

Carbon Pricing in Southeast Asia

– Current Status and Future Perspectives –

Technical Workshop on Climate Finance in ASEAN

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Collaborative Instruments for Ambitious Climate Action (CI-ACA)

Goal

- Assist Parties in the development of carbon pricing approaches for implementing their NDCs under the Paris Agreement

Activities under the CI-ACA project

- Improvement and building of countries' capacities on carbon pricing
- Assisting countries assessing carbon pricing options and how these could fit into national circumstances
- Development of synergies and collaboration opportunities among countries on carbon pricing

Initiatives in Asia-Pacific

- Scoping study on carbon pricing options and opportunities for **Pakistan**
- MRV as a foundation for integrated carbon pricing instruments in **ASEAN**
- Support implementation of the climate finance strategy of the **Melanesian Spearhead Group of countries**

Assessing carbon pricing and MRV systems in ASEAN

Study objectives

- Assess current status of **MRV systems** in ASEAN Member States
- Review progress in the adoption of **carbon pricing instruments** in these countries
- Identify commonalities and differences among countries on carbon pricing and MRV with a view of exploring opportunities for **alignment, coordination** and **harmonization**

Motivations

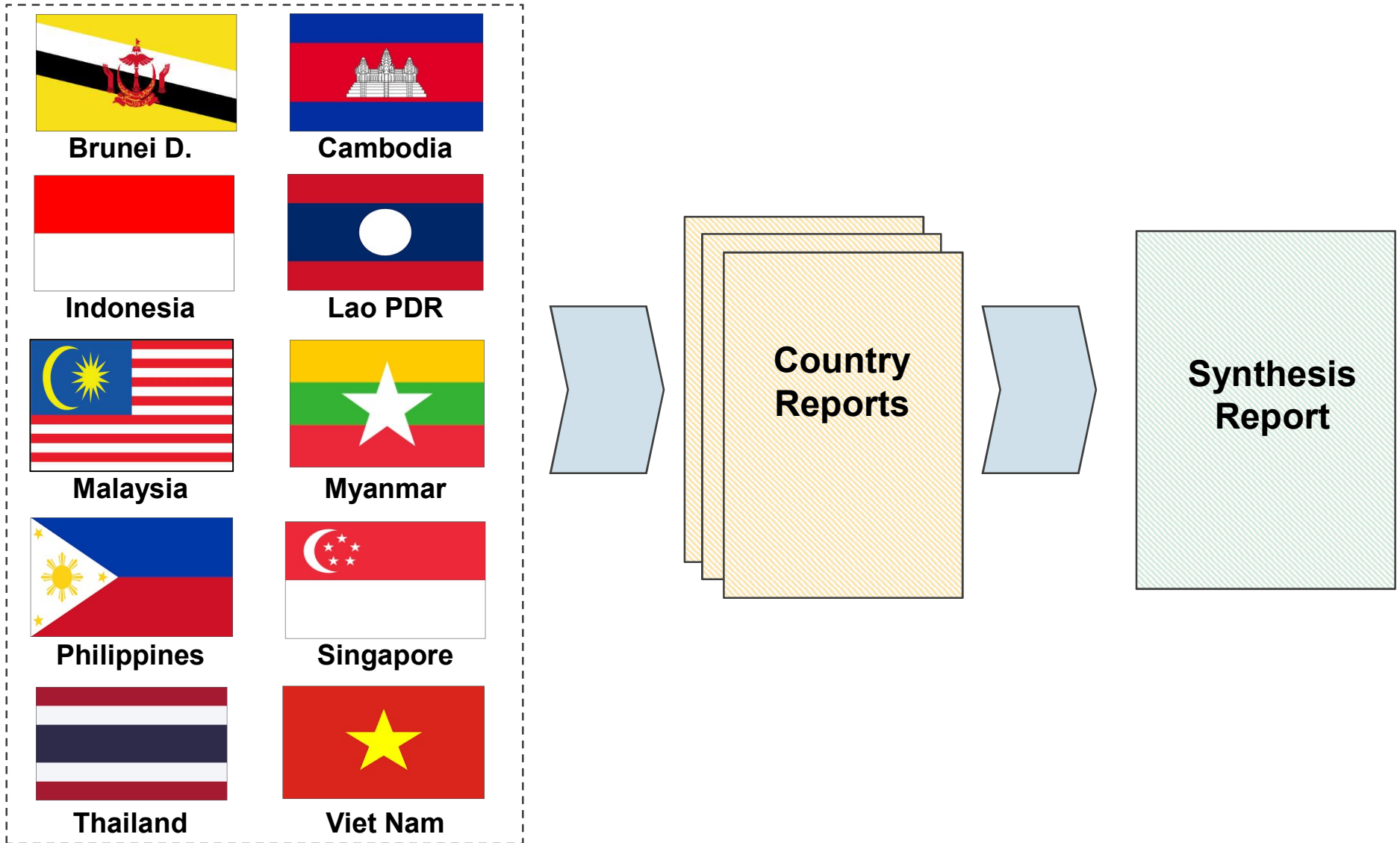
- If carbon pricing approaches are designed in incompatible manners, it is more challenging to establish linkages among jurisdictions
- Aligned MRV systems could lay a foundation for compatible carbon pricing instruments, including through collaborative approaches under Article 6 of the Paris Agreement



The study does not represent a commitment to cooperative action but sets the foundation for this option

Scope of the analysis and approach

Country assessment



Note: In this phase of the project, Malaysia only participated in information sharing/consultation workshops

Outcomes of the study are available for download

Study on cooperative MRV as a foundation for a potential regional carbon market within ASEAN

UN Climate Change's Regional Collaboration Centre in Bangkok, in collaboration with the ASEAN Group on Climate Change, completed and released a report on the potential approaches to the measurement, reporting, and verification of greenhouse gas emissions in southeast Asian countries as a possible first step towards further regional climate change instruments. More details can be found [here](#).

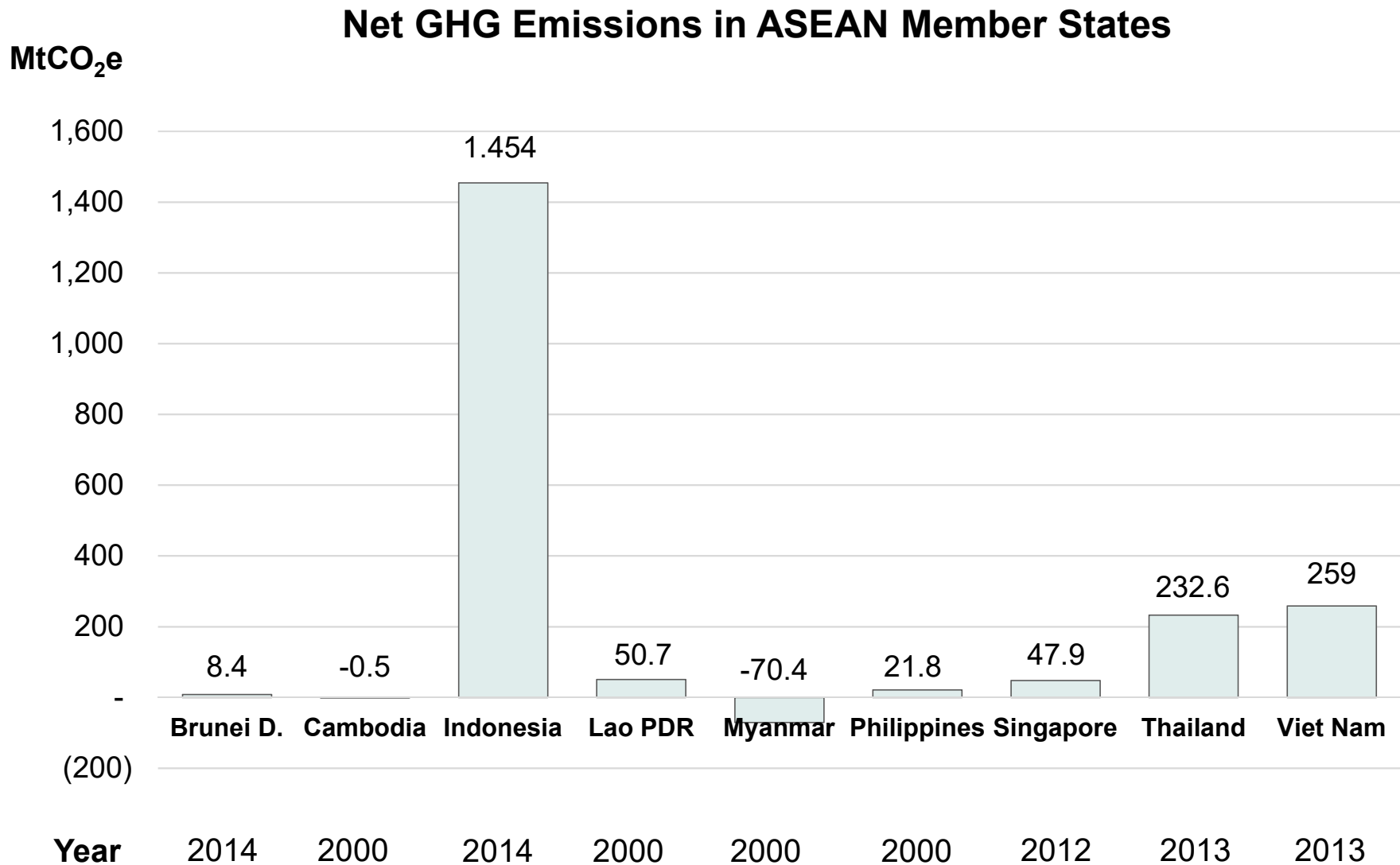
The country and synthesis reports can be found below:



Synthesis Report	Brunei	Cambodia	Indonesia	Laos
Myanmar	Singapore	Thailand	The Philippines	Vietnam

<https://unfccc.int/about-us/regional-collaboration-centres/the-collaborative-instruments-for-ambitious-climate-action-ci-aca-initiative>

ASEAN at a glance: GHG emissions profile



Source: Countries national GHG inventories






Carbon pricing in ASEAN – overview of trends observed

- Carbon pricing instruments are at different levels of development in ASEAN countries
- ASEAN countries could be organized into three groups:
 - i. Carbon pricing instrument(s) are **fully implemented**
 - ii. Carbon pricing is **planned or under consideration**
 - iii. Carbon pricing instruments **not considered at all or not a national priority**
- Carbon pricing approaches in ASEAN developed mostly as “country-driven” processes with limited consideration so far for regional coordination or synergies

Carbon pricing in ASEAN – overview of trends observed (cont.)

- General preference towards emissions trading than to direct carbon taxation
- The motivations for considering or implementing carbon pricing in ASEAN Member States...
 - To provide an incentive to the reduction of emissions
 - To support implementation of NDC goals
 - To raise funds and finance “climate aligned” projects
 - A combination of the above
- Almost all ASEAN Member States have project development experience with crediting mechanisms (e.g. CDM, voluntary standards, JCM, etc.)

Carbon pricing in ASEAN – closer look into country initiatives

	Status	Development
	UNDER CONSIDERATION	<ul style="list-style-type: none"> ➤ Emissions trading as the carbon pricing instrument of choice ➤ Government regulation mandates establishment of ETS by 2024
	UNDER CONSIDERATION	<ul style="list-style-type: none"> ➤ Carbon tax and ETS being considered in the national context
	UNDER IMPLEMENTATION	<ul style="list-style-type: none"> ➤ Economy-wide carbon tax effective since 1 January 2019 ➤ Instrument covers 80% of national emissions
	UNDER CONSIDERATION	<ul style="list-style-type: none"> ➤ Thailand Voluntary ETS under piloting ➤ Climate Change Act expected for Cabinet approval in 2020
	UNDER CONSIDERATION	<ul style="list-style-type: none"> ➤ ETS under consideration, with recent focus on readiness and capacity building ➤ Power generation, steel and waste sectors the most likely candidates for piloting approaches

Concluding remarks

- Carbon pricing initiatives in ASEAN appear somewhat disconnected although ample scope for coordination exists...
 - ❖ Consistency of MRV systems as a possible foundation for harmonized approaches
 - ❖ Sectoral coverage, legal instruments, etc.

- **Challenges** to the adoption of carbon pricing instruments: novelty of the concept, difficulties in communicating its benefits

- Experiences from ASEAN countries indicate that **private sector engagement** is an important factor of success in the development of carbon pricing instruments
 - ❖ Importance of consultations
 - ❖ Importance of piloting and “learning by doing”

Questions/Issues for discussion

- What could be a role of carbon pricing approaches and carbon markets in shaping a climate finance strategy for ASEAN?
- How could emerging carbon pricing initiatives in ASEAN support leveraging further resources to climate aligned initiatives?
- How could carbon pricing approaches, and carbon markets in particular, interact with more “traditional” forms of finance, such as commercial or concessional loans?

Thank you for the attention!

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