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**REVIEW OF PROGRAMME PLANNING AND IMPLEMENTATION**

(Item 5(c) of the provisional agenda)

**THE OUTCOME OF DISCUSSIONS ON ECO-EFFICIENCY IN NORTH-EAST ASIA  
AND FURTHER ACTIONS**

*Note by the Secretariat*

## I. BRIEF SUMMARY OF NEASPEC DISCUSSIONS ON ECO-EFFICIENCY

1. The Framework of NEASPEC adopted at the 3<sup>rd</sup> SOM in 1996 defines the principle objective as the promotion of subregional environmental cooperation and sustainable development efforts. Subsequently, the Vision Statement adopted at the 5<sup>th</sup> SOM calls upon the member countries to develop the current mechanism as a comprehensive programme.

2. The 10<sup>th</sup> SOM in 2004 discussed environmental pressures resulting from the current trend of economic growth in North-East Asia. The meeting also reviewed new approaches to economic growth and policy tools for enhancing eco-efficiency leading to the improvement of environmental sustainability. Based on the discussion, the meeting recommended the Secretariat to develop a detailed paper on emerging issues related to environmentally sustainable economic growth in North-East Asia, and present it at the 11<sup>th</sup> SOM in order to formulate future activities of NEASPEC.

3. On the basis of the decision, the Secretariat commissioned consultants to prepare a paper focusing on eco-efficiency in North-East Asia and presented to an Expert Group Meeting held in conjunction with the 11<sup>th</sup> SOM in October 2005, which also included the presentation of country reports on eco-efficiency. A consultant's paper particularly addressed the following issues:

- Growing environmental and economic burdens arising from the sustained increase of energy consumption to support rapid economic growth;
- The high level of economy-wide energy intensity in most NEASPEC countries, and the growing unsustainable consumption patterns which bring about increasing energy intensity in end-use sectors, i.e., transportation and residential building, in particular;
- The significant impact of pollutions and ecological degradation on human health and economy;
- The need for shifting the conventional economic growth towards Green Growth and adopting policies and measures for improving eco-efficiency, which would lead to the reduction of material intensity, energy intensity, dispersion of toxic substances, etc. and in turn the achievement of environmental sustainability; and
- Potential activities of NEASPEC on eco-efficiency, which includes identifying policy options and challenges for eco-efficiency; conducting joint research on eco-efficiency indicators; making guidelines for sustainable consumption and production; disseminating information; formulating action plans for all stakeholders, etc.

4. Country reports to the EGM also elaborated the need for undertaking actions to improve eco-efficiency and relevant national policies including the concepts of Resource-Saving Society of China and Sound Material-Cycle Society of Japan. These initiatives are crucial to help NEASPEC countries forge a new path of development which could be

sustained with efficient and less consumption of natural resources and less production of environmental pollution.

5. Through presentations and discussions, the EGM and the SOM recognized the significance of improving eco-efficiency to tackle adverse environmental impacts resulting from the current economic development in the subregion and the proactive national initiative of NEASPEC countries in relations to eco-efficiency. In this connection, the Meeting decided to organize the Second Expert Group Meeting for in-depth discussion on Eco-Efficiency in North-East Asia.

6. The Second Expert Group Meeting on “Eco-efficiency in North-East Asia” was held in collaboration with China Standard Certification Center on 25-26 May 2006 in Beijing, and attended by nominated national experts from all six member countries. The EGM reviewed relevant national policies, the implication of North-East Asian countries’ economic development in the context of eco-efficiency, and the conceptual dimensions of eco-efficiency. Based on the findings from the review, the EGM discussed the applicability of the eco-efficiency concept to subregional and national levels. Through the presentation and discussion, the EGM drew the following findings:

- North-East Asian countries have been actively developing and implementing policies that are directly targeting the improvement of eco-efficiency at the level of country -wide economy or specific sectors. Among others, Resource-saving Society policy of China and 3R policies of Japan particularly show their comprehensive approaches towards improving eco-efficiency;
- The growth of resource consumption and pollution discharge in North-East Asia far surpasses economic growth while the subregion already faces significant environmental problems. In order to reduce the environmental impacts, it is critical to enhance national and subregional actions on the efficient use and management of energy, water and raw materials;
- The flows of recyclable as well as hazardous materials need to be brought into subregional responses to promote the efficient use of materials and minimize the environmental impacts of hazardous materials;
- Eco-efficiency could be a useful yardstick to monitor and steer sustainable development in North-East Asia, and a feasible subject for subregional cooperation;
- NEASPEC could explore possibilities for undertaking subregional activities on such topics: subregional recycling system, harmonized eco-labeling, sound material cycle network, cross-border cooperation on energy efficiency, eco-efficiency indicator, and capacity building in cleaner production; and
- NEASPEC could promote creating various mechanisms such as policy forum, business forum, NGO forum, expert network on eco-efficiency.

In view of the significance of improving eco-efficiency in North-East Asia and the

applicability of the concept to subregional actions, the EGM decided to propose the 12th Senior Officials Meeting of NEASPEC to initiate a subregional action, tentatively titled as “Eco-efficiency Partnership in North-East Asia”.

7. As the outcome of the EGM and desk study, the Secretariat currently prepares a publication on eco-efficiency in North-East Asia. The publication will be finalized soon and distributed to relevant institutions in the member countries through national focal points of NEAPEC.

## II. ECO-EFFICIENCY PARTNERSHIP IN NORTH-EAST ASIA

8. Based on the discussion and conclusion of the EGM, the Secretariat prepared the following proposal for “*Eco-efficiency Partnership in North-East Asia*” for the consideration and decisions of the 12th SOM.

### A. BACKGROUND AND JUSTIFICATION

9. The current high resource intensity economic growth in North-East Asia countries causes the subregion to face with increasing demand for resources and irreversible costs of environmental degradation. These challenges are particularly well addressed by the 2006 China Sustainable Development Strategy Report, which presents the concept of Resource and Environmental Performance Index based on the correlation between economic performance and the inputs of resources such as fresh water, primary energy, steel, cement and nonferrous metals. The Index shows that the resource intensity of China’s economy is 90 per cent higher than the world’s average, and among 59 countries China, the ROK and Russia are at 54th, 55th and 44th , respectively, while Japan is ranked at 19th. This inefficiency of resource use directly means the significant level of environmental externalities caused by the current pattern of production and consumption in North-East Asia. In particular, the inefficiency diminishes the availability of resources, which refer to not only nonrenewable but also renewable resources as they become more seriously deteriorated and depleted due to the excessive exploitation in terms of both quality and quantity. Thus, as the China’s policy of Resource-saving Society well presents, North-East Asian subregional needs to take bold ways to move away from its resource intensive economic.

10. The need to improve eco-efficiency is also well addressed by the ecological footprint studies. North-East Asia’ ecological footprint and biocapacity provides a glimpse into the sustainability of current economic activity and trends for the future. The World Wide Fund for Nature (WWF), in their *Asia-Pacific 2005: the ecological footprint and natural wealth* report estimates that North-East Asia has an ecological footprint of 2.8 hectares per person, 30 per cent above the global average. The ecological capacity for the region,

excluding Mongolia (its low population density contributes to a large biocapacity) is 1.9 hectares per person. The resulting ecological deficit is 1.2 global hectares per person: North-East Asia is importing ecological capacity from other parts of the world in order to fuel its economic growth. Unless economic growth is decoupled from environmental resource use, the ecological footprint of North-East Asia will continue to increase and the carrying capacity will decrease.

11. Owing to the substantial disparities in economic development and natural resource endowment among North-East Asian countries, the required need and specific approach of national actions for eco-efficiency vary between countries. However, EGM discussions found that subregional joint actions could play significant roles in improving eco-efficiency of the current intra-subregional trade and material flow patterns, promoting common views on sustainable development, and strengthening national capacity.

12. Subregional joint actions on eco-efficiency is directly in line with the Johannesburg Plan of Implementation (JPOI), which defines improving eco-efficiency as a key means to change unsustainable patterns of consumption and production. JPOI particularly calls upon countries to increase eco-efficiency through providing incentives for investment in eco-efficiency, and collecting and disseminating relevant information. Furthermore, subregional actions strongly support the Green Growth Initiative of the 5th Ministerial Conference on Environment and Development in Asia and the Pacific held in 2005 in Seoul, which encapsulates improving eco-efficiency as a key instrument to achieve green growth.

## **B. THE APPLICATION OF ECO-EFFICIENCY APPROACH**

13. As the eco-efficiency concept was initiated by the World Business Council on Sustainable Development (WBCSD) early 1990s, it has been mostly harnessed by the private sector including large corporations in North-East Asia. However, progress attained by the improved performance in the private sector alone cannot make sufficient responses to the required improvement of eco-efficiency in societies. Thus, by leaving eco-efficiency to the private sector, societies will fail to address detrimental consumption patterns and inevitably exhaust available resources, which, in turn, will not help bring to a halt the deterioration of environmental sustainability.

14. Thus, the two EGMs and desk study explored possibilities and appropriate ways for the application of eco-efficiency approach to country-wide economy and society. As the attached draft publication elaborates, eco-efficiency approach could be harnessed as very applicable and practical tool for various levels of responses to decoupling environmental impacts from economic activities. In this regard, the ways for applying eco-efficiency approach to macro and micro-levels are summarized as follows.

15. Macro-level (Government): A key determinant of resource efficiency or eco-

efficiency in society is national policies on energy, transportation, infrastructure, residential sectors, and so on. While the ultimate impacts of individual policy would be determined by the combination of various factors such as institutional, socioeconomic and technical conditions, policies could provide the overall path of social norms and behaviors. Thus, governments need to integrate policy measures to strengthen eco-efficiency by, for example, designing society's infrastructures in eco-efficient ways, eliminating subsidies harmful to the environment, internalizing environmental externalities of economic activities, and creating incentives for environmentally sound practices.

16. Micro-level (Private Sector): The private sector has been the starting point for eco-efficiency. It is clear that, without the participation of the private sector, society will not be able to achieve its eco-efficiency goals. To that end, the private sector has a special role to play in shaping certain patterns of economic growth and can help lead nations towards eco-efficient consumption and production. In particular, the following actions are suggested for the private sector:

- Integrate eco-efficiency into their business strategy, including their operational, product innovation and marketing strategies;
- Report company eco-efficiency and sustainability performance openly to stakeholders, which contributes to the awareness of consumers and helps them to make better choices about where and how they spend their money; and
- Support policy measures which reward eco-efficiency.

17. Micro-level (Civil Society): Civil society is extremely important for promoting eco-efficiency, especially with regards to their potential impact on the eco-efficiency of consumption. While government actions can clearly and rapidly alter the eco-efficiency of production by working with businesses, civil society can provide frameworks for sustainable consumption, the long-neglected side of eco-efficiency patterns of economic activities. In particular, civil society could:

- Promote a major psychological and cultural shift from 'having towards being' to contribute to the success of achieving economy-wide eco-efficiency;
- Encourage consumers to prefer eco-efficient, sustainable products and services; and
- Support political measures to create the framework conditions which reward eco-efficiency.

### **C. MAIN GOALS OF THE PARTNERSHIP**

18. The Partnership could aim at (a) creating a common view and knowledge among major stakeholders (b) facilitating the creation of subregional common policies for issues such as material flows in North-East Asia, (c) assisting in strengthening national capacity, and (d) raising public awareness.

## D. MAJOR ACTIVITIES AND PLAN

19. The Partnership could undertake joint activities on (a) publishing reports on eco-efficiency to disseminate information and raise awareness, (b) facilitating dialogues among key stakeholders, namely government officials, national experts, business organizations and civil society, and (c) organizing training programmes.

20. Considering the fact that the eco-efficiency approach has not been widely applied to macro-levels or society, the development of activities under the Partnership requires the assessment of existing relevant activities and consultations with various stakeholder groups such as government institutions, Business Council on Sustainable Development, national cleaner production centre, NGOs in the NEASPEC countries.

21. Thus, upon the decisions of the 12th SOM on the establishment of the Partnership, in consultation with stakeholders in the NEASPEC countries, the Secretariat will undertake the following activities in 2007-2008:

- Identify key themes and areas of subregional cooperation.
- Develop the overall framework and activity plan of the Partnership.
- Undertake one or two preliminary activities based on the identified areas.

## E. BUDGET

22. The indicative budget for the abovementioned activities is presented as follows:

**<Table 1> Budget Plan for the Partnership**

<b>Budget Items</b>	<b>Year 2007</b>	<b>Year 2008</b>	<b>Total</b>
Meetings/trainings	25,000	30,000	55,000
Consultants/resource persons	5,000	5,000	10,000
Publicity(printing, website, etc)		5,000	5,000
<b>Total</b>	<b>30,000</b>	<b>40,000</b>	<b>70,000</b>

## III. ISSUES FOR CONSIDERATION

22. Launching a programme “Eco-efficiency Partnership in North-East Asia” could contribute to the better understanding of major stakeholders in North-East Asian countries on the significance of actions to improve eco-efficiency. Furthermore, the Partnership will considerably help expand the scope of subregional environmental cooperation towards tackling key issues of sustainable development.

23. The Meeting may wish to decide upon launching the “Eco-efficiency Partnership in North-East Asia” as a new programme of NEASPEC.

24. The Meeting may wish to receive guidance from the member countries about the main direction and activity of the Partnership.

25. The Meeting may wish to request the Secretariat to develop a detailed framework and activity plan for the Partnership for the submission to the next SOM while publishing and disseminating the outcomes of the previous analysis and discussion. In this respect, the member countries may provide suggestions on the participation of national institutions in the formulation and implementation of activities under the Partnership

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