
Environmental Policy Trends in 1Q 2023

April 2023

This information is provided for the convenience of foreign investors and foreign invested companies. For inquiries, please contact the Ministry of Environment official dispatched to KOTRA (☎ 02-3497-1738).

(Summary) Environmental Policy Trends – 1Q 2023

① [Policy] Announcement of draft of 1st national basic plan for carbon neutrality and green growth

- On March 21, the Presidential Commission on Carbon Neutrality and Green Growth unveiled and explained the draft of 1st national basic plan for carbon neutrality, which provides action plans for the transition to a carbon-neutral society for the following 20 years (2023 to 2042).
- * (Note) The draft is expected to be finalized in 2Q after receiving and reviewing additional opinions on the draft until the end of March.

② [Policy] Legislation and amendment of 11 laws in the field of circular economy, carbon neutrality and environmental safety

- (Act on the Promotion of Circular Economy Society) As the Framework Act on Resources Circulation was wholly amended into the Act on the Promotion of Circular Economy Society and promulgated on Dec. 31, 2022, plans to enhance the effectiveness of circular resources and regulatory exceptions (regulatory sandbox) on circular resources, etc. shall be enforced starting 2024 or 2025.
- * The Act is expected to promote the use of used batteries for electric vehicles, etc.
- (Bio Gas Promotion Act^{*}) The Bio Gas Promotion Act was legislated on Dec. 30, 2022 to promote the production and use of bio gas using organic wastes^{*} and shall come into force on the last day of 2023.
- ** Sewer sludge, excreta, livestock manure, etc.
- (Note) The Framework Act on Resources Circulation and the Bio Gas Promotion Act are tentative English titles, and may differ from the official English titles to be published by the Ministry of Government Legislation.

③ [Policy] Reduction of pollution from vehicles and promotion of pollution-free vehicles

- **(Early scrapping of old diesel vehicles)** In February, local governments included vehicles with exhaust emission grade of 4 (exhaust emission reduction device not attached) and construction machinery (excavators, fork lifts) in the scope of old diesel vehicles subject to subsidies for early scrapping (KRW 1 million per vehicle*).
- * Unregistered construction machinery operated in places of business and construction sites are excluded.
- **(Electric vehicles)** In February, the Ministry of Environment and other related ministries announced revised standards for granting subsidies for purchase of electric vehicles in 2023 to speed up carbon neutrality and the commercial use of electric vehicles.
- * △ (Passenger vehicles) Promote sales of high-performance mid to large-sized vehicles by providing incentives and differentiated auto care services.
- △ (Multi-purpose vehicles) Introduce battery characteristics evaluation system to enhance the stability and technology of batteries
- △(Freight vehicles) Incentives are differentiated by performance, and the number of vehicles subject to incentives is increased (40,000→50,000) while the amount of incentives is reduced. However, incentives for the underprivileged and small businesses shall remain the same as last year.

4 [Policy] Expansion of carbon neutrality point system to promote the practice of carbon neutrality in everyday life

- Starting from this year, carbon neutrality points shall be also awarded to resource circulation activities such as using tumblers and reusable cups, returning used cell phones, discharging recyclables (transparent PET bottles).
- * To promote carbon neutrality activities, points are awarded for efforts for reduction of energy use (since Jul. 2009), reduction of vehicle miles traveled (since Jan. 2020), and other activities in everyday life (since Jan. 2022).

5 [Regulatory improvement] Unveiling of outcome of environmental regulatory innovation in 2022 and recycling performance over the last 6 years

- (Regulatory improvement) The Ministry of Environment shared the

outcome of environmental regulatory innovation efforts in 2022 through its website (me.go.kr).

- * (Summary) 102 cases including the following: △ The GHG emission trading scheme was improved to further promote GHG reduction (amendment of public notice) △ Establishment of standards for chemical substance handling facilities reflecting the characteristics of semiconductor manufacturing facilities (amendment of public notice) △ Improvement of regulations on recycling of plastic waste, pyrolysis oil and captured carbon dioxide (amendment of enforcement rules)

- (Environmental hazard impact assessment of recycled products and waste) The National Institute of Environmental Research announced that since its introduction six years ago (July 2016), 34 types of new recycling technologies have been approved through the environmental hazard impact assessment of recycled products and wastes scheme, and as a result, a maximum of 3.13 million tons of wastes have been recycled into resources.

- * A proactive administration scheme which allows a recycling technology that is not one that is permitted under the Waste Control Act if it is environmentally safe, even if it is not a recycling type permitted under the Waste Control Act.

6 [Regulatory improvement] Increased efficiency of facility management in places of business emitting fugitive dust

- (Fugitive dust emitting facility management system) The fugitive dust emission facility management system was enhanced so that data previously submitted and managed in written form shall be submitted and managed automatically by entering data electronically through the hazard air pollutant (HAPs) emitting facilities management system (haps.nier.go.kr) starting Mar. 16., in order to enhance the convenience of workplaces with one or more fugitive dust emitting facilities*.

- * 1,700 workplaces in 39 types of businesses including oil refining, basic petrochemical substance production, steel, steel mill, etc.

7 [Industry support] Support for businesses' carbon neutrality efforts

- (Green fund support) This year, the Ministry of Environment shall initiate a pilot program of providing up to KRW 300 million for green funds issued for green economic activities defined under the K-Taxonomy

- * (Support) Interest from bond issuance partially subsidized for one year $\Rightarrow \Delta$ 0.4% for SMEs and middle-standing companies Δ 0.2% for large companies and public organizations
(How to apply) Apply online through the Korea Environmentally Responsible Investment platform (<http://www.gri.go.kr>) March 24 through April 7.
- **(ESG management support in the field of environment)** In 2023, the Ministry of Environment is planning to provide subsidies and loans of KRW 3.8 trillion for facility improvement to support ESG management (Details: Environmental policy trends for foreign investors in 1Q 2023)

작 성 자

- 투자종합상담실 환경부 과견관 양근미
- 투자종합상담실 영문 에디터 이지민

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발행처		KOTRA
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주소		서울시 서초구 헌릉로 13 (06792)
전화		02-1600-7119(대표)
홈페이지		www.kotra.or.kr
문의처		투자종합상담실 (02-3497-1738)
I S B N		979-11-402-0635-3 (95320)



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