

# The challenge for Asean: To be digital and sustainable

Moving towards both will require collective efforts not only from governments but also from industry and forward-leaning businesses.

**Simon Tay and  
Jessica Wau**

For *The Straits Times*

Even during the worst days of the pandemic, two other matters were clearly on people's minds. First was the attraction and effectiveness of the digital economy, which accelerated during this period. Second was heightening concern with climate change and sustainability, and the role that finance and business could play to shift us towards a green recovery.

Emphasis in these two areas have not only continued but also have been further amplified even as societies reopen for activity and cross-border travel. Both are cross-cutting issues that are beginning to shape plans for some of the leading and largest global businesses. Governments will need to consider how to make policies while consumers and citizens are already responding.

Digitalisation and the emphasis on sustainability are not new as both were emerging forces even

before the pandemic. Digital adoption has been accelerating with a wide range of online services – not just for shopping but also in health and education. It has triggered a revolution of sorts in expectations.

Recent years have also seen heightened concern about climate change, carbon emissions and sustainability. National and business strategies necessitate the inclusion of sustainability and public messaging reveal the popularity of the colour “green” which in turn heightened the risk of “green washing” – an unsubstantiated spin on claiming a product or company is environmentally sound.

## **NEXUS BETWEEN DIGITAL ECONOMY AND SUSTAINABILITY**

As Singapore hosts one of the region's largest tech events, the Asia Tech x Singapore 2022, taking place between May 31 and June 3, it is timely to consider the intersections between the growing digital economy and sustainability. It is critical that the dialogue be framed as being about both digitalisation and sustainability to increase the

synergies, rather than seeing them as a trade-off. As policy risks and commercial concerns arise, these challenges can be met through multi-sectoral and multi-level governance.

Large tech companies are actively pledging carbon neutral targets. Amazon co-founded The Climate Pledge with over 300 signatories that have committed to net-zero carbon by 2040. Google aims to run on 24/7 carbon-free energy by 2030 while Huawei has a 2025 target of reducing carbon emissions per unit of sales by a sixth in six years.

Beyond managing and minimising the industry carbon footprint, digital transformation can potentially make things more efficient, by saving time and costs. A rich area is by using digital tools to revolutionise cross-border trade in both goods and services. Customs agencies are exploring the use of blockchain technology to facilitate trade. Enhanced supply chain monitoring through artificial intelligence and machine learning help scale sustainability solutions.

Digitalisation also enables innovative solutions by providing platforms to crowdsource ideas. Gamifying the sustainability challenge online is also a way to increase environmental awareness and draw out alternative approaches to tackle climate change.

People still have to play their part in cultivating habits to support greening initiatives. In this, technology continues to have a role in nudging consumer behaviour and in providing more sustainable choices.

Grab has a Green Programme in Singapore where you can contribute 10 cents for every ride you take. Opting into this programme will help fund carbon offset and solarisation projects in the region. Foodpanda has a default cutlery opt-out feature and is deploying sustainable packaging that is 100 per cent plant-based.

While these are global trends, there are particular aspects to our region.

## **A DIGITAL AND SUSTAINABLE REGION**

Asia is growing faster than the rest of the world and Asean is projected to become the world's fourth-largest economy by 2030. The bloc's digital potential is estimated to reach US\$1 trillion (\$\$1.37 trillion) in a decade, given favourable demographics and millions of new users coming online. But with so much promise, it is important that sustainability elements are not neglected, whether environmental or social. Even back in 2019, the then Asean chair Thailand already called for the grouping to move towards a “sustainable digital community”.

What can be done?

Much will depend on whether citizens can participate and benefit. Individual Asean economies are at different stages of development, with varying needs ranging from strengthening digital infrastructure to upskilling for SMEs to increasing digital literacy. There is a global shortage for digital talent and Asean too will need to give attention to training its people.

The same is true of the green skills that are pertinent to business. According to LinkedIn's Global Green Skills Report 2022, job postings requiring green skills have gone up by eight per cent annually over the past five years. Those in the know of environmental policy, renewable energy solutions, and ecosystem management are heavily sought after across Asia and even in Singapore.

The Singapore Institute of International Affairs' report on “Charting Asean's Digital Future” recognises the regional nature of both digitalisation and sustainability. Businesses legitimately need data to flow across borders for online transactions to occur seamlessly. Yet, moving towards carbon neutrality and renewable energy investments will require collective efforts not only from Asean governments but also from industry and forward-leaning

businesses.

This multi-level governance will be important for Asean, where power is spread out vertically between many levels of government and horizontally across regions such that non-state actors and non-government organisations can participate. Member states will have their national policy plans, Asean as a bloc will initiate regional frameworks, and the private sector sustainable push will be important contributions towards a greener digital society.

The potential is real but there are risks that growth can have a negative side on carbon use and waste. There are, however, opportunities to innovate and bring solutions from the digital economy to help us grow sustainably. Multi-sectoral and multi-level governance to unleash effective partnerships between government, corporations and the consumer can bring us to a future that is both digital and sustainable.

• Simon Tay is Chairman of the Singapore Institute of International Affairs (SIIA) and also Associate Professor at the National University of Singapore Faculty of Law. Jessica Wau is the SIIA's Deputy Director for Asean Programs. The SIIA launches its report on 'Charting Asean's Digital Future: Emerging Policy Challenges' at the ATxSG 2022.