Business engagement for green growth
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All sections of society in the Asia-Pacific region - governments, business and community - need to be mobilised to support the transition to green growth. Engaging business is central to the development of strategies to drive green growth. The current development path is not sustainable. Although economic growth rates in a number of developing countries are impressive, and millions of people have escaped from dire poverty, much of the success is threatened by social dislocation and environmental disaster. Much of the region is experiences increasing resource constraints, with concerns about water quality and availability, energy, minerals, land, forests, and threats to the food supply. The twin economic and environmental crises, and persistent high poverty rates in many countries, are resulting in growing uncertainty, risks and lack of confidence with existing globalisation model.

The scale and diversity of APEC countries provides a significant opportunity to promote a virtuous cycle of green growth. APEC countries, to different degrees, recognise the importance of low carbon initiatives. APEC is promoting the growth of trade in environmental goods, harmonisation and convergence of cost-effective regulatory frameworks that reduce greenhouse gas emissions and is encouraging the phasing out of fossil fuel subsidies. The ongoing commitments to subsidise global fossil-fuel consumption is a major source of concern. According to the International Energy Agency1, in 2010, global subsidies for fossil-fuels amounted to US$409 billion, around 6 times the support given to renewables. Unless there are policy changes, these subsidies are forecast to reach US$660 billion in 2020, or 0.7% of global GDP.

Countries of the APEC region face six challenges in relation to climate change and environmental damage. APEC countries need to:

1. Strengthen the green growth paradigm by fostering economic growth and development while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies2.
2. Increase green commitments of developed APEC economies to support developing economies to encourage technology transfer, investment and skills to strengthen the green economy.

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3. Promote interaction between different interests and institutions within countries and across the region: ideas, practices, policies and market realities to underpin shift to green growth.
4. Find affordable solutions to meet the needs of poorer people in developing countries: low cost materials, eco-design, recycling and enhancing environmental assets: land, forests and water.
5. Integrate APEC globalisation agenda (economic prosperity, energy security trade flows, technology transfer, knowledge exchange) with sustainability agenda (integration of economic dynamism, fairness, poverty alleviation, and protection of social and environment, through investment, technology transfer and collaboration and sustainability regulatory cooperation and convergence).
6. Increase investment in knowledge and skills, and to diffuse knowledge, technologies and skills across industry supply chains and communities in A-P and global economies.

More APEC countries are going beyond policy statements and making resource commitments to green growth. For example, during the first phase of the Global Financial Crisis, green expenditure as a percentage of total stimulus packages was high in many countries, for example, Korea 78.7%, China 33.6%, Australia 22.7%, US 12%³. The growth of clean energy technology is booming - particularly wind energy, biodiesel, solar - with some sources arguing it now exceeds the size of the global pharmaceutical industry. Countries such as China and the Republic of Korea recognise the importance of the green economy, not only as a means to improve environmental outcomes, but also as a means of strengthening international competitiveness. China’s commitment is particularly impressive and the country has quickly emerged as a global leader in many green economy industries, including wind turbines, solar photovoltaic hardware, and high-speed rail technologies. The developed countries of APEC have particular responsibilities in providing incentives for developing countries to participate in green growth opportunities. This includes diffusing new technologies and skills and market access to SMEs in developing countries.

Green growth will create many new employment opportunities. According to the Asian Development Bank, renewable energy alone is expected to create 20 million jobs by 2030, with many of these located in developing counties of the Asia-Pacific region. More importantly, green growth will foster restructuring of jobs across the spectrum, with increasing demand for new green skills in existing industries. One of the biggest drivers of change is the pace of urbanisation in many countries across the region, which is resulting in major environmental impacts. The question is can mega-cities be transformed into eco-cities with commitments to sustainable infrastructure and the built environment expanding opportunities for business engagement in infrastructure, renewables, environmentally sensitive and energy-efficient technologies. Sustainable agriculture and protecting forests is a core area of responsibility.

There are many ways that businesses can be more fully engaged. Firstly, governments need to get long term macro-economic settings right to support the transition to green growth. This includes reform of the tax system to incorporate eco-taxation principles, particularly taxing carbon and other pollution; as well as transforming subsidies from carbon fuels to sustainable energy. Secondly, given the massive market failures associated with environmental pollution, businesses often respond

positively to well-designed and cost effective regulations that promote green solutions and diffuse green technologies and skills. It is important to emphasise the importance of consultations and negotiations when devising workable and effective regulations. In many instances, industry is taking the lead in setting new standards, such as Green Star rating building regulations and New Environmental Accounting standards. Thirdly, changing household and consumer preferences towards green attributes in their purchases, spurred by good information and public education, is increasing demand for eco-labelling and eco-branding. Companies are becoming much more conscious of their green credentials. Fourthly, more businesses are investing in green technologies and skills to enable them to participate in supply chains with green pre-requisites, including in agriculture, manufacturing and building industries. Market opportunities are providing economic incentives and there is a growth of sustainable enterprises and networks seeking to improve competitiveness through their green credentials. Fifthly, local green action plans provide opportunities for business to respond to the needs of specific localities (eg farming communities), industry sectors (forestation, manufacturing), and different business structures (transnationals, SMEs, self-employed).

Major investment is required in sustainability skills across APEC. The transition to green growth poses major challenges for the regional skills systems. This includes generic and core skills that emphasise sustainability as an organising principle but there are also emerging specialised skills ranging from carbon financing, environmental accounting, design and sustainable manufacturing, and technical skill to support high growth renewables and energy-efficient technologies. Research by the OECD highlights the impediments to small and medium enterprises investing in green skills. Many business managers themselves are unaware of best practices in green skills and not all are convinced, in a highly competitive environment, that green skills are a priority. As green growth becomes more central, this will put more pressure on education and training institutions to provide flexible, adaptable training to enterprises. More emphasis will be put on developing customised solutions in response to environmental damage to strengthen and mitigation initiatives.