

# Chapter 11

## Conclusions: Steps to Greening Integration

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This book illustrates how countries in Asia could benefit from green integration—in other words, closer, better coordinated collaboration at the regional level to protect the environment and address social issues. In order to live up to the designation ‘Asian Century’ attached to the region, it must, as a whole, form new development models that realise healthy ecosystems, better-managed natural resources, cleaner environments and more social cohesion. These needs become more and more pressing the more governments fail to take action due to unfounded concerns over strengthened environmental and social policies weakening international competitiveness. The regional level could be seen as an arena in which mutual cooperation could lead to joint solutions. To entice governments to enter such space the final chapter offers practical steps that can be taken in the direction of green integration.

### 1. The case for greening integration

Asia is facing a multitude of challenges that will likely undermine its prospects for future prosperity. Many parts witness climate-related disasters of increasing frequency and severity. Rising air, water and soil pollution, destruction and shrinkage of natural forests and other ecosystems offer little in terms of societal value; land is becoming less productive and fertile soil is disappearing; freshwater resources are being consumed by multiple sectors; and fish stocks are fast vanishing. These trends, which are anything but abstract, already affect the lives of millions, threatening health, livelihoods, and overall security, with the low income groups being the worst hit. The deteriorating environment has even begun to impact on economic growth itself, as seen in the agricultural sector where air pollution and water shortages are causing significant and increased losses in production.

Many of these challenges are underpinned by rapid urbanisation and industrialisation, which have drastically transformed the lives of hundreds of millions in just a few short decades. These processes have also simultaneously separated humans further from natural systems, and created a false reality in which we freely deny nature as the key component to our existence, in which we blindly proceed without care for the planet’s life support systems.

Inequality is rising, and human rights abuses and poor labour conditions remain common. Whilst Asia is booming and many enjoy improved material standards, the benefits are not

felt by all. This is true for the region as a whole as well as for individual countries. Wealthy countries face social issues such as shrinking workforces and rising older generations requiring care.

The rich-poor gap has grown in many countries, creating a winner-loser mentality which threatens to undermine social cohesion and political stability. On a basic level, the region's economic success is also linked with human costs of a very direct kind, with communities being chased from land bestowed by ancestors, labourers forced to work under dire conditions under threat of human rights violations, and with inadequate occupational health and safety measures.

Responding to these multiple challenges requires new formulas for progress. Governments, leaders at various levels, and national elites in Asia are becoming aware of the need to make the region's development more robust and inclusive, that the conventional development model needs an overhaul to bring it into the 21<sup>st</sup> century. Efforts are being made in line with these budding insights, but the more game-changing actions that could usher in an era of sustainability are still lacking.

One obstacle is competition. In a globalised economy where governments, together with the key players believe that comprehensive sustainability policies interfere with trade and short-term profits, and that strong policies and effective enforcement would disadvantage domestic businesses, discourage foreign investors, slow down economic growth, and increase unemployment, it is not surprising only limited progress can be made. Further, there is no empirical evidence in support of such claims. Governments also fear to tread with untested policies. Acting in concert at the regional level, based on a vision of green integration, for example by establishing regional minimum standards and rules, would help overcome the above mindset and offer encouragement to governments to try new solutions.

The region already hosts a large number of mechanisms for international cooperation and integration, but ASEAN, APEC as well as RCEP and TPP are mainly focused on trade, investments and economic growth; environmental protection and social safeguards generally receive only token mention in these processes and fora. Such priority setting is short-sighted and ignores the many synergies that exist between environmental protection and social betterment—such as the huge potential for green jobs and the role of ecosystem protection for poverty alleviation. As a result, present regional integration efforts do not address the challenges outlined above and thus are not well tuned to promoting the long-term interests of the region.

Governments in Asia remain somewhat ambivalent to regional integration. Despite being involved in a large number of cooperation and integration processes and welcoming common strategies and declarations, they generally shy away from binding agreements, meaning many of the regional activities in reality have little impact at national and local levels. Nonetheless, regional integration is set to deepen in the decades ahead, which will gradually strengthen regional institutions and harmonise more rules and standards. Such developments are already envisaged, for example in the ASEAN Charter.

While integration processes take firmer hold and exert more influence over time, interdependencies within the region, as well as the related challenges, will continue to demand international coordination. Countries in Asia therefore need to take proactive steps and not squander the opportunities that exist at the regional level, in line with the vision of green integration. Doing so will provide stepping-stones to stronger international agreements in general, including at the global level, reflecting Asia's increasingly important economic and geopolitical role.

## 2. Three elements of greening integration

This book presents studies in seven areas in which regional integration intersects with sustainable development, and where there is potential to strengthen the synergies between the two. All chapters analyse current challenges and provide recommendations on how green integration could help address these more effectively, which can be summarised under three headings: (i) make trade and investment work for sustainable development, (ii) strengthen and repurpose regional institutions, and (iii) build capacity at national and sub-national levels.

### (i) Make trade and investment work for sustainable development

Trade liberalisation is at the vanguard of existing and emerging regional integration efforts. This book underscores the importance of ensuring that increasing volumes of trade and investment do not degrade the ecological systems upon which current and future economic prosperity and human wellbeing depends and do not degrade the social fabric by increasing income disparities, lowering working conditions, or threatening livelihood opportunities of vulnerable groups. However, it is also recognised that economic integration can help further sustainability objectives. Making trade and investment work for sustainable development involves two main tasks: (i) to establish effective mechanisms for safeguarding against the sustainability risks associated with increased trade and investments, and (ii) to design trade agreements and economic partnerships that fully exploit the sustainability opportunities of increased trade and investments—for example by facilitating trade in more sustainable products and services.

A general recommendation related to sustainability safeguarding is to take a cautionary approach to market liberalisation for countries with low governance efficacy and issues with transparency and accountability, as neglecting this could cause serious and irreparable harm to these countries, their natural environment and their peoples.

The following specific recommendations, drawn from the studies presented in this book, indicate how trade agreements and economic partnerships can be made more sustainable. They should be considered by governments that negotiate such agreements.

*Sustainability Impact Assessments of trade and investment agreements.* Countries should make it mandatory to assess the potential impacts of economic integration agreements from a sustainability perspective (Chapters 3 and 7). This is still not regular practice in Asia. Many countries still lack the capacity to conduct such assessments, so pooling expertise at the regional level could prove beneficial.

*Preferential treatment for sustainable products.* Trade agreements should include mechanisms such as preferential tariffs to promote goods and services with high sustainability performance. The Environmental Goods and Services (EGS) list developed by APEC could act as a good basis. Since trade tariffs are already low or non-existent for many products, agreements should consider including other forms of facilitation mechanisms for goods and services that meet high sustainability standards (Chapter 9).

*Regional information tools.* Information tools that identify sustainable products and processes should be established to guide decisions of businesses, consumers and government entities (Chapter 6). Where national systems already exist, these could be linked up and harmonised regionally. However, care is needed to prevent national standards being eroded by regional harmonisation—by enabling national systems to override regional systems.

*Support for sustainable public procurement.* New and revised trade agreements and economic partnerships should allow for, ideally encourage, sustainable procurement by national governments and other public entities. Trade rules that may prevent or discourage public buyers from using environmental and social criteria for their procurement should be avoided (Chapter 5).

*Sustainability reporting.* All businesses above a certain size should be required to produce public reports on their environmental and social performance on a regular basis (Chapter 5). This should apply to both private and publicly owned enterprises. Regionally harmonised reporting formats would streamline this process and reduce compliance costs.

*Greening of finance.* Banks and other financial institutions should be required to establish and apply environmental and social criteria for lending (Chapter 5). They should also be obliged to disclose comprehensive information on the sustainability aspects of their investments, including for example exposure to financial risks associated with fossil fuels and climate change.

## **(ii) Strengthen and repurpose regional institutions**

Several chapters of this book (especially Chapter 4 on ASEAN and Chapter 8 on water management in the Mekong region) identify the need for strengthened, more capable regional institutions, equipped with adequate financial and other resources, appropriate staff and mandates that allow them to play a proactive role in agenda-setting, coordination, and monitoring and evaluation. Regional institutions should embody environmental protection and social equity as part of their mission, their mandate, and within all their work programmes and projects. Strengthening the region's institutional architecture also calls for better exploiting synergies between existing organisations and frameworks in order to reduce duplication and fragmentation.

In order for stronger regional institutions to emerge, countries in the region need to partially relinquish national sovereignty. Fears over national authority being eroded by regional integration in a globalised economy obscure the fact that regionally coordinated initiatives can enable governments to regain some *de facto* power, to regulate in the public interest. Stronger regional organisations, with more ownership from Asian countries themselves and less dependence on donor priorities, would also strengthen the region's voice in global policy fora.

Partnerships between regional institutions with specific expertise in Asian circumstances and global organisations with technical expertise in other world regions is a model with significant potential.

This book identifies a number of roles to be played by regional institutions in the context of greening integration and where strengthened capacities, additional resources, and revised mandates are needed, including the following:

*Monitoring and evaluation.* Regional institutions can play an important role by monitoring and assessing environmental and social characteristics across the region. This already takes place but requires upgrading—to analyse trends and generate scenarios and forecasts in particular. Peer-to-peer reviews between countries would allow policy frameworks and specific institutional settings to be compared.

*Research and knowledge brokerage.* Regional institutions can also support countries through research and knowledge brokerage. The Economic Research Institute for Asia (ERIA) provides a model for joint research at the regional level, and experiences gained therefrom could help in forming new research institutes. Effective knowledge brokerage requires two-way communication to both avail stakeholders of the relevant scientific knowledge and identify salient knowledge needs in the region, and to link scientific expertise with Asian decision-makers to enable dialogue and joint learning.

*Sharing of good practices.* Regional institutions can play an important role by facilitating the sharing of good practices, such as via websites and newsletters as well as more directly through site visits, staff secondment and training. Compliance and enforcement of environmental laws and regulations are key here—areas that challenge many countries. South-south and ‘triangular collaboration’ practice sharing should also be considered.

*Capacity building.* Regional institutions are in a good position to coordinate capacity building on a regional or sub-regional basis and in collaboration with institutions from outside the region. This can follow the ‘hub and spokes’ model, as used in SEAMEO, where thematic regional centres engage expertise from individual countries and draw from each country’s strengths and experiences (Chapter 10).

*Regional funding mechanisms.* Regional institutions can host targeted funding mechanisms to support sustainable development and to complement existing large-scale regional banks and funds. Potential areas abound for financial support, such as in developing and scaling-up sustainable business models and technologies (Chapter 9) and supporting the attainment of Sustainable Development Goals (Chapters 4) by individual countries.

*Leadership for new regional initiatives.* Regional institutions with stronger mandates means regional collaboration and new initiatives can be tackled more proactively—joint plans for shared river basins and ecosystems as well as common technical and administrative standards for sustainability could be instigated faster, for example. Establishing common minimum standards is a cornerstone of green integration (e.g., Chapter 7).

### **(iii) Build capacity at national and sub-national levels**

Enhanced mechanisms to strengthen capacity at national and sub-national levels are the key to improved regional collaboration and integration, and hence a prerequisite for green integration (Chapter 10). Countries would be more willing to enter into ambitious international agreements if effective, well-resourced regional mechanisms were on hand to improve their capacity, and the lack of such (especially in governments and public institutions and other actors) is a major impediment to sustainable development. Capacity constraints should therefore be addressed urgently, bearing in mind much time will be needed to ensure sufficient capacity is in place across the region.

This book identifies broad areas where governmental and public institution capacity needs to be bolstered:

- In the ability of governments at national and sub-national levels to effectively engage key stakeholders, to formulate and implement appropriate policies, and to monitor and evaluate policy outcomes;
- In facilitating the mainstreaming of environmental protection into all major policy areas;

- In enabling integrated planning and policy-making across traditional policy areas and economic sectors;
- In enabling governments to play active roles in regional and global policy processes, thereby realising the potential benefits of these processes more effectively.

### 3. The need for broad-based dialogue

This book makes the case for green integration and shows how it could be pursued but it does not offer definitive answers. Its chief goal is to stimulate broader, more active discussion on how regional integration could contribute to sustainable development in Asia. It interrogates the actual development ethos underpinning current processes, and offers an alternative vision—one of shared human wellbeing in harmonious coexistence with nature.

The themes mentioned above will gain more relevance when the ASEAN Economic Community comes into being at the end of 2015 and in light of RCEP, TPP and similar partnerships. Concurrently, governments are now negotiating a set of global Sustainable Development Goals (SDGs), expected to be adopted in September 2015. The launch of this new development agenda for the period 2016–2030 thus offers a unique opportunity for Asian countries to ponder on the direction in which they are headed, to formulate new objectives and to undertake reforms of policies and institutions. It is also an opportunity for them to re-examine their regional institutions and collaborative frameworks—to review whether their objectives and mandates are aligned with the SDGs and to make them more fit for purpose.

While all these processes may appear to be only of a technical nature fit for specialists and government officials, they actually have direct implications on how countries develop and will affect the lives of every single person throughout the region. Everyone needs to know what governments are negotiating on or agreeing to on their behalf, which heightens the need for transparency in these processes. Here, the media's role will be to keep the public informed and to closely scrutinise those in power, as all levels of society need to participate in the key decisions.

In conclusion, there is a need for broader democratic deliberation on what regional integration needs to deliver. The authors of this book hope they have succeeded in enlivening discussion on how sustainable development can be placed at the very core of Asia's integration, to ensure that these processes provide greater benefit for all in the region, not only in the short term but also for the future.