

Preface

An economic revolution is sweeping through Asia and the Pacific, led largely by the world's two population superpowers: the People's Republic of China (PRC) and India. Today, there are 250 million and 300 million people from the PRC and India, respectively, that have joined the world's middle class, and it is estimated that the ranks of these consumers will swell to 500 million in each country—one billion people—by 2020.

This economic revolution has created a large new market for goods and services, and it has the potential to lift hundreds of millions more out of poverty. It presents huge opportunities for entrepreneurs, government leaders, and private citizens. But as the authors of this report observe, this phenomenal economic growth will put greatly increased pressure on natural systems and the assimilative capacity of the planet.

No individual, organization, or government can stop the grand economic revolution underway in this region. Nor should anyone attempt to slow down this growth. The hundreds of millions of people still living in poverty in Asia and the Pacific are entitled to a better quality of life.

But if the region's leaders use yesterday's technology and antiquated thinking to drive this economic revolution, environmental degradation is likely to increase so dramatically that public health and ecosystems are placed at severe risk. If they turn instead to the best available technologies and environmental management approaches, these threats to the very foundation of the economic miracle can be minimized. Only if governments and the corporate sector take such steps can societies in Asia and the Pacific, and the entire world, enjoy the benefits of economic success without placing the public and the natural environment at risk.

The authors remain optimistic that good governance, strong management, true entrepreneurial spirit, and an increasingly aware and environment-conscious public can combine to retain the benefits of rapid economic growth while protecting the environment and human welfare. Much of the world is moving rapidly beyond the industrial economy toward a knowledge-based society and economy. This has the potential to enable Asia and the Pacific to meet its poverty reduction goals and improve the quality life for all.

The relatively narrow "cleaner production" approach has been used for a decade to characterize goals and methods for achieving environmentally beneficial productivity gains for the private sector. Indeed, the Asian Development Bank (ADB) has supported a variety of policy and technical measures to promote cleaner production, having contributed more than \$10 million in grants for technical assistance projects and lending some \$3.3 billion for projects with cleaner production components over the past 15 years.

Our conviction that something more than this approach is now needed to respond to the unprecedented environmental strains facing our region—combined with the need for a better understanding of the private sector's role—led to our commissioning of the *Asian Environment Outlook 2005*. Its analysis shows that the chance for a firm to improve its eco-efficiency is only a relatively minor part of the newly emerging reasons for the private sector to pay far greater attention to environmental performance.

For too long the region's leaders across the public, private, and civil spheres have failed to give the environment the serious consideration it deserves. Environmental laws are in place, but often, they are not enforced. Cleaner technology is available, yet society fails to invest in it. Environmental goods and services create new market opportunities, but only a few entrepreneurs have seized them. Many are so busy getting rich that they ignore storm clouds on the horizon that may wash away the very basis of their prosperity.

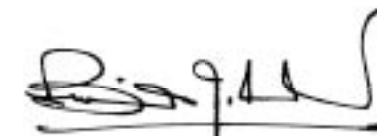
Government leaders should stop blaming industry for all environmental degradation. They need to create an enabling environment that will unleash the creative and entrepreneurial spirit within the business sector to conduct business in an environmentally responsible manner.

Business leaders should stop placing the burden for environmental protection on governments. They need to invest in new cleaner production processes, invent new manufacturing methods and products, and manage their entire supply chain. If they fail, the rising Asian middle class and consumers in North America and Europe will be less inclined to buy their products. Those who innovate and provide value will capture market share. Today's polluters will be tomorrow's dinosaurs.

Civil society should work with both government and business to stop environmental degradation. In democratic societies, the public should use its voting power to support leaders protecting the environment. It should use its purchasing power to support companies providing more environment-friendly goods and services. And it should learn how to identify and reduce consumption of environmentally damaging goods.

The central thesis of this report is that Asia and the Pacific needs a grand coalescence of government, business, civil society, and others—all focused on creating a sustainable future. Pressure to improve environmental performance is looming—from global trends, tightening national regulatory systems, and the dynamics of the marketplace and corporate stakeholders. Human ingenuity led Asia and the Pacific into the environmental morass that confronts the region today, and only human ingenuity can lead it to a sustainable future. Innovation and creativity will form the basis of tomorrow's successful corporations, leapfrogging over old and dirty technologies and management practices and embracing new approaches already available and still to come. These progressive corporations will make profits while protecting the planet.

The future of our children, our grandchildren, of our ecosystems, and of the planet itself are at stake. Our heirs will be unforgiving if we fail to take action today to ensure a sustainable future. This is why every leader in Asia and the Pacific should read this report, heed its messages—and then act. It will not be easy. But we have the ability to reinvent ourselves as individuals, as organizations, as responsible corporations, as enabling governments, and as partners in creating a sustainable future for all in Asia and the Pacific.



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