

S U M M A R Y

ASEF Expert Webinar Series on Post-Pandemic Socio-economic Recovery Efforts: “How Do We Organise the Transition to A Green & Digital Economy?”

Friday, 21 May 2021

ASEF held the second expert webinar in support of ASEM post-pandemic socio-economic recovery efforts on 21 May 2021. ASEF Deputy Executive Director Amb Leon FABER moderated a distinguished panel comprising Mr Hazri HASSAN, Director of the International Policy Division, Singapore Ministry of Sustainability and the Environment; Mr Anthony AGOTHA, Senior Diplomatic Advisor in the Cabinet of Executive Vice-President Frans Timmermans of the European Commission; Mr Yasuyuki SAWADA, Chief Economist and Director General, Economic Research and Regional Cooperation Department of the Asian Development Bank (ADB); and Ms WANG Ying, Deputy Director-General, United Nations Association of China (UNA-China). The panel of experts provided insightful comments through a frank sharing of views with an online audience of officials from the relevant Ministries/government agencies of ASEM Partners.

2 ASEF Executive Director Amb Toru Morikawa in his welcome address affirmed that ASEF had successfully held the first webinar in early April, which had explored the related issues of “How do we build more resilient and connected societies?”. He affirmed that ASEF would spare no effort to be a convenor of topical discussions to promote intellectual exchange, and that ASEF remained committed to its role as an intergovernmental organisation to bring together peoples of Asia and Europe to address common global challenges. That a green economy ensured sustainable development was not in doubt; economic recovery from the pandemic should be green in nature so that countries could use our limited resources and time in a sustainable manner. There is no “one size fits all” solution but it would be useful for all countries to think about this idea and how to address it. We are living in the digital age, but what is less clear for many countries is how do we face the associated challenges of living in a green and digital economy.

Key Takeaways

3 The key takeaways by the four experts are as follows.

Mr Hazri Hassan:

- Focusing on the question of how we shift to a green economy, he pointed out that even as the world was still battling the pandemic, there was no better time than now to press the reset button and it was timely to rebuild economies that would be more sustainable, more resilient, and able to withstand future shocks.
- But the transition or transformation would not be easy. Before the pandemic, there were already challenges that hindered sustainable development, and even more so now with a pandemic still raging. The challenge was to ensure short-term costs and trade-offs to unleash long-term synergies. This meant placing “sustainability” at the core of long-term national development, including leveraging COVID-19 recovery and stimulus packages in the near term.
- The world has been operating on a linear model of growth - from extracting fossil fuels for energy to mining and deforestation, we continued to diminish the world's resources at an astonishing rate. In fact, in all our discussions about the challenges today - whether carbon

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emissions, waste management, land degradation, or nature conservation - inevitably boiled down to the use of resources. This involved making better personal choices, such as recycling and consuming sustainable food, business and public education. Informed decision-making is key. Beyond personal choices, we also needed a paradigm shift, adopting circular economic principles, which allowed us to extend the lifespan of resources.

- As to policies pursued by governments to promote sustainable development, he shared a few examples of efforts to build the greener economy: the EU launched the European Green Deal in December 2019, and more recently the EU put into place a recovery plan with €750 billion, with 30% of the EU funds to fight climate change, the highest share ever of the European budget.
- In the Asian region, Malaysia has adopted the green technology master plan to create 200,000 green jobs by 2030 and generate 180 billion ringgit in revenue. Thailand has developed a bio-circular green economy plan from 2021 to 2026, which applied science and technology to many sectors. Indonesia embarked on circular economy measures in sectors such as textiles.
- As for Singapore, the Green Plan 2030 was conceptualized last year. The 10-year Plan was launched amid the pandemic because Singapore envisaged “game changing” opportunities to advance the sustainability agenda and to emerge from the crisis stronger while balancing Singapore’s ambitions with national constraints and challenges. The Singapore Green Plan has five key pillars: City in Nature, Sustainable Living, Energy Reset, Green Economy and Resilient Future.
- To transit to a green economy, we needed to look beyond the immediate COVID-19 crisis to prepare for long-term challenges such as climate change, and to put in place ambitious plans to ensure that sustainability remains at the core of our recovery. COVID-19 has shown the importance of taking collective action to address global challenges and provided a glimpse of how much we could achieve if we worked together hand-in-hand.

Mr Anthony Agotha:

- The European Green Deal came about during the European elections, where there was a great resonance with the electorate (93% of Europeans) felt that climate was an urgent issue. European Council conclusions stated that climate emergencies were an existential crisis and they set the goal of climate neutrality in 2050. Last December, the goal of a higher climate ambition targeted at least 55% in 2030. Europe developed the Green Deal as a map and a compass to deal with the energy transition.
- COVID-19 seemed to have accelerated decision-making on climate change, as European leaders agreed to embed a green and digital transition into the DNA of Europe’s recovery. The thinking was that if Europe were going to unlock trillions of euros to get recovery going, they could only spend it once, so it had to spend it right. Legislation package to be tabled on the 14th of July is called “fit for 55”, a program to fundamentally transform society and economy in Europe. 12 legislative proposals dealt with energy efficiency, renewable energy with energy taxation, with alternative fuels and infrastructure, exhaust emission standards, tighter on cars and other vehicles, housing, and a “carbon border adjustment”.
- The EU has tried to explain that the science was clear - cost of not doing anything were so incredible and high, in terms of flooding, wildfires, droughts, even leading to conflicts over arable lands, or even water. The transition will be difficult, and leaders had to make sure that the “distributional effects” were just.
- If EU leaders made it clear to businesses and investors that this is the way the EU was going, then those investors would start investing. The conversation with businesses had

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changed much over the past two and a half years in the car industry – the cleanest combustible engine ever going electric. But we need to do it together.

Mr Yasayuki Sawada

- Government had to make it known that basic digital infrastructure was accessible and affordable to the populace. Hence, ICT infrastructure was important, along with transport infrastructure and other physical structures. Critical to align energy, infrastructure, and digital trade or what you would need to do financial settlement. So, a payment system should be clearly set, and the whole legal, regulatory and institutional environment should be properly aligned to generate benefits to society. International coordination was necessary for cyber security, the fight against money laundering, and cross-border taxation issues.
- According to the ADB study published in February, the digital economy could generate US\$1.7 trillion annually. The digital economy could also generate 65 million new jobs annually. However, a digital divide in education with school closure has led to a loss of learning and impact the labour market.
- According to an UNESCAP study in 2019, Asia needed US\$1.5 trillion to achieve green and inclusive goals of SDGs, including green energy climate action, tackling poverty, health and education investment, and a digitization investment. Obviously US\$1.5 trillion cannot be financed solely by public sources. ADB could help to meet some of these gaps, but it was far from sufficient.
- Public resources could play a role, but private resources would be the key to meet the necessary financing. Policies to facilitate private investment in social and green markets, and in setting standards, disclosure rules and coordination was needed. For Asia, alignment with international practices were important. Also, public resources needed to be augmented through proper domestic resource mobilization and international tax cooperation.

Ms Wang Ying

- COVID-19 has highlighted the importance of the digital economy. In China, many micro, small and medium-sized enterprises had been greatly impacted. The digital economy was more resilient, which contributed to the control of the pandemic and mitigated its negative impact. The circular economy had become the main force to promote green development.
- The United Nations has called on countries to maintain their attention to the climate crisis and to refrain from new coal-related projects. Stimulus packages to combine the dynamic digital economy and the green economy would play a great role in high quality development.
- China's digital transformation has become the main driver of China's economic and social innovation and development. China is speeding up building of the digital economy, which will transform the production mode lifestyle, and reshape business patterns. More enterprises have realized the importance of digital transformation and had begun to “green up” which improved production efficiency, and efforts to build a green industrial chain and supply chain.
- Research showed that 95% of the world's industry and commerce were closely connected, and that the world economy is undergoing digital transformation. The recently signed Regional Comprehensive Economic Partnership (RCEP) not only facilitated the development of regional trade in goods, but also promoted the upgrading of regional economic integration in digital trade. Many Asian and European countries were engaged in the green and digital transformation.

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- China's experiences were based on the following perspectives. First, at the national level, the green/digital economy transformation needed strong policy guidance. The central and local governments had developed policies and measures, such as the special action plan for the digital empowerment of small and medium-sized enterprises and the launching of the digital transformation partnership. Second, at the regional and international levels, countries and regional organizations needed to better understand and communicate their development strategies, focusing on common interest and development. Some Asian and European countries had put forward carbon neutral goals and a strategic plan of the digital economy. We can share experiences and cooperation in the circular economy, energy, internet and sustainable finance. China's "One Belt One Road" initiative provided broader space to deepen cooperation among countries. Third, the digital economy triggered new business models such as the platform and the share economy. In China, the online retail, internet medical service, and online classes were developing fast. China's government supported micro, small and medium-sized enterprises to expand their platforms and encouraged people to find jobs and start businesses through internet platforms. Labour rights and interests for this new employment mode also needed to be protected and improved.
- It was necessary to promote exchanges and dialogue between think tanks and people, especially among young people. The green and digital economy required an open, inclusive and non-discriminatory environment to foster cooperation and connectivity. The UN had called for the building of an inclusive digital economy and a society to realize international cooperation in digital technology across sectors. The trend towards digitalization, networking and smart development had brought countries closer together. We had to strengthen international cooperation on digital technology, maintain an open, fair and non-discriminatory business environment and promote mutual benefit and a win-win result.
- Over the past decade, the circular economy has made progress from concept to practice, from pilot demonstration to nationwide promotion and achieved positive results in China. The State Council issued several guidance on accelerating the circular economy, development strategy and action plan. The pilot demonstration was carried out in industrial parks and enterprises in both urban and rural areas. China continued to improve policy support and introduced a number of pricing and fiscal policies, such as tax and financial policies to promote the circular economy, as green and digital innovations would generate more business opportunities.

Question-and-Answer Session

4 Moderator Amb Leon Faber kicked off the Q-&A session by asking the panellists to comment on the trade-offs in pursuit of economic recovery. As a follow-up, he asked what countries could do in the transition to a green digital economy. Mr Hassan responded that in the past, governments focused on maximized growth or protected the environment. Many countries set aside proper protection and incorrectly adopted the "clean after you grow" mantra. But, addressing pollution and squalid conditions in urban and rural areas, has become critical. Sustainable development gained traction because governments realised that clean and green economies led to higher productivity, attracted more investments, and created better living standards.

5 The moderator noted the strong commitment plans and implementation to secure a green future. He asked the speakers to elaborate how Asia and Europe could work closer together and what the key challenges were. Mr Sawada responded that he had mentioned in

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his presentation, the green recovery, including “inclusive digitalization” would need a huge amount of funding. Hence, Europe and Asia could collaborate on finance, as well as support policy and peer learning, exchange information and dialogue like today’s webinar.

6 COVID-19 had disrupted the world, but not all countries or economies could afford to follow the ambitious new green standards that were put forward by some developed nations, in particular the EU. So, what could be done to help these countries to keep up on that curve, and to stay competitive as well? Mr Agotha responded that the EU had made a commitment to give €100 billion per year until 2025, on climate financing, not just to get vulnerable countries competitive, but to adapt to climate change effects. He admitted that “we’re not there yet”. The EU was also asking other partners to raise their aims of climate finance and think beyond 2025. He added that countries should show commitment visibly.

7 On a related question of international cooperation, Ms Wang Ying affirmed that the most important thing was better understanding and communication, because individual countries had their own development or strategic plans. Dialogue was very important, since Asian and European countries had distinctive cultures. We therefore needed a better understanding of each other. Digital economic cooperation was a connecting bridge to establish the exchanges between industries, academia, universities, and also people.

8 Mr Hassan said that Singapore’s Green Plan involved funding on upgrading skills, innovation, and technology. Singapore wanted to catalyse investments in sustainability, such as issuing green bonds, develop carbon services and trading industry, and enhancing sustainability reporting standards. As a leading carbon services and trading hub, Singapore provided services such as project development, financing, reading, and replication. It also announced a new global carbon exchange marketplace to be launched later this year. It would also offer platforms and products that catered to the needs of different buyers and sellers of carbon credits. Singapore was also exploring FinTech solutions to help firms measure their carbon footprint and abatement measures. Mr Hassan said that he agreed with Amb Morikawa, there was “no one size fits all”. However, in terms of sharing what each country or each region was doing, it was worthwhile for ASEF to promote this at ASEM, for instance, through a multi-year program on technical or advisory assistance.

9 A Thai Foreign Ministry official asked how Singapore and the EU had convinced the private sector to come on board, since the necessary transitions were at the expense of profits. Mr Agotha said that the process was “not linear” i.e., sometimes, the private sector came up with the right initiatives, sometimes banks. Investors had said, “We have a lot of money out there, but there’s so much regulatory uncertainty, just tell us what you are going to do and stick to it.” Mr Hassan agreed that consistent and clear messaging on policy was needed, so companies would know what they could do. Moody’s Investors Service had calculated sustainable bond issuance, with a new record of US\$231 billion in just the first quarter of this year. This showed that investors were placing a greater emphasis on sustainability, and this would lead to a change in how companies and institutions internalized social governance at the core of business. This awareness made it easier for the government to set the right policy direction.

Concluding Remarks

10 All the panellists agreed that countries around the world needed to work together to transition to the green and digital economy. They also agreed that countries from Asia and Europe should cooperate more closely in post-pandemic recovery efforts, as no single country would be able to recover on its own. Ms Wang Ying reiterated that for the sake of our shared future, we had to work together to promote economic growth and combat climate change. She encouraged the audience to explore opportunities for cooperation in building the green and a digital economy for all. Mr Yasuyuki Sawada affirmed that in developing the green economy, the ADB was fully supportive of climate resilient projects. Moreover, the ADB took a holistic approach not only in “climate-proofing countries”, but also offered physical infrastructure support, as well as ecological, social, digital, institutional and financial aspects of resilience. Mr Anthony Agotha pointed out that while each country and each region had its own context and tailored its response, we should also make sure that it did not become an alibi to say, “It's important that others do it, but not for me or not as fast”. He also noted it was not about making concessions, but rather making investments i.e., it was a positive proposition that benefitted countries. Mr Hazri Hassan underscored that it was critical for our planet and our existence, that the world transits to a low carbon economy as soon as possible, adding that governments and policymakers had to channel funds and resources to the right projects and investments to support this transition.

11 The second webinar, just like the first webinar of early April, has thrown a lot more questions and answers, on what ASEM Partners could do together as part of the post-pandemic recovery efforts. The positive discussion indicated that there is a clear and strong spirit and desire for cooperation among Partners to make the transition to a green and digital economy.

More information

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