Session 3
Regional Cooperation for Accelerating Climate-Smart Trade and Sustainable Energy Transition

Fifth Pacific Forum on Sustainable Development and Capacity Building Workshop for Pacific SIDS

13.00 – 15.00 hrs, Suva, Fiji
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Key issues

- Significant role and potential of regional cooperation and integration in supporting inclusive, resilient and sustainable development

- Catalyze regional financial cooperation to support and facilitate trade, transport, energy and ICT

- Harness significant cooperation opportunities for inclusive economic growth, reduce inequalities and poverty, foster social inclusion and address shared vulnerabilities, risks and challenges including climate change and pandemics

- Strengthen communication, cooperation and collaboration
1. Climate-smart trade
Effects of trade and investment on GHG emissions

- **Direct effect**
  - GHG emissions due to transportation & trade procedures

- **Scale effect**
  - GHG emissions due to increased economic activity

- **Regulatory effect**
  - Climate-related policies motivated by trade or investment objectives

- **Composition effect**
  - Production in more/less GHG-intensive locations

- **Technique effect**
  - Access to climate-smart products and technology
# 1. Liberalize trade in climate-smart and other environmental goods and services

“Average tariffs applied on carbon-intensive fossil fuels in Asia Pacific are lower than the tariffs applied on the environmental goods.”
# 1. Liberalize trade in climate-smart and other environmental goods and services

Average trade-weighted tariffs on environmental goods (APEC list)
# 2. Adopt climate-smart non-tariff measures

“Asia-Pacific economies apply climate-related NTMs to only 6.2 per cent of their imports”
# 2. Adopt climate-smart non-tariff measures

<table>
<thead>
<tr>
<th>Imposing economy</th>
<th>Objective category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>Emissions from machinery and vehicles</td>
<td>Requirement of application of fuel consumption labels and energy consumption labels to vehicles.</td>
</tr>
<tr>
<td>China</td>
<td>Energy efficiency, other</td>
<td>Technical requirement regarding the minimum allowable level of energy efficiency of self-ballasted fluorescent lamps has been specified.</td>
</tr>
<tr>
<td>Brunei Darussalam</td>
<td>Deforestation</td>
<td>Prohibition on felling certain tree.</td>
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<tr>
<td>New Zealand</td>
<td>Greenhouse gas emissions</td>
<td>...The levy applies to a range of imported goods including fridges, freezers, heat pumps, air-conditioners, and refrigerated trailers. It is linked to the price of carbon and varies between items to reflect the amount of gas, the specified gas and its global warming potential.</td>
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<tr>
<td>Afghanistan</td>
<td>Greenhouse gas emissions</td>
<td>Chloro Floro Carbons (CFS) and Products containing CFS and certain halons and products containing them are banned from import to Afghanistan</td>
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</table>
“Each single end-to-end trade transaction undertaken fully digitally could save emissions equivalent to planting 1.5 trees. For the whole of Asia-Pacific, this implies savings of about 13 million tons of CO2 annually, equivalent to the carbon absorbed by 400 million trees.”
Digital and Sustainable Trade Facilitation in Pacific Islands Developing Economies (2021)

Source: UN Global Survey on Digital and Sustainable Trade Facilitation 2021

- Fiji: Transparency 22.58%, Formalities 22.58%, Institutional Arrangement and Cooperation 56.99%
- Kiribati: Transparency 22.58%, Formalities 22.58%, Institutional Arrangement and Cooperation 56.99%
- Micronesia (Fed. States of): Transparency 31.18%, Formalities 31.18%, Institutional Arrangement and Cooperation 43.01%
- Nauru: Transparency 19.35%, Formalities 19.35%, Institutional Arrangement and Cooperation 43.01%
- Palau: Transparency 31.18%, Formalities 31.18%, Institutional Arrangement and Cooperation 43.01%
- Papua New Guinea: Transparency 22.58%, Formalities 22.58%, Institutional Arrangement and Cooperation 56.99%
- Samoa: Transparency 22.58%, Formalities 22.58%, Institutional Arrangement and Cooperation 56.99%
- Solomon Islands: Transparency 22.58%, Formalities 22.58%, Institutional Arrangement and Cooperation 56.99%
- Tonga: Transparency 22.58%, Formalities 22.58%, Institutional Arrangement and Cooperation 56.99%
- Tuvalu: Transparency 22.58%, Formalities 22.58%, Institutional Arrangement and Cooperation 56.99%
- Vanuatu: Transparency 22.58%, Formalities 22.58%, Institutional Arrangement and Cooperation 56.99%

Source: www.untfsurvey.org
The case of the Vanuatu electronic single window

- **ASYCUDA SPS Module (ASYSPS)**
  95% reduction in use of paper, 86%+ reduction in trips to the biosecurity officer

- **ASYCUDA Administration Selectivity**
  Before: 25,467 trips, after: 0 trips
2. Sustainable energy transition
Energy in the Pacific: high import dependency

Fuel imports (% of merchandise import, %GDP)
Energy in the Pacific: share of RE in electricity production

Target and actual share of RE in electricity production

Source: Secretariat of the Pacific Regional Environment Programme
Notes: Kiribati’s data are for solar only for South Tarawa only. Micronesia = Federated States of Micronesia
Sustainable energy transition in the Pacific

• **Drivers**
  - The Pacific region has limited supply of domestic fossil fuel resources
  - High reliance on imported fossil fuel makes the Pacific nations’ energy systems susceptible to price and supply shocks – a threat to energy security
  - High renewable energy resource potential – particularly wind and solar
  - Fossil fuel-based power generation is no longer cost-competitive with renewables

• **Challenges**
  - Low human and institutional capacity to undertake an integrated energy policy and planning
  - Absence of enabling policy framework to support the achievement of SDG 7 targets as well as NDCs.
  - Under utilization of regional cooperation to facilitate the needed energy transition
Building a resilient and secure energy future

• Align energy policies and plans with the 2030 Agenda for Sustainable Development and the Paris Agreement
  • SDG 7 presents a framework for an integrated and secured energy future

• Increase the use of indigenous energy sources e.g. solar PV and wind energy

• Reduce dependance on imported fossil fuel
  • Not only focusing on power generation but consider the entire energy system, including the transport sector

• Develop national and regional capacity to undertake integrated energy planning

• Leverage regional cooperation to facilitate the energy transition
ESCAP’s support in developing an integrated energy planning

Integrated energy policy and planning

• ESCAP has been supporting countries in developing SDG 7 roadmaps

• Roadmap helps policy makers to identify technological options and policy measures to achieve SDG 7 and NDCs
  • Able to identify opportunities for NDC enhancement
  • Includes scenarios for COVID-19 recovery and Net Zero Carbon

• SDG 7 roadmaps for Fiji and Tonga have been developed
  • Both have contributed to national policy making

• ESCAP would be supporting FSM and Kiribati in 2022.
ESCAP’s support in developing an integrated energy planning

Capacity building

• Capacity building is an integral part of the SDG 7 roadmap development process

• A two-day training offered to the Pacific community on integrated energy planning in collaboration with SPC

• An online training module has been developed on step-by-step process of developing an SDG 7 roadmap
Regional cooperation to accelerate sustainable energy transition in the Pacific

• ESCAP contributed to the SAMOA Pathway agenda for the 3rd Energy and Transport Ministers meeting in 2019
• ESCAP has been collaborating with SPC and PPA to widen scope for support on energy transition in the Pacific
• Energy connectivity in the Pacific: coordination, cooperation, and harmonisation to form a sub-regional approach to sustainable energy development
Energy connectivity in the Pacific

The approach:

• Coordination: sharing data and information
  • RE targets, planning tools, development experiences

• Collaboration: partnering to improve development
  • Joint procurement, common training and capacity building efforts

• Harmonisation: developing regional standards that reflect national contexts
  • Standard power purchase agreement (PPA) templates, harmonised grid codes

The opportunity:

• Create larger markets RE, lower costs, improve power system operations, strengthen Pacific partnerships.
ESCAP support for energy connectivity in the Pacific

• ESCAP is developing two virtual trainings aimed at Pacific policymakers and stakeholders working in the power sector

  • **Training 1:** Planning tools for integrating renewable energies into island grids
    • Principles, best practices, and case studies on planning for and integrating large shares of renewable energy into island grid systems

  • **Training 2:** The potential role of low- and zero-carbon fuels, including hydrogen, in regional energy trade
    • Electrification and Power-to-X in decarbonization strategies, including economics of alternative fuels, risks and opportunities, and relevant cost-benefit analysis methodologies
3. Moving forward
Moving forward: **Key action points**

- Cross-border paperless trade, including climate-smart trade strategies with a focus on supply-chain resilience

- The Framework Agreement on Facilitation of Cross-Border Paperless Trade

- Transboundary energy infrastructure and networks

- Clean energy solutions while supporting the delivery of SDG 7 roadmaps, energy transition in line with the Paris Agreement and Glasgow Climate Pact

Let us build and strengthen partnerships with **Global, Regional and Subregional organizations, institutions and initiatives**
Selected regional publications and knowledge products

- **Beyond the Pandemic**: Building Back Better from Crises in Asia and the Pacific
- **Asia-Pacific Trade and Investment Report 2021**
- **Measuring Participation in Global Value Chains, and Developing Supportive Policies: A User Guide**
- **Asia-Pacific Countries with Special Needs Development Report 2021: Strengthening the resilience of least developed countries in the wake of the coronavirus disease pandemic**
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