

**Facing the Asia Pacific's Environmental Challenge**  
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In these last years of the 20<sup>th</sup> century there are few more important issues for the international community than the one you will be discussing here over the next few days - the protection of our physical environment.

We are finally coming to understand the unsettling truth that in some areas of our lives, like the protection of the environment or the prospect of nuclear war, it is possible for human beings to take actions which our children cannot correct. To make mistakes which cannot be repaired.

The main purpose of this conference is to discuss the environmental challenges facing China and the ways the Government of China is approaching their resolution.

Probably no other country in the world confronts so wide a range of environmental problems.

China's physical size as the world's third-largest country, its population - 23 per cent of the world's total - the scale of its economic growth and the challenges of a developing economy place it in a category of its own.

As it strives to double the size of its economy by 2000, and to feed and house an extra 17 million people each year, the pressures on China's resources will grow more intense. And these pressures will come at the very time it is attempting to address existing environmental problems.

For example, if China's growth targets are to be met, it will probably have to double coal consumption by 2020. But the one billion tonnes of high sulphur coal which it currently burns each year pump ten million tonnes of sulphur into the skies.

Its carbon emissions already account for about 50 per cent of the acid rain in the region. And even now, China adds more sulphur dioxide and nitrogen oxides to the world's atmosphere each year than is cut by the improved environmental controls of the OECD.

300,000 new cars drive on China's roads each year. But the air quality in Beijing now is five times worse than WHO guidelines. And chronic obstructive airways disease is responsible for more than a quarter of all deaths in China..

Water pollution and water supplies are another problem. Only 14 per cent of people in China's rural areas, and 40 per cent in the cities have access to safe drinking water. And shortages of water are growing. China has one quarter of the world's population, but less than one-twentieth of its fresh water resources. In more than 100 cities in China's north and west, water shortages are acute.

Rural land degradation is taking a serious toll as soil erosion, salination, and deforestation spread. China has to feed its people on the equivalent of less cultivated land per capita than Saudi Arabia.

An estimated ten percent of all global species are present in China but natural habitat, and therefore ecological diversity, is under threat from the clearance of forests, the draining of wetlands and coastal developments.

These and many other problems will be discussed at this conference. They seem almost overwhelming. But I have not set them out as a criticism of China, or because I believe the situation is hopeless, or because the challenges are not well understood by the Chinese authorities.

The Chinese Government, including the most senior leadership, has been giving these issues very high priority. The holding of this conference and the preparation of the Trans Century Green Project, like China's Agenda 21 strategies, are all evidence that significant and sustained efforts are being directed at cleaning up current environmental problems and preventing new ones.

China has been greatly increasing its expenditure on environmental protection. And, just as important, its legislative, regulatory administrative and policy frameworks for dealing with the environment have been strengthened.

And foreign guests like me would not have been invited to speak to this conference if the Chinese government was not anxious to draw on ideas and assistance from all over the world.

The reason for setting out the scale of China's environmental problems is that it is essential that the rest of the world, and especially this region, understand the size of the challenge which the Chinese authorities face.

Because what happens in this country - the way China responds to its problems - will shape the whole East Asian environment.

All the available evidence suggests that the environmental difficulties we face in the Asia Pacific over the next twenty five years will become more pressing and more difficult to manage. If we can help China resolve its problems, we are also helping to resolve our own.

So my purpose this morning, right at the beginning of this conference, is to speak about that broader regional context.

I am talking not as an environmental expert but as a former political leader who has had to contend in practical ways with the difficult tensions which all governments, whatever their system, face between issues of conservation and those of development.

The Asia Pacific is a diverse region. The environmental problems faced by large developing countries like China, industrialised economies like the United States and Japan, resource producers like Australia and Canada, and the small island states of the Pacific are very different.

But at least among the developing countries of Asia the problems tend to be similar to China's - poor and limited water supplies, polluted air, waste disposal problems, chaotic urban planning and land degradation. Many of these problems stem, of course, from the region's rapid economic growth.

Asia's energy demand is doubling every 12 years with all the consequences that has for air quality and global warming. Even now, five of the seven cities in the world with the worst air pollution are here in Asia.

As in China, the challenges of urbanisation throughout the region will be intense.

In the early 1990s, around 500 million East Asians lived in towns. By 2020 this figure will have trebled to 1.5 billion.

This demographic shift from the countryside to the cities will put a huge strain on basic services like water, sanitation and shelter. Only half the urban populations in developing Asian countries currently have access to safe water supplies and 42 per cent to sanitation. The Asian Development Bank estimates that six Asian megacities already suffer from severe groundwater degradation.

Food is a looming issue, too. We are already seeing across the region the consequences of unconstrained heavy use of fertilisers, irrigation and pesticides. Agricultural productivity is better, but at the expense of soil erosion, salinity and the pollution of water resources. How will we supply the food the region needs without destroying the land for future generations?

I want to argue three particular points in this speech.

First, that we need immediately to stop thinking as though the protection of the environment and the continuation of economic growth are mutually exclusive. Until we understand that they are exactly the same problem we will never be able to resolve our difficulties. Protection of the environment is not a constraint on economic growth. It is the only way of ensuring that such growth continues.

And it is just as important to acknowledge that the converse is also true: in Asia, economic growth is essential to the solution of our environmental problems.

For the countries of Asia, and for most of the developing world, the option of limiting growth does not exist.

Governments have a deep moral and political responsibility to the tens of millions of people in this region who are still living in poverty. In 1993 the World Bank estimated that 392 million people in East Asia had incomes of less than \$1 per day. The voices and needs of these people cannot be ignored - and they equally cannot be expected to bear, as they do too often now, the heaviest consequences of environmental damage.

China has to grow at four per cent a year simply to accommodate the number of young people entering its labour force, let alone continue to raise the living standards of its people.

I am the last person to argue that getting the trade-offs right between growth and the protection of the environment is a simple task. Even in developed countries like Europe or North America or Australia, which have passed through our major period of industrialisation, the issues can be extremely difficult, and the problems are greatly magnified in a developing country.

But the point I want to make is that the emphasis in sustainable development has to fall equally on both the adjective - sustainable - and the noun - development.

The second point I want to argue is that we will never be able to resolve the national environmental challenges we face unless government, community groups and industry all play a part and do so cooperatively.

One reason I was so pleased to be invited to address this conference is because it involves the non-governmental Institute for Human Ecology and the Chinese Society for Environmental Sciences and brings in business and industry as well.

Governments have a critical part to play in resolving environmental problems, but they cannot do it alone. And unless they act with care and foresight, the results of their interventions on environmental issues can be counter-productive. They have to engage industry and community groups as partners.

Non-government and voluntary groups play a central part in education. They can unleash the energy and imagination of the community, and make people more aware of environmental dangers. They can help to change environmentally damaging behaviour. They can provide early warnings of emerging problems and suggest ways of resolving those problems which are effective in the local area.

Let me take one instance from my Australian experience. Under the government I led we established a community-based rural area program called Landcare.

Landcare is a program to teach farmers about their soil type, how they should cultivate it, which crops are best suited to each portion of the farm, what the crop rotation rate should be, how water should be used, where trees should be planted to stop salinity etc.

Each Landcare group is led by a local agricultural specialist and then the leadership of the group is turned over to a small group of local farmers. These people then visit each farm family in their area and with them make a plan to operate the farm in the most productive but environmentally acceptable way.

Landcare is organised on a cell by cell or grid by grid basis and receives only seed funding from the central government. It has been very successful.

In my experience as a politician, it is not always easy for community groups and governments to work effectively together. The passions which non-governmental activists need to motivate their commitment can sometimes blind them to the trade-offs governments must make between different - and sometimes competing - public interests.

And, on their side, governments and officials can too easily fall into the trap of assuming that the policy prescriptions they have developed are the only ones worth considering.

Of the environmental problems we face, the most difficult is not working out what is wrong - that is now widely recognised - or drawing up appropriate legislation to deal with it, although this is important. It is the enforcement of the rules. That job is made a great deal easier if we have an informed public which understands the consequences of environmental vandalism and can help bring pressure to bear on polluters. Community and non-governmental groups have an important role in this.

There were certainly times as a political leader when I was frustrated by the obtuseness of some of our environmental activists in Australia. But there is no doubt in my mind that we could not have made the progress we have on environmental matters without them.

Similarly, industry must be involved in environmental planning.

To take one practical example, around 70 per cent of the water we use globally goes on irrigation. But only one third of that huge amount is used to make plants grow. The rest is wasted, and increases the problems we face with salination. So making better use of water is a huge international priority.

But that requires us to recognise water's real value and to factor such value into the way our farmers and other users of water act. And that, in turn, requires proper pricing mechanisms. Water is a valuable commodity. It is not a free good and should be priced accordingly.

Australia is in the middle of a huge reformation in irrigation. It is moving away from contour irrigation, in which water is flooded down the contour and is often not only wasted but, because of the wick effect, sucks up salt to the surface. Australia is now heavily investing in drip irrigation which applies a controlled amount of valuable water evenly across an area, and the pumps can be operated with solar power.

The same pricing mechanisms are required for other resources like forests and fisheries.

I do not believe that markets can be left to regulate themselves. But I am certain that market signals are essential to the development of any workable and efficient environmental strategy.

The policy problem is to ensure that markets adequately value environmental costs and benefits and then to develop policies to address market failures.

If governments are to solve these problems and to develop effective laws and regulations, they need to understand how industry works and what technologies are available.

Access to information on environmentally sensitive technologies is very important. Since the 1980s the number of ways in which such technology can be transferred to developing countries has grown greatly, with foreign direct investment, joint ventures, franchising, and build-operate-transfer arrangements.

Foreign aid still has a role to play. In Australia's case environmental concerns are integrated into our program and an environmental audit is conducted of all projects.

But direct Government subventions or foreign assistance for environmental protection projects will never be able to address the issues the region faces. The scale is too big. In China's case only 0.4 per cent of its GNP comes from foreign aid.

The only answer is to integrate environmental issues into every aspect of development.

The World Bank estimates that by 2000 developing East Asian countries will need to invest around \$200 billion annually in water and sanitation facilities, transportation, power, and telecommunications.

So the decisions now being made throughout the region about appropriate technology are vital. Preventing a problem is almost always cheaper than curing it afterwards.

The developing countries of Asia are very well placed to take advantage of technological progress to avoid some of the most harmful effects of industrialisation in developed countries.

To take one example which is relevant to both to Australia and China, which are large coal producers, technological research over many years has given Australia considerable expertise in clean coal technology, efficient coal utilisation and control of emissions from coal powered generators. Some of this technology is already being used to assist China.

The final point I want to argue is that the missing link in the environmental debate so far has been regional.

We have been used to thinking about how we deal with the environment mostly at two levels, the local and the global. *'Think globally. Act locally.'* has been one of the most effective slogans of environmental activists.

Much of the international focus has been on issues like global warming and climate change, and most diplomatic attention has been focussed on multilateral negotiations through the United Nations and its agencies.

For matters like climate change that is obviously essential, although the difficulties of the global approach will be on show in Kyoto next month.

But the global multilateral approach is not always the most appropriate one. The magnitude of the negotiating task can make progress in some areas difficult. The key negotiations inevitably fall into the hands of groupings like the G77 or the European Union, and can effectively exclude small and even medium-sized countries, particularly those which don't have the human resources necessary to participate actively in a global-scale negotiation.

The negotiations can become so complex that ordinary citizens in our countries find it difficult to understand what is going on. Opportunities for action on a smaller scale can fall between the cracks.

Obviously there is an important place for a global multilateral approach to some areas of the environment debate. But, in this part of the world at least, I don't believe we have gone far enough in exploring regional opportunities.

Through APEC and ASEAN the region has made very good progress with trade and economic co-operation, with precise goals for free trade and an ambitious trade facilitation agenda. But although work has begun on the environment, not enough has been done.

The important environmental issues in the Asia Pacific - water, air, urban planning - are all matters where regional approaches and the sharing of experiences and technology can make a significant difference.

Last year, the Australian APEC Studies Centre and a group of APEC business leaders published a review of APEC and the environment. The review discussed the way in which environmental interests and concerns in the Asia Pacific differ from those in other parts of the industrialised world.

They concluded that the greatest inadequacies in current Asian structures for dealing with the environment were

- the absence of appropriate property rights or regulations, an absence which allows polluters to shift the environmental costs of their actions onto others
- the lack of adequate economic resources for environmental protection (although this problem is diminishing) and
- the widespread lack of an effective monitoring capacity

These are all areas in which APEC can help.

Canada, which is this year's Chair of APEC, has made the environment one of its priorities. APEC has generally taken the sensible line that it should not duplicate the work of other international organisations. It has tried to integrate sustainable development and environmental issues into its normal work programs. This mirrors what I believe governments need to do nationally.

APEC has the capacity to draw out in new ways the links between economic openness and protection of the environment. The work it is now doing on energy is one example of that.

Through its economic co-operation programs APEC can assist the cause of sustainable development by helping to establish effective and accountable institutions, including in areas like intellectual property regimes, banking and customs, as well as addressing direct human needs in health and education.

Regional environmental co-operation does not have to be conducted through APEC. Sometimes it will be better addressed bilaterally or through sub-regional groups like ASEAN.

An example of what can be done sub-regionally can be seen in the South Pacific Forum, which brings together Australia and New Zealand and the island states of the Pacific

The nature and scale of the environmental problems in the South Pacific are very different from those in developing Asia, although for the people affected they loom no less large, as anyone who has walked across the moonscape surface of the phosphate mining areas in Nauru, or seen the depredation of logging in tropical rainforests in Melanesia, can attest.

Over the past few years the Forum has developed a Code of Conduct for the logging of indigenous forests in the South Pacific, which spells out minimum standards for logging practice. It has improved regional co-operation in fisheries, helping to get the best possible returns from distant water fishing nations for one of the few assets of small regional states, while ensuring that the resource is developed sustainably. And the South Pacific Regional Environment Program has played a vital role in building up the institutional capacity of the Pacific Island countries to deal with the environment.

Australia is playing its part in this search for regional environmental co-operation. We have a strong technological and pure scientific research capacity which both past and present Australian governments have been anxious to put at the service of the region.

Another important reason for us to co-operate regionally on the environment is that, left unchecked, environmental problems are likely to become more of a source of tension and even, ultimately, a security problem.

Strains are likely to grow within countries as the problems we spoke about earlier become more severe and as the pressures of urbanisation increase.

Already, around the globe, an estimated 25 million people have become environmental refugees, forced to move because of the degradation of their original environment.

And tensions between countries might also increase. Smoke from forest fires in Indonesia have caused problems for air quality throughout Southeast Asia in the past but this year they have been worse than ever. At the public level at least, this caused fractures in ASEAN solidarity between Indonesia, Malaysia and Singapore. Unless the environmental problem is successfully addressed, the political problems will become harder to handle.

Similarly, acid rain has been a problem between a number of countries including the United States and Canada.

Especially in water-scarce regions like the Middle East, disputes over the allocation of water resources and the pollution of fresh and sea water have been growing.

China's history itself provides examples of the link between security and the environment. A drop in the mean annual temperature on the Mongolian steppe in the late twelfth century generated a subsistence crisis because there was no longer enough grass to supply the grazing animals on which the Mongols depended. This led Ghengis Khan and his successors to begin their conquests of agricultural lands including in Northern China. So it is quite possible to argue that one of the main factors in the fall of the Song dynasty was climate change.

Let me say, finally, that I think the Asia Pacific has a perspective to offer on the issue of growth and the environment which has not yet been fully articulated. For reasons I have discussed, in some important ways the environment debate is different in Asia from Europe

or North America. One obvious difference is that it is coming at the beginning of the industrialisation process, not at the end.

One core Asia Pacific contribution to the debate should be to defend the position of an open international economy as one of the best ways we can protect the environment. As the Australian APEC Studies Centre review of APEC and the environment put it, by encouraging income growth and the spread of technology, by rewarding enterprise and innovation, by encouraging use of low cost resources, by diversifying supply sources, an open international trading system is an important element in the creation of sustainable development.

One of the most important lessons we have learned in these final years of the 20th century has come to us from ecology. More than at any time since the scientific revolutions of the 18th century, we have come to understand that the systems which make up the earth and which sustain us on it are interdependent.

It is a lesson which resonates well beyond the environment. It is true of our economies and our social systems too.

We can have no more important lesson to take with us into the next century.