

## ISAP SESSION SUMMARY 1

**PL-1: Green Economy and Economic Integration in the Asia-Pacific Region**

Tuesday, 23 July 2013, 14:45

Economic integration is important for Asia to maintain rapid levels of economic growth, lift millions of people out of poverty and address shared challenges including climate change threat and pressures on natural capital. The region's leaders have recognised that the current economic growth model is not sustainable in the long run. Future processes of economic integration must be kept in line with the transition towards green economy. This session aimed at serving as a venue for exchanging views, share experiences and propose initiatives to strengthen the nexus of green economy and economic integration in this region. The session focused on low-carbon green growth and regional cooperation, border carbon adjustment to address international competitiveness and carbon leakage, and transition to green economy in Asia through low-carbon development. This session was moderated by Prof. Kazuo Matsushita, Senior Research Fellow of IGES.

**Dr. Anbumozhi** (ADBI) addressed the issue of regional cooperation for resource-efficient low-carbon green growth in Asia. He discussed Asia's development challenges/opportunities, patterns of resource consumption and carbon emissions, the development dilemma facing emerging Asia, and the region's current policies for low-carbon society. Asia is already taking actions that are replicable, but still far from optimal. Resources are available, but investment needs to take new directions. Asia's efforts toward developing low-carbon society need new policies at national, sectoral and regional levels. He provided a framework for dynamic multilevel cooperation for low-carbon growth.

**Dr. Ashina** (NIES) focused on the relationship between low-carbon development and green economy. He observed that Asia has sufficient potential for moving forward with low-carbon development. However, Asian economies are both similar and different at the same time. Countries have different natural endowments, cultures, industrial structures, lifestyles etc. A "one-size-fits-all" option may not be available. Yet, there are certain commonalities and shared challenges which we can build on, to develop a low-carbon society. He provided an action plan for accelerating the achievement of a low-carbon Asia.

**Dr. Xin Zhou** (IGES) discussed the implications of border carbon adjustment (BCA) for trade and national emissions. Based on her empirical study on Japan's carbon tax regime, she observed that there is an inherent problem with the BCA because the developing countries are required to pay for the carbon costs imposed upon them by the developed countries, but the former do not receive emissions credits in return to it. In her study, she proposed an alternative way which is likely to address this inherent inequality of BCA; the National Inventory Adjustment for Trade (NIAfT) mechanism, which can adjust the national inventories of both developed and developing countries.

**Key messages of the session**

Regional integration is the most appropriate platform to address green protectionism and free riding through cooperation among all parties to ensure equity and environmental and social inclusiveness. Along with government initiatives, shift toward low-carbon society should start at the individual level through changes in lifestyle.

The key messages from the session includes, the following elements

For the regional cooperation for resource efficient and low-carbon green growth in Asia,

- Establish a network of regional low-carbon technology centres
- Phase out fossil fuel subsidies, and create a regional carbon market
- Strengthen regional financing mechanisms

For Moving towards low carbon development Asia,

- Low-carbon transportation and energy-saving buildings
- Smart utilization of resources
- Low-carbon energy system by using renewables
- Enable technology transfer and financial mechanisms

For broader carbon adjustment (BCA) to competitiveness and carbon leakage,

- Current proposals on BCA measures will result in a hidden inequality: Developing countries pay for the carbon costs to the developed countries based on BCA but cannot receive emissions credits in return.
- To address this inequality, the National Inventory Adjustment for Trade (NIAfT) has been proposed to adjust the national inventories of both developed and developing countries.

