

## SESSION 2: GREEN ECONOMY IN THE CONTEXT OF SUSTAINABLE DEVELOPMENT AND POVERTY ERADICATION

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Thank you Mr. Chairman,

I would like to touch upon some aspects of tax system and fund mobilization for green economy in the context of sustainable development and poverty eradication.

To reform the tax system in an environmentally friendly way is crucial to embodiment of green economy. However the tax system of many member states including Korea does not fully take environmental aspect into consideration.

Environmentally friendly tax system reflects the cost of environmental pollution in the market. Hence it plays a role to correct market distortion. This is critical in terms of behavioral change of consumers. Also tax revenue can be invested in environmental projects and R&D leading to the enhancement of environmental industries.

Some countries have seen considerable success in introducing eco-tax or carbon tax system. And there are a lot of countries still considering introduction of these measures. At present, these measures are not well disseminated around the world even though a lot of countries are still considering.

Hence, I think that these measures as the green economy strategy be strengthened.

Of course it should be noted this tax system is designed not to be a burden to the poor sector of the society and is designed appropriate to the circumstances of the individual countries.

In addition, there is a limit to promote green economy by tax policy alone. There is a need for a system that well combines with market based trading system of carbon or air pollutants. It's important that the tax system and emission trading system be mapped out so that there isn't dual regulation but mutually supplementary.

Through these measures, government can secure public finance for supporting transition cost of green economy. On top of this, private fund like Green Fund can be mobilized to promote environmental industry.

As an example, recently Korea has actively raised private fund like Water supply fund of US\$ 1.8 billion and Bio energy fund of US\$600 million. Such private capital like green fund can play an important role in transiting to green economy.

In sum, I suggest that UNCSO gives the member states the necessary support to review eco tax system, emission trading system and mobilize private capital like green fund for the successful transition to the green economy.

I would like to add one important point that I couldn't touch in morning session. Many developing countries face difficulties to moving toward green economy due to the lack of capacity building.

In this respect, there is a need for member states to come up to play this role to support the developing countries. As an example, the UN Office for Sustainable Development under DESA will be established in Korea this year.

It will play a pivotal role to the dissemination of sustainable development and green growth model. We are committed to fully support by providing fund and relevant facilities and Global Green Growth Institute was already established for disseminating Green Growth Model.

Thank you for your attention.