

Balancing Asia's Growth and Environmental Sustainability

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Abstract

While economic growth is essential for Asian countries, it should not be achieved at the expense of the environment. In order to arrive at a balance between economic growth and environmental sustainability within Asia, greater emphasis must be given to education, implementation and enforcement of policies in three main domains namely the People, the Public sector and the Private sector. This paper addresses the key challenges obstructing Asia's ability to strike a balance between economic growth and environmental sustainability, and proposes the involvement of key players including the People, the Public sector, the Private sector, NGOs and international financial institutions to overcome these challenges. While each player is important in its own domain, it is only through the combined effort of all the players that we can achieve a truly sustainable Asia.

Introduction

Humanity stands at a defining moment in history. We are confronted with a perpetuation of disparities between and within nations, a worsening of poverty, hunger, ill health, illiteracy and the continuing deterioration of the ecosystems on which we depend for our well-being.

Asia as a continent has experienced phenomenal growth in the last quarter century. This exponential growth has had a myriad of effects upon the continent and its people: 90 percent of wildlife habitat has been lost in Asian countries due to agriculture, infrastructure, and lowered land quality; forests the size of six soccer fields are lost every minute due to heavy deforestation and illegal logging; 75 percent of the region's protected marine areas are threatened by coastal development; amongst the 15 cities rated as having the highest air pollution around the world, 12 are in Asia.

To address the increasing severity of these problems, the integration of sustainable environmental practices with economic development will lead to the fulfilment of basic needs and an improved quality of life for all, better protected and managed ecosystems, and a safer, more prosperous future.

The objective:

In order to achieve a balance between economic growth and environmental sustainability within Asia, greater emphasis must be given to education, implementation and enforcement of policies in three main domains, the People, the Public sector and the Private sector.



Definition of Terms

Economic growth:

Increase in output through a measured GDP, improvement in living standards, increase in sophistication of economy and production processes, and equitable distribution of resources.

Environmentally Sustainable:

According to the United Nations World Commissions on Environment and Development, sustainability is 'meeting the needs of the present generation without compromising the ability of future generations to meet their own needs'.

Balancing:

We would like to clarify that this is not about environmental conservation at the expense of hindering economic progress. Rather, 'balance' is managing economic development to ensure a good quality of life for all Asians without exhausting natural resources beyond the regeneration capacity of the environment.

From the reports written by the individual participants and through dialogue over the past few days, we have found that most environmental problems in Asia revolve around three key domains, namely: People, comprising the individual and community levels; Public, being the local and central governments; and Private, encompassing corporations and non-governmental organizations. We have identified and included in our report how an increase in awareness and participation from the people, stricter and regulated enforcement of laws by the governments, and a heightening of corporate social responsibility amongst the private sector, all monitored and facilitated by the media, non-governmental organisations and international institutions, can ensure the implementation of sustainable environmental practices that would not curb the rapid development many Asian economies are dependent upon.

PEOPLE

Individual

In most Asian countries, environmental education has largely been in place for a number of years. However, it has not been able to elicit active responsible participation from the individual. In addition, the mindset and the social norms of Asians are not conducive to sustainable environmental practices.

One of the root causes behind the failure of current education methods practised has been identified as the largely abstract manner in which concepts such as recycling, preserving biodiversity and managing ecosystems are taught.

We advise that a change in the approach to environmental education be implemented. Individuals' involvement through adapting sustainable practices in their daily lives ensures a greater possibility of awareness of environmental issues. Daily reminders, such as switching off lights when not needed, turning off faucets while brushing your teeth, using rubbish bins and the like must become social norms that increase the possibility of precipitating a change in mindset amongst the average Asian. A successful example of this would be the model implemented in the US and Australia, where sustainable practices are in the form of daily reminders that consistently bombard the individual in the form of stickers, adverts, signs and images.

This initiative can better be realised through cooperation between government institutions, the private sector and non-governmental bodies.

Community

When we look at communities in Asia we see that there is a great lack of participation in the decision-making process that concerns the area and environment in which they live. As a direct result of this, we see industrial corporations continue to practice environmentally hazardous practices that poison the air, land and water upon which these people depend. In certain circumstances, due to a lack of awareness and education, the members of the community engage in activities largely detrimental to their immediate environment. Whilst ignorance is an issue, hunger and poverty also become reasons behind the rural poor not practising environmentally sustainable practices.

Instead of hitting out blindly at governments, the private sector and legislators, people need to be equipped with the knowledge that they can and should be involved in the decision-making processes that will affect

the future of their community right from the initial stages of planning. This increased level of participation by the people itself creates a pressure that forces the various institutions to shoulder a greater accountability. An effective way of engaging the ignorant and rural poor would be to inform them of the impact of slash and burn practices for example, and the detrimental effects on their own and their family's collective health. The emphasis on how conservation of land for future use will ensure their livelihood and thus their welfare is yet another way of ensuring a greater compliance at the grass roots level.

An example of this would be the project facilitated by De La Salle University of Manila in the Philippines concerning a fishing village in Matood Bay, Batangas. The community depended on the surrounding bay for its daily food requirements, as well as for raw materials for products they handcrafted for sale. After consistent dialogue and demonstrations, the university was able to educate the people that the reforestation of mangroves in that area would be beneficial for the community's livelihood. Subsequently, the people themselves initiated projects to protect the bay. Meanwhile, in Indonesia, there is a group of small farm owners and banana traders. They assist each other in cultivating and marketing their produce and in protecting their environment.



Community engagement must be instigated primarily by local governments. This can be done more efficiently if there is decentralization of power and institutional capacity to local government units. The UN Agenda on Sustainable Development and Agenda 21 of the Rio De Janeiro Summit stress that National Policy must build upon the area-based initiatives of local communities. Local governments are encouraged to formulate their own local environmentally sustainable initiatives that are area-based and people-centred. Decentralization ensures that environmental protection will not be constrained by bureaucracy and lack of resources at the national governmental level.

PUBLIC

Individual and community efforts, however, will have little impact without strict enforcement in an established and transparent regulatory framework provided by the government.

National Level

The problems facing governments of the more developed and the poorer areas of the region are inherently different. For the less developed regions, the basic problem is the inadequacy of fundamental laws. One of the factors that cause this is the lack of political will to create legislation and to resist the lobbying efforts of influential sectors. On the other hand, the mere presence of laws may not be enough. The more developed countries that have laws and regulatory frameworks present still face insurmountable challenges in terms of properly and consistently employing them. The problem of corruption is one of the most significant factors that weaken the effectiveness of institutions.

The first thing that governments can do is to update and publicize relevant environmental information. The first hurdles usually come in the form of measuring problems (when we start to analyse the roots of such issues). As Hira Jhamtani says, the "logical first step is to look at some figures." In Indonesia for example, an attempt to provide a report on the overview of a sustainable development practice by the State Ministry of Environment (Overview of the Implementation of Agenda 21 2002) contains some out-of-date data due to the unavailability of information. Similarly, data on air pollution in major cities is available only for the 1990's. A greenhouse gas emission inventory was last done in 1994 and, even worse, a marine pollution measurement was last done in the 1980's.

After setting standards, governments can create incentive systems for the private sector. In the example of the Malaysian Criteria and Indicator for Sustainable Forest Management (MC&I for SFM) and Forest Stewardship Council (FSC) guidelines, we can see that structural incentives are the best way to motivate private firms to be environmentally aware. The FSC is a certification programme, which introduces an international labelling scheme for forest products. This provides a credible guarantee that the product comes from a well-managed forest. The implication for private firms is enormous since it now acts as an inducement to be more environmentally sustainable. FSC certification would mean unhindered access to Europe, America and Japan - countries that insist all timber and timber products must come from "well managed forests".

This policy makes for good commercial sense - forest management and environmental action plans, social impact studies, worker's rights, tenure and indigenous people's rights - even if expensive, and provides firms with potential markets. In the Philippines, the Eco-Industrial Exchange Network (EcoIndEX) was established among industrial estates.

Several programmes funded by international institutions through Official Development Assistance require a match of local financing for grants they are providing. The government can act by prioritizing resource allotment and redistribution for environmental sustainability programmes.

The government can also facilitate sustainability with the development of new technologies. This can be achieved in two ways; first is through the direct sponsorship and creation of research and development programmes; second, it can act as a coordinator between the private sector and academic institutions for technological exchange - between universities that presently hold pure research knowledge and firms which have the experience of creating marketable products from them. In Malaysia, the government brought together LG and University of Malaya to do research on better types of coolants and refrigeration systems that would eventually lead to more cost-effective refrigerators. This does not only stimulate thinking through incentive, but also creates cheaper and more efficient technology in the long run.

Additionally, the government may also create a tagging system that punishes private entities that do not protect the environment and reward those who comply. Through legislation, a compulsory labeling system can be created and implemented. This proposal would actually involve a dichotomization of products. Those that do not promote environmental sustainability would be forced to buy labels from the government that say so. Resembling the framework of cigarette packaging that provides the General Surgeon's warning about the product, non-compliant firms would also have to tag their products as "environmentally risky". As well as the additional cost for labelling that would be incurred, the resultant burden would be in the form of reduction in sales and product goodwill. On the other hand, environmentally-compliant firms would receive their government labels for free.

Besides the policies mentioned above, governments could also use market-based instruments such as taxes for polluters and subsidies for environment-friendly firms and products. Consistent application of these laws will compel non-compliant companies to pay higher taxes, penalize those who do not, and sufficiently reward good environmental behavior.

International Cooperation

Environmental problems are no longer local in nature. A number of them, like air and water pollution, cross national borders. Therefore, regional cooperation should be intensified. One of the international agreements signed by ASEAN countries recently is the Trans-boundary Haze Pollution Agreement. It signifies that member countries should be committed to controlling sources of land and forest fires.

For the less developed countries with weak environmental laws, the more advanced countries could actually help by providing technical assistance on this aspect. Just as entrepreneurs from different ASEAN countries are sent to Cambodia to help them learn best practices in business, policymakers from the region can also be brought together to create a good legal atmosphere for legislation of trans-boundary environmental laws. In a similar way, the transfer of technology, experiences and expertise may also be facilitated.

For the more mature economies, leading by example through inspiring legislation can set the tone for the region to create a harmonization of policies. First, the region could start with the standardization of environmental terminologies such as sustainable environment and recycling. A more ambitious goal would be to standardize environmental regulations for trade policies so that multi-national corporations do not have loopholes and set up factories where environmental laws are less stringent.

Moreover, countries could act as facilitators for one another when it comes to capital investment in environmentally sustainable projects. This can be done on two levels. First is through financial institutions such as the Asian Development Bank and World Bank providing loans and necessary institutional complements; and second is through the proper coordination of venture capitalists, fund managers, and environmental infrastructures.

PRIVATE

Environmental protection does not have to come at the expense of reduced profits. Contemporary business theorists suggest that environmental regulations may actually improve a firm's productivity by encouraging

the efficient use of resources, improved over-all productivity, and technological innovation. Companies which practice environmentally-sustainable methods can be profitable. A good example of this would be Hitachi Ltd., which has spent an average of 50 million yen over the last three years in its efforts to reduce resource wastage in production methods.

The problem with the private sector does not really emanate from their philosophy of profit; rather it happens because of their different viewpoint of cost. In most cases, industrialization and methods of production today only incorporate direct private costs being incurred by companies. Unintended yields in the form of harm or benefits, which economists call externalities, are not incorporated in market valuations. Thus when computing social costs, if non-market sacrifices are not incorporated, the present market charges are simply under-priced. The presence of such a market failure thus leads to a glut of goods with a negative impact, or shortages for those that are benefit-providing. For instance toxic haze of fine dust, particulates, carbon monoxide, nitrogen oxides and sulphur dioxides do more than destroy the atmosphere. The many direct effects they have on human health include respiratory diseases, aggravated asthma, as well as eye and skin irritations. This harm is not incorporated in the computation of company expenses, but actually entails a large burden for society in terms of additional expenditure of scarce cash on medical treatment. Other losses include the diversion of resources away from needed improvements in health care, education and basic infrastructure. In this example, the only way to internalize or to force the inclusion of the social harm in company financial computations is for the government to intervene.

The private sector must not merely react to the public policies that govern the way it operates in. Firms should be proactive and engage in a more vigilant role as responsible corporate citizens to contribute to sustainable development. One example could be the provision of training and job opportunities by multinational companies (MNCs) for local communities. Interaction and mutual engagement of the local community will create a sense of responsibility in the local community itself and the MNCs. In the case of APRIL, a multinational company that produces paper and paper pulp in Indonesia, such practice has resulted in the local community becoming aware and participating in efforts to reduce illegal logging. The training and job opportunities give skills, knowledge and income, as well as educate the community on the importance of environmentally-sustainable practices in order to preserve a better future for the forest and generations to come.

A similar approach is applicable to create awareness and produce action in small and medium enterprises (SMEs). The promotion of ties through supply chain management will generate more environmentally sustainable practices. SMEs will be encouraged to comply if large companies exert pressure and demand them to do so by not providing supplies and technical expertise.

Businesses can initiate efforts and institute changes in their industries. In the Philippines, San Miguel Brewery Corporation started a requirement that all vehicles entering its plants, particularly the large diesel-fuel trucks, be certified clean. This rule became a binding clause in the service contract of beer haulers. Soon after, 80 firms nationwide adopted this system, which led to the improved air quality in plant areas.

Non-Governmental Organizations

In their best form, NGOs provide a credible check against the environmental behavior of the various domains. However, with less than ideal conditions such as hidden agendas, the credibility of some NGOs is at stake. In addition, their confrontational approaches are often viewed as an obstacle to progress. As such, there is an acute need for NGOs to change their modus operandi, repackaging themselves as a credible source of information and solution in the process. Specifically, NGOs must be responsible in the way they release information, stop playing blaming games on single instigators and focus more on holistic constructive solutions that are tailored to the needs of Asian countries.

CONCLUSION

This paper has addressed the key challenges obstructing Asia from achieving a balance between economic growth and environmental sustainability. Based on our research and discussion, we have proposed the concerted action of key players including people, the public and private sectors, NGOs and international financial institutions to overcome these challenges. While each player is important in its own domain, it is only through the concerted effort of all players that we can achieve a truly sustainable Asia. Without this, Asia's future generations will have to pay the price left by us, their forefathers.