

# The Potential of JCM Cooperation Between ASEAN Countries

## Indonesia JCM Secretariat



Coordinating Ministry  
for Economic Affairs  
Republic of Indonesia



# JCM

JOINT CREDITING MECHANISM  
INDONESIA SECRETARIAT





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# Background

ASEAN was established on 8<sup>th</sup> August 1967 with original member countries are: Indonesia, Malaysia, Philippines, Singapore and Thailand

- In 2015, it is established the ASEAN Economic Community (AEC)
- Opportunities in the form of a huge market of US\$2.6 trillion and over 622 million people.



By 2014, the member countries has been increased to 10, and AEC has transformed to be the 7<sup>th</sup> biggest economy in the world



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# ASEAN Economic Community at a glance

## ASEAN Economy

A Highly Competitive Economic Region

With a combined GDP of **US\$2.6 trillion** in 2014, ASEAN economy was the **7th largest in the world** and the **3rd largest in Asia**

## ASEAN Population

A Region Fully Integrated Community

In 2014, ASEAN was the **3rd largest market in the world** with **622 million people** behind only China and India

## ASEAN Trade

A More Integrated Market

Total trade increased by nearly **US\$1 trillion** between 2007 and 2014, with **intra-ASEAN** trade comprising the **largest share** of ASEAN's total trade by partner.

## ASEAN FDI

A World Class Investment Destination

ASEAN attracted **US\$136 billion** in FDI in 2014, accounting for **11%** of global FDI inflows, up from only **5%** in 2007

## ASEAN Connectivity

A More Connected Community

Annual tourist arrivals were up from **62 million** in 2007 to **105 million** in 2014, **almost half** of which were **intra-ASEAN**

The rate of Internet subscription **more than doubled** from **11.8 per 100 inhabitants** in 2007 to **28.6** in 2014





## AEC also have several challenges....

- It is estimated during the period 2013 to 2035, the aggregation of national targets will result in an economic growth of 6.1% on average every year
- Expand population at the yearly average growth rate of nearly 1%
- **Coal supply is expected to have the highest increase among other fuel types with a yearly average growth rate of 7.0%**
- ASEAN is expected to require more than 2.3 times of the current annual energy requirements to maintain the economic growth as targeted

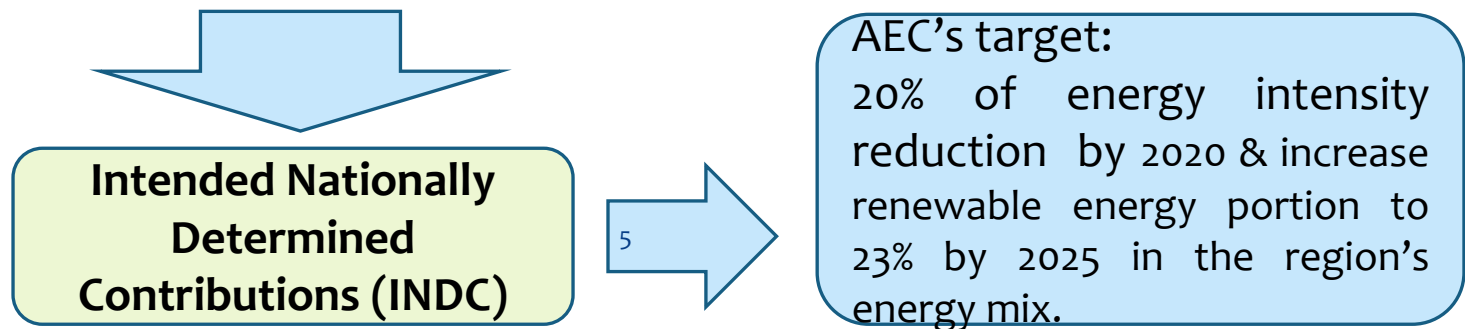
- High population whereby many of its economic activities concentrated along the coastline
- High level of extreme poverty
- High dependency on the natural resources and agriculture
- Proven study stated that mean temperature in SE Asia has increased around 0.1 – 0.3 degree Celcius every decade between 1951 – 2000
- Sea levels have risen 1 to 3 millimetres per year
- Natural disasters such as heat waves, droughts, floods, and tropical cyclones continue to occur more frequent and extreme



# The Adoption of Paris Agreement

## PARIS AGREEMENT (article 6 para 2-3)

1. Parties shall, where **engaging on a voluntary basis in cooperative approaches that involve the use of internationally transferred mitigation outcomes towards nationally determined contributions**, promote sustainable development and ensure environmental integrity and transparency, including in governance, and shall apply robust accounting to ensure, inter alia, the avoidance of double counting, consistent with guidance adopted by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement.
2. **The use of internationally transferred mitigation outcomes to achieve nationally determined contributions** under this Agreement shall be voluntary and authorized by participating Parties.







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## Link between the AEC Member INDC and JCM

No	Country	Date of Bilateral Agreement	JCM eligibility in each country's INDC*
1	Japan	N/A	"The Joint Crediting Mechanism (JCM) is not included as a basis of the bottom-up calculation of Japan's emission. Reductions and removal acquired by Japan under the JCM will be appropriately counted as Japan's reduction."
2	Indonesia	26 June 2013	"Indonesia welcomes bilateral, regional and international market mechanisms that facilitate and expedite technology development and transfer, payment for performance, technical cooperation, and access to financial resources to support Indonesia's climate mitigation and adaptation efforts towards a climate resilient future"



## Link between the AEC Member INDC and JCM(2)

No	Country	Date of Bilateral Agreement	JCM eligibility in each country's INDC*
3	Thailand	19 November 2015	"...recognises the important role of market-based mechanisms to enhance cost effectiveness of mitigation actions, and therefore will continue to explore potentials of bilateral, regional and international market mechanisms as well as various approaches that can facilitate, expedite and enhance technology development and transfer, capacity building and access to financial resources that support Thailand's efforts towards achieving sustainable, low-carbon and climate resilient growth, as appropriate"
4	Viet Nam	2 July 2013	States conditional contribution could increase 25% of emission reduction if international support is received through bilateral and multilateral cooperation



## Link between the AEC Member INDC and JCM (3)

No	Country	Date of Bilateral Agreement	JCM eligibility in each country's INDC*
5	Lao PDR	7 August 2013	"Overall, in order to achieve maximum mitigation potential, further international support is required by Lao PDR."
6	Myanmar	16 September 2015	"... Myanmar requires significant support from the international community for capacity building, technology development and transfer and financial resources to implement the actions proposed in this INDC."
7	Cambodia	11 April 2014	On the means of implementation, Cambodia states the need of international finance support. The support can be through bilateral, multilateral, including market-based mechanisms.





# Mitigating the challenges with the JCM scheme

## ➤ Basic concept of the JCM scheme



- Facilitating diffusion of leading low carbon technologies, products, systems, services, and infrastructure as well as implementation of mitigation actions, and contributing to sustainable development of developing countries.
- Appropriately evaluating contributions to GHG emission reductions or removals from Japan in a quantitative manner, by applying measurement, reporting and verification (MRV) methodologies, and use them to achieve Japan's emission reduction target.
- Contributing to the ultimate objective of the UNFCCC by facilitating global actions for GHG emission reductions or removals, complementing the CDM.



## The JCM Scheme as an Opportunity for ASEAN

- There are seven key programme areas stated in the ASEAN Plan of Action for Energy Cooperation (APAEC) 2016-2025 for enhancing energy security

ASEAN Power Grid	• To initiate multilateral electricity trade in at least one sub-region by 2018
Trans ASEAN Gas Pipeline	• To enhance connectivity for energy security and accessibility via pipelines and regasification terminals.
Coal & Clean Coal Technology	• To enhance the image of coal through promotion of clean coal technologies (CCT)
Energy Efficiency & Conservation	• To reduce energy intensity by 20% in 2020 based on 2005 level
Renewable Energy	• Aspirational target to increase the component of renewable energy to 23% by 2025 in ASEAN Energy Mix.
Regional Energy Policy & Planning	• To better profile the energy sector internationally.
Civilian Nuclear Energy	• To build capabilities in policy, technology and regulatory aspects of nuclear energy.

JCM scheme can be used to facilitate AEC in achieving these targets by providing access to financial support as well as technology diffusion and capacity building



# Possible options for JCM cooperation among ASEAN Countries

**Knowledge and  
experience  
sharing**

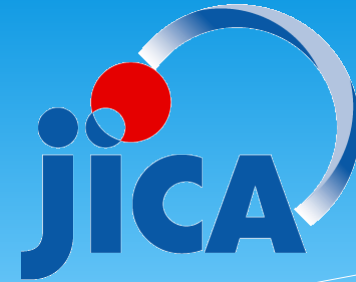
**Developing  
communication  
and information  
platform**

**Intra ASEAN  
project  
implementation**

**Future regional  
carbon market**



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# Thank you! Terima kasih!

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