



**THE 46TH GENERAL ASSEMBLY
OF ASEAN INTER-PARLIAMENTARY ASSEMBLY
16-22 September 2025
Kuala Lumpur, Malaysia**

*Parliament at the Forefront for Inclusive Growth and
Sustainable ASEAN*

(Res 46GA/2025/Eco/03)

RESOLUTION ON

**ENHANCING ASEAN'S CARBON TRADING POTENTIAL:
STRATEGIES FOR REGIONAL INTEGRATION, ECONOMIC
GROWTH, AND ENVIRONMENTAL SUSTAINABILITY**

Sponsored by Malaysia

The Forty-sixth General Assembly:

Recalling Article 6 of the [Paris Agreement](#), adopted during the 21st Conference of the Parties to the UNFCCC in Paris on 12 December 2015, which provides accounting and reporting guidance for Parties to use internationally transferred mitigation outcomes towards their nationally determined contributions (NDCs) and establishes a framework for international cooperation that can significantly contribute to economic growth;

Further recalling the AIPA Resolution No. [Res.45GA/2024/Eco/05](#) on Strengthening ASEAN's Path to a Harmonised Carbon Trading System for Sustainable Growth and Environmental Resilience, urging AIPA Member Parliaments to accelerate ASEAN's transition to carbon neutrality, enhance climate resilience and establish ASEAN as a global leader in carbon market development;

Referring to the [ASEAN Strategy for Carbon Neutrality](#), adopted by the ASEAN Economic Community Council (AECC) and endorsed by ASEAN Leaders at the 43rd ASEAN Summit in 2023, which is a key initiative to accelerate an inclusive transition towards a green economy, foster sustainable growth, and complement national efforts through a coordinated regional approach;

Recognising the importance of a cohesive and robust ASEAN carbon market ecosystem to support the achievement of climate goals and promote sustainable growth among ASEAN Member States, while acknowledging challenges such as fragmented initiatives, high project development costs, limited technical expertise, and

inconsistent credit quality that risk impeding investor confidence and regional integration;

Encouraging ASEAN Member States to harmonise carbon market standards and regulations, aligning with global standards and facilitating cross-border trading, to create a stable investment environment and enhance regional carbon market effectiveness in line with the ASEAN Common Carbon Framework (ACCF);

Highlighting the importance of sustainable finance and emphasising the critical role of private sector investment in scaling up carbon projects in the region, attracting sustainable capital, and aligning carbon trading with ASEAN's economic growth objectives;

Noting the development of carbon markets that generate economic benefits through job creation and revenue, while maintaining high transparency and integrity standards.

Hereby resolves to:

Call upon AIPA Member Parliaments to enact and promote policies that support ASEAN's carbon trading potential as a core strategy for regional integration, economic growth, and environmental sustainability;

Urge the establishment of a robust ASEAN framework that promotes the transfer of high-quality and high-integrity carbon credits, ensuring alignment with international standards as per Article 6 of the Paris Agreement, to enhance market credibility and ensure equitable benefit-sharing to local communities;

Suggest prioritising sustainable finance and private sector engagement to scale carbon reduction projects, attract sustainable capital, and align carbon trading with ASEAN's economic development goals;

Reaffirm the potential of ASEAN carbon markets in delivering economic benefits through promoting a sustainable low-carbon economy that is fair and inclusive for all, while ensuring the additionality of carbon projects and the generation of high-integrity carbon credits through robust, transparent systems and rigorous prevention of greenwashing with stringent standards;

Encourage ASEAN Member States to implement standardised and robust measurement, reporting, and verification methodologies, aligned with international best practices, to ensure accurate and reliable carbon emission reductions and to strengthen ASEAN industries preparedness for emerging international trade-related carbon measures;

Promote the adoption of digital technologies, such as blockchain and the Internet of Things (IoT), to enhance the security, traceability, and transparency of carbon credit transactions in ASEAN;

Task the AIPA Secretariat to explore and conduct climate-related projects and capacity-building workshops to strengthen the technical and regulatory capacity of AIPA Member Parliaments by involving relevant stakeholders in supporting an effective ASEAN carbon trading ecosystem and to facilitate parliamentary peer learning on carbon trading legislation by drawing insights from established Emissions Trading Systems (ETS) in other regions;

Encourage ASEAN Member States to provide support for both voluntary and compliance carbon markets;

Strengthen technical cooperation through capacity building, skills development, and regulatory support mechanisms under the ACCF workplan, to reduce transaction costs, improve market liquidity, and attract greater green investment across the region.

Adopted in Kuala Lumpur, Malaysia on the Twentieth Day of September, in the Year Two Thousand and Twenty-Five.



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EXPLANATORY NOTE

Original Version

Carbon Trading is a market-based mechanism designed to reduce greenhouse gas emissions by creating financial incentives for companies and countries to lower their carbon footprint. It involves the buying and selling of carbon credits, which represent specific quantities of greenhouse gas emissions, typically one metric ton of carbon dioxide equivalent (CO₂e).

It aims to mitigate climate change by providing economic incentives for reducing emissions. It promotes sustainable development and encourages innovation in emission reduction technologies. Despite its potential, carbon trading faces challenges such as carbon leakage and insufficient penalties for non-compliance.

ASEAN's emerging carbon markets hold significant potential for economic growth and environmental sustainability, with the capacity to generate up to USD3 trillion by 2050, mitigating 1,120 metric tons of carbon dioxide equivalent and creating 13.7 million jobs. However, realising this potential requires strategic integration and cooperation among ASEAN Member States to overcome challenges such as regulatory uncertainty, market fragmentation, and the risk of carbon leakage, where emissions reductions in one country led to increases in another. Additionally, without clear policies on the equivalence of carbon pricing mechanisms, businesses may relocate to countries with less stringent regulations. This involves leveraging carbon trading to achieve economic benefits while supporting environmental goals through strategies like interoperable carbon markets, nature-based solutions, energy transitions, and developing biochar and blue carbon markets.

Gaining full support from ASEAN countries can be achieved by establishing collaborative frameworks, raising public awareness, strengthening political alliances, and enhancing capacity building. By turning carbon trading into a profitable venture through investment opportunities, robust carbon credit trading systems, and innovative projects, ASEAN can drive economic growth and achieve environmental sustainability, ultimately positioning itself as a leader in sustainable finance.

This resolution reflects ASEAN's potential to harness carbon trading as a catalyst for sustainable economic growth and environmental sustainability. Malaysia stands firmly behind this resolution, advocating for carbon trading as a means of promoting emissions reduction, economic empowerment, and regional cooperation. By adopting this resolution, ASEAN Member States can collectively work towards a sustainable, resilient, and inclusive future for the region's carbon market, unlocking a potential USD3 trillion in cumulative revenue by 2050 and creating millions of green jobs.

Finally, this resolution urges AIPA Member Parliaments to enact legislation and foster regional collaboration to establish a transparent and effective ASEAN carbon trading system that aligns economic growth with climate goals, promotes renewable energy, and directs carbon revenues towards climate adaptation, particularly in vulnerable communities.