Green Economy in the Context of Sustainable Development

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Your Excellency Ambassador Ms. Enkhtsetseg Ochir, Mr. Muhammad Aslam Chaudhry,
Distinguished Delegates, Ladies and Gentlemen:

It is a great honor for me to be invited to this conference this morning to present my view on 'green economy in the context of sustainable development' which is one of the two themes to be addressed by the UN Conference on Sustainable Development to be held in Brazil in 2012.

The background note on this conference poses the following two specific questions to this conference on the subject matter:

Does green economy offer a useful framework for capturing synergies among the three pillars of sustainable development, or are the trade-offs more apparent?

What are the benefits, costs and risks of pursuing a green economy, green growth path?

Through most of my limited time, I would like to focus on the first one above. And by way of answering the question, I would like to introduce to you some relevant aspects of the Korean government's system of policies which the government calls 'green growth policies'.

On August 15, 2008, six months after inauguration, President Lee Myung-bak declared 'low carbon green growth' to be a key pillar of Korea's new vision for long-term development in his speech marking the country's 60th anniversary of the founding of its modern Republic.

President Lee further said, "Green growth means achieving sustainable growth by reducing greenhouse gas emission and environmental degradation". In addition, he said that it constitutes a new national development paradigm which seeks to create new growth engines and new jobs out of

green technologies and clean energies.

President Lee chose to speak of ‘green growth’, rather than ‘green economy’, in order to emphasize the synergic relationship between the environmental objective and the economic growth objective to be pursue at the same time. These synergies will in turn create increases in income, promote job creation, help alleviate poverty, and improve the quality of life as well strengthen the social fabric. In this way, it is hoped that green growth will facilitate environmental, economic and social development all at the same time.

Green growth policies so conceived are Korea’s approach to sustainable development. Since the early 1990s, Korea’s old development paradigm which sought an unlimited expansion of the economy through industrialization, making an ample use of fossil fuels, have been showing rapidly diminishing returns in terms of economic growth and job creation.

Inequality began to widen. Most critically, the worsening threat of global warming has rendered what may be called the old, brown growth paradigm unsustainable.

Korea’s green growth policies have been shaping up rapidly since President Lee’s declaration of the green growth development vision. The government has been creating and elaborating the institutional framework necessary for the implementation of the green growth development strategy.

Among other things, the Presidential Committee on Green Growth which I currently have the honor of co-chairing with the Prime Minister was created as the highest body for public-private joint deliberation as well as inter-Ministerial coordination on green growth policies.

The work of the Presidential Committee is supported by various private sector consultative bodies on green growth, as well as local green growth councils. Many new NGOs have sprung up, inspired by, and in support of, the government’s green growth policies.

The Presidential Committee has prepared and released the National Green Growth Development Strategy for the period up to 2050 as well as a 5-Year Plan for Green Growth for the period up to 2013.

The long-term vision and the 5-year plan consist of strategies and policies which seek to transform Korea’s entire system of resources and energy utilization practices over the whole range of sectors from power generation to industries, agriculture, forestry, land use, life styles, houses and buildings, transportation, and so on.
Korea is now introducing various specific measures in order to put those strategies and policies into

action.

Of special significance was the adoption and announcement of Korea's medium-term greenhouse emission reduction target of 30% relative to the BAU scenario by 2020 in November last year. This was the maximum of the target range that had been recommended for the non-Annex I countries by the international community. The government is now preparing implementing measures for this target, such as environmental taxes and emission rights trading.

Another important development was legislation of the so-called Basic Law for Low Carbon Green Growth at the end of last year. The law authorizes the government to intervene in the market in any way that is justified by market failures, that is, with regulations, taxes and supportive measures.

This law received a broad bi-partisan support in the National Assembly. This means that Korea's green growth development policies will survive changes of government.

Distinguished Delegates, Ladies and Gentlemen:

Having said this much about Korea's green growth policies, I would now like to show that those policies are indeed an effective approach to Korea's sustainable development, contributing to all its three pillars, by introducing three specific green growth projects which Korea either has undertaken or is now undertaking.

The Cheong Gye Cheon Stream Restoration

The first one I would like to introduce to you predated Korea's formal launching of green growth two years ago. But it was a full-fledged green growth project which heralded this launching. In fact, it was a project undertaken by the same political leader that subsequently launched green growth, that is, Mr. Lee Myung-bak who was then Mayor of the Seoul Metropolitan Government.

The project was to restore a major stream called "Cheong Gye Cheon" that used to flow through the central part of the Seoul city from west to east for thousands of years till it was buried and covered with concrete during the late 1950s and the 1960s to construct an elevated highway for cars and trucks above its site.

The Cheong Gye Cheon Highway was built to facilitate fast movement of cargo trucks and passenger cars through the congested city of Seoul in support of the national industrialization drive. This purpose was well served during the life of the highway. But it also served as a major source of air pollution in Seoul, not to mention greenhouse gases, by allowing constant and heavy traffic over the

highway. The consequent pollution, emission, and traffic were made worse by the proliferation of numerous metal ware and other kinds of small retail wholesale outlet shops on both sides of the ground-level road.

All together, the long elevated highway and its neighborhoods were a very ugly dirty-looking sight, a glaring symbol of Korea's early brown growth era of compressed development. .

During 2003-2005, Mayor Lee Myung-bak boldly abolished the elevated highway and restored the Cheong Gye Cheon Stream. It took him two years to do this, after one year of planning. In the course of those three years, he had to fight and overcome many skeptics, derision from opponents, various technical difficulties, and strong, organized opposition from the merchant owners of the numerous shops which were to be removed as part of the project.

On June 1, 2005, 47 years after it was first covered with concrete, the Cheong Gye Cheon Stream was restored with clean water flowing through it, as its name literally meant. This marked the opening of the era of renaissance for Seoul.

The successful restoration of the Cheong Gye Cheon Stream has brought many benefits to Seoul and its citizens. The stream is now a clean river with many fish swimming in the stream, grass and flowers growing and blooming around it, providing a healthy habitat for insects and small animals, and offering cool and fresh air to Seoul citizens and many tourists.

The neighboring areas of the Cheong Gye Cheon Stream have become a vibrant cultural attraction. Nice modern-styled restaurants and other shops have sprung up along the stream on its both sides. All the old-day merchants were relocated to new locations where better shop facilities are provided for them.

The contribution of the Cheong Gye Cheon Stream restoration project, a green growth project, to sustainable development in regard to all its three pillars should be obvious.

Those sustainable developmental benefits of the project were, in fact, further multiplied by Seoul's mass transit system reform which accompanied it in a parallel manner. The removal of the elevated highway as well as closure of the ground level traffic below it would have made the already bad enough traffic of the Seoul city far worse.

In order to address this problem, Mayor Lee overhauled Seoul's old mass transit system despite resistance from the owners of the existing lucrative bus lines.

The complex meandering bus lines were reorganized and streamlined into a neat system, consisting of trunk lines provided with bus-only lanes at the middle of roads, and local spoke lines serving major hub stations along the trunk lines. Passengers were enabled to transfer between buses and subway trains with ease, using one ticket or an electronic mass transit pass.

This mass transit reform has brought about a major modal shift of passengers from cars to buses and subways. This means a significant cut down of air pollution and greenhouse gas emissions from the road.

Equally importantly, it has made possible a major saving of costly commuting time for young and low income people who live on the outskirts of Seoul but work downtown.

Four Rivers Restoration Project

I now turn to another green growth project. The Korean government is currently engaged in the so-called Four Main Rivers Restoration Project.

This is a huge infrastructure project for adaptation to climate change, undertaken in a proactive effort to adapt to the increasingly severe water resources management challenge due to global warming.

Korean rivers have been growing increasingly shallow over many decades, creating many 'dry' rivers for many months in the course of the year, because of the accumulation of earth and waste at their bottom. At the same time, the rainfall has been increasing in its annual total quantity, while also getting increasingly concentrated in terms of timing. Floods and droughts have been growing more severe and damaging to businesses and livelihoods over time.

When completed in 2012, the Four Main Rivers Restoration Project will increase the normal quantity of water held in the national river system for secure supplies of water and to mitigate the risks of flood and droughts while also offering more spacious and better enriched habitat to the river ecological system.

The embankment areas along the restored rivers will be developed and utilized as space for tourist, cultural and sport activities for the local communities.

Some environmental activities are expressing their concerns over possible unintended consequences of the project. But the need for the project is compelling.

This project will make a major contribution to the objective of sustainable development in regard to all

its environmental, economic and social dimensions.

Building a High Speed Rail Network across Korea

I now turn to my third and final example of a green growth project in Korea.

Early last month, the Ministry of Land, Transport and Maritime Affairs announced a bold plan to expand the national railroad network linking all regional hub cities and to make all railroads high-speed at the same time before the end of this decade.

When completed, the new national high-speed rail network, or the KTX network as it is also called, will allow transportation of passengers and cargoes between any two rail stations in the country within one hour and a half at most. The new KTX network will be supplemented with the construction of the local rapid transit system around each rail station which consists of rapid buses, subways and light-rail trains in order to allow movement of people and cargoes to and from the station within the region within 30 minutes.

So, when the national mass transport system has been reconstructed in this way, the whole country will become like a big metropolitan area in which people and cargoes can move between any two points in the country through the mass transport system in two hours or so at most.

It is expected that the new high speed rail network will make possible a major modal shift of passenger and cargo traffic from the road to rails. Cars will continue to roll on highways but many of them will be green cars such as electric and hybrid cars.

This so-called 'green transportation system' vision has been developed as part of the effort to reduce the greenhouse gas emissions from the transportation sector by 33~37% relative to BAU by 2020, in order to help the country meet its aggregate emission reduction target.

The continuing concentration of economic and cultural activities in the greater Seoul area, accompanied by the hollowing out of the country side, has been a chronic and serious political problem in, known as that of 'interregional imbalances', throughout Korea's modern history.

All the previous governments tried to fix this problem unsuccessfully. And the previous government tried to ease this problem by passing a law which requires the relocation of the country's administrative capital from Seoul to a new city to be built 2 hours to the south of Seoul, and of basically all government-funded public institutions to ten or so so-called innovation cities scattered across the country. These legal measures are still in force and continue to cause political

controversies.

When completed, the new KTX network will facilitate dispersion of businesses, plants and population over the country, helping to create new businesses and employment on the country side. It will help ease the problem of interregional imbalances effectively and in a market-friendly way. It will also help ease side effects of the forceful relocation of the administrative capital and public institutions.

Why had the government not conceived this solution earlier? This was a bold plan which could not have been conceived but for the pressing need to reduce emission from the transportation sector in order to help meet the national reduction target. So, it had to wait for the birth of this target!

I don't think I have to spell out the environmental, economic and social benefits of this project, the three pillars of sustainable development.

Ladies and Gentlemen:

I think that the three illustrative examples of Korea's green growth projects show that, yes, green economy or green growth offers a useful framework for capturing synergies among the three pillars of sustainable development.

But will the green growth prescription be applicable to other emerging and developing countries? The answer is yes and no.

Yes, its principles are universally applicable. As an economy undertakes a major transformation of its national natural resource and energy systems, this will create new demand for green products and services through such projects as the above illustrated cases of Korea. This will in turn create a new growth engine, new jobs and new income including for the low income people, in particular.

The consequent green growth will tend to, or be made, socially inclusive, as well as conducive to better environment and quality of life. In particular, it will facilitate reduction of the greenhouse gas emission.

On the other hand, specific green growth policies should differ from country to country, and be tailored to the unique local circumstances and conditions, including the structure of the economy and the stage of development. There is no readily available or one-size-fits-all policy package.

Here, there arise the risks of inadequate policy prescriptions for green growth. Such policies will entail costly trial and errors. All economies, especially, the emerging and the developing ones are

vulnerable to these risks.

These risks point to the desirability of creating a network of those countries who are all commonly pursuing green growth and want to share their experiences and good practices with one another for mutual, collaborative learning.

Better still, there can be an international 'think and consulting service tank' which would provide emerging and developing countries or their networks with technical advice on best practices on green growth planning, policies, and technologies, and financing. It may, in particular, help individual countries develop their own policies and projects tailored to their unique domestic situations.

In fact, on June 16, this year, the Korean government launched such an institute called the Global Green Growth Institute, also known as GGGI. Created as a non-profit institution, GGGI proposes to provide such technical advisory services on green growth policies as described above.

GGGI is an international institution run by an international Board of Directors chaired by Dr. Han Seung-Soo, a former Prime Minister of the Republic of Korea. Lord Nicholas Stern of the London School of Economics and Professor Thomas Heller at Stanford University have joined the Board as Vice Co-Chairs. It will gather scholars, scientists, and civil society leaders from around the world to come up with workable solutions to green growth, focusing on the GHG emission reduction.

The Korean government hopes to be joined by other governments in supporting and running GGGI.

Korea has joined the rank of early movers on the green growth path toward the ultimate goal of sustainable development, with the hope that other countries will soon follow. The network effect will then set in.

President Lee expressed this hope by saying in Copenhagen in December last year that Korea would pursue its mitigation target of 30% voluntarily and unilaterally in a 'Me First' spirit.

When all emerging and developing countries join in the green growth pack, global sustainable development will have been secured.

When they don't, no one is likely to be successful in the pursuit of green growth. This is the biggest risk to green growth. And I am afraid that it will also threaten the prospect for global sustainable development.

Thank you very much for your attention.