Imperatives of a Green Recovery in Southeast Asia

Sharon Seah

Senior Fellow/Coordinator

ASEAN Studies Centre & Climate Change in SEA

ISEAS-Yusof Ishak Institute

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Three Things to Know about Southeast Asia's Climate Problem

1. Existential

2. Disproportionate
   - Historical emissions
   - Impacts

3. Everybody's problem can become Nobody's problem

ASEAN's Projected Economic Recovery

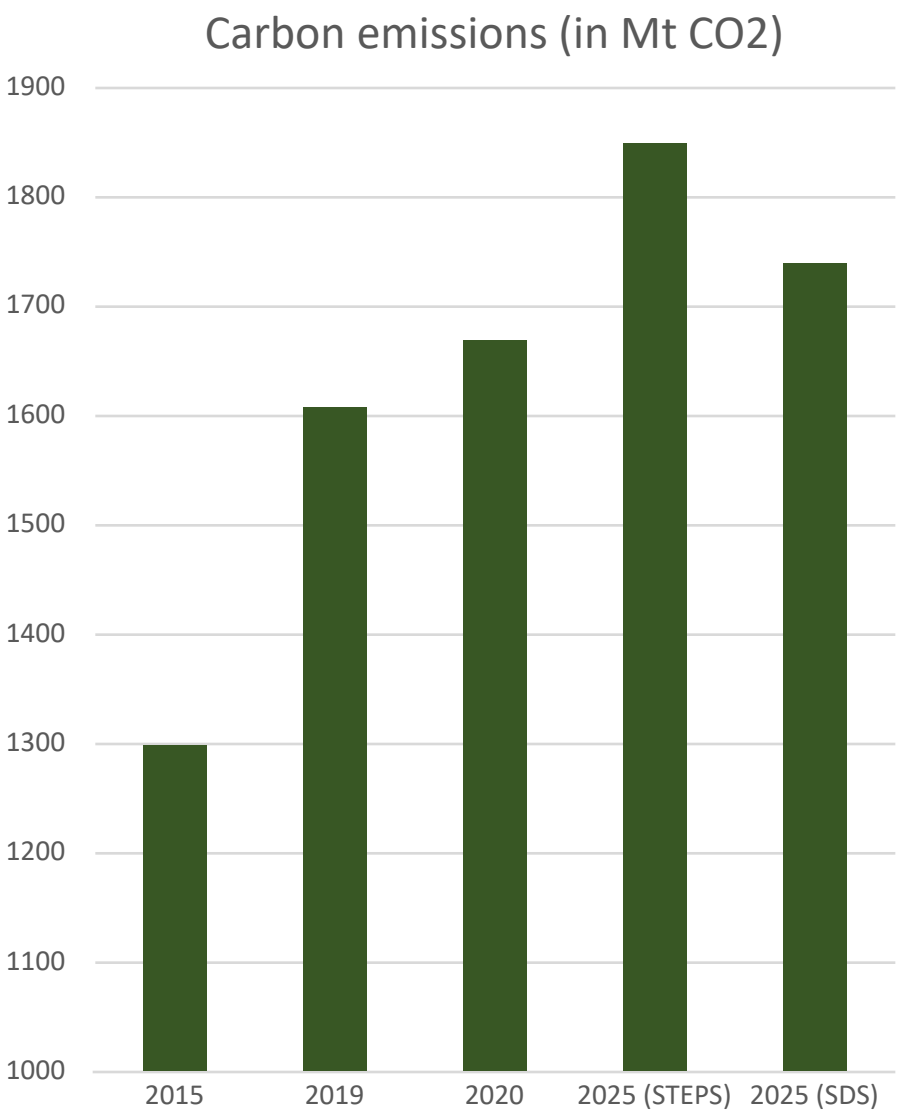
Estimated and Forecasted Growth in Southeast Asia (% per year)			
2020	2021	2022	2023
-3.2	2.9	4.9	5.2

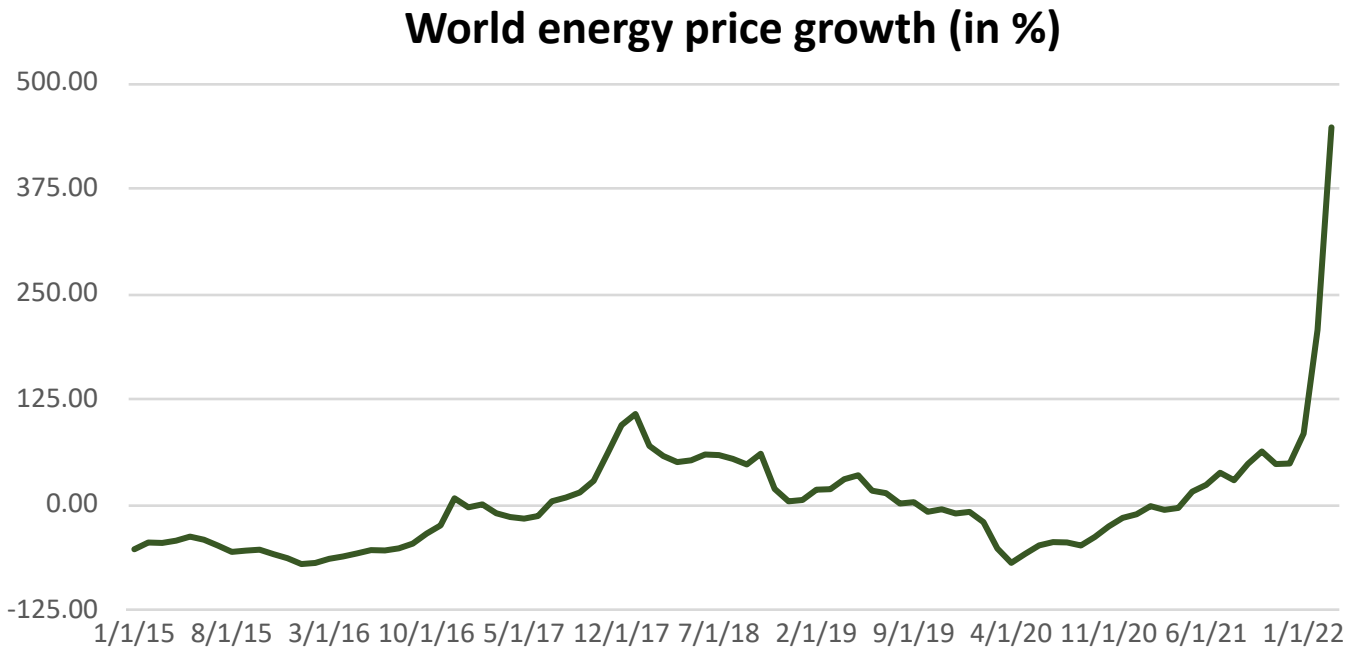
- ASEAN was the 5th largest economy in 2019 and on track to be the 4th largest by 2030

- The region's economic growth is expected to rebound significantly in 2022 but
  - Geopolitical uncertainties caused by Ukraine/Russia leading to rising energy and commodity prices will complicate
  - Sustained inflationary pressures also a concern

- As economic activity picks up, greenhouse gases emissions rise rapidly in tandem

Source: ADB Outlooks





In Southeast Asia:

- Fossil fuel demand continues to surpass local production
- Demand for unabated fossil has been projected to exceed the demand for low-carbon/abated fossil fuels for as far as 2040

IEA, Southeast Asia Energy Outlook 2022; World Bank, Commodity Markets Outlook – April 2022

Regional Climate Attitudes

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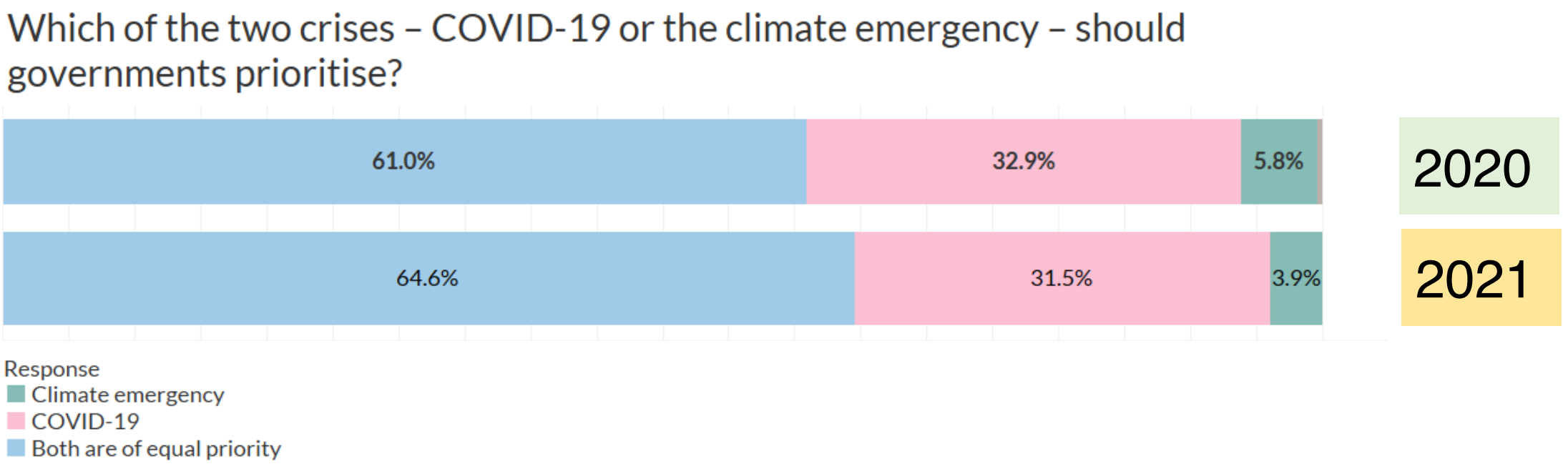
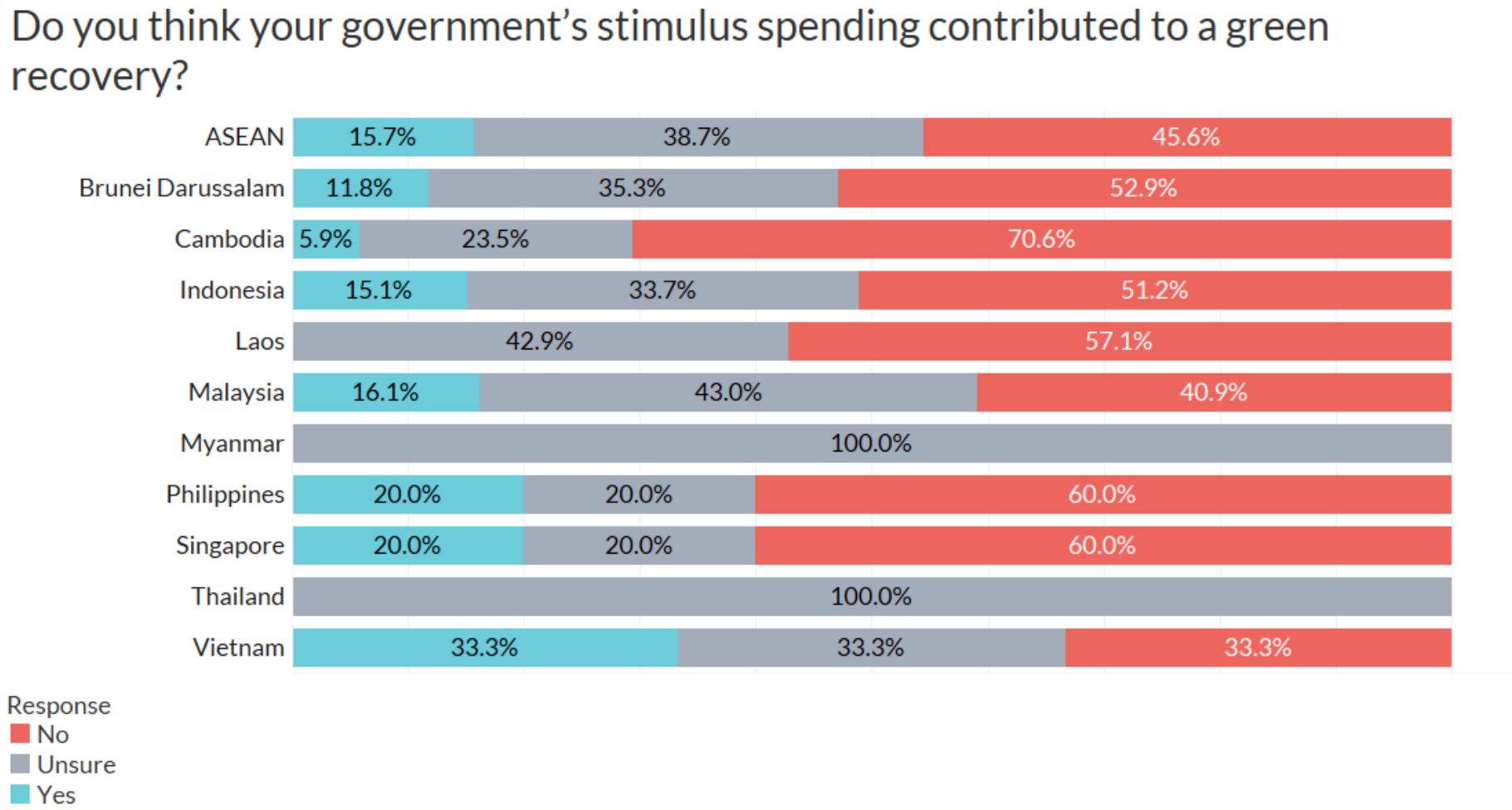
Equal priority for COVID-19 and Climate Emergency



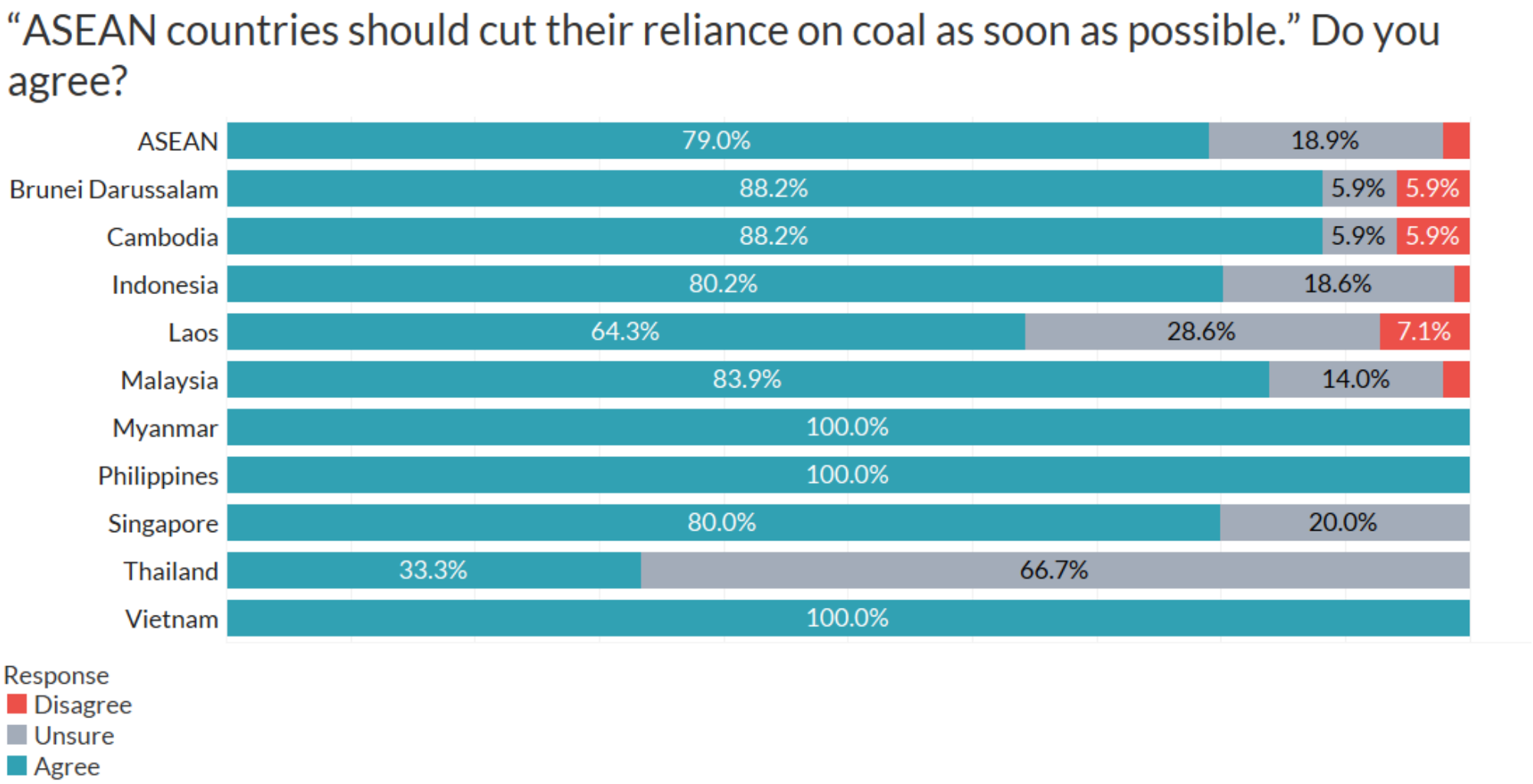
2021

Is ASEAN missing the window for green recovery?



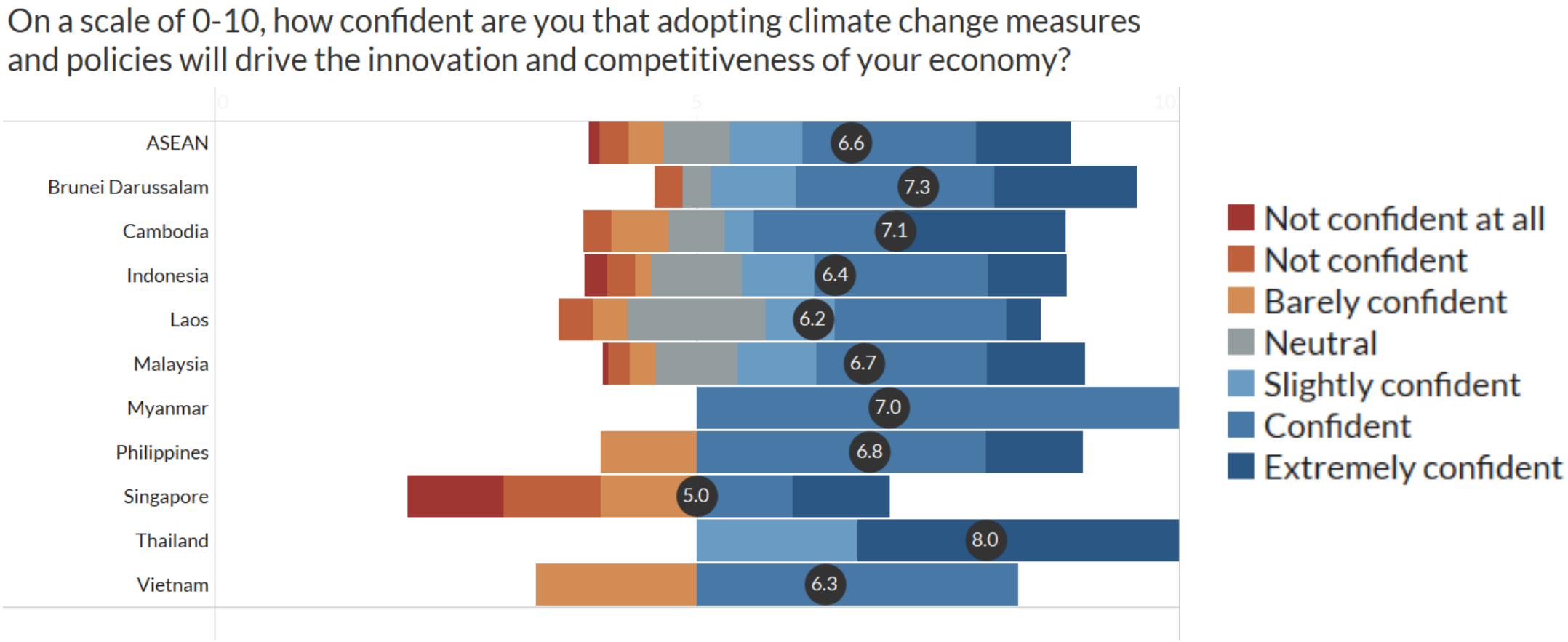
2021

Cutting Reliance on Coal is Critical



2021

Climate measures drive innovation and economic competitiveness




Investing in climate action
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Growing climate ambition

Eight out of ten ASEAN countries have set a net zero target through a political pledge or policy document.

	Long-term targets	
	Carbon neutrality target or Net zero GHG target	**Submitted LT-LEDS**
Brunei	Net zero by 2050	No
Cambodia	Carbon neutrality by 2050	Yes
Indonesia	Net zero by 2060 or sooner	Yes
Laos	Net zero by 2050	No
Malaysia	Carbon neutrality by 2050	No

Exceptions: Myanmar and the Philippines

	Long-term targets	
	Carbon neutrality target or Net zero GHG target	**Submitted LT-LEDS**
Singapore	Net zero after 2050 (old)	Yes (old target)
	Net zero by or around 2050	
Thailand	Carbon neutrality by 2065 and Net zero after 2050 (old)	Yes (old target)
	Carbon neutrality by 2050 and Net zero by or before 2065	
Vietnam	Net zero by 2050	No

Energy transitions

Installed capacity by energy source in 2020 (% year-on-year)

Country	Coal	Oil	Natural Gas	Renewables	Total
Brunei Darussalam	N/A	25.00%	0%	21.6%	0.37%
Cambodia	-4.76%	138.92%	N/A	9.1%	19.39%
Indonesia	-6.95%	-9.48%	-20.29%	1.87%	-1.47%
Lao PDR	5.32%	N/A	N/A	117.5%	84.93%
Malaysia	19.05%	-11.36%	-31.74%	19.73%	-6.96%
Myanmar	0%	0%	17.48%	0.2%	7.91%
Philippines	0.49%	-34.07%	-12.78%	2.84%	-4.04%
Singapore	N/A	N/A	0%	3.7%	0.15%
Thailand	2.79%	-35.91%	-6.55%	-4.21%	-2.86%
Vietnam	7.00%	-11.07%	-17.46%	129.57%	3.09%

Renewables - the only subsector that experienced capacity gains, not losses, in most AMS during the pandemic, showing their resilience compared to other energy sectors.

Governments have invested significantly in RE, including large new projects and renewable energy targets

ASEAN Centre for Energy,
COVID-19 Impact on Energy Sector Development in the Southeast Asia Region

Green Finance Building Blocks

- Development of the ASEAN Taxonomy for Sustainable Finance (common language)
- Growth of voluntary carbon markets
- Interest in implementing carbon pricing instruments in region

Carbon pricing instruments planned/implemented in SEA	
Brunei	Carbon pricing mechanism to be imposed by 2025
Indonesia	Carbon tax set at US$2.10/tonne under a draft tax reform bill
Malaysia	Carbon pricing and carbon tax included in five-year economic plan
Thailand	ETS under consideration
Vietnam	ETS under consideration
Singapore	Carbon tax to be raised from S$5/tonne (since 2019) to S$60-80 by 2030

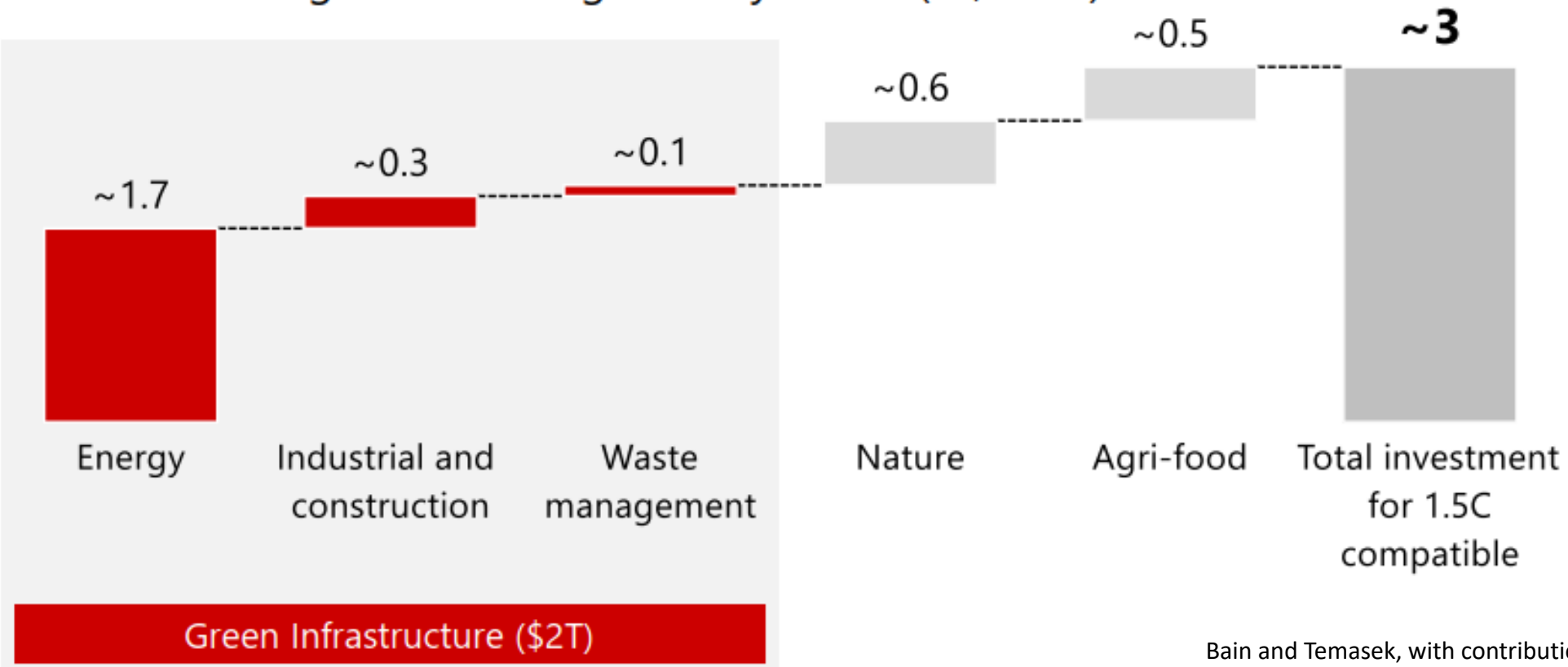
Elsewhere in the Asia Pacific	
China	National ETS operational since 2021
South Korea	National ETS operational since 2015
Tokyo	Cap-and-trade program since 2010
Saitama	ETS operational since 2011
New Zealand	National ETS operational since 2008

Private Sector Developments:

- Science-based targets set by corporations in SEA expected to triple in 2022
- In 2020-2021, 15% of investments in SEA related to sustainability
- Half of APAC investors consider climate change in decision-making

However, a large financing gap still exists, especially for infrastructure and energy:

SEA cumulative green financing need by theme ($T, 2030)[3]



Bain and Temasek, with contributions from Microsoft,
Southeast Asia's Green Economy 2022 Report: Investing behind new realities"

How to ensure a just, equitable and inclusive recovery?

1. Quality job creation -> ensure decent work

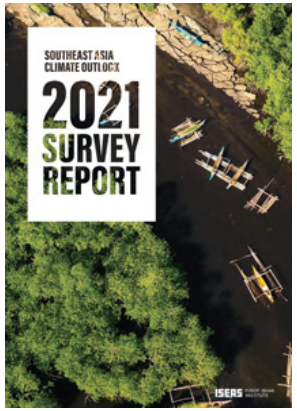
2. Challenges exist but not unsurmountable

3. “KPIs” of successful decarbonisation
    - social inclusion
    - gender empowerment
    - sustainable rural development

Energy Transitions in ASEAN-COP26 Report, Nov 2021

Take the 2022 Southeast Asia Climate Outlook Survey

Or go to bit.ly/seaco22



Read our previous Survey Reports at bit.ly/ccseapweb

Thank You

Sharon_seah@iseas.edu.sg

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