

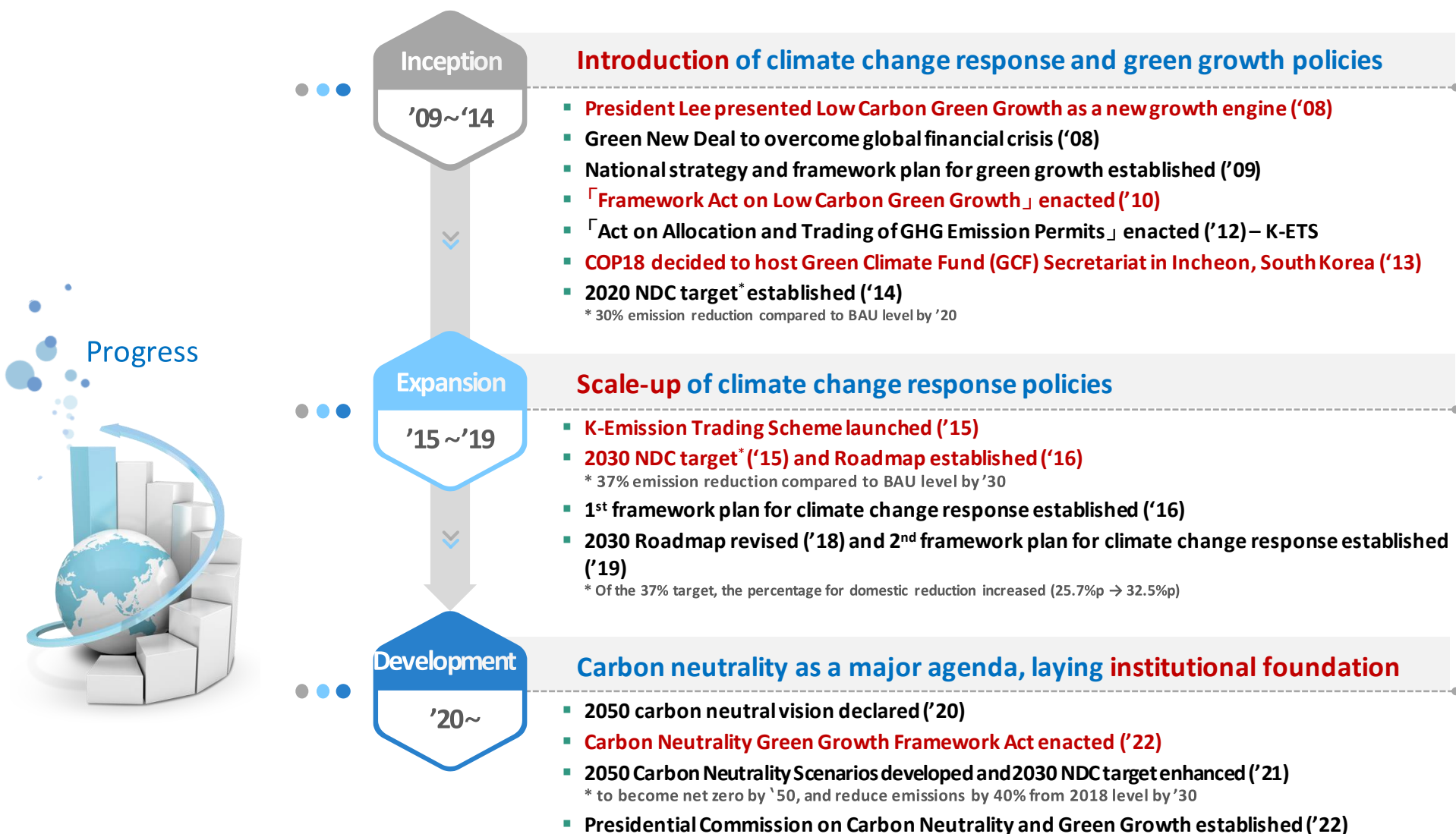
Lessons from Korean Green Growth Journey for Private Sector Engagement

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Progress in Korea's Climate Change and Green Growth Policies



Carbon Neutrality Declared in 2020 goes on for New Government

Presidential Commission on Carbon Neutrality and Green Growth plans, deliberates, and makes decisions on policies for society's transition towards carbon neutrality

Moon Administration



Yoon Administration



Source: Korea Policy News, 2021. 5. 31.; Newsis, 2023. 1. 3.

Enacted Target

Carbon Neutrality by 2050

“ Long-term Low Greenhouse Gas
Emission Development Strategies ”

LEDS



Korea's greenhouse gas
emissions amounted to
727.6 million tons in 2018

Increased 2030 NDC

40% reduction
compared to 2018 (291 million tons)

NDC



Korea has revisited climate
change policy to align with
Carbon Neutrality

“ Nationally Determined
Contribution ”



Carbon Neutrality Green Growth Framework Act

Key Provisions of

The Carbon Neutrality and Green Growth Framework Act (Enforced on Mar. 22)

- Declare the national vision of achieving carbon neutrality by 2050
- Set the interim target to be achieved by 2030 (NDC):
Reduction of the national GHG emissions by more than 35% by 2030, compared to 2018
- **Provide measures to reduce GHG emissions**

Codify reduction target

Establish and execute implementation plan

Establish and operate Carbon Neutrality Green Growth Committee

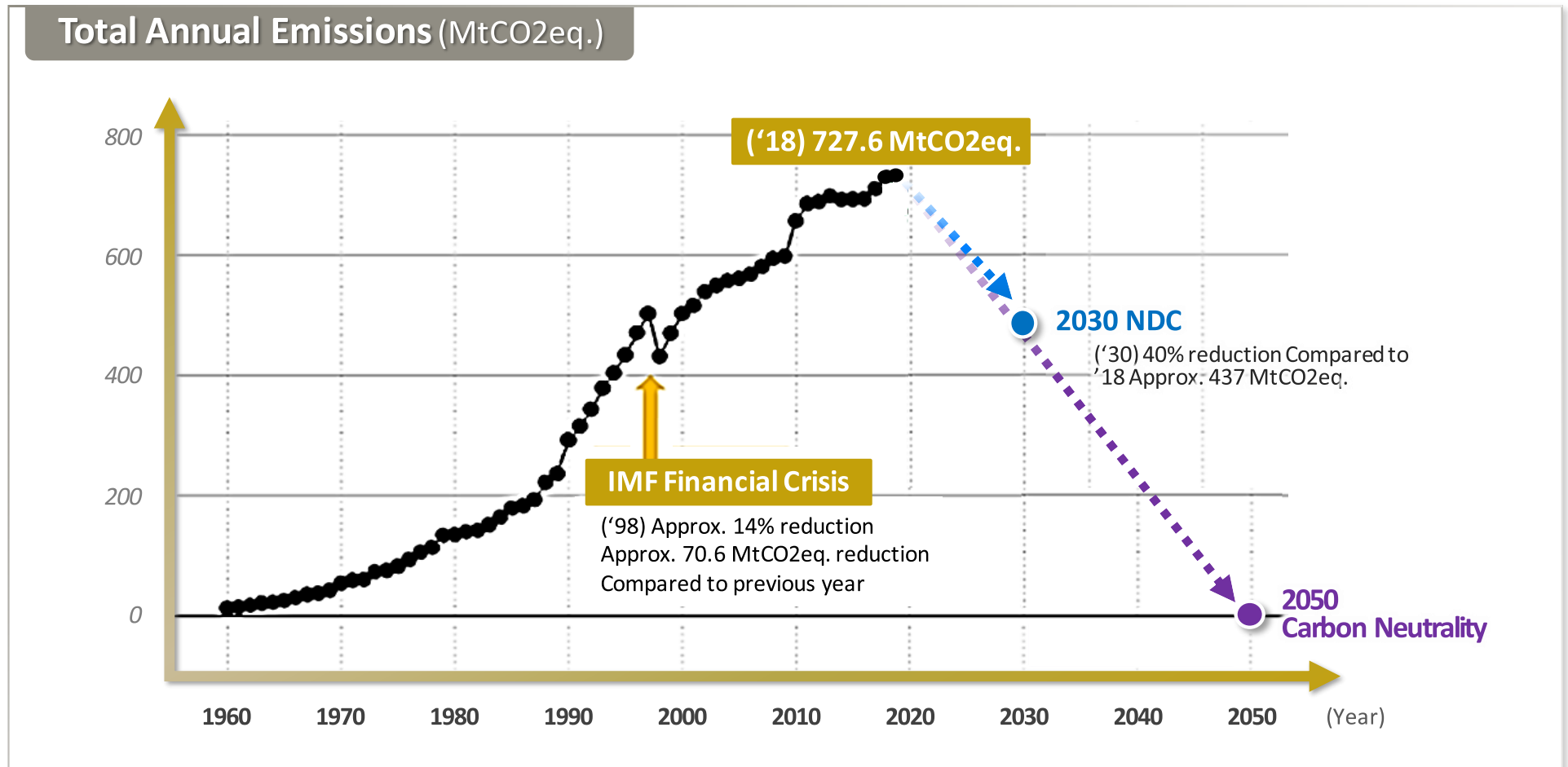
Implement policy measures by sector

Launch and manage climate response fund

Establish and execute climate change adaptation plan

Korea's Dilemma similar to the Developing

- ◆ **More reduction needed** for **more energy intensive industrial structure**



Source: Jewoo Hong, Associate Researcher, Korea Environment Institute (KEI), May 11, 2021

Assessment of Previous Policies from Current Administration



Progress

Carbon Neutrality Act enacted, laying the foundation for enhancing NDC target

- ✓ Legislation of carbon neutrality to tackle climate crisis
- ✓ Policy instruments newly established to broaden the scope of climate change response (ETS, Taxonomy, Tech Roadmap, etc)
→ laying foundation for long-term implementation

Assessment

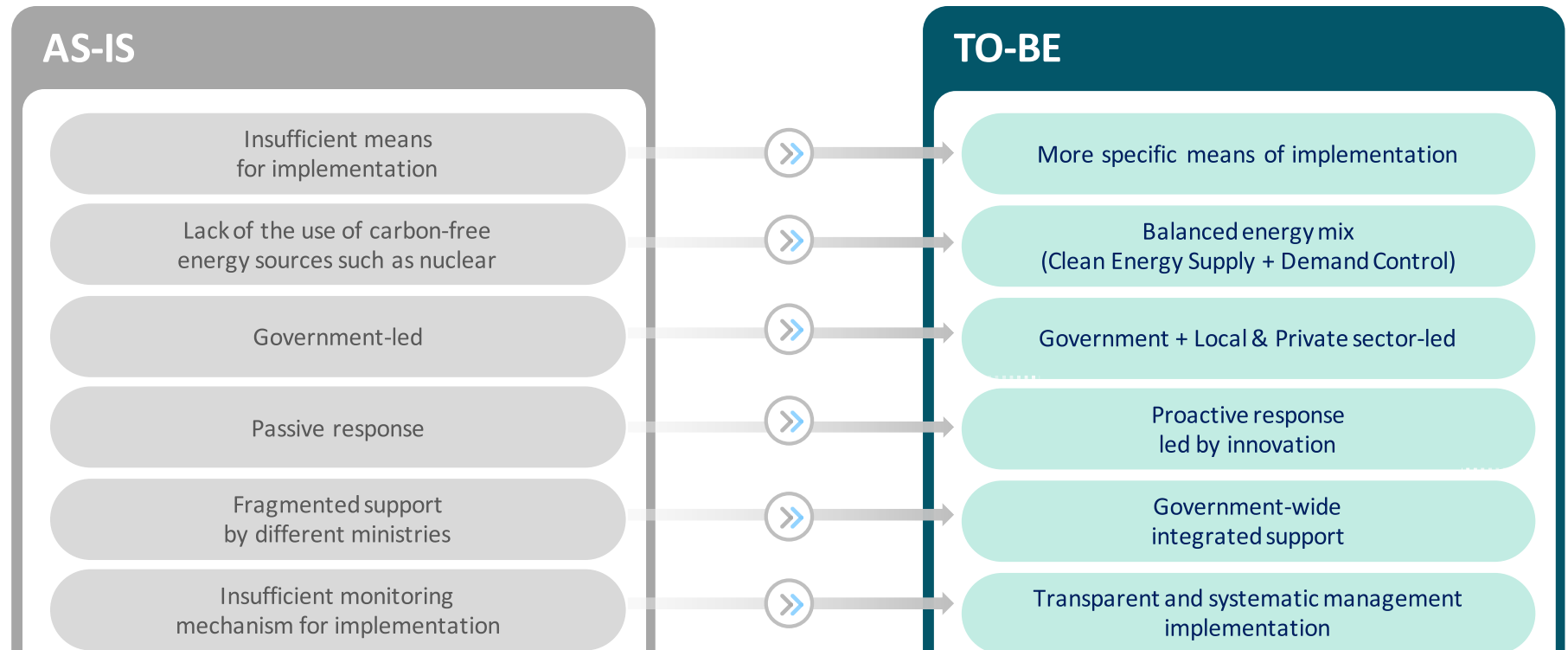


What needs to be improved?

Emissions continue to rise (~'18), Policies rated insufficient by international community

- ✓ Lack of concrete policy tools and insufficient management of implementation
→ failed to make meaningful emission reduction
- ✓ Top-down approach to policy decisions
→ lack of local government cooperation as well as collection of stakeholder opinions
- ✓ Insufficient response to changing global trend
→ absence of strategies for economic sustainability

Future Policy Direction



Key Strategies of Korea (1/3)

Key Strategy 1. Develop Core Green Technology and Talent

- ✓ **Establish an R&D system** for green technology
- ✓ **Create a new growth engine** for carbon neutrality
- ✓ **Develop human resources**

- Next-generation nuclear power plants, batteries (ESS), AI smart grid
- CDR (DAC carbon processing technology), ecosystem for hydrogen industry
- Large-scale offshore wind power and high-efficiency solar power system

- Establish strategic PPPs (Public–Private Partnership) with industry
- R&D, open cooperation for innovation and global technology
ex) Green technology Center (GTC) upgrade, participation in Breakthrough Energy and the FMC

- Establish global schools to nurture global talents
Ex) Stanford University's New School, KAIST' Graduate School of Green Growth, Green School of Korea Univ. + SNU Future Strategy Institute

- Support the establishment of Grand Consortium for the industry, academia, and local governments
- Establish the infrastructure for Overseas Smart Green Cities (EPC capacity-building, export of city models)
- Cultivate energy-innovative venture enterprises and 'green unicorns'

Key Strategies of Korea (2/3)

Key Strategy 2. Strengthen Green Industry, Foster Climate-Tech Ventures

Clean energy industry

- Implement key technologies for new energy industries
 - * e.g. hydrogen energy, photovoltaic batteries, and energy storage devices

Low carbon manufacturing

- Foster low-carbon material, parts, equipment and remanufacturing industries
 - * Technology development, supply chain building, product certification, market expansion for next generation secondary batteries, semiconductor, bio materials, etc.

Development of Climate-Tech Ventures

- Nurture ventures, startups focused on 5 areas of climate-tech
 - * Clean(energy), Carbon(capture), Eco(recycling), Food(alternative food), and Geo(adaptation)

Key Strategies of Korea (3/3)

Key Strategy 3. Expand Green Finance and the Influx of Investment Capital

Allowance allocation of carbon emissions & increase third-party market participation (regulation + asset)

ESG management & induce large-scale 'green investment' of corporations

Ministry of Economy and Finance (Green Climate Fund), Financial Services Commission (Institutional Foundation for Green Finance), Bank of Korea (Introduction of green policy)

Support for SMEs
(consultation service, funding, technology and R&D)

Tax incentives and financial support
for green transition

Government's strict rule-setting to prevent 'green-washing' behaviors

Review the verification systems currently led by the private sector

Lessons for the Developing to engage Private Sector



VCM just launched in Korea

- ◆ **Korea Chamber of Commerce and Industry (KCCI)** opens Voluntary Carbon Market in 2023 to meet private sector's needs to attain net zero goals
- ◆ **KCCI Carbon Standard (KCS)** with MRV principles has been developed since 2021 (by SK group's support) based on Korean carbon market experience for a decade.

Private Sector's Demands on VCM

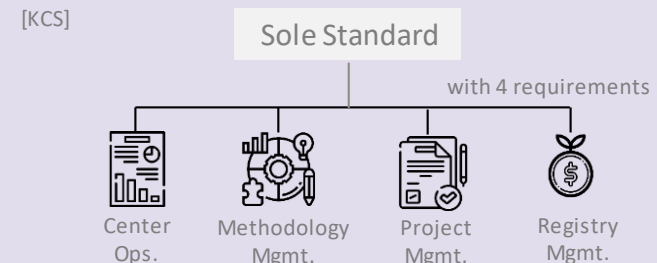
More than 150 Korean companies declared their net zero goals since early 2020s.

Various efforts from enterprises in Carbon Reduction

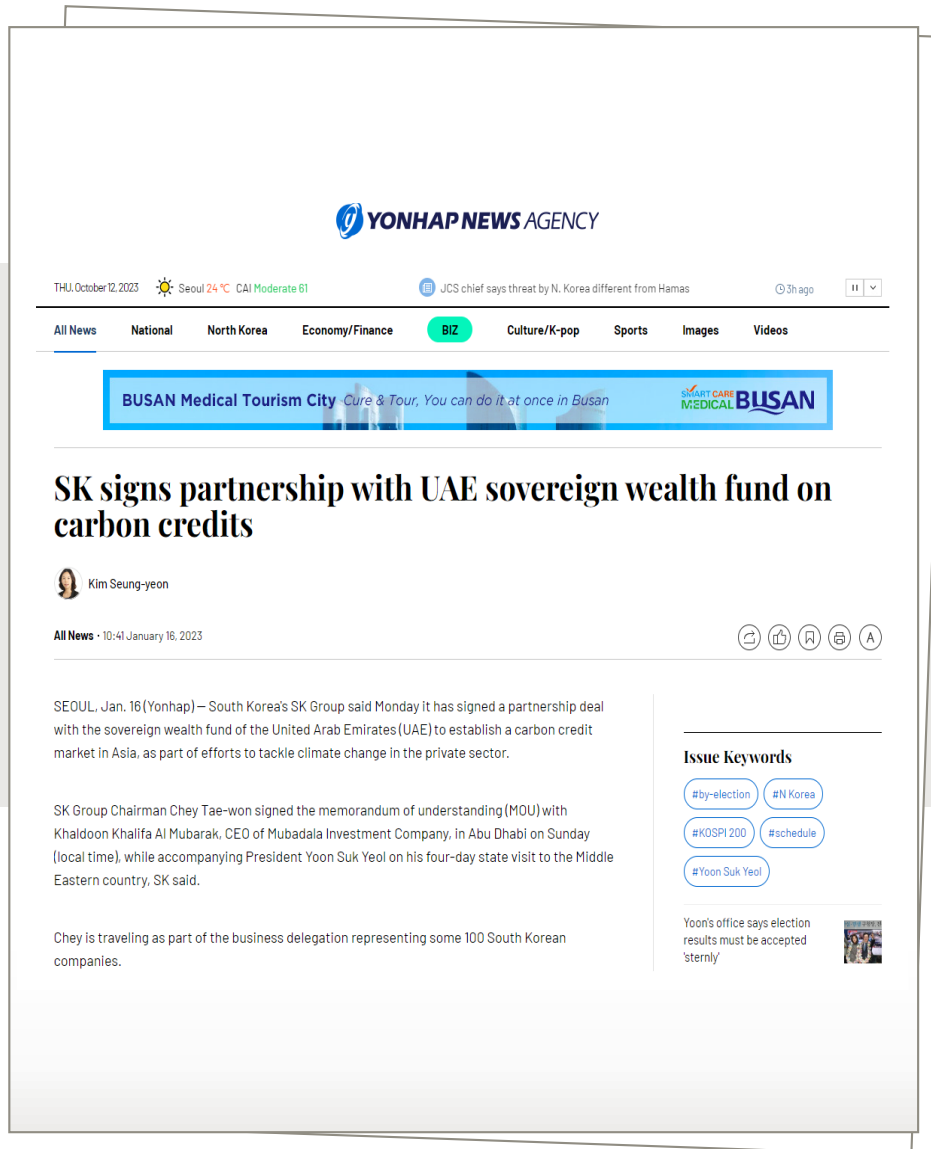


KCCI's Action on VCM

Established a carbon standard (KCS) program to assess private sector's carbon reduction



Building consensus in Asia



During the Korean Presidential visit to UAE, KCCI signed a MOU for Asia Partnership with Mubadala Group

(Jan 15, 2023)

WBG can leverage KCCI to launch VCM in MENA

WB teams have been guiding governments to **overcome policy, investment & project-level barriers** to generate high quality credits...



Provide advisory services & analysis to navigate CPIs and carbon markets



Support development of carbon pricing instrument policies & systems



Support ERC generation through portfolio of WB projects



Engage stakeholders for capacity building & linking public with private actors



Knowledge

Experience



Thank you

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