



Press Release



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South Korea to move towards the goal of carbon neutrality by 2050

- The government legislated a national vision to achieve carbon neutrality by 2050 and reduce greenhouse gas emissions.
- South Korea's carbon neutrality law comes into force on March 25.

March 25, Sejong, Korea - The Ministry of Environment and the 2050 Carbon Neutrality and Green Growth Commission announced that the Enforcement Decree of the Framework Act on Carbon Neutrality and Green Growth for the Climate Change (the "Carbon Neutrality Act") would become effective as of March 25, 2022. Before that, the Enforcement Decree was passed at the Cabinet meeting on March 22. The Framework Act on Carbon Neutrality and Green Growth stipulate legal procedures and policy measures to achieve carbon neutrality by 2050. The Act was legislated and promulgated on September 24, 2021. For six months, subordinate statutes were established, and a legal system was completed based on discussions among the relevant ministries, with the 2050 Carbon Neutrality and Green Growth Commission at the lead.

With Korea becoming the 14th country to legislate the vision to achieve carbon neutrality by 2050, the Act stipulates that South Korea's Nationally Determined Contribution (NDC) stands at an emissions reduction goal of 40 percent from 2018 levels by 2030. In addition, the law served as an opportunity to shift from the past system, which was centered on the central government and experts, to new governance with participation from all social sectors, including the central and local governments, industries, future generations, and laborers. The law also made institutional frameworks such as climate change impact assessments and climate-responsive budgeting to promote carbon neutrality as mainstream in national finance and across state plans. The law stated the principle of a just transition to safeguard regions and social classes that may suffer from the negative impacts in achieving carbon neutrality.

The key contents of the Framework Act on Carbon Neutrality and Green Growth and the future strategies towards carbon neutrality are as follows.

1. Vision to achieve carbon neutrality by 2050 and its implementation mechanism.

The Carbon Neutrality Act stipulates the vision to achieve carbon neutrality by 2050 and South Korea's mid-to-long-term goal for GHG reduction by 40 percent¹ or more from 2018 levels. The updated NDC target is the most ambitious level possible to achieve despite the country's manufacturing-oriented industry structure². However, the Act reflects the government's strong commitment to achieving carbon neutrality and reducing greenhouse gas emissions. The updated NDC target was finalized during the plenary session of the 2050 Carbon Neutrality and Green Growth Commission, reviewed by the Cabinet meeting in October 2021, and finally submitted to the United Nations Framework Convention on Climate Change Secretariat (UNFCCC) in December 2021.

The Korean government will establish the implementation mechanism by setting the country's master plan and plans by region. Within one year from the enforcement, the central government will create the national carbon neutrality master plan with a planning period of 20 years (devised every five years). Local governments will establish master plans for cities, provinces, and si/gun/gu regions with a ten-year planning period in line with the national master plan.

In addition, the government will launch a "2050 Carbon Neutrality and Green Growth Commission," the key governance to collect opinions of various stakeholders in the society. The Commission will review the fundamental direction of carbon-neutrality policies and the framework of national plans and take stock of the implementation. The Commission will be a public-private governance body co-chaired by the Prime Minister and a representative from the private sector. Its membership will be broad from the government, experts, and civil society. As for the regional level, a "Regional Carbon Neutrality and Green Growth Commission" will be organized to collect residents' opinions on local policies and plans of carbon neutrality.

2. Greenhouse Gas Emissions Reduction

The government will adopt "climate-responsive budgeting" and "climate change impact assessments" in major national plans, large-scale development projects, and national finance to reduce greenhouse gas emissions. The climate-responsive budgeting will be supervised by the Ministry of Economy and Finance and the Ministry of Environment and will take effect from the fiscal year of 2023. The government will analyze the impact of the national budget on reducing greenhouse gas emissions, reflect the analysis result in budgeting, and assess appropriate budget execution.

¹ The Act clearly stipulates the minimum level of its NDC target for 2030 should be 35% or more.

² Ratio of manufacturing industry to GDP (2020, %): (Korea) 26.1, (Japan) 19.5, (EU) 14.0, (US)

On the other hand, climate change impact assessments will be used to assess in advance the impact of climate change on the plans and projects that involve extensive greenhouse gas emissions or are vulnerable to the climate crisis. They will be implemented in stages from September this year³ following a pilot project.

The government has set the legal basis for GHG reduction policies of each ministry, such as carbon-neutral cities, green transport, and carbon sink expansion. First, the Ministry of Environment and the Ministry of Land, Infrastructure, and Transport will jointly build a "carbon-neutral city" to achieve carbon neutrality spatially. While discovering and promoting carbon neutrality models of local governments, the two ministries will develop comprehensive strategies to build carbon-neutral cities. They will also plan to produce a "carbon spatial map that lays out carbon emission and sink information.

In the transportation sector, the Ministry of Trade, Industry and Energy, the Ministry of Environment, the Ministry of Land, Infrastructure, and Transport, and the Ministry of Oceans and Fisheries will work together to set a greenhouse gas reduction target. The ministries will implement greener transportation by supplying more zero-emission vehicles, promoting public transit, transitioning rail roads, aircraft, and vessels to eco-friendly ones. The Ministry of Agriculture, Food and Rural Affairs, the Ministry of Environment, the Ministry of Oceans and Fisheries, and the Korea Forest Service will maintain and improve the country's carbon sink with sustainable forest management. The ministries will also work on expanding carbon sinks to coastal areas and farmlands etc.

The Act has set the legal basis to pursue international cooperation for mitigation as stated in Article 6 of the Paris Agreement. The mechanism of international transfers of mitigation outcomes will allow using international credits from global mitigation projects towards fulfilling part of the country's obligation. In the future, South Korean will participate in the international mitigation projects in various areas under the supervision of the ministries: the Ministry of Agriculture, Food and Rural Affairs (Korea Forest Service), the Ministry of Trade, Industry and Energy, the Ministry of Environment, and the Ministry of Land, Infrastructure, and Transport.

³ September 2022: Energy, water, mountainous areas, and urban development, industrial complex establishment, use and development of the rivers, port construction

Sep. 2023: Road and airport construction, waste treatment facilities

3. Climate Adaptation, Just Transition, and Green Growth

Along with the mitigation efforts, South Korea has been making various efforts to adapt to climate change. South Korea will measure, monitor, and disclose information on greenhouse gas concentration in the air. The Korean government will develop a meteorological information management system to monitor and forecast the country's climate change. South Korea will also build a platform for climate change adaptation to monitor and assess the impact of the climate crisis on the ecosystem and the air and water environment. The government will also develop climate adaptation measures which include government-level vulnerability assessment and disaster prevention for vulnerable classes and in vulnerable regions, and conduct monitoring accordingly. The measures will be further expanded to cities, provinces, and si/gun/gu regions.

Targeted assistance will be provided for vulnerable groups sensitive to transition to carbon neutrality. The Ministry of Trade, Industry and Energy, and the Ministry of Employment and Labor will work together to strengthen the social safety net, providing comprehensive support for employment stability and the unemployed. In particular, the government will designate vulnerable areas that may suffer from negative impacts due to the rapid transition to carbon-neutrality as special districts for just transition. The government will also establish the 'support center for a just transition' to assist the vulnerable groups.

As one of the key instruments towards carbon neutrality, the government will create green growth policies to achieve a green economy and foster green industries. The government will help companies with their green management and encourage them to develop and commercialize green technologies. The government will provide technological and financial support to respond to the climate crisis. The government intends to promote green transition across all social and economic sectors by laying down a foundation for standardizing green technology and green industry and creating green jobs. The government will operate a tax system that encourages the use of green goods and services.

4. Public Finance for Carbon Neutrality & Carbon Neutrality in Practice

The South Korean government set up the Korean Climate Action Fund to effectively implement policies towards carbon neutrality and necessary reorganization of industrial structure. With a total budget of KRW 2.4 trillion for 2022, the government will provide financial support to the four key areas: a.Reduction of greenhouse gas emissions, b.Fostering a prospective and low-carbon industry, c.Just transition, and d.Laying the foundation. The government will preferentially support carbon offset projects that will maximize the reduction of greenhouse

gas emissions. In addition, it will steadily increase green finance and investment in green technology, positioning them as model financial programs for carbon neutrality.

The government will lay a foundation for carbon neutrality in practice in people's daily lives. The "Carbon Neutral Local Government Action Solidarity"⁴, which is directly participated by the representatives of local governments, will reorganize as a legal entity. The group will work together with the relevant ministries for climate action, such as the Ministry of the Interior and Safety and the Ministry of Environment. The government will also launch a "carbon neutrality support center" as an organization specializing in discovering and disseminating regional carbon neutrality models. Moreover, the government launched an "eco-point mileage program"⁵ to offer economic benefits to citizens who take environmental-friendly actions in their daily lives.

"Achieving carbon neutrality by 2050 is an irreplaceable goal. The enforcement decree of the Framework Act on Carbon Neutrality and Green Growth is the legislation of Korea's vision to shift towards a carbon-neutral society and enshrines a robust implementation mechanism," said Co-chairperson Yun Sun-jin of the 2050 Carbon Neutrality and Green Growth Commission. She emphasized that "It is vital to take every little and steady step towards carbon neutrality and that we can change the future when the government, industries, and citizens work together."

Minister of Environment Han Jeoung Ae also commented, "The Framework Act on Carbon Neutrality and Green Growth will take effect to guide us in the 30-year journey towards a carbon-neutral society by 2050." She added, "I hope that South Korea's efforts for mitigating greenhouse gas emissions would continue in all areas of society, including power generation and transportation. According to the principle of just transition, the government will assist vulnerable groups in the transition towards carbon neutrality to improve the climate resilience of society as a whole."

⁴The Carbon Neutral Local Government Action Solidarity was founded in Jul. 2020, with 221 local governments as registered members.

⁵ Citizens sign up for a membership via the website (cpoint.or.kr/NetZero) and take eco-friendly activities to benefit up to KRW 70,000 a year.