

Asia Pacific

I S S U E S

Analysis from the East-West Center

No. 51

March 2001

The U.S. Congress established the East-West Center in 1960 to foster mutual understanding and cooperation among the governments and peoples of the Asia Pacific region, including the United States. Funding for the Center comes from the U.S. government with additional support provided by private agencies, individuals, corporations, and Asian and Pacific governments.

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S U M M A R Y The continuation of Asia's economic development and improvement in living standards is dependent upon addressing its worsening environmental problems. While the Asia Pacific Economic Cooperation (APEC) forum is not ideally structured to deal with Asia's urgent environmental problems, it can take an important step toward improving prospects for Asia's environment by bringing civil society, specifically nongovernmental groups for the environment, into APEC deliberations. This can be done by including members of environmental organizations in: (1) APEC working groups and through the creation of an APEC Civil Society Advisory Council; (2) a new APEC Commission for Environmental Cooperation; and (3) policy dialog forums where contentious issues such as the environment-trade nexus are addressed. While none of these suggestions requires any basic changes to APEC's structure, they do call for tolerance, even encouragement, of a more open and collaborative APEC dialog. These changes are not only necessary for environmental improvement, but also for ensuring that liberalized trade and investment stay on course.

Concern with environmental quality is an Asian as well as Western phenomenon

Industrialization, urbanization, indifference—each has made its contribution to worsening environmental conditions in Asia, and projections for the next 20–25 years point to more trouble ahead. In this setting the members of the Asia Pacific Economic Cooperation (APEC) forum promote the liberalizing of trade and finance that is the condition for participation in a newly globalized world economy. Their aim is to facilitate economic development and raise regional living standards. But development creates environmental pressures of its own, and environmental degradation has economic not to mention social costs, undercutting the rise in living standards that globalization is expected to bring. This is the Asian environmental dilemma.

Worldwide, the private sector has surpassed the public sector as the engine of economic growth. The relationship of state to market forces is being recalibrated, as governments and the market adjust to the logic of new technologies and the needs of growing populations no longer hostage to bipolar tensions. Enter civil society. Its representatives make their affiliation with neither states nor the private sector. Instead they argue for broadly held citizen interests that might otherwise go unattended, among them the goal of an environmentally sustainable future.

APEC has made strides in including the private (market) sector in its deliberations. If APEC intends to deal with its environmental problems, it now needs to include civil society as well, in particular nongovernmental organizations for the environment (NGOs). By bringing in the NGOs, APEC has an opportunity to invigorate regional environmental initiatives and improve the chances that regional growth is not derailed for lack of environmental protections.

Asia's Grim Environmental Picture

Environmental trends in Asia are moving in the wrong direction. The Asian Development Bank (ADB) calls Asia the most environmentally degraded region in the world. According to the United Nations Environmental Programme at least one in three Asians has no access to safe drinking water and at least one in

two no access to sanitation. Many Asian cities are among the most polluted in the world, with air contamination well above levels considered acceptable in Western Europe and North America. For Asians in the countryside as well as in the cities, environmental degradation is often a livelihood-altering and sometimes life-threatening issue. Western concerns over high rates of deforestation leading to loss of biological diversity converge with the local reality of population dislocation and increasing vulnerability to natural disasters such as floods and landslides.

Asian urban population has doubled in the last 15–20 years and is projected to increase by another 70 percent by 2025. Greater industrialization will accompany urban growth. At current rates of increase Asia will produce more sulfur dioxide than Europe and the United States combined by 2010. By 2020 the region will become the world's largest source of greenhouse gases.

Such conditions do not have to follow development. They result from a “grow-now-clean-up-later” policy that permeates the region and with it a lack of administrative capabilities to enforce standards and regulations. Whether development can continue in the face of worsening conditions remains to be seen. Pollution already decreases gross domestic product in individual Asian states by an estimated 3 to 8 percent.ⁱ

It is incorrect to assume that concern with environmental health and quality is a Western phenomenon only. Surveys clearly demonstrate the same concern among Asians. Public sentiment fuels and is fueled by the explosion of Asian NGOs in the last two decades. But environmental fervor has had limited results to date as political and business leaders have adopted a pro-environmental discourse while allowing conditions to deteriorate. How much longer Asian governments can contain or co-opt environmental forces remains to be seen. Asian NGOs are already connected with counterpart NGOs around the world. The push to act will come from abroad as well as from domestic environmentalists in what is ultimately a global challenge.

Civil Society in a Globalized World

Large injections of investment from the private sector, the internationalization of production, and increasing trade flows propelled the Asian economic miracle of the mid-1890s to 1997. Between 1991 and 1995, 8 of the 10 fastest growing economies in APEC and the European Union combined were Asian members of APEC.ⁱⁱ Incomes rose and earnings inequality declined as Asian societies moved at varying speeds from resource- and agriculture-based economies to basic and heavy industry economies and to service and high-tech economies. This was the upside of globalization; the crisis of 1997–98 demonstrated that globalization is not risk free. But despite some considerable reservations there is no sign that the Asian APEC countries are preparing to bolt the globalization track, and guarded optimism has returned to the region.

Political scientists debate the implications for global governance of a liberalized, borderless world. In fact, the diminishment of state control over policy that accompanies the current integration of markets is not a new phenomenon among the developing countries. The International Monetary Fund (IMF) routinely makes outside funding contingent on state establishment of internationally acceptable monetary standards. These and other tradeoffs are the price of admission to the global marketplace. Governments choosing not to accommodate know they face being economically marginalized.

While the requirements a globalized world imposes upon states through the private sector and international organizations (such as the IMF) are well known, less attention has been devoted to imperatives emanating from civil society. The term “civil society” evokes a whole set of Western liberal concepts, most generically the rights and tendencies of individuals to associate in order to protect their shared interests against institutional threat. Operationally civil society has become the umbrella term for a shifting array of groups formed to promote the values and protect the interests of aggregates of citizens, groups such as community-based organizations, trade unions, religious groups, academic associations, the independent media, and

environmental organizations. When politically active as nongovernmental organizations, they share the acronym NGO, and environmental groups are ENGOS.

Growing ENGO Power

No one knows how many environmental groups there are, in part because of definitional ambiguities. The ENGOS are hardly homogeneous, but despite a wide range of points of view, resources, and strategies within the environmentalist community itself, the ENGOS together have succeeded in redefining the terms of the debate in both the private and the public sectors.

In the industrialized countries ENGOS make the case for civil society at shareholder meetings and through information campaigns, boycotts, and product labeling. Corporations do not want to alienate environmentally aware customers, fearing damage to their reputations. Extensive codes of conduct such as the environmental management system ISO-14001 have been developed in the last decade to support voluntary efforts to maintain standards; some major companies are committed to reducing greenhouse gas emissions beyond what they are required to do by law; many multinationals maintain high and uniform standards wherever they operate. These developments would not have taken place without the active support of civil society.

ENGOS interact with the public sector by means of lobbying and protest. On a voluntary basis or with state funding they work on behalf of governments as providers of key services: for example, monitoring water quality, promoting environmental education, and undertaking research. Finally they engage in public-civil society partnerships that make it possible for the public sector to tap into ENGO resources and expertise and for environmentalists to take part in the making and implementing of policy. The number of these partnerships between nongovernmental organizations and multilateral and international institutions is growing. A recent UN report observes that “NGOs are now involved at levels previously unimaginable within the UN process—from delivery of humanitarian relief to policy advice on environmental management.”ⁱⁱⁱ

ENGOS have re-defined the terms of the debate in both the private and public sectors

Why the new willingness to engage with civil society in general, and ENGOs in particular? Fundamentally it results from the strong bond between ENGOs and the citizenry. ENGO strength would be minimal were it not for a growing environmental ethic throughout the broader population. ENGOs can also find willing allies in a free media. If governments and the private sector wish to proceed down the globalization path, therefore, they ignore civil society at their own peril. Public protests in Prague, Seattle, and Washington, D.C., may be harbingers of an unwelcome future.

There is a particular need for continuous dialog between state leaders and civil society representatives (both indigenous to Asia and transnational groupings) because citizen expectations of environmental protection are increasing, and conflict will arise unless common understandings and approaches are found to meet these expectations.

In short, civil society is raising the stakes for environmental protection. Proponents of globalization in Asia and elsewhere would be well-advised to take these developments seriously, since civil society must be part of the fabric legitimizing economic activity.

APEC and Regionalism

APEC's response to its regional environmental problems so far has been shaped by its well-known aversion to joint collective action. APEC was initiated in 1989 as a consultative body whose goal was to foster cooperation on issues of trade and investment in the Asia Pacific region. The founding members were Indonesia, Malaysia, Singapore, Thailand, the Philippines, and Brunei (the ASEAN countries at that time) and Australia, New Zealand, Canada, Japan, Republic of Korea, and the United States (all ASEAN "dialog partners"). Today, APEC's regionalism borrows heavily from what is called "the ASEAN way" in reference to the regionalism practiced by the older group of Southeast Asian states. Set at the beginning, this approach has not been altered by the addition, between 1991 and 1998, of China, Hong Kong, Taiwan, Mexico, Papua New Guinea, Chile, Peru, Russia, and Vietnam.

Diverse cultures, discordant histories, and a lack of experience with multilateral institutions have shaped an organization that is more association than autonomous decision-making body. The Asian governments of APEC view regional institutions as vehicles to enhance state capabilities, not transcend them. Nonintervention in other states' affairs, the development of only nonbinding directives based exclusively on consensus, and a resistance to institution building are characteristic.

APEC maintains a small secretariat in Singapore. The economic leaders, or heads of state, have met annually since 1993 supported by meetings of their ministers of foreign affairs and trade. Other ministers meet on an ad hoc basis: the environment ministers met in 1994, 1996, and 1997. Senior officials meet quarterly and give guidance to the working groups located within the Economic and Technical Program. Four of these groups deal with one environmentally sensitive issue or several (see box on page 7).

APEC has made a substantial effort to cover its environmental bases. But there is no willing player within the organization to catalyze coordinated action or formulate common policies on the basis of APEC's Working Group studies. Consequently, these studies rarely lead to action, coordinated or otherwise. Some observers have recommended that the disparate activities of the energy, fisheries, technology, and marine conservation groups be consolidated under an environmental directorate that could take a stronger position for the environment, coordinating activities and providing an overall strategy. But the suggestion has been beaten back by those who do not want to add to APEC's institutional architecture or who do want the environment to remain subordinate as a focus of activity.

Meetings of the working groups normally consist of government officials or representatives and operate on the basis of consensus with no member formally having a disproportionate role in group output. Recommendations are implemented at the discretion of each member. Regulatory standardization, norm and rule creation, and conflict management are excluded, as is any move in the direction of supranational

Civil society is raising the stakes for environmental protection

For all of their differences, APEC members tend to call foul with one voice at perceived threats to state economy

authority and collective action at the expense of domestic arrangements. For all the absence of shared perceptions, norms, and approaches among the Asian APEC members, they all tend to call foul with one voice at perceived threats to state autonomy, no matter how exigent the circumstances. They thereby put themselves at odds with their 1993 Blake Island vision of a protected ecosystem, a vision to which the heads of state regularly rededicate themselves.

Proposal

APEC can begin to resolve this contradiction by bringing representatives of civil society, specifically ENGOs, into the APEC discussion.

Recommendation 1: Involve civil society in working groups and form a permanent Civil Society Advisory Council. APEC's commitment to including the private sector in its dialog goes back to the 1991 Seoul Declaration. It was understood at the time that such participation would be important to the achievement of APEC's aims, and a private sector presence took various forms until in 1996 a permanent APEC Business Advisory Council (ABAC) was created. Now all the working groups have been instructed to incorporate business perspectives in what they do. Meanwhile, left out of the official dialog, civil society has held Track Two conferences concurrent with annual APEC meetings since 1995. The two venues need to be integrated. This can be done by including ENGO representatives in the working groups and establishing an APEC Civil Society Advisory Council. The council will provide input to the heads of state and ministers. This will lead to building a form of collaborative governance for the environment inclusive of the civil sector. Useful alternative models for collaborative relationships have been proposed that could form the basis for discussion.^{iv}

Discussion. This is not much of a step in terms of APEC's architecture, but there are implications. ENGOs are basically sovereignty-free and action-oriented, not state-controlled or deliberation-oriented. They will not be speaking on behalf of a particular state but on behalf of its country's and region's

environmental interests. This is not unlike the way business leaders function in APEC on behalf of their own interests. By engaging the civil sector, APEC will be mobilizing forces for change—change that it will be able to channel but cannot expect to completely control.

Recommendation 2: Create a Commission for Environmental Cooperation within APEC. APEC's resistance to institution building notwithstanding, one useful addition would be a small body modeled after the Commission for Environmental Cooperation (CEC) of the North American Free Trade Agreement. The NAFTA CEC was created as a lean organization and has remained so, with no more than 25 on staff. It actively seeks ENGO input. Its work includes assessing trade-related environmental impacts, providing a forum for regular ministerial meetings, developing action plans, and serving as an information clearinghouse. It has been argued that the real value of the CEC is as a safety valve, making sure disputes do not get to a stage where they threaten the viability of the trading regime altogether.

Discussion. The creation of an APEC CEC might be seen as slightly more problematic because it constitutes an institution-building initiative. The APEC CEC can be set up to be consistent with current operations, with a minimal staff drawing heavily on the capabilities of professionals located at existing APEC study centers throughout the region. Every organization needs to provide for ongoing activities and continuity that cannot be produced by periodic meetings of officials only. The CEC is a small step in that direction for APEC's environmental program.

Recommendation 3: Establish APEC forums dedicated to policy dialog on the environmental dimensions of globalization. These will be venues for exploring different points of view before they get fixed and require formal settlement by an outside third party such as the World Trade Organization. The place to begin is the trade-environment nexus since fundamentally opposed worldviews could essentially halt greater trade momentum. APEC now deals with trade on one side of its house and

Environmentalists can be expected to introduce four new elements into future trade disputes

the environment on the other. Arguments over logging and sale of timber, tuna fishing, and shrimp farming occurred throughout the 1990s. There will be many more such arguments unless common ground can be found to reconcile economic, political, and environmental world views.

The Asian states frequently view arguments made on behalf of the environment as disguised means of protecting domestic industries against someone else's comparative advantage. Some may be just that, but only some. Environmentalists by contrast often view globalization as leading inexorably to a race to the bottom in terms of environmental protection. In fact, we can expect environmentalists to insert four additional elements into future trade disputes.

First, as environmentalists work with labor and human rights activists in the trade arena the right to a healthy environment will be portrayed as a basic human right, and they will push for the imposition of minimally acceptable conditions on export companies and the countries they operate in. This transformation of the environment from an economic issue, or from a quality-of-life concern, to a human rights dimension is potentially very powerful.

Second, the environment will increasingly be approached from an ecosystem perspective that downplays the legitimacy of political boundaries and takes the ecosystem to be a common good. An ecosystem approach is needed not only to save valued plants and animals but to maintain the ability of the ecosystem to produce the indispensable goods and services that we take for granted.

Third, environmentalists are insisting that every trade agreement have an accompanying impact statement. The Clinton Administration had already agreed to this condition, and attention is now being given to sustainability assessments that go beyond standard environmental impact methodologies.

Fourth, as product life-cycle analysis becomes more sophisticated more attention will be paid to constituents of a product and how they are assembled. A design-for-the-environment perspective is emerging that will lead to discrimination among products on the basis of production methods. This kind of discrim-

ination has been outlawed in trade to date because of possible protectionist abuse and because it challenges sovereignty norms of the producing country. Environmentalists will also increasingly invoke the precautionary principle and its application to multilateral agreements.

It can be argued that these are all very difficult issues to work through, better dealt with on a case-by-case basis by the WTO. But the WTO is unlikely to have the resources to handle all the issues being brought forward and is not the ideal forum for working them out in any event. WTO adjudication should be viewed as a last resort.

Climate change can also be explored in an APEC policy forum. Climate change is being taken up by the global community in the Framework Convention on Climate Change but much can be done on a regional basis consistent with the global understanding. APEC members hold sharply differing views on what are acceptable levels of obligation for reduction of greenhouse gas emissions and the methods to achieve reduction. Regional dialog can narrow the disagreements and, more ambitiously, may lead to ways to transfer technology to the benefit of all parties, for example, through the Clean Development Mechanism.

Discussion. The recommendation that APEC create policy dialog forums is not new but it is the most challenging of the suggestions. It is also the area where the highest payoffs can result. The successful World Commissions on Dams is an example of how policy dialogs involving civil society can produce results.

Currently APEC takes up environmental questions in areas that are well defined and that can be addressed on a technical basis where information exchange and capacity building are paramount. In fact many of the important issues are as much political as technical. It may be that only a subset of the APEC community would be willing to enter into policy dialogs. This could be a useful alternative to what is being proposed, but the states choosing not to participate would very likely be those whose involvement would be critical to regional understanding.

An organized effort to engage civil society. None of the recommendations spelled out above calls for expanding the powers or going beyond the consultative function of APEC. Nothing requires harmonization of environmental standards, creation of dispute settlement mechanisms, or the establishment of regulatory or enforcement agencies. These forms of supranationalism can evolve only out of the collective wishes of the APEC membership and in their own time. What is timely is an organized effort to engage the civil sector in the APEC dialog. By keeping nongovernmental organizations on the sidelines, APEC is out of step with other multinational organizations where the question is not whether to engage civil society but how to engage it most productively.

Asian states have created political space for NGOs to varying degrees, and the legitimacy of their presence in domestic contexts is rarely challenged. No fundamental aversion to civil society's involvement in Asia Pacific regional organizations should exist at this time either. ASEAN has increasingly, though warily, included NGOs in its deliberations—at least NGOs with their roots in the region as opposed to transnational NGOs with Western participation. The inability of states to fully control the fires in Indonesia, and the resulting haze, has opened the door to limited ENGO engagement. Singapore and Malaysia accepted ENGO involvement in their efforts to force an adequate Indonesian response and Indonesia has now gone on record acknowledging the importance of unrestricted ENGO action for the prevention of future crises.

Even if APEC remains committed to talk rather than to action, there is still plenty to talk about

Conclusion

Regional multinational institutions have a major role to play in mobilizing a collective effort on behalf of the environment in the 21st century. For well-understood reasons associated with the cautious and incremental regionalism practiced by APEC's Asian members, APEC has chosen not to take aggressive action on its looming environmental crisis. But even if APEC remains committed to talk as opposed to collective action, there is still plenty to talk about in a discussion that incorporates the views of the civil sector.

APEC Working Groups

Four of APEC's working groups deal with one or more environmentally sensitive issues. The Energy Working Group works on clean fossil energy, efficiency and conservation, new and renewable technologies, minerals and energy exploration and development, and, in its expert subgroups on sustainable and energy efficient communities, inter-utility demand-side management and environmental cooperation. There have been four energy minister meetings in nine years, and experts meet regularly. The Fisheries Working Group deals with such issues as aquaculture, trade and subsidies, and sustainable management practices in general. The Industrial Science and Technology Working Group studies applications of science and technology to the environment and to sustainable development, including an ongoing project looking at strategies for cleaner production. Continuing projects in the Marine Resources Conservation Working Group include red tides, ocean models and information systems, ocean research networks, coastal management training, and seafood production safety.

The working groups publish data and analysis, train, and function as information resources for the region. In addition there is the Sustainable Development Task Force. Sustainable development has been on APEC's agenda dating back to 1993 and the leaders' Economic Vision Statement that called for sustainable growth among member countries. In 1996 the ministers asked for an annual review of APEC's sustainable development activities. Three priorities were established: sustainable cities, cleaner production/clean technologies, and sustaining the marine environment.

A continuing commitment to globalization will force states to come to terms with difficult environmental issues in one venue or another. Addressing them in the context of APEC instead of, say, the WTO, has many advantages. The ability to craft what the economists call side payments to multinational bargains is one of them. Another is the ability to identify common but differentiated responsibilities. In other words, by adopting an anticipatory stance, APEC members get a chance to shape evolving agreements as opposed to simply reacting to conflict.

Notes

ⁱ Dua, Andre, and Daniel C. Esty. 1997. *Sustaining the Asia Pacific Miracle*. Washington, D.C.: Institute for International Economics, p. 1.

ⁱⁱ Dua, Andre, and Daniel C. Esty. 1997. *Sustaining the Asia Pacific Miracle*. Washington, D.C.: Institute for International Economics, p. 13.

ⁱⁱⁱ United Nations, Governing Council of the United Nations Environment Programme. 2000. *Global Ministerial Environment Forum*. UNEP/GCSS.VI/8, May 10, p. 23.

^{iv} Zarsky, Lyuba, and Simon S.C. Tay. 2000. "Civil Society and the Future of Environmental Governance in Asia," in *Asia's Clean Revolution: Industry, Growth and the Environment*, David P. Angel and Michael T. Rock, eds. Sheffield, UK: Greenleaf Publishing.

About this Publication

The *AsiaPacific Issues* series reports on topics of regional concern.

Series Editor: Elisa W. Johnston

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Website: www.EastWestCenter.org

ISSN: 1522-0966

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