

Can Asean achieve its circular economy ambitions?

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ALARM bells for climate action in the Association of Southeast Asian Nations (Asean) have been steadily growing louder. A recent report by Nanyang Technological University and the University of Glasgow warned that Asean could lose over 35 per cent of its (GDP) by 2050 as climate change threatens key sectors like tourism.

These challenges have typically been addressed through climate action commitments such as emissions targets. Yet one under-analysed initiative is Asean's pursuit of a circular economy. Through the Framework for Circular Economy for the Asean Economic Community, launched in October 2021, the grouping seeks to address climate change risks and enhance its economic resilience.

Yet the path to adopt a region-wide circular economy is laden with challenges. Conceptually, the framework's definition of a circular economy lacks specificity, and there are questions as to how it will synergise with national-level approaches. This lack of clarity makes it challenging to convince corporations that policymakers are seriously addressing implementation issues.

Clarifying the conceptual basis of the circular economy will be a job for academics and consultants; practically, however, Asean can dispel doubts about the viability of a regional circular economy by taking concrete steps, such as instituting industry monitoring standards, to show that it can work.

Outlining circular economy principles

Emerging from Covid-19, Asean needs a new

economic model to deal with urgent issues such as climate change and resource depletion. The circular economy – which eschews the traditional linear model that hinges on “taking, making, using and disposing” – offers one such path.

The model has been described as a series of “Rs” (refuse, rethink, reduce, reuse, repair, refurbish, remanufacture, repurpose, recycle and recover), with a focus on minimising resource wastage and promoting efficient production systems.

These Rs have been selectively adopted by policymakers. The 3 goals of the Asean framework (a resilient economy, resource efficiency, and sustainable growth), for example, invoke ideas of reusing, remanufacturing and recycling.

Yet rather than trying to create a more specific definition of the circular economy around these principles, Asean has embraced a broad interpretation of the concept. Beyond environmental concerns, the framework's 6 principles and 5 strategic priorities include broader developmental needs such as value chain development via trade facilitation and adopting emerging technologies.

Through this creative ambiguity, Asean ostensibly aims to use the circular economy as an umbrella for its overall economic development.

Dispelling doubts with concrete actions

Granted, the specific definition of the circular economy is still hotly debated by academics. Some criticise it as conceptually incoherent, while others label it as a cover for policymakers to avoid more drastic (and disruptive) climate action.

The implications of this conceptual unclarity are profound. It will be difficult to convince important stakeholders, especially the small and medium enterprises (SMEs), through words if policymakers cannot explicitly articulate what a circular economy entails.

Asean can, however, demonstrate that its model works through concrete action.

A key starting point could be the monitoring of waste streams. The infrastructure for a limited monitoring mechanism in pilot cities is already in place thanks to the Asean Smart Cities Network. The grouping could also learn important policy lessons from the European Union (EU).

The EU's 2020 circular economy action plan, for example, expanded on the 5 priority areas of its 2015 predecessor (plastics, food waste, critical raw materials, construction and bio-based products) to include e-waste. This came amid rising concerns about pollution from discarded electronics, indicating a keen appreciation for market trends. Moreover, its provision of technical support to member states and the incorporation of broader developmental policy efforts such as the European Urban Initiative provide useful insights for Asean.

Asean member states who have enacted recycling laws, such as Vietnam, could also share their legislative best practices with their neighbours. Vietnam's 2020 Law on Environmental Protection institutionalised the circular economy concept. Crucially, it provides the legal basis for enforcing extended producer responsibility, forcing producers and importers of applicable goods to collect them for post-use recycling.

SMEs hold the key to circularity

The steps outlined above can help governments tout the achievability of circular economy practices. Yet a key player that must be specifically addressed are SMEs. Constituting over 90 per cent of all companies in Asean and a comparable proportion of employees, any economic transformation in Asean must necessarily involve SMEs.

However, convincing SMEs to embrace circular economy practices will be challenging, especially when compared to larger corporations. Many SMEs still consider environmental sustainability and economic growth to be conflicting goals. Furthermore, given their relative lack of resources when compared to large corporations, they might prioritise recovery from Covid-19 over expensive and novel efforts to convert their business models.

To achieve buy-in from SMEs, more will have to be done by governments to show how they stand to benefit, and how they can receive support on their sustainability journey. In Singapore, for example, the Packaging Partnership Programme was launched in March 2021 to support companies in reducing packaging waste.

All this and more will be expected as the Asean Implementation Plan on the Circular Economy is launched later this year. The path ahead for Asean's circular economy ambitions will be challenging, but convincing SMEs of the viability of such a transition is a necessary first step.

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