

Transitioning from a linear to circular economy in post pandemic Southeast Asia

27 July 2022, 10:30–12:00 (Manila Time), via Microsoft Teams

I. Background and Context

1. Countries in Southeast Asia and the People's Republic of China (PRC) continue to combat the dire impact of the coronavirus disease (COVID-19). The Asian Development Bank (ADB)¹ is forecasting 5.3% economic growth for developing Asia in 2022 due to robust recovery in domestic demand and continued expansion of exports. Nonetheless, uncertainties brought about by Russia's invasion of Ukraine and new COVID-19 variants pose risks. The 2022 growth outlook for trade dependent economies in Southeast Asia is projected at 4.9%, with an uptick to 5.2% in 2023.²
2. The COVID-19 crisis has brought to fore the pressing need for post-pandemic policies and investments that lead to sustainable socioeconomic and environmental outcomes while enhancing the resilience of economies. Transitioning to a circular economy, and moving away from the traditional "take-make-dispose" linear model, will help achieve sustainable, low-carbon, and climate-resilient development in post pandemic Southeast Asia and PRC.
3. Shifting to a circular economy can spur green growth, create significant value with less materials waste, and contribute to post-pandemic revival strategies. According to the Ellen MacArthur Foundation,³ the circular economy is hinged on three key principles: (i) designing out waste and reducing pollution; (ii) keeping products and materials in use by slowing flows (e.g., extending the use of products), narrowing flows (e.g., changing utilization patterns through the adoption of new business models), and creating loops to additional life cycles for products; and (iii) regenerating natural ecosystems.
4. The circular economy helps build more resilient economies, create new jobs, harness innovations and technologies, establish green supply chains, and extend product life cycles. The Economic Research Institute for ASEAN and East Asia (ERIA), in its study on Industry 4.0 and the circular economy in ASEAN,⁴ indicated that adoption of circular economy models in Asia could bring about economic growth of US\$324 billion and create 1.5 million jobs by 2025. The cost savings from implementing a circular approach are sustainable, and can help mitigate the fiscal impacts of COVID-19.

¹ ADB.2022. Asian Development Outlook (ADO) 2022: Mobilizing Taxes for Development. April 2022. Accessed on 3 June from <https://www.adb.org/publications/asian-development-outlook-2022>.

² Ibid.

³ <https://ellenmacarthurfoundation.org/topics/circular-economy-introduction/overview>.

⁴ Anbumozhi V. and Kimura F., 2018. Industry 4.0: Empowering ASEAN for the Circular Economy. Economic Research Institute for ASEAN and East Asia (ERIA), Jakarta. Accessed on 18 June 2022 from [ERIA-Books-2018-Industry4.0-Circular_Economy.pdf](#).

5. Although the term “circular economy” may not yet be commonplace in policymaking circles, as far back as the 1990s and early 2000s countries in Southeast Asia and the PRC were already introducing various policies and regulations that contribute to the adoption of a circular economy model. PRC, for example, has a package of policies and regulations under “comprehensive utilization of resources,” including recycling and end-of-life-vehicles take-back. In 2001, it enacted the Circular Economy Promotion Law. Remanufacturing is being promoted and regulations on e-waste are being implemented, among others.

6. In 2001, the Philippines enacted a solid waste management act requiring barangays (villages) to establish materials recovery facilities, promote eco-labeling, and prohibit the use of non-environmentally acceptable products. In 2015, Viet Nam began implementing extended producer responsibility (EPR) on various types of wastes, and since 2019, Indonesia has made producers responsible for reducing packaging and container wastes. In Malaysia, green public procurement is mandatory. In addition, Brunei Darussalam, the PRC, Indonesia, the Lao People’s Democratic Republic (Lao PDR), the Philippines, Thailand, Singapore, and Viet Nam, have also introduced eco-labeling programs.

7. At the regional level, ASEAN adopted the Framework for Circular Economy for the ASEAN Economic Community (AEC) in October 2021 which aims to guide ASEAN in achieving its long-term goals of a resilient economy, resource efficiency, and sustainable and inclusive growth. The circular economy approach popularly known as the 3Rs of “reuse-reduce-recycle,” promotes a more efficient use of resources, thus contributing to ASEAN Member States’ commitment to the Paris Agreement on climate change and the achievement of the Sustainable Development Goals (SDGs). The Framework has five strategic priorities on: (i) standard harmonization and mutual recognition of circular products and services; (ii) trade openness and trade facilitation in circular goods and services; (iii) enhanced role of innovation, digitalization, and, emerging and green technologies; (iv) competitive sustainable finance and innovative Environmental, Social and Governance (ESG) investments; and (v) efficient use of energy and other resources. Building on existing ASEAN initiatives, the Framework seeks to explore new opportunities and collaborations with other ASEAN pillars, Dialogue Partners, and the private sector to scale-up and accelerate the region’s transition to a low-carbon economy.

II. 19th PACER Dialogue

8. The COVID-19 crisis is providing the impetus for policy makers in Southeast Asia and the PRC to consider new economic models in making medium and long-term decisions for their countries to shift from a linear to circular economy, and achieve the SDGs, particularly SDG 12 on responsible consumption and production. It can also deliver benefits across the other SDGs, including SDG 9 on industrial development, and SDG 13 on climate action. Governments play a vital role in providing an enabling policy environment to transition from a linear to circular economy, ensuring efficient and effective planning, and encourage new market players and alternative business models.

9. In this context the ADB will convene the 19th Policy Actions for COVID-19 Economic Recovery (PACER) Dialogue in virtual format on 27 July 2022 (Wednesday) from 10:30–12:00 (Manila time) using Microsoft Teams. The title of the 19th PACER Dialogue is “**Transitioning from a linear to a circular economy in post pandemic Southeast Asia.**” The PACER Dialogues are organized under the ADB-supported BIMP-EAGA, IMT-GT, and GMS (B-I-G) Capacity Building Program, and explore measures that can help “B-I-G” member countries, Singapore, and Timor-Leste “rebuild better” from the COVID-19 pandemic.

III. Objectives

10. The 19th PACER Dialogue will feature global good practice examples and policy options in accelerating the uptake of circular economy approaches to help countries transition their medium-term goals to the long-term as they accelerate post-pandemic recovery and rejuvenation. The objectives are to:

- promote policy options to facilitate circular economy transition in the new normal;
- disseminate lessons, actionable policy solutions, and country experiences on how to promote and accelerate circular economy transition; and
- provide a platform for policy makers, development planners, and practitioners to share knowledge and experience and collaboratively learn from each other.

11. At the end of the dialogue, a Policy Brief will be produced to summarize the policy options and recommendations discussed.

IV. PACER Dialogue Background Paper, Structure and Timing

12. The PACER Dialogues are envisaged to help decision makers broaden their perspectives, appreciate the wider implications of critical policy choices, and identify concrete policy actions. During the open discussions, participants are requested to provide inputs, share analysis, country experiences and lessons on circular economy policies and solutions taken to accelerate COVID-19 recovery and rejuvenation.

13. A background paper will be circulated to all participants as advance reading. The indicative structure of the 1.5-hour (90 minute) PACER Dialogue is summarized in the attached program.

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TIME	DETAILS
10:30-10:35	<p>19th PACER Dialogue – Overview and Objectives <i>Mr. Ramesh Subramaniam</i> <i>Director General, Southeast Asia Department (SERD), Asian Development Bank (ADB)</i></p> <p>Moderator to deliver introductory remarks on the 19th PACER Dialogue context, objectives and structure.</p>
10:35-10:50	<p>Transitioning from a linear to circular economy in post pandemic Southeast Asia <i>Mr. James Baker, Senior Circular Economy Specialist, ADB</i></p> <p>Presentation on how countries can accelerate circular economy transition using the “reduce-reuse-recycle approach” in policymaking post-COVID. Benefits and challenges in transitioning to a circular economy will be highlighted. Actionable policy solutions, lessons, and measures to scale up circular economy transition including examples will be discussed.</p>
10:50-11:05	<p>Framework for Circular Economy for the ASEAN Economic Community (AEC) <i>Ms. Latifahaida Abdul Latif</i> <i>Head of Analysis and Monitoring on Finance and Socioeconomic Issues Division, ASEAN Secretariat</i></p> <p>Presentation on the Framework which sets out an ambitious long-term vision for the circular economy in the region, builds on the strengths of existing initiatives and frameworks, and identifies priority areas for action along with enablers, to achieve circular economy in ASEAN. The importance of regional cooperation will be emphasized in pursuing regional policies towards circular economy transition.</p>
11:05-11:20	<p>Agrifood Waste Upcycling Opportunities in Asia-Pacific <i>Ms. Vandana Dhaval, Chief Operating Officer, ID Capital Pte. Ltd.</i></p> <p>Country case studies on successes and lessons in implementing circular economy policies, financing approaches, and projects including results achieved and the way forward.</p>

Indicative program (continued)

TIME	DETAILS
11:20-11:55	<p>Open Discussion and Questions <i>Moderator: Mr. Ramesh Subramaniam</i></p> <p>PACER Dialogue participants exchange information on circular economy policies and solutions in an open discussion format.</p> <p>To enrich the PACER dialogue discussions, the moderator will request country delegations to provide inputs and share analysis, country experiences, and lessons on circular economy policies and solutions aimed at achieving medium- and long-term recovery and rejuvenation.</p>
11:55-12:00	<p>Synthesis and Summary <i>Mr. Ramesh Subramaniam, Director General, SERD, ADB</i></p> <p>Moderator summarizes the policy discussions, key recommendations, and closes the Dialogue.</p>