

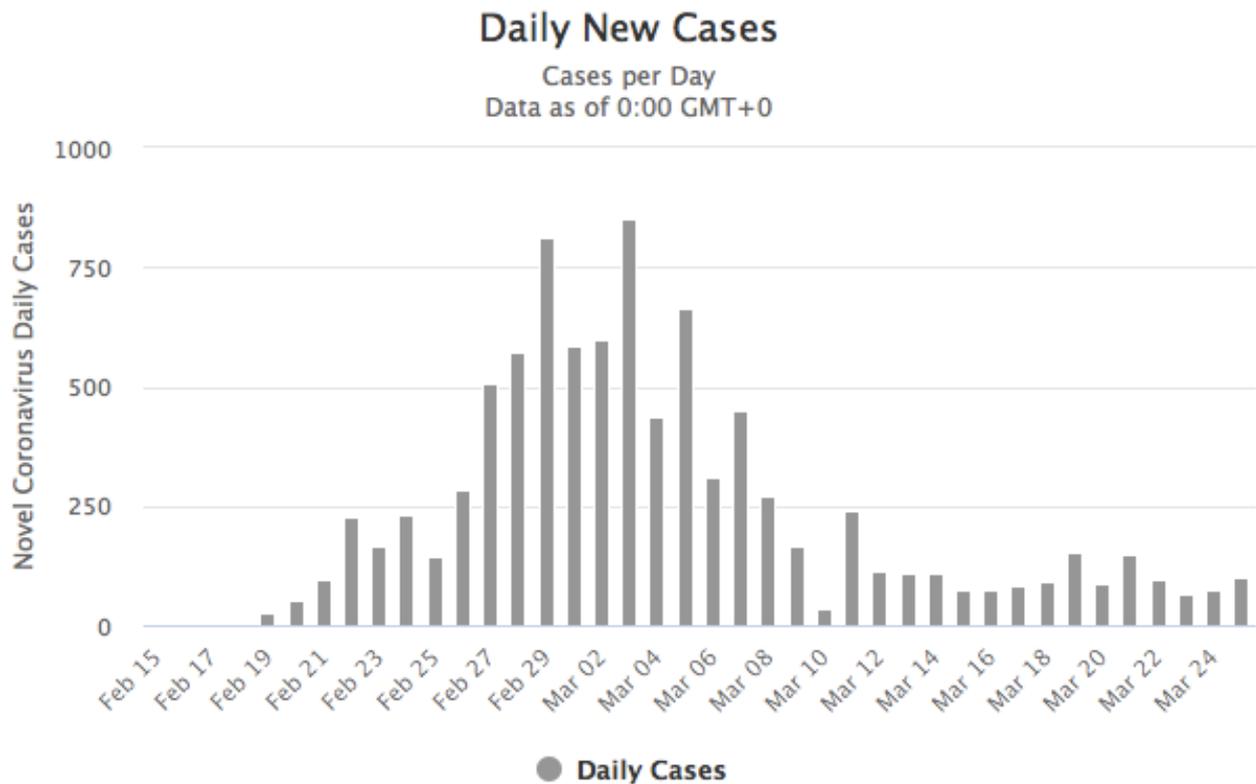


## South Korea's response to COVID-19

26 March 2020

### Executive Summary

- As of 26 March, there have been 9,241 confirmed cases of COVID-19 in South Korea, with 131 deaths, 4,144 recovered and 5,684 in quarantine, according to the Korean Centres for Disease Control and Prevention (KCDC). Korea currently ranks eighth globally for the number of confirmed cases. Overall the rate of infection appears to have peaked on 3 March (see table below).
- The first case of COVID-19 in Korea was confirmed on 20 January. The next month saw 30 new confirmed cases but the numbers escalated from 20 February, when the KCDC announced that a 61-year-old woman, "Patient 31", was believed to have infected more than 43 people. She was a member of Shincheonji, a religious sect, who had attended services on consecutive weekends. This resulted in a concentration of cases in Daegu and North Gyeongsang Province and at Shincheonji churches across the country. There has been one other notable mass infection, at a call centre in the Guro-gu area of Seoul which infected over one hundred employees and their family members.
- After some early criticism, the Korean government has generally received positive marks for its handling of the situation. To combat the outbreak, it has taken two key actions - active testing and thorough epidemiological investigation. As of 23 March, 338,036 people had been tested at selected medical and drive-through test centres. Epidemiological links have been found for 80.9% of cases; 19.1% are either under investigation or deemed sporadic. A supplementary budget totalling 11.7 trillion won (\$9.6 billion) has been approved to provide financial support to affected companies and individuals, and a second package is expected.
- On 22 March, the KCDC announced that the public must strictly comply with social distancing for 15 days, until 5 April, a period it believes to be crucial to defeat the COVID-19 outbreak. The KCDC urged the public to stay at home except for the need to purchase daily necessities, visit healthcare facilities, and commuting. The government will restrict the operation of certain public facilities which are at high risk of infection, or require strict adherence to guidelines for disinfection and ventilation, social distancing, and mask-wearing for those that must remain open.



Source: Worldometers.info, last updated 11.29 GMT 26 March 2020

### The timeline and response by the Korean government

The first reported case of COVID-19 occurred on 20 January 2020, when a Chinese tourist from Wuhan, quarantined at Incheon airport due to suspected symptoms, was confirmed with COVID-19. The number of confirmed patients grew to 30 over the next month, with most either coming from China or having had contact with someone who visited China.

On 27 January, the last day of the Lunar New Year holiday, health officials convened representatives of more than 20 pharmaceutical companies to discuss measures to deal with the new coronavirus infections. Although there were only four confirmed patients in Korea at the time, health authorities stressed the immediate need for an effective diagnostic test and promised prompt approval if the kit was developed. One week later, Kogene Biotech developed its first diagnostic test method and received expedited approval from the Ministry of Health and Welfare. Using this and test kits approved subsequently, Korea has been able to scale active testing to some 15,000 tests per day.

On 20 February, the situation in Korea took a dramatic turn February when the 31<sup>st</sup> patient, a member of Shincheonji church, dubbed “Patient 31”, who had attended a mass worship service in Daegu, was identified. The virus spread rapidly through the church as it was difficult to ascertain who in the large gathering had close contact with the patient, in part because members were reluctant to be identified as a member of the

Shincheonji church. As a result, the government initially struggled to contain the virus as it spread from Daegu to other parts of Korea.

On 23 February, the government raised the disaster alert status to “serious” when the number of confirmed patients increased rapidly to 568.

On 2 March, the Ministry of Education announced the delay of new semesters for all elementary, middle and high schools to 23 March; the start was subsequently delayed again on March 17 for an additional two weeks.

On 5 March, the government and the Democratic Party submitted a draft COVID-19 supplementary budget to the National Assembly.

On 9 March, the government started a five-day system to manage skyrocketing demand for masks and to counter illegal attempts to corner the market. Based on each person’s birth year, on designated days, individuals were allowed to buy two public masks for 1,500 won each at assigned pharmacies or stores. By using smartphone apps and web service, individuals can check the current status of mask supplies in nearby stores. To prevent multiple purchases, verification systems have been established at pharmacies, post offices, and local markets and purchase histories are recorded. Cohabitants can purchase masks for children and the elderly by showing identification and supporting documentation. Masks for the disabled can be purchased by any individual as long as the recipient’s disability registration card is presented. Saturdays and Sundays are open for individuals who were unable to purchase masks on their assigned day.

On 10 March, the largest mass infection of COVID-19 in the Seoul area occurred at a call service centre in Guro-gu, with over 90 confirmed cases.

On 15 March, the government declared Daegu and the Cheongdo, Gyeongsan and Bonghwa areas of neighbouring North Gyeongsang Province as special disaster regions due to the large number of infected patients relative to population size in these regions. The Central Emergency Management Agency, in consultation with the related ministries, determines the specific details and level of support the designated regions will receive, including easing the burden of local governments’ expenses.

On 16 March, the government expanded the scope of special entry procedures to incoming travellers from Europe, including the completion of a self-diagnosis health questionnaire and temperature check. The government’s initial intent was to apply the special entry procedures to arrivals from nine countries, Italy, France, Germany, Spain, the UK, the Netherlands, China, Japan and Iran. However, the government judged that

limiting special entry procedures to specific countries would have little impact in the context of a global pandemic and decided to apply them to all travellers from Europe.

On March 17, President Moon Jae-in announced that he would establish an “Emergency Economic Council” to manage the COVID-19 impact.

On 19 March, President Moon chaired an emergency economic meeting which designated more than 50 trillion won (\$41 billion) of emergency financial measures to help struggling small and medium-sized enterprises and small business owners.

On 20 March, the National Tax Agency announced various measures to support business owners and small and medium-sized enterprises. As part of the plan, the government can delay the payment of national taxes for food service and lodging business owners for up to nine months, and the assessment and payment of corporate taxes will be delayed up to nine months.

On 21 March, Prime Minister Chung Sye-kyun released a statement encouraging the strengthening of social distancing and strongly recommending that areas deemed to be high risk for causing mass infection such as religious sites and indoor sports and entertainment facilities, stop operating for 15 days, a period viewed by the government as critical to defeat COVID-19. The Prime Minister emphasised that if a facility’s operation cannot stop, it must strictly comply with the government’s guidelines, with failure to do so resulting in an administrative order to ban the meeting. Failure to comply with the administrative order would result in “every possible legal measure”.

On 22 March, the government implemented measures to prepare for the possible inflow of people with COVID-19, as students, tourists and overseas residents returned to Korea. All inbound travellers from Europe, including Korean citizens, are tested for COVID-19 on entry to Korea. Even if the results are negative, Korean citizens and foreigners with an extended stay are required to self-quarantine for 14 days, while short-term visitors are required to remain under active monitoring. Anyone with respiratory symptoms at the point of entry or epidemiological links with confirmed cases is to be quarantined for testing at an approved quarantine station. Inbound travellers displaying no symptoms are required to stay at temporary support facilities until receiving a test result.

### **Measures to mitigate the economic impact of the outbreak**

Like other countries impacted by COVID-19, the Korean government is initiating special measures to counter the economic impact. Most notably, a supplementary budget plan for COVID-19, worth 11.7 trillion won (\$9.6 billion) was passed in a plenary session of the National Assembly on 17 March. 0.8 trillion won will be used

to make up for the deficit in tax revenue, and 10.9 trillion won as an additional fiscal injection.

The budget consists of four parts: a total of 2.1 trillion won will go toward the healthcare system; 4.1 trillion won to support SMEs; 3.5 trillion won to stabilise livelihoods, and 1.2 trillion won to support local economies and employment.

In terms of the specifics of the supplementary budget for healthcare, the government assigned 200 billion won to be used to strengthen the infectious disease response system by building hospitals specifically for infectious diseases, and to support mask manufacturing. 1.4 trillion won is allocated to indemnify hospitals' expenses and losses during the COVID-19 crisis, and 500 billion won will be spent to support COVID-19 patients, medical staff and loan support for hospitals.

Among the 4.1 trillion won to support SMEs, 3.1 trillion won is allocated to expand management stabilisation funds, ultra-low interest funds and Primary Collateralised Bond Obligations (P-CBO). Other projects include 580 billion won for tax and expense support, and 370 billion won for traditional market vitalisation and marketing support.

To stabilise people's livelihoods, 2.9 trillion won is allocated to alleviate everyday life difficulties and to boost consumption. Some of the key projects include 36.5 billion won to alleviate the burdens of childcare, 32 billion won in emergency support for private kindergartens, 227.5 billion won in health insurance fee reduction for low-income families, 200 billion won in emergency welfare, and 173.6 billion won in consumption coupons for low-income families. 550 billion won is allocated to stabilise employment.

To support the local economy, the budget covers utility fee discounts for small businesses for the next six months, local market coupons, special vouchers for local SMEs, and 200 billion won of local business and employment support projects.

### **Second supplemental budget under consideration**

The need for a second supplementary budget is already being raised. President Moon commented that as the country faces an unprecedented emergency economic situation, the supplementary budget is far from sufficient, stating that he will personally chair emergency meetings and direct special countermeasures.

Former Prime Minister Nak-yeon Lee, chairman of the Committee for Overcoming the COVID-19 National Crisis, said, "As the COVID-19 situation changed suddenly, the first supplementary budget failed to reflect all aspects. The party and the

government should quickly launch additional measures and consider a second supplementary budget... For example, the government has said that if local governments provide emergency assistance and need additional support from central government as a result, this could be supported through the second supplementary budget.”

One of the key issues being discussed is basic income support. With questions over the risk of the COVID-19 situation becoming more prolonged, the numbers of people, businesses and industries targeted are continuing to increase. Many local governments have therefore raised the necessity of basic income support to share citizens’ economic burden. As of 24 March, Gyeonggi Province and Busan Gijang-gun announced that they would provide 100,000 won of disaster basic income support for all of their residents. Following Gyeonggi Province and Gijang-gun’s lead, the basic income support plan could be extended to other parts of Korea.

Trade data for the first 20 days of March indicate that exports have held up remarkably well (an unexpected 10% rise year-on-year). However, given the substantial supply chain linkages between Korea and China, a significant decline in Chinese consumption will likely have a sharp impact on Korea’s exports to China. Coupled with decreasing aggregate demand in the US and Europe, Korean exports are very unlikely to continue this sort of performance in coming months.

In short, policymakers are aware of the need for further support, but direct discussions regarding long-term policies are most likely to take place after the general election on 15 April.

### **Testing for COVID-19 in Korea**

From the very early stage of the COVID-19 outbreak, the Korean government strongly and repeatedly emphasised that early detection is the key to prevent the virus from spreading. With this principle, the Korean government started to prepare testing kits back in late January, when Korea only had four confirmed COVID-19 patients. Through cooperation with domestic pharmaceutical companies, the Korean government was prepared with plentiful and high-quality test kits very quickly.

The Korean government set-up screening centres to increase patient access to testing and is identifying patients using rapid and wide-scale screening tests. Screening centres separately provide treatment for people showing symptoms of infection, including coughing and fever, before they enter healthcare facilities.

As of 16 March, 635 clinics and screening centres were in operation, of which 94.8% (602 locations) are equipped to collect samples onsite. Screening centre operation

models have been diversified to allow drive-through screening. People can call the 1339 call centre or visit the official COVID-19 website to get the location of or information about the nearest screening centre. Popular app applications such as Kakao Map and Tmap also provide this information.

There are currently 118 locations, 23 public facilities, 81 healthcare facilities, and 14 commercial laboratories that provide testing and diagnosis services for COVID-19 and five diagnostic tests have been approved through a fast-track process. This has allowed Korea's maximum daily testing capacity to increase from 3,000 people in February to approximately 15,000 people in March. As of 25 March, the total number of tests performed in Korea is over 357,000.

Under the *Infectious Disease Prevention Act*, the Korean government is covering all costs related to testing, quarantine, and treatment for COVID-19. Specifically, the cost is shared by the National Health Insurance Service, the government, and local governments. The initial cost of collecting a sample and testing it for the coronavirus is about 160,000 won.

An individual identified as a "suspected patient" according to the standards announced by KCDC is completely covered by national health insurance and does not incur any out-of-pocket expenses. A "suspected patient" is defined as someone who exhibits respiratory symptoms, such as fever and coughing, within 14 days of visiting China or coming into close contact with an infected individual showing symptoms of the disease.

Any individual who experiences those symptoms within 14 days of visiting a country other than China where coronavirus transmission is believed to be occurring at the local level can also be categorised as a suspected patient at the discretion of a doctor.

### **National Assembly response to COVID-19**

The National Assembly's COVID-19 Control Committee, comprised of 18 National Assembly members from different committees, met on 2 March and will remain active until 29 May. Jin-pyo Kim of the Democratic Party was unanimously elected as the Committee's Commissioner. Dong-min Ki (Democratic Party), Seung-hee Kim (United Future Party) and Kwang-su Kim (United Democratic Members Group) were elected as administrative secretaries for each party.

During the meeting, Commissioner Kim stressed that the committee should focus on providing practical support to the public suffering from COVID-19. While committee members from the ruling and opposition parties agreed that the

committee needs to speed up its work, members expressed different opinions on the committee's operational direction and the cause of the COVID-19 situation.

### **Public reaction to COVID-19**

Recently through a Facebook post, President Moon referred to the current battle with COVID-19 as a "three-legged race" and stressed the need for everyone to work together to get through the difficult times. President Moon stated, "Even in the middle of social distancing, we are closer than ever. I look up to the citizenship of Koreans that shine especially during the hard times."

The Korean public is responding calmly to the current COVID-19 situation. The public's use of masks is widespread. Unlike the panic buying seen in many countries, Korean grocery stores are peaceful and well-stocked, especially with toilet paper. During the early stages, there was a brief moment of mask and hand sanitizer panic buying, but with the government's strict regulations against attempts to corner the market, active support for manufacturers and the five-day mask system, the situation stabilised quickly.

As noted by President Moon, there have been many altruistic actions such as mask donations, volunteer work, and anonymous financial and product contributions to support one another in difficult times.

Early on, there was some negative public sentiment towards the government as the call for a complete ban on Chinese residents from entering Korea increased, but went unheard. However, such negative sentiment and aggressive demands have decreased considerably due to the efficient operations of the special entry procedures.

The Korean government has strongly recommended that the public avoid any collective action for 15 days starting from 22 March and has warned it will take all possible administrative and legal action towards those who violate guidelines. This pre-emptive measure is to prevent the spread of COVID-19 in preparation of the beginning of the new school year, which is scheduled for 6 April.

COVID-19's impact on schools has been a sensitive issue since the early stages of the outbreak given Korea's strong commitment to education. The beginning of the new school year has been delayed twice already, and an additional delay could be complicated by requirements around the academic calendar and college admission schedules. In this context, the public recognises that the government had little choice other than to secure the scheduled start date of schools despite the uncertainty caused by COVID-19.

## Korea as a model

Korea has been held up by some for providing an exemplary government response, not only in Korea but by other countries as well. Attention has been paid to effective policies such as the drive-through screening centres and strong response towards certain religious groups that contributed to the spread of the virus. President Emmanuel Macron of France and Prime Minister Stefan Löfven of Sweden have both called President Moon to request details of Korea's COVID-19 response measures. Many foreign media have complimented the Korean government's approach to COVID-19, benchmarking it as a model for governmental management of COVID-19. President Donald Trump sought President Moon's assistance in providing medical equipment – generally thought to be testing kits, but not confirmed -- to the United States in a 24 March phone call. President Moon indicated his willingness to help to the extent possible. President Moon also shared Korea's experience in managing COVID-19 in a video conference with G20 leaders on 26 March.

*Reuters* reported on 12 March that the two conflicting cases of Korea and Italy could serve as a good reference for other countries that have entered the virus-spreading phase. Italy and Korea had their first confirmed patients in late January. The two countries showed a similar spread pattern of the virus, with the virus spreading towards the south, particularly in Daegu and North Gyeongsang Province, in Korea and towards the north in Italy. However, the two countries approached the situation in two clearly different ways.

- Italy conducted extensive tests in the early stages. Over time, however, it proceeded to close down the affected areas while narrowing down the test subjects to suspected patients with symptoms only. The Italian government imposed restrictions on the movement of the whole nation on 9 March. Italy, as of March 24, has had over 69,000 confirmed cases and 6,800 deaths.
- Korea on the other hand, has taken a more expansive approach to testing. It actively traced suspected virus carriers and conducted an average of 12,000 tests per day, with capacity now up to 15,000 per day. Analysts say the overwhelming scale of tests allowed the early detection of infected people. Overall, more than 357,000 people have been tested in Korea as of 25 March, with 9,137 confirmed and 126 fatalities. *Reuters* quoted experts as saying that while it is difficult to simply compare these figures, it provides an important indication that “aggressive and continuous testing is the strongest means of fighting the virus.”

## **General Election and COVID-19**

Korea's 21st Legislative Election is scheduled for April 15. No plans to postpone the election have been discussed and, as of this moment, it is on track to take place as scheduled. The current outlook is positive for the current government and ruling party. Not much is expected to happen in the National Assembly in the run-up to elections, but the Assembly is livelier than usual due to the active development and announcement of policy pledges and policy reactions occurring at major party levels. Due to the very serious public and continuing economic impact of COVID-19, the political sector, including the National Assembly, is expected to implement relevant policies strongly and firmly after the general elections.

### **Political Outlook**

COVID-19 could have been a political threat for the ruling Democratic Party and the Moon Administration. In February, President Moon was much criticised by the opposition and the public for not closing the border with China despite a petition with over 760,000 signatures. The surging number of COVID-19 cases and imminent inconvenience accompanied by quarantine measures caused president Moon's approval rate to fall in February.

The opposition viewed the spread of COVID-19 as an opportunity to garner support by criticising President Moon for incompetence. However, the opposition's attempt to draw political gains from a national health crisis, without introducing any constructive measures to combat the crisis, has caused the public to turn against them. Specifically, opposition rallies held in the heart of Seoul, in defiance of WHO recommendations to avoid mass events, turned some moderates from the opposition parties.

In addition, the main opposition force, a newly formed coalition of three conservative parties standing as the United Future Party, suffered from very public displays of disunity over nominations for the National Assembly election, damaging their prospects.

Meanwhile, it appears that Korea may have successfully peaked the wave of the COVID-19 outbreak. The quarantine system and COVID-19 response has received international attention for its effectiveness and world leaders, including President Trump, are calling President Moon for advice on COVID-19. President Moon's approval rate has hit a 14-month high at 52.5%.

The ruling party is likely to preserve or even increase its majority in the National Assembly. Nonetheless, the possibility of an economic downturn will place a spotlight on the government's economic policy between now and the election.

## **Conclusion**

The rate of new cases has declined and appears to be flattening. The government will continue to undertake aggressive testing and systemised quarantine measures to combat COVID-19. The country appears to have demonstrated that it has been able to contain COVID-19 to an extent without shutting down the economy and imposing traveling restrictions. However, it is uncertain whether this policy will continue to be effective as COVID-19 becomes more widespread globally. The public has accepted a new normal lifestyle under COVID-19, and the public focus has shifted to the government's economic measures to alleviate economic fallout and overseas COVID-19 outbreaks.

GR Korea  
26 March 2020  
info@gr-group.com