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MSS will support SMEs in calculating and verifying carbon emissions to comply with the Carbon Border Adjustment Mechanism (CBAM)

MSS will provide full support to selected 110 companies, including carbon emissions calculation, reduction consulting, and offset verification.

MSS will partner with the EU ETS (Emission Trading System) to assist Korean SMEs in adapting to CBAM and learning from local expertise.

Sejong, February 27, 2024 – The Ministry of SMEs and Startups (MSS, Minister OH Youngju) will recruit companies to participate in the project to build infrastructure for SMEs to comply with the Carbon Border Adjustment Mechanism (CBAM) from February 29 to March 22.

The project was newly launched in 2024 to address the challenges that small and medium-sized enterprises (SMEs) face in reporting their carbon emissions to the European Union (EU). SMEs that directly or indirectly export goods in six sectors that are subject to CBAM are eligible for support.

These six sectors are steel, aluminum, cement, fertilizer, hydrogen, and electricity. You can check whether a product is subject to CBAM using the CN code provided by the European Union (EU).

Chosen companies will be provided with financial assistance of up to KRW 20 million to cover their consultation and verification expenses. The one-on-one consulting sessions will include services such as analyzing the processes before measuring the emission amounts, calculating the emissions, and preparing for future activities to reduce emissions.

Companies can reduce consulting, verification, and tariff expenses by receiving support on emission reduction plans, such as improving energy efficiency.

CBAM is a system created based on the European Emissions Trading System (ETS). The aim

of the MSS project is to connect EU ETS-qualified verification agencies directly with Small and Medium-sized Enterprises (SMEs). This initiative is expected to assist SMEs in adapting to the CBAM system by providing them with the necessary information and local expertise to operate within it.

The Carbon Border Adjustment Mechanism (CBAM) is a tariff system that was implemented in October 2023. Its purpose is to impose a carbon tariff on companies exporting goods to the EU in six sectors: cement, electricity, aluminum, hydrogen, steel, and fertilizer. The carbon tariff levied on these items is based on the carbon emissions generated during their production process.

As a transitional phase until the end of 2025, companies are only required to report their emissions. Starting from 2026, once the mechanism goes into full effect, they will be required to verify their emissions and purchase CBAM certificates, which they will then need to submit.

As a result, small and medium-sized enterprises that manufacture the targeted products need to start making preparations immediately to ensure full compliance by 2026.

KIM Woo-soon, Director General for Technology Innovation Policy, stated, "Regulations related to climate, both at home and abroad, will be further enhanced with the implementation of CBAM. Carbon neutrality for SMEs is no longer an option; it's a necessity." He added, "MSS will fully support SMEs to reduce their burden in response to these new trade barriers."

Additional information on these measures can be found on the ESG Platform for SMEs at esg.kosmes.or.kr.