# Environmental degradation: Counting the cost of rapid economic growth

**Bad air, polluted water, depleted resources and global warming. These are some of the emerging hallmarks of Asia's booming growth in recent years. From Beijing to Bangalore and beyond, the consequences of industrial development are tainting the region's environment.**

The topic of environmental degradation is not new, of course. Twenty years ago, 24 nations came together and acted to limit severely the use of chlorofluorocarbons or CFCs by signing the Montreal Protocol. More recently the hard work of many on the Kyoto Accords, governmental and NGO efforts and, of course, former US Vice President Al Gore's Inconvenient Truth documentary (and Nobel Prize) have pushed the issue into the spotlight.

So, what can be done to reverse the damage and ensure sustainable development in this part of the world? The 'Environmental Challenges' panel at the INSEAD Leadership Summit in Asia, moderated by Associate Professor of Marketing Jill Klein, brought its diverse background to consider these issues and possible solutions. There was no single answer as to how to deal with these complex and potentially expensive issues, but there was hope among the four panellists that the region's current and future problems could be solved through a combination of resolve and the use of new technology.

Their expertise ranged from governmental to private sector, from the factories of China and India, to the high-tech environs of Singapore.

Yong Wang, Managing Director of Environmental Resources Management China, points out that his country uses three to six times more energy to produce one US dollar's worth of goods than in developed countries. China, he notes, is now the second largest carbon emission producer and number one in making other greenhouse gasses, adding that many of the environmental problems caused are due to the fact that the US and other countries so voraciously consume the cheap products made on the mainland.

Yong says the environmental priority for his country is clean water in cities. The central government last year developed 100 pieces of legislation to address environmental issues, he says, though he admits that enforcement is better in China's coastal cities than in the interior.

Being green, it was noted during the session, has economic consequences and isn't necessarily cheap in the near or long term. The Stern Review estimates that the overall costs and risks of climate change will cost five per cent of global GDP each year. In other words, how companies use natural resources in their quest to produce more (and yet minimise damage to the surrounding environment) will not only be a social imperative, but an economic one as well.

CEO and Vice President of Shell Marine Products, Loh Wai Kiew, says that with 29,000 new millionaires

each year in Singapore alone, "the stark truth is, that there's no way to keep people from using resources to get rich. But we must look harder for alternatives. We must push to find other renewable sources of energy."

When asked by a participant at the Summit about converting heat into energy, Loh responded that energy users must halve their energy intensity, noting that only 20 per cent of the fuel burned in automobiles physically moves them; the rest is dissipated as heat. Likewise for aircraft, only eight per cent of the fuel is used to propel them. In the future, she says, "anything involved in energy recovery is going to be a very good investment … we have the technology to do that now, but now we need the will."

In Singapore, the issues are slightly different. While trying to make the city-state 'green,' the panel recognised that in reality, Singapore's carbon footprint is inconsequential to overall global environmental problems. Having said that, the government boasts a 51 per cent recycle rate and is trying to position itself as a place where new technologies can be developed and tested.

Lee Yuen Hee, the Chief Executive Officer of the Singapore National Environment Agency, says the "greening" of his country dates back to 1965 and now the branding is moving to a "city in a garden" phase to make the country an attractive place for business and tourists. "Though Singapore lacks natural resources … we recognise that we must protect the environment as the country is developed," Lee says. He adds that the prospect of having 6.5 million people living in Singapore in the future, from the current 4.7 million, means that proactive measures must be taken toward development and environmental sustainability.

Singapore, like other countries in the region, is concerned about global warming and its potential impact on rising sea levels, as well as about food and water security. Panellist K.P. Nyati of the Environment Management Division, Confederation of Indian Industry, notes that nations must jointly develop climate- and environmentally-friendly technologies. He asserts that such technologies must be developed and distributed with no tariffs, taxes or duties, so that any country can benefit from them.

"We need to make consumers aware of products that are more or less

K. P. Nyati, Environment Management Division, Confederation of Indian Industry environmentally friendly … Climate change cannot be looked at in isolation. We must consider water, food security and other concerns of nations and societies. (We) must change the mindset."

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In response to a question about whether China and India should work together on developing a workable environmental plan, Nyati said "China and India have the world's largest populations, so let's keep this in perspective. Why don't we look at nuclear fusion, not fission (for them)? I think it's in the interest of the entire world to offer global solutions - for free - to anyone who wants to use them."

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