

FSC CHAIRMAN MEETS WITH BANKING SECTOR TO DISCUSS MEASURES TO BOOST CLIMATE FINANCE

- The FSC unveils a set of measures intended to boost climate finance—(a) supplying KRW420 trillion in climate finance support by policy financial institutions, (b) setting up a future energy fund worth KRW9 trillion with contributions made from the banking sector, and (c) creating a climate technology fund worth KRW3 trillion with contributions made from banks.
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Chairman Kim Joo-hyun of the Financial Services Commission presided over a meeting with officials from relevant government and industry organizations and heads of major commercial banks and policy financial institutions on March 19 and unveiled a set of measures intended to boost climate finance. At the meeting, a set of measures intended to boost green investment to speed up low carbon transition was also introduced by the Ministry of Environment. The following is a summary of Chairman Kim's opening remarks.

Unprecedented challenges posed by climate change today require us to act not only for securing the competitiveness of our enterprises but also for guaranteeing security for future generations. Development in climate technologies needs to take place alongside a reduction in carbon emission and transition to clean energy. Against this backdrop, the FSC has prepared the following measures to bolster climate finance.

First, the role of policy financial institutions will be enhanced to facilitate businesses in making low carbon transition. Until 2030, five major policy financial institutions will increase their annual green funds supply by about 67 percent on average for a total supply of about KRW420 trillion. Second, the financial industry will actively invest in building facilities for renewable energies. In this regard, a future energy fund will be newly created in the amount of KRW9 trillion with contributions made from the banking sector for operation until 2030. This will be used to provide sufficient supply of venture capital to meet financing needs of investment for clean energy facilities, which is estimated to be about KRW160 trillion. Third, a climate technology fund in the amount of KRW3 trillion will also be set up with contributions made from the banking sector, which will provide funding support to cultivate promising companies in the field of climate technologies. Today's meeting marks a very important first step towards countering climate risks as it demonstrates collective effort made by the government, policy financial institutions, and commercial banks.

At today's meeting, the Ministry of Environment also introduced measures to boost green investment with aims to propel low carbon transition. They include (a) upgrading Korean Green Taxonomy (K-Taxonomy), (b) building foundations to promote green investment, (c) increasing green investment from the private sector to up to KRW30 trillion by 2027, and (d) making improvements to the emissions trading scheme.

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