Summary

South Korea continues to support oil and gas production and fossil fuel-based power. It has increased its public finance to fossil fuels by 9% relative to 2014–2016 average levels, making it the fourth-highest provider of public finance out of the G20 countries.

BIGGEST RED FLAG ➔ As a major fossil fuel importer, South Korea has the fourth-highest international public finance for fossil fuels in the G20, as well as significant investments in state-owned enterprises (SOEs) that operate abroad.

PROGRESS ➔ In 2017, President Moon Jae-in committed to no new public finance for domestic coal projects (Republic of Korea, 2017). South Korea has also implemented rolling shutdowns and some permanent closures of its oldest coal-fired power plants since 2017, as well as limits to the use of coal-fired and oil-fired power plants from 2018 (Reuters, 2020).

UNACCOUNTED FOR PROGRESS ➔ Under the South Korean Democratic Party’s Green New Deal platform from spring 2020, the party promised to phase out public finance for all...
coal, most of which currently flows to coal power (Farand, 2020). The plan also includes a commitment to carbon neutrality by 2050 and the creation of a Regional Energy Transition Centre to support workers through a just transition (Farand, 2020).

MAIN UNACCOUNTED FOR AND UNQUANTIFIED SUPPORT ➔ Capacity payments for coal-fired power act as subsidies but are not captured in the Organisation for Economic Cooperation and Development [OECD] data presented here. In 2019, Korea Power Exchange (KPX) estimated these at USD 1.84 billion per year.

COVID-19 GOVERNMENT SUPPORT ➔ Despite pursuing Green New Deal plans, South Korea provided USD 2.49 billion in emergency bailout loans for Doosan Heavy Industries & Construction, a major coal plant manufacturer (International Institute for Sustainable Development et al., 2020; KoreaExim, 2020). There is little transparency on how this money will be spent.

TRANSPARENCY & PEER REVIEWS ➔ Korea has not yet committed to completing a peer review of its fossil fuel subsidies as part of the G20 commitment. None of its five public finance institutions publishes a comprehensive list of the projects supported (OECD, 2019).

References


