TALKING POINTS
Asia Pacific Forum 2024

First, there is an urgent need for the Asian region to accelerate efforts to manage the consequences of climate change.

- Given the inadequate efforts underway at the global level, it will not be possible to avoid a situation where average global temperatures rise by more than 1.5C above pre-industrial revolution temperatures. The world's surface air temperature has already increased an average of 1.1C between 1900-2020. Some models predict that holding global average temperatures between 1.5 to 2.0C may be unfeasible.

- Moreover, the forecasts by many agencies suggest that the Asian region would suffer disproportionately.

    - Eg, The IMF reports that temperature levels are rising 2x faster in Asia than the global average.
        - This translates into an increased frequency and severity of weather-related natural disasters.
    - ADB estimates show that the rate of sea level rise is about double the global average in the Asia-Pacific. About 300 million people in the region could face the risk of a coastal inundation if sea ice in Antarctica collapses.
    - By mid-century, rising waters will impact nearly a billion people in the Asia-Pacific region. Large urban areas such as Mumbai, Dhaka, Bangkok, Ho Chi Minh City, Jakarta and Shanghai run the risk of being submerged. Worse still, Pacific Island nations like Kiribati, Tuvalu, and the Marshall Islands will face existential threats.

In fact, the region is already suffering the consequences of climate change. The World Meteorological Organisation has observed that many countries in the Asia-Pacific region have already experienced their hottest year on record in 2023, along with a barrage of extreme weather conditions.

Eg, in recent years, India was buffeted by a severe heat wave that led to water scarcity in many parts of the country. Torrential rains in South Asia caused large-scale population displacement, while water levels in the Mekong Delta fell to unprecedented lows due to intense dry weather.

Indonesia's new administration is speaking about the need for a sea wall costing USD11bn just for Jakarta alone. If that wall is extended to Surabaya the total cost would be USD60bn.

Second, while few would disagree about the need for the energy transition, the practicalities of doing so are challenging.

- There is a trade-off between economic growth and an energy transition. Growth is energy dependent and the main energy source is fossil fuels. The region's high dependence on fossil fuels for energy makes it costly to shift away quickly from fossil fuels.

- The World Bank says that developing countries face a triple penalty when transitioning to clean energy: (a) They often pay more for electricity; (b) cannot access clean energy projects; and (c) are locked into fossil fuel dependency.

- Southeast Asia is projected to account for 25% of incremental global energy demand between 2024 and 2035. Much of this energy demand will be led by the electricity sector which relies on fossil fuels.

- Shifting to renewable energy will be costly. New and expensive infrastructure such as ultra-high voltage grids, and charging points, … will be needed. It is not clear how all this will be funded. Current studies show that trillions of dollars will be needed each year to decarbonise emerging economies quickly enough to meet their climate goals.

Finally, faced with a trade-off between sacrificing economic growth today and doing its bit to forestall the future damage from climate change, the hard reality is that policy makers will choose to favour the former over the latter.

This is not a popular thing to say but it is the political reality. Rather than penalise developing economies for not moving faster on decarbonisation through measures such as the Carbon Border Adjustment Measure there needs to be a more balanced discussion.

- Emerging economies should be pressed to remove perverse policies such as fuel subsidies. Too many countries also still have fuel subsidies – the economic case for removing them is clear but the political costs of doing so are intimidating so progress in removing these perverse subsidies is slow. Eg, Malaysia's government has begun to rationalise fuel subsidies but is doing so cautiously because of the political backlash.

- Since the reality is that de-carbonisation will take time, there should be a huge effort at other measures that can ameliorate the situation – carbon capture and storage, nuclear power and so on.

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