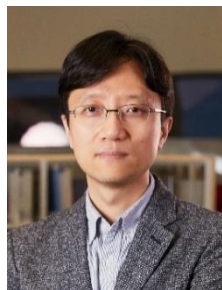


# Recent Developments in Addressing Global Climate Change



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The urgency of responding to climate change and the need for stronger actions to mitigate GHG emissions have been at the forefront of global efforts. Multilateral cooperation centered on the Conference of the Parties of the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement has been sought every year. However, a new trend has recently emerged in addressing climate change and targeting the Nationally Determined Contributions of the Paris Agreement.

The Ukraine crisis has intensified international competition to secure fossil fuels, which were previously considered available at any time, even if they were a little expensive. The introduction of a carbon border adjustment system by the European Union (CBAM) implies that environmental issues will spread to international trade issues in the near future. The recent escalation of strategic competition between the U.S. and China has instead led to the emergence of plurilateral cooperation in responding to climate change and energy security.

In 2021, the EU imported more than 40% of its total gas consumption, 27% of oil imports and 46% of coal imports from Russia. In March 2022, the EU Commission proposed the REPowerEU plan to accelerate the green transition while reducing its dependence on Russia. REPowerEU aims to support the transition to a low-carbon energy system by promoting the use of renewable energy sources, developing new energy technologies, and improving the energy efficiency of buildings and systems. By achieving these goals, this plan can contribute to reducing the EU's dependence on fossil fuels, including those imported from Russia, and building a more resilient energy system. In addition, the EU adopted an external energy strategy to strengthen its energy security, resilience and open strategic autonomy, accelerate the global green and just energy transition to ensure sustainable and affordable energy, and build long-lasting international partnerships and promote the EU clean energy industries across the globe.

In December 2022, the European Union reached a provisional agreement to set up the CBAM. The mechanism's scope will include iron and steel, cement, aluminum, fertilizers, and electricity, and has been extended to include hydrogen as well as some downstream products such as screws and bolts. Indirect emissions under certain conditions are also included in the scope of the CBAM. While the CBAM is intended to put a price on the carbon content of imported goods and reduce carbon emissions of non-EU producers, there are potential issues that may arise from its implementation. It could heighten trade tensions between the EU and other countries. Some developing countries have expressed concern that the CBAM could be used as a form of protectionism or discrimination against their products. The mechanism would require the total embedded emissions of imported goods, which could be challenging to implement and verify. This could increase administrative costs and create a barrier to trade for some companies, particularly smaller ones. Though a transitional period is set from October 2023 to December 2025, it remains to be seen how it will be implemented and received by various stakeholders.

Initiatives to establish climate clubs are also being discussed to achieve the Paris Agreement goals and coordinate international climate policies. Led by Germany, the chair of the G7 in 2022, the G7 agreed to launch a climate club by 2023, supporting climate action to achieve global net-zero by mid-century, and specifying its goal of focusing specifically on decarbonizing the industrial sector. The Indo-Pacific Economic Framework (IPEF) was launched in May 2022 as a regional cooperation plan to cope with the climate crisis and achieve carbon neutrality. Official negotiations of 14 Member countries are underway following the ministerial meetings held in September 2022. Discussions on climate change and energy issues are included in the Clean Economy Pillar. Major topics include energy security and transition, GHG emissions

reduction in priority sectors, innovative technology for carbon removal and incentives to enable the clean economy transition.

In conclusion, it is clear that the international community's efforts to secure clean energy and transition to low-carbon energy systems will continue to be strengthened. For Korea, which relies on imports for most fossil fuels, it is essential to join these global efforts to secure clean energy. The Korean government has set a goal of transitioning to a green economy with scientifically feasible implementation measures while also creating new industries and markets in securing clean energy. However, it is equally important to support vulnerable areas during the transition process while reducing greenhouse gas emissions and promoting decarbonization in sectors that emit significant amounts of greenhouse gases such as electricity, industry, and transportation. The adoption of carbon-free power sources is considered a future alternative, but mid- to long-term government support for new technologies and increased investment in related sectors, as well as the private sector, will also be necessary. **KIEP**