



Embargo:

Release Date: April 27, 2026

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MPB LAUNCHES ‘KOREAN VOLUNTARY CARBON MARKET ALLIANCE’ TO ACCELERATE NET-ZERO TRANSITION

The Ministry of Planning and Budget (MPB) held a launch ceremony for the “Korean Voluntary Carbon Market Alliance” on Monday, April 27, at the Korea Chamber of Commerce and Industry (KCCI). The event was organized to highlight the role of the voluntary carbon market as an additional driver of Korea’s Net-Zero transition and to build a credible market ecosystem through public-private cooperation.

Korea’s Emissions Trading Scheme (ETS) currently covers approximately 71% of national greenhouse gas emissions. However, as the scheme mainly applies to large-scale emitters, small and medium-sized enterprises (SMEs), startups, and other non-regulated sectors still have limited incentives to reduce emissions. Against this backdrop, there has been growing demand to activate the voluntary carbon market as a way to encourage emissions reduction across the remaining 30 percent of non-regulated sectors.

The ceremony was attended by Minister of Planning and Budget Park Hong Keun, KCCI Chairman Chey Tae-won, Korea Exchange (KRX) Chairman Jeong Eun-bo, and representatives from major corporations and related firms, including Samsung Electronics and SK Hynix.

In his opening remarks, Minister Park identified the climate crisis as a major challenge that could undermine global growth potential. He emphasized that “carbon reduction must be transformed into a new business model that enhances corporate value.” He also reaffirmed the government’s commitment to establishing a virtuous cycle in which emissions reduction leads to sustainable growth, by creating an enabling environment for dynamic and autonomous private-sector innovation. In particular, as global voluntary carbon market transactions are expected to become increasingly active, driven by Article 6 of the Paris Agreement and the introduction of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) in the international aviation sector. He noted that, to this end, the government will provide institutional support to help develop Korea’s voluntary carbon market into a leading carbon hub in Asia.

KCCI Chairman Chey Tae-won stressed that technology is the key to achieving carbon neutrality and that the VCM can help assess the value of such technologies and attract capital investment. He emphasized that voluntary carbon markets can create an incentive structure in which carbon

neutrality becomes a new driver of growth, by rewarding the outcomes of emissions reduction technologies. He also underscored that, given the high level of uncertainty in the early stages of innovative technologies, continued research and institutional development are needed, including systems that allow carbon credits to be issued in advance based on quantitative assessments of future emissions reductions.

KRX Chairman Jeong Eun-bo stated that the VCM is emerging as a key platform for turning the climate crisis into a new growth opportunity. He expressed his commitment to building a trusted carbon credit market by drawing on KRX's 11 years of experience in operating Korea's ETS market. He also said that he will further develop Korea's VCM into a global hub through global market cooperation.

Following the congratulatory remarks, the MPB presented the "Policy Direction for Establishing the Korean Voluntary Carbon Market," outlining the following key policy tasks:

- **Enactment of the *Voluntary Carbon Market Act*:** The government will pursue legislation to establish a systematic management framework where registration institutions oversee the entire lifecycle of credits - from issuance and trading to retirement. It will also enhance market transparency by requiring the disclosure of evaluation indicators. Upon the enactment of the relevant legislation, a voluntary carbon market exchange will be established and become operational to ensure fair price discovery and market stability in the trading stage. At the retirement stage, buyers will be required to notify the registry of the purpose of retirement, volume, and serial numbers, and a system will be established whereby the registry and the exchange are linked to carry out delisting and trading suspension. In addition, the government plans to establish a legal basis for initiatives to promote market activation, including institutional improvements, the compilation and publication of statistics, international cooperation, and education and outreach.
- **Establishment of a VCM Exchange:** A dedicated exchange will be launched within KRX by the end of this year to integrate currently fragmented credit trading. The exchange will improve trading convenience by standardizing various types of credits and will work with global evaluation agencies to strengthen international credibility of emissions reduction outcomes listed on exchanges.
- **Strengthening the Alliance:** The newly launched alliance, with KCCI serving as the secretariat, will operate as a public-private governance body that connects supply and demand in the market while identifying institutional challenges faced by companies on the ground.

In the long term, the MPB plans to seek ways to link voluntary emissions reduction outcomes with CORSIA and the domestic ETS. The MPB stated that it will continue to develop effective policy tools to ensure Korean companies lead the Net-Zero era through voluntary innovation.