

Webinar – EU & ASEAN: Working Together for A Green Recovery

The EU and ASEAN have made their commitments towards achieving a more sustainable economic recovery from the COVID-19 pandemic. With the EU-ASEAN strategic partnership, questions are being asked about how these two partners can work together towards a green recovery.

On 23 February 2021, the EU-ASEAN Business Council (EU-ABC) hosted a webinar titled: “EU & ASEAN: Working Together for A Green Recovery”. The session was opened by H.E. Mairead McGuinness, European Commissioner for Financial Services, Financial Stability, and Capital Markets Union, and H.E. Dato Seri Setia Ir. Awang Haji Suhaimi Bin Haji Gafar, Minister for Development, Brunei, the ASEAN Chair for 2021.

In their opening remarks, H.E. McGuinness and Dato Suhaimi stressed the strong dialogue partnership between the EU and ASEAN, where both regions share a common goal in achieving sustainable and inclusive growth for the future.

The panel discussion featured views from H.E. Igor Dreismans, Ambassador of the EU to ASEAN; Ann Mettler, Vice President, Europe at Breakthrough Energy; Lars Tveen, President, Developing Regions, Danfoss; Dr Helena Varkkey, Senior Lecturer at the University of Malaya, with Don Kanak, Chairman of the EU-ASEAN Business Council, moderating the session. The session was then closed by H.E. Dato Seri Setia Dr Awang Haji Mohd Amin Liew Bin Abdullah, Minister at the Prime Minister’s Office, and Minister of Finance and Economy II, Brunei.

What “Green” Means for the EU and ASEAN

To the EU, Ambassador Driesmans noted that “green” mainly refers to the decoupling of resource usage from economic growth. With that, the EU Green Deal is a growth strategy with an action-driven roadmap that aims to transform the EU into a sustainable, resource-efficient, and competitive economy. From a broader perspective, the Green Deal would act as a basis to incorporate Environment, Social, and Governance (ESG) principles into other policies set by the EU. Stressing that international cooperation is crucial for the success of the Green Deal, Ambassador Driesmans believes that the EU needs to (1) upscale more programmes for cooperation with ASEAN, (2) engage in policy dialogues on a regional and global level to bridge any differences on ESG goals that a partner might have with the EU, and (3) communicate with its partners more smartly.

In contrast to the EU, Dr Varkkey noted that the ASEAN Member States see “green” as using resources more sustainably to achieve its development goals quickly. This is because ASEAN and the EU have different levels of development and therefore ASEAN has a different strategy for development. Given that ASEAN is still developing, decoupling growth and resource usage would not be as easy for ASEAN as it would for the EU. To ensure a good partnership on working towards a green recovery, Dr Varkkey stressed that it is crucial for the EU and ASEAN develop a deep understanding of each other’s unique circumstances and adopt a principle of ‘equal but

EU-ASEAN Trade and Investment

- EU is ASEAN’s 3rd largest source of FDI in 2019
 - USD \$15.4 Billion
- EU is ASEAN’s 3rd largest trading partner in 2019
 - USD \$281.5 Billion
- ASEAN is the EU’s 3rd largest trading partner outside of Europe in 2018.
 - USD \$290 Billion
- EU-Vietnam & EU-Singapore Free Trade Agreement

differentiated responsibilities'. For example, this could mean the EU taking ASEAN-based palm oil certifications seriously or acknowledging that innovation happens in ASEAN. Regardless, Dr Varkkey is optimistic about EU-ASEAN relations, citing the EU-ASEAN Joint Working Group on Palm Oil as a huge sign of progress in overcoming obstacles and in strengthening their partnership against climate change.

Making Green Growth Feasible and Viable

Tveen believes that achieving green growth with clean energy is possible for any country because the technology exists. However, he qualifies his statement by stressing that each region and country must tailor their solutions to find the most financially attractive way to generate green growth sustainably. He also shares that the key decision-makers are still unaware of such green technological solutions. Given the urgency of climate change, Tveen asserts that key decision-makers need high-level information with unnecessary technicalities so that they are empowered to make decisive changes with speed.

To increase the adoption of clean energy, Mettler shared 3 key overlapping strategies. First, public-private partnerships must be formed when a country executes its energy transition plans because the scale and depth of energy transition projects are too huge for either sector to take sole responsibility. Second, the innovation cycle for new uncommercialised clean energy technologies, which will be responsible for 50% of the emission reductions needed to hit decarbonisation targets, must be executed completely at an accelerated rate. Lastly, clean energy must be cheaper for consumers to encourage adoption. This is crucial for developing countries in ASEAN. This can be achieved with policies such as feed-in-tariffs, which was instrumental in ensuring that electricity from solar photovoltaic systems is cost-competitive in Germany.

Responding to Sceptics of the EU Green Deal

Sceptics asked if the EU is being protectionist and unfair to developing countries with the Green Deal's Carbon Border Adjustment mechanism. To allay the sceptics, Ambassador Driesmans stressed that the EU Green Deal is not protectionist and WTO compliant. The Carbon Border Adjustment mechanism was included in the Green Deal because the EU faces the issue of 'carbon leakage', where companies relocate to countries with lax environmental laws to avoid costly ESG policies. Mettler also shared that previous EU policies were made ineffective due to carbon leakage and the Carbon Border Adjustment mechanism is important to ensure other aspects of the Green Deal are effective. Kanak further added that similar mechanisms will likely arise in other countries as more governments announce their "green" commitments. Moreover, as more companies include ESG requirements in their investments, "green" commitments are now more important for countries looking to be competitive in attracting foreign investments.