
[Summary] Environmental Policy Trends in 3Q 2022

November 2022

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① [Policy] Opinion-sharing with industries to improve greenhouse gas emissions trading schemes

- The Ministry of Environment shall operate a commission for improving greenhouse gas (GHG) emissions trading schemes from August 2022 to the end of the year to discuss ways to improve GHG emissions trading schemes to achieve carbon neutrality.
 - * Commission members: Representatives from related ministries, companies representing industries subject to GHG emission trading, related groups and experts
- The commission is divided into the following sub-groups to discuss ways to enhance GHG emissions trading schemes and improve regulations: ① GHG scheme improvement, ② Allocation of emission allowances for sale, ③ Benchmark allocation.

② [Policy] Production of eco-friendly (green) hydrogen using renewable energy from small hydropower generation

- The construction of a green hydrogen test production facility using small hydropower generation equipment in a drinking water treatment facility in Seongnam began on July 21.
- The Korea Water Resources Corporation shall establish a test bed for green hydrogen production facilities and water electrolysis facilities, and work with Hyundai Motor Group to install a moving hydrogen station within the drinking water treatment facility so that the produced hydrogen can be charged on the spot.
- If the test program turns out to be successful, green hydrogen production using hydro energy will be expanded nationwide.

③ [Policy] Enforcement of climate change impact assessment for greenhouse gas reduction and coping with climate change

- The climate change impact assessment scheme was established and enforced on September 25 in order to encourage policy formulators and business operators to reduce GHG and cope with climate disasters before a major national project or development project begins.

※ Legal ground: Article 23 of the Framework Act on Carbon Neutrality and Green Growth for Coping with Climate Crisis (legislated Sep. 24, 2021)

- Among the areas subject to strategic environmental impact assessment or environmental impact assessment, when projects and plans in the following 10 areas* are implemented, an appropriate GHG reduction plan shall be suggested and the optimal plan to cope with climate crisis factors shall be devised.

* ①Energy development, ②Creation of industrial sites and complexes, ③Urban development, ④Water resources development, ⑤Port construction, ⑥Mountain area development, ⑦ Use and development of streams, ⑧Road construction, ⑨Airport construction, ⑩Installation of wastes and livestock manure treatment facility

④ [Regulatory improvement] Improvement of regulations on recycling of wastes: Eased standards for recognizing circular resources, promotion of recycling of carbon dioxide

- The standards for recognizing circular resources was eased, for following purposes: widening the scope of uses for environmental substances and high-value substances; expanding exemptions for waste regulations; and easing the private sector's burden on waste treatment.

※ Notice of legislation of the amended Enforcement Decree of the Framework Act on Resources Circulation (Aug. 31)

- The nine standards for recognizing circular resources under the Enforcement Decree were reduced to the following two standards:

- 1) The relevant substance or article shall not be incinerated, buried or discharged to the sea.
 - 2) The relevant substance or article shall only be used for the purposes recognized at the time of application.
- Active administrative measures* shall be taken to promote the recycling of carbon dioxide** captured using carbon capture, use and storage technology
- * Applied to the Ulsan carbon upcycling special de-regulation zone (Jan. 21-Dec. 22) and South Chungcheong Province special deregulation zone for capture and use of carbon dioxide (Jul. 2021 ~ Jun. 2025)
- ** Construction materials such as aggregates, cements and concrete, and rubber, textile or synthetic resin products were included in the scope of permitted recycling of carbon dioxide.

5 [Regulatory improvement] Eased restrictions on surety insurance for import/export of wastes

- When subscribing to a surety insurance for the permission (report) of package import/export of wastes, it is permitted to divide the subscription period in order to reduce the cost burden of importers and exporters.
- ※ Enforcement Decree of the Act on the Transboundary Movement of Hazardous Wastes and Their Disposal (amended and enforced Sep. 27)

6 [Industry support] Increased effectiveness of support for ESG evaluation

- A council for evaluating corporate environmental social governance (ESG) was established to improve the business environment for companies.
- ※ Strengthened cooperation with organizations managing ESG support programs (Ministry of Environment, Korea Environmental Industry & Technology Institute), and expert organizations (Korea Environment Corporation, Korea Chemicals Management Association, Green Earth Climate Action)

- Expert organizations will join the ESG evaluation process and provide legal evaluation or technical support in the environmental field. For applications based on the evaluation results, additional points shall be given when determining whether policy loans will be granted, so that the evaluation results can be linked to follow-up programs.

7 [Industry support] Support for cement industries and small-sized businesses so they can meet the requirements for integrated environmental permits

- To help cement manufacturers prepare for inclusion in businesses subject to integrated environmental permit*, a council for cement industries' integrated environmental permit was organized to prepare the legal standards for each type of business and come up with support measures.

* With the amendment of the Act on the Integrated Control of Pollutant-discharging facilities (enforced Jun. 10), the types of businesses subject to integrated environmental permit was expanded.

- Support shall be provided to textile dyeing businesses subject to integrated environmental permits since it is relatively difficult for them to prepare the documents for acquisition of integrated environmental permit (up to KRW 20 million to be provided for places of business with daily wastewater discharge of 2,000 tons per day and annual sales of not more than KRW 8 billion; a total of KRW 1 billion to be provided in 2H of 2022)

8 [Industry support] Selection of candidate sites for low-carbon green industrial complex creation project

- A total of five industrial complexes - Busan (Shinpyeong-Janglim industrial complex), Ulsan (Mipo industrial complex), Donghae-si in Gangwon-do (Bukpyeong industrial complex), Jeongju-si in Chungbuk (Cheongju industrial complex), Jinju-si in Gyeongnam

(Sangpyeong industrial complex) - were designated as candidate sites for low-carbon green industrial complex, and a total of KRW 35.5 billion will be invested for three years starting from 2022.

- * Low-carbon green industrial complex creation project: Low-impact development (LID) facilities are installed in old industrial complexes that need stricter non-point source pollution management, in order to achieve non-point source pollution reduction and improvement of water circulation to reduce greenhouse gas.

9 [Industry support] Agreement between financial and industrial sectors for promoting K-Taxonomy

- The government, banks and corporations signed an MOU to promote K-Taxonomy and its successful settlement in the financial and industrial fields (Jul. 14).

- * K-Taxonomy: A clear set of principles and standards on green economic activities by classifying green economic activities contributing to the following six environmental goals: ① GHG reduction, ② Coping with climate change, ③ Sustainable conservation of water, ④ Resources circulation, ⑤ Pollution prevention and management, ⑥ Preservation of biodiversity

- Organizations participating in K-taxonomy pilot programs* that launched in April are participating. The participating banks shall develop financial products applying the K-taxonomy, and the companies shall design new projects suitable for K-taxonomy to expand ESG management. On the government side, the Ministry of Environment shall design and implement related support programs and the Korea Environmental Industry & Technology Institute shall operate a council and support banks and companies up-close.

- * [Government] Ministry of Environment, Korea Environmental Industry & Technology Institute, Financial Services Commission

[Banks] Korea Development Bank, Industrial Bank of Korea, KB Kookmin Bank, Shinhan Bank, Hana Bank, NH Nonghyup Bank

[Companies] Korea Hydro & Nuclear Power, Korea Midland Power, Korea South-East Power, Hyundai Capital

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KOTRA자료 22-110

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