

# AEC BLUEPRINT 2025 ANALYSIS

# AN ANALYSIS OF THE ASEAN PRIORITIES ON SUSTAINABLE ECONOMIC DEVELOPMENT

## Foreword

The following report is part of a series which attempts to provide a detailed analysis on the ASEAN Economic Community (AEC) Blueprint 2025. Each report will cover a single element of the blueprint, providing a comprehensive look at past achievements, present problems, and the

future plans of the AEC. Special attention will be placed upon the strategic measures outlined in the AEC Blueprint 2025. This report aims to provide insight into the viability surrounding regional economic integration under the AEC.

## Sustainable Economic Development

ASEAN is now starting to prioritize sustainable development as an integral part of the AEC. The International Institute for Sustainable Development (IISD) has defined it as follows:

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:

- the concept of needs, in particular the essential needs of the world’s poor, to which overriding priority should be given; and
- the idea of limitations imposed by the state of technology and social organization on

the environment’s ability to meet present and future needs.”

It is considered very important that resources that ensure sufficient supply to the next generations are not depleted and can be renewed as much as possible. Given the recent events such as forest fires that have negative impacts to the region, it is appropriate that ASEAN member states collectively can develop strategies to sustain the pace of economic development without putting negative pressures to the environment or to the future generations. This report aims at analyzing how ASEAN is planning to pursue sustainable economic development without compromising the environmental and other supporting factors.

## A. Targets under the AEC 2015 Blueprint

Sustainable economic development is a new initiative that was not included in the previous blueprint. This is a new priority that is expected to guide ASEAN in ensuring that the economic

activities will not have any negative repercussions on the environment and that the much needed natural resources are not severely depleted and can continue to support the realization of the AEC.

## B. Significant Achievements To Date

- Given that the AEC Blueprint 2015 did not specifically outline sustainable development gap as an ASEAN priority, there were not any measured targets to be achieved by end of 2015.
- However, when discussing sustainable development, our initial reference may be the **Millennium Development Goals (MDGs)** that were established by the Millennium Summit of the United Nations in 2000. These are eight international development goals to be

achieved by the year 2015. Since 2016, the MDGs have been replaced by the Sustainable Development Goals (SDGs), which is a set of 17 global goals ranging from poverty and hunger eradication, education, climate change, and peace and justice. In September 2015, the UN General Assembly adopted the **2030 Development Agenda** that is titled **“Transforming our world: the 2030 Agenda for Sustainable Development.”**

- While the outcomes of the SDGs remain to be seen in the coming years, the following table, which is taken from the Asia-Pacific Regional MDGs Report 2014/15, provides some indication of the progress of MDGs' implementation in ASEAN. The results could indicate how ASEAN member states have attempted to implement measures to achieve the international development goals that are consistent with sustainable development objectives. The 21 goals included here, under MDG 1 to 7, are based on trends since 1990

that have been used to evaluate whether the economic development taking place thus far have brought about (significant) changes in the lives of the people. Each indicator is measured in four different categories as follows:

- Early achiever - already achieved the 2015 goal
- ▶ On track - expected to meet the goal by 2015
- Off track: slow - expected to meet the goal, but after 2015
- ◀ Off track: no progress/regressing - stagnating or slipping backwards

Country	1			2			3			4	
	\$1.25 per day poverty	Country line poverty	Underweight children	Primary enrollment	Reaching last grade	Primary completion	Gender primary	Gender secondary	Gender tertiary	Under-5 mortality	Infant mortality
Brunei				◀	●	●	●	●	●	■	■
Cambodia	●	●	■	●	■	●	●	▶	▶	●	■
Indonesia	●	■	■	■	■	●	●	●	●	▶	■
Lao PDR	▶	▶	■	●	■	●	●	●	▶	■	■
Malaysia	●	●	▶	●	●	●	●	●	●	■	■
Myanmar			■		■	●		●	●	■	■
Philippines	▶	◀	■	◀	■	◀	●	●	●	■	■
Singapore										▶	▶
Thailand	●	●	●	●			●	●	●	▶	▶
Viet Nam	●		●	●	●	●			▶	■	■

  

Country	5			6			7				
	Maternal mortality	Skilled birth attendance	Antenatal care (≥1 visit)	HIV prevalence	TB incidence	TB prevalence	Forest cover	Protected area	CO <sub>2</sub> emissions per GDP	Safe drinking water	Basic sanitation
Brunei	◀	●	●		●	◀	◀	●	◀		
Cambodia	●	■	▶	●	●	●	◀	●	◀	●	▶
Indonesia	■	●	●	◀	●	●	◀	●	◀	▶	■
Lao PDR	●	■	■	◀	●	●	◀	●	●	●	●
Malaysia	■	●	●	●	●	●	◀	●	◀	●	●
Myanmar	■	■	■	●	●	●	◀	●		●	●
Philippines	◀	■	■		●	●	●	●	●	●	■
Singapore	■				●	●	▶	●	●	●	●
Thailand	■	◀	●	●	●	●	◀	●	●	●	●
Viet Nam	■	▶	▶	◀	●	●	●	●	◀	●	●

- The table indicates that ASEAN member states generally have done well on MDGs 1 (eradicate poverty and hunger), 3 (promote gender equality), and 6 (combat HIV, malaria and other diseases). With the exception of Thailand and Singapore, most countries have not done well to reduce child mortality rates (MDG 4). In terms of environment protection (MDG 7), most countries were regressing in protecting their forests and controlling the CO2 emissions.
- Perhaps the most relevant to ASEAN's strategy on sustainable development is MDG 7 on ensuring environmental sustainability as the other MDGs cut across many areas under the ASEAN Socio-Cultural Community. Nonetheless, what the MDG report has provided can be an important consideration in ASEAN's efforts to achieve long-lasting economic development.

### C. Current Issues and Challenges

- Clearly, most ASEAN member states, which are developing countries, still have a lot of homework in terms of implementing sustainable development measures and achieving the objectives. The fact that this is now included in the new blueprint is a positive sign that the supporting factors of development are now being prioritized for sustainability.
- Achieving sustainable development requires significant efforts from all relevant stakeholders. The ASEAN governments will have to facilitate cross-sectoral dialogue and cooperation with the related sectors, such as environment, energy and infrastructure. This may require establishment of more fora among ASEAN authorities to think about how to implement the strategies set out in the blueprint. Then the next challenge is to bring in the other stakeholders in the cooperation to ensure that they are part of the solution.

### D. Plans under the AEC 2025 Blueprint

- Under the AEC Blueprint 2025, the priorities to achieve sustainable economic development are focused on protection on the environment to make sure that the needed natural resources can be renewed to continuously support economic growth. Efforts to achieve the development goals in a "green" manner are being prioritized. This may include use of renewable energy resources, utilization of green technology, and perhaps also implementation of the green financing concepts.
- Strategic measures to achieve the goals of sustainable economic development in ASEAN include:
  1. Promoting use of renewable energy;
  2. Promoting utilization of efficient and low carbon technologies;
  3. Promoting use of biofuels for transportation;
  4. Enhancing energy connectivity within ASEAN;
  5. Encouraging investment in infrastructure projects to support food production and reduce cost to meet future demands;
  6. Developing technologies and best practices to promote food safety and address environmental issues;
  7. Promoting good agricultural practices to minimize the negative effects of natural resource exploitation;
  8. Improving forest management.

Strategic Measure	Current Status and Development
<p><b>1 More extensive use of renewable energy</b></p> <ul style="list-style-type: none"> <li>Foster policies supportive of renewable energy and set collective targets accordingly</li> </ul>	<ul style="list-style-type: none"> <li>ASEAN has great potential to develop alternative or renewable energy sources. Member states have to a certain extent utilize or researched possible other sources of energy, which are renewable, including solar energy, geothermal, hydropower, ocean, wind and biomass.</li> <li>Power capacity from renewable sources had increased by 118.30% between 2006 and 2014. In 2014, ASEAN's total installed power capacity reached 197,581 MW, with 26.1% contribution from renewable energy sources. During the same period, member states had built about 28,000 MW of new renewable power capacity, with an annual growth rate of 10.25%. ASEAN renewable power plants produced 169,491 GWh in 2014, an increase of more than 10,000 GWh from 2013.</li> </ul>
<p><b>2 Greater utilisation of efficient and low carbon technologies</b></p> <ul style="list-style-type: none"> <li>Develop a framework to support the development and utilization of efficient and low carbon technologies, and call for international support to ensure ASEAN access to mechanisms that foster low carbon technologies more affordably</li> </ul>	<ul style="list-style-type: none"> <li>With the steady economic growth of ASEAN, the demand for energy has constantly increased and committing to cleaner source of energy is very challenging. More use of coal-based energy has taken place due to its abundance in the region.</li> <li>More utilization of clean, low carbon energy source is expected but may not exceed the consumption of more traditional energy sources, according to the International Energy Agency (IEA).</li> </ul>
<p><b>3 Greater use of biofuels for transportation</b></p> <ul style="list-style-type: none"> <li>Promote the use of biofuels for transportation. This includes ensuring free trade in biofuels within the region and investment in R&amp;D on third-generation biofuels.</li> </ul>	<ul style="list-style-type: none"> <li>Indonesia and Philippines are introducing bioethanol and biodiesel as alternative source of energy. These two countries and Thailand, have adopted biofuel policies to increase the income of farmers and to provide energy resources to rural areas through local production.</li> <li>Except for Brunei Darussalam and Malaysia, the other ASEAN member states are net oil importers. Development of biofuels is important as a substitute of imported oil to maintain the stability of energy supply in this region.</li> <li>Malaysia and Singapore are promoting biofuels as part of their industrial policies.</li> </ul>

#### 4 Enhanced energy connectivity within ASEAN

- Enhance connectivity within ASEAN, including through multilateral electricity trade under the framework of the ASEAN Power Grid (APG) and greater liquefied natural gas (LNG) cooperation under the Trans-ASEAN Gas Pipeline (TAGP)
- The Heads of ASEAN Power Utilities/ Authorities (HAPUA) conducted the **ASEAN Interconnection Masterplan Study (AIMS)**. The second study concluded that it is economically feasible to develop a region-wide power grid.
- By end of 2014, 11 interconnections between six pairs of countries were in operation, with a total capacity of 3,500 MW. 13 more interconnections are under development, with expected total capacity of 7,000 MW.
- On the TAGP, 13 bilateral connections have already been established with a total of 3,631 kilometers of pipeline connections making possible the transmission of gas molecules to and from ASEAN Council on Petroleum (ASCOPE) member states. ASCOPE has commence the development of necessary regulatory framework such as open access, gas transit principle and gas specification harmonization.

#### 5 More investment in infrastructure to support food production

- Identify infrastructure investment requirements to increase production and reduce post-production losses to meet projected future demand and ensure food security, review existing investment programmes and address investment needs in the food and agricultural sectors
- In March 2009, ASEAN adopted the **ASEAN Integrated Food Security (AIFS) Framework and Strategic Plan of Action on Food Security** in ASEAN (SPA-FS) for 2009-2013. The aim of AIFS is to ensure long-term food security and nutrition, and to improve the livelihoods of farmers in the ASEAN region.
- The ASEAN Plus Three Emergency Rice Reserve (APTERR) Agreement entered into force in July 2012 to strengthen food security and address emergency/shortage events. The ASEAN Food Security Reserve Board (AFSRB) manages food information for planning of food production in the region.
- The ASEAN Food Security Information System (AFSIS) is a database, which also provides outlooks on many agricultural products.
- Greater investment by the public and private sectors in food and agro-based industry and promoting ASEAN-Dialogue Partners investment cooperation on food security would ensure sufficient supply of food in ASEAN.
- The ASEAN Multi-Sectoral Framework on Climate Change: Agriculture, Fisheries and Forestry towards Food Security (AFCC) aims at addressing issues on food security that are related to changes in climates.

Strategic Measure	Current Status and Development
<b>6 Technology to promote food safety and address environmental issues</b>	
<ul style="list-style-type: none"> <li>Develop new and appropriate technologies, best practices and management systems to ensure food safety and address health/disease and environmental issues, particularly in the fast growing aquaculture, livestock and horticulture sub-sectors</li> </ul>	<ul style="list-style-type: none"> <li>In terms of harmonization of standards, ASEAN harmonized documents regarding food control and food safety have been developed based on Codex guidelines and texts, most of which are principles with modifications. These documents are implemented to promote food safety and control system to maintain confidence in consumer protection and to facilitate trade in food, both regionally and internationally.</li> </ul>
<b>7 Good agricultural practices to minimize negative effects of natural resource exploitation</b>	
<ul style="list-style-type: none"> <li>Promote good agriculture practices to minimize the negative effects on natural resources such as soil, forest and water, and reduce the greenhouse gas emission</li> </ul>	<ul style="list-style-type: none"> <li>The <b>ASEAN Good Agricultural Practices (GAP)</b> is voluntary standard for member states on production of fresh fruits &amp; vegetables adopted in 2006.</li> <li>It regulates the procedures of planting, care, harvesting &amp; post-harvest including packaging but does not regulate for sprouts and fresh cut produce. ASEAN GAP only applies for production processes &amp; not used to certify for organic or genetically modified organic (GMO) products.</li> <li>The ASEAN GAP comes with three modules to better provide guidance in its implementation: (i) food safety module, (ii) environmental management module, and (iii) worker health, safety and welfare module.</li> </ul>
<b>8 Better forest management</b>	
<ul style="list-style-type: none"> <li>Promote forest management involving the community living within and surrounding the forest for the sustainability of the forest and prosperity of the people</li> </ul>	<ul style="list-style-type: none"> <li>Perhaps the most prominent cooperation in forestry management in ASEAN is the <b>ASEAN - Republic of Korea Forestry Cooperation (AFoCo)</b>. The agreement was signed in 2011 and it aims at implementing projects and utilizing appropriate technologies to address the problems such as degrading forest land and deforestation under sustainable forest management. In addition, the cooperation also wishes to respond to impacts of climate change on forests.</li> <li>Under the cooperation, many projects have been undertaken on both national and regional levels, under the four designated areas: (i) promotion of sustainable forest management, (ii) reduction of deforestation and forest degradation, (iii) capacity building, public awareness, and R&amp;D in forest sector, and (iv) enhancement of forest carbon stocks and supporting initiatives.</li> </ul>

## F. Conclusion: Moving Forward with the AEC 2025 Plans

- For efficient use of renewable energy forms across the region, ASEAN must be able to facilitate intra-ASEAN trade so that the utilization and optimum consumption of that kind of energy can be determined by market mechanism, therefore the right pricing can also be determined.
- In terms of development of relevant technologies for sustainable energy development, ASEAN should expedite the enforcement of intellectual property law to encourage more R&D that may be useful in addressing the issues and challenges under this broad initiative.
- Particularly in the area of food safety, harmonization of standards will greatly improve the procedures to promote food safety and food control. This will improve confidence in consumer protection and support greater intra-ASEAN trade in food products.
- Since sustainable economic development cuts across different sectors (and even different pillars of the ASEAN Community), formal and intensive engagement across different sectors must be established among the relevant regulators. Too often formal procedures or protocols get in the way of more intensive cross-sectoral dialogues that are urgently needed to overcome problems and address challenges.
- Closer cooperation with the private sector is very important, particularly in encouraging more investment in infrastructure to support food production and reduce the costs associated with production and transportation. The private sector has the right know-how in terms of efficiency, and the partnership will lessen the government's burden in developing the much needed infrastructure projects. This would require more intensive engagement between the regulators and the relevant stakeholders to ensure achievement of the objectives set out in the blueprint.



## References

- ASEAN Secretariat (2008). ASEAN Economic Community Blueprint
- ASEAN Secretariat (2015). ASEAN 2025: Forging Ahead Together
- ASEAN Secretariat (2015). ASEAN Integration Report 2015
- ASEAN Secretariat (2015). A Blueprint for Growth ASEAN Economic Community 2015: Progress and Key Achievements
- UNESCAP, ADB, UNDP (2016). Making It Happen: Technology, Finance and Statistics for Sustainable Development in Asia and the Pacific (Asia-Pacific Regional MDGs Report 2014/15)
- ASEAN Renewable Energy Development 2006-2014, ASEAN Centre for Energy (ACE), with support from ASEAN Renewable Support Energy Programme (RSEP), 2016
- Road to Low Carbon ASEAN Community, Trajano and Vineles, RSIS Commentary, June 2016
- Chapter 2: Biofuel Promotion Policies and Development Status in East Asian Countries, Study on Asian Potential of Biofuel Market, by Kaoru Yamaguchi, ERIA Research Project, 2014
- Connecting ASEAN through the Power Grid, Philip Andrews-Speed, Policy Brief, Energy Studies Institute, 2016
- Trans-ASEAN Gas Pipeline Project, available at <http://www.ascope.org/Projects/Detail/1060>

### Contributing Writer:



Dr. Bambang Irawan was formerly an Assistant Director at the ASEAN Secretariat, Jakarta, Indonesia. His portfolio covered cooperation and initiatives under the ASEAN finance integration. In his capacity, he coordinated activities and initiatives under financial services liberalisation, capital account liberalisation, capital market development, insurance and taxation.

### Editor:

Jukhee Hong | Tunku 'Abidin Muhriz

### Contact Details:

Please contact the CARI for information about this paper: [enquiries@cariasean.org](mailto:enquiries@cariasean.org)

### Disclaimer:

Any analysis, opinion or editorial contained in this report is based on information sourced from or made available in the public domain. CIMB ASEAN Research Institute (CARI) assumes no liability and makes no guarantee, representation or warranty, whether express or implied, as to the adequacy, accuracy, completeness or reliability of any such information and analysis, opinion or editorial contained in this report. All readers are advised to conduct their own independent verification and/or evaluation of such information and analysis, opinion or editorial.