

## **Towards Global Participation**

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- 1. Global Participation by Non-Annex I Parties**
- 2. Korea's Position on Voluntary Participation**
- 3. Korea's Efforts to Mitigate Climate Change**

### **1. Global Participation by Non-Annex I Parties**

#### **□ Fundamental Dilemma**

- Direct linkage of economic growth and GHG emission
- De-linking is feasible only to a limited extent for limited number of industrialized economies
  
- Current quantitative limitation formula of UN/FCCC
- Applicable mainly to developed economies whose emission growth has already stabilized
- No formula for developing economies whose emission is still growing
  
- High level of UNCERTAINTIES on long-term projection of economic growth, energy consumption and GHG emissions: we need fairly credible and accurate predictions to set long-term targets
  - Practical difficulty in setting targets
  - Not lack of intention to participate and cooperate
  
- Cost : Immediate, Local Benefit : Long-term, Global

- difficult to mobilize political support

## **Potential Solutions**

- Transforming a "VICIOUS CYCLE" into a "VIRTUOUS CYCLE"
  - Emission Reduction  Growth Reduction
  - Emission Reduction  Energy Efficiency Improvement
  - Energy Cost Reduction, Technology Innovation
  - Stronger Economy
  - Robust Economic Growth
- Need to pursue Energy Efficiency not only as a climate but also as an economic policy goal
- Need for different formula for developing countries
  - Emissions growth targets should be flexible to accommodate sustained economic growth
  - Flexibility in choosing the historical base year or period and the target period
- Provision of incentives, for example:
  - Linkage of emissions reduction and financial resources and technology transfer (e.g. CDM)
  - Flexible compliance regime which applies exclusively to non-Annex I Parties taking into account their circumstances and to encourage not to impose

## **Modality : Voluntary Participation Formula**

- A transitional phase-in period
  - Non-Annex I Parties may take on non-binding voluntary targets prior to taking on binding targets
- ∅° Binding target period
  - Non-Annex I Parties take on binding targets in the form of quantified emissions growth targets which could accommodate economic growth

- Voluntary participation does not mean that non-Annex I Parties join Annex I Parties through Article 4, paragraph 2(g) of the UN/FCCC
- "The third pathway" should be devised for voluntary participation by non-Annex I Parties under UN/FCCC and Kyoto Protocol
- No legal basis for voluntary targets under UN/FCCC and Kyoto Protocol

#### □ **Key for Success**

- To show how "**VICIOUS CYCLE**" could turn into "**VIRTUOUS CYCLE**" by Annex I Parties
- To change the perception from burden to opportunity
- To identify energy efficiency not only as a climate goal but also as an economic policy goal
- To stop spreading the message of "Vicious Cycle" and start to spreading the message of "Virtuous Cycle"
- To utilize and expand already existing energy management policy to accommodate climate change policy goal

#### □ **Role of Korea**

- Historically, pursuing energy efficiency as an over-riding economic policy goal for energy security
- Domestically, try to demonstrate how energy efficiency improvement serves not only as a climate change goal but also as an economic policy goal
- Multilaterally, positively contribute to promoting consensus building between the Annex I and Non-Annex I Parties

## **2. Korea's Position on Voluntary Participation**

### **Korean Circumstances**

- Needs more time to reach a stabilizing stage like most OECD countries in terms of economic growth and energy consumption levels
  - OECD economies : post-industrial, De-linking feasible
  - Korea : still industrializing, direct linkage,
  - de-linking not feasible yet
  
- Energy-intensive economic structure
  - Heavy dependency on energy-intensive industries ;
  - Petro-chemical, steel, cement, aluminum
  
- High level of dependency on foreign energy imports
  - Energy security, energy cost reduction,
  - energy efficiency □ over-riding economic policy goal
  - Implementing strong national energy management plans since '70s to overcome oil crisis
  
- High level of uncertainties about long-term projection of economic growth, energy consumption and GHG emissions
- setting long-term target: highly risky, politically, economically

### **□ Korea's Position**

- firstly, a transitional phase-in period for voluntary participation, and  
secondly, binding target period.
  
- Korea's position was decided by the Inter-agency Committee to Combat Climate Change led by the Prime Minister in June 1998

### **3. Korea's Efforts to Mitigate Climate Change**

#### **Legal and Institutional Framework**

- The Rational Energy Utilization Act enacted in 1979 primarily for energy conservation, and now being utilized as a means for pursuing climate change policy goals
- Inter-agency Committee to Combat Climate Change led by the Prime Minister, established in April 1998.
- Comprehensive National Action Plan to Mitigate Climate Change announced in December 1998.

#### **□ Korea's Other Efforts**

- The submission of the first national communication to UN/FCCC in March 1998
- The signing of the Kyoto Protocol in September 1998.

#### **The Rational Energy Utilization Act,**

- **Enacted** in 1979 and subsequently amended 10 times

- **Purposes** ; To promote rational and efficient use of energy and Reduce environmental damages caused by energy consumption
- Introduced for energy security, but provide perfect legal and institutional framework to implement climate change policy goals

#### **□ Korea Energy Management Corporation**

⌘ Established in 1980, to implement REU Act

Major Function: Mandatory Reporting by industrial consumers on annual energy consumption, Monitoring, Auditing

#### **□ Ways and Means to Implement**

- Providing financial and technical assistance for energy rational use projects and voluntary programs for reducing

carbon dioxide emissions

- Prohibiting the manufacturing and sales of equipments that do not satisfy minimum energy efficiency standard
- long-term program to facilitate the development and dissemination of energy related technology
- Public information to promote rational energy use

## □ **The Gist of the National Action Plan to Mitigate Climate Change**

### ¢° **Institutional and Legal Sector**

- Strengthening of the Rational Energy Utilization Act
- Preparation for the enactment of the Climate Change Mitigation Law
- Establishment of national inventory system

### □ **Industrial Sector**

- Introduction of voluntary agreements in energy intensive industries such as steel, cement, chemicals, and electricity, etc.
  - 50 companies in 1999 and 500 companies after 2000
- Implementation of other measures such as a Five-Year Conservation Program, energy auditing and co-generation, etc.
- *Major industries already maintaining energy consumption level per unit of production (Mcal/T) comparable to that of Japan*

### □ **Transportation Sector**

- Fuel-efficiency labelling program  
Fuel-efficiency targets
- Promotion of small car ownership

### ¢° **Residential and Commercial Sector**

- Expansion of district heating and the use of energy-efficient products
- Prohibition of the production and sale of appliances and

equipments not meeting minimum energy efficiency

#### □ **Low-carbon Energy Sector**

- Expansion of the use of LNG and nuclear power plan to increase the nuclear power share in total power generation from 40.1%(1998) to 46.3%(2015)

#### □ **Forestry, Agriculture and Animal Husbandry Sector**

- Protection and conservation of existing forests, and enhancing the carbon pool through afforestation and reforestation
- Mitigation of methane emissions from rice paddies

#### □ **Waste Management Sector**

- Implementation of the National Plan for Comprehensive Waste Management to reduce waste and to promote waste recycling and recovery
- Waste reduction and recycling policies such as environmental surcharges, volume-based waste fee system, and separated collection for recyclable waste, etc.

#### ¢° **Technology Development Sector**

- A ten-year National Plan for Energy Technology Development from 1997 to 2006 focusing on energy conservation, clean energy, and new and renewable energy
- Increasing the share of new and renewable energy in total energy supply from 0.9%(1998) to 2.0%(2006)