

multiple benefits, ecological/economic/social
benefits, including regional/global, short and long-
term benefits

- Basis for sustainable livelihood: particularly for rural poor and people in vulnerable communities who rely on ecological services

GREEN ECONOMY AND ECONOMIC INTEGRATION IN THE ASIA-PACIFIC REGION

Objectives

It has been recognised by policy makers in the Asia-Pacific region that the current economic growth model is not sustainable in the long-run. Economic development has relatively improved the economic growth of countries in the Asia-Pacific region however increasing the environmental costs as well. The concept of “green economy” was proposed intensively as one possible model to achieve sustainable economic growth in the Asia-Pacific region. In addition, economic integration among countries in the region has an important role to achieve the sustainable economic growth. The Green Economy Area of IGES organised this session to provide a venue for exchanging views, sharing experiences and proposing initiatives to strengthen the nexus of green economy and economic integration.

This session focused on three key topics; (i) moving towards low-carbon development in Asia; (ii) low-carbon green growth and regional cooperation; and (iii) border carbon adjustment to address the international competitiveness and carbon leakages of countries in the Asia-Pacific region.

List of Speakers

[Moderator]

Kazuo Matsushita, Senior Fellow, IGES / Professor Emeritus, Kyoto University

[Speakers]

Venkatachalam Anbumozhi, Capacity Building Specialist, Asian Development Bank Institute (ADBI)

Shuichi Ashina, Researcher, Sustainable Social Systems Section, Center for Social and Environmental Systems Research, National Institute for Environmental Studies

Xin Zhou, Leader / Principal Policy Researcher, Green Economy Area, IGES

Key Messages

- **For regional cooperation towards resource efficient and low-carbon green growth in Asia, the key messages are (i) establishing a network of regional low-carbon green growth in Asia; (ii) phasing out fossil fuel subsidies and creating a regional carbon market, and (iii) strengthening regional financing mechanisms.**
- **To move towards low-carbon development in Asia, the key messages are (i) creation of low-carbon transportation and energy-saving buildings; (ii) smart utilisation of resources; (iii) development of a low-carbon energy system using renewables, and (iv) enabling technology transfer and financial mechanisms.**
- **For broader carbon adjustment (BCA) to address competitiveness and carbon leakages, the key messages are (i) current proposals on BCA measures resulted in a hidden inequality; (ii) the National Inventory Adjustment for Trade (NIAfT) has been proposed to adjust the national inventories of both developed and developing countries, and (iii) regional integration can be the most appropriate platform to address the concerns for green protectionism and free riding through cooperation among all parties to ensure equity as well as environmental and social inclusiveness.**

Summary of the Session

Dr. Anbumozhi addressed the issue of regional cooperation for resources-efficient low-carbon green growth in 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 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. In detail, new policies at national level should combine regulations, policy incentives, carbon price signals, and financing mechanisms to accelerate the transition to a low-carbon green growth economy. The new policies at sectoral level include policies specifically applied for energy, transport, agriculture and forestry, as well as urban sector, industry and trade. In addition, some market-based fiscal instruments are needed to support Asia's effort toward developing low-carbon society. Dr. Anbumozhi provided a framework for dynamic multilevel cooperation for low-carbon growth.

Dr. Ashina 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. However, there are certain commonalities and shared challenges which we can build on to develop a low-carbon society. He provided ten actions toward low-carbon Asia which are related to urban transport, inter-regional transport, resources and materials, buildings, biomass, energy system, agriculture and livestock, forestry and land use, technology and finance and governance. He concluded his presentation with providing several recommendations for accelerating low-carbon Asia. In addition, he also stressed the necessity to formulate leapfrogging development strategies by taking consideration of the needs of Asian countries to address economic and environmental aspects simultaneously.

Dr. Xin Zhou 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 existing BCA proposals because the exporting countries are required to pay for the carbon costs imposed upon them by the importing countries, but the former do not receive emissions credits in return for it. In her study, she proposed an alternative way which is likely to address the inherent inequality of BCA, the National Inventory Adjustment for Trade (NIAfT) mechanism, which can adjust the national inventories of both exporting and importing countries based on the amount of trade-related emissions. In a case study for the assessment of carbon tax policy in Japan using BCA and NIAfT scenarios, the results showed that there is a strong negative carbon leakage, i.e. a major increase in domestic emissions and a major decrease in other countries when NIAfT is taken into account.