

Korean Initiative Tabled at OECD Meet

Globalize SME Green Growth





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The following is the fist of "Green Growth & SME" presented by Kim, Tae-il, Technology Innovation Bureau Director General of Small & Medium Business Administration (SMBA) at high-ranking official meeting of OECD member countries, which took place Nov. 16-17 in Paris, France.--(Ed)

Though a late starter in the green industry, Korea is believed to have considerable potential to advance into green industry markets, considering its strong competitiveness in related existing sectors such as semiconductors, IT, power generation, chemicals, etc.

Korea's new policy torch for green growth was ignited by President Lee Myung-bak's declaration of a low-carbon, green growth strategy as a new national vision in his speech at the 60th anniversary of the founding of the Republic of Korea on Aug. 15, 2008.

In December 2009, the Copenhagen Climate Change Summit announced the Creation of the "Global Green Growth Institute", which adopted the President Lee-advocated "Me First" attitude.

The Korean government is making efforts to concentrate national potential on developing core technologies for green growth.



In 2009, the Presidential Committee for Green Growth was inaugurated. It has played a pivotal role in selecting 27 priority green technologies and has mapped out a 5-Year Green Growth Plan.

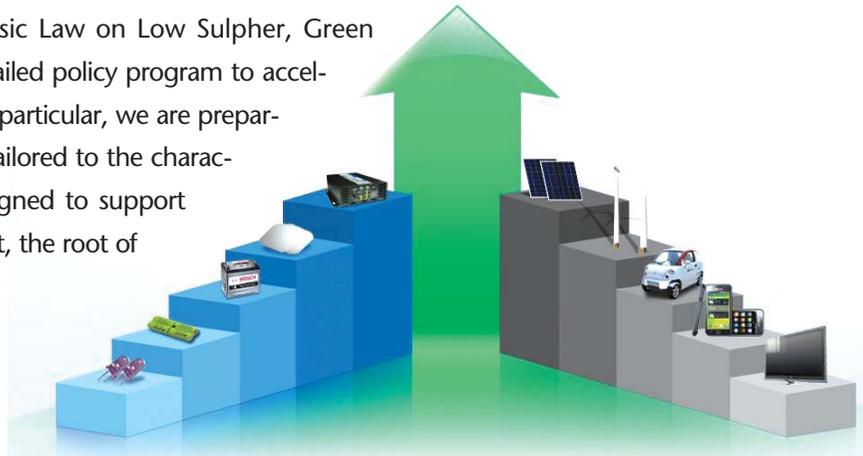
This year, Korea enacted the Basic Law on Low Sulphur, Green Growth, putting into practice a detailed policy program to accelerate the Green Growth Voyage. In particular, we are preparing a green technology road map tailored to the characteristics of SMEs. This move is designed to support SME green technology development, the root of Korea's green growth strategy.

As a matter of fact, the role of SMEs is very important to Korea's successful implementation of its green growth strategy. There are also concerns that large enterprise-oriented green growth and management has squeezed out SME participation in the green drive.

SMEs must discard old-fashioned concepts that growth and the environment cannot co-exist; they need to realign business concepts and strategies, utilizing green management to improve their competitiveness.

In this vein, the government is striving to sharpen SMEs' global competitiveness via expansion of green management. Illustratively, the government policy direction is to foster an environment where green SMEs specializing in core parts and components in green technology areas should prosper.

Korea's SME green growth strategy has two tracks: One is fostering green-specialized SMEs & ventures and the other is dissemination of SME green management, expediting the green conversion of existing enterprises to the

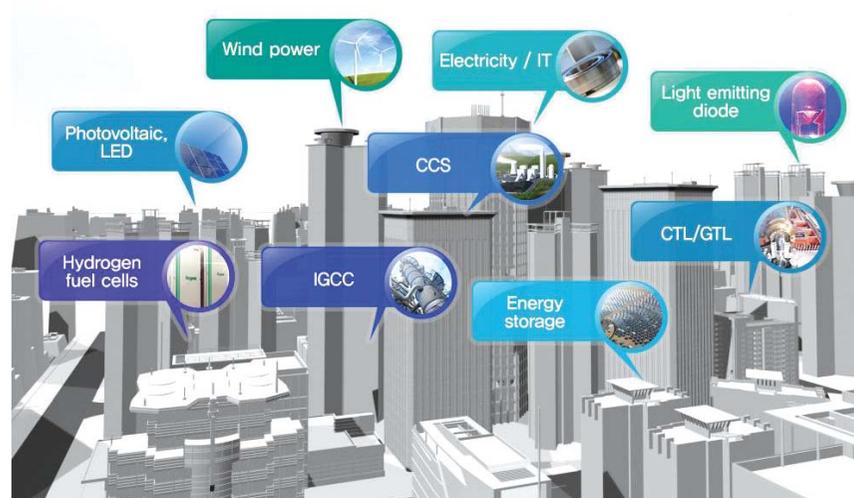


management area.

In order to groom new green-specialized SMEs and ventures, our policy direction is poised to boost business start-ups on the green industrial horizon. Specifically, custom-tailored support systems are being employed involving all stages - financing, human resources, technology development, and marketing channels including overseas advance.

Especially, we are emphasizing the importance of SMEs securing core technology in the green industry sector.

In this context, based on the green technology roadmap, 200 SME-specific promising green technologies in 9 sectors have been chosen, providing impetus for SMEs to actively take part in the green technology race.



Also the government is making every effort to generate win-win cooperation and collaboration between large enterprises and SMEs, promoting joint technology development and sharing the fruits of success.

On the second track of our SME green growth strategy, SMBA has combined with other government agencies to disseminate SME green management innovation. To facilitate this, an Excellent Green-Biz Selection System has been implemented to encourage green growth management. Other measures include green management con-



sulting & a green factory campaign.

Green factory is a factory equipped with low-carbon production process facilities, effectively improving greenhouse gas emissions, environment pollution, energy consumption, etc. This campaign is being implemented in stages involving greenization by process, product, workplace, etc.

These measures help SMEs to reduce greenhouse gas emissions, increase energy efficiency via improvement of production processes and improve the working environment, while also being effective in helping comply with global green regulations.

These measures help SMEs reduce greenhouse gas emissions, multiplying energy efficiency.

Korea is making active efforts to energize green growth initiatives.

The government has decided to invest 107 trillion won in the reduction of greenhouse gas emissions. This figure is about 2% of GDP, twice the level recommended by the United Nations.

Korea also has announced a plan to reduce greenhouse gas emissions 30% against the business as usual case by 2020.

Based on the Basic Act on Low-Carbon, Green Growth, the Korea government implemented a target management system for Greenhouse Gas & Energy in September this year.

For the industrial & power generation sector, the target management system is applied to 1,570 workplaces nationwide, accounting for 60% of Korea's national total GHG emission volume.

The number of SME workplaces stand at 149, accounting for meaningful 9.8% of the total.



As the figure shows, Korean SMEs are playing an important role in the nation's effort to reduce greenhouse gas emissions.

For SMEs designated as subjects for target reduction, the government is poised to provide various support measures.

In particular, the Korean government plans to enforce a green credit system, under which large enterprises provide technology and financing for cooperating SMEs and the resulting reduction of CO2 emissions can be credited to large enterprises' performance record.

The green credit system is expected to not only spur win-win cooperation between large enterprises and SMEs but also to lead to significant strategic tools to prepare for a Post-Kyoto System.

Other policy supports include greenhouse gas inventory establishment, a facility investment fund exclusively for SMEs, providing specialized manpower, disseminating relevant information, etc.

If an undesignated SME voluntarily participates in CO2 emission reduction activities, the government will provide carbon credit, called KCER, which stands for Korea Certified Emission Reduction.

Furthermore, the government plans to enact the KCER Trade Law.

Korea is making best efforts to spread green growth not only in Korea but also on a global scale. Playing the role of a bridge between advanced and developing countries in green growth, Korea has taken initiatives in establishing GGGI and ASEIC. These two global organizations are expected to play important roles in global growth in cooperation and collaboration with OECD member countries.

GGGI is carrying out research on green growth policies, dissemination of green growth practices to developing countries, and other important initiatives. It is expected to become a full-dress global organization in accordance

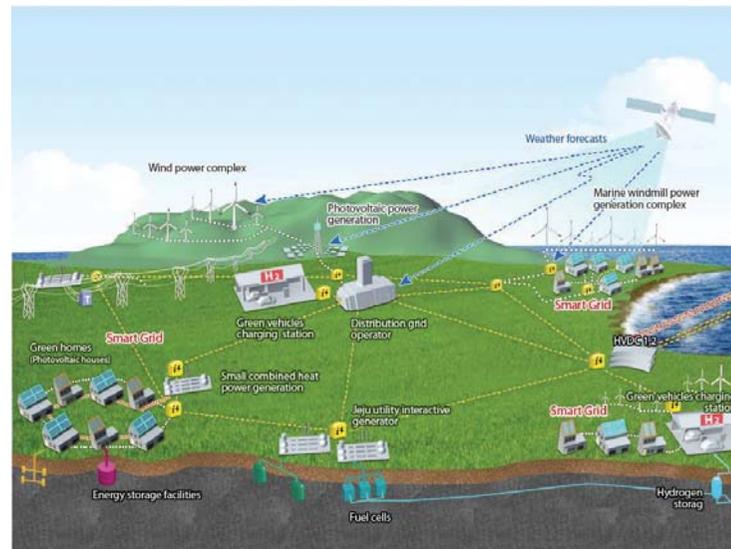
with a global treaty by 2012, providing a global asset for green growth benefits.

ASEIC, namely the ASEM SME Eco Innovation Center, is based on a joint declaration adopted at the ASEM SME Green Forum, which took place last May in Seoul, Korea. The organization aims to expedite partnerships via bilateral and multilateral cooperation among member countries. It is expected to play a bridge role for mutual green growth, linking Asia and Europe.

At this juncture, I would like to solicit positive attention and cooperation from OECD countries regarding GGGI and ASEIC. We are eager to develop the two organizations into a global network hub for green growth, contributing to the sustainable growth of the global village.

Lastly, I would like to touch on smart grid, one of Korea's featured green growth projects. Smart grid, a joint effort of the IT & electric power sectors, aims at effective distribution of electricity, which accounts for 85% of greenhouse gas emissions.

Our smart grid project is expected to showcase Korean success and readiness to rally behind global efforts to combat climate change and to create new growth engines. All in all, Korea will continue to play a bridge role between advanced and developing countries, responding to the development paradigm change and to SME's new roles in the era of green growth, coping with the tidal wave of change and innovation.



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