



**THE 45<sup>TH</sup> GENERAL ASSEMBLY  
OF ASEAN INTER-PARLIAMENTARY ASSEMBLY  
17-23 October 2024  
Vientiane, Lao PDR**

*The Role of Parliaments in Enhancing Connectivity and  
Inclusive Growth of ASEAN*

(Res.45GA/2024/Eco/05)

**RESOLUTION ON  
STRENGTHENING ASEAN'S PATH TO A HARMONISED CARBON  
TRADING SYSTEM FOR SUSTAINABLE GROWTH AND  
ENVIRONMENTAL RESILIENCE**

*Sponsored by Indonesia*

***The Forty-fifth AIPA General Assembly:***

**Recalling** Article 6 of the Paris Agreement, adopted during the 21<sup>st</sup> Conference of the Parties to the UNFCCC in Paris on 12 December 2015, which establishes a mechanism for countries to cooperate through internationally transferred mitigation outcomes (ITMOs) based on the principle of human rights, equity and justice, facilitating international carbon markets, enhancing flexibility in achieving emission reduction targets, and mobilising significant green investments, while fostering economic incentives for sustainable practices that contribute to global climate neutrality;

**Firmly supporting** the adoption of the [ASEAN Strategy for Carbon Neutrality](#) by the ASEAN Economic Community Council (AECC) and its endorsement by ASEAN Leaders at the 43<sup>rd</sup> ASEAN Summit in Jakarta, Indonesia in 2023, which articulates ASEAN's strategies to achieve carbon neutrality by 2050 through developing interoperable carbon markets, mobilising green capital, and setting common standards to enhance the credibility and functionality of carbon markets across the region;

**Reaffirming** the [AIPA Resolution Res.44GA/2023/Eco/01](#) on Accelerating Green Transition for Sustainable and Resilient Economic Growth, adopted on 9 August 2023 in Jakarta, Indonesia, which urges ASEAN Member States to promote carbon credit trading and incentives as essential tools to accelerate the region's green transition and enhance climate-friendly business practices;

**Referring to** the [AIPA Resolution Res. 43GA/2022/Eco/01](#) on Promoting Parliamentary Cooperation for Sustainable and Inclusive Economic Growth in ASEAN through Environmental, Social, and Governance (ESG) Approach, adopted on 23 November 2022 in Phnom Penh, Cambodia, which highlights the need for deeper regional cooperation in clean energy investment and technology transfer, urging ASEAN Member States to reduce carbon footprints and manage climate change adaptations towards a low-carbon society;

**Recognising** the [AIPA Resolution Res.35GA/2014/Eco/01](#) on Fostering Green Growth Development Strategy in ASEAN, adopted on 19 September 2014 in Vientiane, Lao People's Democratic Republic, which calls on ASEAN Member States to promote regional partnerships on renewable and efficient energy, supporting low-carbon cities, low-emission transport systems, and the development of carbon trade schemes to drive sustainable growth across the region;

**Acknowledging** the triple crisis of climate change, biodiversity loss, and community vulnerability, while noting the potential of Nature-based Solutions (NbS) as highlighted in the [Kunming-Montreal Global Biodiversity Framework](#) to enhance resilience for communities and ecosystems;

**Noting** that global carbon pricing revenues reached a record high in 2023, with over half allocated to climate and nature-related programs, highlighting the critical role of carbon markets in driving climate finance and enhancing environmental resilience;

**Recognising** that Southeast Asian countries hold nearly a quarter of the world's potential for natural climate solutions, with significant investment potential from carbon credit markets and vast areas of forests seen as viable carbon credit projects;

**Acknowledging** the challenges faced by ASEAN in transitioning from voluntary to compliance carbon markets, including the need for harmonised regulations, a lack of technical expertise, and uneven progress among Member States, which could hinder the region's ability to create a competitive and integrated carbon market hub;

**Highlighting** the crucial role of parliaments in advancing legislative frameworks that support carbon market integration, ensuring robust oversight, and facilitating collaboration between governments and the private sector to achieve regional climate goals.

**Hereby resolves to:**

**Urge** ASEAN Member States to explore harmonisation of standards for carbon markets across the region, to enable both voluntary and compliance carbon markets to operate under harmonised, transparent, and credible standards consistent with Article 6 of the Paris Agreement to enhance market integrity and facilitate cross-border carbon trading;

**Call on** AIPA Member Parliaments to prioritise legislation that aligns economic growth with climate goals, ensuring that national development strategies are in line with ASEAN's path to carbon neutrality and the establishment of a harmonised carbon trading system;

**Support** AIPA Member Parliaments to enact and support legislative frameworks that facilitate the transition from voluntary to compliance carbon markets, including policies that incentivise the participation of emissions-related industries and ensure the inclusion of Nature-based Solutions (NbS) in carbon credit trading;

**Advocate** for the adoption of carbon pricing policies including the possible establishment of Emission Trading Systems (ETS) across ASEAN Member States, ensuring harmonised approaches that align with regional visions for carbon neutrality by 2050;

**Strongly recommend** the development of national frameworks that enhance data collection and establish financial support mechanisms for carbon pricing initiatives, facilitating the creation of a robust data infrastructure to support carbon markets and ensuring parliamentary oversight of these processes;

**Call upon** ASEAN Member States to invest in digital tools and technology, that enhance the transparency, accuracy, and efficiency of Monitoring, Reporting, and Verification (MRV) systems, to ensure parliamentary oversight in the adoption of these tools;

**Recommend** the formation of a centralised carbon trading platform for ASEAN Member States, without inhibiting the ability of individual member countries from implementing their own domestic carbon pricing systems, for knowledge exchange, capacity-building, and market oversight, facilitating investments, partnerships, and the development of carbon credit projects across Member States;

**Support** efforts to mobilise private sector financing to fill the investment gap for climate and nature-based projects, while addressing barriers to scaling up private sector participation and ensuring that investments are directed towards communities most vulnerable to the impacts of climate change;

**Urge** ASEAN Member States to ensure that revenues generated from carbon pricing are allocated towards climate adaptation and mitigation projects, particularly in vulnerable communities, in line with commitments to environmental resilience and sustainable development;

**Call upon** AIPA Member Parliaments to promote enforceable laws and frameworks for carbon credit certification and trading, ensuring that high-integrity carbon markets deliver real outcomes for both the climate and affected communities;

**Encourage** efforts to mobilise support from relevant stakeholders to provide assistance and expert consultation aimed at strengthening regional capacity in carbon pricing and trading mechanisms, while facilitating regional collaboration through legislative frameworks that enable sharing of best practices, advancing subsidy reform, and aligning national laws with ASEAN's goals for low-carbon economic growth and climate neutrality;

**Promote** ASEAN Member States to harmonise standards on inventory, measurement, emissions verification, sustainability reporting, and green taxonomy, widely applicable across many areas such as construction, smart cities, waste treatment, land use and forestry, transport, energy, and digital;

**Call upon** AIPA Member Parliaments to study mechanisms to integrate renewable energy into carbon markets, enhance regional energy connectivity, enable the sharing of renewable energy resources among member states, reduce dependence on fossil fuels and reduce total regional emissions.

Adopted on the twenty-first day of October 2024 in Vientiane, Lao PDR.



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**EXPLANATORY NOTE**

**RESOLUTION ON STRENGTHENING ASEAN'S PATH TO A  
HARMONISED CARBON TRADING SYSTEM FOR SUSTAINABLE  
GROWTH AND ENVIRONMENTAL RESILIENCE**

The dual challenge of addressing climate change while ensuring sustainable economic growth is one of the most pressing concerns for ASEAN. In response, carbon markets have emerged as a key tool for mobilising substantial green investments and promoting sustainable practices. As ASEAN Member States strive to align their economic goals with the region's climate targets, particularly the goal of carbon neutrality by 2050 outlined in the [ASEAN Strategy for Carbon Neutrality](#), carbon markets offer significant potential to finance sectoral transitions and contribute to global net-zero efforts.

The resolution on “Strengthening ASEAN’s Path to a Harmonised Carbon Trading System for Sustainable Growth and Environmental Resilience” urges AIPA Member Parliaments to accelerate ASEAN’s transition towards carbon neutrality. By emphasising their legislative, oversight, and representative functions, Parliaments can help the formation of carbon trading platform that not only fosters climate resilience but also positions ASEAN as a global leader in carbon market development, unlocking vast economic opportunities.

The ASEAN Strategy for Carbon Neutrality, endorsed during the 43rd ASEAN Summit in Jakarta in 2023, emphasises developing interoperable carbon markets, mobilising green capital, and setting standards for carbon credit trading and greenhouse gas reporting. This resolution builds on that framework, encouraging ASEAN Member States to develop carbon markets that fosters economic growth while ensuring transparency and accountability.

In 2023, global carbon pricing revenues reached a record \$104 billion, with over half directed towards climate and nature-related programmes. A regional carbon trading system could provide ASEAN the scale to accelerate its carbon neutrality goals. The EU’s Emission Trading System (ETS), a successful cap-and-trade model, demonstrates how regional market integration can reduce emissions and attract investment in cleaner technologies. ASEAN could adopt a similar approach to establish credible carbon pricing mechanisms while learning from global best practices.

ASEAN has immense potential to be a major provider of nature-based carbon credits, with nearly a quarter of the world’s natural climate solutions. Its 114 million hectares of viable carbon credit projects could generate \$277 billion in investments. Countries like Indonesia and Viet Nam are already reducing deforestation and engaging in global

initiatives like the World Bank's Forest Carbon Partnership Facility and the LEAF Coalition, positioning ASEAN as a key global source of high-integrity carbon credits.

Despite this potential, the region still faces challenges in transitioning from voluntary to compliance carbon markets. The lack of harmonised regulations, technical expertise, and uneven progress across the region limits its ability to develop a competitive and centralised carbon trading platform. Digital tools such as monitoring, reporting, and verification (MRV) systems, alongside blockchain technology, are essential to ensure transparency, prevent market manipulation, and build investor confidence.

This resolution calls upon AIPA Member Parliaments to prioritise legislation that aligns economic growth with climate goals, supporting the formation of a centralised carbon trading platform that fosters both environmental and economic resilience. It also urges AIPA Member Parliaments to promote regional collaboration, enforceable carbon credits certification laws and frameworks, and integrate renewable energy into carbon markets to reduce fossil fuel dependence and total emissions across ASEAN.

Parliamentary action is vital in creating a path for ASEAN toward a harmonised carbon trading system. AIPA Parliaments are urged to enact legislation that facilitates the transition from voluntary to compliance carbon markets, develop Emission Trading Systems (ETS), and supports data frameworks to ensure market transparency. Furthermore, oversight is crucial to ensure that carbon pricing revenues are directed towards climate adaptation projects, particularly in vulnerable communities. By collaborating with international stakeholders and fostering regional partnerships, Parliaments can help build the expertise and infrastructure necessary for ASEAN's carbon market growth.