ECOS
SCIENCE FOR SUSTAINABILITY

www.ecosmagazine.com

Published: 5 September 2011

Business leaders review Asia's green growth milestones

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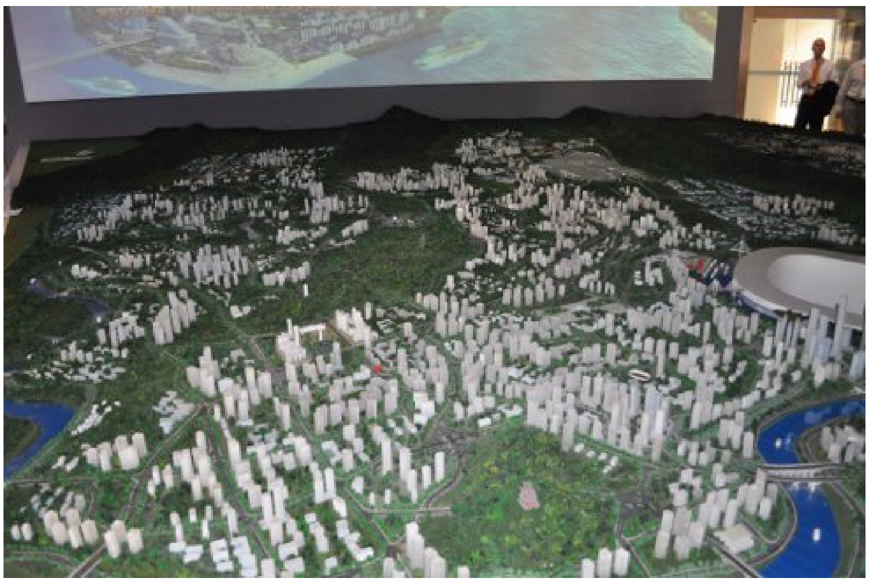
Asian countries and companies are activating broad sustainable development commitments in their pursuit of robust low-carbon economies. Australian industry and business leaders have recently been reviewing Asia's progress.



Credit: Prof. Ray Wills

In Canberra last June, the 12th National Business Leaders Forum on Sustainable Development showcased Asia's significant investment in 'green' economic growth strategies, and discussed how Australia will remain competitive by following suit. China, South Korea, Japan, Indonesia and India are all investing in significant degrees to reduce carbon risk and other environmental impacts through innovation, while driving greater economic viability.

China already wants to produce 16 per cent of its primary energy renewably by 2020. The technology pathways to China's goal are set out in its recent 12th five-year plan, which was discussed at the Forum. Korea has a comprehensive policy and investment framework for green growth in its 2009–13 five-year plan, and Japan is aiming for a 50-trillion Yen 'green tech' market, with 1.5 million new environment-related jobs in its National Strategic Projects related to green innovation.

These initiatives directly relate to pathways for environmentally sustainable economic growth detailed by the Organisation for Economic Co-operation and Development (OECD) in May in its *Towards Green Growth* strategy report. The strategy was developed after the treasury ministers of 34 member nations asked the OECD in 2009 to find new ways of sustainable growth out of the debt mire of the global financial crisis.

Business and industry leaders at the Forum were presented with an astute synthesis of the *Towards Green Growth* research by Director of the OECD's Environment Directorate, Mr Simon Upton. Key messages were that business-as-usual economic growth is degrading key pillars of the environmental and financial systems that support us; carbon pollution is a key risk; and new 'clean' ways of operating and developing are proving feasible. At the same time, these new approaches reduce the impact on natural capital and spur economic expansion – helping decouple environmental impact from growth.

Mr Upton showed how these new pathways provide incentive for investment and innovation in ‘green’ and ‘smart’ technologies, and centralise ‘pricing-in’ carbon pollution to reduce it. What results is a transition to a cleaner economy, and an increase in productivity.

The OECD research – unanimously welcomed by finance ministers – also describes how the process can simultaneously help support developing nations’ progress, and the United Nations Millennium Development Goals.

‘Just focusing on GDP is not enough; the environmental and social asset base now needs to be factored in as well,’ said Mr Upton. ‘From next year on, the Green Growth Strategy will be integrated into the OECD’s major assessments of country GDP [gross domestic product] and recommendations.’

This holistic approach is exemplified by numerous case studies in the book *Cents and Sustainability*, also launched at the conference. Lead author, Dr Mike Smith, is from the Australian National University’s Fenner School.

‘Decoupling environmental impact from GDP while generating business innovation and strong productivity is the magic of green growth,’ said Dr Smith.

Delegates at the Forum discussed how green growth opportunity can be seized and driven by commitments from individual industries and companies, and that the rewards are significant. The keynote presentation by Mr Kishor Chaukar, Managing Director of TATA Industries India, showed how the company had grown turnover from US$7 billion to US$80 billion in 10 years by embedding sustainability measures and actively reducing its carbon footprint. The company’s approach spurred internal commercial innovation and widened community trust.

The Wall Street Journal recently cited KPMG research giving India the lead in Asia for renewable energy investment, a ‘recognition of the country's proactive government energy program, natural resources and mushrooming swathe of entrepreneurs’.

Convenor of the Forum, Ms Molly Harriss Olson, said: ‘One of the striking features of this year’s Forum was that Australian business affirmed the findings of the OECD’s report that implementing a market-based approach to carbon was necessary to maintain and grow a prosperous and sustainable economy.’

The Forum also underlined the intentions of the government’s proposed Clean Energy Future legislation: that for robust progress, carbon pricing must be supported by complementary measures that improve consumption efficiency and address market barriers to investment in ‘clean tech’ innovation.

The view from China

On 5 August, the Australian Minister for Trade, Dr Craig Emerson, and the Parliamentary Secretary for Foreign Affairs, Richard Marles, led 100 business leaders on the ‘Australia–China 2.0’ Austrade mission to China. The excursion aimed to review clean energy, infrastructure and green buildings, as well as educational, environmental and professional services.

The official opening welcome in Guangzhou for the Australia–China 2.0 mission (Dr Craig Emerson MP, 3rd from right and Richard Marles MP, 3rd from left). Prof. Ray Wills

Travelling with the mission was Prof. Ray Wills, Chief Executive, Sustainable Energy Association. He said the visit to China gave the party advance notice of what will happen in the rest of the world, because China is both leading and pushing world clean energy markets. *Bloomberg New Energy Finance* reports China invested US$48.9 billion in renewable energy in 2010, with more expected in 2011.

'Of the many construction and urban development projects visited in different parts of China, around 50 per cent of the work is for the government, and in that case the question of sustainable development is one of the first topics that is broached by the Chinese,' said Prof. Wills.

'Private projects in China appear less tied to the five-year plan (for example, observed when speaking with one of the European retail chains building in China), but projects commissioned or actively associated with the Chinese Government are very strongly influenced by the five-year plan.'

The Sustainable Energy Association reported that on 2 August, China's government demonstrated its 'ambition and leadership' in renewable energy by announcing a feed-in tariff for solar power. The tariff guarantees solar developers a payment of 1 Yuan (US$ 0.15) per kilowatt-hour (kWh) of electricity delivered into the grid.

Last week, Reuters summarised a *China Securities Journal* report citing government intentions to raise development targets for renewable energy for the five-year period to 2015, to reduce reliance on fossil fuels.

The aim is now for 100 gigawatts (GW) of grid wind power capacity by 2016, and 190 billion kWh of wind power annually. The new goal is 10 per cent higher than an earlier National Energy Administration target of 90 GW of wind power capacity.

Hydropower capacity will be extended to 260 GW, from the previous 250 GW. There is also a target of 10 GW of solar power capacity by 2015, with photovoltaic installations making up 9 GW and solar thermal capacity delivering the rest.

The journal said that to ensure renewable power is transmitted and used, the government is considering obligatory renewable power purchase quotas for grid operators, and renewable power use targets in each province.

Ecos will publish a feature reviewing the relevance of the OCED *Towards Green Growth* strategy in the coming weeks.

Ecos magazine has been a partner of the National Business Leaders Forum since 2003. CSIRO is a major sponsor.

More information

OECD (2011) *Towards Green Growth* .

M Smith, K Hargroves, C Desha (2010) *Cents and Sustainability* , Earthscan.

Ecos 148 (2009) Achieving both economic growth and reduced environmental pressures in the current financial climate, pg 30.

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