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# Environmental Policy Trends in 2Q 2023

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July 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).

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## **(Summary) Environmental Policy Trends – 2Q 2023**

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### **① [Policy] Finalization of 1<sup>st</sup> national basic plan for carbon neutrality and green growth**

- The 1<sup>st</sup> national basic plan for carbon neutrality and green growth, which provides the national GhG reduction goal and action plans for transition to a carbon-neutral society for the following 20 years (2023 to 2042), was finalized.

※ For details, refer to Environmental Policy Trends – 2Q 2023 (full version, Korean only)

### **② [Policy] Upgrading of industrial foundation for implementing carbon neutrality**

- **(Implementation of pilot program on mandatory environmental data disclosure)**  
To promote environmentally responsible investment and to prepare for the mandatory disclosure of ESG\* in other countries, the Ministry of Environment has been disclosing information on willing companies' major environmental performance of the previous year at the end of each year. However, the Ministry is planning a pilot program to pull the disclosure date earlier to the first half of the year.

\* Example: International Financial Reporting Standards (IFRS) and other organizations are discussing mandatory ESG disclosure.

☞ For details, refer to Environmental Policy Trends – 2Q 2023 (full version, Korean only)

- **(Amendment of criteria for method of calculating GhG emitted in semiconductor and display industries)** The National Institute of Environmental Research under the Ministry of Environment amended the GhG process testing method by including the FTIR\* technique for measuring GhG emitted from semiconductor and display industries (May 12).

- \* FTIR (Fourier Transform Infra-Red Spectrometry): A technique used to examine and analyze the unique structure and properties of gas by measuring the characteristics of light that is observed by molecules in the infrared spectrum
- ※ For more information on the GhG process testing method, refer to the Korean Law Information Center (law.go.kr) or the National Institute of Environmental Research website (nier.go.kr).

### 3 [Policy] Distribution of zero-emission vehicles

- **(Promotion of distribution of zero-emission vehicles)** The amended Enforcement Decree of the Clean Air Conservation Act for promoting the distribution of low-emission construction machinery was approved by the State Council on June 13 and enforced on June 28.
  - ※ About the amendment: The types of low-emission construction machinery are defined as electric and hydrogen electric construction machinery in order to provide the legal grounds for supporting purchasers and persons who install charging facilities.
- **(Disclosure of status of distribution of low-emission vehicles in the public sector)** The Ministry of Environment and the Ministry of Trade, Industry and Energy disclosed the purchase records of low-emission vehicles\* and eco-friendly vehicles\*\* in public sectors in 2022 and purchase plans for 2023 through the Ministry of Environment website and the electric vehicle portal (<http://ev.or.kr>) (May 31).
  - \* Electric and hydrogen vehicles under the Clean Air Conservation Act (type 1), hybrid vehicles (type 2), LPG cars and diesel cars meeting the permitted emission standards for low-emission vehicles (type 3)
  - \*\* Electric vehicles, hydrogen vehicles, and hybrid vehicles pursuant to the Act on the Promotion of Development and Distribution of Environment-friendly Motor Vehicles

#### ④ [Regulatory Improvement] Proactive administration to cater to on-site demand

- (Promotion of recycling of used batteries for electric vehicles) To promote the recycling business for used batteries for electric vehicles, the Ministry of Environment amended the Enforcement Rules of the Wastes Control Act after the deliberation of the Proactive Administration Committee. Specifically, the maximum period for storage of wastes, which are raw materials for recycling, was extended from 30 days to 180 days, and the amended regulations were applied retroactively to May, before the amendment of the Enforcement Rules of the Act.
  - ※ The automobile waste recycling industry had been demanding that the volume of wastes that can be stored as raw materials for recycling (waste batteries, process scrap, etc.) be increased from the then standard of not more than 30 days-worth (Article 31, Enforcement Rules of the Wastes Control Act) in order to secure raw materials.
  - ※ Refer to Environmental Policy Trends - 1Q 2023.
- (Certification as new environmental technology) In order to help companies reduce the burden of having to obtain certification of new environmental technologies<sup>①</sup>, related public notices were amended<sup>②</sup> and enforced on April 14 by the Ministry of Environment. In addition, businesses will be provided with a coordinator service to consult on measures to shorten the deliberation period (starting April 14)<sup>③</sup>.
  - ※ ① The Ministry of Environment conducts on-site inspections and document review and determines whether a technology constitutes new environmental technology for certification and validation (Article 6 of the Environmental Technology and Industry Support Act). Technologies that are certified as new environmental technology are eligible to receive government support (Article 6 of the Environmental Technology and Industry Support Act).
  - \* Current status (as of end-March 2023): 498 certifications, 275 validations

- ② For details, refer to Environmental Policy Trends - 2Q 2023 or the [Korean Law Information Center \(law.go.kr\)](http://law.go.kr)
  - ③ Preliminary review of documents for certification of new environmental technology by a related expert in the field of environmental technology, and customized consulting services shall be provided for businesses on how to prepare for the evaluation for obtaining certification. (for details, refer to the Korea Environmental Industry & Technology Institute website - [keiti.re.kr](http://keiti.re.kr) or the Korea Environmental Industry and Technology system website - [koetv.or.kr](http://koetv.or.kr)).
- **(Information session on deregulation measures for chemical substances)**  
 The Ministry of Environment met with SMEs and organizations such as the Korea Federation of SMEs on May 30 to share the outcome of deregulation of chemical substances for SMEs and the efforts that are currently underway.\*
- ※ Details: Environmental Policy Trends - 2Q 2023 (KOTRA website), Ministry of Environment website (May 30 press release on SMEs and deregulation, June 7 press release on economic deregulation TFs - agenda no. 2)

## **5 [Industry Support] Support of companies pursuing carbon neutrality**

- **(Pilot program to support the issuance of Green-ABS)** Under the pilot program to support the issuance of Green-ABS (asset-backed security), Green-ABS-issuing SMEs and middle-standing companies that comply with K-Taxonomy shall be provided funding of up to KRW 300 million for interest expenses, etc.
- \* Green-ABS: Securities using SMEs and middle-standing companies' corporate bonds as underlying assets to reinforce credit and applying K-Taxonomy.
- ※ For details, refer to Environmental Policy Trends - 2Q 2023 (full version, Korean only)

- **Reduction of interest rates for green industry growth support policy loans)** After the deliberation of the Proactive Administration Committee, the Ministry of Environment lowered the interest rate of green industry growth support policy loans by up to 2%p on June 7, in order to support the growth of the green growth industry and to improve the investment environment for reducing GhG.
- ※ For details, refer to the Korea Environmental Industry & Technology Institute website ([keiti.re.kr](http://keiti.re.kr)) or the Korea National Environmental Technology Information Center ([www.konetic.or.kr](http://www.konetic.or.kr)) website.

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