

A Southeast Asia Perspective on Trade and Climate Change Mitigation & Adaptation

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Structure of presentation



Climate Change in Southeast Asia



Trade as a Supporting Tool

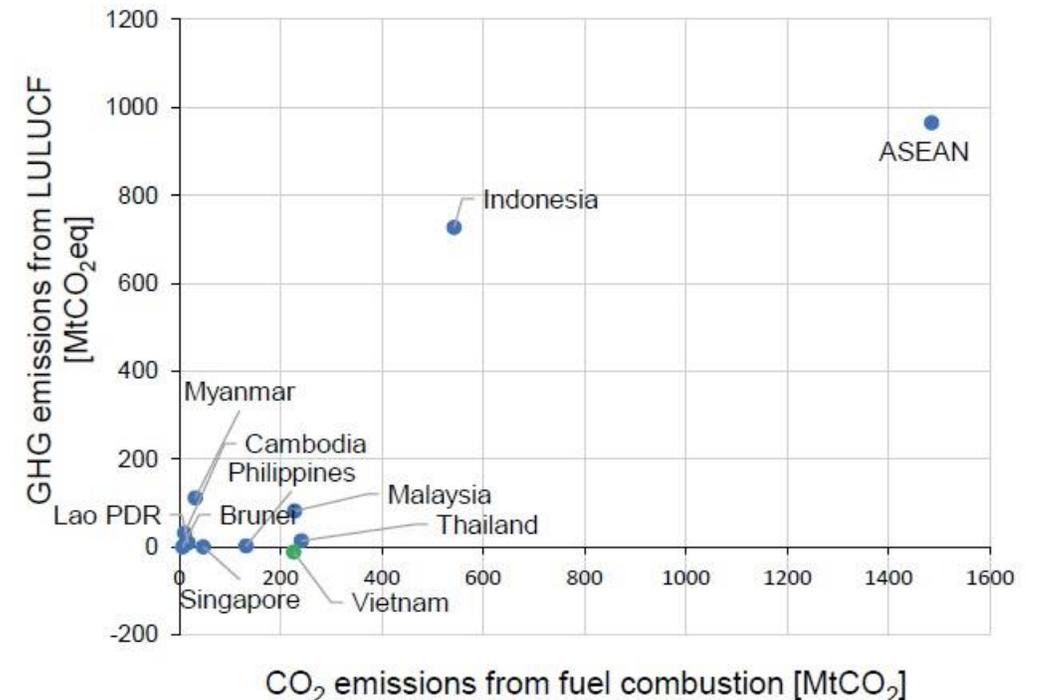


Recommendations for Actions

Climate Change in Southeast Asia: Overview

- ASEAN is a highly vulnerable region to climate change impacts due to its unique geography.
- There is an increase in the number of extreme events such as droughts, floods, typhoons, and heat waves.
- The region is highly vulnerable to sea level rise and coastal inundation, due to large populations and economic assets in coastal areas.
- Such vulnerability is further exacerbated by high dependency of national economies and societies on sectors that are directly affected by climate change, such as agriculture and other natural resources
- It was predicted that climate change has the potential to cut the region's GDP by 11% by the end of the 21st century (ADB).
- GHG emissions increases in the region have been largely due to energy-related CO₂ emissions and GHG emissions from LULUCF.

CO₂ Emissions from Fuel Combustion and GHG Emissions from LULUCF by Country/Region in 2018



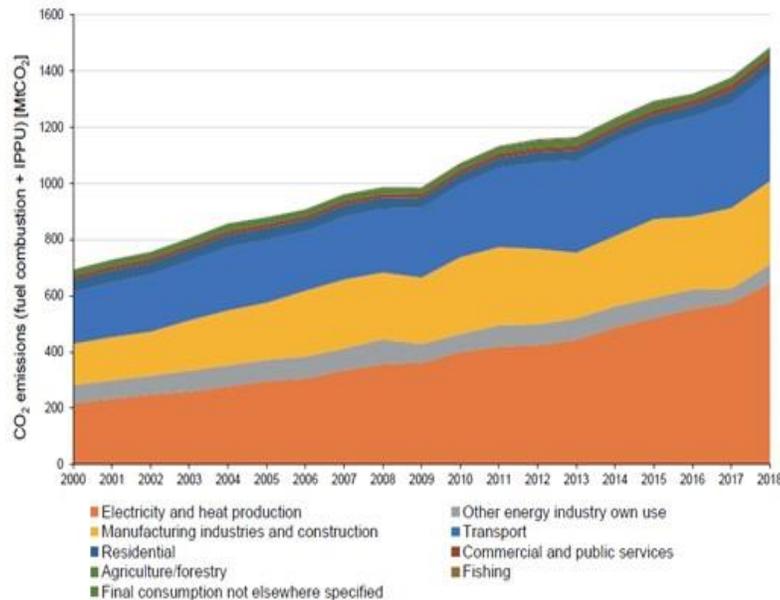
Source: ASEAN State of Climate Change Report 2021

Mitigation & Adaption in Action

- All AMS have proactively taken measures to address climate change as Parties to the UNFCCC and the Paris Agreement.
 - 8 AMS have updated their Nationally Determined Contributions (NDCs) and two - Singapore and Indonesia - have submitted Long-Term Strategies to the UNFCCC in Aug 2021.
 - No National Adaptation Plans (NAPs) have been submitted, but AMS have addressed adaptation in their NDCs, as well as National Adaptation Programme of Actions and National Communications submitted under the Kyoto Protocol.
- At the national level, all AMS have also adopted various policies/strategies related to climate change, sustainable development or green growth
- At the regional level, climate change comes under the remit of the ASEAN Ministerial Meeting on Environment (AMME) and the ASEAN Senior Officials' Meeting on Environment (ASOEN). In 2007, at the 12th ASEAN Summit, the Singapore Declaration on Climate Change, Energy and the Environment was adopted.
- The ASEAN Working Group on Climate Change (AWGCC) was then formed in 2009 to study climate issues, make policy recommendations and coordinate positions among AMS.
- The ASEAN Socio-Cultural Community (ASCC) Blueprint 2016–2025 frames environmental issues into four (04) key areas, namely: biodiversity and natural resources; environmentally sustainable cities; sustainable climate; and sustainable consumption and production.
- The ASEAN Economic Community (AEC) Blueprint 2016-2025 has a section on Sustainable Economic Development, with Strategic Measures related to renewable energy promotion, sustainable forest management, and application of good agricultural practices

Sectoral Focus for Mitigation - Energy

Sectoral CO₂ emissions from fuel combustion in ASEAN since 2000



Source: ASEAN State of Climate Change Report 2021

- Sector-wise, the vast majority of ASEAN's emissions are from the energy sector, of which electricity and heat generation account for the bulk of emissions, followed by manufacturing industries and transport
- Basic mitigation measures are to increase the share of renewable energy (RE) in the energy mix, enhancing the level of energy efficiency (EE) for all energy-related sectors and industries, and creating the necessary regulatory framework.
 - In their NDC pledges, almost all AMS describe RE targets and/or policies, except Cambodia.
 - Feed-in tariff policy is introduced in six AMS – namely Cambodia, Indonesia, Malaysia, the Philippines, Thailand and Vietnam.
- Aside from the national targets of each AMS, the ASEAN region has a quantitative target in the energy sector, which is strongly related to climate change mitigation.
 - The ASEAN Plan of Action for Energy Cooperation (APAEC) 2016– 2025 sets a target of 32% reduction in energy intensity by 2025 relative to 2005 levels, and a 23% share for RE share in the total primary energy supply (TPES) by 2025.

Sectoral Focus for Mitigation - LULUCF

- While the contribution of the LULUCF sector to total GHG emission reductions varies across countries, its relative contribution is especially large in Cambodia, Lao PDR and Myanmar.
- Thus the key roles are not only played by the energy sector but also by the LULUCF sector in achieving lower GHG emissions by 2030.
- Most AMS, therefore, include at least one or more mitigation policy or measure with regards to the LULUCF sector in their NDCs. Other countries, for example, Thailand, have not included forestry in their mitigation targets but instead included forestry as part of their NDC adaptation targets.
- Most AMS aim to reduce land use emissions and/or enhance removals on forest land by reducing degradation and promoting sustainable forest management, followed by afforestation/reforestation, and reducing deforestation and improving forest conservation.
 - REDD+ is considered a vital tool that incentivises actions to prevent deforestation and forest degradation, and to enhance carbon sinks to reduce airborne CO₂ concentration in ASEAN.
- At the regional level, the Vision and Strategic Plan for ASEAN Cooperation in Food, Agriculture and Forestry (SP-FAF) 2016–2025 was adopted in 2015, which includes action programmes to facilitate climate smart/friendly agriculture, land use and fishery in cooperation with R&D programmes and networks.



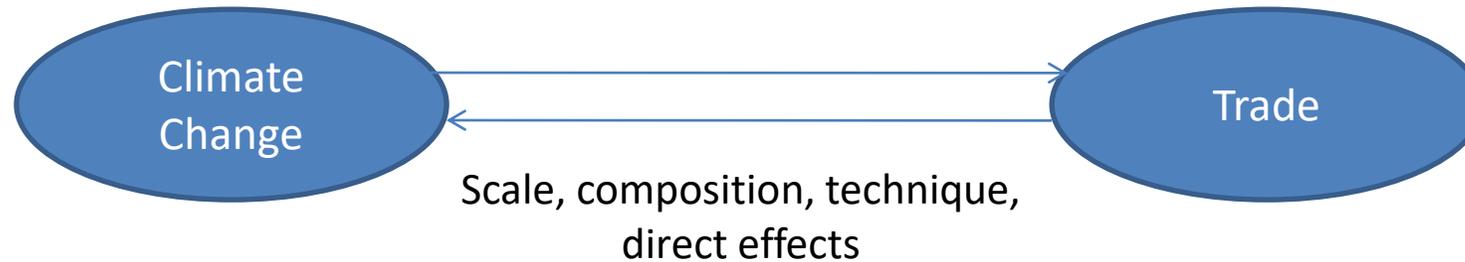
Sectoral Focus for Adaptation - Agriculture

- All ASEAN Member States have identified several key sectors on which adaptation interventions can be focused.
- Agriculture is a major economic sector throughout Southeast Asia, which is undoubtedly the reason why all AMS identified it as a priority sector for climate change adaptation.
- In recent years, due to climate change coupled with growing populations and emerging industries, the agriculture sector in Southeast Asia has been under considerable environmental pressures.
- In addition to country-level measures, there are also a range of adaptation initiatives at the regional level in ASEAN:
 - Establishment of the ASEAN Climate Resilience Network (ASEAN-CRN) in 2014
 - Development of the "ASEAN Guidelines on Promoting Climate Smart Agriculture Practices" by the ASEAN-CRN, through the ASEAN Technical Working Group on Agriculture Research and Development (ATWGARD)

Summary of Key Adaptation Options in the Agriculture Sector in ASEAN

<i>Practice</i>
Adjustment of cropping calendar and pattern
Changes in management and farming techniques
Use of stress-tolerant varieties ¹
Diversified farming, intercropping, crop rotation
Utilization of Southern Oscillation Index (SOI) ² in designing cropping strategy
Implementation of index-based insurance
Development of early warning systems
Improvement of irrigation efficiency

Inter-Linkages between Trade and Climate Change



- In a nutshell, trade not only contributes to climate change but is also a central part of the solution to ensure a just transition to a low carbon economy and foster climate resilient development.
 - Trade could shift production to areas with cleaner techniques.
 - It promotes the diffusion and scaling up of key environmental technologies necessary for the transition to low-carbon production .
 - It can also ensure access to, and availability of food and deliver critical goods and services to facilitate recovery from extreme weather events.
- International cooperation on trade and trade-related measures has the potential to support climate change mitigation and adaptation efforts.
- However, in ASEAN, these measures have not been much used or acknowledged by ASEAN governments as a tool for addressing climate concerns and priorities

Trade Measures to Support Climate Change Mitigation in the LULUCF Sector

- Trade can promote sustainable agricultural management by fostering technological innovations that can drive up yields while reducing the potential for adverse land-use change.
 - Deforestation is no longer necessary, the total area of land that is currently under cultivation may even be reduced, paving the way for reforestation.
 - **Elimination of tariff and non-tariff barriers (NTB)** against environmental goods and services
 - Ensuring **transfer of climate technologies**
- Several AMS are large exporters of timber and non-timber forestry products:
 - They would benefit from entering into **mutual recognition arrangements** of timber legality with large trading partners such as the European Union and from developing a **common position on timber legality for trade**.
 - Adoption of the **ASEAN Standard for Legality of Timber** in Oct 2020 by the ASEAN Ministers of Agriculture and Forestry
- To promote export of non-timber forestry products and agricultural commodities, ASEAN would have to meet **sustainability criteria and standards**, provide traceability in the value chain and **necessary trading infrastructure, such as certification and inspection services**.
 - Not only implement, but AMS should also proactively participate in the development of international climate standards so that their practices and positions are duly recognized and incorporated
 - E.g. ISO & the 14000 family of standards for environmental management systems



Trade Measures to Support Climate Change Mitigation in the Energy Sector

- **Tariff liberalization** could be used strategically for RE diffusion via:
 - maintaining a high level of protection (i.e. via **high tariffs**) where there are local production and/or export capacities,
 - **reducing tariffs** for those goods which ought to be sourced globally to facilitate access by local businessesE.g. in the case of Vietnam and the Philippines
- Deployment of Energy-Efficient (EE) products and technologies in ASEAN could be promoted by **addressing NTBs**. Towards this end:
 - AMS should consider **aligning their national requirements with international standards** whenever possible
 - They could enter into **mutual recognition arrangements (MRA)** on certain energy-efficient products, to save costs and reduce time for product delivery across borders
- Reducing GHG emissions from the energy sector in ASEAN may require both the scaling up of renewable energy and reducing its reliance on fossil fuels at the same time. This could be done through:
 - using/**increasing subsidies for renewable energy** to support its diffusion,
 - reducing/**eliminating subsidies for fossil fuel**
 - mindful of the WTO Agreement on Subsidies and Countervailing Measures (SCM)



Trade as a Supporting Tool for Adaptation to Climate Change in the Agriculture Sector

Reduction of Tariffs and Non-Tariff Barriers for improving access to climate-resilient agricultural inputs & enabling cross-border movement of agricultural specialists

Intensifying “Green Box” agricultural subsidies and “Development Programmes” to help farmers and agri-producers adapt to climate change impacts

National & regional stockpiling for food security and emergency purposes

Ensuring the **transfer of climate-friendly technologies** by making use of **flexibilities under the WTO TRIPS Agreement** or technical & financial support available under the UNFCCC



Recommendations



Reducing tariff and non-tariff barriers on environmental goods and agricultural inputs



Acquiring new climate-friendly technologies



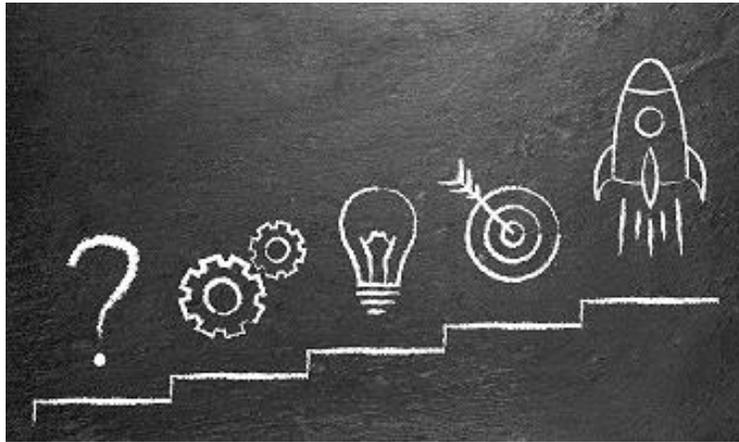
Increasing subsidies to renewable energy and resilient, climate-smart agricultural production, while eliminating fossil fuel subsidies



Proactively participating in the development and implementation of international sustainability criteria and climate standards



Recommendations



At ASEAN level

- Continue & replicate relevant initiatives
- Promote better linkages between the ASCC and the AEC Blueprints, with clear action plan and a sectoral body or cross-sectoral working group to oversee
- Have (more) cross-sectoral multi-stakeholder discussions and exchange of ideas at various levels

At International level

- Use various existing WTO Agreements such as the TRIPS, AoA, SPS, TBT Agreements
- Consider participate in new mechanisms now being forged by WTO Members to address the intersections between trade and environmental issues such as the EGA or TESSD
- Consider using other financing mechanisms such as the WTO-led Aid for Trade (A4D) initiative and the Enhanced Integrated Framework (EIF) for Trade-Related Technical Assistance to mobilize further resources for climate change mitigation & adaptation

This presentation was prepared by Ms. Alice Pham, Consultant (queanh.pham@gmail.com) as part of an assignment with CUTS International, Geneva (www.cuts-geneva.org) and the Forum on Trade, Environment and the SDGs (TESS) (<https://tessforum.org>).