



RECOMMENDATION PAPER

RE-BUILDING ASEAN'S ECONOMY IN POST-PANDEMIC ERA

2021 | US-ASEAN BUSINESS COUNCIL

FOR THE 53RD ASEAN ECONOMIC MINISTERS' (AEM) MEETING



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INTRODUCTION

ASEAN continues to be the key trade and economic partner for the United States. The U.S. exports more than \$122 billion in goods and services to ASEAN, the 4th largest after Canada, Mexico, and China, while the U.S. is the 2nd largest trading partner for ASEAN. More than 40,000 U.S. companies export to ASEAN, supporting more than 625,000 U.S. jobs. Nineteen U.S. states have more than 10,000 jobs that rely on exports to ASEAN Member States, and in 13 states ASEAN accounts for more than 20% of export-dependent jobs to the Indo-Pacific. According to the data from the U.S. Census Bureau, U.S.-ASEAN bilateral trade reached more than \$300 billion in 2020, recording about 5% growth year-on-year, despite the global pandemic. The total value of U.S.-ASEAN bilateral trade has increased 98% from \$177 billion to nearly \$352 billion in the past decade. As the number one destination for U.S. investment in the Indo-Pacific, ASEAN has also enjoyed more than \$338 billion of total U.S. foreign direct investment, more than the U.S. has invested in China, India, Japan, and South Korea combined.¹

As asserted by the recent visit of Vice President Kamala Harris to Singapore, the strategic importance of Southeast Asia is prominent in the U.S. foreign policy agenda. The American business community is also committed to strengthening its presence in the region, driving digital transformation, supporting ASEAN SMEs and women in businesses, and bolstering the U.S. and ASEAN people-to-people connectivity through human capital development. The pandemic has, however, shone a spotlight on the resilience of supply chains in ASEAN and globally, through supply-related shocks and production stoppages. While supply chains in the Asia Pacific are relatively resilient, many companies are re-thinking their long-term strategies.

COVID-19 threats have impacted businesses differently across ASEAN and Asia Pacific by sector, for example, the automotive sector has experienced major disruption, while the technology and electronics sector suffer less. Supply chain managers across ASEAN are more optimistic about globalization and international supply chains than their counterparts in Europe and North America. Larger corporations are investing more heavily in the digitization of their supply chains since the onset of the pandemic, looking to diversify supply chains and move away from single sources, while smaller companies prefer localization. A broad range of potential investment locations are favored by Asia Pacific supply chain managers, including markets in ASEAN like the Philippines, Indonesia, and Vietnam.²

In order to build back better, ASEAN needs to forge its regional integration agenda to establish a more resilient regional supply chain, while at the same time enhance investment in the public health systems to prepare for future crises. The U.S.-ASEAN Business Council member companies have been actively participating in various COVID-19 relief efforts, including in distributing vaccines and other critical life-saving support through the Global Task Force on Pandemic Response. Access to vaccines will be key to restoring human health, thereby enabling the safe reopening of the borders and stimulating economic productivity and growth. To realize ASEAN's full potentials, a close partnership between private and public sectors should be maintained and enhanced.

The Council and its members are committed to supporting ASEAN in accelerating its comprehensive recovery and advancing a thriving economy. This paper has identified a set of recommendations from the private sector to support ASEAN in implementing the ASEAN Comprehensive Recovery Framework (ACRF) and other related initiatives. Four main focus areas include **(i) building resilience in supply chains; (ii) enhancing investment in pandemic response and preparedness; (iii) advancing ASEAN's digital economy; and (iv) recovering sustainably.**

¹ ASEAN Matters to America 5th edition, 2021, <https://www.eastwestcenter.org/system/tdf/private/2021-asean-matters-for-america.pdf?file=1&type=node&id=40776>.

² Disruption, Digitisation, Resilience: The future of Asia-Pacific supply chains, 2021, https://www.citibank.com/tts/insights/assets/docs/articles/ECO128_Citi_Supply_and_disruption_9.pdf.

Building Resilience in SUPPLY CHAINS



The global supply crisis, exacerbated by lockdowns and barriers challenging cross-border transportation, is expected to continue well into 2022, and potentially even into 2023, with global economic, commercial, and inflationary implications. The pre-existing trade conflicts have impacted and accelerated the transformation in regional value chains. In response to the trade tensions between the U.S. and China, some companies—especially in the tech industry have been stockpiling resources (semiconductors) in a massive scale as a reaction of the situation, worsening the scarcity of supplies in an already disrupted supply chain.

URGENT NEED TO RESTART ASEAN'S ECONOMIES

Lockdowns to stop the spread of the COVID-19 Delta variant have led to the suspension of production in several ASEAN markets, creating severe global shortages in a wide range of sectors, including consumer electronics, semiconductors, automotive, furniture, toys, and apparel. The region's slow response to safe management and reopening is hurting the ASEAN export sector and local businesses the most. Further, due to the disruptions in manufacturing, foreign-invested companies have shifted their production to other locations outside of ASEAN. Without a stronger response by ASEAN, several will not have the confidence to return. If ASEAN can effectively address the bottlenecks, the region is estimated to generate up to US\$600 billion a year in additional manufacturing output, increase annual FDI in manufacturing up to US \$22 billion and create around 140,000 new jobs a year.³

PROTECTING THE GLOBAL TRANSPORTATION NETWORK ECOSYSTEM

The global supply-side crisis has been further exacerbated by disruptions in cross-border transportation created by sea and airport shut-downs, and restrictions on the movement of air, maritime, and ground personnel. These restrictions have created tremendous operational challenges for global transportation networks. Recent challenges have contributed directly to some of the longest berths and dwell times in history for ocean shipping, placing additional pressure on the air freight industry that is already facing severe capacity constraints due to the grounding of passenger aircraft and elimination of belly-space capacity.

To build up to longer-term supply chain resilience, ASEAN must continue reviewing the robustness of its regional and global transportation networks including air, ground, and maritime modes. A robust transportation network enables businesses to source from alternative locations, create and diversify distribution networks, and greater reliability in their supply chains.

Customs and border controls need to be both effective and streamlined while ensuring that their processes and procedures are both robust and resilient. By doing so, governments can prove the active and effective management of their exposure to future external shocks of any kind, while building crucial skills that can pay immediate dividends. This is a critical opportunity for ASEAN to show global leadership in absorbing and acting on the lessons of the COVID-19 crisis in ways that show a path for other countries to follow.

³ How ASEAN Can Move Up the Manufacturing Value Chain, 2021, <https://www.bcg.com/publications/2021/asean-manufacturing>.



GOALS

ACRF STRATEGY 3: MAXIMIZING THE POTENTIAL OF INTRA-ASEAN MARKET AND BROADER ECONOMIC INTEGRATION

- Strengthening supply chain connectivity and resilience
- Strengthening transport facilitation/connectivity
- Enhancing public and private partnership for regional connectivity

RECOMMENDATIONS

- Collectively recognize transportation and logistics as essential services, allowed to operate with sufficient manpower to continue customs clearance of goods and final-mile pickup and delivery.
- Identify critical manufacturing sectors, including vendors and related service providers, and immediately put in place a roadmap to ensure their safe reopening and longer-term business continuity.
- Work closely with companies to develop safe management solutions (split teams, routine testing, and contact tracing, prioritized vaccination) to safely reopen their businesses. A common approach will provide the much-needed predictability and scale for foreign investors who have invested in ASEAN to support the regional market.
- Develop common rules to facilitate the movement and transit of air cargo crew – who present a different risk profile than passengers.
- To continue essential services in critical export industries in ASEAN Member States while employing best practices from governments and industry to continue operations safely.
- To establish guidelines and SOPs for getting essential services back to work, including workplace safety to allow safe resumption of manufacturing and minimize disruptions to business operations and supply chains.
- Include surge capacity logistics and the use of data to more accurately predict stockpile needs for future pandemic preparedness plans.
- Align domestic regulations with the Ha Noi Plan of Action on Strengthening ASEAN Economic Cooperation and Supply Chain Connectivity in Response to the COVID-19 Pandemic, to prevent export prohibitions and other restrictions on essential goods.
- Integrate Environmental, Social, and Governance (ESG) issues in the regional trade and supply chain ecosystem, including components such as ethical resourcing, green transportation, and circular economy.

Investing in PANDEMIC RESPONSE AND PREPAREDNESS

Countries, globally, are still vulnerable to supply chain challenges even as they scale up their vaccination drives and restock public health supplies. A comprehensive recovery would require coordinated global efforts to prevent, prepare for and respond to future health crises, as highlighted in the recently published G20 High-Level Independent Panel (HLIP) Report on a Global Deal for Our Pandemic Age. The HLIP calls for global investments, reforms, good governance, and international financing mechanisms to better prepare for future pandemics. Improved health outcomes would not only accelerate recovery but also support the realization of regional trade objectives.

GOALS

ACRF STRATEGY 1: ENHANCING HEALTH SYSTEMS

- Strengthening vaccine security and self-reliance including its equitable access, affordability, safety, and quality
- Strengthening prevention and preparedness, detection and response, and resilience
- Enhancing the capacity of public health services to enable health emergency response including ensuring food safety and nutrition in emergencies

ACRF STRATEGY 2: STRENGTHENING HUMAN SECURITY

- Ensuring food security, food safety, and nutrition

ACRF STRATEGY 3 – MAXIMIZING THE POTENTIAL OF INTRA-ASEAN MARKET AND BROADER ECONOMIC INTEGRATION

- Keeping markets open for trade and investment
- Enabling trade facilitation in the new normal
- Setting up travel bubble/corridor framework
- Elimination of Non-Tariff Barriers (NTBs) and cutting down market-distorting policies
- Accelerating sectoral recovery (tourism, MSMEs) and safeguarding employment in most affected sectors
- Streamlining and expediting investment process and facilitation and joint promotion initiatives

ENHANCING HEALTH SYSTEMS

High-quality health services and wide access to healthcare are difficult to achieve without adequate resources. Healthcare expenditure in ASEAN accounts for 4% of the region's total GDP, lower than the global average of 10%, and relies heavily on public funding.⁵ The pandemic demonstrated why healthcare spending should be viewed as an investment in economic growth and resilience, rather than a one-off expense. Having the right policy, legal, and regulatory frameworks are the keys to fostering innovation and attracting such investments.⁶

⁴ A Global Deal for Our Pandemic Age, 2021, <https://pandemic-financing.org/report/foreword/>.

⁵ ASEAN Matters for America 5th edition, 2021

⁶ How ASEAN Can Move Up the Manufacturing Value Chain, 2021, <https://www.bcg.com/publications/2021/asean-manufacturing>.

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- Establish robust and resilient healthcare supply chains through technology investments, manufacturing, and research & development, to avoid disruptions and shortages in products such as personal protective equipment and pharmaceutical ingredients during the pandemic and to withstand future threats/crises.
 - Encourage regionalization and diversification of supply chain strategies to reduce dependence on a limited number of sources. This would also be important for the post-pandemic era where the supply used for other healthcare products could be scarce because of the current overwhelming focus on manufacturing vaccines.
 - Enable holistic regulatory framework and system for telehealth, telemedicine, and e-pharmacy to enhance channels for patient access, encouraging trade and investment in digital health and health system readiness in the new normalcy.
- Improve the ease of doing business and competitiveness by creating a facilitative environment including transparent, predictable policies of investment, and innovation in emerging industries such as medical technology, telehealth, biopharmaceuticals, and medical diagnostic.
 - Adhere to internationally recognized standards and best practices in manufacturing and importing pharmaceutical products and medical devices to improve productivity, product quality, and safety as well as increase value in the global supply chain.
 - Cut red tape emanating from the local content requirements, import licensing, and other unnecessary non-tariff measures (NTMs) and non-tariff barriers (NTBs) for critical and essential goods in alignment with international standards to enhance trade and investment.
 - Simplify local content requirements by taking into consideration economic and commercial impacts, ASEAN's position in the global supply chain, and the maturity of existing industries and their local capacity to produce high-quality products.
 - Ensure registration and procurement practices take into account quality, access, and affordability.
- Explore Public-Private Partnerships to spur innovation, knowledge & technology transfer, and research & technical capabilities in the health and life sciences sector.
 - Collaboration of health agencies with private sectors, experts, and academics to leverage big data, localized insights, and campaign awareness to support health risk and pandemic mitigation.
- Look into emerging and more sustainable forms of healthcare financing to ensure accessibility and quality healthcare mobilization, accumulation, and allocation of resources.
 - Use blended capital structures in partnership with development agencies and the private sector as a way to attract private sector financing for a greater variety of projects at a larger scale and at a more affordable cost, as part of efforts to help fund the recovery.
 - Explore the potential for individual or collective pandemic bond issuance as part of ASEAN Member States' disaster risk financing strategies.
 - Issue vaccine bonds that use donor commitments as backing to raise immediate funding for vaccine procurement and immunization.
 - Promote the use of the ASEAN Social Bond Standards which can open up issuers to a broader range of investors, including those with explicit ESG mandates for their portfolios.⁷
- Maximize utilization of the COVID-19 ASEAN Response Fund to procure test kits, personal protective equipment, and medical supplies, as well as to support research and development of vaccines and medicines.

⁷ ESG Financing, US-ABC Paper to the AFMGM 2021



ENSURING FOOD SECURITY AND SAFETY

High-quality health services and wide access to healthcare are difficult to achieve without adequate resources. Healthcare expenditure in ASEAN accounts for 4% of the region's total GDP, lower than the global average of 10%, and relies heavily on public funding.⁸ The pandemic demonstrated why healthcare spending should be viewed as an investment in economic growth and resilience, rather than a one-off expense. Having the right policy, legal, and regulatory frameworks are the keys to fostering innovation and attracting such investments.

RECOMMENDATIONS

- Strengthening the supply chain by ensuring demand from markets and that the supply chain reaches farmers in a timely manner to support the overall economic resilience.
- Facilitate the trade of agriculture as essential services and essential goods for the efficient functioning of its value and supply chains including through:
 - Create regulations and policies to deliver timely agriculture inputs (raw materials and technologies such as quality seeds and crop protection products) to farmers.
 - Explore options to better facilitate and safeguard cross-border movement of agricultural products, such as through the implementation of e-Phyto certification.

RESTORING CONFIDENCE IN TRAVEL

International travel is estimated to have fallen over 70% globally due to the pandemic, with the Asia Pacific being the hardest-hit region.⁹ More commercial flights – with a return of passenger travel would also be critical for the logistics industry to leverage on greater belly cargo space capacity for shipments flowing into, out of, and across the region. To restore confidence in travel, safe reopening requires calibrated, data-driven domestic policy decisions and international coordination to create a set of principles for travel, including vaccination and testing as a critical component for the safety of travelers.



⁸ COVID-19 response, recovery and beyond: Collaboration for resilient food systems in ASEAN Roundtable with Senior Officials of ASEAN Ministers on Agriculture and Forestry (SOM-AMAF), 2020, <http://www.fao.org/asiapacific/events/detail-events/fr/c/1680/>.

⁹ ASEAN Matters for America 5th edition, 2021, <https://www.eastwestcenter.org/system/tdf/private/2021-asean-matters-for-america.pdf?file=1&type=node&id=40776>.

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- Develop a common framework and harmonize principles for travel reopening within the ASEAN region – in a predictable and transparent manner, especially for business travelers and other travel arrangements with essential purposes – without precluding the possibility to extend the framework beyond business travel. For instance:
 - To allow fully vaccinated people to travel, shorten/waive quarantine requirements while adopting pre-departure, regular testing, health protocols of the highest standard.
 - To develop common protocols for digital health/vaccine certificates (similar to European Digital Green Certificate Gateway) as well as a common framework for testing and tracing within the region.
- Consult with the private sector in identifying trends and best practices in developing a reopening framework involving international inbound traveler's recovery program and a reopening plan in prioritized areas (travel corridor/sandbox approach).
- Harness digital technology to facilitate travel arrangements in a safe manner, including through the utilization of electronic documents and contactless digital payments.
- Collaborate with the healthcare/ insurance sector on COVID-19 travel insurance programs and encourage/ require travelers to obtain the insurance as a prerequisite to enter ASEAN countries – to minimize the associated costs and risks
- Encourage regular testing for high-risk and tourism-related sectors – especially in prioritized tourism destinations, e.g., tourism operators, food & beverage establishments, etc. to increase the confidence to travel
- Strengthen collaboration between government and private sectors in driving campaign and awareness in restoring confidence in travel as well as in developing reopening strategies for the tourism framework.

Most Asian countries are expected to achieve widespread vaccination in 2022 or later

Estimated timing of 60% population coverage and vaccination rate* (As of Aug. 31¹)

Country/region	Current rate* (In percent)	Country/region	Current rate* (In percent)
Q3 2021		Q3 2022	
Singapore	75.15	Thailand	11.12
Mongolia	62.90	Q4 2022	
China	61.59	Vietnam	2.67
Bhutan	60.96	Q2 2023	
Maldives	55.53	Indonesia	12.97
Q4 2021		Q4 2023	
Hong Kong	45.66	Sri Lanka	35.83
Q1 2022		Nepal	15.03
Japan	46.42	Philippines	12.57
Macao	41.63	Pakistan	7.75
South Korea	30.70	Bangladesh	4.75
Australia	27.80	Q4 2024	
New Zealand	24.93	Laos	22.29
Taiwan	3.86	Afghanistan	1.08
Q2 2022		2025 or beyond	
Cambodia	50.31	Myanmar	3.28
Malaysia	45.86		
Brunei	20.17		
India	10.61		

Population coverage based on Economist Intelligence Unit's forecast as of Aug. 11

*Percentage of population who are fully vaccinated
¹Or latest available data in August

Source: Economist Intelligence Unit, Our World in Data

Source:

<https://asia.nikkei.com/Spotlight/Coronavirus/COVID-Recovery-Index-Delta-strain-and-late-jabs-hold-ASEAN-back>



Advancing the DIGITAL ECONOMY

The digital economy is the future economy and a key area where U.S. businesses are well-placed to partner with ASEAN in its next stage of growth. U.S. businesses are active in ASEAN and provide key products and services in the ICT space, including cloud services, mobile, search engines, social media platforms, and digital payments used by millions of businesses and individuals across ASEAN. There is tremendous potential to grow this partnership, including in the areas of digital trade, investment, digital transformation, regulatory cooperation, and skills training. This will be particularly beneficial for the many MSMEs in ASEAN which can use digital tools and services to export at a low cost and scale globally. Consumers in ASEAN will also benefit from a variety of digital services providers—domestic and foreign—which are able to compete on a level-playing field and provide competitive products and services. The COVID-19 pandemic has also highlighted the urgent need for governments to embrace digital transformation to support public service delivery.

For U.S.-ASEAN cooperation to be effective, it is important to establish an understanding of key digital economy principles and to work towards achieving harmonization and/or interoperability between the various digital governance regimes in the region and with the U.S. Overlapping, conflicting, and unnecessarily burdensome rules have generated barriers to digital commerce, bringing difficulties for companies, especially small businesses to grow and digitalize their operations. MSMEs may not fully capitalize on the opportunity to sell overseas due to the higher time and cost of customs compliance, especially if their cross-border shipment volumes are low and infrequent. They may also lack the technical skills to build an online presence. Consumers and merchants require a better understanding of the e-commerce ecosystem and value chain before they can fully capitalize on the opportunities for e-commerce. There is also a growing number of new participants joining the e-commerce ecosystem, who are still unfamiliar with digital processes and may not trust the system due to traditional reliance on cash and perceived privacy and security concerns.¹⁰

In 2020, the Southeast Asian region saw a total of 40 million new internet users, many of whom may not have the necessary digital skills to engage fully in the digital economy. Digital skills training is another key area of cooperation between U.S. businesses and ASEAN. U.S. businesses have been and can continue to be a key resource for digital skills development in ASEAN. Governments have a key role to play in providing conducive regulatory and programmatic support that enables MSMEs and digital platforms to grow. Governments may also benefit from a more nuanced understanding of the e-commerce ecosystem and diverse commerce business models, to maximize effective coordination and policy-decision making to strengthen the digital economy ecosystem.

¹⁰ A Vision for Cross-Border E-Commerce in ASEAN, 2020, <https://pages.usasean.org/ecommerce-report/>.

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- Establish agreed digital economy principles between ASEAN and the U.S. to facilitate digital trade and investment, including mechanisms for cross-border data flows, adoption of globally interoperable standards for electronic payments, development of digital capabilities, data privacy regimes, consumer protection, and cybersecurity.
 - Engage industry while developing these principles and ensure that companies have sufficient flexibility to grow, be active players in the ecosystem, innovate and respond to new developments.
 - Sharing of good digital regulatory practices on the digital economy between the U.S. and ASEAN, with private sector's input and participation e.g. on the importance of international standards, interoperability, and coordination.
 - Adopt globally interoperable standards and harmonize regulations to enable digital payments and simplify customs procedures.¹¹
 - Create clear guidelines supporting e-commerce and trade-in services, including ensuring robust, future-proof, and non-discriminatory market access.
- Consider building on existing digital trade agreements such as Singapore-Chile-New Zealand Digital Economy Partnership Agreement (DEPA) and using the Singapore-Australia Digital Economy Agreement (DEA) as a baseline for future agreements.
 - Include provisions for emerging areas in data governance namely cross-border financial data flows, mutual recognition of digital identity and cooperation on artificial intelligence, and data innovation.
 - Strengthen coordination across different sectoral regulators within the e-commerce value chain such as those dealing with data governance and financial services.
 - Take into account the 12 programs proposed in the US-ABC Report on A Vision for Cross-Border E-Commerce in ASEAN, which includes initiatives to adopt interoperable digital identity,¹² contactless digital payment frameworks, trusted trade scheme, ASEAN Low-Value Shipment program, and parcel locker alliance.
- Establish a more regular and structured public-private consultation in developing programs and regulations that support e-commerce and the digital economy.
 - Regularize dialogue between the ASEAN Coordinating Committee on Electronic Commerce (ACCEC) and private sectors to explore collaboration in implementing the ASEAN Agreement on Electronic Commerce and its work plan.
 - Foster engagement between the ASEAN Consultative Committee on Standards and Quality (ACCSQ), Digital Trade Standards and Conformance Working Group (DTSCWG), and the private sector to share best practices and providing technical assistance in developing standards to facilitate digital trade and e-commerce.
 - Work with other experts, trade associations, and industry to provide a comprehensive mapping of the vast e-commerce ecosystem and diverse platforms' business models, to maximize a cohesive strategy, better coordination, and policy-decision to strengthen the digital economy ecosystem.
- Cooperate on the implementation and expansion of the WTO Information Technology Agreement (ITA) on 0% import tariffs on a range of IT equipment.

¹¹ See further details in A Vision for Cross-Border E-Commerce in ASEAN, 2020, <https://pages.usasean.org/e-commerce-report/>

¹² A digital identity scheme will be fundamental to the digitalization of economies. This would remove the need for in-person authentication of individuals or documents by unlocking digital access to financial services such as insurance, payments, lending, and account opening. Such digital identity scheme should be available to all companies (local and foreign) with the appropriate regulatory approvals to operate in the country (Digital Identity in ASEAN, US-ABC Paper to the AFMGM 2021).

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- Expand digital skills training programs between U.S. companies and ASEAN Member States to develop skills and talent pipeline within the ASEAN digital sector to support the needs of ASEAN's digital economy ecosystem.
 - Build on existing platforms such as U.S.-ASEAN SME Academy and U.S.-ASEAN Internship Program for ASEAN local businesses and/or young professionals.
 - Develop a skills roadmap that will identify the trends of the digital economy and map the core job functions within the e-commerce sector, as well as assess the key skills, technical competencies, behaviors, and leadership skills needed for each role.
 - Consider how technologies such as cloud computing, cybersecurity, data analytics, and others will impact job functions in the e-commerce sector.
- Work with private sector to accelerate digital transformation of the public sector, and public service delivery across sectors, including health and education.
 - Consider how technologies such as cloud computing can play a part in the digitalization of government operations and services, as well as supporting policies and frameworks that will accelerate their adoption.



Recovering SUSTAINABLY

The need for sustainable redevelopment is made more pressing by the climate emergency. By working together, ASEAN can emerge stronger to aid the region in leading climate commitments. Sustainability is more than seeking to limit environmental degradation or pollution, but also about creating structures and systems that can last and support ongoing development efforts which will persist for years to come. There are key imperatives for ASEAN countries to move toward a more sustainable future, which include lower-carbon energy use, sustainable infrastructure, food security, and sustainable financing.

Government and business across ASEAN and around the world are increasingly focused on ESG issues. This attention will continue to intensify in the lead-up to the COP26 meetings in November and will lead to more discussion of green trade and supply chains. Industry initiatives will play an important role. One example is efforts to decarbonize the shipping sector. To address the climate impacts of this key facilitator of global trade, 27 leading banks have come together to establish the “Poseidon Principles”¹³ – a framework for the inclusion of climate considerations into banks’ lending decisions to firms in the industry, in order to promote the decarbonization of shipping.

There is also a need to radically scale up climate capital in order to help meet the objectives set out in the Paris Agreement. Globally consistent taxonomy and disclosure regimes will be critical to allowing investors to identify and meaningfully compare sustainable activities across borders. In that respect, the work of the ASEAN Taxonomy Board will be very important. Policy tools that can help ramp up funding will also be necessary. These include carbon pricing, issuing green bonds against frameworks such as the ASEAN principles and using public funding to crowd in private capital. Each of these elements has a role to play in helping to green the trading system in ASEAN.

Rebuilding and recovering sustainably presents an opportunity to build back better and more resilient for future crises, while at the same time creating new jobs and economic opportunities. The US-ABC and member companies support the work of ASEAN for sustainability and circular economy frameworks and look forward to engaging more deeply with the relevant sectoral bodies as the framework becomes operational.

¹³A global framework for responsible ship finance, 2019, <https://www.poseidonprinciples.org/#home>



About the US-ASEAN Business Council

For over 35 years, the US-ASEAN Business Council has been the premier advocacy organization for US corporations operating within the dynamic Association of Southeast Asian Nations (ASEAN). Worldwide, the Council's membership, more than 160 companies, generate over \$6 trillion in revenue and employ more than 13 million people globally. Members include the largest US companies conducting business in ASEAN, and range from newcomers to the region to companies that have been working in Southeast Asia for over 100 years.

We believe opening and investing in the sustainability of efficient, resilient, and competitive markets are critical to the continued growth of our member companies and innovation and job creation in the United States and Southeast Asia.

The Council has offices in Washington, DC; New York, NY; Bangkok, Thailand; Hanoi, Vietnam; Jakarta, Indonesia; Kuala Lumpur, Malaysia; Manila, Philippines; and Singapore.

