams. The title of the inaugural PACER Dialogues is **“Tackling COVID-19: Economic and Financial Measures of the Republic of Korea.”** The PACER Dialogues is organized under the framework of the ADB supported BIMP-EAGA, IMT-GT, and GMS (B-I-G) Capacity Building Program, and will explore measures that can help “B-I-G” member countries, Singapore and Timor-Leste “bounce back” from the COVID-19 pandemic and accelerate economic recovery.

## III. Objectives

8. The objectives of the inaugural PACER Dialogues on economic and financial measures of the ROK in tackling COVID-19 are to:

- promote better understanding on wide-range and multi-faceted policy responses to address the COVID-19 pandemic beyond the health aspects;
- feature the experience and lessons of the ROK in utilizing monetary, economic and fiscal policies in tackling COVID-19; and,
- provide a platform for policy makers to share knowledge and experience and collaboratively learn from each other.

9. At the end of the inaugural dialogue, a Policy Brief will be produced to summarize policy options and recommendations discussed.

## IV. Background Paper and Video, Structure and Timing

10. A background paper will be circulated to all participants as an advance reading and they will also be requested to view the video on ROK’s response to the COVID-19 crisis by accessing the link: <https://youtu.be/VDLYHyeoZY>.

11. The PACER Dialogue process is envisaged to help decision makers broaden their perspectives, appreciate the wider implications of critical policy choices, and identify concrete policy actions. The background paper is prepared for internal use by the PACER dialogue participants and intended to facilitate informed discussions. The indicative structure and timing allocations for the 1.5-hour (90 minutes) inaugural PACER Dialogue is summarized in the program attached.

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Time	Details
15:00-15:10	<p><b>PACER Inaugural Dialogue Overview and Objectives</b> <i>Mr. Ramesh Subramaniam</i> <i>Director General, Southeast Asia Department (SERD), Asian Development Bank (ADB)</i></p> <p>Moderator to deliver introductory remarks on the PACER Dialogue context, objectives and structure.</p>
15:10-15:40	<p><b>Tackling COVID-19: Economic and Financial Measures of the Republic of Korea</b> <i>Dr. Kwangchul Ji</i> <i>Director of International Financial Institutions Division</i> <i>Ministry of Economy and Finance, Republic of Korea</i></p> <p>Presentation on the experience and lessons of the Republic of Korea in utilizing monetary, economic and fiscal policies in tackling COVID-19.</p>
15:40-16:25	<p><b>Open Discussion and Fielding of Questions</b> <i>Moderator: Mr. Ramesh Subramaniam</i></p> <p>PACER Dialogue participants requested to seek additional information and field questions on the experience of the Republic of Korea.</p> <p>To enrich the PACER dialogue discussions, participants are also requested to provide inputs and share analysis and country experiences and lessons on monetary, economic and financial measures aimed at mitigating the negative effects of the COVID-19 pandemic and achieving economic recovery in the medium- and long- terms.</p>
16:25-16:30	<p><b>Synthesis and Summary</b> <b>Closing Remarks</b> <i>Mr. Ramesh Subramaniam</i> <i>Director General, SERD, ADB</i></p> <p>Moderator to provide summary of the policy discussions and key recommendations and deliver the closing remarks.</p>