



PRESS RELEASE

EU-ASEAN BUSINESS COUNCIL MEETS ASEAN FINANCE MINISTERS & CENTRAL BANK GOVERNORS

LINKS GREENING OF SUPPLY CHAINS AND ENERGY TRANSITION TO SUSTAINABLE & JUST RECOVERY FOR ASEAN

HIGHLIGHTS NEED TO ACCELERATE ACTION ON ASEAN INTEGRATION

Singapore – 8 April: The EU-ASEAN Business Council (EU-ABC) today held its annual consultation meeting with the ASEAN Finance Ministers and Central Bank Governors. In line with Cambodia's Chairmanship theme for ASEAN of "ASEAN Addressing Challenges Together", the Council focussed on the need for the region to accelerate regional action to ensure a sustainable and just recovery for ASEAN.

Key recommendations made by the EU-ABC to the Ministers and Central Bank Governors were:

- "Green" supply chains to maintain ASEAN's attractiveness for Foreign Direct Investment
- Accelerate energy transition whilst meeting increasing electricity demands
- Accelerate ASEAN Economic Integration, particularly the removal of Non-tariff barriers to trade and the harmonisation of standards
- Accelerate transition to digital economies
- Deliver on sustainable universal healthcare coverage
- Importance of all the above to improve the attractiveness of ASEAN to fund the US\$230bn annual infrastructure needs and for create the jobs of the future

Speaking about the consultation meeting with ASEAN Finance Ministers & Central Bank Governors, **Donald Kanak, Chairman of the EU-ASEAN Business Council** said: "ASEAN as a region has responded well to the COVID pandemic, through public health initiatives and large fiscal support packages. GDP growth is returning, and the region's share of global FDI increased. But with new challenges of inflation, supply chain bottlenecks, and increasing urgency to deal with climate change, strong concerted action is needed on several fronts for a sustainable recovery. The good news is that the responses to these challenges can be mutually reinforcing not conflicting. Investing in energy transition and greener business models will both accelerate job creation and position ASEAN as the centre of "green supply chains" and jobs of the future. Businesses are looking to invest more in regions or countries that are moving forward to green their economies. This creates a window of opportunity for public-private alignment and cooperation on inclusive growth".

Speaking further about the meeting, **Donald Kanak** continued: "There is an absolute need for Governments and the Private Sector to work together to solve the challenges we all face today, for our futures. ASEAN can become an even more attractive centre for sustainable investment, but policy will matter. There is a competitive global market for capital because so many countries will be retooling their infrastructure for energy, for secure supply chains and for the new digital economy. This means reinforcing and unifying the region's approach on areas like ESG standards and disclosures and shifting policy to advance a more sustainable energy mix, without sacrificing access or security. At the same time, there is unfinished work to do on removing barriers to trade and investment. Our members are optimistic on the opportunities in ASEAN and eager to partner in tackling these challenges."

The EU-ABC also took the opportunity of the meeting with ASEAN Finance Ministers and Central Bank Governors to publish two new advocacy reports: One on insurance, *We Act: Addressing Protection Gap Together, Sustainably* and one on the ASEAN Taxonomy for Sustainable Finance, *The ASEAN Taxonomy: The Need for Further Enhancements to Attract Sustainable Finance*.


Speaking about the new papers, **Chris Humphrey, Executive Director of the EU-ABC** said: "Both of these new papers relate to the topics raised with the ASEAN Finance Ministers. Our Insurance paper covers recommendations both on digital access to wellness solutions and increased insurance protection as well as



looking the development of ESG standards in the insurance sector in ASEAN. The latter is key going forward for the development of the insurance sector, whilst increased use of digital tools will enable the uninsured to get easier access to insurance and health-related solutions. On ASEAN Taxonomy, we commend ASEAN for the progress made to date on developing a region-wide approach for how sustainable finance projects can be assessed: the Taxonomy now needs to be developed further to help financial institutions see ASEAN as region where they can invest in sustainable projects – not just those that are clearly net-zero carbon but also, importantly, those that will help the region transition to a net-zero environment.”


END

Key Recommendations in the EU-ABC's Insurance Paper:




Digital Insurance

- Regulators to draft regional principles and guidelines on the supervision of the distribution of insurance products and insurers' business transactions via digital channels.
- Regulators to introduce well-defined local rules to encourage and support insurers' innovation and to facilitate consumers' access to insurance digitally.




Digital Health

- ASEAN to develop a regional digital health strategy by referring to WHO's National eHealth Strategy Toolkit[1]. The strategy would outline regional goals and strategic priorities as well as implementation rules and policies, with a focus on tackling chronic illnesses/Non-Communicable Diseases (NCDs).
- Governments to establish a more regular routine of driving healthcare across Ministries e.g., a common healthcare-related KPI that all Ministries are working toward together.



Cross-border Data Flows

- ASEAN policymakers and regulators to focus on promoting interoperability and ultimately, globally aligned standards, to enable cross-border data flows between jurisdictions with different legal and regulatory systems while safeguarding privacy, thus enabling innovation and better access to affordable insurance. ASEAN regulators to endorse the ASEAN Model Contractual Clauses for Cross-Border Data Flows (MCCs) and clearly communicate their endorsement to businesses to promote confidence in the use of the MCCs for transferring data across jurisdictions. Governments to provide multiple mechanisms for the cross-border transfer of data, explicitly mentioning acceptable frameworks and standards for transfers to enable interoperability.



ESG

- ASEAN to develop regional principles for ESG reporting to facilitate insurers' investment re-orientation with a focus on sustainability disclosure, open data, ASEAN convergence and international contribution.
- Regulators to provide incentives and a supportive framework to encourage insurers to commit to ESG and to offer more sustainable insurance products and solutions.

Key Recommendations from the EU-ABC on ASEAN Taxonomy Development:

For ASEAN and its Member States, the overarching objective remains to maximise liquidity for brown industries transitioning in ASEAN. The implementation and operation of the Plus Standard Tiers should give comfort to financiers over the credibility of clients' plans based on the ASEAN Plus tiers.

The ultimate goal is a taxonomy that has such a high degree of credibility that financial institutions will accept the tierings and make decisions on that basis. This would accelerate the development of a liquid transition market, taking over from the more ad-hoc provision of SLBs/SLLs products that rely on bespoke KPI assessment and monitoring, constraining the amount of transactions.

Key components of the next phase developments should include:

1. Long-term carbon neutrality targets;
2. Sectoral metrics and milestones that effectively set out a path from the starting point (different for each tier) to short, medium and long term targets;
3. Development of screening criteria and/or alternative means of judging whether an activity or investment is consistent with the pathway set out in a given sector and tier;
4. Flexibility for evolution of the tiers in response to science and external developments;
5. Socialising/communicating the ASEAN approach so that economic actors accommodate it in their thinking.

As noted above, the Version 1 of the ASEAN Taxonomy is making strides in the right direction to accommodate all of the elements mentioned above. The tiered approach allows for tailoring to ASEAN's varied economic development status and for the financing of important transition projects. Its evolution, and importantly the development of the Plus Standards, will be key to improving the attractiveness of the region for sustainable finance funds going forward. Ensuring that the development of the ASEAN Taxonomy includes the elements mentioned above will help position the region better to attract such funds in an increasingly competitive global landscape.

It is also necessary to ensure that ASEAN continues to have a seat at the table in large international forums that are driving transition, to ensure the needs of Asia are taken into consideration by global players. This will include representation in Government-led policy developments forums – for example IPSF (International Platform for Sustainable Finance), G20, APEC, as well as representation by private bodies in industry policy work at global level – for example GFANZ (Glasgow Financial Alliance for Net Zero), NZAOA (Net Zero Asset Owners Alliance) and others.



About the EU-ASEAN Business Council

The EU-ASEAN Business Council (EU-ABC) is the 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 elected Supervisory and Executive Boards consisting of corporate leaders representing a range of important industry sectors and representatives of the European Chambers of Commerce. (add a link to the boards?)

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