

Can Southeast Asia Seize Global Opportunities in Sustainability?

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At first look, it may be challenging to envision a clean and green future for Southeast Asia. The region is notorious for its environmental problems, from the haze blanketing Indonesia to the pollution clogging up rivers in Vietnam.

Worldwide, we are facing the threats of climate change, and current economic conditions threaten to choke any green initiatives before they can truly make a difference. And yet, there is a reason for optimism. Several countries in Southeast Asia have taken steps to address the issue of sustainability. If they can succeed in implementing their plans, they stand to reap a windfall of investment opportunities.

Crucially, sustainable innovation isn't just tokenism – it can be big business. Environmental, social, and governance (ESG) focused assets are projected to grow to 50 trillion dollars by 2025. But can Southeast Asia seize this global opportunity?

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What is the current state of sustainability in Southeast Asia?

There is no one-size-fits-all answer to this question, as sustainability efforts vary significantly from country to country. Indonesia, for example, has been working to combat

the haze caused by slash-and-burn agriculture practices, and in 2018 the government introduced a moratorium on new palm oil plantation development.

However, as an illustration of the fragility of such policy-making, the Indonesian government paused that moratorium in 2021, although it has pledged not to approve new palm oil permits in the future.

In areas that don't rely as much on agriculture, like Singapore, the approach to sustainability is much more technical. The Singapore Government has seen the importance of sustainable innovation, and its US\$133 million Enterprise Sustainability Programme (ESP) is driving businesses to develop sustainable solutions to implement in their business models.

Fruits of this effort include companies like Karana Foods, which produces plant-based meat alternatives, and collaboration with &ever, a German vertical farming company targeting an output of 1,400 kgs of vegetables and herbs daily.

Problems faced in Southeast Asia reaching sustainability

There are several problems that countries in Southeast Asia face when it comes to sustainability, but there are three main hurdles. Firstly, many countries still rely heavily on natural resources, such as timber and coal, for their economic growth. This reliance means that these countries need to be faster to implement sustainable practices, as they fear the impact on their economies.

Secondly, more data and transparency are needed to assess the state of sustainability in Southeast Asia. This lack of data hampers policy-making and makes it difficult for businesses to

identify opportunities.

Singapore is addressing this as part of its ESP by working on a common disclosure portal for investors and financial institutions to access standardized data and for companies to use it as an internal ESG monitoring tool.

Thirdly, increased urbanization is putting pressure on resources such as water and energy. This is particularly apparent in Singapore, which has one of the highest population densities in the world. The country is therefore working on initiatives such as water reuse and solar energy to mitigate these pressures.

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How can Southeast Asia capture sustainability opportunities?

Despite the challenges, there are some ways in which Southeast Asia can capture sustainability opportunities. Firstly, Southeast Asian countries can still rely on their natural resources for a sustainable future.

Indonesia and the Philippines are the second and third-largest producers of geothermal gas, a renewable energy source that will be in demand for decades. Singapore's solar capacity has grown more than 600% in the last five years, and Vietnam is following close behind. Southeast Asia offers wind and wave power, potential sources of renewable energy.

Secondly, policies encouraging sustainable innovation, like Singapore's ESP, can create a conducive environment for companies to develop sustainable solutions. These solutions can then be exported to other markets, as has been the case with Karana Foods and &ever.

Thirdly, increased urbanization can be positive. With proper planning, it can provide an opportunity to build cities that are more sustainable and resource-efficient. Singapore, the world's most urban nation, is already doing its part to assist the agricultural sector in the wider Southeast Asian region by fostering agritech venture capital, think tanks, and digitization.

Finally, the creation of the Regional Comprehensive Economic Partnership (RCEP) between the 10 ASEAN nations and their five non-ASEAN partners has created the largest trading bloc in the world. This presents a unique opportunity to promote sustainable practices across the region, leading to increased global competitiveness.

Southeast Asia has the potential to be a world leader in sustainability, but it faces significant challenges. However, these challenges are not unique to Southeast Asia – whereas there are inherent advantages unique to the region.

We may not see immediate results, but with the right policies in place, the region can capture opportunities to create a more sustainable future for all while reaping the once-in-a-generation economic opportunities.

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