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# Going Forward toward the South Korea-US Economic Cooperation in Climate Change under the Biden Administration

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# Contents

1/ Background

2/ Current Status

3/ South Korea-US Climate Cooperation

4/ Conclusion

# 1/ Background

## 1 / Background

### | Year of the commencement of the Paris Agreement Regime

- ✓ The Paris Agreement calls for all countries to reduce emissions in line with their own development goals and political realities
- ✓ IPCC's the special report deliver the authoritative, scientific guide for governments to deal with climate change, reaching 'net zero' around 2050
- ✓ The European Union, China, Japan, and South Korea have all announced new and ambitious near- and long-term climate targets
- ✓ Expectations are high for updated pledges prior to the November COP 26

## 1 / Background

### | Strengthening Engagement with Non-State Actors under the Paris Agreement

- ✓ Non-state actors (sub-national government, civil society, and private businesses) are declaring long-term climate action plans, and establishing stronger climate networks
- ✓ Most countries and non-state actors have a mutual goal of achieving net-zero by 2050

### | COP26 at the Focus of the Global Attention

- ✓ How much does countries pledges will contribute to achieving the ultimate goal of the Paris Agreement?

## 2/ Current Status

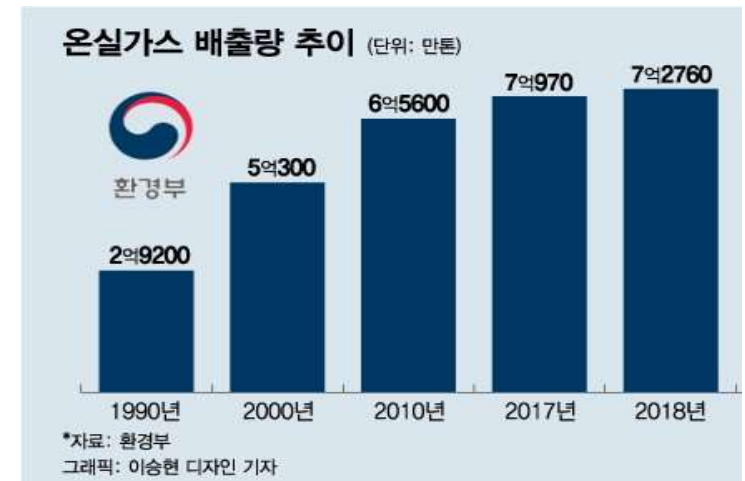
## 2 / Current Status

### | South Korea Climate Goals

- ✓ **Green Growth (2008)** : 30% GHG reduction of 2020 BAU levels at the COP15
- ✓ **2015 Target**: 37% GHG reduction of 2030 BAU levels
- ✓ **HOWEVER**, GHG emissions continued to increase by more than 700 million tons until 2018

### | Korean Green New Deal

- ✓ Declared in July 2020 with the goal of achieving net-zero emissions by 2050
- ✓ The international community is demanding a more credible and specific action plan from the Korean government



Korea GHG emissions

## 2 / Current Status

### | United States

- ✓ 4 years of absence from the global climate community due to its withdrawal to the Paris Agreement
- ✓ The international community expects the US to become a climate leader
- ✓ We are hoping for the US to provide opportunities and leadership in innovation, financial markets, and lead international cooperation and actions

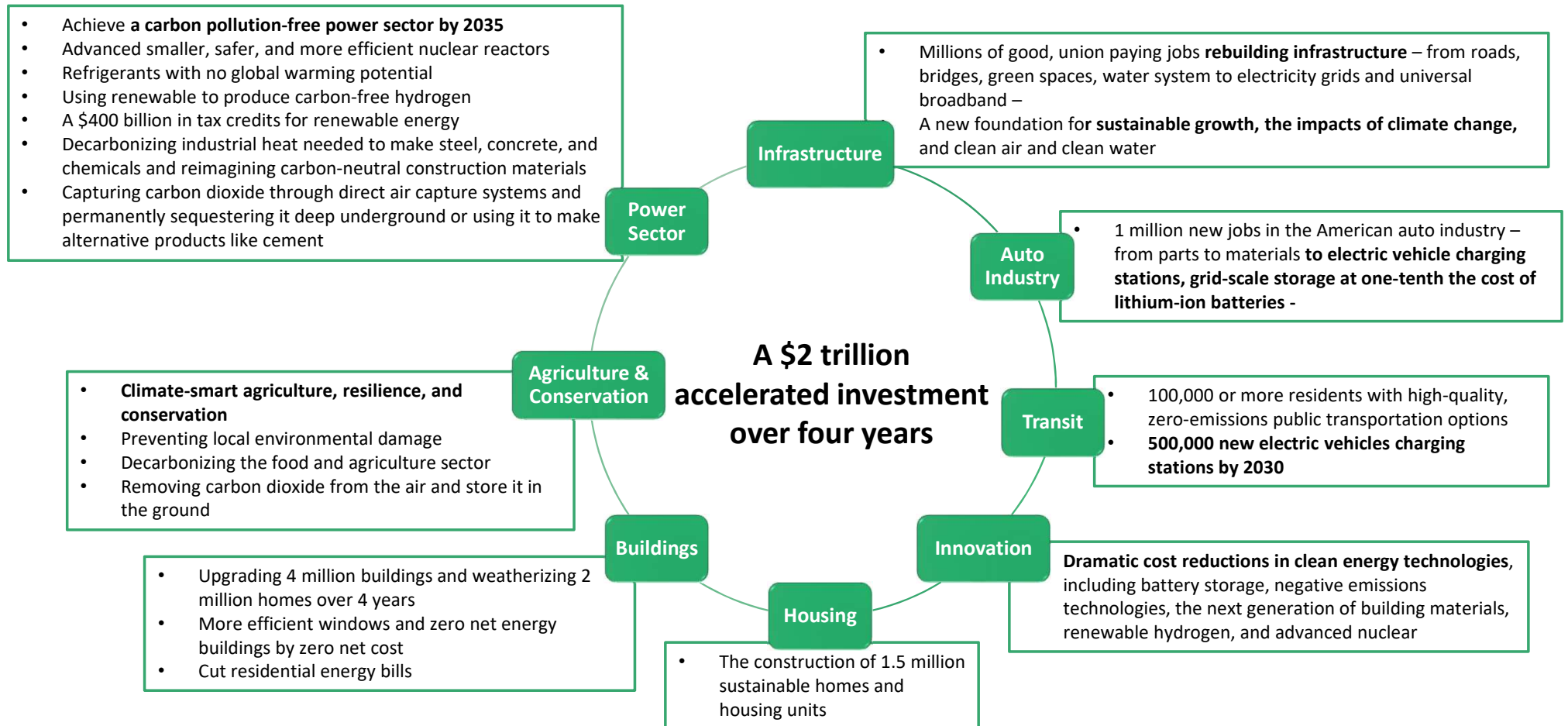
## 2 / Current Status

### | US Build Back Better Plan (2020.7.9)

“BUY AMERICAN” : \$400 billion procurement investment

- ✓ **A New \$300 billion Investment in R&D** (in advanced materials, health and medicine, biotechnology, clean energy, autos, aerospace, artificial intelligence, telecommunications, and more.)
- ✓ Purchasing **\$10 billions of clean vehicles** and products to support **the expansion of clean energy generation capacity**
- ✓ Building a **modern infrastructure and an equitable, clean energy future** (in roads, bridges, energy grids, schools, and universal broadband)
- ✓ Applying a carbon adjustment fee

## 2 / Current Status | A modern sustainable infrastructure and clean future (2020.7.14)



## 2 / Current Status: US Climate Action

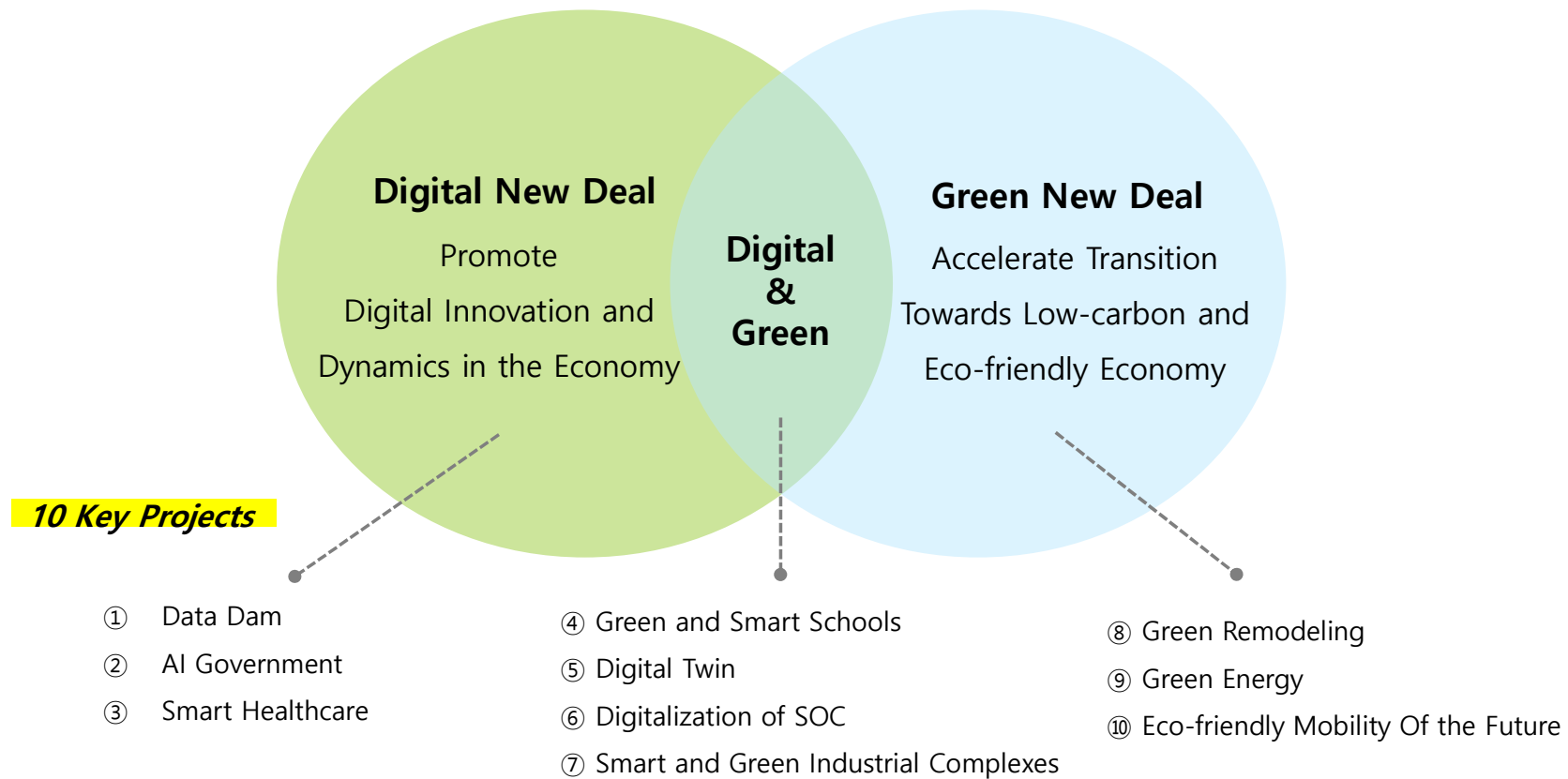
### | The Clean Future Act (2021.3)

The first major piece of climate legislation during Biden’s presidency by the committee on Energy and Commerce

No.	Focus Areas	Projects
I	National Climate Target	- Achieve net-zero GHG emissions by 2050
II	Power	- 100% of clean electricity in all retail electricity suppliers by 2035
III	Efficiency	- Set new energy efficiency for schools, homes and nonprofits. - Establish a training and education program for home energy savings retrofits
IV	Transportation	- \$500 million to deploy electric vehicle supply equipment - \$400 million annually funding for the Diesel Emissions Reduction Act - \$2.5 billion annually to zero-emission school buses and clean commutes for kids
V	Industry	- \$10 million annually to help smart manufacturing technologies
VI	Environmental Justice	- Air quality monitoring for toxic air pollutants
VII	Super Pollutants	- Construct large scale composting or anaerobic digestion food waste-to-energy projects
VIII	Economywide Policies	- \$200 million to help states prepare plans - \$100 billion to help states, cities, communities, and businesses transition to a clean energy economy
IX	Waste Reduction	- Place a temporary pause on the permitting of new and expanded plastic production - Modernize the nation’s approach to recycling and waste management - Invest in community-level zero-waste initiatives
X	Worker and Community Transition	- Grant may also be awarded to assist local government in planning - Fund one-stop, community-based organizations

## 2 / Current Status: South Korea President Moon's Climate Action

### | The Korean New Deal (2020.7)



## 2 / Current Status: South Korea President Moon's Climate Action

### | The Korean Green New Deal (2020.7)

(trillion won, thousand jobs)

	Focus Areas	Projects	2020 SB -2022	2020 SB -2025	# of Jobs
Green New Deal	<b>Total</b>		<b>19.6</b>	<b>42.7</b>	<b>659</b>
	<b>Sub-total</b>		<b>6.1</b>	<b>12.1</b>	<b>387</b>
	5. Green Transition of Infrastructures	13) Turning public facilities into zero-energy buildings	2.6	6.2	243
		14) Restoring the terrestrial, marine and urban ecosystems	1.2	2.5	105
		15) Building a management system for clean and safe water	2.3	3.4	39
	<b>Sub-total</b>		<b>10.3</b>	<b>24.3</b>	<b>209</b>
	6. Low-carbon and Decentralized Energy	16) Building a smart grid for more efficient energy management	1.1	2.0	20
		17) Promoting renewable energy use and supporting a fair transition	3.6	9.2	38
		18) Expanding the supply of electric and hydrogen vehicles	5.6	13.1	151
	<b>Sub-total</b>		<b>3.2</b>	<b>6.3</b>	<b>63</b>
	7. Innovation in the Green Industry	19) Promoting prospective businesses to lead the green industry and establishing low-carbon and green industrial complexes	2.0	3.6	47
20) Laying the foundation for green innovation via the R&D and financial sectors		1.2	2.7	16	

## Digital & Green

### ④ Green and Smart Schools

energy efficiency in old school buildings through the installation of solar panels and eco-friendly insulation

### ⑤ Digital Twin

the foundation for new industries such as drones and self-driving vehicles, and for the safe management of land and facilities

### ⑥ Digitalization of SOC

digitalized key infrastructure to prevent and respond to disasters efficiently

### ⑦ Smart and Green Industrial Complexes

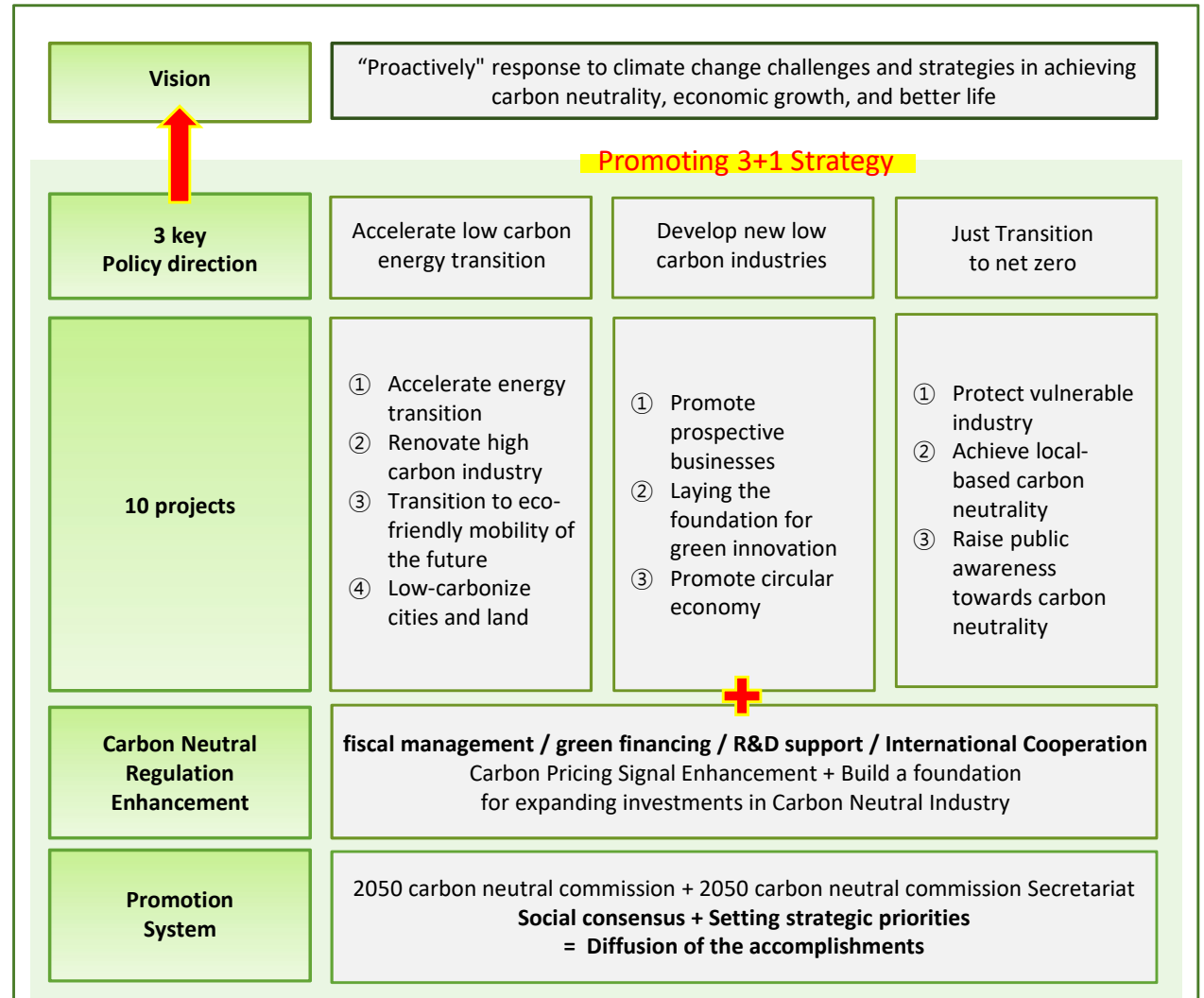
smart and eco-friendly digital technology

2 / Current Status:  
South Korea President Moon's Climate Action

| 3+1 Policies toward  
Carbon Neutrality (2020.12.7)

3+1 Policies

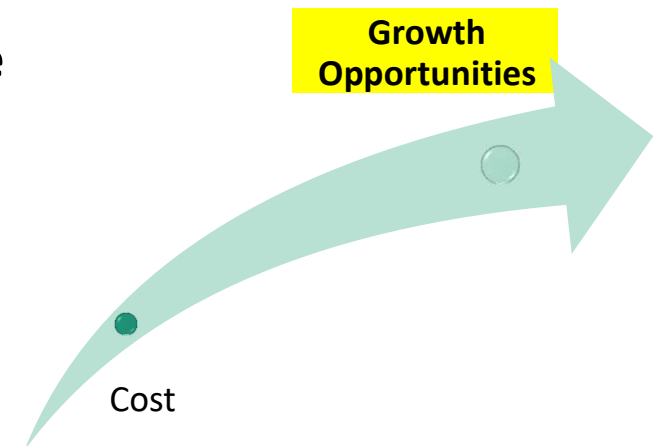
Introduce regulations that promote low carbon economy, such as taxes and other fiscal management, green financing and R&D support



## 2 / Current Status: Economy recovery toward climate actions

### | Potential growth opportunities

- ✓ **Aligning COVID-19 economic recovery with climate targets:** investments to reduce GHG emissions and promote climate resilience
- ✓ **BBB and Green New Deal:** shift from “cost” to “potential growth opportunities”



## 2 / Current Status

### | International support and cooperation for inclusive climate actions

- ✓ Climate change is not bounded by national boundaries, thus, actions of developed and developing countries are both significant
  - Both developed and developing countries emit GHG
  - All countries are affected by climate change, with developing countries facing financial barriers to respond to climate change impacts
  - *“Vulnerable communities are disproportionately impacted by the climate emergency and pollution.”*
  
- ✓ Climate solutions should be inclusive and a community-driven process

# 3/ South Korea–US Climate Cooperation

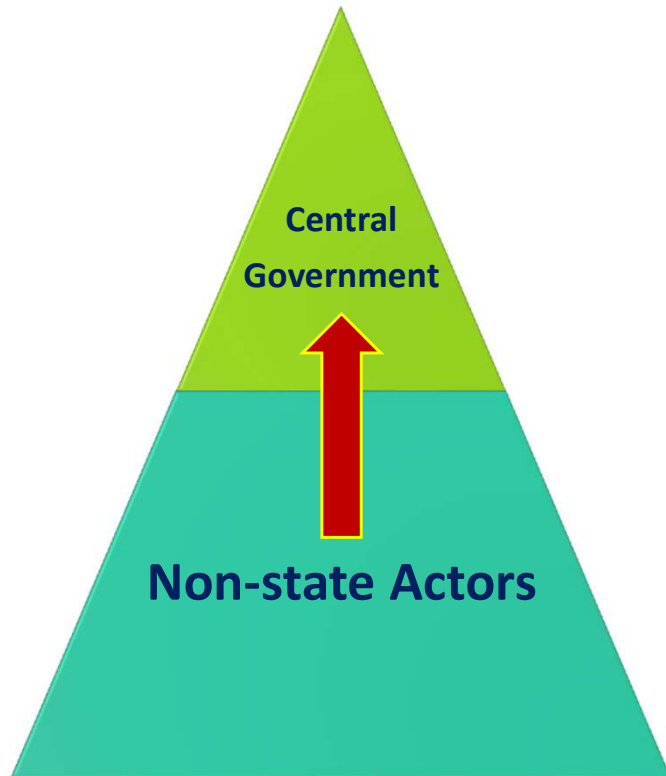
### 3 / South Korea–US Climate Cooperation

#### | Increasing Non-State Actors' Engagement

- ✓ Non-state actors, such as local governments, businesses, and civil society, have gained international trust by contributing significantly to GHG reduction
  - \* More than 600 local governments in the US have set up climate response plans
- ✓ Los Angeles and New York City: strong cases of climate initiatives tailored at subnational level where local government implements their own policies, institutions and regulations
- ✓ Impacts of the local climate actions will be the key part of the bottom-up climate strategy which can enable stronger policy implementation

### 3 / South Korea–US Climate Cooperation

#### | Increasing Non-State Actors' Engagement



- ✓ **Voluntary RE100 Initiative:** global cooperation of influential companies committed to renewable energy.
- ✓ The global RE100 movement affected the domestic Korean companies, that further influenced the central government of Korea to develop new policies.

#### **Bottom-up Architecture**

- ▶ Vital component of Paris Agreement
- ▶ Emphasizes the need to involve and expand the participation of non-state actors to drive economic cooperation

### 3 / South Korea–US Climate Cooperation

#### | Increasing Non-State Actors' Engagement

#### **Bottom-up Approach for Korea - US Cooperation**

- ✓ Cities, local governments, businesses, and experts in Korea and the US can cooperate to seek opportunities and develop strategies for climate actions
- ✓ The role of the central government is essential in creating a favorable environment for successful bottom-up approach cooperation

### 3 / South Korea–US Climate Cooperation

#### | 1. Green Recovery

- ✓ **Power generation:** investments in energy efficiency, clean energy, and energy storage to drive de-carbonization
- ✓ **Infrastructure that promote sustainable growth:** green spaces, water resources, electricity/communication networks
- ✓ **Automobile industry:** i.e. automobile manufacturing supply chains and charging stations for electric vehicles
- ✓ **Housing:** carbon neutrality through reinforcement of insulation and remodeling of houses including public buildings

### 3 / South Korea–US Climate Cooperation

## | 2. Green Financing and Sustainable Investments

### Carbon Pricing

- ✓ A market-based strategy by pricing carbon emissions.  
Future federal policies in the US will include carbon pricing.

*“The administration plans to boost the figure it will use to assess the damage that greenhouse gas pollution inflicts on society to **\$51 per ton of carbon dioxide**...But the number, known as the “social cost of carbon,” could reach **as high as \$125 per ton** once the administration conducts a more thorough analysis.”*

The Washington Post. 27 February 2021.

### 3 / South Korea–US Climate Cooperation

## | 2. Green Financing and Sustainable Investments

### **ESG, Climate Risk Disclosure**

- ✓ Mobilizing private finance to complement public funds
- ✓ **Equitable Clean Energy Future:** innovative financing methods for large-scale private investments
- ✓ Disclosure of climate-related risks and greenhouse gas emissions to inform investors
- ✓ Korea ESG-related fund market having a growth rate of more than 47% annually, however, ESG-related information still lacks clarity

### 3 / South Korea–US Climate Cooperation

## | 2. Green Financing and Sustainable Investments

### **Carbon Border Adjustment**

- ✓ *“Impose carbon adjustment fees or quotas on carbon-intensive goods from countries that are failing to meet their climate and environmental obligations”*
- ✓ Both EU and US are expected to impose carbon border adjustment
- ✓ Korea needs to establish a multilateral cooperation system that includes the US

### 3 / South Korea–US Climate Cooperation

#### | 3. Support developing countries for climate justice

- ✓ US as a global climate leader
  - Supporting developing countries to achieve GHG reduction and climate resilience
  - Financial contributions to GCF, IMF and multilateral banks to support developing countries to achieve their climate targets
- ✓ Stronger cooperation between developed and developing countries
- ✓ *Article 6* of the Paris Agreement: market mechanism
- ✓ South Korea and US cooperation in areas of common interest
  - i.e. Power generation and green infrastructure

## 4/ Conclusion

## | Conclusion

- ✓ With the increasing climate ambition to meet the Net-Zero goals, COP 26 is expected to attract global attention with the announcements of new NDCs
- ✓ South Korea and US, with goal of 2050 net-zero, should show credible climate actions to recover its global climate leadership status
- ✓ Non-state actors' emission reduction efforts will be a key part to achieve climate goal; cooperation between non-state actors is based on mutual economic cooperation
- ✓ 3 areas for climate cooperation: green recovery industries, financial sector, support to developing countries for climate justice

Thank you