

# Promoting trade-related aspects for circular economy in ASEAN (TRACE)

## Overcoming Regulatory and Trade Barriers in ASEAN

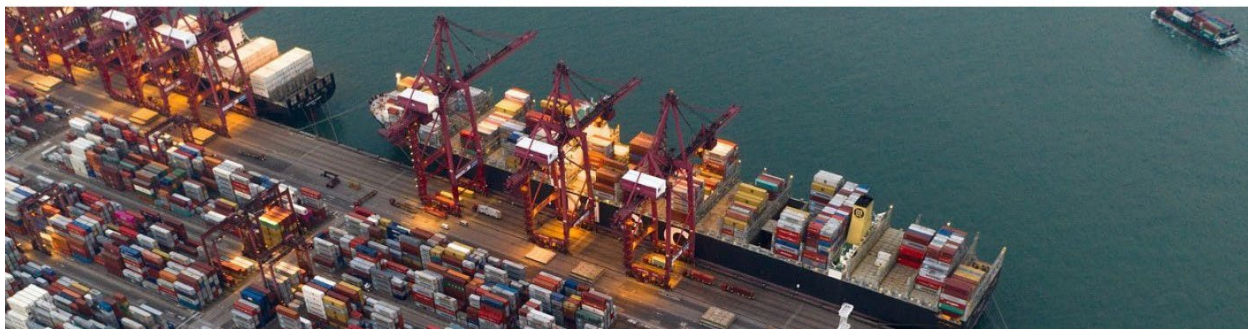


With over 680 million consumers, the Association of Southeast Asian Nations (ASEAN) is one of the world's fastest-growing economies, having achieved an average economic growth rate of 4.1% at the ASEAN level from 2013 to 2022 despite pandemic-related losses. At the same time, trade (both intra-ASEAN and with other countries) increased from USD 2.5 trillion to USD 3.8 trillion (ASEAN Statistical Yearbook 2023). Economic development is leading to increased demand for already scarce resources, and per capita resource consumption in ASEAN is expected to grow by around 2% per year, resulting in an annual per capita resource consumption of 22 tonnes by 2060, a doubling from 2017.

For example, the proportion of electronic waste per person increased by 4% between 2015 and 2019 alone (PWC Circular Economy Research Report 2024). This offers great potential to establish circular approaches in the private sector through trade and investment, utilising recycled materials for production and reducing primary resource consumption. ASEAN recognises the move towards an improved circular economy as a necessity at both regional and national levels. However, the distribution of economic development gains, trade investment and capacities vary drastically among ASEAN Member States (AMS). At the same time, waste management, recycling and re-utilisation remain a major challenge in the region. The recycling rate is only 2.5%, and the proportion of materials recycled in production is 0.8% (PWC Circular Economy Research Report, 2024).

Project name	Promoting trade-related aspects for circular economy in ASEAN (TRACE)
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Project region	ASEAN Member States (AMS), with pilot activities in Cambodia, Laos, and Viet Nam
Lead executing agency	Association of Southeast Asian Nations (ASEAN)
Duration	05/2025 – 06/2029

AMS has ratified the Basel Convention, which regulates the trade in waste. In addition, many AMS have also enacted stricter national regulations on waste imports to restrict illegal trade (UNODC Unwaste Legal Framework Report 2024). However, many AMS have capacity gaps to effectively implement the Basel Convention and, at the same time, to develop regulations that can strengthen trade in the circular economy. This makes the trade of materials for a circular economy more difficult. The regulatory framework for integrating trade-related aspects into the circular economy is not yet sufficiently developed at the ASEAN and most AMS national levels. Furthermore, the specific needs and practical approaches of companies are often not adequately considered in policymaking.



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## Objectives

The project cooperates closely with the Trade Facilitation Division (TFD) of the ASEAN Secretariat as the main coordination mechanism to support the Coordinating Committee for the Implementation of ATIGA (CCA), the ASEAN Trade Facilitation Joint Consultative Committee (ATF-JCC), the Coordinating Committee on Customs (CCC), the Customs Enforcement and Compliance Working Group (CECWG) and other relevant sectoral ASEAN bodies. The overall goal is to improve trade-related aspects of the circular economy by relevant public and private sector actors in the ASEAN region.

The project is working in three main components:

- Strengthening relevant ASEAN bodies to compile and operationalise proposals on trade-related aspects of promoting a circular economy.
- Improving the capacity of AMS to develop national requirements on trade-relevant aspects of circular economy and harmonise it with regional requirements.
- Enhancing the inclusion and development of solutions for a circular economy in the private sector, particularly among women-led companies.

## Approach

The project takes a multi-tier approach with public partners on regional and national level as well as including the private sector:

- Aligning activities with regional ASEAN strategic goals and frameworks, especially with regards to the ASEAN Trade in Goods Agreement (ATIGA) and the Framework for Circular Economy for the ASEAN Economic Community (AEC).
- Technical advisory, services and capacity building for relevant ASEAN bodies to enhance and align regional initiatives and agreements regarding trade-related aspects of the circular economy.
- Advisory and capacity building for relevant focal points in AMS to develop a national framework on trade-related aspects of the circular economy to close the implementation gap between regional initiatives and national regulations.
- Review of relevant national and regional guidelines as well as analysis of cross-border product flows and value chains of a circular economy.
- Promotion of peer learning among AMS as well as strengthening public-private dialogues on a regional level.
- Transfer and exchange good practices among AMS and with German public and private actors.
- Training for associations and companies, especially women-led, on trade-related aspects of a circular economy and circular business models as well as the development of pilot measures.

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