

Moody's says, 'Korea will have limited impact on its sovereign rating despite COVID-19 crisis'

👤 Jung So-yeon | 🕒 승인 2020.04.27 10:50



Deputy Prime Minister and Strategy and Finance Minister Hong Nam-ki holds a video conference with Alastair Wilson Moody's International Credit Rating Global General Manager at the Seoul Government Complex on April 24. (Courtesy of Ministry of Economy and Finance)

Moody's predicted that the impact of the COVID-19 crisis on the Korean economy will be smaller than that of other countries and has a limited impact on its sovereign rating, the Ministry of Strategy and Finance said on April 25.

The Moody's evaluation team, including Gene Fang of Moody's in charge of the Asia-Pacific region's sovereign credit rating, made the remarks during a conference call on April 24, saying, "The decline in growth rates and the increase in national debt are widely seen around the world."

Hong Nam-ki, deputy prime minister and minister of finance and economy, discussed the Korean government's policy to cope with the COVID-19 with Moody's evaluation team at the meeting.

"Based on past experience in overcoming the crisis, the Korean government is responding to the COVID-19 crisis with the principle of preemptive, large-scale response, active role in finance, and detailed customized measures," he said, explaining that it has come up with direct and indirect support measures worth 600 trillion won (\$492 million).

"If the spread of COVID-19 in Korea is completed early, domestic demand will likely recover quickly, but overseas business is expected to suffer for the time being due to the sluggish global economy," he continued. "We will make utmost efforts to recover the economy."

"We are also paying attention to managing fiscal soundness along with our active role in finance," he added. "For this, we are also making efforts to utilize budget savings and restructure expenditure when drawing up a supplementary budget for COVID-19."

Hong explained that he plans to form a task force to respond to post COVID-19 and seek ways to prepare for changes in the post-COVID-19 industrial structure and foster new industries.

Recently, global credit rating agencies have been unable to discuss visits to individual countries to assess credit ratings due to the spread of COVID-19 around the world.

Credit rating assessment results are usually announced two to three months after the annual talks, and Moody's is expected to announce the results in June.

Moody's also asked about key elements of successful quarantine, evaluating that "Korea is minimizing the negative impact of COVID-19."

Moody's also proposed replacing the annual talks with South Korea with a conference call with major institutions, holding a conference call with the Bank of Korea and the Financial Services Commission.

