ECONOMY REPORT ON SPECIFIC ENERGY EFFICIENCY PROGRAM/POLICY
Pledge & Review Reporting Form
(April 2009 – November 2009)

Economy: Republic of Korea

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☐ updated report ☒ new report

Policy/Program Name: Average Fuel Economy

Commencement Date: Jan 2006

Completion Date: -

Aim (Main purpose of the program and reasons why developed)

The aim of this program is to increase the fuel economy of passenger cars. Automobile manufacturers should comply with the average fuel economy set by the government when producing automobiles.

<AFE Standard>

<table>
<thead>
<tr>
<th>Standard</th>
<th>PCs below 1600cc</th>
<th>PCs above 1600cc</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel Economy (km/ l)</td>
<td>12.4</td>
<td>9.6</td>
</tr>
</tbody>
</table>

Target Sector (transport, building, manufacturing, other)

Transport

Participating Parties (national/state/local, government/industry, research/education, other)

National, Industry (Automobile manufacturers)

Source of Financing

Outcomes (case studies, guides, training modules, reporting tools, website, other)

website (bpm.kemco.or.kr/transport)

Performance Indicators (reduction in energy use or energy costs, other)

<Annual Fuel Economy of sold cars>
<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel Economy (km/l)</td>
<td>10.69</td>
<td>10.76</td>
<td>11.04</td>
<td>11.47</td>
</tr>
</tbody>
</table>

**Challenges and Lessons Learnt**

When the manufacturers fail to meet the AFE standards, the government can issue an order for improvement and if the manufacturers don't carry out the order, it can be made public by the announcement of the government. This scheme has proven to be successful as the annual fuel economy has increased since its adoption. However, some argue that there needs to be more actions such as a penalty when not complying with the AFE standards to increase the effectiveness of this program.

**General Comments**

The Korean government is planning to intensify the program by expanding the scope of the target and strengthening the standard. Currently, this program only applies to domestic automobile manufacturers and in near future, overseas manufacturers that import automobiles into Korea will be included as a target of this program. And the government will improve the AFE standard by 16.5% from current level in 2012.

**Contact Details**

Bongseok Kang, Assistant Manager  
Korea Energy Management Corporation (KEMCO)  
e-mail: bskang@kemco.or.kr  
web: [http://www.kemco.or.kr/eng/](http://www.kemco.or.kr/eng/)