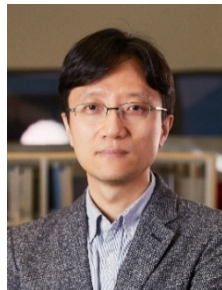


# Carbon Neutrality: Actions Speak Louder than Words



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Since the adoption of the Paris Agreement in 2015, the international community has been paying attention to the urgency of responding to climate change and the need for stronger actions to mitigate GHG emissions. In particular, 2020 is the year for review of the nationally determined contributions (NDC) previously submitted by each Party of the Paris Agreement, and for submitting their long-term low carbon development strategies (LEDS).

Many countries have sought a sustainable economic recovery plan to address climate change issues and to overcome the COVID-19 crisis since last year. In addition, as major greenhouse gas emitters participate in the declaration of carbon neutrality vision, the issue of greenhouse gas reduction is expanding beyond domestic economic and industrial policies to influence diplomatic and international agendas.

Celebrating the Paris Agreement's fifth anniversary, the United Nations and other parties hosted the Climate Ambition Summit on December 12, 2020.

The summit heard announcements from 75 leaders, including 45 relating to new and enhanced NDCs, 24 net-zero emissions commitments, and 20 new adaptation and resilience plans.

Twenty-six Parties have adopted a net zero target representing 14.4% of global GHG emissions as of January 5, 2021. Korea is one of the Parties that plans to achieve carbon neutrality by 2050 in an effort to transform the country's fossil-fuel reliant economy into an eco-friendly one. President Moon Jae-in announced carbon neutrality by actively responding to global climate change together with the international community. In addition, Korea has been promoting the Korean Green New Deal since July 2020. A total of KRW 73.4 trillion will be invested by 2025 and the Green New Deal will facilitate GHG emissions reduction and help sustaining climate-resilient recovery.

Pledging climate ambitions for a low carbon economy and carbon neutrality do not guarantee their achievement. More challenges and hurdles are ahead considering those challenges require all stakeholders involved within and across countries, not a matter of developed or developing countries. What we need is action rather than words to induce more investment and innovation for climate neutrality.

First, it is necessary to support low-carbon transition efforts in industries that are highly dependent on fossil fuels and are vulnerable to emission regulations. To do this, sufficient discussions with stakeholders have to be preceded. Sharing domestic and foreign policy trends and persuading the industries to reduce emissions are also required. For example, tax incentives can influence companies' decisions, encouraging them to change their existing diesel trucks to hydrogen electric trucks. It is also necessary to support retraining and re-employment of workers in fossil fuel-related industries.

Second, it is also important to support low-carbon technological innovation. The development of these technologies normally takes a long period of more than 10 years, so the slower the investment, the slower the transition is to a low-carbon economy, which may eventually result in a greater financial burden. Therefore, it is necessary to consider practical ways for the private sector that can lead industries to pursue the innovation of low-carbon technologies. Policies providing subsidies, or imposing revenue taxes on the use of existing GHG emission technologies could be considered.

Third, the private sector needs to expand voluntary efforts to mitigate emissions and environmentally sustainable investment. It is clear that the paradigm shift towards a low-carbon economy is an internationally irreversible trend. Business models or corporate activities aimed at

reducing carbon emissions are becoming an important condition in evaluating the financial value of the company as well as corporate social responsibility. Global companies are already expanding their investments to achieve their own net zero targets or renewable energy use targets, and are changing new business models to suit the low-carbon economy paradigm.

It is necessary for every country to actively participate in international cooperation from the viewpoint of not only reducing greenhouse gas emissions for their country but also responding to global challenges. The outlook is prevailing that clean energy generation costs will continue to decline, and that fossil fuel regulations and investment restrictions will continue. But, it remains up to global communities how they will address and respond to these approaches for climate neutrality. **KIEP**