

## South Korea might set a zero import tariff on LNG next year

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South Korea is considering cutting the import tariff on LNG from currently 2-3% to zero next year, a ministry official of South Korea's Ministry of Trade, Industry and Energy claimed on Monday. The aim is to encourage consumers to boost consumption of this cleaner fuel by relieving them of the tax as well as reducing coal-based and nuclear power generation.

The same would apply to LPG import tax by 2019, which at the moment stands at 2%. "The ministry has requested the finance ministry to lower imports tariffs on LNG and LPG to help ease consumers' costs," the official said.

The variation of the tax applied on the import of LNG, which is mainly used for heating and power generation in the country, depends on the season of year: in winter it rises to 3%, while during the rest of the year it is fixed in at 2%. With regard to industry, this tax increases an average of 3.1% in

May and 4.2% in July 4,2% due to more expensive LNG import costs in relation with crude oil prices.

LNG sales by Korea Gas Corp, however, are continually growing. In 2018 the company that holds the monopoly on domestic natural gas has seen their sales increase by 17.9% per year.

"The ministry's push for lowering the import tariff on LNG is also aimed at boosting consumption of the cleaner fuel as part of the government's policy of energy transition from coal and nuclear to renewables and LNG," South Korea's Ministry of Trade, Industry and Energy claims. This policy includes offering incentives for LPG-powered vehicles, which has been proved unsatisfactory so far due to high retail prices.