



one vision
one identity
one community

ASEAN STRATEGY FOR CARBON NEUTRALITY

Effects of climate change will have a significant impact on ASEAN



11%

GDP loss by 2100 if left
unaddressed



87M

People living in areas at
risk of flooding¹



5 of 20

Most impacted countries²
are from ASEAN

1. Below 2M above sea level; data available for Indonesia, Malaysia, Myanmar, Thailand, and Vietnam
2. Most affected by extreme weather events on average between 2000-2019 per Germanwatch's Global Climate Risk Index
Source: Asian Development Bank (ADB); Hooijer and Vernimmen, 2021; Germanwatch; BCG analysis

However, pursuit of carbon neutrality could be a win-win for climate and the economy



USD 3.0 - 5.3T

GDP value add by 2050



USD 3.7 - 6.7T

Green investment by 2050



49 - 66M

Additional jobs by 2050

Note: lower range is based on ACE APAEC Targets Scenario (APS) for renewables and Least-Cost Optimization (LCO) Scenario for transmission and battery; upper range is based on IRENA 1.5°C 90% RE Scenario and DBS-UNEP data
Source: ASEAN Centre for Energy (ACE); International Renewable Energy Agency (IRENA); DBS; UN Environment (UNEP); BCG analysis

A close-up photograph of a bright green electric vehicle's charging port. A white charging cable with a black connector is plugged into the port. The car's body is highly reflective, showing the surrounding green foliage. The background is a blurred forest with tall trees and dappled sunlight.

Strategy for ASEAN Carbon Neutrality

The ASEAN Strategy for Carbon Neutrality aims to accelerate an inclusive transition towards a green economy, fostering sustainable growth and complementing national efforts as part of a regional collective effort

Building on ASEAN's strengths, existing efforts, and extensive consultation, the strategy presents a detailed analysis and roadmap of initiatives to empower ASEAN's journey toward carbon neutrality

4 key outcomes of the Carbon Neutrality Strategy

ensuring ASEAN's competitiveness on the global stage and readiness for the transition



Developed green industries

Capturing the full value of regional green value chains to unlock ASEAN manufacturing and export potential



Interoperability within ASEAN

Enabling exchange of green electricity, products, and feedstocks to accelerate roll out of green technologies



Globally credible standards

Ensuring ASEAN remains a top destination for international capital to increase liquidity in regional markets



Green capabilities

Developing the necessary green talent and expertise within ASEAN to drive the climate transition

1

Accelerate green value chain integration

Establish cooperation frameworks & remove barriers to bring green products to market faster

2

Regional circular economy supply chains

Incorporate definitions & facilitate trade deals to support circular economy via regional trade

3

Connect green infrastructure & market

Build interconnectivity for green technologies & decarbonization solutions to underpin regional deployment

4

Interoperable Carbon Markets

Develop credible carbon markets that are interoperable with each other & global markets

Eight strategies to accelerate the journey towards carbon neutrality

5

Credible & common standards

Develop taxonomies & definitions on GHG reporting, carbon credits & energy efficiency that align with requirements of key markets

6

Attracting & deploying green capital

Build effective pathways to attract necessary capital to region and between member states

7


Green talent development & mobility

Classify and ensure regional access to skills needed for carbon neutrality journey

8

Green best practice sharing

Share best practices in R&D, technology & green transition from within ASEAN and borrowing from the best of the world

A background image showing several wind turbines in a field during sunset or sunrise. The sky is a mix of orange, pink, and blue. The turbines are white and blue, with their blades visible. The foreground shows a grassy field with some trees in the distance.

The eight strategies were detailed out
into **sixteen priority initiatives** that will
kick-start ASEAN's journey towards
carbon neutrality

1

Accelerate green value chain integration

Identify & boost opportunities for greenification of the manufacturing value chains regionally

Assess trade complementarities to promote AMS value chain cooperation and provide policy support to boost greenification of manufacturing

Enable ASEAN feedstocks pathways for biofuels to capture global markets

Assess regional biofuel feedstocks & refining pathways (e.g., CPO¹) to drive regional and global acceptability of locally produced biofuels and SAF²

Coordinate development of regional policies and regulations to support CCS/CCUS infrastructure

Identify high-potential CCS/CCUS hubs (e.g., SG-ID-MY) and provide policy support to enable cross-border CO₂ movement

2

Regional circular economy supply chains

Upgrade ATIGA¹ to comprehensively include circular products

Include all circular product types (e.g., used products, recycled products, valuable waste) in ATIGA¹ tariff schedules & value content definitions

Connect green infrastructure & market

Enable regional power trading, physical interconnection, and policy cooperation

Establish multilateral power trading mechanisms (e.g., cPPA², REC³), harmonize technical standards for grid interconnection and encourage AMS to support regional priorities (e.g., third party access)

Enable interoperability of regional transport & logistics infrastructure

Standardize cross-border infrastructure for electric, hydrogen, flex-fuel vehicles (e.g., charging plugs/sockets, protocols) across land-connected AMS, incl. public transportation and commercial logistics

3

1. ASEAN Trade in Goods Agreement. 2. Corporate Power Purchase Agreement 3. Renewable Energy Certificate



4

Interoperable Carbon Markets

Harmonize measurement, reporting & verification standards and policies to access global liquidity and regional carbon sink potential

Develop regional MRV¹ framework to enable high quality carbon credits and provide policy support to enable seamless international exports of carbon credits (e.g., advise on double-counting issues)

Credible & common standards

Promote regional energy efficiency and conservation

Develop common regional minimum energy efficiency standards for high-impact devices (e.g., air conditioning, lighting) to enable market scale for manufacturers

Establish globally credible regional GHG inventory to flow from national reports

Develop consolidated database of internal reporting to track GHG emissions on a regional level, incl. incorporation of best practices (e.g., deployment of digital tracking tech)

Standardize globally credible frameworks for corporate climate reporting

Develop recommendations to standardize climate reporting framework and principles in line with international standards (e.g., ISSB²)

1. Measurement, reporting & verification. 2. International Sustainability Standards Board

5

6

Attracting & deploying green capital

Encourage adherence to ASEAN Taxonomy on Sustainable Finance

Promote consistent & uniform regional adoption of ASEAN taxonomy to streamline regulatory complexity and advocate global recognition

Promote de-risking through adoption of innovative sustainable finance instruments

Promote capital de-risking practices such as deployment of ASEAN green/sustainability linked bonds and sukuk standards, as well as risk sharing mechanisms

Incentivize green fund managers to locate in ASEAN, and local fund to develop

Provide policy support and incentivizes to regionalize operations of green investment funds and encourage local funds to develop in ASEAN

7

Green talent development & mobility

Establish green skills taxonomy & facilitate movement of natural persons

Harmonize qualification standards for green skills and provide policy support for green upskilling and closing talent supply/demand gaps

Green best practice sharing

Facilitate best practice sharing to support effective just transition at national level

Facilitate best practice sharing and provide policy support in designing and implementing a Just Transition (e.g., jobs, affordability)

Conduct capability building for sustainable infrastructure and smart cities

Share best practices on development of sustainable infrastructure (e.g., energy efficient buildings) and deployment of smart city technologies (e.g., waste management, traffic light phasing)

8



Through the Strategy for Carbon Neutrality, ASEAN will be able to leverage the benefits of regional complementarity, create economies of scale, promote economic growth and drive opportunities for more ambitious climate pathways for the region

For further inquiries,
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