French-Korean Chamber of Commerce and Industry

President-elect Yoon Seok-yeol's Policy Directions

20th Presidential Election of the Republic of Korea

March 2022





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- 20th Presidential Election -

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Yoon Suk-yeol's **biography**. A conservative newcomer President **Election** Overview. A challenging balance of political forces **Institutions**. A new balance of powers

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III. Industry

Digital. A strong focus on the 4th industrial revolution **Energy.** An energy-mix driven by the nuclear power **Environment.** An ecological realism to preserve economy and life quality **Finance.** A new digital ecosystem, a better protection for individual investors

Korea's leadership consolidation in **semiconductor** and **shipbuilding**Become a major country in **healthcare** and **space** industries

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A tough stance on **North Korea**, a reinforced relationship with **US**, **China**, **Japan** Foreign policy. A focus on **economic interests** and **national security**



Yoon Suk-yeol's biography. A conservative newcomer President





Education

- 1960: Born in Seoul
- 1979: Graduates from Chungam High School
- 1983: Graduates from Seoul National University with an undergraduate degree in law
- 1988: Graduates from Seoul National University's School of Law with a master's degree
- 1991: Passes the 33rd state bar exam on his 9th try
- 1994: Completes courses at Judicial Research & Training Institute
- ☐ Career (1994 2021)
 - 1994-2001: Works at district prosecutors offices in Daegu, Seoul and Busan
 - 2002: Works as an attorney for a law firm
 - 2003: Rejoins the prosecutors office
 - 2008: Becomes head prosecutor of Nonsan branch under the Daejeon District Prosecutors Office

- 2009-2011: Works at the Supreme Prosecutors Office
- 2013: Becomes head prosecutor of Yeoju branch under the Suwon District Prosecutors Office; leads special investigation on an opinion rigging case involving the National Intelligence Service
- 2014-16: Works at high prosecutors offices in Daegu & Daejeon
- 2016: Leads special probe on a corruption scandal involving President Park Geun-hye, which eventually led to her impeachment
- 2017: Becomes chief of the Seoul Central Prosecutors Office
- 2019: Becomes Prosecutor General

□ Politics (since 2021)

- March 2021: Resigns as Prosecutor General in an apparent protest of the government's prosecution reform plan
- June 2021: Declares his bid for presidency
- July 2021: Joins the main opposition People Power Party (PPP)
- November 2021: Becomes the presidential candidate of the PPP
- March 2022: Wins the presidential election

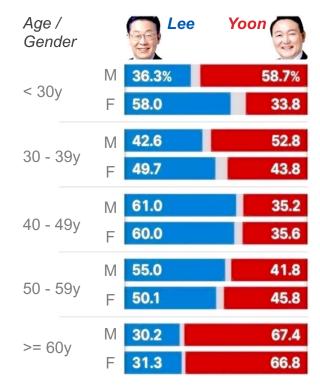
Election Overview. A challenging balance of political forces



□ Electoral Result

- President-elect Yoon (People Power Party, PPP) won the presidential election by a small margin of 0.73% (240,000 votes)
- The Democratic Party of Korea (DPK) has the majority at the National Assembly: 172 seats / 300 vs. 110 seats for the PPP
 - The Executive has a veto power and has an advantage for the budget vote in case of stalemate
- The President-elect Yoon's PPP will also have to deal with Ahn Cheol Soo's People Party (PP) after their last-minute agreement before the election
 - AHN Cheol-Soo was appointed Chairman of the presidential transition committee

Results of the 20th Presidential Election





Electoral Schedule

March 9, 2022 : Presidential election

• May 10, 2022 : Presidential inauguration

• June 1, 2022 : Local election

April 10, 2024 : Legislative election



Yoon Seok-yeol

People Power Party (PPP)

48.56% 16.394.815 votes

Lee Jae-Myung

Democratic Party of Korea (DPK)

47.83%

Difference 247,077 16,147,738 votes



Institutions. A new balance of powers



☐ To ensure **President's** proximity with the People

- Scale down the President's office: reduction of the number of employees by 30%, reorganization into a strategic structure, focus on inter-ministerial planning and coordination
- Extend responsibility and autonomy of the Prime Minister and the Ministers
- Relocate the office of the President to the Seoul Government Complex in Gwanghwamun
- ☐ To avoid "controversies" on gender and overlaps between ministries
 - Abolish the Ministry of Gender Equality and Family and establish a separate ministry to cope with various social issues
- To adapt the government to the digital era
 - Introduce a data-based and scientific-based system for government decision-making
 - Reform the public administration using AI and big data
 - Establish a Presidential Committee to promote the digital economy
- ☐ To improve the **judicial system**
 - Establish a unified family court to deal with all child and family-related cases and provide legal services
 - Establish a specialized maritime court composed of maritime experts and judges
 - Establish an Integrated Administrative Tribunal to provide a unique desk for citizens' remedies
 - Abolish the authority of the Minister of Justice to direct investigations in order to ensure the independence of the prosecution



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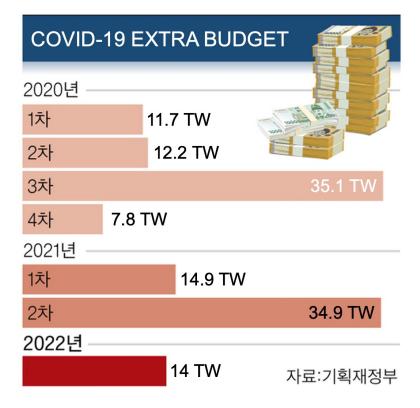
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Small merchants. A growing support for those hit by the COVID-19



- ☐ To support **small merchant and self-employed** people hit by the COVID-19
 - Secure an extra-budget of more than 50 Tn won to provide a fair and complete compensation for losses
 - Establish a "rent sharing system" to avoid business failures
 - Leaseholders, tenants and the government will pay one third of the rent each
 - Loss for leaseholders will be covered by the government through tax deduction when the pandemic is over
 - Tenants who borrow money to pay the remaining two thirds of the rent would have to pay back only half and the government would pay the remaining amount
 - Extend the maturity of existing loans for SMEs
 - Establish special guarantees for more than 5 Tn won to provide low-interest loans
 - Provide financial and fiscal support for taxes, utilities, rent, labor cost up to 2 years after the end of COVID-19



- ☐ To support small and medium-sized travel agencies and tourism industry
 - Expedite financial and loan support for tourism businesses in case of disasters such as infectious diseases
 - Prepare social safety net and welfare policies for workers in tourism
 - Apply loss compensation to the travel industry
 - Foster tourism ventures based on the 4th industrial revolution and build metaverse-linked specific Hallyu tourism content landmarks by region

SMEs. A focus on growth, competitiveness and digital transformation



☐ To support SMEs to grow and to become **mid-sized or large enterprises**

- Extend R&D and tax support, extend the 3-year grace period after the SME become a medium-sized company
- Extend trade financial guarantees for exporting SMEs and damages compensation in case of export payment failure
- Extend tax exemptions when exercising stock option right in order to attract talent
- Extend loan principal repayment maturity and interest deferral for SMEs if the COVID-19 persists

☐ To support SMEs' business transition

- Support SMEs' digital transformation through tax benefit for digital transformation investment, remote work infrastructure installation, essential equipment purchasing (mobile work, video conferencing, telecommuting)
- Establish specific fund to support SMEs to enter into new businesses and to secure technological competitiveness in core industries
- Support smart factory construction through access to preferential interest rates loans

☐ To ease smooth **family business succession**

- Facilitate the succession of family businesses so that SMEs can continue to grow
- Ease follow-up requirements and shorter the 7-years management period to ensure a smooth family business succession
- Improve the anticipated transfer scheme to induce SMEs' succession planned in advance

☐ To support SMEs to overcome **logistics difficulties**

- Extend shipping space allotment for SMEs and grant export vouchers for long-term transportation contracts
- Ease cost burden for SMEs' conversion to inventory strategy
- Build a supply chain information sharing platform and extend supply chain strategy consulting support
- Promote global supply chain security through diversification of import, reshoring, dependence reduction to specific countries

Re-vitalizing the economy. Bolster growth through innovation



- To be among the 5 best countries for Science and Technology and create 5 new major megatechs companies
 - Extend R&D and tax support in new industries, set up regulatory sandbox projects and open technology scale-up platform to support industry conversion towards future strategic industries
 - Promote public and private R&D large-scale investment in national strategic technologies
 - Build 5 major infrastructures: 6G technology, nationwide network of supercomputers, quantum cryptography information protection network, Northeast Asia smart energy grid network, Korean-style GPS system (KPS)
 - Establish a public institution dedicated to the regulation reform to revitalize corporate investments and induce innovation
- ☐ To support innovative **startups** creation and be among the 3 best countries for **unicorns**
 - Establish a fund-of-funds (FOF) for early-stage startups under 3 years and youth and women's startups
 - Establish a private-led venture investment ecosystem, ease establishment of Corporate venture capital (CVC) to stimulate large-scale private capital investment
 - Extend private investment-led Tech Incubator Program for Startups (TIPS)
 - Allow supervoting stocks for start-up companies so to defend their management rights
- To secure the **global supply chain** for core raw materials and parts and to avoid crisis as the urea shortage
 - Establish emergency measures for items with high external dependence on other countries
 - Diversify import sources and strengthen inventory capacity
 - Improve inter-ministerial coordination for technology, security and commerce
- ☐ To spur companies to **reshore** their production and manufacturing facilities in Korea
 - Increase the amount and the period of tax reduction or exemption for companies returning to Korea

Territory development. Deconcentrate Seoul and reduce the commute time



- ☐ To deconcentrate Seoul metropolitan area and foster the **territorial development**
 - Develop five mega-metropolitan areas linked by high-speed transport and communication networks.
 - Designate specialized innovation clusters for new business developments by region
 - Establish specific support for settlement and investment as tax benefits, support for childcare, medical care, etc
- ☐ To reduce the **transportation time** to 30 minutes in Seoul Metropolitan Area
 - Develop additional transportation network including high speed train (GTX), UAM, and transfer center complex
 - Promote the commercialization of the route for the urban air mobility (UAM) Incheon Airport ~ Yeouido ~ Gangnam
 - Prepare legal basis for the mobility service industry to accelerate the development of delivery and logistics service using drones and Urban Air Mobility (UAM)



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Digital. A strong focus on the 4th industrial revolution



- ☐ To build a world-class Al industry and develop the software industry
 - Create the world's largest city computing infrastructure jointly used by universities, research institutes, and companies
 - Introduce 'cloud incentives' such as corporate tax deductions to companies investing in cloud computing R&D
 - Launch new IT procurement projects in the public sector
 - Support the creation of a flexible work environment suitable for the IT industry
 - Expand digital talent recruitment incentives for SMEs and settle adequate compensation for software developers
 - Nurture 1 M digital talents: software education from elementary schools, digital departments at universities, scholarships
 - Nurture 100,000 cybersecurity talents and strengthen the cybersecurity sector
- To become a leader in Metaverse
 - Establish a national support system for the metaverse industry
 - Reform the financial system to vitalize token economy such as NFT
 - Nurture 100,000 talents in Metaverse-related industries and assign special quota to university departments for metaverse
 - Bridge the digital divide through schools and public experience-based digital facilities
- ☐ To strengthen **digital trade strategies** to cope with changes in the trade environment
 - Lead WTO e-commerce negotiations and enact digital trade norms among major competitors such as the US, China and Japan

Energy. An energy-mix driven by the nuclear power



- ☐ To ensure stable supply of clean energy
 - Develop an energy mix focused on strengthened nuclear and renewables
 - lower the share of fossil fuels in energy production to 40%
 - maintain the share of renewable energy at 20%
 - increase the share of nuclear power to 30%
 - Reduce the share of coal-based thermal fuel generation from 60% to 40% in 5 years
 - Use nuclear power as a base power source and maintain a reasonable proportion of nuclear power generation
 - Continue operation of nuclear power plants that expired for the first time before 2030 after evaluating their safety performances
 - Invest in clean hydrogen production bases and hydrogen liquefaction-related facilities
- ☐ To revitalize the **nuclear power industry** and make Korea a top exporter of nuclear equipment and technology
 - Abolish nuclear-free policies and resume with the construction of Hanul-3 and -4 (Nuclear Power Plant)
 - Secure a Research Base for recycling nuclear fuel
 - Revitalize the Korea-U.S. nuclear power commission after the revision of the Korea-U.S. Nuclear Cooperation Agreement
 - Achieve 10 subsequent nuclear power plant exports by 2030 and create 100,000 high-end jobs
 - Entry into small modular reactors (SMR) market by commercializing of water-cooled SMRs
 - Development of hydrogen-conjugated nuclear power plants and commercialization of exports

Environment. An ecological realism to preserve economy and life quality



☐ To achieve realistic **environmental commitments**

- Redefine Korea's Nationally Determined Contributions (NDCs) for 2030
- Define more realistic and standardized ESG indicators for SMEs
- Develop an energy mix focused on strengthened nuclear and renewables
- Extend allocation of greenhouse gas emission rights
- Systematize disaster management and strengthen all infrastructure such as drainage facilities
- Establish a "Climate Crisis Management Organization" in industrial, academic, and governmental levels
 - to preparation of mid- to long-term support measures in the legislative budget and human resource sector
 - to convert old industrial complexes and small and medium-sized enterprise concentrated complexes into carbon-neutral industrial complexes

☐ To improve the **air quality** and reduce fine dust by more than 30%

- Reduce the share of coal-based thermal fuel generation from 60% to 40% in 5 years
- Introduce the EURO7 standard in 2025, ban new registration of internal combustion engines from 2035, scrapp old diesel cars
- Install purifiers to remove fine dust and viruses in elementary, middle and high school and senior care facilities
- Strengthen indoor air standards for multi-use facilities from 50μg/m³to 40μg/m³

☐ To support for **sustainable forests**

- Extend use of domestic wood and forest biomass
- Strengthen support for forestry farmers to enhance the functioning of forests
- Revitalize the forest bio-industry and expand the production of clean forest products
- Establish a proactive forest disaster management system and a proactive management system based on big data

Finance. A new digital ecosystem, a better protection for individual investors



☐ To create an innovative **digital finance ecosystem**

- Allow issuance of domestic cryptocurrency (ICO: initial coin offering)
- Exempt from taxes profit from cryptocurrency investment up to 50 million won
- Enhance financial consumer protection and introduce an insurance system in case of hacking or system errors
- Establish specialized financial institutions to link digital assets with accounts and banks
- Improve data utilization by strengthening AI and data governance and security
- Regulate big tech companies in the finance sector to preserve businesses' interests
- Enact a Digital Asset Framework Act

☐ To improve **financial market efficiency** and attract 10 million individual investors

- Strengthen tax benefits for individual investors: stock transfer tax abolition, appropriate level for securities transaction taxes
- Protect individual shareholders' rights in case of corporate spinoffs
 - Spinning off business divisions allows the parent company and subsidiaries to focus on their respective strategies, but the practice is accused of sacrificing individual shareholders who, unlike the majority shareholders, get no stake in the profit-making subsidiaries, despite holding shares in the parent firm
- Improve capital market transparency and fairness
 - Strengthen sanctions in case of undisclosed information or stock price manipulation
 - Strengthen the independence of the Dispute Mediation Committee of the Financial Supervisory Service

Korea's leadership consolidation in semiconductor and shipbuilding



- ☐ To consolidate Korea's leadership in the **semiconductor** industry
 - 1. To maintain Korea's leadership in the semiconductor memory sector
 - 2. To foster the next generation semiconductor industries (future cars, AI, 6G, robots, IoT home appliances)
 - Extend tax reduction for R&D and facility investment
 - Support infrastructure such as electricity and industrial water
 - Promote cooperation between large companies and SMEs to strengthen the semiconductor ecosystem
 - Train 100,000 talents in semiconductor by increasing the nb of students and professors in semiconductor departments
- ☐ To consolidate Korea's leadership in the **shipbuilding** industry
 - Support development of high-value-added eco-friendly ships, autonomous ships, smart ports
 - Establish maritime industry and start-up cluster in port area
 - Establish advanced marine tourism infrastructure such as marine ecology park, marine waterfront park, marine aquarium, etc.
- ☐ To become a major country in the **cultural content** industry
 - Expand the cultural market by providing Metaverse public services
 - Support the creation of creative spaces for culture and arts, support content companies and artists to enter the global market
 - Support the copyright law system and the distribution of the IP and NFT markets of private content companies
 - Create 500,000 jobs in cultural sectors
 - Improve traditional cultural heritage management system
 - Implement a system to protect the rights and interests of gamers and the gaming industry

Become a major country in healthcare and space industries



- ☐ To become a major country in **health industry**
 - Enhance domestic R&D to ensure therapeutic vaccine sovereignty and become a global vaccine hub
 - Korea's health-related R&D expenditure amounts to 6.6 trillion won vs. 216 trillion won in the US
 - Enhance domestic R&D to high-tech medical fields and digital health: regenerative medicine, precision medicine, brain, aging, genome editing, etc
 - Extend digital health care through personal medical data management system and digital healthcare services
 - Introduce a "digital healthcare family doctor" system and expand telehealth service to serve patients who are underprivileged or live in rural areas with limited access to healthcare service
 - Perform the complete genetic analysis of a cohort of 1 million adults
- ☐ To become a major country in **space industry** by 2035
 - Establish an R&D system for aerospace research, and a new institution to coordinate the national space policy with ministries (Defense, Science and ICT) and other public institutions (KARI)
 - Support the development of carbon-neutral aircraft technology, satellite, hypersonic aviation technology, high-speed aircraft
 - Nurture 100,000 New Space experts through aerospace-specialized education
 - Establish the Korean Positioning System (KPS) and build a nationwide 1:1000 electronic map
 - Promote high-performance launcher for our satellites and exploration of the Moon and Mars



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Employment. Job creation is driven by the private sector



☐ To create jobs

- Entrust job creation to the private sector rather than government projects
- Improve the national economy and the business environment with fair competition, regulation easing, innovation, taxation, etc.
- Foster companies' reshoring
- Improve specialized employment private services related to services

☐ To create and secure quality jobs

- Promote a dynamic and innovative growth through measures to foster :
 - digital transformation
 - high-tech industries
 - sustainable energy such as nuclear power, hydrogen energy, battery & fuel cell

☐ To support the workforce to adapt to the **industry transformations**

- Support professional transition to help middle-aged workers through education, training, relocation
- Establish specific package to job seekers and SMEs
 - talent acquisition, job quality improvement, education and training
 - workplace innovation, digital transformation
- Improve job placement services through digital platform (AI and big data)

Working conditions. An enhanced flexibility and a performance-based wage system



☐ To reinforce working hours flexibility and ensure employees' right to choose

- Extend from the current 1-3 months to 1 year the base period during which the average working hours are calculated to meet the maximum of 52 hours per week
- Introduce an annual working hour savings account system to allow employees to convert overtime hours into paid leaves
- Grant employees the right to request for conversion from full-time to part-time while maintaining its permanent employee status
- Exempt from overtime regulations newly established startups, some specialized jobs and high-salary employees

☐ To improve the wage system

- Focus on job performance rather seniority in order to promote employment stability for the elderly and employment for youth
- Allow employers and employees to conclude collective agreements on wages applicable to specific jobs and hierarchical positions
- Improve transparency and wage information disclosure by job category to promote a job-oriented labor market

☐ To improve the **social dialogue** and prevent from labor conflict

- Impose strict sanctions against unlawful labor practices such as unauthorized occupancy of the workplace, use of violence, etc.
- Promote employees' participation in labor-management councils with representatives directly elected by employees
- Strengthen the Labor Relations Commission's mediation role
- Provide statutory protections to online platforms' workers (usually under freelance contracts)

☐ The Serious Accident Punishment Act

• Possible reduction of the subject and scope of application of the law after hearing labor and business' feedback if this issue "directly jeopardizes foreign investment in Korea"

Housing. A mitigation of real estate prices and costs burden



☐ To tame soaring housing prices

- Build 2.5 million additional housing units in 5 years (between 1.3 and 1.5 million in Seoul Metropolitan Area)
 - Average of 500,000 per year, about 10% more than the average over the last 2 years
 - Including 1.42 million public housing units (740,000 units in the metropolitan area)
 - Increase the supply by 20 to 30% through rationalization of safety diagnosis standards, floor area ratio, etc.
- Ease the loan to value ratio and grant low-interest loan to first-time homebuyers
- Ease taxes on the secondary market to induce multiple homeowners and retirees to sell their houses
- Ease taxes on multiple homeowners: integration of the comprehensive real estate holding tax and the property tax
- Adopt a permit system to prevent speculation in the housing market by non-resident foreigners
- ☐ To reduce the burden of housing costs for the low-income and middle class
 - Reduce the housing cost burden for the repayment of the principal and interest of Jeonse loans
 - Income tax deduction rate from 40% to 50%, deduction limit from 3 to 4 million won
 - Scope: house of less than 85 m2 or less than 300 million won
 - Reduce the housing cost burden for the monthly rent
 - Income tax deduction rate from 12% to 24% (if income < 55 MW), deduction limit from 7.5 to 8.5 million won
 - Scope : households with a total annual salary of less than 70 million won, house of less than 85 m2 or less than 300 million won
- ☐ To ensure the right to **decent and adequate housing**
 - Increase the number of public rental housing: 500,000 additional public rental housing in 5 years
 - The long-term public rental housing inventory is 1.69 million units (2020), which is 7.8% of the total housing inventory
 - Improve the quality of aging public rental housing through complex development and remodeling

Poverty. An increase and an extension of social benefits



- ☐ To reduce the **poverty**
 - Extend the eligibility for the National Basic Needs Allowance
 - Increase the income threshold from 30% to 35% of the median income, ease requirements on property, work and business income
 - Provide an additional monthly payment of 100,000 won to households which have a disabled person, elderly or children
- ☐ To support people who face **temporary difficulties**
 - Convert the current Emergency Welfare Support System into a Public Safety Support System
 - Extend the eligibility by increasing the income threshold from 26% to 40% of the median income
 - Extend the eligibility to new cases: national crisis (such as COVID-19), death, unemployment, divorce, illness, etc
 - Extend the application period from 1 month to 3 months
 - Ease residential and financial property threshold
- To support the working poor
 - Ease income and property requirements to be eligible for the Earned Income Tax Credit (EITC)
 - Increase the amount of the EITC by up to 20%
- ☐ To improve social welfare services
 - Improve the treatment of social service workers: wages, new recruitments, rest and recovery system, rights and interests protection
 - Extend the digitalization of social welfare facilities
- ☐ To encourage donation from **individual donors**
 - Raise the tax credit limit applied to individual donors' year-end settlement
 - From 15% to 20% for 10 million won or less / From 30% to 35% for over 10 million won



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A tough stance on North Korea, a reinforced relationship with US, China, Japan



☐ To achieve the complete denuclearization of **North Korea**

- Lead the international cooperation for the implementation of UN Security Council sanctions resolutions
- Maintain international sanctions on North Korea until complete denuclearization
- Resume negotiations within the cooperation between South Korea and the US and establish a permanent tripartite dialogue channel
- Provide a progressive economic support to North Korea in case of progress towards denuclearization
- Sign a peace agreement after the complete denuclearization

☐ To reinforce the comprehensive strategic alliance with the US

- Build a strong deterrence stance through the nuclear umbrella, the THAAD system reinforcement, joint training, etc.
- Deepen cooperation in new frontier fields: new technology, global supply chain, space, cyber, nuclear reactor, etc
- Pursue cooperation in vaccines, climate change and new technologies through the Quad's working groups (US, Japan, Australia, India)
- Design a prospective vision for the Asia-Pacific region based on the liberal democracy's values

☐ To resume with a strong relationship with **China**

- Implement a public diplomacy based on respect and cooperation
- Improve the exchanges between foreign ministers: 1 annual visit, 2 strategic dialogues per year
- Implement a 2 + 2 strategic and faithful dialogue between diplomatic and defense Vice Ministers
- Deepen cooperation with a focus on economy, public health, climate change, fine dust, cultural exchange, etc

☐ To build a future-oriented relationship with **Japan** realizing the Kim Dae-jung - Obuchi Joint Declaration

- Expand open exchanges between citizens of both countries with a focus on future generations
- Maintain a strong stance on past history and sovereignty issues

Foreign policy. A focus on economic interests and national security



☐ To establish regional-specific **cooperation networks**

- Promote the ASEAN-Korea ABCD Strategy (Advance human capital, Build health security, Connect cultures, Digitalize Asian infrastructures)
- Establish a regional effective response system against infectious diseases
- Lead the expansion of digital infrastructure to build an East Asian community

☐ To establish a "valuable diplomacy partnership" with European countries

- Reinforce cooperation in new industries, climate change response, advanced science and technology
- Create international norms, promote human rights

To develop a diplomacy aiming to ensure economic security

- Establish a cooperative system with the US, Japan and technologically advanced European countries
- Use Korean core manufacturing technologies (semiconductors, batteries) to ensure the country economic security
- Promote 2+2 meeting on economy security with the US and 2+2+2 meeting with the US and Japan
- Promote dialogue with China on strategic materials supply and demand through high-level strategic exchanges

☐ To ensure the **national security**

- Foster strong Al-based forces and develop an Al-based autonomous robot combat system by 2040
- Progressively reduce the active duty thanks to robots and private military support companies (for non-combatant personnel)
- Reinforce the Korea's three-pronged defense system: Kill Chain preemptive strike system, Korean Air and Missile Defense (KAMD), Korea Massive Punishment and Retaliation (KMPR)
- Deploy the Low Altitude Missile Defense, the Korean "Iron Dome", by 2026
- Strengthen the ROK-US military alliance

French-Korean Chamber of Commerce and Industry

President-elect Yoon Seok-yeol's Policy Directions

20th Presidential Election of the Republic of Korea

March 2022

