

ASEAN-in-Practice Podcast Episode 5 Transcript

Denis: A very good morning to all of you and welcome to the fifth episode of the ASEAN In Practice Podcast series. My name is Denis Hew, and I am a Senior Research Fellow at the Centre on Asia and Globalisation, at the Lee Kuan Yew School of Public Policy, National University of Singapore. ASEAN in Practice is an initiative launched by our centre and it is a podcast which aims to invite practitioners from around the region that spent many years working on ASEAN-related policy issues, particularly experts who have applied knowledge of ASEAN or ASEAN policies in their professions. We hope to gain valuable insights from their experiences, which ideally will feed into the policy-making level in the form of policy papers and future research on ASEAN.

Today, we will be focusing on environmental challenges, such as climate change facing the ASEAN region, what are the key policy issues, and emerging challenges ahead. We are very fortunate to have an expert on this field who will talk to us today. Her name is Melinda Martinus. Melinda is lead researcher at the Yusof-Ishak Institute of Southeast Asian studies (ISEAS). More specifically, she is lead researcher at the Institute's ASEAN Studies Centre and its Climate Change in Southeast Asia program. Melinda is also editor of the Institute's flagship publication such as ASEAN Focus and co-editor of its well-known annual survey report, the State of Southeast Asia Climate Outlook.

Melinda, welcome to the show. Let me start by asking you about a paper you wrote not too long ago about climate governance, which I believe is a multi-stakeholder framework of institutions and policies to manage and respond to climate change. Could you elaborate more about what exactly is climate governance and does ASEAN have such a framework?

Melinda: Thanks so much Denis, it is my pleasure to be here with you in this podcast. So before answering to your question, I'd like to give you a brief context first about ASEAN before we discuss its role in climate governance. So, for those of us who follow ASEAN issues closely, we know that the regional organization was established in the 1960s to really manage security, peace, and stability in the region. The focus on economic integration like creating single market, came later as ASEAN countries experience rapid industrialisation in the 1980s. And cooperation on environmental affairs emerged after the region faced issues like migration, trafficking, the SARS outbreak, and haze pollution in the late nineties. So, as these non-traditional security challenges arose, many began to see ASEAN as a regional organization capable of playing a more significant role, especially in environmental protection. However, much of the collaboration during that time was only limited to transboundary environmental issues such as haze pollution affecting Singapore, Indonesia, and Malaysia, maybe some water security issue or biodiversity issues in the Mekong River affecting most of the Mekong countries, and so on.

But I would say that in early 2000, the conversation on environmental protection had changed quite significantly because we know that the global community started talking about climate change and global warming, right? So, ASEAN found itself in the spotlight. Yes, we experience a lot of, let's say, climate disasters, transboundary issues. But at the same time, we need to do more for climate mitigation, meaning that we need to reduce carbon emissions to help the world reduce its carbon emissions as well. So, yes, ASEAN was in the spotlight as one of the fastest growing regions. With rapid industrialisation, ASEAN definitely can play a more crucial role in climate mitigation. I think, in 2009, ASEAN established the ASEAN Working group on Climate Change; it was under the ASEAN Ministerial Meeting on Environment, really to study about climate change issues, to make policy recommendations, and to maybe scope studies and strengthen linkages between science and policymaking and to really understand how we

calculate or count our region's carbon emission. Starting from that, ASEAN started to look at climate issues more strategically, I would say.

Denis: So, have all 10 ASEAN member states signed the 2015 Paris Agreement, which I believe is a legally binding international treaty on climate change. And I think they have a target in the Paris Agreement of limiting global warming to 1.5 percent above pre-industrial levels.

Melinda: Yes. To answer your question in short, yes. Just to give you again a brief context, the Paris Agreement operates on a five-year cycle of increasingly ambitious climate action carried out by its signatories. So, every five years, each country is expected to submit an updated National Climate Action Plan known as Nationally Determined Contributions, or NDC. It's based on the principle of common but differentiated responsibility and respective capabilities. This means that this principle acknowledges the different capabilities and responsibilities of individual countries in addressing climate change.

Aside from being committed to the 2015 Paris Agreement, I would say, individual ASEAN countries are also very active in advancing their causes. For instance, the Philippines is especially proactive in advancing the negotiations on loss and damage. As we know that the country is very exposed to climate disasters, the agreement on loss and damage is expected to provide financial assistance to poor nations because they deal with the negative consequences of climate change. I recall that the Conference of the Parties (COP 19) in Warsaw, the Philippines lead climate negotiator addressed the opening session of the summit, sharing the devastating impact of typhoon Haiyan on his home country.

Other countries, like Indonesia, also quite vocal in demanding developed countries to do more, to provide financial assistance, especially in green transition. Singapore, on the other hand, is also very active in negotiating the implementation of Article 6, which is about voluntary cooperation to reach climate targets and also focusing more on international partnership for carbon markets. So yes, all ASEAN member states are the signatories of the Paris Agreement, and they really champion their own causes to advance their interests.

Denis: You talk about climate targets. And I think there is a zero-carbon emissions target by 2050. So, is that realistic for all ASEAN member states to achieve the target by 2050?

Melinda: Yes, the question doesn't have a simple answer. Many have raised concerns about ASEAN's future growth, right? Yes, historically, if we compare the total carbon emissions of ASEAN countries since the industrial revolution, ASEAN countries have not contributed as much as developed economies like Europe, Japan, the US, or even China. The region is rapidly industrialising and becoming more connected to the global supply chain. So, the region is definitely a pivotal region for climate action in the future. Just to give you data here, currently, the region share of global emissions is around 3 percent, but it could reach five percent by 2030 – according to the International Energy Agency. In many climate negotiations, now, I'll see a trend where developed countries also demand developing countries like ASEAN to do more.

But, regarding your question about net-zero, as far as I know until today, ASEAN as a regional bloc has not collectively set a regional target for long-term emissions reduction plan. ASEAN countries have committed to different deadlines to achieve their plans. For instance, countries like Brunei, Cambodia, Laos, Singapore, and Vietnam are committed to achieving their net-zero targets by 2050. Myanmar, on the other hand, does not have an economy-wide net-zero target, but it has committed to achieving net-zero in the forestry and other land-use sectors by 2040. This is because the country is lacking the capacity to project a country-wide emission target. Indonesia, the largest country in ASEAN, has chosen a slightly longer target, aiming for net-zero in 2060 or sooner. In many climate forums, representatives from

Indonesia always underline that the country needs a longer deadline because of its large economy. However, with assistance from developed economies, Indonesia may achieve this target faster than expected. Other countries like Malaysia and Thailand, on the other hand, announce a carbon neutrality target by 2050. Just to give you some brief context here, the terms of carbon neutrality and net-zero are often used interchangeably, but they differ quite significantly. Net-zero is considered more ambitious because it emphasizes the development of strategies to remove greenhouse gases from the atmosphere completely. On the other hand, carbon neutrality may involve reducing emissions and investing in carbon offset projects such as reforestation and so on to balance out the remaining emissions. So yes, if we see the big picture here, the deadlines of individual ASEAN countries vary quite significantly to achieve their net-zero targets.

Denis: Thanks, Melinda, for differentiating between what is net-zero and carbon neutrality. And I think ASEAN does have a strategy for carbon neutrality, which was endorsed in 2023. So, how will this strategy be operationalised and what are the challenges in implementing this strategy?

Melinda: Yes Denis, I think the ASEAN strategy for carbon neutrality announced last year at the ASEAN Economic Ministers Meeting really mark a significant commitment from ASEAN. Not only does it showcase the regional organisation commitment to complement individual countries efforts in their ways to achieve long-term emission reduction plans, but it also signals to the global community that ASEAN is willing to play a part in the green transition. So, the strategy aims to mobilise ASEAN cooperation toward a carbon neutrality pathway. There are at least three strategic reasons behind the formulation of the strategy.

First, I would say that the reason is coming from external pressure. Many ASEAN trading partners are imposing stricter sustainability standards. For instance, the European Union will implement the EU Carbon Border Adjustment Mechanism or known as CBAM. So, if it fully takes off, the importers of certain goods into the EU will need to purchase carbon permits equivalent to the emissions generated during production outside of the EU. So, consequently, companies in ASEAN must enhance their carbon emission reporting to really remain competitive in the European market.

Second, there is an increasing momentum for mobilising capital for green investment, which can offer a new avenue for growth. As we know, investing in green technologies stimulates innovation leading to the development of new sources, efficient production methods, and sustainability practices. This is very important because this can create new industries and markets, which is crucial at this time when most economies across the region are experiencing significant economic contraction.

Third, I would say, adopting a carbon neutrality pathway can yield complementary benefits for ASEAN. Some member states, they have benefitted from favourable conditions for carbon reduction, such as having abundant renewable energy sources, extensive forest cover, and so on. But, on the other hand, other member states may face challenges in carbon reduction due to geographic limitations, also heavy reliance on fossil fuels, and so on. So, the strategy is expected to bring complementary benefits for these countries. For example, Laos' hydropower potential can serve Singapore, which has limited capacities to scale up renewable energy sources. Countries like Indonesia, Myanmar, and the Philippines have a lot of critical mineral resources that can support battery manufacturing and the broader electric vehicle (EV) ecosystems in the region.

Denis: You mentioned earlier, about the importance of addressing climate change with regards to regional economic integration. So, maybe you could speak a little bit more about how important it is to address many of these environmental challenges to advance the ASEAN Economic Community (AEC)?

Melinda: I do agree that the AEC pillar has a significant stake in realizing ASEAN's climate transformation. First, I would say the AEC has many standards and regulations to facilitate seamless trade by creating common standards. For let's say, emission reductions and prioritising goods that have adequate sustainability standards to be traded regionally. The AEC can establish a level playing field for ASEAN countries. That's from the trade side.

Second, we need to consider how the AEC can facilitate investments in green transformations. Regional agreements and initiatives supporting green infrastructure and technology can boost investor confidence, encouraging more investment in green transition. I'm not sure how we can think about establishing more attractive projects for investors to come into the region. Maybe, starting by a small collective fund from all ASEAN member states and showcase that we really have a good portfolio of green transitions, renewable energy projects across the region, and so on. And international investors can contribute to this funding and match our, let's say, investment. So, that is probably an interesting thing we should look at.

Denis: If you are looking ahead in the future, say 10 or 20 years, what do you foresee are some of the emerging challenges in the area of environmental sustainability?

Melinda: In my opinion, the hardest part for ASEAN now is really starting to build credibility as a leader in green initiative. Just to share with you our experience at ISEAS, so every year our centre conducts a climate awareness survey among ASEAN citizens. We ask our respondents how they will rate their national governments, policies, and actions taken in support of climate change. The majority of our respondents say that their governments are aware of climate threats, but do not allocate sufficient resources to address them. So, at this moment, clearly the public confidence in regard to government capabilities or leadership in climate transition is still lacking. But as a region, it is also undeniable that initiatives for environmental sustainability currently face competition with other priorities. Green policies often compete with other policy agendas, such as poverty reduction, healthcare, and infrastructure development. We need to think creatively how to mainstream sustainability practices into general programs for economic growth. If ASEAN countries can address those two challenges, I think we can confidently move forward.

Denis: Now, I have been told that ASEAN policymakers right now are already drafting the post-2025 AEC. I am not sure what is the future milestone – it could be 20 or 25 years from now, but what would be on your wish list? What would you like to be included in a future AEC strategic plan with regards to environmental issues?

Melinda: So, just to again, to share with you some good practices that ASEAN had before. I think if a climate policy or program is elaborated in a very detailed, strategic manner. Actually, ASEAN as a region can do something about it. So, just to give you an example from the Energy Minister Meeting, ASEAN has a lot of experiences before in responding to climate issues. I would say, one excellent example of meaningful collaboration on climate change is happening in the energy sector. So, in 2005, the ASEAN Energy Minister Meeting agreed to reduce energy intensity by 20 percent in 2020. Surprisingly, this target was achieved earlier than expected in 2018. So, I would say, if ASEAN can elaborate like a specific dateline, a specific measurable target to be addressed, a sectoral cooperation like energy can effectively work together to achieve this target.

Denis: Thank you so much Melinda for taking the time to speak with us today. From this podcast session, we have certainly learned a lot about what ASEAN is doing to address and manage the many environmental challenges facing the region. Melinda also highlighted the importance of addressing these challenges effectively if regional economic integration in the form of the AEC is to succeed. Thank you

again for listening in to this podcast episode and I hope that all of you will join us in the coming episodes ahead.