

Trade and Environmentally Sustainable Economic Growth

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TRADE and ENVIRONMENT

SUSTAINABLE
DEVELOPMENT

TRADE → Main driver of economic growth

ENVIRONMENT → Support for economic growth

Asia-Pacific is the fastest growing region in the world

Can the Asia-Pacific region continue with its current growth pattern ?

Is there an alternative path for economic growth without causing damage to the environment ?

Dynamic growth



- ESCAP countries - 4.4 %; World - 3.5 % (1999-2003)
- Industrial output: developing countries - 47 %; Global - 25% (1995-2003)
- Manufacturing output: developing countries - 51% (1995-2003)
- Global production centre - exports grew by 94%

Limited carrying capacity



- Population density 1 ½ times the global average
- Freshwater available: 3,920m³/cap/yr vs. South America 38,300m³.cap/yr.
- Productive area available per capita: 60 % of the global average
- Arable land per capita: 80 % of the global average

Unmet basic needs... need for further economic growth



- > 670 million still living on < US\$1 per day
- > 600 million without safe drinking water
- 1.9 billion without sanitation
- 800 million without electricity or access to clean energy
- Millions still susceptible to diseases and high maternal death rates

Asia-Pacific situation

Unmet basic needs



Limited carrying
capacity

What are the
Implications for the
future

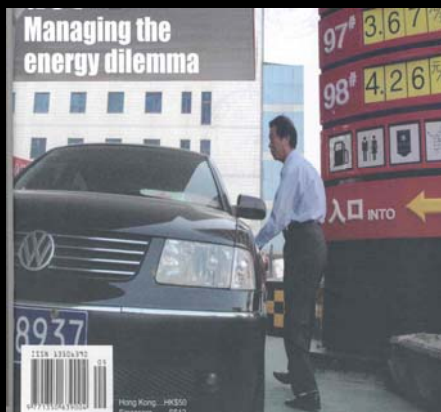
Carrying capacity vs. environmental pressure

- Ecological deficits – already living beyond our “environmental means”

Global hectares per capita (2002)

| | Eco-logical deficit | Biocapacity | Ecological footprint |
|------------------|---------------------|-------------|----------------------|
| Asia-Pacific | -0.5 | 1 | 1.5 |
| WORLD | -0.4 | 1.8 | 2.2 |
| Non-Asia Pacific | -0.3 | 3.1 | 3.4 |

Sustaining growth under threat



- Rising prices of natural resources (oil, steel, wood products etc.)
- Growth patterns need to become more resource efficient/eco-efficient
- Thus, eco-efficiency is a basic condition for future growth

Sources of pressure from Unsustainable growth



Declining sustainability

Growth of pollution & resource-intensive industry



- Rapid growth is driven by export of labor, resource and pollution intensive manufactured goods
- Office, computing, and electronics: 206% (1995-2003)
- Transport eqpt: 78%
- Chemicals, petroleum etc.: 50.7%
- Basic metals: 37%

- Asia-Pacific region is emerging as a global production center
- Exports by ESCAP developing countries grew by 122% against global growth rate of only 76%
- Asian share of FDI is increasing 16% in 2003, 24% in 2004
- As pollution remains in the region, exports add additional burden on the limited carrying capacity

Agricultural intensification



- Agricultural production increased by 62% vs. global production of only 27 % (1990-2002).
- Fertilizer production and use.
- Expanding irrigation

- China and India - 64% of total regional fertilizer production.
- Republic of Korea (367kg/ha of agri. land) – highest in the region, followed by Japan (270kg/ha) and China (257kg/ha).
- In 29 countries, 60% of water is used for agriculture and in 15 countries uses more than 90%.
- Proportion of irrigated areas expanded 25 times faster than the rest of the world.
- Energy content of food production has increased
- Emission of Greenhouse Gases from agriculture is also becoming significant

The signs

Declining Sustainability

Declining natural capital



- Large areas of land in various stages of degradation
- Shrinking natural forests
- Water extraction rates unsustainably high
- Declining biodiversity
- Marine resources vulnerable

Deteriorating quality of urban environment



- Urban quality of life is threatened
- Declining water quality
- Increasing health threats from air pollution
- Growing problems in human settlements

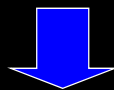
Climate change and natural disaster

- CO₂ emissions: increased 30% in absolute terms (1990-2000)
- China and India accounting for this growth but on a per capita basis 18 times lower than developed countries.
- Asia-Pacific accounts for 80% of all natural disasters and some 90% of deaths of the world since 1900.

Sustainable Development



Sustained growth



Sustainable growth

Grow now, clean up later vs. green growth

- Current growth pattern must change
- Leap-frogging is possible
- Decoupling of economic growth and environmental pressures (SO₂ emission is decreasing) is doable.
- Relevant to all countries, particularly in Asia and the Pacific

Green growth

- Maintains or restores environmental quality and ecological integrity
- Decouples negative environmental impact from economic growth pressures

Key elements of Green Growth: 1) improving eco-efficiency

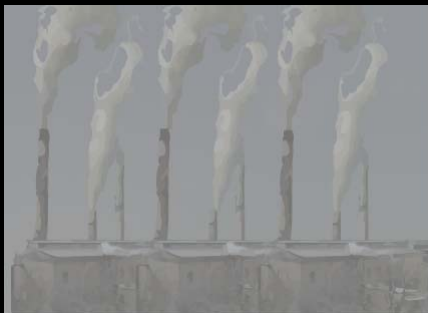
Economy

- Satisfying unmet needs with less resource and waste.

Environment

- Incorporating environmental costs in socio-economic development planning

Key elements of Green Growth: 2) Creating synergies between economic growth and environmental protection



- Promoting green business opportunities
- Environment as an opportunity for growth – not a cost or burden

Vision for Asia-Pacific

Satisfying the unmet needs
without compromising
environmental
sustainability through

Green Growth

Asia Pacific strategy of pursuing
sustainable development

Two dimensions of the trade and
environment debate affect export
competitiveness:

1) Environmental standards developed in export
markets are increasingly important non-tariff
barriers that determine market access and affect
product quality

2) The environment provides the support for the
production of goods, in terms of inputs, energy and
reception of emissions and waste. Product quality
and the overall sustainability of production depend
on the management of its environmental impacts

Thank You