



JADE ROAD

ESG Insights

October Focus: Renewable Energy This Week, W41: Central & East Asia

- *Numerous Asian countries have already taken concrete steps to promote renewable energy sources with significant progress being made*
- *Renewable energy technologies such as wind power generators and hydropower stations have been supplying utility power across Central and East Asia*

OVERVIEW

With a population that is more than half of the world's total and an ever-growing energy demand, Asia has an enormous potential to utilise renewable energy to move towards a more secure energy future. Renewable and sustainable energy sources are expected to play an important role in meeting increasing energy demand and in providing a solution to environmental issues stemming from the usage of fossil-fuelled power generation.

OUTLOOK

Looking across East Asia, China is expected to see the share of modern renewables in the country's energy mix rise to 16% by 2030, as forecast by the International Renewable Energy Agency ("IRENA"). This is driven by the growing cost-competitiveness of renewable energy technologies and other benefits such as improved energy security and decreased air pollution. In South Korea, the country's Ministry of Trade, Industry, and Energy ("MOTIE") has announced its 'Renewable Energy 3020' Goals for Provision of Facilities to build over 48GW of new renewable power capacity by 2030, which would lead to 20% of the country's total energy consumption being from renewable energy by that time. Japan has also set a target in which the level of renewable energy usage by 2030 should be three times the level in 2010, with emphasis placed on solar, wind, hydro, biomass and geothermal energy sources. Furthermore, Japan and South Korea have made their respective pledge to achieve carbon neutrality by 2050 and China by 2060.

OPPORTUNITY

While natural gas and coal currently remain the dominant energy sources for the majority of countries in Central and East Asia, leading economies in this region have set ambitious targets to reduce carbon emissions in the coming decades. These targets have driven certain Asia countries to become leaders in renewable energy investments, and for the first time in history, China has overtaken Western countries in the value of major 'green' projects. This ongoing large-scale transition poses a number of challenges but also presents significant investment opportunities throughout the value chain for the efficient production and implementation of renewable energy, particularly for solar and wind energy. For instance, it is estimated that in Asia, a transition into green energy that targets keeping the average global warming to 2°C or 1.5°C above pre-industrial levels could create US\$26 trillion and US\$37 trillion respectively in new investment opportunities, equivalent to 1.7% to 2% of the continent's GDP.