



26 NOVEMBER 2014

POLICYINSIGHTS

INSTITUTE OF POLICY STUDIES OF SRI LANKA

Environmental Outcomes of Asia's Economic Rise

SRI LANKA STATE OF THE ECONOMY 2014

Rising Asia:
Opportunities and
Challenges for Sri Lanka



INSTITUTE OF POLICY STUDIES OF SRI LANKA

Asia's emergence as a significant player in the global economy takes place at a time when global ecosystems and the environment are undergoing a significant transition. The world is currently facing the greatest environmental externality ever to be experienced by humanity – global warming related climate change. Not only the climate change, all types of ecosystems at global, regional, national and local levels have also come under severe stress. The unprecedented growth in Asian economies is partly responsible for this. The ever increasing number of scientific findings indicates that there is limited space to continue and maintain current economic progress unless more nature-friendly economic activities and lifestyles are adopted.

Environmental Challenges in Asia

In many Asian countries, parallel processes of industrialization, urbanization and 'modernization' of traditional agriculture have given rise to unprecedented pressures on land, air and water resources. Over-exploitation of productive natural resources such as land,

energy as well as wildlife and forestry resources as have caused major environmental threats in the region. With land becoming a severely scarce asset in many Asian countries, the allocation of land among competing uses is fast becoming a challenge. Competition among agriculture, infrastructural developments and other economic activities for land has intensified, and many countries have begun to face various impacts of land degradation. The importance of agriculture in the economies of the region suggests that land degradation might pose significant challenges to Asia, especially for developing nations in South and Southeast Asia with large rural masses still dependent on agriculture.

Furthermore, fulfilling the ever growing demand for energy to maintain the current momentum of growth is a major challenge faced by all economies in Asia. According to ADB (2013), the primary energy demand in Asia is expected to rise significantly during the period 2010 to 2035. However, burning more and more fossil fuels – currently, the major alternative to meet this demand, poses the greatest threat to ecosystems around the world, potentially endangering all gains from economic growth in the long run.

In addition, forestry and wild life resources as well as fisheries, coastal and inland aquatic resources also face adverse consequences due to this drive towards a rapid economic growth in Asia. In relation to depletion of forestry resources, issues including population growth, poor governance and lack of political accountability have become common factors which have contributed to deforestation and degradation of forests in many Asian countries. Also, while Asia has become a major player in fisheries and aquaculture in the world, issues such as overfishing, over-

exploitation using modern technologies and application of harmful illicit methods have led to a decline of the resource bases.

Global Environmental Threats

Aside from the pressure on local ecosystems, rapid growth powered by fossil fuels has exacerbated the threat of global climate change too. China and India are becoming major sources of Green House Gas (GHG) emissions along with Western industrial nations. Furthermore, rapid deforestation in Asia also releases GHG emissions, thereby increasing the share of Asia's contribution to global climate change.

While Asia's contribution to global warming is set to rise, certain parts of

Overall, the evidence suggests that impressive growth in economic and social indicators in many Asian countries have come at a significant cost to local, national and global ecosystems.

Asia, especially countries located in the tropical region, are also among the most vulnerable to impacts of global climate change. Moreover, many parts of Asia are dependent on tropical monsoons, which have been projected to undergo changes from existing patterns of rainfall. This could lead to harmful impacts on farming systems, affecting agricultural production.

Though economic growth has brought some affluence in terms of physical wealth, associated damages to ecosystems has created conditions that prevent converting this wealth into true human welfare. Heavily congested cities and traffic jams, ever worsening quality of air and water, polluted rivers, rising incidence of diseases caused by poor quality environment, expanding slums among untreated garbage seem to be the norm in many urban centres around Asia. Even though more affluent countries have taken certain steps to improve conditions, in many parts of Asia, significant populations are suffering from a decline in the quality of urban and rural environments. Such conditions have been exacerbated by population growth and the rising threat of climate change. Hence, despite some improvements in a few centres of affluence, the quality of the environment experienced by a majority of the population in many countries in day-to-day life has gradually been declining.

Environment and Ecosystems in Sri Lanka

Sri Lanka was the first country in South Asia to take the lead from the East Asian model of growth in the late 1970s. The government in power took steps to change the economic direction of the country from the hitherto followed inward looking import-substitution strategies to an outward looking export-led growth strategy. Infrastructure and institutional facilities were developed to attract FDI for industrial exports through export processing zones (EPZs), popularly known as free trade zones. Incentive packages, including tax holidays, were offered to potential investors. However, the country lost its way due to political instability created by long lasting armed conflict, eventually losing the competition for FDI to more attractive destinations in Southeast Asia and China. Instead of attracting investors in search of low wage labour in Sri Lanka, the country saw the outmigration of its workers in search of low-wage domestic and blue collar employment in the Middle East and other Asian growth centres.

This has spared the country from experiencing certain environmental

consequences of a scale similar to that of East and Southeast Asian growth centres. No mega cities or large urban centres have developed, and congestion due to internal migration has also been low, except for a few areas around EPZs. The limited development of industrial facilities and infrastructure has not led to emission growth levels as high as East or Southeast Asian countries. As a result, Sri Lanka still records one of the lowest per capita emission levels in Asia.

However, the gradual population concentration in the Western Province, expansion of the vehicle fleet, and industrial projects with poor environmental standards have contributed to increasing air and water pollution and solid waste problems in Colombo and the surrounding suburbs more recently. On the other hand, Sri Lanka shares many poverty related ecosystem problems in rural areas such as deforestation, land degradation, soil erosion, loss of biodiversity, destruction of critical habitats and ecosystems, agricultural pollution and degradation of watersheds, in more or less the same scale as in other Asian nations.

While Sri Lanka is aspiring for rapid growth, with a fairly favourable outlook for take-off in economic activities, the country needs to plan carefully so that its ecosystems are safeguarded from further deterioration. Of the lessons to be learnt from Asia's growth centres in this regard, many appear to be negative with more "do not's than do's". Even though Sri Lanka has introduced a number of legislations connected to ecosystem services many of them have become ineffective. As a result, the degradation of ecosystems has become widespread with little practical assistance from existing laws to combat it.

The responsibility for implementing these laws is scattered among numerous agencies with little coordination – becoming a major challenge in ensuring environmental sustainability in the country. Thus, it is necessary to bring all existing legislative, policy and planning initiatives concerning the management of ecosystems within a coordinated framework of action. More than weaknesses in existing laws and

(This Policy Insight is based on the comprehensive chapter on 'Environmental Outcomes of Asia's Economic Rise' in the 'Sri Lanka: State of the Economy 2014' – the flagship publication of the Institute of Policy Studies of Sri Lanka. The complete 'State of the Economy 2014' report can be purchased from the publications section of the IPS, located at 100/20, Independence Avenue, Colombo 7. For more information, contact the Publications Unit on 0112143100.)

regulations, poor monitoring and enforcement are responsible for this situation. Despite numerous rules and regulations against abuse of ecosystems for commercial purposes, an increasing number of cases have been reported on illicit practices such as smuggling of local bio-diversity resources, bio-piracy, illicit logging and poaching, importation and exportation of prohibited species and materials, violation of quarantine procedures, etc. Therefore, enforcement on abuses of ecosystem should be strengthened by introducing modern methods of detection and investigation, and by providing necessary facilities and manpower to relevant agencies. Furthermore, promotion of sustainable management practices such as agro forestry, conservation farming, organic farming, restoring and stabilizing degraded environments are some of the actions that could be implemented in order to prevent critical ecosystems in Sri Lanka from further degrading. After all, the goals of ecosystem protection cannot be achieved unless there is public support from all layers of society. Without a conscious and responsible effort from the public, any measure taken to overcome the problem cannot be expected to yield the desired results. Therefore, increasing public awareness on ecosystems and ways to protect them is a prerequisite for any kind of solution.

It seems that the problem is not the absence of plans and policies, but having too many of them with overlapping, confusing and out-dated mandates with scattered responsibility among several agencies.



INSTITUTE OF POLICY STUDIES OF SRI LANKA

100/20 Independence Avenue

Colombo 7, Sri Lanka

T: +94 11 2143100 / 2665068, F: +94 11 2665065

www.ips.lk