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ESG Country Updates

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Singapore

- Enterprise Singapore (EnterpriseSG) and the Economic Development Board (EDB) has launched the sustainability reporting grant on 1 Nov to help eligible companies produce their first International Sustainability Standards Board's (ISSB)-aligned sustainability report in Singapore before mandatory reporting begins. Singapore-listed companies will need to start reporting their Scope 1 and Scope 2 greenhouse gas emissions from the 2025 financial year. The grant helps to defray some costs associated with the preparation of the ISSB-aligned sustainability report, including consultancy costs and manpower training.

- Singapore reaffirmed its position as a developing country as classified in international negotiations, therefore not obligated to contribute resources to developing countries under the Paris Agreement with regard to financing. However, Singapore has been voluntarily contributing to global climate finance in a few ways such as a blended finance initiative to raise up to US$5 bn to address the financing gap in green projects in Asia. Singapore has also started consulting with countries on the outstanding issues related to Article 6 to find landing ground for greater collaboration in carbon credits.

China

- China and Finland plan to strengthen collaboration in areas such as climate change, biodiversity, global sustainable development and AI intelligence governance. They signed multiple documents on bilateral cooperation in areas like education, water resources, environmental protection, circulator economy, and agricultural and food products. There are also plans to provide visa-free entry to China for Finnish nationals to improve trade and ease of travel. Many countries are seeking China's expertise in clean energy technologies to enhance their own renewable energy capacities, in order to meet decarbonisation goals.

- China has requested that countries hold talks at COP29 on carbon border taxes and other trade measures that are impacting developing countries. Countries like Brazil, India and Indonesia have criticised the EU's trade-related climate policies including the EU regulation on deforestation-free products and the Carbon Border Adjustment Mechanism that impose taxes on imports of emissions-intensive products. The EU has previously said trade issues should be discussed at the World Trade Organisation, rather than at UN climate talks. Therefore, the topic may not be on the COP29 agenda despite concerns from many countries surrounding EU carbon border taxes.

- China and Indonesia have agreed to strengthen cooperation in key sectors, including lithium batteries, new-energy vehicles, green energy and tourism. Both nations also plan to collaborate more closely in the mining sector and strengthen partnership on the global energy transition. They have signed deals worth US$10b at the Indonesia-China Business Forum.

Malaysia

- Following the opening up of the national grid for direct trading of electricity between renewable energy firms and corporate consumers within Malaysia, the government is looking into opening it up for green energy exports as well. This can contribute to the creation of the ASEAN power grid and support neighbouring countries such as Singapore to achieve their low-carbon electricity import target.

Indonesia

- Indonesia plans to explore carbon trading partnerships with several countries under Article 6.2 of the Paris Agreement at COP29, including Japan. It intends to share its emissions reduction achievements at COP29, as well as outline efforts to accelerate emissions reduction in all sectors and discuss carbon trading. It has set the target of reducing emissions to 31.89% by 2030 through its own efforts and to 43.2% with international assistance. Assistance from developed countries in the form of finance will be important for Indonesia in meeting its climate goals, especially pertaining to transitioning away from fossil fuels.

Rest of the world

- The UN has assessed that existing national pledges to reduce greenhouse gas emissions still fall short of what is needed to limit global warming. As part of the Paris Agreement obligations, nations need to deliver new and stronger Nationally Determined Contributions (NDCs) before Feb 2025. The setting of more ambitious pledges could depend on the success of COP29 climate talks and progress on key topics like climate finance.

- The UN reported that the amount of finance provided to developing countries to help them adapt to the impacts of climate change is far short of the US$359bn a year needed even after the biggest annual increase yet. Countries are meeting in Azerbaijan at COP29 starting 11 Nov for the next round of climate talks, focusing on climate finance among other pressing topics such as carbon markets and transitioning away from fossil fuels.

Special Coverage: Trump's re-election and impact on global climate action

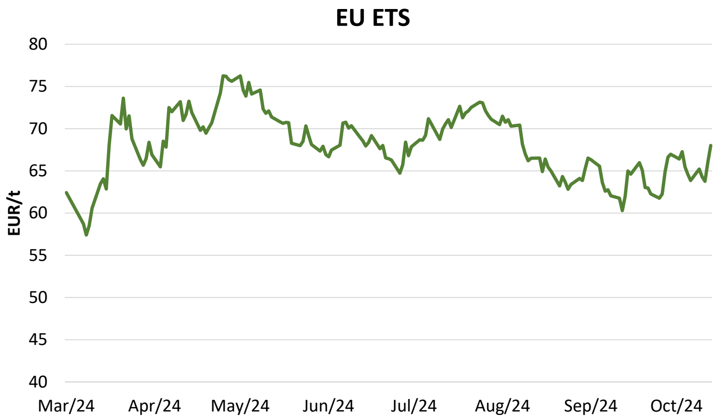
- **Slowing down the US' role in global climate action**: The US is preparing to withdraw from the Paris Agreement for the second time. During Trump's first term, the US formally withdrew from the Paris Agreement in 2020, citing unfair economic burden imposed on American workers and businesses. This is alongside plans to increase oil and gas production, as well as rescind unspent funds allocated by the Inflation Reduction Act (IRA). The latter may face opposition from his own party as IRA-related investments into green energy have been hugely beneficial to Republican districts.

- **COP29 impact**: There is concern that Trump's re-election may reduce the ability of countries to agree on a new climate finance target at COP29. This may put more pressure on the rest of the world's developed nations to increase climate funding. Nonetheless, countries are expected to progress on other priorities like Article 6 discussions and more ambitious Nationally Determined Contributions (NDCs) ahead of the 2025 deadline.

- **Limited impact on Asia's low-carbon transition**: If US clean energy manufacturing declines, this can open up new supply chain markets that China can leverage to continue growing its renewable energy sector. Higher tariffs on clean energy products are expected to continue shrinking China's share of the solar component markets in the US. However, high-growth markets for renewable energy components like Malaysia and Thailand are set to ensure that China's solar module export trajectory remains high. Strong ASEAN low-carbon initiatives and collaboration is also expected to continue i.e. low-carbon electricity imports, carbon pricing mechanisms, carbon credit collaborations, strengthening carbon capture and storage capabilities.

Carbon Markets Analysis

ETS Markets	Price	Weekly Change	Week High	Week Low
EU ETS (EUR/ton)	68.02	6.5%	68.02	63.76
China ETS (CNY/ton)	105.03	0.6%	105.40	104.43

<table>
<tr><th>Market</th><th colspan="2">Commentary</th></tr>
<tr><td>EU ETS</td><td>The EU ETS prices saw a 6.5% weekly gain, recovering from the mid-week lows. Decreased wind power generation led to increased use of coal and gas, boosting demand for EU allowances and impacting its price. Prices moved in close dependence on the volatile gas market, and is likely to remain unstable until the end of the year because.</td><td>
</td></tr>
<tr><td>China ETS</td><td>China ETS prices hit another all-time high at 105.03CNY/t last week while trading volumes increased, driven by growing compliance demand. The 31 Dec compliance deadline may continue to support price growth in the short term. However, a newly introduced carryover policy may complicate the outlook of China ETS prices.</td><td>
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<tr><td>Voluntary Carbon Market (VCM)</td><td colspan="2">COP29 started on 11 Nov and Article 6 is expected to be a key negotiating topic for countries. Initial recommendations for a joint Article 6.2 Crediting Protocol between Singapore, Verra and Gold Standard advised detailed reporting and credit traceability between UN, national and private carbon registries.
This aims to support countries in their use of Article 6 to achieve their Nationally Determined Contributions (NDCs). The completed protocol is expected from 2025 onward.</td></tr>
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Source: Refinitiv Eikon, Carbon Pulse, Platts Connect

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