



BACKGROUND PAPER

Priority Area 3:
Driving Innovative Sustainability
Purpose: Consideration
Submitted by: Malaysia

Informal Senior Officials' Meeting
Langkawi, Malaysia
11 December 2019

A. INTRODUCTION

Trade and investment flows are not ends in and of themselves, but rather are means to an end, predominately to enrich human well-being. If trade and investment are to achieve their full potential for enhancing well-being, it must be aligned with priorities that go beyond simply increasing flows of goods, services and funds. To this end, preservation of the environment that underlies our economy and future development is crucial for APEC to achieve long term well-being or sustainable development.

APEC has recognised the need for this with the launch of the APEC Leaders' Growth Strategy in 2010, aimed at achieving balanced, inclusive, sustainable, innovative and secure growth. These strategies were later enriched in 2015 to complement the global efforts in addressing the many challenges to sustainable economic growth, including those reflected in the United Nations Sustainable Development Goals (SDGs).

The current environmental challenges due to mass scale of production resulting from human activities has put pressures on earth and created tension on raw materials, food, land and energy. A sustainable management of the resources is essential to minimize the impact on the environment and also to create economic value. With this in mind, APEC Ministers in 2018 identified the importance of exploring and promoting strategies to foster economic growth while ensuring environmental sustainability.

Set against this backdrop, sustainability will become an integral discussion for APEC 2020 and Malaysia will focus on optimal resource management to minimise the adverse impacts on the environment. This will be realised by heeding the call of APEC Leaders in 2014, whereby innovation represents an important pathway to improve the quality of growth, address global challenges and achieve common prosperity of the Asia-Pacific.

The focus will be on identifying innovative practices that can complement the existing practices through science, technology and innovation (STI), and shifting to a more responsible resource management. This is aimed to create

sustainable and inclusive growth in APEC economies that the future generations can enjoy. In advancing this agenda, Malaysia will facilitate discussion on the following, but not limited to:

- i. Innovative Waste Management through Circular Economy;
- ii. Advancing the agenda on Food Security; and
- iii. Sustainable and Clean Energy.

B. Innovative Waste Management through Circular Economy

APEC economies are experiencing an increasing trend in population growth and urbanisation. The APEC region was inhabited by 2.9 billion people (2017), accounting for 38 per cent of the world's population. China accounted for 18 per cent of the global population, followed by the United States and Indonesia at an estimated 4 per cent each¹. With population growth and urbanisation, APEC economies face the challenge of a rapid growth of volumes of waste, not just from household and municipal waste but also food waste. Based on the UN's research, roughly one-third of the edible parts of food produced for human consumption gets lost or wasted globally, which is about 1.3 billion tons per year².

This scenario brings with it resource stress that if not managed well will cause unsustainable development leading to catastrophic damage to the planet. APEC economies have put efforts towards waste management, but, are challenged by constraints on technology, infrastructure, financing, policy, and stakeholder participation. These challenges can turn into opportunities, if APEC member economies shift the waste into an economic resource.

Through science, technology and innovation, waste produced can be collected and recycled to create new economic opportunities in the form of waste to wealth generation. Not only this can contribute towards creating sustainable

¹ APEC Policy Support Unit (2018), APEC in Charts 2018: Advancing Free Trade for Asia-Pacific Prosperity. 2018, APEC Secretariat. Retrieved from: https://www.apec.org/-/media/APEC/Publications/2018/11/APEC-in-Charts/APEC_in_Chart_2018.pdf

² FAO (2019), Save food: Global initiative on food loss and waste reduction. 2019. Food and Agriculture Organization of the United Nations (FAO). Retrieved from: <http://www.fao.org/save-food/resources/keyfindings/en/>

income to families and facilitate opportunities for entrepreneurship development, but also limit the environmental impacts due to the use of resources. Given to the importance of new economic growth and sustainable development trend in the Asia-Pacific region, Leaders in 2014 supported the efforts to promote economic restructuring and upgrading in traditional industries, explore new and promising economic growth including in circular economy.

Building on the existing but limited work in APEC on circular economy, Malaysia plans to push forward the agenda on innovative waste management by transforming waste into wealth and application of circular economy to eradicate wasteful use of raw materials. By engaging with the policymakers, industry players and private sectors in food and energy sector, the plan is to facilitate exchange of best practises and develop policy recommendations that can serve as guidance for all the economies in moving towards a more sustainable waste management.

Activities and Outcomes:

- To hold a Multi-Year Policy Dialogue on Innovative Waste Management in August 2020
- To hold a Policy Dialogue on usage of STI in Circular Economy in PPSTI in SOM3
- To conduct a stocktake study on the waste management methodology facilitated by technology and circular economy
- To produce a set of recommendations on Innovative Waste Management and Circular Economy on Food and Energy Sector for reference

C. Advancing the agenda on Food Security

The APEC Food Security Roadmap Towards 2020 sets the long-term goal of an attainment of a regional food system structure by 2020 which will provide APEC member economies with lasting food security, as well as enhance their food supply efficiency and provide more affordable food for lower

income consumers. The APEC Leaders stressed their commitments to prioritising food security in 2014 by endorsing the Roadmap.

Subsequently, Peru undertook a Stocktake exercise of the achievements of the Roadmap in 2016. In 2019, the APEC Ministers called for a review of the APEC Food Security Roadmap Towards 2020 in 2020 and identify of ongoing priorities and future opportunities to enhance food security in the region beyond 2020. In view of this, Malaysia will undertake a review of the Roadmap and identify the opportunities for advancement of this Roadmap. Correspondingly, recommendations will be identified by taking into consideration the changing nature of technology and its challenges and opportunities for human capital.

Activities and Outcomes:

- To organise the High Level Policy Dialogue on Food Security and deliberate on the outcomes of the review and identify way forward
- To conduct a review of the APEC Food Security Roadmap towards 2020

D. Sustainable and Clean Energy

As the world's largest producers and consumers of energy collectively, APEC economies account for 55 per cent of global energy production and 60 per cent of total energy consumption³. By 2050, APEC region energy demand is expected to be 21 per cent above 2016 levels. Thus, APEC economies have to prioritise cooperation on energy transition efforts if the region is serious about transitioning to a low carbon economy.

Towards this end, the APEC Leaders in 2014 endorsed a new aspirational goal to double the share of renewable energy in APEC's overall energy mix by 2030 comparing to the 2010 levels, the new renewable energy development target for the region. It has become ever more important to engage in cross-border cooperation and share and discuss best practices with other economies in the region with increased renewable applications. Building on the existing work programmes, Malaysia will take advantage of the Energy Working Group

³ APERC 2019. *APEC Energy Demand and Supply Outlook*, Volume I, 7th edn, Japan, 7

(EWG) annual agenda and work towards ensuring a more affordable, reliable, sustainable and modern energy for all APEC citizens.

Activities and Outcomes:

- To organise a Policy Dialogue on Renewable Energy Transition for Sustainable Growth