



Ministry of Culture, Sports
and Tourism
Republic of Korea

Korea's policy responses to COVID-19:

Building resilience for culture, sports and tourism¹

May 27, 2020

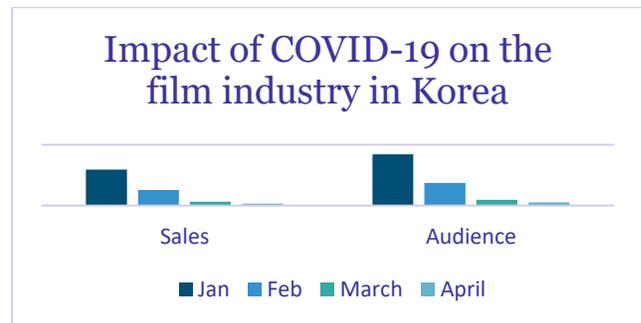
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Introduction

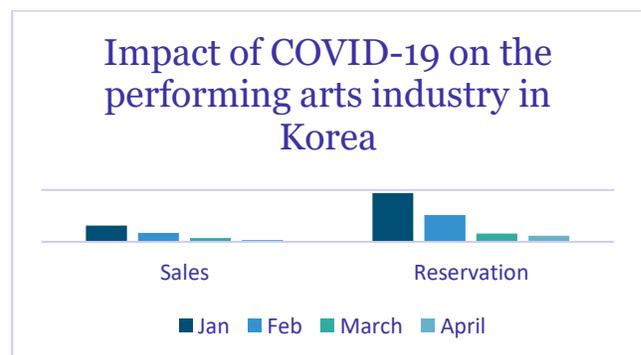
The scale and magnitude of the current global health crisis have risen to unprecedented levels. On 20 January 2020, the first case of COVID-19 was reported in South Korea. In late February and early March, the number of COVID-19 infections in Korea exploded with 909 new cases in a single day on February 29. On April 30, no new domestic coronavirus cases were recorded for the first time since February. This has been achieved through persistent tracking, extensive testing, and speedy isolation and treatment under the principles of openness, transparency and democracy. In this process, innovative measures such as drive-through testing were deployed for timely testing, and a ‘Self-quarantine Safety Protection App’ was distributed to effectively support the monitoring of people under self-quarantine. In addition, mature civic awareness displayed by the Korean people in their voluntary cooperation on social distancing contributed greatly to the success of the Korean Government’s containment strategy.

However, the pandemic has also led to a decrease in consumption of culture and arts, causing grave financial damage to the cultural artists and associated industries.

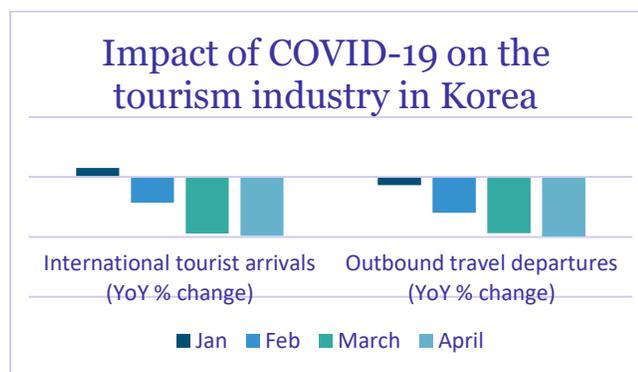
At the peak of the outbreak between February and April, many museums and theaters were temporarily closed while movie releases were being suspended. Concerts, art fairs and festivals had to be cancelled or rescheduled. It is estimated that the monthly sales of the film industry drastically dropped from USD 118 million in January to USD 51 million in February, USD 12 million in March and USD 6 million in April. This number is at least 90% lower than the sales of the same period last year.



The sales number in the performing arts sector also plunged from USD 32 million in January to USD 18 million in February, USD 7.5 million in March and USD 3.8 million in April, which fell by 87.9% in 4 months.



Likewise, being one of the hardest hit sectors during the pandemic, the tourism industry in Korea has been severely damaged due to the heavy drop in tourism demand caused by global travel restrictions, bans and advisories. Between 1 January 2020 and 17 May 2020, international tourist arrivals and outbound travel departures decreased by 67%, respectively, over the same period last year. This severe drop in tourism demand is estimated to account for a loss of USD 2.95 billion to Korea’s tourism industry as of April 2020.



However, the impact of the pandemic has been disproportionate across different sectors and within the sector as well. Like in the other parts of the world, the online consumption of the cultural content has exploded during the crisis.

TIVING, the local OTT (over-the-top media services) broke the record of 1.26 million viewers in Feb 2020, showing 68% year-over-year increase.

Given that many types of cultural consumption are usually performed in physical proximity to others and are highly reactive to swings in business cycles, the economic shock of the pandemic is expected to have lasting effects on the arts and cultural sectors, especially to the particularly vulnerable. The Ministry of Culture, Sports and Tourism of the Republic of Korea (hereinafter referred to as the “MCST”) has already taken policy measures to respond to the challenges - but much remains to be done. The policy responses have focused on the following two key areas;

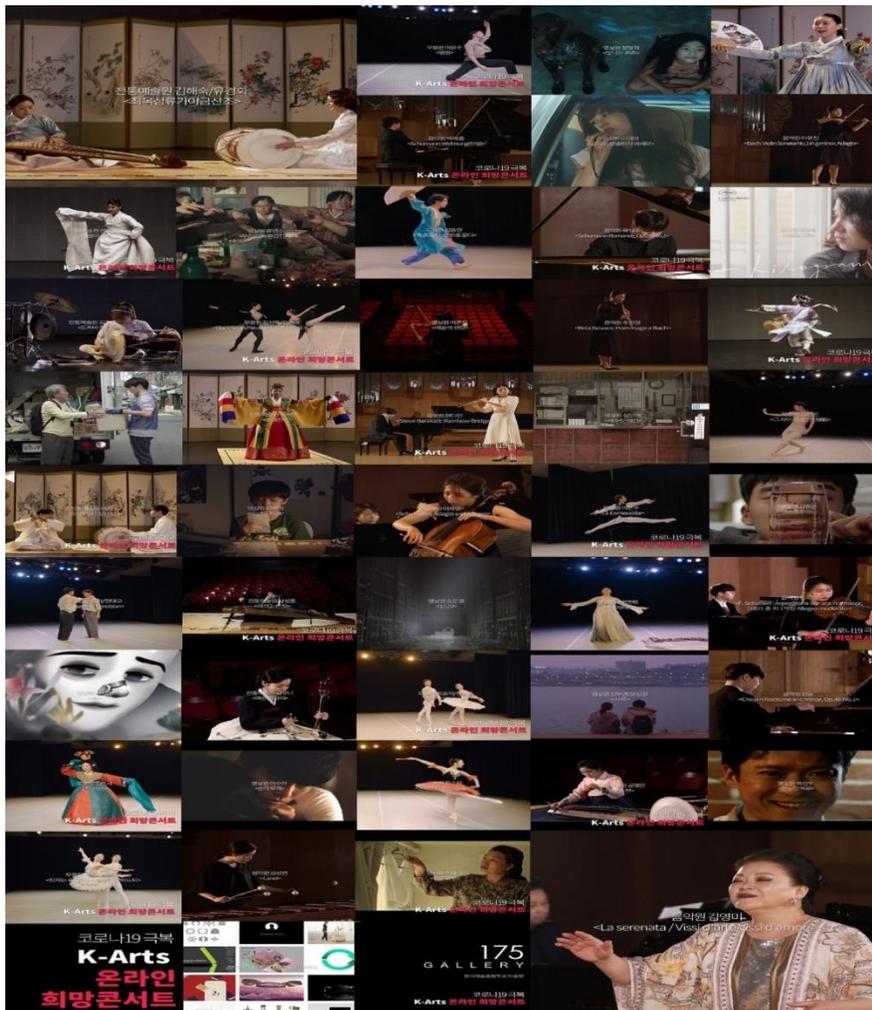
1. **To ensure continuation of creative activities:** Emergency funding is offered by the Ministry to support artists and cultural professionals at risk of having to suspend their creative works due to financial difficulties.
2. **To mitigate economic losses in specific industries:** The MCST is developing catered approach to each targeted sector with liquidity issues and lay-offs caused by cancelled or postponed events.

Starting from May, the Korean authorities have slowly lifted some of its strict measures while maintaining cautionary stance of social

distancing to properly address the risk of resurgence. Cinemas and theaters need to block out seats to create enough space between audiences while thoroughly cleaning auditoriums between schedules. Audiences will go through temperature checks and will be offered hand sanitizers at the entrance, while their contact information is stored temporarily by the institutions just in case of infections. The 21st edition of Jeonju International Film Festival will be held

without a public audience, organizing competition screenings for jury members and filmmakers only. The festival will also hold online screenings for films with consent from rights holders.

By sharing the mitigation and recovery efforts taken by the Korean Government, we will join forces with the international community to save and rebuild the culture, sports and tourism sector together after crisis.



Korea National University of Arts went online by streaming its programmes ranging from short films, dances, classical music, and visual arts to traditional arts presented by faculties and students for 15 days at the peak of coronavirus outbreak in March.

@Korea National University of Arts

Measures Taken;

In order to respond to the immediate impact of the COVID-19 pandemic on the cultural sector, the MCST implemented policies and measures to encourage public to stay at home to practice social distancing while appreciating culture and arts. The government also announced financial relief for artists and cultural professionals with unavoidable difficulties to contain the spread of COVID-19 and mitigate the negative impact on specific areas such as film, performing arts, visual arts, tourism and sports.

1. Strengthening Access to Culture

To encourage its citizens to stay at home to curb the epidemic, the MCST took various efforts to launch the one-stop platform by mobilizing national and public institutions, rolling out new contents and improving digital accessibilities. The MCST also launched a campaign titled “Social Distancing while reading” and distributed free e-books and audiobooks up to 2 per person with the capacity of 800,000 in April upon the World Book Day.

- **One-stop platform for online cultural content:** The MCST integrated promotion of online channels managed and promoted individually by national and public institutions. The special page created at the Ministry’s website invites visitors to browse the digital offerings.

(www.culture.go.kr/home)

The government also plans to increase support for digital production and reproduction of online cultural content.

- **Promoting the diversity of cultural expressions:** Variety of digital contents (e.g. virtual exhibition tour, online courses of arts education, and videos of performing arts and concerts, digital libraries and national archives of photography, architectures) is offered for all audiences from children, adults to parents. Distance learning on culture and arts offers 234 specialized contents on culture and arts education to enable distant learning of music, arts, and dance subjects for 11,972 schools nationwide conducting online schooling due to COVID-19.

- **Improving user accessibility:** The MCST plans to enhance accessibility for digitally underprivileged groups, and upgrade user-centered website.

2. Ensuring income for Artists and Cultural Professionals

The Artists Welfare Foundation launched an open call on artists and cultural professionals to apply for emergency loan and creative funding to relieve imminent financial burden that they were facing due to the cancellation and postponement of the cultural events.

- **Loan:** Emergency loan is provided to artists (approx. USD 5.7 million), interest rate is lowered by 1%p from existing loan (2.2% → 1.2%), and funding limit is increased up to USD 8,200 from the previous cap at USD 4,100.
- **Creative fund:** The MCST finances low-income artists who are at risk of having to suspend their creative works due to financial hardship (grants of USD 2,500 per artist, biennial / USD 30 million planned for 12,000 artists in 2020). A total of 14,790 applied for the 1st half of 2020 funds.

- **Young artists:** The MCST increased a dedicated grant to support the very first works of arts by young artists who could be more vulnerable to the crisis with grants of up to USD 820k for 150 selected artists.

3. Supporting small and medium organizations affected by COVID-19

- **Saving Small independent theaters:** Production and promotion budget for original programmes (up to USD 16k per theater, total of USD 3.3 million for 200 theaters) is subsidized, and disinfectants (e.g. hand sanitizers and disinfectants, USD 254k) are provided by the MCST.
- **Investment Promotion:** The MCST finances startups in the cultural and creative industries through ‘Fund of Funds’ that runs based on the national treasury with an input of private capital. The fund formation criteria have been eased in order to restore investor confidence and encourage venture investment weakened due to COVID-19. The MCST is also working to facilitate speedy fund formation and execution

by providing incentives for investments.

- **Advisory and Consultation:** Consultation on grants and subsidies, legal and accounting advisories are provided to individuals (artists) and small and medium sized enterprises (SMEs) in each sector under the purview of the Ministry through designated channels such as the Korea Arts Management Service (performing and visual arts); Korea Craft and Design Foundation (crafts); Korea Creative Content Agency (cultural industries); Tourism Business Support Center (tourism); and the Sports Industry Support Center (sports).

4. Sectoral Approaches

1) Performing Arts:

- **Safeguarding jobs:** Performing arts industry was designated as a special employment support business category by the Ministry of Labor (16 March), so that 18,535 people in 4,432 businesses in the sector can benefit from the paid leave (up to 90%

of their pay) and are guaranteed to get their job back once the crisis is over.

- **Saving Performing arts organizations:** Subsidies for venue rental fee (up to USD 12k per organization, total of USD 3.3 million) and production budget (110 shows, USD 4.6 million), and grants for streaming online performance (15 shows, USD 246k) are funded by the MCST.
- **Audiences:** The MCST will launch a promotion campaign once the COVID-19 subsides by offering discount vouchers. Vouchers worth USD 7 per pax will be provided on each booking site with the total budget of USD 11 million which can cover 1.44 million audiences.

2) Visual Arts:

- **Supporting galleries:** To address liquidity issues in the arts market, the Arts Council Korea widened the eligibility criteria for exhibition grants from private museums to include galleries while increasing the dedicated budget from USD 1.3 million to USD 2.1 million to support 280 exhibition spaces (up to USD 2,450 per space). The government

also advanced the annual purchase of artworks for its collections to be displayed in the government and public institutions (“Art Bank”) by shortening the evaluation process to move up the expenditures.

3) Film industry

- **Ensuring Production:** The production companies behind 20 selected films that were forced to halt shooting because of the crisis will also receive funds to help them resume production. Korea Film Council will subsidize a portion of the marketing costs for 20 selected movies that were forced to postpone or cancel their release plans during the first quarter because of COVID-19. To ensure safety at the production, the Korea Film Council is subsidizing the disinfectant costs on the set to be equipped with thermal imaging camera and disinfectant products.
- **Protecting workforces:** The industry professionals who lost their jobs or haven't been able to find freelance work because of the crisis will also be eligible for free vocational training and for compensation (700 individuals).

- **Supporting Exhibitors:** To alleviate financial pressure to cover fixed costs facing a sharp drop in sales, the three percent contribution to the cinema development fund on all ticket sales imposed on exhibitors will be reduced. The fund typically generates about USD 45 million in contributions per year. The new reduction will apply retroactively from February to December. Korea Film Council is funding disinfectant cost for cinemas nationwide, and will subsidize 200 small-sized theaters to reboot their programming once the crisis subsides.

4) Cultural Institutions

- **Reducing the operational burden:** The MCST loosened the requirements of matching funds to its wage subsidies to private museums. 360 private museums are now required to match only 5% of wages for its 368 curators under the programme, instead of previous 20%.
- **Funding exhibitions:** The government is also in process of finalizing supplementary budget of USD 25 million to support private museums to plan special exhibitions in the 2nd half of 2020. It is expected that around 500 private museums

would benefit from exhibition grants up to USD 50k.

- **Supporting libraries:** The Ministry plans to promote contactless service at 1,141 public libraries (e.g. unmanned borrowing and returning service) with budget of USD 4.2million.

5) Tourism Industry

- **Financing tourism enterprises:** A total of USD 243 million has been mobilized from the National Tourism Fund to support tourism companies. As part of this initiative, funding of USD 82 million has been allocated so that small and medium-sized tourism companies can access temporary unsecured low interest loans (at a rate of approx. 1%). Further to this, greater coverage on new general loans to tourism related businesses with a total of USD 164 million has been made available. In addition, loan extensions or deferments for a period of one year will be made available on previous loans up to a total of USD 164 million. Other financial, fiscal, and tax relief measures for the tourism industry includes the following:

- An emergency relief fund for all affected SMEs including tourism startups and SMEs valued at a total of USD 1.8 billion
- Tax cuts for businesses such as a property tax reduction and a decrease to the comprehensive real estate holding tax imposed on hospitality businesses with support of the local/regional council resolution
- Extending the hotel tax refund policy for international visitors (from 2020 to 2022)

- **Supporting tourism jobs and skills training:** Tourism companies will be able to provide paid leave for their employees since the travel and tourism industry was designated as a 'special employment support sector.'² The special employment support provides up to 90% of the leave allowance for six months upon a paid leave and will further provide USD

² 'Tourism Business', 'Tourism accommodation business', 'tourism transportation business' were designated on 10 March 2020; 'International conference business' and 'duty-free business' on 22 April 2020. (Categories of Tourism businesses are defined by the Tourism Promotion Act, Article 3.)

410 for three months upon unpaid leave. Other measures include further vocational training and subsistence loans provided to job seekers.

- **Boosting demand for domestic tourism:** Encouraging local tourism spending by issuing domestic travel and tourism vouchers; and increasing the ‘vacation bonus subsidy’ programme that provides employees of small companies with vacation bonuses partly subsidized by the government (25% of the set amount).
- **Other measures:** Measures to prevent the spread of the virus in the industry have been implemented including the distribution of hand sanitizers and face masks to tourism businesses and facilities (hotels, camping facilities, information centers, etc.); and the provision of disinfection services to tourism businesses visited by persons who have tested positive for COVID-19 for further prevention of the virus.

6) Sports Industry

- **Support for Capacity building of SMEs:** The MCST has provided financial support for capacity building of small and medium-sized

enterprises (SMEs) in consulting and product planning. Also, selected enterprises with global competitiveness have received financial support for product development (USD 250,000 per enterprise).

- **Special Loan:** Special loan for working fund (total USD 41 million) has been arranged for sports industry in order to prevent severe industrial damage due to COVID-19.

* Interest rate (variable): 1.37 %

* Limit: up to USD 330,000 per case

* 404 cases of the special loan (USD 30 million) from 27 March to 11 May.

- **Extension of time for repayment of loans:** As decided at the Crisis Management meeting on 9th April, the repayment of principal of loans for the sports industry can be extended (one year) when such payment shall have become due within a year.
- **Employment Support:** Job trainees will be assigned to 17 selected enterprises severely affected by COVID-19, and these enterprises will receive employment support fund. (USD 1,000 per person for 8 months at max.)

5. Others

- **Copyright issues due to sudden shift to online learning:**

Schools have restarted through virtual learning which inevitably involves distributing copyrighted works online. The sudden shift to virtual learning has raised several copyright issues for teachers and students. The MCST

distributed informative materials for schools on how to use copyrighted materials online without infringing copyright. The MCST also increased help lines at the Korea Copyright Commission and the Korea Copyright Protection Agency to respond to questions on copyright issues pertaining to online learning.

Preparing for the New Normal

COVID-19 is transforming our world into a completely different place. We are witnessing massive changes in the economic, social, and cultural sectors. Platform economy is emerging as a new economic model, and the demand for contactless culture and arts content is expected to surge. Such changes may be daunting as it is driving us into uncharted waters. Nonetheless, Korea is making concerted efforts to return to normal lives, and to turn challenges into opportunities.

1. **Distancing in Daily Life:** Starting from 6 May, the Korean Government has implemented ‘distancing in daily life’ that will enable people to gradually return to normal lives while maintaining preventive measures. In line with this transition to everyday distancing, national cultural facilities such as museums, libraries, and art museums reopened with precautionary steps after 2 months of closure.

The safety measures include conducting temperature screening for visitors, and checking personal hygiene and user information. Visitors are also required to wear masks and maintain 1~2m distance from others. Moreover, group visits and workshops have been put on hold, and the facilities set a limit on the number of visitors per hour as well.

2. Coping with Transition

- **Changes in the Digital Culture and Arts Landscape:** Together with the 4th Industrial Revolution, the surge in demand for online content following the outbreak of COVID-19 is anticipated to increase planning, creation, distribution, and consumption of culture and arts in the virtual environment. As such, the MCST aims to design strategies to promote contactless creation and distribution for each arts sector (e.g. performing arts, visual arts, and literature) in order to support market expansion for contactless distribution of artworks like online art auction and sales. Furthermore, in response to the rise in online distribution of arts, the Ministry will endeavor to build a system that ensures optimal profit distribution for creators.
- **Travel and Tourism Post COVID-19:** While the pandemic has devastated the tourism sector at its core, it is yet too early to predict the whole future of tourism including the travel behavior and patterns of the future traveller. Nonetheless, it is expected that the COVID-19 pandemic will accelerate the digital

transformation, shifting towards a more ‘smart,’ ‘personalized,’ and ‘non-contact ³’ travel. The increased commercialization of new technology has already altered how journeys are planned, booked and experienced. With the acceleration of the preexisting trends, the Korean government plans to make greater use of its digital application initiatives. The ‘Tourism Forecast Service’ is a Big Data solution that aims to assist travel planning with useful travel information of the local destination such as real-time visitors, booking rates on transportation and accommodations, and weather information, etc. For tourists who are reluctant to tour with a guide, the “Digital Storytelling Service” will provide a substitute to in-person tour guides. Users can easily download the application titled “smart tour guide” to a mobile device in Korean, English, Japanese, and Chinese, with

³ The term ‘Untact [sic]’ meaning “no contact” emerged out of the widespread social distancing in Korea. ‘Non-contact tourism’ refers to a new travel trend that avoids crowded places or indoor activities, but prefers outdoor attractions with plenty of space.

additional languages to be added in the near future. As more people tend to avoid busy indoor areas during their travel, the “Durunubi” (Korea Mobility) system that recommends tour routes for trekking, cycling, and driving will become useful to the growing number of tourists seeking for outdoor activities. This tourist information service also provides additional information on the route including popular tourist attractions, cultural heritage sites, transportation, accommodation, and restaurants.

- **Copyright Protection:** As people turn online to enjoy culture and arts more frequent than ever, concerns over copyright infringement also grow. The related authorities have strengthened its enforcement action against unlawful acts such as leaking and distributing copyrighted materials online through various digital platforms in joint operation with the National Police Agency. It continues to develop and disseminate anti-digital piracy technologies while expanding public awareness campaign on the importance of protecting copyright.

The policy responses keep being supplemented and updated to keep up with the rapidly changing situation. In this volatile environment, the government will continue its effort to adapt and innovate its policies, while learning what works and what doesn't to make proper adjustments. The Korean Government will make best efforts to share the lessons learnt and work in solidarity with the international community to rebuild the culture, sports and tourism sector after crisis.

“It is imperative that all countries join forces to respond to COVID-19, so that we can return to normal life. The Korean Government is prepared to share the lessons learnt and policies we have implemented against COVID-19.”

at the UNESCO Online Meeting of Culture Ministers (April 22nd)