

ASIA CLIMATE SUMMIT

CARBON MARKETS IN MOTION





THIS YEAR'S EVENT FEATURED
MORE THAN **850** PARTICIPANTS
FROM **64** COUNTRIES, ATTENDING
36 SESSIONS IN WHICH MORE
THAN **110** SPEAKERS PARTICIPATED.
THE EVENT ALSO WELCOMED
37 SPONSORS.

ACS 2025
8-10 JULY
BANGKOK, THAILAND

SINCE 1999 IETA HAS BEEN THE LEADING VOICE OF BUSINESS ON AMBITIOUS MARKET-BASED CLIMATE CHANGE SOLUTIONS AND DRIVING NET ZERO. IETA ADVOCATES FOR TRADING SYSTEMS FOR EMISSIONS REDUCTIONS AND REMOVALS THAT ARE ENVIRONMENTALLY ROBUST, FAIR, OPEN, EFFICIENT, ACCOUNTABLE AND CONSISTENT ACROSS NATIONAL BOUNDARIES. REPRESENTING MORE THAN 300 LEADING INTERNATIONAL ORGANISATIONS, IETA IS A TRUSTED PARTNER IN DEVELOPING INTERNATIONAL POLICIES AND MARKET FRAMEWORKS TO REDUCE GREENHOUSE GAS EMISSIONS AT THE LOWEST COST WHILE BUILDING A CREDIBLE PATH TO NET ZERO EMISSIONS. SEE WWW.IETA.ORG FOR MORE INFORMATION.

DESIGN: HITMAN CREATIVE MEDIA INC.

INTRODUCTION

IETA'S ANNUAL ASIA CLIMATE SUMMIT, HOSTED BY THE DEPARTMENT OF CLIMATE CHANGE AND ENVIRONMENT UNDER THE MINISTRY OF NATURAL RESOURCES AND ENVIRONMENT OF THAILAND, IN COLLABORATION WITH ICAP, TGO, ADB, THE WORLD BANK, EDF AND ASPI, TOOK PLACE THIS YEAR IN BANGKOK, THAILAND, AS THE REGION'S CARBON MARKETS ARE GOING THROUGH A PERIOD OF RAPID EVOLUTION AND DEVELOPMENT.

Encouraged by the completion of work on the UNFCCC's Article 6 mechanisms, and also by the approach of the European Union's Carbon Border Adjustment Mechanism, a significant number of countries across the region are exploring or accelerating the development of domestic compliance carbon markets to maintain trade competitiveness, reduce carbon leakage, and align with global standards.

This has sparked a wave of market-based policy innovation across the region, both in national emissions trading schemes (ETS) and Article 6-based mechanisms.



FROM BANGKOK TO BRUSSELS,
CARBON POLICY IS RESHAPING ASIA'S
TRADE AND CLIMATE LANDSCAPE.

TOP 3 TAKEAWAYS

THAILAND'S LOW CARBON CITY AND CARBON MARKET DEVELOPMENT PROJECT

Building Market Confidence through
Credible Urban Climate Action

IETA
ASIA CLIM
SUMMIT 2





TAKEAWAY

01

BUSINESS IS KEEN TO SEE GREATER COLLABORATION AND INTEGRATION AMONG ASIA'S EMERGING CARBON MARKETS.

TAKEAWAY

02

THERE IS ALSO A MOVEMENT TOWARDS GREATER CONVERGENCE BETWEEN THE VOLUNTARY CARBON MARKET AND COMPLIANCE MARKETS.

TAKEAWAY

03

THERE IS STILL A NEED FOR CAPACITY BUILDING IN ALL AREAS AS WELL AS POLICY GUIDANCE TO MAKE THIS HAPPEN.

THE FIRST DAY OF THE ASIA CLIMATE SUMMIT WAS GIVEN OVER THE SIDE EVENTS AND WORKSHOPS, WHICH ADDRESSED TOPICS INCLUDING THE LEGAL NATURE AND REGULATION OF CARBON CREDITS, SCALING NATURE CLIMATE SOLUTIONS, CARBON ACCOUNTING, THE POTENTIAL OF ARTICLE 6 AND THE PACM.

The day's opening workshop, on the legal nature and regulation of carbon credits, heard that legal clarity on voluntary carbon credits (VCCs) is increasingly important for market confidence, though definitions and treatment vary by jurisdiction.

Speakers drew a distinction between the legal nature of emissions allowances, which exist in compliance-based cap-and-trade and emissions intensity-based systems, and carbon credits (particularly voluntary credits), and the way in which laws and regulations treat them.

Turning to the use-case for carbon credits, speakers noted that national laws are crucial for scaling demand, but there is no global carbon price to drive such demand for credits and investment in projects, and by their nature voluntary credits are not used for compliance.

In addition, the use case for VCCs relies on how much of a company's Scope 3 emissions can be offset. This exact percentage varies by sector, and current international guidance, such as that from the Science-Based Targets initiative, suggests that only a small proportion can be offset. Enhanced regulation is seen as the most effective in promoting transparency in carbon markets and driving growth in demand, rather than directly driving supply-side growth.

On the other hand, emission allowances are entirely regulated under mandatory emissions trading systems such as the EU and China. Their more highly regulated nature and legal underpinning often enables them to be used as collateral in financial transactions, which is not a benefit enjoyed typically by VCCs.

A second workshop on scaling nature climate solutions heard from a cross-section of stakeholders on the challenges facing NCS projects.

Speakers underlined the critical importance of community involvement in projects, the need to ensure that projects are developed in line with leading international standards and compliance markets to ensure marketability, and the challenges posed by evolving eligibility criteria and compliance frameworks.

Observations were shared that many project sites, such as those in Malaysia, tend to be small and fragmented, and few currently meet international standards. These characteristics highlight some of the challenges faced in developing nature-based solutions in the region.



NATURE-BASED SOLUTIONS THRIVE WHEN ROOTED IN LOCAL COMMUNITIES—BUT SCALABILITY DEMANDS CLEARER STANDARDS AND STRONGER FINANCIAL SUPPORT.



Sarawak, a state in Malaysia with the country's largest forest area, has a framework in place for participation in its carbon market, including permitting and long-term licensing provisions.

It's also important to ensure that projects address not just climate concerns but also consider biodiversity and land impacts, one speaker said.

A third workshop analysed the life cycle of carbon projects and discussed how engaging with projects in the early stages can help to ensure integrity. Integrity is viewed from the perspective of:

- Environmental and social integrity: can the project deliver real, measurable long-lasting benefits, ensure real, fair benefit sharing, and uphold indigenous rights;
- Scalability: can a project be replicated in other geographies, and is buyer demand reliable, and
- Strong governance and delivery capabilities in place. For project developers, scale is not a priority. It is also about assessing what is most beneficial for that community and geography, while balancing the financial sustainability of the project.

Banks can be engaged at all stages of the carbon credit project lifecycle, panelists said. They strive to integrate carbon into part of the broader business, and to be treated the same as every other asset. Banks warehouse risk and craft financial contracts that benefit both buyers and sellers; they promote access to and distribution of carbon credits. They also help to transfer knowledge from clients with knowledge, to other clients with less knowledge.

There is a strong need to create an enabling environment across three areas: building greater policy certainty; reducing fragmentation across standards, registries, and MRV systems; and developing innovative financing.

The panel concluded with a strong recommendation that in order to improve project ratings, developers should design projects with credibility in mind, not credit issuance.

ANOTHER WORKSHOP FOCUSED ON THE INCREASING ROLE OF CARBON ACCOUNTING

While the importance of accurate quantification is well understood in many parts of the world, speakers were at pains to point out that "there are a lot of large corporations that are only just starting their GHG accounting journey or have only done the basic Scope 1-2 emissions accounting."

Yet there is growing external pressure from regulations, stakeholders and peers to improve the quality of carbon accounting. Some of this pressure stems from incoming carbon market regulations, but additional regulations such as ISSB/IFRS S1-S2 for listed companies require Scope 1-3 GHG emissions disclosures, as well as climate transition plans and decarbonisation targets.

There remain several challenges to improving accounting including a plurality of standards, the time-consuming nature of the work, additional budgeting for external verification, uncertainty around the value of quantifying Scope 3 emissions, and a complex digital ecosystem.

The current state of carbon accounting focuses on getting data ready for reporting and compliance purposes. This has resulted in siloed implementation and limited network effects, speakers said.

Carbon accounting systems would benefit if the focus started with the goal of carbon accounting, which would drive the core principles that matter, one speaker said. These would specify the rules and data requirements.

In addition, working towards labelling products with their emissions data and tracking it from cradle-to-grave, the data can be made more process-specific and used for better modelling and reporting.

Speakers listed key recommendations for improving the development of higher quality accounting, including setting clear boundaries, and selecting the appropriate accounting approach; prioritising efforts and keeping the process simple, and accepting poor quality data at the outset but setting goals to improve accuracy and coverage over time.

A THOUGHTFUL MINISTERIAL-LEVEL OPENING PLENARY HIGHLIGHTED THE OVER-ARCHING THEMES OF THIS YEAR'S SUMMIT, WELCOMING DELEGATES AND TOUCHING ON THAILAND'S CLIMATE AMBITIONS AND PROGRESS.

Opening the conference Alongkorn Ponlaboot, Advisory Board Chairman to the Minister of Natural Resources and Environment underlined that the country is open to exploring the potential of cooperation under Article 6.2 to engage the private sector in undertaking mitigation actions. Thailand continues to scale up its domestic voluntary carbon market through innovations such as the Premium T-VER carbon credit certification standards.

The country also aims to accelerate the development of high integrity and interoperability across carbon markets in ASEAN by drawing on its experiences and the government invited private sector standards to join in advancing Thailand's carbon market development.

The opening plenary included remarks from Asadej Kongsiri, President of the Stock Exchange of Thailand (SET), who shared SET's role in supporting the development of a credible, transparent, and efficient carbon market. Mr Kongsiri highlighted SET's work on developing a Climate Products Trading Platform, and its support for the World Bank and DCCE in launching an Auction Platform under Thailand's Low Carbon City and Carbon Market Development Project.

In the following plenary sessions, delegates were briefed by ICAP on the state of carbon market developments in the region and around the world. Emissions Trading Systems now cover around 20% of the world's emissions, ICAP said, and momentum for further development is strongest in countries such as Brazil, India, Indonesia, Türkiye, and Viet Nam. In most of these new systems, offsetting provisions and domestic crediting mechanisms are expected to play a central role.

And already-established systems are being refined and expanded, too. Notably, China has started to expand the scope of its ETS beyond the power sector to include the steel, cement, and aluminum smelter sectors, increasing the system's emissions coverage by an estimated 3 GtCO₂e/year, corresponding to approximately 5% of global GHG emissions.

The emergence of the ASEAN Common Carbon Framework (ACCF) was celebrated by many attendees as an important development in the regional development of market mechanisms. Aligning shared rules and infrastructure, recognising similar project methodologies, and enabling the fungibility of credits across borders were all highlighted as key goals to boost growth and adoption.

The audience also heard how Indonesia is throwing its weight behind natural climate solutions, welcoming partnerships, and engaging with stakeholders in sustainable forest management, social forestry, and biodiversity.

And Japan's GX ETS is also expected to begin incorporating offsets for compliance. The country aims to secure accumulated emission reductions and removals totaling around 100 MtCO₂e by 2030 and approximately 200 MtCO₂e by FY 2040. Japan will put the acquired credits towards fulfilling the credit demand outlined in its Nationally Determined Contribution.

But while compliance markets are progressing and growing, the voluntary sector is struggling to expand its reach, the Summit heard. Voluntary guidance frameworks are not giving the market the confidence or certainty it needs. As a result, the VCM use case remains muted, and without a compelling rationale or demand signals, this market will remain small.



WITHOUT STRONGER GUIDANCE AND DEMAND SIGNALS, THE VOLUNTARY CARBON MARKET RISKS BEING LEFT BEHIND.

THE FINAL PLENARY SESSION ON DAY TWO HIGHLIGHTED THE EU'S CARBON BORDER ADJUSTMENT MECHANISM

IETA recently published an updated report examining global responses to Europe's CBAM and highlighted that "the global policy environment risks becoming more fragmented and uncoordinated" as more carbon markets emerge.

"Without a shared framework or mutual recognition mechanisms, the proliferation of CBAM-like instruments could lead to regulatory fragmentation, double compliance burdens, and trade frictions," the report found.

Many stakeholders are only now beginning to understand the extent of their exposure to CBAM and the readiness required to respond. The discussion highlighted the need for robust MRV systems and government support to ensure that carbon intensity levels are recognised in line with EU expectations. While larger companies may be able to adapt, smaller exporters face greater challenges, particularly if only internationally accredited verifiers are accepted.

While some viewed CBAM as conceptually sound – reflecting the logic of pricing carbon – there were concerns about its potential to trigger further trade shocks in an already fragile global environment. Others noted that CBAM has accelerated carbon pricing conversations in both the APAC and MENA regions, creating a commercial incentive for governments and industries to act.

The mechanism has also created commercial incentives for change and opened discussions around how carbon finance can be used more equitably. With Asia already hosting some of the largest ETS systems, there is a belief that the region has an opportunity to take a leadership role in defining frameworks that make decarbonisation commercially viable.

Breakout sessions on Day Two included workshops on CORSIA, the evolution of registries, financing projects, nature-based solutions, markets in Australia and New Zealand, and project financing.

Speakers in the breakout session on CORSIA discussed the prospects for demand and supply of eligible credits, national government efforts to translate CORSIA regulations into local law, and challenges within the project development cycle that may impact supply.

Sylvera presented their modelling of CORSIA demand and supply during the market's first phase, highlighting that the risk of inadequate supply of credits with letters of authorisation and corresponding adjustments is a primary concern.

More than 4,000 projects could technically supply CORSIA-eligible credits by 2027, the modelling found. More than 450 million credits have been issued and are po-

tentially available in eligible registries, of which almost 400 million are from crediting periods after 2016.

Of these, some 200 million credits meet ICAO's methodology criteria, though just under 100 million are from countries with what Sylvera called "moderate Article 6 readiness".

From this, just one project has received eligible host country authorisation to date and has issued credits totalling 16 million tonnes, the company said. The company's scenario analysis suggested CORSIA-eligible credit prices could reach between \$25-\$36/tonne in 2027.

One speaker highlighted that letters of authorisation to projects can be withdrawn up to the point of first transfer of a credit, concluding that it is better to have clear and robust letters of authorisation and corresponding adjustments, even if the process takes longer, rather than rushing through approvals that can be reversed.

Speakers also noted that there is significant disparity in the capacity and readiness of airlines to participate in CORSIA. Sharing offsetting obligations more transparently will help make the requirements more concrete and actionable for airlines.

Another breakout session focused on how to make carbon credits "bankable" assets and focused on the relationship with finance. Panelists highlighted that individual projects are harder for larger financial institutions to finance, and that the fullest possible disclosure of how a project aligns with a company's business model and governance structure.

Strong contractual terms to protect the integrity of the investment are necessary, even though the market still experiences structural risks including evolving project standards, crediting periods that may be shorter than the term of the financing, and sometimes uncertain revenue streams.

Nevertheless, many corporates realise that their bottom line may suffer if they do not participate in the market; yet key obstacles today include variable revenue and regulatory uncertainty.

Thailand's Department of Climate Change and Environment presented a collaborative initiative with the World Bank to generate high-quality carbon credits from urban decarbonisation, showcasing the project's credit quality, financial structure and ended with a signing ceremony among the key stakeholders.

S&P hosted a side event in which it shared how registries have evolved since the advent of the Paris Agreement, as markets and regulations need to become interoperable between compliance and voluntary standards. A panel discussion discussed how a proliferation of standards can represent an opportunity and how markets can assist in encouraging quicker implementation of national carbon markets as well as ITMO trading.

DAY THREE BEGAN WITH A BREAKFAST GATHERING, DISCUSSING THE IMPORTANCE OF GENDER IN CARBON CREDITING PROJECTS – WHERE WOMEN CAN BE SEEN AS PARTNERS INSTEAD OF MERE BENEFICIARIES. MEMBERS OF THE AUDIENCE ALSO SHARED THEIR PERSPECTIVES ON THE CHALLENGES FACED WHEN IMPLEMENTING PROJECTS IN PATRIARCHAL SOCIETIES, AND HOW CARBON PROJECTS CAN HELP TO ALLEVIATE GENDER ISSUES WITHOUT RADICALLY TRANSFORMING COMMUNITIES. PANELLISTS ALSO DISCUSSED HOW EMPLOYERS CAN CONTRIBUTE TO PROVIDING EQUAL OPPORTUNITIES FOR SUCCESS TO EMPLOYEES DESPITE OF GENDER.

The first plenary session surveyed the voluntary carbon market and its role amid the proliferation of national compliance markets.

Speakers referred to a need to avoid fragmentation of the market with the development of national or regional crediting programmes, which they said are “costly to implement and maintain”. Countries do not need to develop new programmes and methodologies, since existing programmes are well suited to meet national circumstances.

A more harmonised market across the ASEAN region will attract more buyers, they said, and the recent formation by the UK, Singapore and Kenya of the Coalition to Grow Carbon Markets was intended to drive greater alignment on both the supply and demand side of the market. The coalition intends to issue at COP30 a set of principles on the voluntary use of high-integrity carbon credits by businesses to provide consistency in approach across jurisdictions.

With the Paris Agreement Crediting Mechanism (PACM) and the Article 6.2 framework also now in place, there are multiple pathways to mobilising the finance needed to boost emissions abatement. While PACM is intended to be more standardised and “off the shelf”, Article 6.2 provides customisability, which is also still needed today.

The spotlight was on China, as EDF launched a report on China’s carbon market, providing international researchers with insights into the latest developments and a comprehensive assessment of the market. Experts pointed out that, in addition to the typical technical challenges, China’s carbon market development also faces pressure from the global economic downturn. He emphasised the need for proactive stakeholder engagement to address these issues. Panellists also pointed out how other nations can learn from China’s successes and lessons. Chinese companies have increasingly recognised the need to decarbonise to maintain international competitiveness, as driven by external forces such as the EU CBAM.

The ASEAN Common Carbon Framework (ACCF) was again spotlighted as a potential enabler of greater integration and interoperability among the region’s markets.

The ACCF has received funding from the ASEAN-UK Green Transition Fund (GTF), and serves as a platform for dialogue, technical alignment, and market integration. Its objectives include supporting cross-border market linkages and common frameworks; encouraging shared systems for registries, MRV, and transactions; and policy dialogue among ASEAN member states.

Speakers from the business and industry sector presented the view from the buyers’ side. Google acknowledged the importance of addressing Scope 3 emissions, which are increasing by around 3%/year. By 2030, the company estimated it will need to remove up to 4 billion tons of residual carbon emissions.

This has led the company to take a strong interest in carbon removals, while continuing to debate the use cases for carbon avoidance. But Google’s representative also highlighted that ramping up investment in clean energy across ASEAN is difficult because of restrictions on clean energy deployment.

The role that insurance can play in carbon market transactions was also discussed. Insurance can be a safety net for buyers for protection against non-delivery of credits and credit reversal among other risks, but it requires greater certainty in the market and cannot be expected to insure first-of-its-kind technology.

Delegates attending a breakout session on the path forward for Article 6, which considered the implementation of Article 6 following the conclusion of negotiations at COP29 in Baku.

Speakers emphasised the importance of supporting resilient and sustainable development, including through Article 6.

A brief scene setting presentation regarding the State of Article 6 across Asia. With Article 6 now fully open for business following the conclusion of negotiations at COP29 in Baku, countries and corporates need to work together to overcome remaining hurdles.

As of today, more than 70+ bilateral agreements have been signed for Article 6.2 cooperation, and more than 1,000 activities have submitted prior consideration notifications for the Article 6.4 Paris Agreement Crediting Mechanism (PACM). While the private sector sees major opportunities with Article 6, additional clarity is needed from host countries.

As countries are now preparing their NDC 3.0 with targets for 2035 to be submitted ahead of COP30 in Belém, IETA is calling for countries to clearly outline their intentions to utilise Article 6. The organisation launched a new paper, “Scaling up NDC 3.0 Ambition through Article 6 - How governments can align carbon markets with national priorities to unlock private investment in mitigation activities”.

A Swiss representative spoke about the potential for Article 6.2 transactions in helping achieve NDC targets. Capacity building needs for countries in the region is still a key barrier for scaling up of cooperative approaches under Article 6.2, and whilst progress is being made, the timelines are challenging, they said. As of now, the mandate for Switzerland’s Article 6.2 purchases only runs until 2030, so projects and ITMOs can only be authorised for this timeframe.

South Korea is a leading buy-side country in the region which has indicated an interest to procure up to 37.5 Mt of ITMOs by 2030. So far, progress on arranging transactions has been limited, though the government is working on finalising the next allocation plan for Korea’s national ETS, and there is an expectation of linkage with Article 6 that may encourage greater progress.

A representative from the Gold Standard outlined the need for independent crediting programmes to work with governments in the new world of Article 6. Gold Standard has already signed a Mutual Recognition



Agreement with Indonesia and is also working with the Thailand Greenhouse Gas Management Organisation (TGO) for its T-VER scheme. Projects under the T-VER programme can also apply for Gold Standard certification.

Gold Standard also asserted that there is a need for multiple standards to support competition and improvement in the Article 6.4 PACM market, to align with high-integrity criteria and emerging compliance schemes.

Audience members indicated they do not foresee the PACM taking over as the leading quality norm for voluntary corporate offsetting in the short term, and that there are varied expectations around the transaction volume of ITMOs before 2030. However, most attendees agreed that Article 6 will be an important component to raise ambition in countries’ new NDCs.

Another breakout session considered the role of carbon removals (CDR) in Asian countries. Speakers pointed out that this market is still in its relative infancy and is at present largely reliant on “hyperscalers” such as Google, Microsoft and Amazon for its market growth.

There is a critical role for removals as part of diversified portfolio strategies among major organisations, and CDR should focus on increasing its share of the market by making processes more efficient.

Some regional markets may offer potential demand, such as Japan’s GX ETS which is set to launch in 2026, but in the short term voluntary corporate buyers may remain the key source of demand.

A further breakout session looked at data standardisation and the potential for digital transformation of carbon markets, considering the use of open-source tools to measure abatement, as well as digital platforms to standardise project documentation. Speakers noted that there needs to be greater consistency across standards and common protocols to enable both machine-learning and to ensure that double-counting is avoided.

ACS 2025 CONCLUSION

A final plenary session explored how compliance markets, the voluntary carbon market and Article 6 mechanisms can be effectively leveraged to channel private capital into developing nations. Article 6.2 and 6.4 mechanisms were highlighted as key enablers to operationalize international cooperation and unlock results-based climate finance.

Many countries remain uncertain about what to authorise under Article 6, indicating a clear need for an NDC toolkit to help countries navigate authorisation and alignment with their NDCs.

Unfortunately, there remains disagreement whether reductions and removals are both valid tools for decarbonisation, and speakers made it clear that reductions are as important as removals.

Carbon projects need to be structured like infrastructure projects — demonstrating clear, long-term revenue streams, delegates heard. Long-term offtake agreements play a crucial role in providing visibility on revenue sources, which in turn increases confidence among financial institutions and attracts bank support.

Looking ahead to COP30, speakers expressed their hopes that the market would see more transactions that send a clear price signal to reinforce investor confidence and demand; that governments should continue work to create enabling policy environments to encourage private sector investment in carbon markets; and that governments preparing their next NDCs should step up their ambition, clearly define sectoral targets and recognise Article 6 as a vital tool for climate finance and cooperation.



WHERE CARBON MARKETS MEET TO DRIVE CLIMATE ACTION FORWARD





Headquarters
Grand-Rue 11
CH-1204 Genève
Switzerland
+41 22 737 05 00

Brussels
Rue du Commerce
Handelsstraat 123
1000 Brussels
Belgium
+32 289 55 747

Washington
1001 Pennsylvania Ave. NW
Suite 7117
Washington, DC 20004
+1 470 222 IETA (4382)

Toronto
180 John Street
Toronto, ON
M5T 1X5

Singapore
63 Robinson Rd,
Level 8 Afro-Asia,
Singapore 068894

IETA also has
representation in:
Argentina, Brazil,
China, Colombia,
India, Italy, Japan,
South Africa,
UK and US.