

SINGAPORE SIGNS IMPLEMENTATION AGREEMENT WITH BHUTAN TO COOPERATE ON CARBON CREDITS UNDER ARTICLE 6 OF THE PARIS AGREEMENT

1 Singapore and Bhutan signed an Implementation Agreement on carbon credits cooperation under Article 6 of the Paris Agreement today. The Implementation Agreement was signed between Singapore's Minister for Sustainability and the Environment and Minister-in-charge of Trade Relations Grace Fu and Bhutan's Minister of Energy and Natural Resources Gem Tshering, during the latter's visit to Singapore. This marks Singapore's first Implementation Agreement with a carbon-negative country¹, reinforcing both nations' commitment to global climate action.

2 The Implementation Agreement establishes a framework for the transfer of carbon credits generated from carbon mitigation projects aligned with Article 6 of the Paris Agreement. Project developers can leverage this framework to develop high-quality carbon credit projects that are aligned with the Article 6 rulebook.

3 This collaboration will advance both countries' climate ambitions by directing financing towards additional mitigation efforts. The carbon mitigation projects authorised under the Implementation Agreement will promote sustainable development and deliver tangible benefits to local communities, such as creation of jobs, improved access to clean water, enhanced energy security, and reduction of environmental pollution.

4 Project developers can leverage this framework to develop high-quality carbon credit projects that are aligned with the Article 6 rulebook. Information on the process for authorisation and eligible carbon crediting methodologies under the IA will be published in due course.

5 Minister Fu said, "Singapore is pleased to partner with Bhutan, a carbon-negative country and a leader in environmental stewardship, to accelerate climate action through this Implementation Agreement. By working together on high-integrity carbon markets, we can drive sustainable growth, mobilise climate finance, and reduce global carbon levels. This collaboration strengthens our shared vision for a greener and more sustainable future, and accelerate the global green transition."

¹ A carbon-negative country removes more carbon from the atmosphere than it emits.

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6 Minister Gem Tshering said, “Bhutan has placed environmental conservation at the heart of our national identity, guided by our deep reverence for nature. As a carbon-negative country, we remain steadfast in our commitment to balancing economic progress with environmental integrity. Our Implementation Agreement with Singapore sends a powerful message on the importance of international collaboration on high-integrity carbon markets to address climate change. We are pleased that our cooperation will reinforce Bhutan’s long-standing vision of sustainable development – one that conserves our forests, supports our communities, and ensures our planet continues to thrive for generations to come.”

7 This Implementation Agreement with Bhutan is Singapore’s third such agreement, following agreements with Ghana and Papua New Guinea.

Annex A: Photo of signing

Annex B: Implementation Agreement Factsheet

**MINISTRY OF TRADE AND INDUSTRY
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Photo of signing



Caption: Singapore Minister for Sustainability and the Environment and Minister-in-charge of Trade Relations Grace Fu and Bhutan's Minister of Energy and Natural Resources Gem Tshering sign Implementation Agreement for Singapore and Bhutan to collaborate on carbon credits under Article 6 of the Paris Agreement.

Annex B

Implementation Agreement Factsheet

- The Implementation Agreement between Singapore and Bhutan sets out a legally binding bilateral framework for the international transfer of correspondingly adjusted² high-integrity carbon credits aligned to Article 6 of the Paris Agreement. Both countries will set out the process to seek authorisation for carbon credit projects and corresponding adjustments for implemented mitigation outcomes. Information will be made available on <https://go.gov.sg/article6> in due course.
- Correspondingly adjusted carbon credits authorised under this Implementation Agreement may be used for various purposes, such as:
 - To offset up to 5% of a company's taxable emissions under Singapore's ICC framework³ from 1 Jan 2024, subject to eligibility.
 - To comply with binding mandates such as Nationally Determined Contributions (NDCs) and other international mitigation purposes e.g., the requirements under the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA).
- Singapore has committed to channelling the value equivalent to 5% share of proceeds from authorised carbon credits towards climate adaptation measures, such as heat resilience measures and climate-resilient agriculture, in Bhutan.
- As a contribution towards a net reduction of global emissions, Singapore has committed to having 2% of the correspondingly adjusted carbon credits authorised under this Implementation Agreement cancelled at first issuance. These carbon credits that are cancelled cannot be sold, traded, or counted towards any country's emission targets.
- Singapore has also signed Implementation Agreements with Papua New Guinea and Ghana.

² Corresponding adjustment prevents the double counting of emissions reductions or removals in both buyer and host country's national greenhouse gas inventories. For example, when Country X (buyer) receives five tonnes of carbon dioxide equivalent (tCO₂e) of carbon credits from Country Y (host country), Country Y (host country) has to add five tCO₂e to its greenhouse gas inventory while Country X (buyer) will reduce five tCO₂e from its greenhouse gas inventory.

³ The ICC Framework was introduced in Nov 2022 alongside the progressive increase in carbon tax rate under the Carbon Pricing (Amendment) Bill, from S\$5 per tonne of emissions to S\$25 per tonne in 2024 and 2025, and S\$45 per tonne in 2026 and beyond.