

ESG

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ESG Country Updates

Singapore

- Sixteen species of insects, including crickets and silkworms, have been approved as food in Singapore by the Singapore Food Agency (SFA). SFA has developed an insect regulatory framework that establishes guidelines for insects to be approved as food, which applies to businesses intending to import, farm or process insects into food or animal feed. One industry player called House of Seafood anticipates that sales from insect-based dishes will increase its revenue by around 30%, with mostly younger customers under the age of 30 more interested in insect-based dishes. Insects are touted as a more sustainable alternative to meat as they have high protein content while producing lower greenhouse gas emissions when farmed.

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China

- China's industry ministry issued draft rules on tightening investment regulations for solar photovoltaic (PV) manufacturing projects in efforts to tackle overcapacity. Projects will need to have a minimum capital ratio of 30% under the new rules. Previously, that minimum applied to polysilicon manufacturing projects while the minimum for other PV projects was 20%. The regulations also lay out minimum efficiency levels for different types of solar panel technologies. This aims to limit further expansion of manufacturing capacity and accelerate sector consolidation to reduce overcapacity.

Malaysia

- The latest estimates on the National Energy Transition Roadmap's (NETR) flagship projects and initiatives show investments involved will be worth RM60.7 bn instead of the initial projection of RM25 bn when the roadmap was launched on 29 Aug 2023. This update is based on the March 2024 progress report which shows that 84,544 job opportunities would be created (development and post-project) compared with the initial forecast of 23,000 jobs. The reduction in greenhouse gas emissions is now estimated at 24,264 Gg CO₂eq per year compared with 10,000 Gg CO₂eq per year that was initially forecast, which can support Malaysia in reaching its climate targets earlier than previously anticipated with sufficient investments.

Indonesia

- The Government of West Nusa Tenggara is implementing a resilient agricultural system to prevent food crises caused by impacts of climate change and land use change. The system can manage fertilisers, water, seedlings, and pest and disease control measures. This aims to increase productivity and incomes, strengthen plants' resilience against climate change, as well as reduce the contribution of agricultural emissions to climate change. This can support communities in a time where climate-related impacts and weather extremes

are become more drastic, which can lead to upward pressures on food inflation because of the impact of agricultural production.

Rest of the world

- The month of June this year was the hottest month recorded across the globe, surpassing last year's high in June. New records are expected to be broken as the climate continues to warm. Ocean temperatures are concurrently hitting new highs, with record sea surface temperatures in the Atlantic, the Northern Pacific and Indian Ocean contributing to the soaring heat globally. Global temperatures may taper down in the coming months as it transitions into a La Nina phase which has a cooling effect.
- The EU aims to pressure other countries at COP29 to follow through on their pledge to transition away from fossil fuels and focus efforts on renewables. COP29 is set to focus on finance, with developed economies under pressure to agree to commit more money to help developing economies cope with climate change impacts. Countries also face an early 2025 deadline to submit new national climate pledges to the UN.

Special Coverage: Singapore and Laos Begin Carbon Credits Cooperation

- Singapore is collaborating with 19 countries on carbon credits cooperation, to enable Singapore-based companies to buy carbon credits from projects in those countries to offset up to 5% of their taxable emissions.
- Singapore has finalised implementation agreements with two out of 19 countries – Ghana and Papua New Guinea (PNG). The majority of deals are at the beginning stages of cooperation.
- Verra approved the first cookstove carbon project in PNG on June 20, expected to deliver 299,206tCO₂e of annual emission reductions. The project will distribute over 100,000 improved cookstoves to communities in PNG that still rely on indoor open-fire cooking. The project's developer, Tasman Environmental Markets, is working with Singapore and PNG to finalise the approval of the project under the PNG-Singapore Implementation Agreement.
- However, integrity concerns continue to be a challenge for the market, and Verra recently suspended carbon credits across 27 clean cookstove projects because of the over-issuance of carbon credits. It remains to be seen if the cookstove project in PNG will eventually be eligible for use under Singapore's framework.
- Lead negotiators laying the ground for COP29 are more optimistic about Article 6 texts on carbon crediting methodologies and international trade than in the run up to previous climate summits. The market is looking forward to greater progress in Article 6 texts given the lack of progress last year.

Trading carbon for climate

Singapore is collaborating with 19 countries on the bilateral trade of carbon credits. This will pave the way for companies in the Republic to buy carbon credits from projects in those countries to offset part of their carbon tax. **The Straits Times** highlights the countries involved and the status of each partnership.



■ Memorandum of understanding

It is the first stage of working towards a bilateral carbon credit agreement. The countries will also exchange knowledge on best practices and carbon market mechanisms.

■ Substantive conclusion of negotiations

Both countries have ironed out the nuts and bolts of the bilateral agreement, and are close to signing a pact.

■ Implementation agreement

Singapore and the country formally sign a carbon credit trading pact, based on principles laid out in the Paris Agreement on climate change. Carbon credit projects authorised under the agreement can promote sustainable development and benefit locals.

*Carbon credit buyer

Sources: NATIONAL CLIMATE CHANGE SECRETARIAT,
SINGAPORE'S CARBON MARKETS COOPERATION WEBSITE
STRAITS TIMES GRAPHICS

Carbon Markets Analysis

ETS Markets	Price	Weekly Change	Week High	Week Low
EU ETS (EUR/ton)	69.19	-1.7%	70.36	67.96
China ETS (CNY/ton)	89.11	-1.7%	90.63	88.32

Market	Commentary
EU ETS	<p>The EU ETS prices fell 1.7% last week amid declining trading activity and fluctuations in natural gas. The EU member states have handed out more than 75% of their 2024 quotas of free carbon allowances under the ETS, according to the European Commission.</p>
China ETS	<p>China ETS prices saw a 1.7% decrease last week. Prices remained rangebound with relatively low trading volume over the past week. The release of a draft 2023 – 2024 allowance allocation plan for the China ETS did not move prices, but saw liquidity improve.</p>
Voluntary Carbon Market (VCM)	<ul style="list-style-type: none"> • There is increasing interest in carbon removals credits, but the premium price level for carbon credits such as biochar credits has subdued firm buying demand. CSI/Puro.earth certified biochar credits are priced at \$120-\$150/tCO₂e. • There is still reluctance from corporate buyers to invest in the VCM, stemming from integrity concerns and media scrutiny in the market. • Buyers are buying credits in small volumes because of uncertainty in the market and in anticipation of upcoming policies and integrity initiatives.

Source: Refinitiv Eikon, Carbon Pulse, Platts Connect

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