



Ecological Efficiency: New Paradigm for Green Business

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ENVIRONMENTALLY SUSTAINABLE ECONOMIC GROWTH FOR THE WELLBEING OF ALL

Major Characteristics of Asia/Pacific

- Rapid economic growth
- Most limited ecological carrying capacity
- High population density
- 2/3 world poor in the region
- The region has to continue rapid economic growth to reduce poverty, while not jeopardizing environmental sustainability

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How can we do that?

- We have to change our growth “pattern” to be GREEN.
- Different growth patterns: US, Japan, Europe
- Green Growth: ecologically efficient pattern
- By applying “Ecological Efficiency” concept.
- Otherwise, A/P can not continue its growth as its ecological capacity is most limited.

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What is Ecological Efficiency?

- Minimizing Ecological Costs: Eco-Efficiency
- Ecological Costs =
Resource Depletion + Pollution Impact
- Current paradigm: Market Cost Efficiency
- But Market Price < Ecological Price
- Market Cost Efficiency ≠ Ecological Cost Efficiency
- Thus abuse Ecological Resources




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How can we maximize EE?

- Current paradigm: market cost efficiency, price and private sector are main driver
- EE: no driver,
- Government has to:
 1. adjust market price so that it reflects ecological costs, and
 2. provide policy framework to present EE as business opportunity.




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ESCAP Green Growth Focus

- Green Tax Reform: changing tax base
- Sustainable Infrastructure: Transport, Energy
- Sustainable Consumption Pattern: large car
- Greening the business: creating a market where eco-efficient products can make money
- EEI (Eco-Efficiency Indicator): to measure growth pattern



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GG: threat to private sector?

- Environment / EE lowering growth ?
- If we gradually change the price signal so that private sector can adjust (innovation, R&D), then GG is not reducing growth but create new market and spur ecologically efficient growth. Firms innovate for EE will win the market. (Toyota Hybrid)
- Massive investment for EE infra: growth opp.




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Green Tax Reform: big burden?

- Environmental Tax: additional tax for Environment
- GTR: No net increase of tax revenue (Revenue Neutrality), increasing tax an energy but reducing tax on income; firms innovate for energy efficiency will save tax.
- Need to look at GTR as opportunity rather than threat.




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Role of Private Sector (PS)

- GG, EE, GTR: can not move without PS
- PS should proactively demand clear new rules of the game, incentives, supports.
- Act as a driver and innovator of shift towards GG & EE.
- Since current resource wasting and pollution intensive growth pattern can not continue in A/P.




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GG: soft landing strategy for A/P

- As oil price skyrocketing, rapid growth of A/P might grind to a halt, unless growth of EE improves.
- Thus, GG is a realistic soft landing strategy for A/P countries as well as for the private sector in the region.
- Private sector has to cooperate for its own survival with the Government.




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Shift towards GG

- Requires fundamental change of current system and rules of the game in the market,
- Many issues to be clearly understood,
- Consensus building is critical
- Thus requires close consultations between government and the PS
- Political will on regional level: MCED 5 held in 2005 in ROK endorsed the GG approach – UNESCAP to assist




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Green Business Policy Dialogue

- To provide a forum for the PS to directly interact with the policy makers of government.
- To provide opportunity for companies doing business for environmental technologies to raise the difficulty of bringing ESTs into the market and to put forward recommendations
- That's why we, UN, came to BITEC where Entech/RE Expo 2007 is taking place.



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