

# **GLOBAL MARKETS RESEARCH**

#### **FSG**

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## **ESG Country Updates**

## **Singapore**

• Singapore granted conditional approvals to two companies, Singa Renewables and Shell Eastern Trading, to import 1.4GW of low-carbon electricity from Indonesia. This adds on to an import capacity of 4.2GW from other companies in Cambodia, Indonesia and Vietnam that have also been granted conditional approvals. Given the encouraging progress of electricity import projects that are on track to achieve the goal of importing 4GW low-carbon electricity by 2035, Singapore has raised its ambition and seeks to import 6GW by 2035.

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#### China

US climate envoy John Podesta visited China last week as the countries sought
to seek common ground on addressing global warming. Expectations for
climate progress between both countries are low amid uncertainties about the
outcome of the US presidential election.

#### Malaysia

 Malaysia is targeting net zero emissions in its aviation sector by 2050, and launched a decarbonisation plan to achieve this. It plans to reduce carbon emissions by up to 18% in aircraft technology, and increase the use of sustainable aviation fuel, including biofuels and other alternatives, which aims to reduce emissions by 46%. Malaysia also plans to pursue an additional 30% reduction in carbon emissions by adopting carbon offset schemes and purchasing carbon credits.

#### Indonesia

- Indonesia plans to explore utilising geothermal energy in African countries with significant geothermal potential, including in Kenya that is estimated to produce 10,000 MW of electricity. Indonesia's Pertamina Geothermal Energy is making progress in the development of two geothermal energy sites in Kenya. The exploration of two blocks of geothermal energy sources in Kenya will be carried out in late 2024 or early 2025. Pertamina already manages 13 sites with a total capacity of 1,877MW in Indonesia, and is making efforts towards becoming a global player in the geothermal sector with the projects in Kenya.
- The International Finance Corporation (IFC) has signed an agreement with Indonesian steelmaker PT Gunung Raja Paksi Tbk (GRP) to support its shift to lower-carbon production and help it access green steel markets. IFC will provide US\$60 mn to help upgrade GRP's electric arc furnace (EAF) and boost energy efficiency, as well as explore ways to finance the decommissioning of GRP's blast furnace. GRP has already decided to write off its unused blast furnace and hopes that its decommissioning can generate carbon credits. The

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steel sector will also face more international pressure when the EU's Carbon Border Adjustment Mechanism (CBAM) comes into effect in 2026, where importers will need to pay a levy on steel products based on their emissions. This makes the transition to low-carbon operations more urgent for emissions-intensive sectors like steel.

#### Rest of the world

• South Korea aims to mandate all departing international flights to use a mix of 1% of sustainable aviation fuel from 2027. Six South Korean airlines, including Korean Air, have begun or plan to mix 1% of SAF in the fuel for a single international route weekly starting this year. To support this, South Korea will provide tax breaks and other incentives to local refiners to invest in sustainable aviation fuel to lower production costs. The government will also ease regulations for local refiners to make it easier to use waste plastic pyrolysis oil and biomass in the refining process, as well as waste cooking oil and food waste as feedstock for biofuel production. Among other Asian countries, Singapore has mandated the use of 1% SAF from 2026 while Japan has committed to using 10% SAF by 2030.

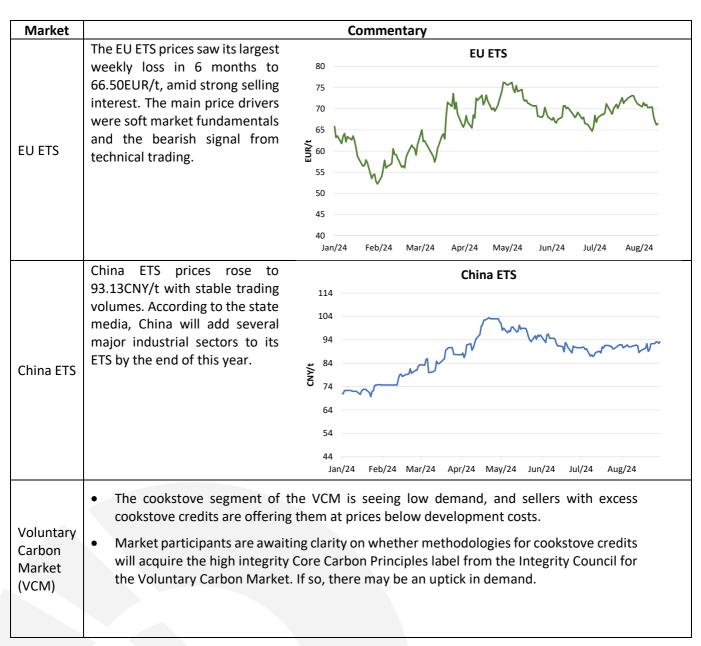
# Special Coverage: Singapore's climate targets assessed to be 'highly insufficient' by the Climate Action Tracker

- Singapore's climate actions have been categorised to be 'highly insufficient' by
  the Climate Action Tracker, which is an improvement from its previous rating
  of 'critically insufficient'. Other countries with the same rating include China
  and South Korea. No countries were assessed to be '1.5°C Paris Agreement
  Compatible' based on the latest assessment, but countries including Norway
  and Costa Rica were assessed to be 'almost sufficient'. Countries that were
  assessed to be 'insufficient' include Australia and Japan.
- Singapore's recent policy developments enabled a better rating, such as Singapore's efforts in importing low-carbon electricity from neighbouring countries i.e. Cambodia, Indonesia, Vietnam. Singapore had an initial target to import 4GW of low-carbon electricity by 2035, and has just increased the target to 6GW given the encouraging progress of electricity import projects in the pipeline.
- The Climate Action Tracker's rating methodology does not consider Singapore's unique circumstances and assumes that Singapore has access to the same decarbonisation options as the rest of Southeast Asia, including renewable energy sources.
- In reality, Singapore has limited access to alternative energy sources and the country's climate targets are contingent on technological advances of lowcarbon technologies such as hydrogen and carbon, capture utilisation and storage. Singapore has also advanced efforts in international carbon credit cooperation and renewable energy imports from neighbouring countries.

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## **Carbon Markets Analysis**

ETS Markets	Price	Weekly Change		
EU ETS (EUR/ton)	66.50	-5.4%	70.43	66.20
China ETS (CNY/ton)	93.13	0.9%	93.13	92.27



Source: Refinitiv Eikon, Carbon Pulse, Platts Connect



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