

# **Japan-ASEAN Economic Co-Creation Forum 2024**

## **Session 3: GX**

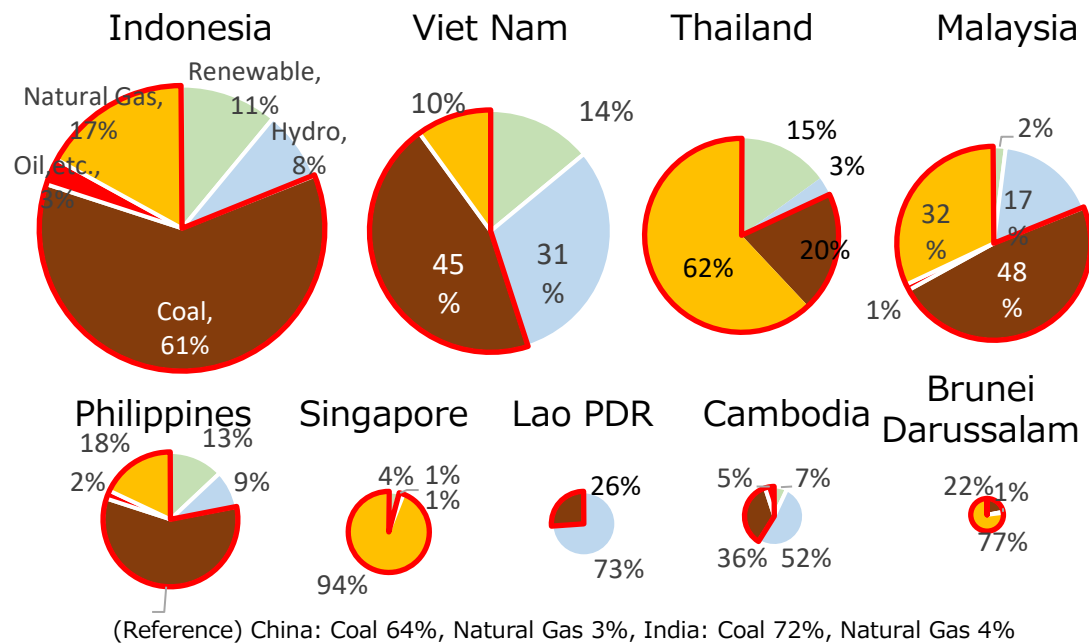
**20 December 2024**

**Ministry of Economy, Trade and Industry,  
Japan**

# Asian transition, how?

- Although many ASEAN countries have announced their intention for carbon neutrality, many of them heavily depend on coal- and natural gas-fired power generation.
- As the demand for electricity further increases in line with economic growth, it is essential to steadily promote decarbonization in a practical manner. To this end, cooperation through Japanese technology, finance and experiences under AZEC platform are also important.

\*The amount of electricity in ASEAN has doubled in the past decade and is expected to triple in the next 3 decades.



## CN goals set by Southeast Asian countries

Country	CN Target
Indonesia	CN by 2060
Viet Nam	CN by 2050
Thailand	CN by 2050
Malaysia	CN by 2050
Philippines	—
Singapore	CN by 2050
Lao PDR	CN by 2050
Cambodia	CN by 2050
Brunei Darussalam	—
Myanmar	CN by 2050

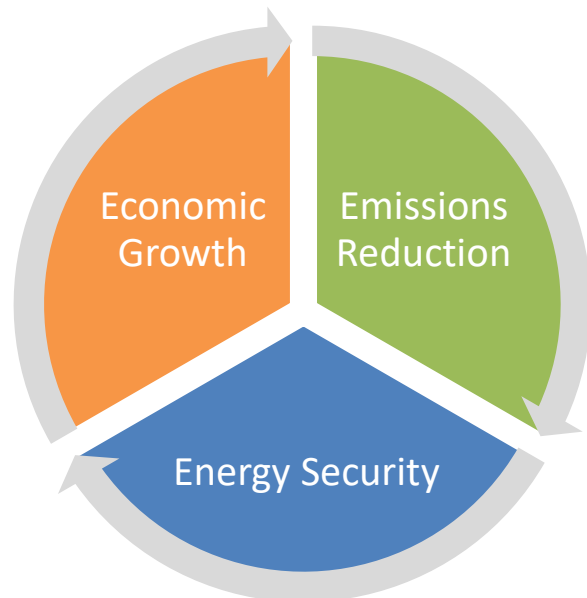
※ The area of the pie chart is proportional to the amount of electricity generated in each country. However, Cambodia and Brunei are approximately four times of the actual area. Source : IEA

# Japan's Approach = Three Principals

## Triple breakthrough

simultaneously achieve

- Emissions Reduction
- Economic Growth
- Energy Security



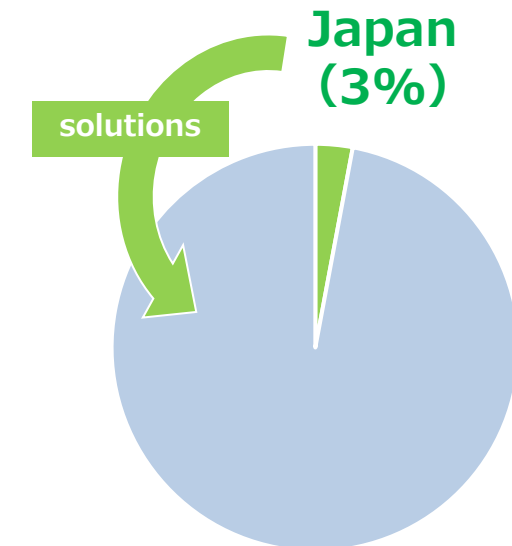
## One goal, various pathways

Toward our common goal of achieving net zero, we will make practical energy transitions through various pathways depending on the circumstances of each country.



## Solution to the world

Japan will decarbonize itself, but also contribute to global decarbonization by providing solutions outside Japan.



# 2nd AZEC (Asia Zero Emission Community) Leaders Meeting (Oct. 2024)



## AZEC Partner countries



Australia



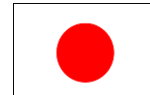
Brunei  
Darussalam



Cambodia



Indonesia



Japan



Lao PDR



Malaysia



Philippines



Singapore



Thailand



Viet Nam

## “Action Plan for Next Decade ” agreed at the Leaders Summit

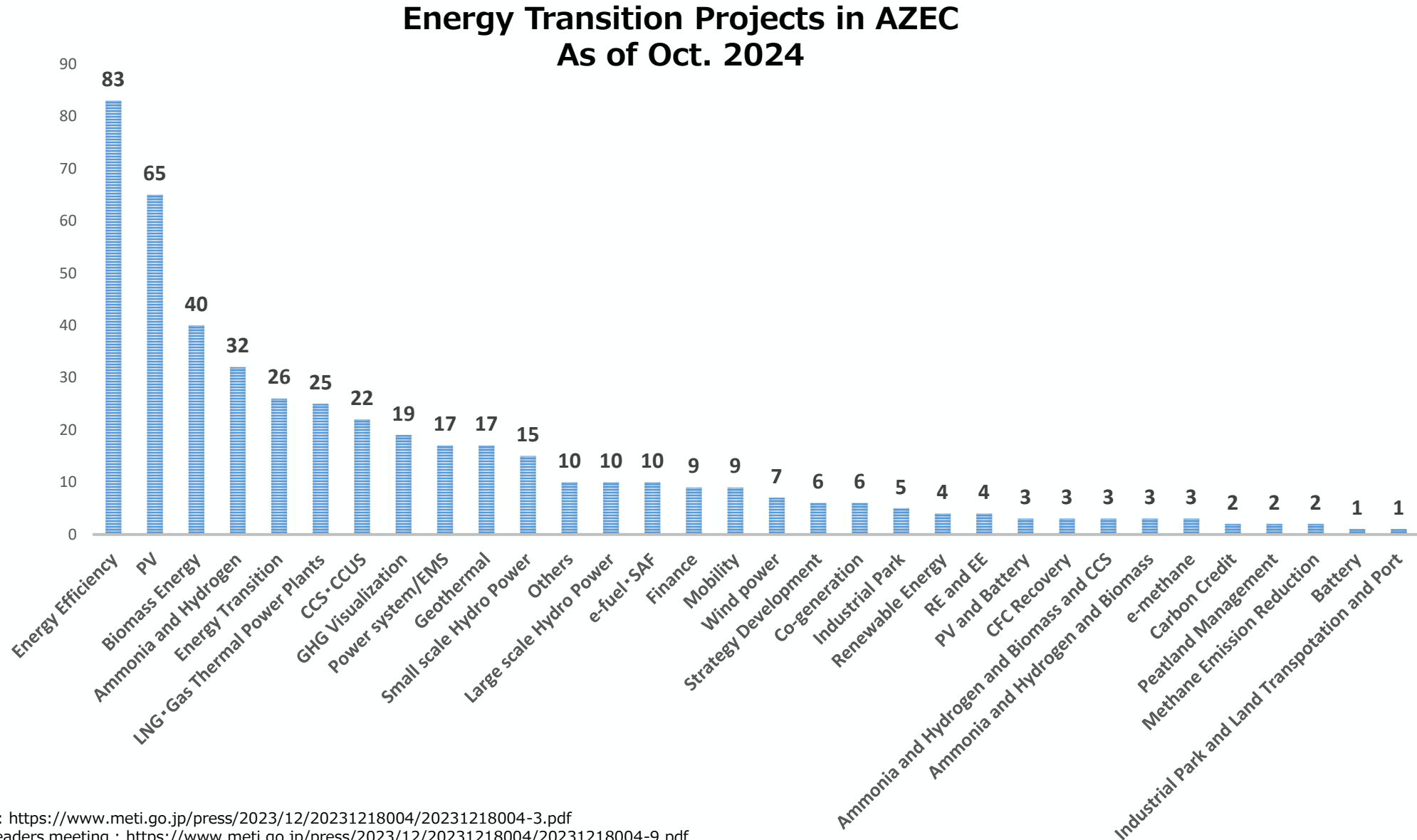
**Pillar 1 : Facilitating AZEC solutions**

**Pillar 2 : Initiatives in Power, Transportation and Industry**

**Pillar 3 : Promoting tangible projects**

# Energy Transition Projects in AZEC

- Energy Transition Projects and MoUs among AZEC partners covers wide range of technologies.



(Sources)

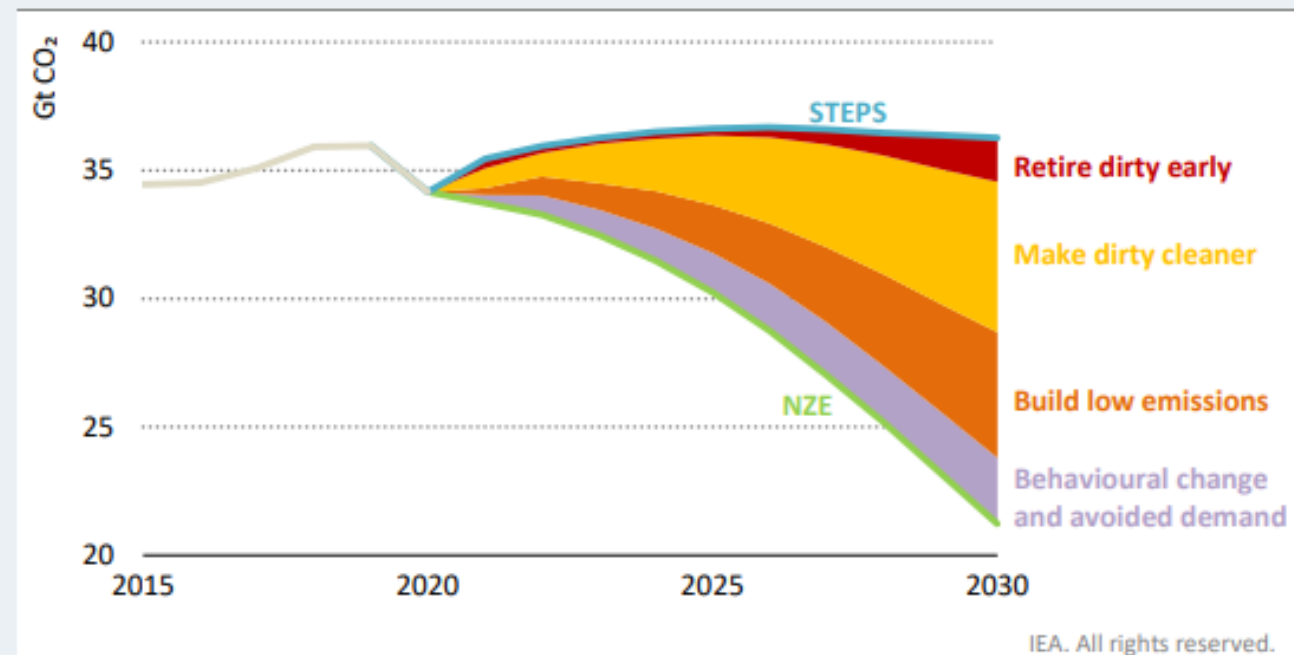
AZEC Progress report : <https://www.meti.go.jp/press/2023/12/20231218004/20231218004-3.pdf>

MOUs towards AZEC leaders meeting : <https://www.meti.go.jp/press/2023/12/20231218004/20231218004-9.pdf>

# Necessity of Transitional Technologies

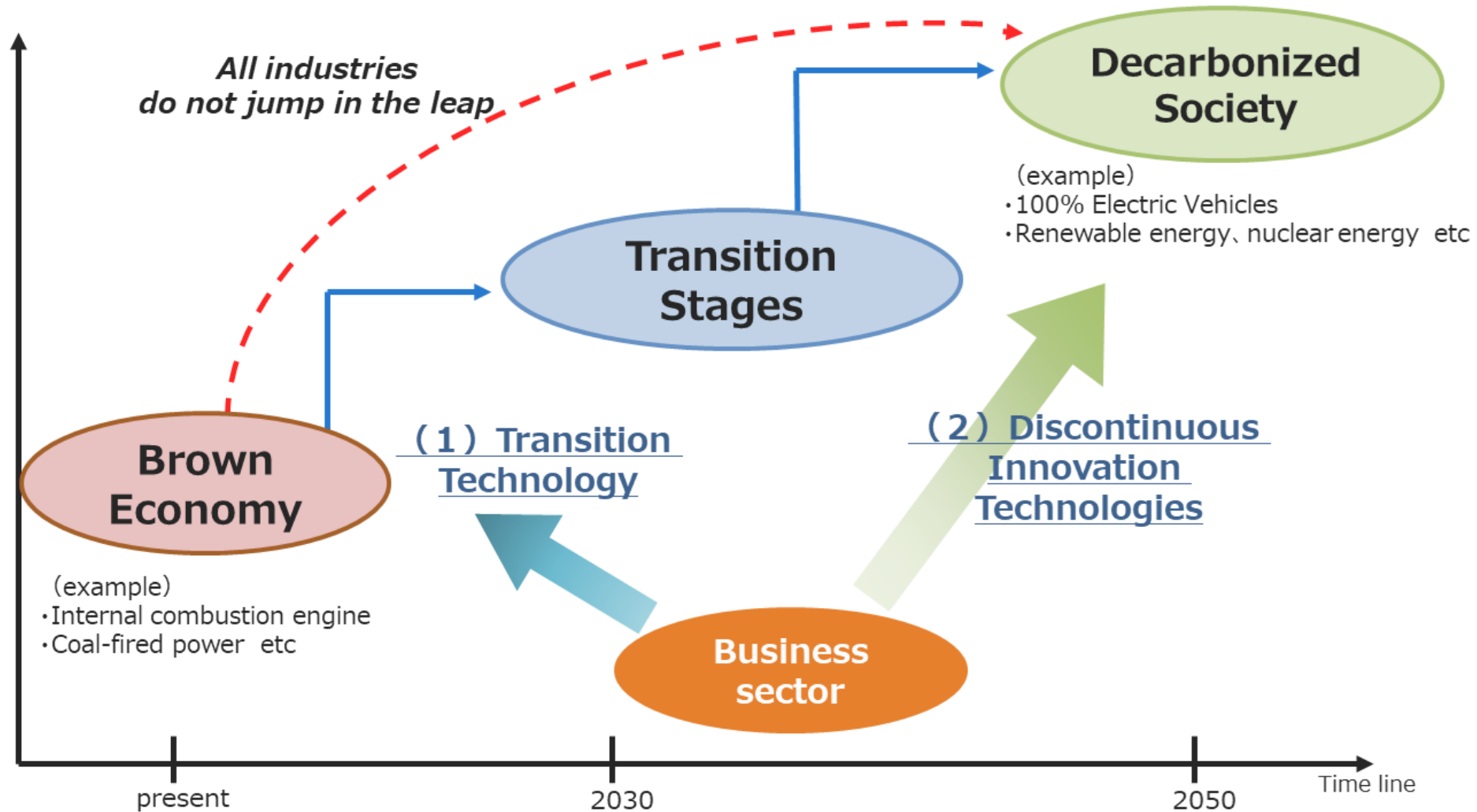
- In the World Energy Outlook, 2021 IEA reported that the combination of *i) retiring from dirty early ii) make dirty cleaner iii) build low emissions iv) behavioral change and avoided demand* is essential for filling the gap of STEPS and Net Zero Emission trajectory.
- It is stated that the middle ground of actions that “make dirty cleaner” is crucial in determining the speed and scope of energy transitions, and delivers the largest share of emissions reductions.

**Figure 1.13** ▶ Emissions reductions in the Net Zero Emissions by 2050 Scenario relative to the Stated Policies Scenario



*Delivering net zero requires more than retiring dirty and building low emissions projects; there is a large middle ground that defines the speed and scope of change*

# What is transition finance?





# Japan's 4 step policy tools on Climate Transition Finance

- Although green projects have attracted investment, transition to net zero requires more.
- Companies are expected to show their **credible transition strategy**.
- GOJ has promoted Climate Transition Finance for the last 3 years for the private issuers and will then be a giant issuer of Japan Climate Transition Bond.

## 1. Basic Guidelines

- ✓ **FSA, MOE and METI establish transition finance guidelines**, in line with ICMA transition handbook.



## 2. Sector Roadmaps

- ✓ Roadmaps for transition in high-emission sectors - **iron & steel, chemical, electricity, gas, oil, cement and paper & pulp, and automobiles.**
- ✓ Can be used to formulate and evaluate strategies.

## 3. Model Projects

- ✓ **21 model projects** from shipping, steel, aviation, chemical, energy and heavy industry sectors.
- ✓ The market of transition finance has reached **1 trillion yen cumulatively**.

## 4. Follow-up Guidance

- ✓ **Guidance for financiers (especially bond issuers)**  
Released in June 2023.





# MOC among METI, ADB, and ERIA on Technology and Transition Finance for Practical Energy Transition in Asia (signed on Aug. 21<sup>st</sup>, 2024)

- **Outline** : The MOC is to confirm the future collaboration among METI, ADB, and ERIA on technology and transition finance for whole-of-economy transitions in Asia including the energy sector.
- **Prospects** : With a focus on technology and transition finance as key enablers, the three parties will deepen mutual understanding, identify and promote tangible future cooperations to accelerate the whole-of-economy transitions. The three parties will hold regular working groups to promote the cooperation.

