

Republic of Korea	
Policy responses	
Containment	<p>First reported cases in late January, average daily number of cases peaked at over 500 in early March. Comprehensive testing and tracking brought cases to less than 100 from April through July. Resurgence of infection in August averaging over 300 cases per day by the end of August.</p> <p>Comprehensive testing and tracking have enabled early isolation and treatment while minimizing widespread mobility restrictions.</p> <p>No lockdowns imposed but urged citizens to comply with social distancing and encouraged remote working, 22 March stringent social distancing campaign up till 20 April 2020; basic distancing extended till 5 May.</p> <p>Special quarantine measures and public resources imposed on infect regions.</p> <p>Travel restrictions: In early February, Korea banned travelers from Wuhan; 19 March onwards special quarantine procedures applied to all travelers with temperature checks, health declarations</p> <ul style="list-style-type: none"> • 22 March: all arrivals for long-term stay require mandatory COVID-19 test paid by the government; • 27 March: entrants from US and Europe subject to 14-day self-quarantine; mandatory self-isolation expanded on all entrants in April, fined violation of isolation; • 1 April: mandatory isolation policy expanded to all entrants including short-term stays. • 5 April: penalty enforced on those who violate the isolation with up to a year in prison or up to KRW 10 million (\$8,000) fines. • 13 April: all foreign nationality arriving from US get tested within first three days. • 10 August: government lifted entry restrictions on arrivals from Hubei, China due to no reported cases. <p>22 August: authorities raised Level Two of distancing guidelines around country as preemptive measures.</p> <p>Closure of schools/universities: Online learning started from 9 April; schools set to open classrooms gradually from 20 May to 8 June. Korea reopened the 3rd batch of schools on 8 June. Meanwhile 2.5 % schools (517 schools) still did not open due to the infection concerns with the decision of Head of teacher. Universities, which opened online class on 9</p>

	<p>March, have extended to their non-face-to-face class to the end of spring semester.</p> <p>25 August: Education Ministry announced online learning in greater Seoul until 11 September amid resurgence; most school originally scheduled to open from 26 August in phases.¹</p> <p>Cancellation of public events/closure of public places:</p> <ul style="list-style-type: none"> • 22 March people urged to avoid religious meetings, indoor sports and entertainment facilities; • 20 April permitted religious meetings under hygiene guidelines; • 22 April government unveiled guidelines that communities and individual balance their daily lives and quarantine activities; • 6 May: ended strong social distancing and shifted to “everyday life quarantine” scheme; 5 May baseball season began. • 26 July: gradual permit spectators to attend major sports (baseball and football)
Fiscal	<p>The Korean government has introduced total of KRW 277 trillion (14.4% of GDP)^{2,3}</p> <p>First Financial Stimulus Package (February 2020)⁴: several emergency support measures totaling KRW 4 trillion (policy support related to internal and local tax; support supply and demand of sanitary and medical supplies; expedite customs procedures for raw materials; emergency relief fund for affected SMEs, lending support for micro-businesses);</p> <p>Second Financial Stimulus Package (28 February)⁵: KRW 20 trillion for households and damaged industries (tourism, export)</p> <p>1st 2020 Supplementary budget (17 March 2020)⁶: KRW 11.7 trillion (USD 10 billion, 0.6% of GDP); KRW 10.9 trillion for new spending and KRW 0.8 trillion for revenue adjustment</p> <ul style="list-style-type: none"> - New spending includes disease control and epidemic prevention (KRW 1 trillion), small business loans (KRW 4.1 trillion), public welfare support such as consumption coupons, daycare vouchers (KRW 3.5 trillion); local economies (KRW 1.2 trillion)

¹ <https://www.bbc.com/news/world-asia-53901707>

² <https://ecck.eu/wp-content/uploads/2020/03/Tackling-COVID-19-Health-Quarantine-and-Economic-Measures-of-South-Korea.pdf>

³ <https://www.reuters.com/article/us-southkorea-economy-budget-idUSKCN26D1VS>

⁴ Ibid.

⁵ Ibid.

⁶ <http://english.moef.go.kr/pc/selectTbPressCenterDtl.do;jsessionid=OkcRUx5Q-IA4-GzLOSeftOju.node10?boardCd=N0001&seq=4860>

	<p>Third Financial Stimulus package (19 March 2020): financial support package to help businesses and households; help maintain businesses, ease burden on borrowers, avoid credit crunch (KRW 50 trillion)</p> <p>Fourth Financial Stimulus Package (24 March 2020)⁷: an additional financial support package of KRW 100 trillion (USD 80 billion) financial market stabilization measures to provide liquidity to businesses, deploy market stability tools, to absorb shocks in the financial markets:</p> <ul style="list-style-type: none"> - Financing support for businesses (KRW 58.3 trillion) - emergency loans and guarantees, expanding benefits to SMEs and conglomerates; - Corporate bond market & short-term money market stabilization – bond market stabilization fund (KRW 20 trillion); additional financing for corporate bond issuance (KRW 4.1 trillion); supplying liquidity for stabilizing short-term money market; - Addressing stock market stabilization measures – establishing stock market capitalization fund (KRW 10.7 trillion); tax support to prop up demand <p>Emergency Relief Payment (30 March 2020)⁸: emergency relief payment to households with income levels that fall in the bottom 70 per cent in the form of certificate based on a family of four (KRW 9.1 trillion) to be passed after second supplementary budget is executed.</p> <p>Industry Stabilisation Fund (22 April 2020)⁹: government announced additional KRW 40 trillion support for seven key industries – airlines, shipping, shipbuilding, autos, general machinery, electric power, and communications.</p> <p>Wage Subsidy (22 April 2020)¹⁰: KRW 10.1 trillion to provide wage subsidies for small businesses and enterprises, and programs for the unemployed; provide liquidity injection for cash-strapped companies.</p> <p>2nd 2020 Supplementary Budget (30 April 2020)¹¹: The National Assembly passed a second supplementary budget of KRW 12.2 trillion (revised up from 7.6 trillion won) will be used to finance household emergency relief program up to 1 million won for each household; relief paid in the form of coupons and cash to encourage consumption.</p> <p>3rd 2020 supplementary budget was submitted (3 July 2020) at KRW</p>
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⁷ <https://www.channelnewsasia.com/news/asia/south-korea-doubles-rescue-package-to-us-80-billion-amid-covid-12570294>

⁸ <https://www.reuters.com/article/health-coronavirus-southkorea/s-korea-to-pay-9-1-trln-won-cash-to-families-draw-up-5-8-bl-extra-budget-idUSS6N2BG001>

⁹ <http://www.koreaherald.com/view.php?ud=20200422000734>

¹⁰ <http://www.businesskorea.co.kr/news/articleView.html?idxno=44676>

¹¹ <http://english.moef.go.kr/pc/selectTbPressCenterDtl.do;jsessionid=3J3CYMGoICruMwyItIsAgRY8P.node20?boardCd=N0001&seq=4895>

	<p>35.1 trillion (1.8% of GDP): revenue adjustment (KRW 11.4 trillion); additional KRW 23.7 trillion spending on financial support for companies; expansion of employment and social safety; disease control; spending on digital and green industries</p> <p>14 July 2020: Korean New Deal:¹² package aims to “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”. Three main components of the package include: digital economy, green technology, and social safety net (KRW 6.3 trillion has been included in the 3rd supplementary budget for 2020; KRW 67.7 trillion to be invested by 2022; and KRW 160 trillion to be invested by 2025) – expected to create 1.9 million jobs.</p> <p>22 September 2020: National Assembly passed the 4th supplementary budget¹³, providing an additional KRW 7.8 trillion to support small businesses and SMEs (3.9 trillion); employment (1.5 trillion); low income households (0.4 trillion); daycare and others (2 trillion).</p> <p>2 March 2021: a supplementary budget for KRW 15 trillion (0.8% of GDP) was proposed for measures to relief small business owners and workers, employment support, vaccine rollout, and financial support for low-income households.</p>
Monetary/financial	<p>27 February: Bank of Korea increased ceiling of Bank Intermediated Lending Support Facility by KRW 5 trillion to KRW 30 trillion (further increased to KRW 35 trillion on 13 May) to support SMEs and small merchants.</p> <p>13 March: the financial authority introduced a six-month ban on short-selling in the stock market to contain volatility.</p> <p>On 16 March the Bank of Korea decided to lower policy rate by 50 basis points to 0.75 percent. The BOK also cut the interest rate on the Bank Intermediated Lending Support Facility to 0.25% from 0.50-0.75% to encourage bank lending to small businesses. BOK broadened eligible collateral for OMOs to inject more liquidity in financial markets.</p> <p>On 19 March, the BOK signed a USD 60 billion bilateral currency swap agreement with the US Federal Reserve, for at least 6 months; the BOK purchased government bonds worth KRW 1.5 trillion (USD 1.2 billion) to stabilize the bond market.</p> <p>26 March: Ministry of Economy and Finance, the Financial Services Commission, and the BOK eased foreign exchange market stability rules to expand foreign currency liquidity:</p> <ul style="list-style-type: none"> • Raising ceilings on the foreign exchange derivatives positions of local

¹² <https://en.yna.co.kr/view/AEN20200714004851320?section=economy/economy>

¹³ https://www.koreatimes.co.kr/www/nation/2020/09/356_295835.html

	<p>banks (from 40% to 50% of their equity capital) and foreign bank branches in Korea (from 200% to 250% of their equity capital).</p> <ul style="list-style-type: none"> • Temporarily lifting the levy on non-deposit foreign exchange liabilities of financial institutions. • Temporarily lowering the foreign exchange liquidity coverage ratio by 10 percentage points to 70%. <p>On 14 April the BOK decided to provide loans of KRW 10 trillion to bank and non-bank financial institutions, such as securities companies and insurance companies, for three months.</p> <p>On 28 May, the Bank of Korea cut the policy rate by 25 basis points to 0.50%.</p>
Trade measures ¹⁴	<p>Restrictive:</p> <ul style="list-style-type: none"> • A new law completely bans the exports of South Korean masks and requires producers to distribute 80 percent of masks through official public channels. • Investigation to ban the import of waste plastic (PET/PE/PP/PS) to promote domestic waste recycling, due to the drop in oil prices and the impact of COVID-19. • Temporary import restriction of wild animals considered possible intermediate hosts for COVID-19 transmission. <p>Liberalizing:</p> <ul style="list-style-type: none"> • N/A
SME measures ¹⁵¹⁶ (last update 22 January 2021)	<p>Subsidy:</p> <ul style="list-style-type: none"> • On 4 March, the government allocated a KRW 70,000 subsidy per person per month for SMEs for four months. <p>Deferral of tax payment:</p> <ul style="list-style-type: none"> • In March 2020, affected SMEs can apply to defer tax payments for one month, but under special circumstances, the payments can be deferred for nine months. <p>Tax reduction:</p> <ul style="list-style-type: none"> • SMEs located in special disaster areas affected by COVID-19 – i.e. Daegu, Gyeongsan, Bonghwa and Cheongdo – benefited from an up-to 60 per cent income and corporate taxes reduction for the taxable period including June 30, 2020. The total tax reduction is capped to KRW 200 million.¹⁷ • Small self-employed businesses, with annual sales of KRW 80 million or less, will see their VAT imputed in 2020 reduced to the level of simplified taxpayers.¹⁸

¹⁴ <https://www.macmap.org/covid19>

¹⁵ <https://www.hankyung.com/economy/article/2020030441697>

¹⁶ <https://www.pwc.com/gx/en/assets/tax/covid-19-global-master-master-document-tax-measures-web>

¹⁷ <https://home.kpmg/xx/en/home/insights/2020/04/south-korea-tax-developments-in-response-to-covid-19.html>

¹⁸ Ibid.

	<p>Other fiscal support:</p> <ul style="list-style-type: none"> On 4 March, the government spent KRW 372 billion to provide health and safety certification, reopening activities for 15,000 stores closed due to the influence of the COVID-19 contacts, of which KRW 11.5 billion was to help fresh food self-employed business owners enter an online market and support platform advertising for 15,000 small business owners. <p>Loan support:</p> <ul style="list-style-type: none"> On 4 March, the government provided emergency loans worth KRW 2.8 trillion to SMEs and guarantees needed for business operations and supports SMEs' expenditure on wages and rents. This was achieved by expanding loans to SMEs by state and commercial banks. The project includes emergency loans, partial and full loan guarantees, and loan obligation mortgages. To increase funds available to SMEs, small merchants, mid-sized firms, and large companies, the Bank of Korea raised the total cap of bank intermediary loan support funds by KRW 10 trillion and lowered interest rates by 0.25 per cent (from 0.75 per cent to 0.5 per cent). On March 24, President Moon announced a financial stabilization plan of KRW 100 trillion aiming to support the economy. Among the measures, expanded lending of both state-owned and commercial banks to SMEs, small merchants, mid-sized firms, and large companies (the latter on a case-by-case basis) was provided, including emergency lending, partial and full guarantees, and collateralization of loan obligations. On April 8, a package of measures totaling KRW 36 trillion was announced to ease financing constraints for exporters, including increasing the amount and maturity of trade credit. On April 22, additional funds were announced for SME lending (KRW 10 trillion).¹⁹ <p>Deferral of loan repayment:</p> <ul style="list-style-type: none"> Loan interest payments for SMEs and small businesses are suspended for six months starting on April 1.²⁰ <p>Employment support:²¹</p> <ul style="list-style-type: none"> On 4 March, the government allocated a KRW 70,000 subsidy per person per month for SMEs for four months. The government provided loans and guarantees needed for business operations and supports SMEs' expenditure on wages. KRW 500 billion through June have been allocated for wage subsidies for affected firms in all sectors keeping employees on the payroll. It covers up to 90 per cent of wages for SMEs.
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¹⁹ <https://www.worldbank.org/en/data/interactive/2020/04/14/map-of-sme-support-measures-in-response-to-covid-19>

²⁰ Ibid.

²¹ <https://www.worldbank.org/en/data/interactive/2020/04/14/map-of-sme-support-measures-in-response-to-covid-19>

	<ul style="list-style-type: none"> On July 3, the National Assembly passed the third supplementary budget. KRW 23.7 trillion are provided to financially support companies, expansion of employment and social safety, disease control, and spending on digital and green industries. Subsidies will be used for employment protection programmes for non-regular workers and daily workers. On September 10, the government proposed the fourth supplementary budget of KRW 7.8 trillion²². On September 22, the National Assembly passed the fourth supplementary budget. KRW 1.5 trillion were dedicated to employment support. <p>Other financial support:²³</p> <ul style="list-style-type: none"> Insurance: In April 2020, the government announced a KRW 36 trillion aid scheme aimed at improving the economy of exporters. This measure will enable exporters to extend the term of trade insurance worth KRW 30 trillion for one year without additional charges and provide a 50 per cent discount for SMEs in a trade insurance plan. On July 3, the National Assembly passed the third supplementary budget. KRW 23.7 trillion are provided to financially support companies, expansion of employment and social safety, disease control, and spending on digital and green industries. Landlords renting commercial building benefited from an income and corporates taxes reduction if they cut the rental fee of a small business tenant from January to June 2020. 50 per cent of the rental-fee reduction is tax deducted.²⁴
Other policy measures	<p>Health</p> <p>The government has tested over a million people by mid-June.</p> <p>To facilitate massive testing and protect medical staff and hospitals, innovative "drive-through testing" and "phone booth testing" have been introduced allowing for extensive testing.</p> <p>Tracing: data on credit card transactions, CCTV recordings, GPS data on mobile phones were used when necessary; anonymized information is disclosed to the public. Close contacts of positive cases put under self-quarantine and monitored remotely.</p> <p>Treatment: depending on patient severity, they are sent towards appropriate treatment paths either at hospital or support centers. Health care resources and organizations adjusted in response to pandemic.</p>

Source: OECD Country Policy Tracker <https://www.oecd.org/coronavirus/country-policy-tracker/> and other national sources.

²²<http://english.moef.go.kr/pc/selectTbPressCenterDtl.do?jsessionid=21Eek2ZaN3RRanoKQ1ju36aa.node10?boardCd=N0001&seq=4972>

²³<https://en.yna.co.kr/view/AEN20200408006000320?section=economy/economy>

²⁴<https://home.kpmg/xx/en/home/insights/2020/04/south-korea-tax-developments-in-response-to-covid-19.html>