



United Nations Industrial Development Organization

International Conference on Green Industry in Asia:
Managing the Transition to Resource-Efficient
and Low-Carbon Industries

STATEMENT BY

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At the outset, let me thank the Government of the Philippines for hosting this International Conference. Judging by the overwhelming interest in this Conference, attracting more than 1,200 participants from all over the world, I can honestly say that this is the best-attended international conference UNIDO has had the privilege of supporting. I am particularly grateful to President Gloria Macapagal-Arroyo for making it possible to convene this Conference in Manila. I would also like to express my heartfelt thanks to Secretary Atienza and his dedicated team for the many months of hard work to ensure the success of this Conference. I very much appreciate the presence here today of Ministers and high-level representatives from 22 Asian countries. Let me thank our partners in the UN family -- UNEP, UN-ESCAP and ILO -- for joining UNIDO in supporting this Conference. With the participation of so many eminent experts, representatives from governments and the business, academic and research communities, as well as from civic organizations, the media and the United Nations system, I am confident that we will all benefit from a rich and rewarding dialogue over the next three days.

Why this conference?

1. It will provide the government and the business community with the opportunity to show case their technologies, expertise and experience as well as their best practices in greening industry (at present, the Philippines is the 3rd largest producer of biomass in the world after the USA and Brazil according to the Rent 21 report). It is also the second largest producer of geothermal energy after the US.
2. It will raise awareness of the importance of green industry in Asia in the context of its rapid industrial development and sustainability challenges. Manufacturing industry in Asia comprises about 20-60% of GDP. Asia contributes about 2/3 of manufacturing exports of developing countries. This emphasizes the importance of manufacturing as a driver of development in Asia and in countries in general. The fundamental issue for Asia is how to sustain rapid economic growth with increasing population and rapidly increasing resource scarcity. Therefore, Asia cannot afford to ignore the issue of sustainability and green industry as a powerful instrument to support this.

3. It will bring discussion of resource efficient and cleaner production from the technical level, which has been hitherto mostly the case, to focus on a policy and regional level.

4. It will move the discussion from the factory or plant level to the broader conditions that are required for green industry to work - policy, regulatory, technology, financial, incentives and information issues.

The Demographic Challenge

Now let's look at what this rising consumption and changing lifestyles mean. If the per capita consumption rate of 1.1 billion people in the developed world amounts to the figure 32, that of 5.6 billion people in the developing world is something like 1. If the whole developing world were to suddenly catch up with the consumption rate of the rich countries, world per capita consumption rates would increase eleven-fold. This would be the equivalent of the world's population jumping to 72 billion people.

Put another way, the New York Times columnist, Thomas Friedman, observed that if the developing world were to add another two or three billion people to consume as the OECD countries do, we would need to colonize three more planets like earth. And if all of the world's people generated greenhouse gases at the same rate as the developed countries, we would need nine planets to survive, according to the latest Human Development Report.

Centrality of Energy

The World Bank estimates that roughly 1.6 billion people have no access to electricity. In sub-Saharan Africa, excluding South Africa, 75 per cent of households, or 550 million people have no access to network electricity. In South Asia, 700 million people, 50 per cent of the overall population and 90 per cent of the rural population, are not on the grid. At the same time, energy related GHG emissions account for about 70% of total emissions and are expected to increase by more than 50% by 2030. Now suppose we are able to provide electricity to these 1.6 billion

people and give each of them a 60-watt bulb to light their dwellings. If those 1.6 billion people turned on their 60-watt bulb at the same time and keep them on for 8 hours a day, we would need to generate an extra 96,000 megawatts of electricity, or build the equivalent of 192 power plants each producing some 500 megawatts of electricity. If most of those plants use coal which is the cheapest source of energy today, one can just imagine the ecological consequences for our planet.

The industrial sector accounts for one third of global energy use and two-fifths of global energy and process carbon dioxide (CO₂) emissions. Energy efficiency is the most cost-effective, least polluting and most readily available industrial energy savings option available in the industrial sector worldwide. Capturing these potential end-use energy efficiency improvements rapidly is essential to keeping greenhouse gas emissions to safe levels.

There is also significant potential to reduce, at low or no cost, the amount of energy used to manufacture goods. The reduction potential estimated by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) for five energy-intensive industrial sub-sectors ranges from about 10% to 40%, depending upon the sector. In the IEA's stabilization scenario for greenhouse gas emissions, over a quarter of all energy efficiency gains need to come from the industrial sector by 2050.

In Asia, energy use is expected to increase 112% by 2030 under a business-as-usual scenario. The region would then be consuming 36% of the world's energy (from 26% in 2005) and releasing 42% of global energy-related CO₂ emissions (compared to 29% in 2005).

What does all this mean? Does it mean that developing countries should stop growing because resources are now in short supply and the climate is changing? Clearly the answer is no.

To begin with, there are over 2.5 billion people in the world mired in poverty. No growth means condemning the poor to a life of perpetual poverty. This is simply not acceptable. It is also socially and politically untenable. From an economic

standpoint, 2.5 billion people living in poverty represents an enormous economic opportunity foregone.

So how do we deal with this dilemma?

The answer lies in growing our economies in a more sensible, sustainable manner. This means doing more of what we are already starting to do -- switching to clean and renewable energy to power our economies and industries; improving the efficiency of our energy, material and water use; and practicing the ethic of conservation.

We need a fundamental change in how we produce, consume and exchange goods. This is how we green our economies, our growth strategies, our industries, our transportation systems, our buildings and our homes. In the process, we will create new green jobs and businesses, stimulate green investments, and encourage green innovations. This is what UNIDO, UNEP, ESCAP and ILO are trying to achieve with their various green initiatives.

Solutions that lie in Asia

Changing our present paradigm of development will not be easy. But many countries in Asia are already taking concrete steps to encourage and expand the use of clean energy and improve their resource efficiency. Let me cite some examples:

1. China has reduced the energy intensity of its economy by over 60% since 1980 and expects to reduce it further by 20 per cent by 2010. It plans to double the proportion of the energy it uses from renewable sources to 15% in 2020. China has also become the leading renewable energy producer in the world in terms of installed generating capacity and has now surpassed Japan as the world's largest manufacturer of solar photovoltaic technology. It is also expected to become the world's leading manufacturer of wind turbines this year. It is implementing fuel efficiency standards for cars 40% higher than those in the United States.

2. India increased its renewable energy target to 14 GW of new renewables capacity by 2012. It is improving energy efficiency by 20% by the year 2016-2017 compared to 2005. India has also emerged as a major world producer of solar photo-voltaics and wind turbines. New policies are leading to \$18 billion in new manufacturing investments.
3. The Philippines has enacted a milestone renewable energy law, which mandates both renewable portfolio standards and feed-in tariffs for wind, solar, biomass, small hydro, and ocean power. The Philippine law also provides connection and transmission priority for renewable generators, allows consumers to voluntarily choose to purchase renewable power from suppliers, and provides tax and import-duty incentives for investment. According to REN 21, a global policy network on renewable energy, the Philippines is now the second largest producer of geothermal power in the world, next to the US. It ranks as the third largest producer of power from biomass behind the US and Brazil.
4. Malaysia ranked second in the world in thin-film production and Thailand is the 9th largest producer of fuel ethanol and bio-diesel. Indonesia set a renewable energy target of 9.5 GW of geo-thermal by 2025.
5. China, India, Indonesia, the Philippines, Sri Lanka, S. Korea, and Thailand are among the Asian countries that have feed-in tariff laws or policies to stimulate investments in renewables.
6. India, China, S. Korea, Japan, Indonesia, Thailand, Malaysia and the Philippines have also enacted laws and adopted policies to enhance materials efficiency and sound disposal of wastes.

UNIDO and UNEP are contributing to improving resource efficiency in the region through the cleaner production centres in China, India, Viet Nam, Laos, Cambodia, Pakistan, Sri Lanka and S. Korea, among others.

Overall, there have been significant gains made by Asia in moving towards resource-efficient and low-carbon industries over the years. But more needs to be

done especially since resource use in the region continues to increase in absolute terms with continuing economic growth. Significant scope exists for improving resource efficient and low-carbon industrial production as Asian economies still use roughly twice as much resource per GDP than economies in Europe and North America.

This International Conference aims to contribute to realizing this untapped potential and in the process pave the way for a smooth and speedy transition to a resource-efficient and low-carbon pattern of industrial development in the region. And in doing so, Asia will find itself building the industries of the 21st century, creating new jobs, maintain the momentum of growth and protecting our planet.

Thank you.