

CIRCULAR ECONOMY CENTRAL TO COVID-19 RECOVERY AND LONG-TERM GROWTH ACROSS ASEAN: EU-ASEAN BUSINESS COUNCIL

- *Transition to low-carbon, sustainable growth as effective strategy for COVID-19 recovery and resilient rebuilding of ASEAN*
- *Trade and investment opportunities, additional income source, food security as key socioeconomic gains in a circular economy approach*
- *Circularity is key in helping ASEAN implement United Nations Framework Convention on Climate Change (UNFCCC) and Paris Agreement targets*

Singapore, 29 July 2020 – The [EU-ASEAN Business Council \(EU-ABC\)](#), the primary voice for European business within the ASEAN region, today published “Advancing ASEAN’s Circular Economy Agenda”, a position paper outlining the value of circular economy models that contribute to post-pandemic revival strategies. In line with the regional vision for a cohesive and responsive ASEAN, the EU-ABC positions circularity as a catalyst for sustainable growth, providing recommendations that not only mitigate the socioeconomic damage caused by Covid-19, but also drive long-term growth.

Linear economy models based on the assumption of limitless resources and waste absorption capacity have created a legacy of vulnerability and displacement that is unsustainable. Circular economy models are designed to decouple economic growth from resource consumption, enabling businesses, society, and the environment to thrive symbiotically. It is based upon three principals - reducing waste and pollution, maximising the potential of products and materials, and allowing natural ecosystems to regenerate by avoiding the use of non-renewable resources.

Donald Kanak, Chairman, EU-ABC and Chairman, Eastspring Investments, said, “Circular economy models provide the foundation for resilience, preparedness, and competitiveness, bringing crucial benefits for both the economy and environment across all levels. This will be vital in addressing the environmental complications stemming from climate change and the increasing amounts of waste produced by ASEAN’s fast expanding economies and populations,” said. “This approach is aligned with regional objectives discussed at the recently concluded 36th ASEAN Summit, where leaders reiterated the need for a comprehensive recovery framework that is robust, holistic, inclusive, gender-responsive and science-based, safeguarding the region’s long-term prosperity.”

While the circular economy approach touches on all aspects and streams of waste, EU-ABC’s paper highlights the urgency of addressing plastic wastage. [According to the United Nations](#), cities in Southeast Asia are responsible for as much as 60 per cent of plastic waste globally, with plastic making up [18 per cent of ASEAN’s municipal waste](#). The issue is exacerbated by the unregulated dumping and burning of waste, along with limited infrastructure to support the proper disposal of plastic waste.

Left unchecked, these practices not only aggravate climate change, but also incur significant costs for ASEAN. Putting things in perspective, [the World Economic Forum](#) estimates plastic packaging waste to cost the global economy US\$80 billion to US\$120 billion each year, while the [United Nations Environment Programme \(UNEP\)](#) has found plastic litter to cost Asia Pacific’s tourism, fishing, and shipping industries US\$1.3 billion per annum.

Leslie Chong, Public Affairs and Communications Director, Asia, Middle East and Africa, FrieslandCampina, said: “Circularity is key to operating in balance with nature. FrieslandCampina’s purpose, Nourishing by Nature, is about sustainable nutrition and making the entire dairy chain more sustainable, from grass to glass. Climate-neutral products can only be achieved if governments, consumers, retailers, other companies and suppliers all contribute to this movement. We stand ready to work with public and like-minded stakeholders to make progress towards building inclusive local green economies.”

Hermann Althoff, Senior Vice President, BASF's Performance Chemicals unit in Asia Pacific, said, *“At BASF we are committed to creating a sustainable future, and are developing a broad range of products to enable the shift from a linear to a circular economy. Our plastic additives are one way that customers can reduce greenhouse emissions, use resources more efficiently, and reduce plastic waste. Keeping plastics out of landfills helps extend the loop for this valuable material on our way to a circular economy.”*

Recommendations from EU-ABC:

1. Short Term Approach for National Governments

At the earliest opportunity, governments should put in place processes necessary to support a circular economy for plastics, some of which include waste collection, separation, and reuse. Costs should also be imposed on negative externalities to discourage commercial use of plastic. Public-private consultations will be a vital enabler, as well as to discuss plans for longer term sustained initiatives.

2. Medium to Long Term Approach for National Governments

For medium to long term gains, governments should invest efforts in supporting organisations in their transition to circular economy models, starting with education and training before moving on to innovation incubators. Proper regulations and framework should also be implemented for the waste collection industry, with appropriate training provided to workers in the sector. Finally, standardisation of recycling labels will help ensure regional rather than piecemeal efforts.

3. On an ASEAN Level

To further drive regional momentum, the ASEAN Secretariat could spearhead research and innovation efforts into sustainable polymers and packaging that could be used as an alternative to plastic. An ASEAN wide framework agreement on plastic pollution could also be negotiated to create a common regional approach that would reaffirm the commitment and ability of member states to jointly address challenges.

The EU-ABC's position paper comes at a timely moment as ASEAN member states begin to discuss and implement various Covid-19 recovery strategies, creating a window of opportunity to recalibrate economies for sustainable growth. ASEAN leaders will once again be meeting via video conference on 30 July to discuss pandemic post pandemic recovery plans for the region. Green growth now, more than ever, needs to be featured more prominently, being vital to secure ASEAN's long-term economic competitiveness and resilience. Although sustainable growth has been a priority for ASEAN leaders, more can still be done to move the needle.

Taking a circular approach can lower costs of production, increase trade and investment with like-minded trading partners such as the European Union and South Korea, and drive the creation of jobs, creating a healthy ecosystem that allows future generations in ASEAN to thrive. The [Economic Research Institute for ASEAN and East Asia \(ERIA\)](#) also found that the adoption of circular economy models in Asia could bring about economic growth of US\$324 billion and create 1.5 million jobs by 2025. Combined with the cost savings from implementing a circular approach, this could potentially reverse the impact of Covid-19 in a quick and sustainable manner.

The paper notes that as effects of climate change and environmental degradation harm those at the bottom of the socioeconomic ladder the most, adopting the circular economy does not just contribute to the fight against climate change, or bring in additional revenues – it also secures a better future for the people of ASEAN. Government led national directives will thus play a crucial role to kickstart, direct, and sustain the process of



convincing commercial organisations about the benefits of circular economies.

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About the EU-ASEAN Business Council

The EU-ASEAN Business Council (EU-ABC) is the primary and sole voice for European business covering all of the ASEAN region.

It is recognised by the European Commission and the ASEAN Secretariat and is an accredited entity under Annex 2 of the ASEAN Charter. Independent of both bodies, the Council has been established to help promote the interests of European businesses operating within ASEAN and to advocate for changes in policies and regulations which would help promote trade and investment between Europe and the ASEAN region. The Council works on a sectorial and cross-industry basis to help improve the investment and trading conditions for European Businesses in the ASEAN region through influencing policy and decision makers throughout the region and in the EU, as well as acting as a platform for the exchange of information and ideas amongst its members and regional players within the ASEAN region.

The EU-ABC's membership consists of large European Multi-National Corporations and the nine European Chambers of Commerce from around Southeast Asia. The EU-ABC represents a diverse range of European industries cutting across almost every commercial sphere from car manufacturing through to financial services and including Fast Moving Consumer Goods and high-end electronics and communications. Our members all have a common interest in enhancing trade, commerce and investment between Europe and ASEAN.

The Executive Director of the EU-ASEAN Business Council is Mr Chris Humphrey, and its Chairman is Mr Donald Kanak. The Council is led by an elected Board consisting of corporate leaders representing a range of important industry sectors and representatives of the European Chambers of Commerce.

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