

MUFG TRANSIT

Special edition

REFLECTIONS FROM APAC

COP28
UAE

MUFG Bank Ltd.

A member of MUFG, a global financial group



Key Takeaways and Outcomes - 1

1 Triple renewables capacity and double energy efficiency

A total of 130 nations including **Singapore, Thailand, Philippines, Malaysia and South Korea** signed the **Global Renewable Energy Pledge** to triple world's renewable energy capacity and double the average annual rate of energy efficiency by 2030. However, both major Asian economies China and India **abstained** from signing it.

Malaysia released its **National Energy Transition Roadmap** aiming to derive 70% of its energy supply from renewables by 2050, a target more ambitious than the previous commitment of 40% by 2035.

South Korea: Export-Import Bank of Korea signed a MoU with Export-Import Bank of the U.S. to facilitate financing collaboration on renewable energy and zero-carbon technology projects.

2 Scaling up energy transition financing

Singapore: announced a blended finance platform, the Financing Asia's Transition Partnership (FAST-P), with the goal to raise US\$5 billion in funds for climate action in Asia. Of which ADB, Global Energy Alliance for People and Planet and Monetary Authority of Singapore (MAS) signed a MOU to set up a blended-finance fund up to \$2 billion in concessional and commercial capital to finance energy transition projects in Asia.

Vietnam announced the launch of its **Resource Mobilization Plan**, including a \$15.5 billion blueprint to transition away from coal power supported by the "**Just Energy Transition Partnership**" programme.

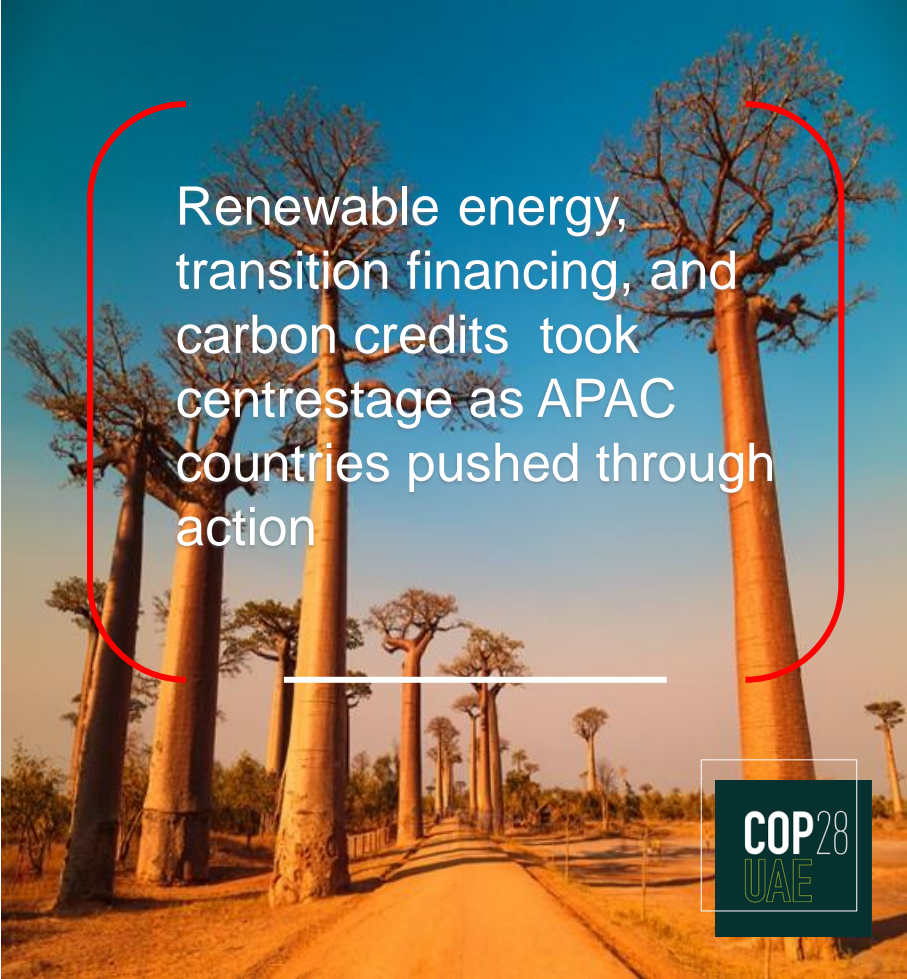
Singapore launched **world's first multi-sector transition taxonomy**. It stipulates that banks **extend financing to coal plant owners for timely closure of their plants**. Coal plants are required to have a just transition plan.

3 Bilateral talks continue amidst a stalled Art 6 negotiation

Although **no clear agreement was reached on operationalizing a global carbon market** (Art. 6, Paris Agreement), there were a significant **interest among Asian countries to grow the region's carbon markets** and agree on a common framework for carbon credits.

Singapore has inked its **first carbon credit agreement with Papua New Guinea** that will allow companies in the Republic to buy carbon credits from projects there to offset part of their carbon tax liability.

Singapore also signed Letter of Intents with **China, Colombia, Mongolia, Costa Rica, Rwanda and Fiji** to exchange best practices and knowledge on carbon market mechanisms.



Renewable energy, transition financing, and carbon credits took centrestage as APAC countries pushed through action

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Key Takeaways and Outcomes - 2

4 Coal phaseout in action



Indonesia and ADB signed a provisional deal with Cirebon-1 coal-fired power plant and agreed to shut down the plant by 2035, seven years earlier than the initial target of 2042.

Singapore: GenZero and Keppel Corporation signed MoU to co-develop projects linked to the early phaseout of coal-fired power plants and the production of sustainable fuels across the Asia Pacific.

Singapore: MAS launched a **Transition Credits Coalition** (TRACTION) to explore transition credits as a viable market solution and announced two pilot projects to test the use of high-integrity transition credits in transactions for the early retirement of coal-fired power plants.

5 Countries bank on global funds for climate financing



Climate themed funds launched at COP28: **Alterra Acceleration Fund** (\$ 30 bn) for emerging markets and developing economies in global south, **Green Climate Fund-2** (\$ 12.8 bn) for developing countries, **Arab Energy Fund** (\$ 1 bn) for decarbonization technologies in MENA region, **Emerging Market Greenfield Renewables Fund**, (\$ 3 bn) for emerging and middle-income countries in APAC and Latin America.

ADB launched a **Nature Solutions Finance Hub for Asia and the Pacific** (\$ 2 bn) to scale up public and private finance into conserving nature and biodiversity loss in APAC.

ADB announced a **\$10 billion financing for Philippines** between 2024 and 2029 towards improving climate resilience of communities, ecosystems, low-carbon transport, renewable energy, and flood management.

6 Emerging technologies pick up pace



Indonesia: Saudi Arabia's energy firm ACWA Power signs deal with PLN and PT Pupuk Indonesia to develop its largest green hydrogen project in Indonesia, worth over \$1 billion.

Thailand: PTTEP announced investment of \$400 million in Carbon capture and technology at one of its gas fields. Thai oil company, Bangchak, is implementing a project to produce aviation fuel from cooking oil, that has 80% less CO₂ emissions.

India and Singapore: Keppel Corporation Ltd signed a MoU with India's AM Green to explore the production of biogenic carbon-based sustainable fuels, such as -green methanol, second-generation ethanol and SAF.

Source: MUFG compiled from COP28, Reuters, Nikki Asia, Korea Times, Bloomberg, Asian Power, ADB, Daily Sun, Strait Times, MAS website and various public sources

Parties reached a historic agreement on the operationalization of the Loss and Damage fund, with an initial corpus of **\$ 700 million** from large economies



Major MOUs and Pledges signed

1 Transportation and Clean Mobility



Malaysia: Biofuel feedstock supplier FatHopes Energy has signed a MoU with Dubai-based Lootah Biofuels to supply sustainable aviation fuel (SAF) to airlines flying out from the Dubai Int'l Airport.

Vietnam: Vietjet and Novus Aviation Capital signed a MoU for aircraft financing and SAF development. Vietjet has also signed a MoU with SAF One to collaborate on the supply of SAF in Vietnam.

Vietnam: AD Ports and the Vietnamese Maritime Administration signed a MoU to collaborate on the development and management of dry ports, inland container depots and advanced logistics operations

Singapore and China: The Maritime and Port Authority of Singapore and Tianjin Municipal Transportation Commission signed a MoU to establish the Singapore – Tianjin Green and Digital Shipping Corridor.

Vietnam: US International Development Finance Corporation signed a letter of interest with electric vehicles maker VinFast considering the Vietnamese company's application for a \$ 500 mn loan for expansion.

2 Climate Action



India: ReNew Energy signed a \$ 5.3 bn MoU with ADB for climate change mitigation and adaptation projects to be financed between 2023 and 2028.

Australia: CSIRO, Australia's national science agency signed a MoU with the Secretariat of the Pacific Regional Environment Program to help Pacific island countries address biodiversity, waste and pollution.

Malaysia and UAE's Masdar signed an agreement for advancing the development of up to 10 GW clean energy projects in Malaysia.

3 Sustainable Communities and Agriculture



More than 150 countries including China, Australia, Singapore, Philippines, Thailand, Vietnam and Indonesia signed the Declaration on Sustainable Agriculture, Resilient Food Systems, and Climate Action to integrate food and agriculture into their climate plans. India abstained from signing it.

China: Arup and China Building Material Test & Certification Group Shanghai Co. Ltd. signed a MoU to establish industry standards for low-carbon practices, and emission reduction, and green certifications.

Source: MUFG compiled from COP28, Reuters, Nikki Asia, Maritime Standard, Bloomberg, Asian Power, CSIRO, Daily Sun, Strait Times, The Week, and various public sources

Major MoUs signed on clean transportation & climate action initiatives

Significant interest in SAF supply chain development



Other Key Announcements



Indonesia: PT SMI and UNOPS-supported Southeast Asia Energy Transition Partnership (ETP) announced a **strategic collaboration to accelerate the country's energy transition towards net zero emissions**. ETP will support Indonesia's efforts in transition finance and engage with industry stakeholders and global investors to advance sustainable energy initiatives in Indonesia.



Australia announced its **Maritime Emissions Reduction National Plan** with an objective to achieve a 43 % reduction in emissions by 2030, and net zero emissions by 2050. Australia also committed \$150 million in funding towards climate finance for vulnerable countries.



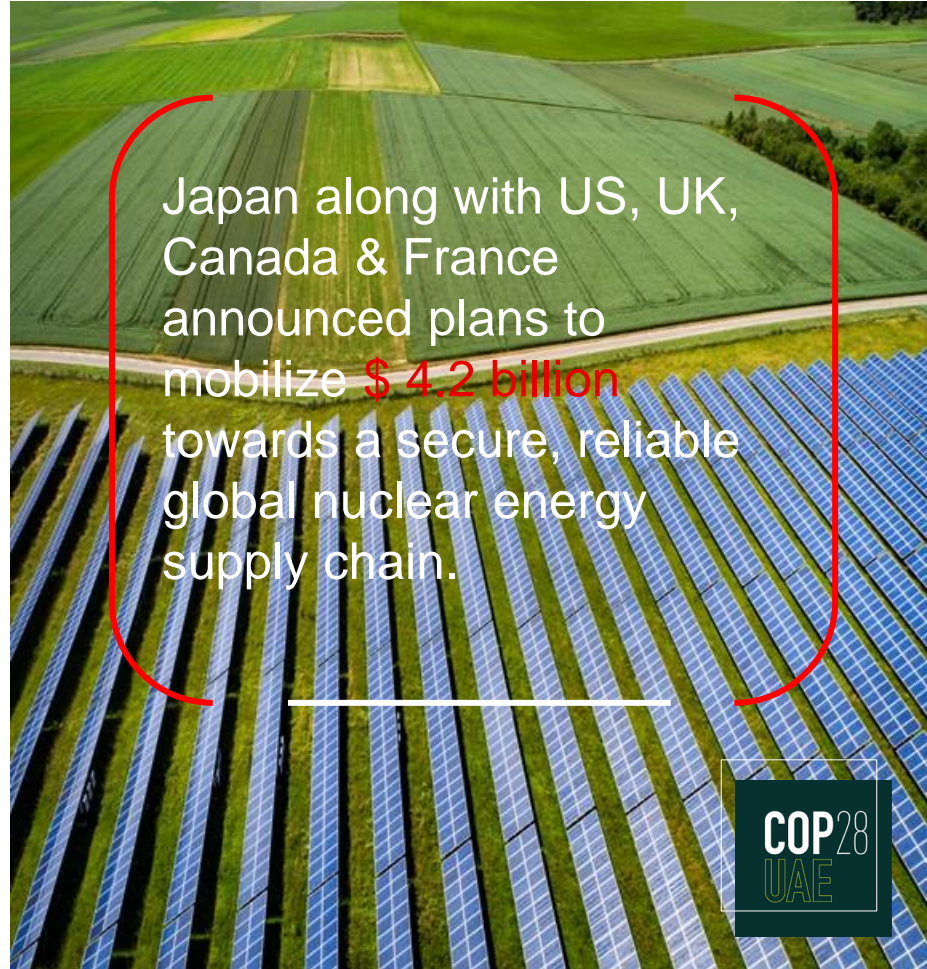
South Korea, USA, UK and Canada announced a strategic partnership to form a **Green Shipping Corridor**. Under this, South Korea and US are carrying out feasibility studies on using green ethanol and ammonia on ships in select trade routes. Additionally, South Korea also announced its aim to increase the nuclear proportion of its energy sources to almost 35% by 2036.



In the run-up to COP, China and US announced the **Sunnylands deal for climate action** for rapid expansion of renewables and to accelerate substitution of coal, oil and gas in their respective economies. China also announced that it will set new emission reduction targets 2030 and 2035 as part of global commitments to address climate change.



India launched **Lead IT (Industry Transition) 2.0** focusing on inclusive and just industry transition including co-development and transfer of low-carbon technology. Under this initiative, India will also provide financing to emerging economies.



Japan along with US, UK, Canada & France announced plans to mobilize **\$ 4.2 billion** towards a secure, reliable global nuclear energy supply chain.

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.... COP28 and the way forward

Implications for corporates in APAC

1 Increasing pressure to act



- Following the **first-ever Global Stocktake (GST)**, it called on countries to submit new ambitious targets to address Nationally Determined Contributions (NDCs) ahead of COP30 in 2025

2 Limited public resources



- The GST officially acknowledged that developed economies failed to meet the commitment of providing \$100 billion annually in climate finance to developing nations, first agreed to in 2009, while developing Asia needs US\$1.7 trillion annually in infrastructure investments till 2030 to maintain growth momentum while meeting its climate goals*

What to Expect

- Leading to 2025, we expect to see more regulatory push to accelerate national-level corporate actions adding on to the increasingly demanding responsible shareholders
- We expect more cohesive effort with the **rise of industry collaborations & coalitions** with stakeholders across the value chain for corporates to **meet sectoral-wide targets**
- Innovative blended financing mechanisms** will be essential source of funding to scale up near commercial decarbonisation solutions

“In early 2025, countries must deliver new NDCs. Every single commitment – on finance, adaptation, and mitigation – must bring us in line with a 1.5-degree world.”

Simon Stiell - UN Climate Change Executive Secretary ,
COP28 closing speech

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Spotlight MUFG



MUFG signed a **MoU with VietinBank** to help arrange **\$1 billion in financing** for sustainable growth and other ESG initiatives in Vietnam.



MUFG and Mitsubishi Corp. committed to launch one of the largest decarbonization funds in Japan with a corpus of **\$1 billion aimed at financing in startup working in floating wind turbines and SAF**



MUFG's \$1.48 billion climate-focused blended finance platform in association with FinDev Canada won the **Best Blended Investment NDC (Nationally Determined Contribution) Initiative of the Year award**.



MUFG as a member of NZBA Steering Group announced the publication of "Developing Metrics for Transition Finance - NZBA Discussion Paper". NZBA (Net-Zero Banking Alliance) is an industry-led alliance convened by UNEP Finance Initiative.

GAIA awarded
Best Blended
Investment
NDC Initiative
at COP28



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