

Singapore may need carbon credits or nuclear energy to reach net zero by 2050: Chee Hong Tat

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FOR Singapore to achieve its net-zero target by 2050, the country would need to either rely on carbon credits or tap nuclear energy, said Senior Minister of State for Finance and Transport Chee Hong Tat on Monday (Dec 5).

"I am not confident that we will be able to bring it down all the way to zero – which means that in the end, to realise our net-zero target, we would still have to rely on carbon credits to some extent," he said at the 37th Singapore Economic Roundtable organised by the Institute of Policy Studies (IPS).

"That is something which we have to be prepared for," he said, adding that Singapore may not be able to decarbonise its economy completely by 2050 without carbon credits.

Chee was responding to a question during a discussion moderated by IPS adjunct senior research fellow Manu Bhaskaran on the future of energy, following an energy crisis triggered by the Russia-Ukraine war that has forced some countries to "go back to fossil fuels".

His comments come over a month after Singapore declared its commitment to reach net-zero greenhouse gas emissions by 2050.

Chee said Singapore's energy challenge will remain "for quite some time", adding that the "only way out of that constraint" is if nuclear energy becomes safe enough to be used in a highly urbanised place like Singapore.

"I don't know whether that will



Senior Minister of State for Finance and Transport Chee Hong Tat (right) speaks during a panel discussion at the 37th Singapore Economic Roundtable moderated by Manu Bhaskaran, adjunct senior research fellow at the Institute of Policy Studies. PHOTO: NG SOR LUAN, ST

happen in the foreseeable future ... (I) don't think that will be so readily available. And it's not just the technology – it's also the acceptance by the population," he said.

Outlining Singapore's options, Chee said solar power is likely to comprise a "single-digit type of percentage" for Singapore's overall energy mix despite its aggressive push for solar, adding that the country is exploring ways of importing renewable energy from the region as well as Australia, alongside the possibility of using hydrogen.

"Carbon credits then give us the option to be able to reach net zero while still allowing economic growth to happen," he said. "Otherwise, we've got no money to buy carbon credits."

This echoes a point Chee made

in an earlier speech, where he reiterated the importance of "sustainable growth" – by staying open, innovating and being inclusive – as a means to improve Singaporeans' lives.

Such growth would allow Singapore to overcome its land, labour and carbon constraints, while also rising above near-term challenges such as the slowing global economy and geopolitical conflicts, he said.

During the discussion, Chee added that it is also necessary to maintain stability, strong rule of law, and a predictable regulatory environment with policies that are not based on "populist sentiment".

Referring to recent suggestions by the Workers' Party to impose a windfall tax on well-performing sectors, as well as an adjustable

carbon tax rate based on economic conditions, Chee said: "All this actually would introduce greater uncertainty for businesses, make it harder for companies to be able to plan long-term and to be able to decide on their longer-term investments."

Hsien-Hsien Lei, chief executive of the American Chamber of Commerce, said while her members want to make longer-term investments – in both dollar value and their people – in Singapore, they have become "very concerned" about the inflow and exit of "fast money" here.

"They feel that these folks and their companies who want to commit to Singapore for the long term are unable to do so, because some of the recent movement of capital into Singapore has displaced the opportunity for them to find housing that is affordable, to be able to be comfortable in their cost of living," said Lei. "And so they feel that they may need to look elsewhere, including the Middle East."

Chee replied that "fast money" is not a source of growth, adding that Singapore's strategy is to develop an ecosystem that would attract long-term investments, as this also delivers sustainable growth.

He said the government is "very carefully managing" this, adding: "When we sense that there's hot money coming in and we need to do something, that's why we have measures such as the Additional Buyer's Stamp Duty and some (others) to curb speculation."

As an open, immigrant society, Chee said Singapore welcomes those who wanting to sink roots here and contribute to the society.