

S'pore must take bold decisive moves to thrive in the green economy: Ravi Menon

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SINGAPORE - Transitioning to a green economy may be challenging for Singapore because of its lack of natural endowments. But it can thrive if it makes bold, decisive moves, said Mr Ravi Menon.

Delivering an Institute of Policy Studies lecture on Wednesday (July 7), the managing director of the Monetary Authority of Singapore pointed out that Singapore is the first country in South-east Asia to implement a carbon tax.

But at \$5 (US\$3.75) per tonne of greenhouse gas emissions, it is "far below" what is needed to catalyse carbon mitigation efforts, he said.

He observed that carbon pricing is gaining momentum around the world, and most countries which have implemented carbon pricing have carbon prices below US\$50 per tonne of carbon dioxide equivalent, except for some in Europe such as Sweden, Norway and France.

But carbon prices must be much higher to put the world on a trajectory towards achieving the Paris Agreement goals, he said, noting that experts have put the needed increase at between US\$100 and US\$160 per tonne of carbon dioxide equivalent by 2030.

The International Monetary Fund also recently proposed a three-tier carbon price floor among the largest emitters in the world, at US\$25, US\$50, and US\$75 per tonne.

"If major emitters agree on a global minimum carbon price, there is likely to be a convergence globally towards that price," said Mr Menon.

He added that higher carbon prices will have a significant impact on many industries globally. Harder-hit ones include power generation from fossil fuels, production of steel and cement, building and construction.

As the global transition from hydrocarbons to renewable energy gathers steam, it will be especially challenging for Singapore because of its natural limitations in the ability to harness renewable energy, he said.

Hence, it needs to be innovative to overcome these disadvantages - such as by using reservoirs to tap solar energy, and exploring transmission lines to neighbouring countries to tap and trade in the renewable energy they produce.

"We will need many more of such innovations in the years ahead," said Mr Menon, adding that transitioning to a net-zero economy opens up opportunities. "Countries with the technological capabilities and fiscal resources will be able to seize opportunities brought about by transition."