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South Korea ETS start kicks off crucial year for markets, says IETA

GENEVA, 12 January – The start of trading in South Korea’s emissions trading system (ETS) today is the first step in an important year for carbon markets and climate change policy, says IETA.

The country’s ETS, with a cap of 1.7 billion tonnes of CO₂ equivalent¹, came into effect on 1 January, and trading started today on the Korea Exchange (KRX).

“The start of South Korea’s ETS is a significant milestone for Asia, marking the first national carbon market in the region,” says IETA President and CEO Dirk Forrister. “It also adds to the momentum for establishing a solid foundation for market-based solutions in the international climate agreement set to be agreed at the end of this year.”

Forrister adds: “At the IETA Pavilion at the UN negotiations in Lima last month, we heard the South Korean government say its desire for the ETS was driven by a need to cut greenhouse gas emissions efficiently, not just for the sake of having a price on carbon. Markets continue to offer the most flexibility and lowest-cost solutions for reducing emissions, which is why we have seen governments from the EU to California to China adopt market mechanisms as the policy tool of choice.”

“The launch of Korea’s ETS is timely as the Paris climate agreement this year could help facilitate linkages between these various trading systems,” says Jeff Swartz, IETA’s Director of International Policy. “This would allow governments like Korea to be more ambitious in the level of emissions reductions sought while lowering costs for business through enhanced flexibility and common accounting frameworks.

“IETA has [submitted technical proposals to the UNFCCC](#) on this topic, and we continue to actively engage with the international climate negotiations to ensure that our members’ voices are heard and that business is represented at this crucial time in policy-making,” Swartz says.

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¹ The South Korea ETS applies to emissions from the power sector, industry, transport, waste and buildings. For more information about the programme, please view IETA's [case study on the Korea ETS](#) or view IETA's [GHG Market Report 2014](#).

About IETA:

[IETA](#) has been the leading voice of the business community on the subject of carbon markets since 1999. IETA's 130 member companies include some of the world's leading corporations, including global leaders in oil, electricity, cement, aluminium, chemical, paper, and other industrial sectors; as well as leading firms in the data verification and certification, brokering and trading, legal, finance, and consulting industries.