



Ministry of Culture, Sports
and Tourism
Republic of Korea

Korea's policy responses to COVID-19

Building resilience for the cultural sector¹

August 31, 2020

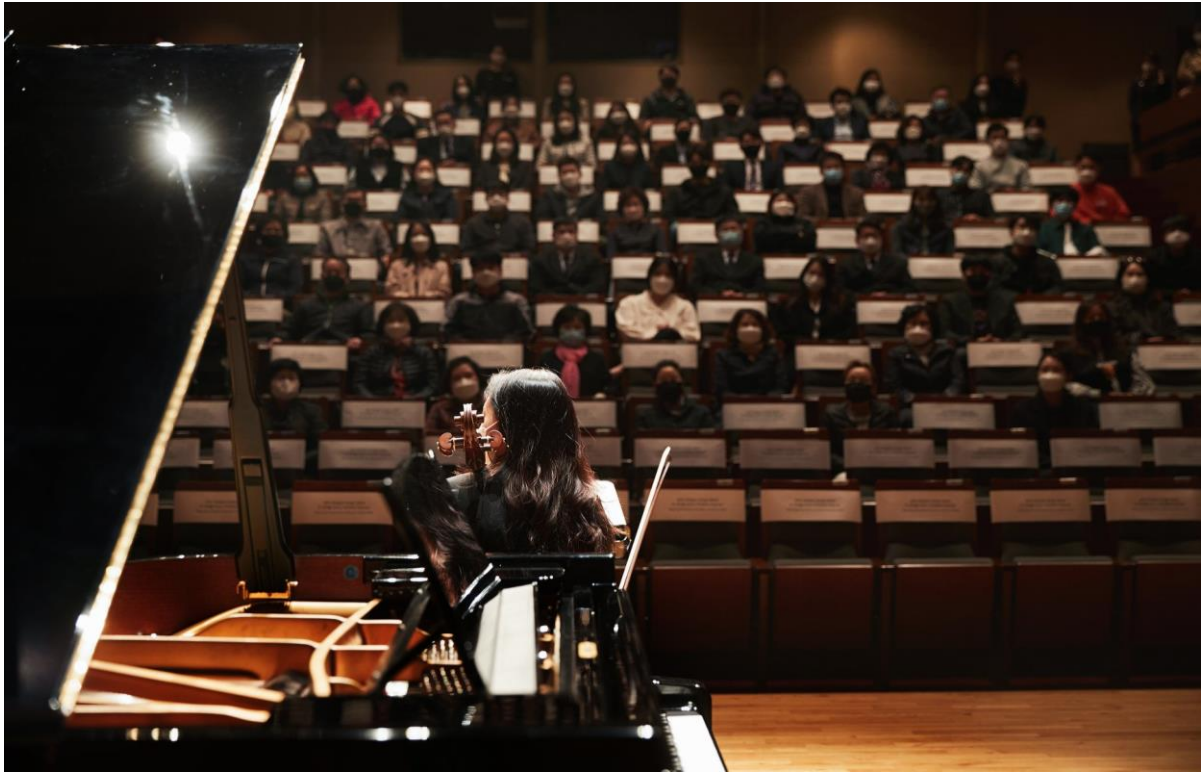


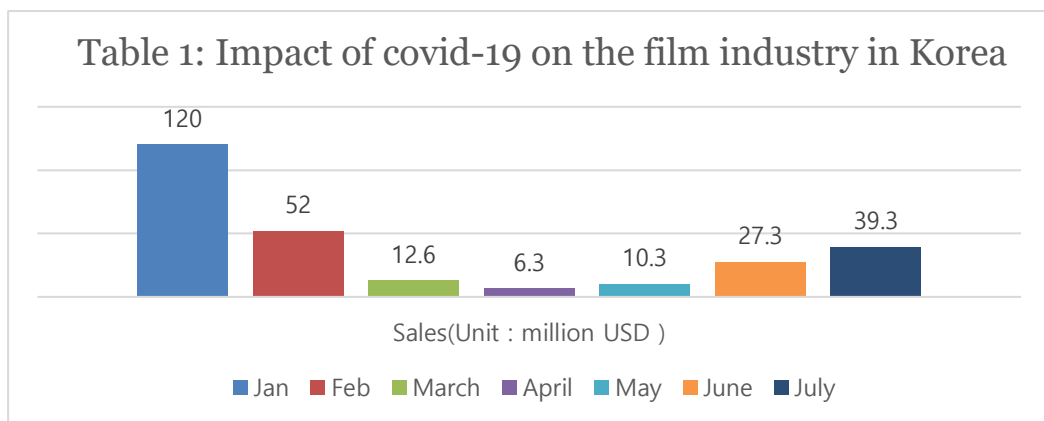
Figure 1: Seoul Arts Center

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* Exchange rate calculated at KRW 1200 = USD 1

1. Impact of COVID-19 on Korea

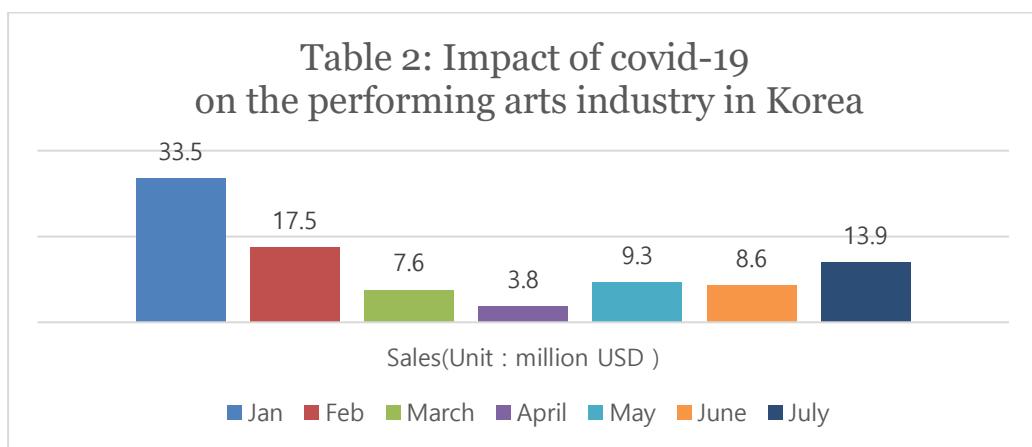
- Since Korea's first case of COVID-19 was reported in January 2020, the resulting financial damage and restrictions on in-person activities have had a disruptive impact across the culture and arts ecosystem. It is estimated that the public expenditure in the fields of culture and arts from January to June 2020 decreased by 38.8%², causing the associated cultural industries to suffer.
- In particular, performance halls, cinemas and cultural institutes (museums and art museums) are spaces of conventional face-to-face cultural enjoyment. As such, these venues have been some of the hardest hit areas due to restrictions on in-person gatherings since the start of the pandemic.
 - Film: The film industry saw a sharp decline in revenue since the start of the pandemic. Monthly sales in the film industry fell drastically from USD 120 million in January to USD 52 million in February, USD 12.6 million in March, to a record low of USD 6.3 million in April. Since late spring, the industry has gradually recovered with sales of USD 10.3 million in May, USD 27.3 million in June and USD 39.3 million in July. However, this figure is a mere 25% of recorded revenue from July 2019.



- Performing Arts: Revenues in the performing arts sector plunged from USD 33.5 million in January to USD 17.5 million in February, and

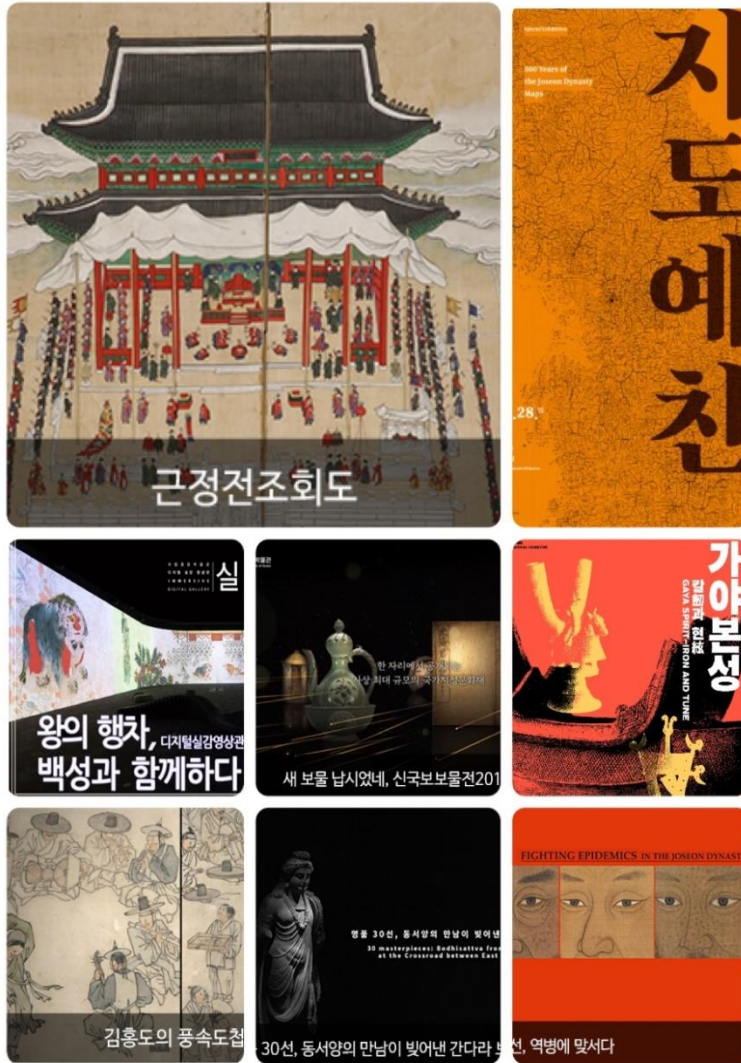
² Estimated figure from credit card spending

from USD 7.6 million in March to USD 3.8 million in April due to problems such as canceled reservations. Although sales grew to USD 9.3 million in May, USD 8.6 million in June and USD 13.9 million in July, it is estimated that the sales fell by USD 91.7 million (20 Jan ~ 20 Jul 2020) compared to the same period in the previous year. A total of 742 performances have been canceled at seven national culture and art institutes and 255 culture and art centers, whereas 5,478 performances have been canceled at 46 major performance halls in Seoul between the month of February, when the number of COVID-19 infections exploded in Korea, and July.



- Exhibitions: It is estimated that a decline of USD 56.8 million occurred from February to 16 August at museums and art museums in Korea, which saw a decline in revenue of USD 36.6 million in admission receipts, USD 9.3 million in education and experience programmes, and USD 10.9 million in amenities revenue.
- On the other hand, the pandemic has increased the demand for alternatives for contactless consumption of culture including the webtoon and e-book sectors. Meanwhile, conventional performance groups have also sought out new approaches for contactless engagement as a means to deliver content to audiences.
- Naver Webtoon’s sales in the second quarter of 2020 surged by 57%, and e-book sales at Yes24 (online bookstore) in May 2020 jumped by 41% compared to the same period in the previous year.

- Popular music performances have also shifted to online contactless delivery in response to COVID-19. The paid online show of BTS was watched by 760 thousand people from 107 countries, further revealing the potential of contactless content market.



The National Museum of Korea runs an online exhibit hall to provide a immersive exhibition content that can be enjoyed virtually.

Figure 2: National Museum of Korea

2. Response of the culture and arts sector in Korea

- The Korean government initially reserved budget of around USD 426.7 billion in 2020. However, since the first case of COVID-19 was reported in January 2020, the virus has been spreading continuously. As such, the Government has secured revised supplemented budget of about USD 49.2 billion over three occasions to relieve pandemic-related damages and overcome the current economic crisis, and for transition to the new normal.
 - The original spending budget for the MCST in 2020 was around USD 5.4 billion. However, a revised supplementary budget of nearly USD 291.7 million was secured to assist with preparations for the post-COVID-19 era. The MCST seeks to create jobs, solve unemployment issues caused by the pandemic, and offer vouchers to boost consumption in the cultural sector.
- The MCST has sought to flatten the curve of COVID-19 by building a response system with preventive measures.
 - An emergency task force, led by the Minister, was created on 29 January to study trends in the cultural sector and arrange for close to 100 site visits complete by either the Minister or Vice Minister as a way to design and execute timely policies. Moreover, the Ministry will continue to work with the relevant authorities to facilitate pan-governmental countermeasures.
 - The MCST has established and revised 15 types of ‘Detailed Guidelines on Distancing in Daily Life’ that apply to the operations of various facilities including performance halls, cinemas, sports complexes such as baseball stadiums, swimming pools, amusement parks, museums, and libraries, etc. The scheduled opening of national culture and arts institutes as well as the organization of cultural events have been carefully managed with protocols in place help ensure visitor safety. Moreover, the MCST continues to conduct site inspections in collaboration with local governments and relevant organizations for facilities and venues deemed more vulnerable to virus outbreaks.

- The MCST has additionally extended initiatives to provide opportunities to enjoy culture beyond the income·geographic·digital gap, ensure free creative activities of cultural artists, create safe environment for cultural consumption and to support the recovery of supply networks for culture and arts.

I. Bridging the cultural gap

- Among the five income quantiles in Korea, it is estimated that expenditure in the field of culture and arts in the first half of 2020 by the 1st quantile plunged by 53.2%, while expenditure by the 5th quartile dropped by 30.6% compared to the same period in the previous year³. Groups who lack digital literacy may also experience difficulties in enjoying culture as online cultural consumption becomes prevalent. As such, the MCST is working to narrow the gap of cultural consumption between different income groups and classes, to ensure the right to enjoyment of culture beyond the digital gap.
 - Expand ‘Cultural Voucher’: The ‘Cultural Voucher’ is a system catered for the financially disadvantaged who lack accessibility to cultural activities. The ‘Cultural Voucher’ enables qualified recipients to enjoy culture, travel, and watch sporting events amongst other benefits. In order to minimize the cultural gap and to cover the groups whose income plummeted due to the pandemic (for groups whose income decreased to 50% or below of median income in Korea), the MCST aims to provide 100 thousand additional cultural coupons (1.61 mil → 1.71 mil coupons) within this year. It will be further expanded by 60 thousand to total of 1.77 million coupons by 2021. The amount provided will also be raised from USD 75 per person in 2020 to USD 83 per person in 2021.
 - Enhance digital literacy of informationally marginalized group: The MCST is investing USD 4.1 million (2020) in the production of materials such as e-books and sign language videos to enhance digital

³ Estimated figure from credit card spending

literacy of the hearing and visually impaired. The National Library of Korea is conducting training sessions for the elderly to raise digital proficiency.

- Provide online service for national cultural institutes: The MCST has built a one-stop webpage that offers links to online channels that are managed and promoted individually by national and public institutes. The special page created at the Ministry's website (www.culture.go.kr) invites visitors to browse the digital offerings. Just 44 days after the launch of platform, the number of subscribers to the YouTube channels of six national institutes jumped by 2.6 times on average (40,600 to 106,150 subscribers).

II. Ensuring continuation of creative activities by cultural artists

- In order to relieve the financial burden faced by cultural artists due to canceled or postponed events, the MCST has established emergency loan and creative funds programme. In addition, an employment insurance scheme for artists has been launched to ensure continuation of creative works against financial difficulties.
 - Loan: The emergency loan of USD 5.9 million has been set up and provided to 1090 artists. The interest rate has been lowered by 1.0%p (2.2% → 1.2%), and the funding limit has been increased from the previous cap from USD 4,000 to USD 8,000. The eligibility criteria have also been loosened to acknowledge canceled performances as a proof of artistic activities.
 - Creative fund: The MCST has prepared creative funds of USD 2,500 per person to ensure continuation of creative works by low-income artists who are at risk of having to suspend their creative activities due to financial hardship. A total of 7,535 artists were selected and USD 18.8 million were funded in the first half of 2020. Further, 7,725 artists have been selected and will be given grants of USD 19.3 million in the second half of 2020.

- Support for young artists: The MCST subsidized USD 833,000 to support the first artistic works of 150 young artists identified as being most impacted and vulnerable to the impact of the pandemic.
- Artists employment insurance scheme: The artist employment insurance scheme will be introduced from December 2020 onwards to ensure creative works of arts professionals who face financial difficulties in continuing their artistic activities. This will enable freelance artists to claim unemployment benefits (120 ~ 270 days) and childbirth allowances if they fulfil the minimum criteria for period of insurance payments (9 out of 24 months) and minimum employment period (3 out of 24 months).

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

- The MCST finances small and medium organizations who are vulnerable to the impact of COVID-19, in addition to operating help lines.
 - Saving small independent theaters: Production and promotion budget for performances (up to USD 16.7k per theater, total of USD 3.4 mil for 200 theaters) has been subsidized. Disinfectants such as thermal imaging camera, contactless thermometer, hand sanitizer and facility disinfectants (USD 258k) has also been provided.
 - Investment promotion: The MCST finances investments in the cultural industries through ‘Fund of Funds’ that runs based on the national treasury with the 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 funding on content production by providing incentives for investments.
 - Advisory and Consultation: Consultation on grants, as well as legal and accounting advisories are offered to artists and small and medium sized enterprises in each sector through channels such as the Korea Arts Management Service (performing and visual arts); Korea Craft and Design Foundation (crafts); and the Korea Creative Content Agency (cultural industries).

IV. Sectoral Approaches

- The MCST has prepared discount vouchers to restore consumption in the culture and arts sector, and they will be distributed in accordance with the COVID-19 containment measures. Furthermore, various support measures are being designed to protect the ecosystem of culture and arts.

i. Performing Arts

- Safeguarding jobs: Performing arts industry was designated as a special employment support business category by the Ministry of Employment and Labor on 16 March. By financing paid leave (up to 90% of their pay) of 18,535 employees in 4,432 businesses, the Korean government is working on guaranteeing their employment after the crisis.
- Saving performing arts organizations: Subsidies for venue rental fee (USD 3.3 mil. for 800 shows) and production budget (USD 4.7 mil. for 110 shows), and grants for streaming online performances (USD 250k for 15 shows) are funded by the MCST.
- Attracting audiences: The MCST will distribute discount vouchers worth USD 7 per person on each booking site in line with the COVID-19 containment measures. The promotion campaign will cover 1.8 million audiences with the total budget of USD 13.3 million.

ii. Visual Arts

- Supporting galleries: To alleviate pandemic-related damages faced by galleries, the Arts Council Korea specially subsidized the cost of exhibitions and programme operations. With a budget increase of USD 750 thousand, the MCST financed 98 non-profit exhibition spaces and private art museums as well as 142 galleries.
- Public arts projects: The MCST is subsidizing USD 63.3 million for approximately 8,400 artists nationwide to facilitate art activities including installation of art works, urban regeneration, and community program that engages residents.

iii. Film industry

- Ensuring production: The production companies behind 33 selected films that were forced to halt shooting due to the crisis have received funds to help them resume production. Furthermore, a portion of the marketing costs has been subsidized for five selected movies that had to postpone or cancel their release plans during the first quarter because of COVID-19. Further, to help ensure safety at production sets, the installation cost for thermal imaging camera and placement of disinfectants at film sites has been funded (USD 8.3k per film) as well.
- Protecting workforces: Free vocational training and training allowances will be provided to 1,320 industry specialists who were laid off or rendered jobless due to COVID-19. In addition, the MCST will provide opportunities of continuous creative works for 990 filmmakers through funding the production of short videos for online screening.
- Supporting cinemas: The three percent contribution to the cinema development fund that is imposed on cinema ticket sales will be sharply reduced to 0.3%. The fund typically generates about USD 45 million in contributions per year. The reduction will apply retroactively from February 2020 and last until the end of the year. The Korean Film Council has also provided refurbishment subsidy for 175 small-and medium-sized cinemas hit by the pandemic.
- Film vouchers: To support the production and release of Korean films, and to woo audiences back to cinemas, the MCST has prepared 2.8 million film vouchers worth USD 5 per person to revive the film industry. The vouchers have contributed to boosting stagnated consumption of films, increasing the number of audiences by 152% in June in just one month (1.04 mil film vouchers issued) with release of several new films. However, owing to the resurgence of COVID-19, its distribution has been suspended since mid-August. The MCST will consider resuming the campaign once conditions permit.

iv. Culture and Arts Institutes

- Reducing the operational burden: Funding for personnel expenses by private museums has been reinforced. A total of 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: In line with the containment measures, vouchers for museums (40% discount of up to USD 2.5 per person, USD 3.2 mil in total for 1.9 million people) and art museums (USD 2.5 per person, USD 4.3 mil in total for 1.6 million people) will be distributed.

v. Others

- Copyright: With schools reopening through virtual classes, information on how to use copyrighted materials online without infringing on copyright have been shared with teachers and students. The Korea Copyright Commission offers counseling service on copyright issues pertaining to remote teaching as well. A number of copyrighted works have been made available for public use to facilitate distance learning, including 123 types of ‘safe fonts’ which can be used freely by anyone without fear of violating copyright (1,090,152 downloads of safe fonts, 6,714 downloads of sound sources).

3. International Cooperation: The role of an international organization

- According to UNESCO, nearly 90% of museums worldwide have closed during the pandemic. These cultural professionals are suffering grave damage as a result of the closure of cultural facilities and cancellation of cultural events. The digital gap is also widening due to varying accessibility to online contents in different regions. This highlights the role of international organizations as a platform to share policy ideas of each country and to develop a common solution.
- UNESCO convened the Online Meeting of Ministers of Culture in April 2020 for Member States to share information and countermeasures against the COVID-19 pandemic. Further to this, there is a need to organize a platform that engages government officials and experts in order to facilitate discussion on countermeasures in cultural sectors such as culture and arts, cultural industry and cultural heritage. It is envisioned to promote discussion on countermeasures for COVID-19, produce reports, and encourage knowledge sharing among the Member States.
- Countries around the world have been formulating various strategies amidst the crisis. Examples include safety guidelines for using culture and arts institutes, strategies to conserve cultural heritage, and site inspection procedures for facilities vulnerable to the spread of virus. It will be a great help for Member States in establishing containment strategies if UNESCO could consolidate and share the safety guidelines established by each country.
- In order to mitigate damage in developing countries, the implementation of a substantial support plan is crucial. In this regard, it is hoped that UNESCO would examine the pandemic-related damages and promptly execute various cultural funds within UNESCO as well as voluntary contributions of Member States.

4. Preparing for the New Normal

- COVID-19 is transforming our world into a completely different place. The contactless consumption of culture is expected to increase significantly, especially among persons who have experienced difficulties in enjoying cultural activities due to time, physical and financial restrictions. On the other hand, social isolation aggravated by physical distancing, along with demographic changes (i.e. increasing ageing population and percentage of single households), may exacerbate depression or other mental health issues.
- As such, the Korean government seeks to build a resilient ecosystem of culture, arts and creative contents by implementing policies to mitigate COVID-19 damages, adapting to the age of digital transformation, and nurturing industries for future.

I. Improving laws and regulations

- To cope with the digital transformation accelerated by COVID-19, the MCST plans to establish and amend laws for cultural sectors. In particular, discussion to create new management and support standards in regards to fostering future industries is underway.
- Moreover, the MCST is working on developing methods to measure the impact of culture on national economy (ripple effect on employment and industry), and to add sectoral statistics.

II. Funding arts sector for shift towards online platform

- The MCST seeks to help artists to adapt to changes in planning, creation, distribution and consumption of culture and arts following a surge in demand for online contents. To achieve this goal, the production of online arts content and the construction of autonomous online environments will be subsidized, and a counseling service on copyright issues will be provided for 2,720 artists (USD 12.4 mil in total).

- Contactless production and distribution of culture and arts contents will be financed as well. Examples would include promoting distribution of online performances on fundamental arts (funding private firms to distribute videos of shows by national arts organizations) and organizing the Performing Arts Market in Seoul (PAMS) on online platform.
- Furthermore, the MCST is designing a project to digitalize artistic records such as play script, music tape and art brochures (USD 2.8 mil) as well as animation data for TV and cinemas (USD 3.3 mil) to keep up with the increase in contactless enjoyment of culture.
- A total of 234 specialized contents on culture and arts education have been offered to enable the remote learning of music, arts and dance subjects for 11,972 schools nationwide. In addition, the MCST has been cooperating with the Ministry of Education to develop culture and arts education materials in line with the curriculum that reflects demand of schools, and to implement pilot distribution projects.

III. Smart cultural facilities

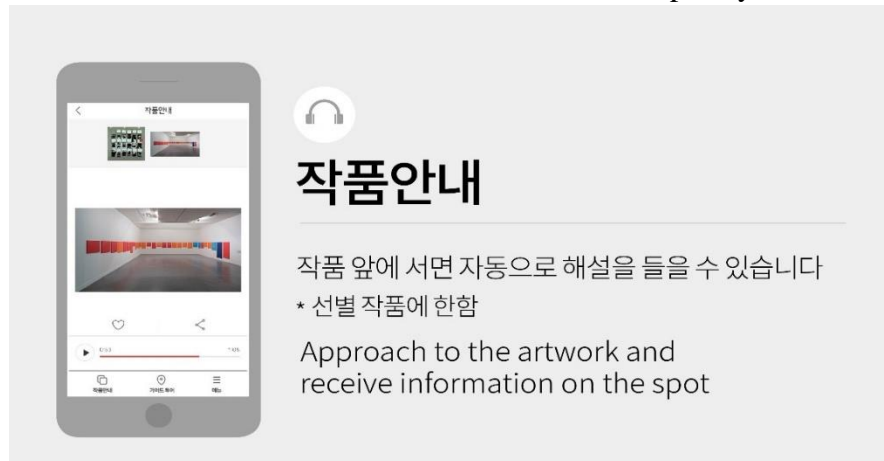
- Libraries: In order to build an environment for using information technology, the MCST is developing initiatives to support materialization of media creative spaces such as video filming (2021 onwards). In addition, AI-based media walls and kiosks will be developed and distributed (2022 onwards). Further, a user-friendly integrated platform will be created for libraries to share their online contents as well (2021 ~ 2023).

Figure 3: Media wall of digital library at the National Library of Korea



- Museums: The MCST is planning to build smart museums and art museums that provide exhibition guides using cutting edge technologies like artificial intelligence and the Internet of things, and analyze movement and behavior of visitors in depth using big data (80 sites in 2021).

Figure 4: Exhibition Guide App of the National Museum of Modern and Contemporary Art



IV. Nurturing future industries in contactless environment

- The dynamics of the online game industry is highly compatible with contactless environment. The industry has experienced high growth (9.8% per annum) in recent years (2008 ~ 2018); nearly tripling the average growth rate of the Korean economy (3.2% per annum). Consequently, a ‘Comprehensive Plan for Promotion of the Game Industry’ was announced in May 2020. The plan’s objectives include 1) active improvement of regulation and system; 2) increased support for each stage from establishment to international sales; 3) promotion of positive values of game, and development of related industries; and 4) stronger foundation of the game industry. The initiative aspires to create 102 thousand jobs and reach sales target of USD 16.6 billion by 2024.
- The MCST is striving to reinforce the foundation of immersive contents industry (e.g. Virtual Reality and Augmented Reality) and expand its market by nurturing creative talents.

V. Copyright

- The increasing shift to online platform for enjoyment of culture and arts raised concerns over copyright infringement. The competent authorities have been tightening enforcement against illegal acts such as leaking and distributing copyrighted materials online. They continue to develop and disseminate anti-digital piracy technologies, while increasing public awareness on the importance of protecting copyright.
- Alongside copyright protection, the MCST seeks to identify and collect shared and public copyrighted materials that can be used freely (on demand) by anyone without fear of infringing copyright. Besides, permission to use copyrighted materials is facilitated through the ‘Digital Copyright Exchange’ website.
- The accelerated transition towards contactless, online society raised several issues such as increasing isolation. To approach and address such challenges from a perspective of culture and arts, the MCST seeks to build a ‘warm, healthy, people-centered society connected through culture’.

I. Building a cultural safety net

- The ‘Cultural Care Project’ that aims to address coronavirus anxiety with culture is currently under examination. In collaboration with local governments, the project will help people at risk of isolation by matching them with local cultural programmes.
- The MCST aspires to design a healing programme through culture and arts. Currently, approximately 120 culture and arts programmes are offered to victims of crime and others in need as a way to help heal their emotional scars (as of 2020). An initiative to expand this programme for people suffering from ‘Corona-blue’ is being reviewed. In addition, the MCST plans to offer recommendation and information on Temple Stay and healing tourist sites, and fund Temple Stay for 2,000 medical workers and 12,000 citizens.

II. Restoring social network

- The MCST aims to recreate facilities like local bookstores and cafes into spaces of cultural exchange, where residents can organize and execute cultural activities such as lectures, book clubs, and creation of cultural map voluntarily.
- Furthermore, the MCST is helping around 1,000 small libraries to run reading culture programmes that engage local residents through 270 itinerant librarians (as of 2020) assigned at each regional public library.

III. Creating a space for social connectivity

- The MCST has been designating and funding ‘cities of culture’ every year to tackle social issues in communities through culture (seven cities selected in 2019, funded for five years). Also, idle facilities such as old industrial complexes, railway and subway stations will be used to create regional cultural bases (15 bases to be created in 2020).
- A ‘Public Design Funding Project’ that creates spaces to be shared among residents in local traditional markets and central plazas is underway, and amenities are being built for residents around museums, art museums and libraries as well.
- The policy responses continue to be supplemented and modified according to the rapidly changing circumstances. Crisis like the COVID-19 pandemic can occur again anytime, and it may entail a lasting impact. As such, the containment system is being reinforced continuously while putting public safety first. The Korean government is developing long-term and comprehensive measures to overcome the current challenges brought about from the pandemic while also identifying new opportunities for Korea’s cultural sector in the future.

Index

Figures	Page No.
Figure 1: Seoul Arts Center	1
Figure 2: National Museum of Korea	4
Figure 3: Media wall of digital library at the National Museum of Korea	14
Figure 4: Exhibition Guide App of the National Museum of Modern and Contemporary Art	15
Tables	
Table 1: Impact of Covid-19 on the film industry in Korea	2
Table 2: Impact of Covid-19 on the performing arts industry in Korea	3