

Korean Agricultural and Rural Policy in the post –COVID era

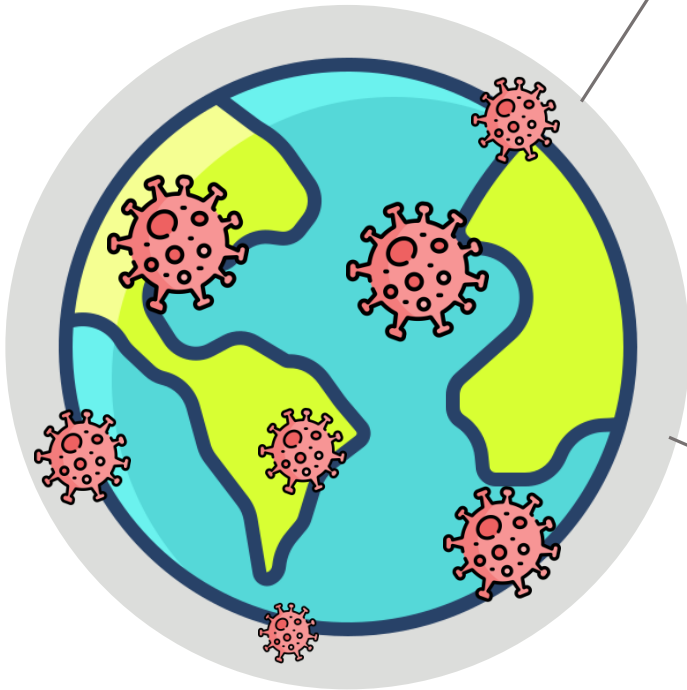
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KREI

I. The Post-COVID Era



The Age of Uncertainty

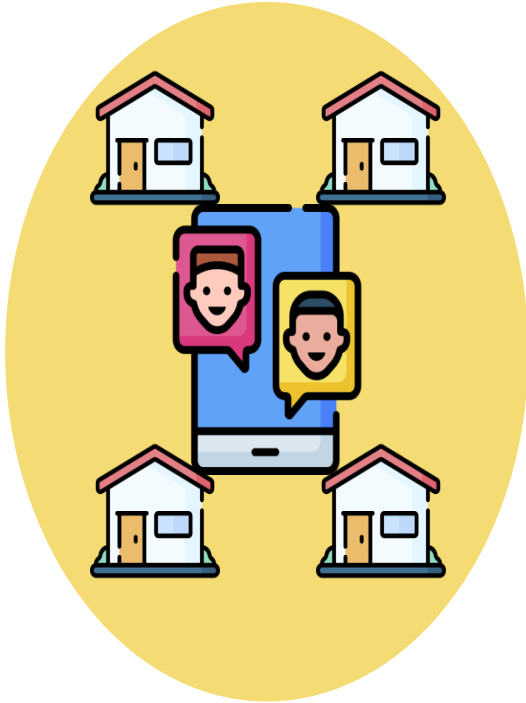
- ❖ Economic and employment crisis
- ❖ International Solidarity Crisis
- ❖ Social and Inequality Crisis
- ❖ Climate crisis

The Age of Transition

- ❖ Transformation of perception systems and lifestyles
- ❖ Need for fundamental transformation of social and economic systems

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New Economic and Social Features



1 Non-face-to-face economic structures and low-density lifestyles represented by 'Untact'

- ❖ Increase in online, non-face-to-face economic and social activities, such as non-face-to-face exchanges, telework, online purchases, etc.
- ❖ Reorganization of industries in response to changes in low-density lifestyles
 - Fostering **new growth industries** (non-face-to-face industries, domestic activities, telemedicine, edutech, functional food)
 - Institutional supplementation for **co-prosperity** between small business owners and online platform enterprises

2 Fourth Industrial Revolution, Data Economy Accelerates and Employment Crisis Comes

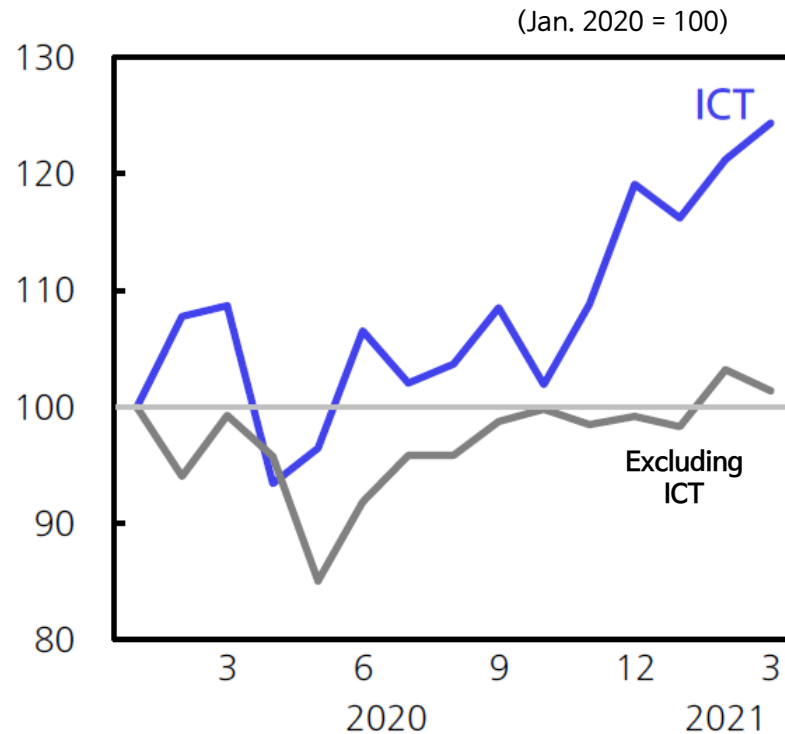
- ❖ Transition to automatic production method that minimizes production disruptions due to movement restrictions
- ❖ Artificial intelligence and robots replace people, resulting in employment crises, and vulnerable groups such as temporary and daily workers face a crisis in their lives
 - Support **retraining** for digital transformation
 - Inclusive policies, such as strengthening the **social safety net** centered on the vulnerable
 - Strengthening **human capacity** (sympathy, cooperation, solidarity, creativity)

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New Economic and Social Features

❖ Increased ICT Production Index

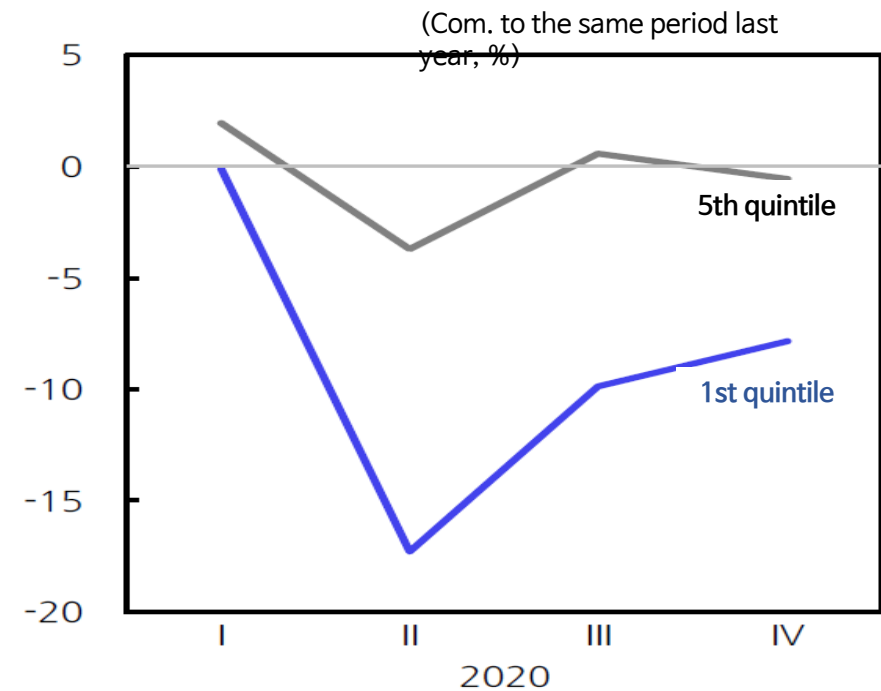
Adjusted Production Index by Manufacturing Sector



Data: Statistics Korea, KDI

❖ Concentrated income shock on low-income families

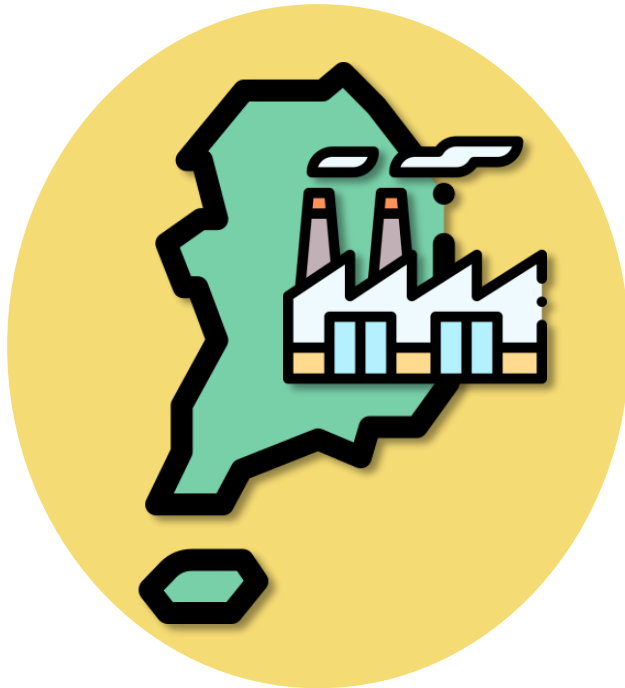
Income growth by household income quintile



Data: Statistics Korea, KDI

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New Economic and Social Features



3 Global Value Chain and Global Supply Chain Changes

- ❖ Faced with the damaging and crisis of the global supply chain represented by efficiency-driven globalization and neoliberalism
- ❖ Promotion of localization of supply chain that expands domestic production around daily necessities and national strategic items

• Strengthening response to **global supply chain reorganization** and **food security**

4 Increasing the role of the national and public sectors in preventing and overcoming crises

- ❖ Limitations of neoliberal systems centered on markets, competition, and efficiency in response to global crises such as climate change, environment, inequality, and infectious diseases
- ❖ Expanding the role of the State in quarantine measures, unemployment measures, and risk management of small and medium enterprises

• Strengthening **capacity to respond to crises** through establishing a cooperative system between countries and reforming systems

• Promotion of **public policy** based on social dialogue and consensus

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New Economic and Social Features



5 A shift to values that place importance on a sustainable economy, environment, and society

- ❖ Transition from economic growth and consumption to a society that values the environment, health, safety, community, and quality of life
- ❖ Trust and cooperation between the government and the people and among the people based on transparent and rapid sharing of information is key to the success of K- quarantine

- Strengthening **the role of the public sector** in creating diverse **values of agriculture and rural areas**
- Establishment of a new era's development model based on **social capital of solidarity and cooperation**

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Short-term Impact

- Rural tourism, restaurant industry, and flower demand plummeting
- Reduction of school meals (environmentally friendly agricultural products)
- Lack of workers due to restrictions on entry of foreign workers and delays and restrictions on movement of domestic workers
- In the short term, the international grain supply and demand situation is stable
- Increased exports of disaster preparedness food (ramen, instant rice, etc.) and immuno-improving food (human ginseng, etc.)
- Increased non-face-to-face consumption and home consumption

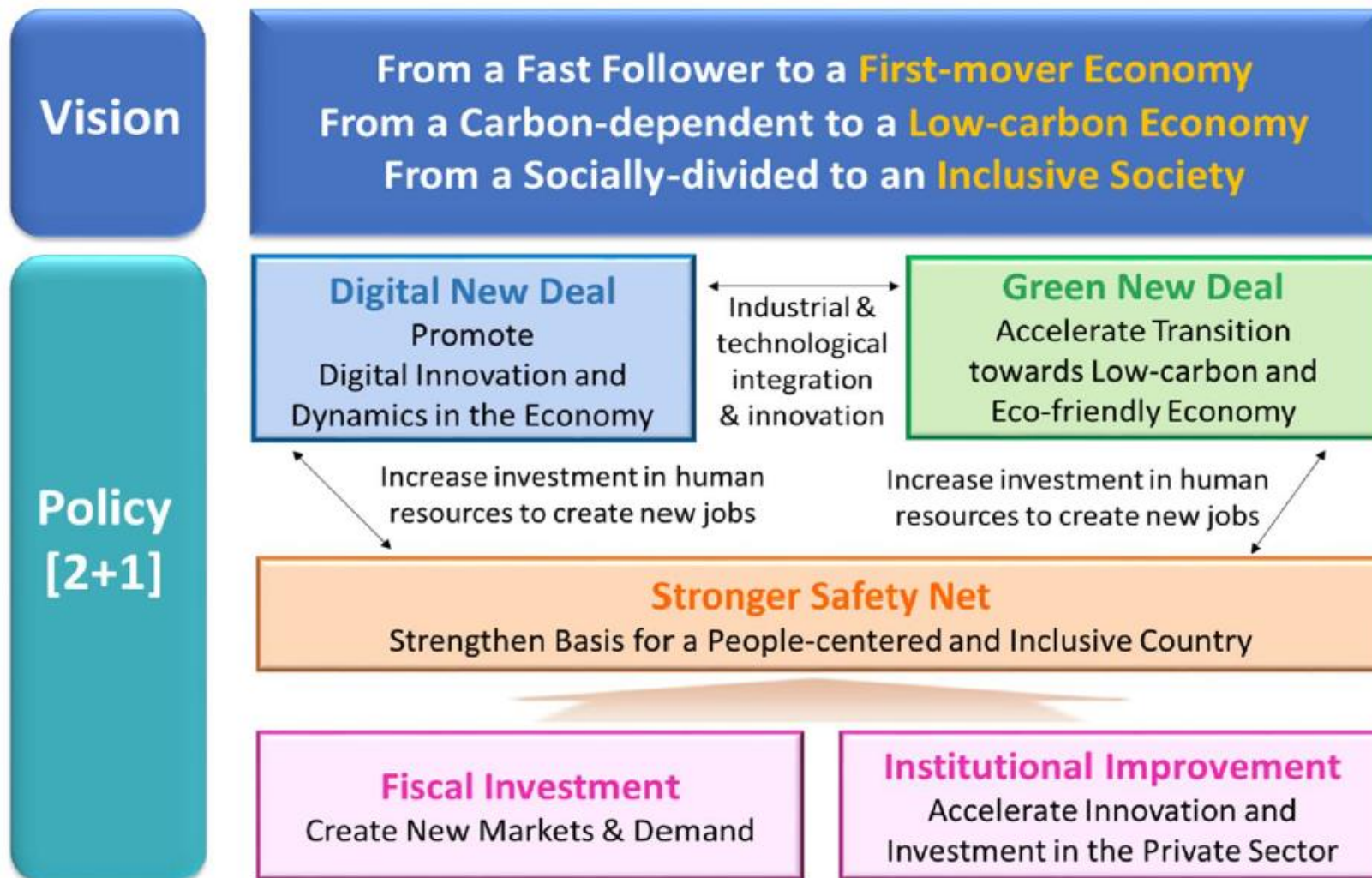


Policy measure

- Help boost eco-friendly agricultural consumption
- Subside online export of agricultural products and export logistics costs
- Help minimize damage to the restaurant industry
- Management Stabilization Fund for Farmers
- Reduction in rent for agricultural machinery
- Offering coupons for agricultural products, dining out and rural tourism
- Designate "restaurant where you eat with confidence"

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Overview of the Korean New Deal



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1. Strengthening food security

“Improving responsiveness following reorganization of the global supply chain of agricultural products”



- ❖ Expansion of **domestic production infrastructure** for wheat and soybeans
- ❖ Phasing out stockpiles of grain and **systematization of stockpiles**
- ❖ Establishing **a stable procurement system for feed grains** and expanding the production and distribution base of **domestic forage**
- ❖ Promoting agricultural cooperation between South and North Korea in the long run to **improve food security on the Korean Peninsula**
- ❖ Establishment of a **"National Food Plan"** as a comprehensive strategy for food at the national level

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2. Carbon reduction in the agricultural sector and transition to renewable energy

“Strengthening response to climate change and environmental issues for a sustainable future”



- ❖ Establishment and systematic management of **carbon reduction targets** in the agricultural sector to achieve **2050 carbon neutrality**
- ❖ Expanding **technology development for carbon reduction** in the agricultural sector and enhancing **the acceptability of farmers**
- ❖ Converting energy used in agriculture to **renewable energy** and increasing **efficiency in the use of energy and resources** in agriculture
- ❖ Expanding the production of **renewable energy in rural areas** in harmony with other goals of agriculture, such as **food security and landscape conservation**
 - Establish a planned location strategy for renewable energy in rural areas
 - Expand the way residents participate in producing renewable energy

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3. Stable securing of agricultural labour

“Responding to restrictions on movement between countries and promoting a smooth inflow of labor into the agricultural sector”



출처: 한국농정신문

- ❖ Flexible operation and expansion of **the foreign seasonal worker system** and improvement of **the employment permit system**
 - temporary employment adjustment, employment transfer issues
- ❖ Promotion of stabilization of supply and demand of agricultural labor by **upgrading public agricultural employment services**
 - agricultural labor brokerage centers, rural labor brokerage centers, employment brokerage centers by local governments, etc.

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4. Promoting the digital economy in the agricultural sector

“Response to the proliferation of non-face-to-face economic and social systems and the acceleration of the Fourth Industrial Revolution”



- ❖ Establishment of **DNA (Data-Network-Artificial Intelligence) ecosystem**
 - **Collection, analysis, and utilization of data** in fields closely related to people's lives
 - Agricultural safety (history), agricultural-related disasters, prediction of agricultural prices, etc.
 - The data value chain and ecosystem shall be established through **public-private cooperation**
 - Building a **Cloud-Based agri-food Big Data Platform**
 - Strengthening **AI and SW capabilities** for agricultural and food specialists (research personnel, enterprises, etc.)
- ❖ Create **Smart Farm Innovative Valleys (4 places)** as a base for spreading smart farms and smart agriculture in all fields.

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5. Establishment of Digital and Green Distribution System for Agricultural Products

“Establishing a digital distribution system for agricultural products in order to adapt to the non-face-to-face economic environment and respond to the spread of online distribution”



- ❖ Promotion of **digitalization of agricultural product information** (image data, growth observation information)
- ❖ Establishment of a **digital logistics service system** in the production area distribution center and wholesale market
- ❖ Establishment of an "**online agricultural exchange (platform)**" involving cooperatives and others
- ❖ **Sustainable (local communities, energy and resource utilization efficiency, low carbon)** food processing, wholesale, retail, public catering and food services.

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6. Strengthening the rural settlement base

"Expanding the functions of rural areas as settlement spaces reflecting the public's needs for the environment, health, safety, community, quality of life, etc."



- ❖ Transition of existing spatial policy paradigm based on urban growth
 - Institutionalization of **rural spatial planning** for **balanced development of the land** and enhancing **the value of rural environment and landscape resources**
- ❖ Development and dissemination of **rural residential culture** differentiated from the city
- ❖ Support for **urban residents' experience in rural areas** through the establishment of a **rural residence chain**
- ❖ **Smart rural areas** that enhance rural medical, health, education, transportation, and residential services through a harmonious combination of social capital and the Fourth Industrial Revolution technology

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7. Cultivating agriculture and rural future players

“Fostering human resources such as youth and supporting the inflow into rural areas for the sustainable development of agriculture and the vitalization of rural areas”



- ❖ Expansion of **comprehensive support**, such as settlement subsidies, start-up funds, farmland, technical education, housing, etc., in order to foster **youth farmers as the main agents of future agriculture**
- ❖ Strengthening the system for fostering **rural activists** and **field-friendly professionals**, and encouraging the formation of **identity as members of rural communities** and regional settlement
- ❖ Creating **good jobs** and supporting employment in connection with **various rural community activities**, such as providing social services in rural areas, improving the environment, health management of the elderly population, and social agriculture
- ❖ **Promotion of new rural industries and creation of jobs** utilizing the advantages of low density and distributed economy and local resources
- ❖ Establishment of an **integrated platform for urban residents to return to farming and rural areas** to support their settlement and employment
- ❖ Promotion of **comprehensive policies**, such as housing, welfare, education, transportation, culture, etc.

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8. Ensuring healthy and safe food

"Strengthening measures to guarantee food centered on vulnerable groups along with the supply of healthy and safe agricultural products to the public"



- ❖ Introduction and expansion of agricultural and food **vouchers**, fruit snacks for elementary care, milk powder support for **low-income families, food banks**, etc.
- ❖ Strengthening **sustainable agricultural production**, such as low carbon, environment-friendly, and resource-saving farming methods
- ❖ Expanding **education for healthy consumption and diet** of agricultural products
- ❖ Reducing **agricultural loss and food waste**
- ❖ Establishing national food plans and strengthening **the relationship between national and regional food plans**

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9. Expanding the Social Safety Net for Farmers

"In the wake of covid-19, the agricultural sector's social safety net is being strengthened"

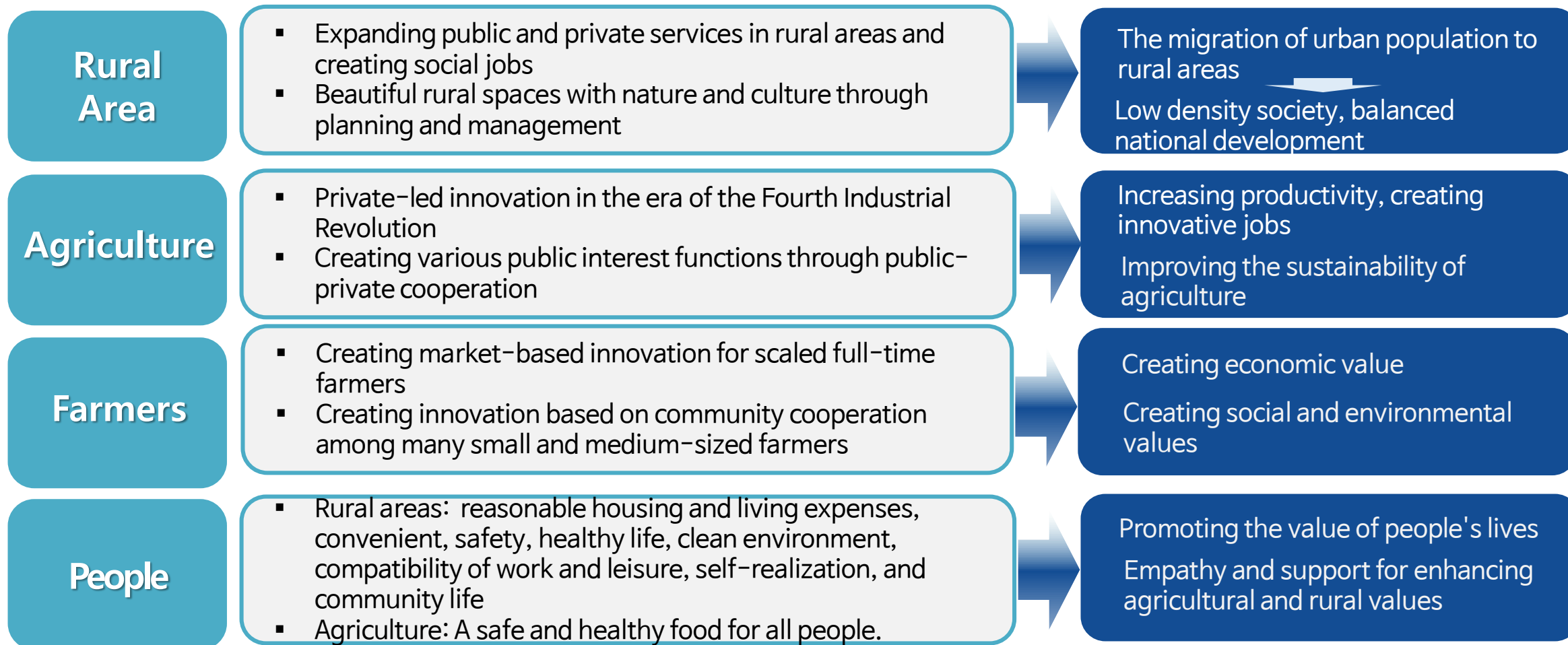


Source: Agricultural Policy Insurance Finance Institute

- ❖ Review of the introduction of **employment insurance in the agricultural sector** in response to the introduction of the national employment insurance system
- ❖ Strengthening **safety insurance for farmers and agricultural workers**
- ❖ Establishing **a tax base** for farmers' business registration and reporting support system, agricultural income tax, and agricultural value added tax to prevent them from being alienated from the social safety net that is held in the wake of Covid-19.

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The future of agricultural and rural areas



Thank You!

