

Supporting SMEs and Businesses during the COVID-19 Pandemic: Examples from the Republic of Korea

코로나19 관련 중소기업 지원 정책 및 기업 대응: 대한민국과 UNDP 사례

Jaeho Choi

General Manager, Corporate Responsibility Team
Hyundai Motor Group

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Hyundai Motor Group
COVID-19 Relief
Response Activities

HYUNDAI
MOTOR GROUP

1. The Status of Hyundai Motor Group (HMG)

- Vision : Together for a better future
- Scale : 52 Affiliates (automobile, steel, construction, components, finance, etc.), sales amount 240 trillion won, 250,000 employees
- Status : 5th in global automobile brand

(Unit won)

Sales amount 240 trillion

- automobile 52% (125 trillion)
- components 21% (51 trillion)
- steel 9% (21 trillion)

250,000 employees

- automobile 64% (160,000 staff)
- components 15% (38,000 staff)
- construction 6% (14,000 staff)

Global Network

- production facility : 34 in 10 countries (8 million automobiles)
- R&D Center : 13 in 6 countries
- Sales subsidiaries/local headquarters : 40 in 26 countries



2. The Status of Korea's Automotive Industry

- Korea's automobile industry is the nation's basic as well as export industry and draws continuous growth of the state economy
- Highest job creation in the production, biggest internal revenue source, largest industry for trade surplus
- Realization of mutual growth via long-term partnership with subcontractors and related industries (IT, new material, robot, etc.)

Economic Growth

- 11% of manufacturing business added value (53 trillion)
- 13% of total amount of export (72.2 billion dollars)
- 14% of total tax revenue (36 trillion)

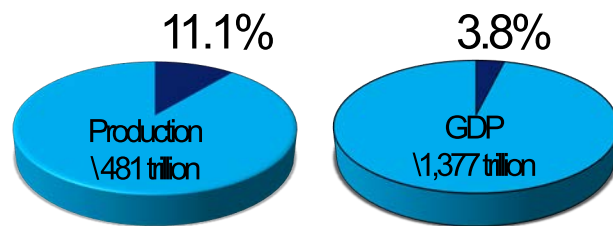
Job Creation

- 11% employment in manufacture (310,000 workers)
- Total employment including indirect 7.3% (1.77million workers)
- * Employment inducement coefficient 7.7 people (IT/electronic 6.5 people)

Mutual Growth

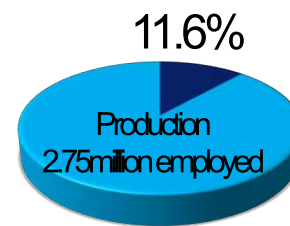
- Sales of automobile parts 75 trillion
- Export of automobile parts 24.6 billion dollars
- Triple increase in the number of mid-size firm among partners compared to year '01(37 companies in year '01 → 111 companies in year '13)

Added value of automobile industry (2012)



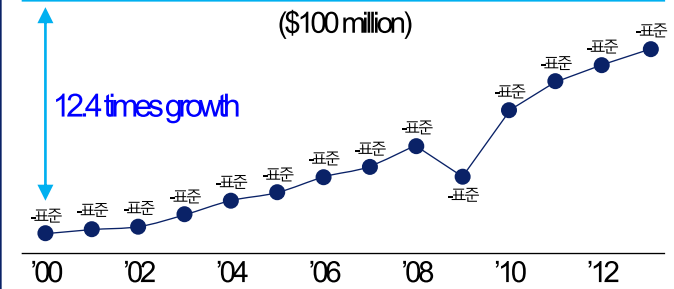
Added value is 53 trillion won, which is 11.1% of production, 3.8% of total GDP

Direct employment in automobile industry (2012)



Direct employment is 3.2million employed workers, which is 11.6% of production

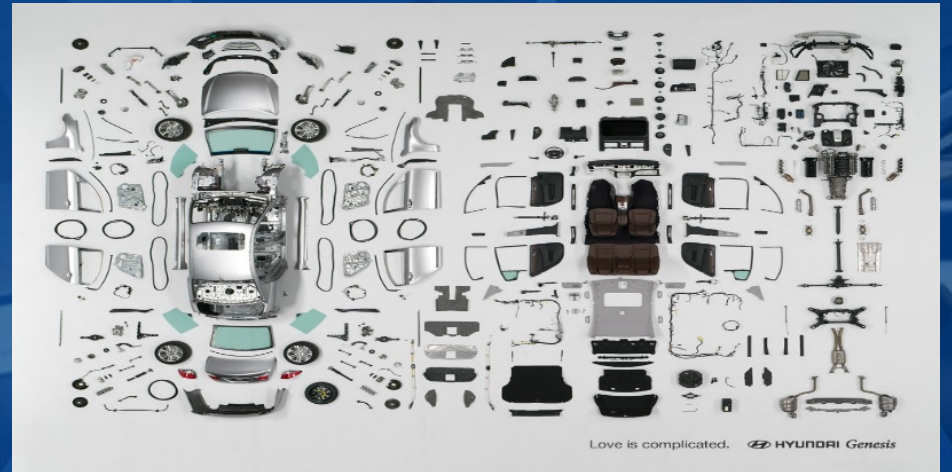
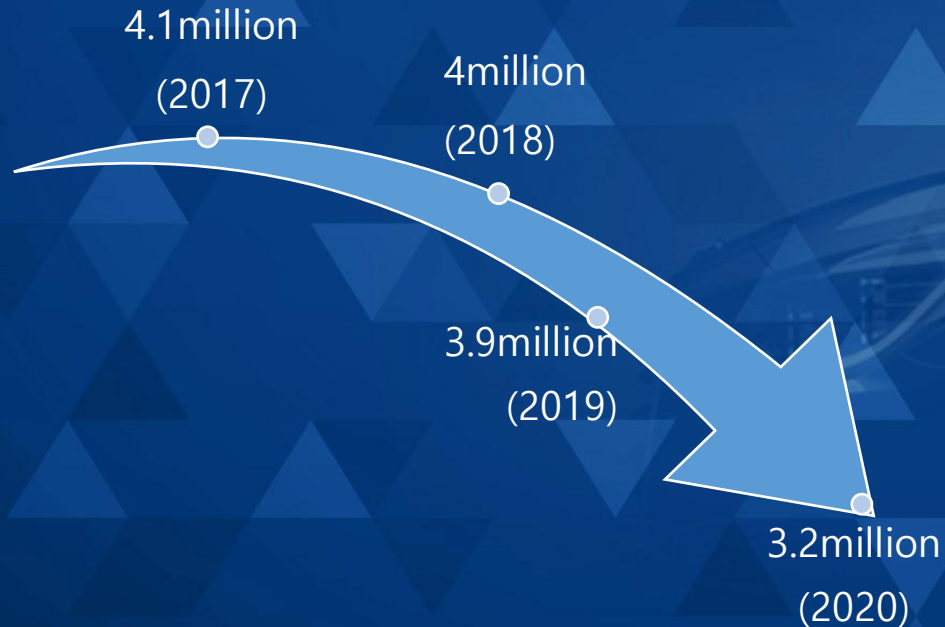
Shift of automobile parts export



Compared to 2000, 2.9 times increase in sales, and 124 times in export figure

3. Automotive Industry Crisis

- 850 primary automotive parts suppliers and 8,000 secondary and tertiary suppliers in Korea, hiring 250,000 direct employees
- Most parts companies suffer from falling exports due to COVID-19 : 72 million cars will be sold worldwide (20 percent less than previous years, Moody's forecast)
- Korea's automobile production also dropped 20 percent on-year to 3.2 million units



4. COVID-19, Support for Auto Parts Suppliers in Hyundai's Value Chain

- ❑ 1 trillion won for small and medium parts suppliers (Feb. 2020, Targeting 350 primary suppliers)
 - Zero interest loan worth 300 billion won to support business continuity of SMEs
 - Advance payment of delivery charges worth 580 billion won and investment cost for mass-production of auto parts worth 100 billion won
- ❑ 120 billion won for Emergency Relief Fund (Jun. 2020)
 - Overview : Loan support to low-credit small/medium-sized auto parts makers hit by COVID-19, in partnership with the central and local governments as well as policy finance organizations and other private sector partners
 - Objective : To protect the automotive ecosystem by protecting small/medium-sized auto parts makers from further damage due to insufficient liquidity caused by the pandemic

Program	Shared Growth Fund	Special Credit Guarantee Service for Mutual Benefit
Operating Agency	Korea Development Bank / Industrial Bank of Korea	Korea Technology Finance Corporation / Korea Credit Guarantee Fund
Support Details	Prime rate (3-year temporary operation)	100% guarantee coverage Up to 1% remission of guarantee fee 5-year warranty, prime rate
Scale of Support	350 billion (100 billion deposited by HMG, 3.5-fold loan size)	720 billion (20 billion deposited by HMG, 15-fold loan size)
Target	5,000 primary to tertiary subcontracting partners	5,000 primary to tertiary subcontracting partners
Support Limit	Max. 10 billion for medium-sized enterprises, 50 billion for small-sized enterprises	Max. 7 billion

4. COVID-19, Automotive Ecosystem Support

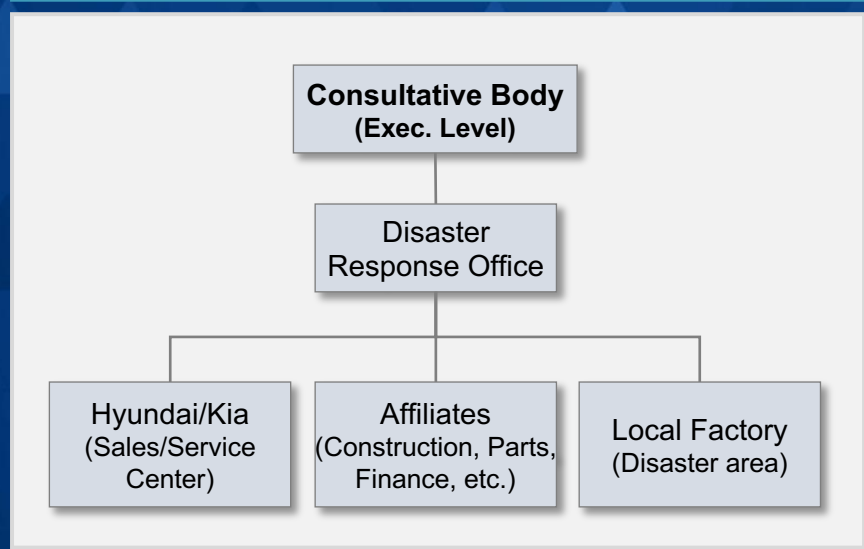
- ❑ For car A/S industry, support franchise fees by 50% for 3 months (2,200 centers)
- ❑ For car sales dealer, support 55.7 billion won for rent, 70 billion won for sales assistant (1,860 dealers)
- ❑ For Taxi industry, defer repayment of installment payments for three months from April to June and supports 30% repair costs.



5. HMG Disaster Response System

- Disaster Response Consultative Body
- Disaster Response Package

Disaster Response Consultative Body



Disaster Response Package

Classification		Contents
	HMG	- Disaster Fund Donation - Disaster Relief Truck
	Hyundai Kia	- Vehicle Maintenance - Local Economy Support
	Hyundai Engineering	- Disaster Relief House
	Hyundai Glovis	- Relief goods Shipment



6. COVID-19, Domestic CSR

- ❏ Cooperation with the National Disaster Relief Association to provide quarantine services, mask manufacturing, and medical staff lunch boxes
- ❏ Free Vehicle Antibacterial Service for all customer
- ❏ Blood donation campaigns and voluntary donation campaigns for employees
- ❏ Two training centers are provided for living treatment centers for corona patients



7. COVID-19, Overseas CSR

Supporting North America, China, Russia, India, Latin America, seven European countries, 35 Africa/middle East countries, and seven Asia-Pacific countries

Main CSR activities in response to COVID-19 by region/countries



Fleet of vehicles provided to healthcare workers & Donation of medical supplies and cash

- Spain, Italy, Poland: Vehicle donation
- Czech, France, Turkey: Donation of medical supplies and cash

Fleet of vehicles provided to healthcare professionals & Donation of PPE to social workers and volunteers



Donation of PPE, emergency supplies, and cash



Donation of testing kits & Support for drive-thru testing



Donation of ambulances and cash

- Morocco: Donation of ambulances vehicles
- South Africa, UAE, Iran: Donation of medical supplies and cash



Distribution of free testing kits & donation of medical supplies including ventilators and PPE

Donation of medical supplies and PPE & Support for drive-thru testing

- Indonesia, Philippines, Thailand, Nepal, Myanmar



- Singapore: Distribution of testing kits

Latin America

Free transportation for healthcare workers & Donation of medical supplies

- Brazil: PPE, vehicles



8. COVID-19, Remote health counseling services

Background

- The first confirmed corona cases occurred at Hyundai Engineering & Construction's overseas construction sites in April 20, with a cumulative 484 people since then.

Project Progress

- Under the current medical law, telemedicine for overseas Koreans is not allowed (government is pushing to revise the medical law)
- Providing remote health counseling service with St. Mary's Hospital and within legal limits (conversion to telemedicine after revision of the law)
- regular health counseling twice a week for Corona confirmed patients
- 1st Service (5/29, UAE 5), 2nd Service (6/5, 8 in Kuwait, 2 in Saudi Arabia)...



Thank you

<https://youtu.be/RRJiYelxJpY>