

Korea

Korean New Deal



TYPE OF TOOL
Plan



MAIN SECTORS
All sectors



THEME
Green



INFRASTRUCTURE GOVERNANCE PILLARS
*Long-term strategic vision;
Co-ordination across levels of
government*

In a nutshell



OBJECTIVE: The Korean New Deal aims to transform the country into a fast-mover, low-carbon economy and inclusive society.



Agency in charge
Ministry of Economy and Finance



Levels of government
National and sub-national



Year of implementation
2020



Current status
Fully operational

Overview

In July 2020, the Republic of Korea adopted the New Deal to combat the economic setbacks caused by COVID-19, with a distinctive territorial approach. The Korean New Deal, through investment and regulatory improvement, is aimed at accelerating remote work and education, promoting low carbon and eco-friendly manufacturing, and leading the transformation into a green and digital economy. According to the government's plan, KRW 75.3 trillion will be invested in projects that are conducted outside of Greater Seoul. The majority of the spending will be funded by the central government, which will cover KRW 42.6 trillion, or 57%, while local governments will match those funds with a total of KRW 16.9 trillion. The remainder will be in the form of private sector investments. The government will assign major projects, such as installing green technology in outdated government-leased apartments or installing artificial intelligence technology in traffic systems. Some of the planned projects will be led by local governments rather than by the central government, including the expansion of a robotics factory in Daegu, the establishment of an autonomous vehicle testing site in Sejong, and the development of a publicly backed delivery platform in Gyeonggi. The plan will also create special economic zones by providing fiscal and tax support while lifting regulations. In July 2021, the government announced the upgrade of Korean New Deal, Korean New Deal 2.0. Under the plan, the government expanded the Green New Deal taking into consideration carbon neutrality. This included adding a new category of carbon neutrality, under which investment will be made in projects to achieve the 2030 Nationally Determined Contribution (NDC), such as building an emissions measurement system and creating a carbon reduction program for industries. The expanded Green New Deal covers various projects, as a result to effectively support the transition to a low-carbon economy.

REFERENCES:

- Ministry of Economy and Finance (2020), *Korean New Deal*, <https://english.moef.go.kr/skin/doc.html?fn=Korean%20New%20Deal.pdf&rs=/result/upload/mini/2020/07/>