기후에너지환경부 보도자료

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2035 NDC and Fourth Emissions Trading Allocation Plan Finalized at Cabinet Meeting

- 2035 Nationally Determined Contribution (NDC) finalized at 53%–61%
- Established the “National Emissions Allowance Allocation Plan for the Fourth Planning Period” to normalize the fourth emissions trading scheme for achieving the 2030 NDC

The Ministry of Climate, Energy and Environment (MCEE, Minister Kim Sungwhan) announced that at the Cabinet meeting held on November 11, the following items were finalized through review and approval: the 2035 Nationally Determined Contribution (NDC); the National Emissions Allowance Allocation Plan for the Fourth Planning Period (2026–2030) (Phase 4 allocation plan); and the amendment to the National Emissions Allowance Allocation Plan for the Third Planning Period (2021–2025) (Phase 3 allocation plan).

【 1. 2035 NDC 】

An NDC is an international commitment submitted to the United Nations (UN) under the Paris Agreement, in which each country sets its own reduction level every five years. Korea must submit its 2035 NDC by the end of this year.

On this day, the government finalized the 2035 NDC as a reduction of 53%–61% by 2035 compared to the 2018 net emissions level (742.3 million tCO_2 eq).

Key sector-specific reduction measures for achieving the 2035 NDC include:

expanding renewable energy deployment in the power sector; promoting fuel and feedstock decarbonization and increasing the production of low-carbon products in the industrial sector through innovation support; expanding zero-energy buildings, green remodeling, and electrification of heat supply in the building sector; and increasing the adoption of electric and hydrogen vehicles in the transport sector.

The government will officially announce the 2035 NDC finalized on this day at the 30th Conference of the Parties to the UN Framework Convention on Climate Change (COP30), to be held in Belém, Brazil, from November 10 to 21, and will formally submit the 2035 NDC to the UN within the year.

As a follow-up to establishing the 2035 NDC, the government plans to final ize, by the first half of next year, the Korea Green Transformation (K-GX), w hich will include detailed action tasks for fostering green industries such as so lar power, wind power, power grids, energy storage systems (ESS), electric ve hicles, batteries, and heat pumps, in collaboration with relevant ministries and industry stakeholders.

【 2. National Emissions Allowance Allocation Plan for the Fourth Plann ing Period 】

The allocation plan is a five-year plan that sets out detailed criteria for allo cating greenhouse gas emission allowances. The Phase 4 allocation plan includ es the total emissions cap for the 4th planning period (2026–2030), the introdu ction and designation of the Market Stability Reserve, and the sector-specific p aid allocation ratios.

The paid allocation ratio for the power generation sector will be gradually i ncreased to 50% by 2030, while most industries with a high export share*, ac counting for 95% of the industrial sector, including steel, will maintain 100% free allocation in consideration of international competitiveness. Other non-pow

er industries (5%) will see their ratio increased only from the current 10% to 15%. The MCEE plans to use all additional revenue generated from the increase in paid allocation to support companies' decarbonization transitions, thereby expanding industry support.

* Carbon leakage–exposed industries: steel, nonferrous metals, petrochemicals, cement, oil refining, semiconductors and displays, secondary batteries, paper manufacturing, glass, rubber and plastic manufacturing, pharmaceuticals, grain processing, etc. (based on Phase 4)

For the fourth planning period, the total emissions cap is set at 2.5373 billion tons, divided into two sectors, power generation and non-power, and based on a linear reduction trajectory. A Market Stability Reserve has been newly incorporated within this total cap. Using this reserve, the government plans to introduce and operate a Korean-style Market Stability Reserve system (K-MSR), with detailed operational measures to be finalized by the first half of next year following a public consultation process.

* Market Stability Reserve (MSR): A system that supplies allowances from the reserve when demand increases due to economic fluctuations, or adjusts supply by reducing the volume of paid-allocation auctions when demand decreases.

Based on the finalized Phase 4 allocation plan, the MCEE plans to complete the allocation of emission allowances to individual companies for the fourth planning period by the end of this year.

【 3. Amendment to the National Emissions Allowance Allocation Plan for the 3rd Planning Period 】

As national greenhouse gas emissions statistics (2016–2022) were revised* at the end of last year (2024), the MCEE will amend the 3rd allocation plan and adjust 25.2 million tons of excess allowances within the third planning period's total emissions cap. Accordingly, emission allowances that were over-allocated to individual companies will also be adjusted by the end of this year.

* Recalculated following the correction of errors in energy statistics, which serve as the

underlying data for national emissions statistics (December 2024).

Minister Kim Sungwhan stated, “By establishing the 2035 NDC, we will use climate crisis response as an opportunity to foster new green industries and transform Korea into a leading nation of a decarbonized green civilization.” He added, “We will operate a reasonable and equitable emissions trading system so that Korean companies participating in the scheme can secure carbon competitiveness internationally.”