

Strategies for  Corporate Sustainable Development

# Green Business

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# The Dawn of a new fuel

Recent reports paint an ugly picture of ethanol as a viable fuel. New feedstock prospects should change the landscape.



**CLEAN TECH IN CHINA**  
**GREEN BUILDING – THE COMING STANDARD**

PHOTO COURTESY

# Clean tech in **CHINA**

China will drive the development and adoption of clean technologies because it has to — to maintain its growth. Will Canada be a player, or watch from the sidelines?

By **Corey Diamond**  
and **Carla Kearns**

**T**hese days, in discussing the environment and climate change, whenever the topic of China is raised the conversation turns acrimonious. China has been given the role of environmental villain on the world's stage, and is often used as an excuse by developing nations to stall participation in climate change treaties.

In part, this is for good reason. Recently, China surpassed the U.S. as the largest per capita emitter of carbon dioxide and the problems don't stop there. Natural resources are declining, biodiversity is under stress and water quality and quantity are decreasing at an alarming rate. Currently 40 per cent of Chinese cities face significant water shortages, soil erosion affects 37 per cent of China's land mass and serious acid rain falls on 415 of China's cities. The World Bank estimates that pollution costs China an average of 5.8 per cent of its GDP per year.

Over 100 million people are migrating to China's cities from the countryside, beginning their slow multi-generational journey to middle-classdom. With this comes the purchase, use and eventual disposal of consumer goods, mimicking the "prosperity" of the developed world.

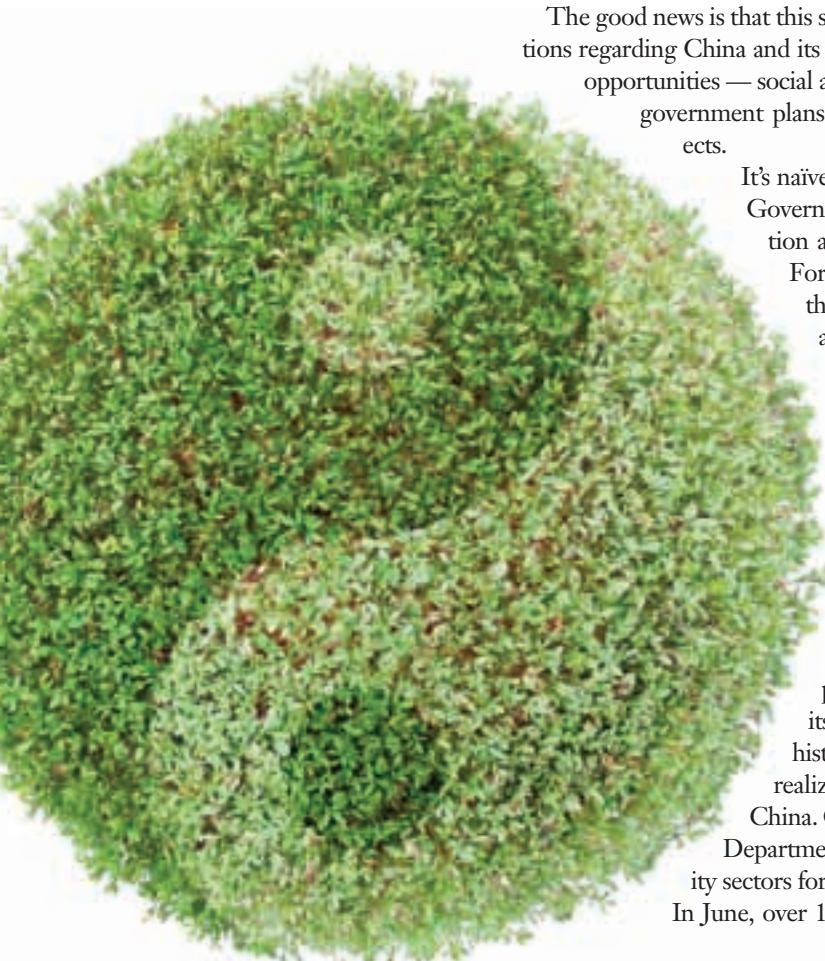
The good news is that this shift isn't only bad news. In fact, we hold so many assumptions regarding China and its treatment of the environment that we overlook potential opportunities — social as well as economic. Over the next two years, the Chinese government plans to spend US\$125 billion on environment-related projects.

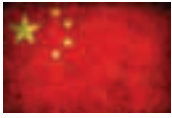
It's naïve to think that nothing is being done. In fact, the Central Government in Beijing has established environmental protection as one of its core priorities in its eleventh five-year plan. For the first time, local officials will not only be evaluated on their ability to increase GDP, but also to protect the air, soil, and water in their home provinces. The growth rate for environmental-related technologies is currently at 15-20 per cent annually, almost double that of the rest of the economy.

So what needs to happen to help Canadian environmental companies tap into this opportunity?

Canada needs a vision. Something that guides our policy and builds a strategy for our innovative environmental companies to export our products and services to China. The growth of the Chinese economy and resultant environmental challenges presents a remarkable opportunity to capitalize on Canada's expertise. Canada, with its rich knowledge base in the environmental sector, and its historically positive relationship with China, has been slow to realize and act upon economic development opportunities in China. Currently, the environment does not even rank among the Department of Foreign Affairs and International Trade's five priority sectors for China.

In June, over 125 representatives from Canadian and Chinese environ-





mental technology firms, government agencies and policy advisors, business service providers, academic institutes and corporations met at the *Canada China Environmental Forum* to discuss how Canadian businesses can be proactive in collaborating with China to provide market-based solutions for its environmental problems.

Because the task is monumental, the speakers, audience and organizers called for a revolution — a re-tooling of our conservative business approach. And they called for governments and industry organizations to join together on three fronts: clean tech, information and values.

### The clean tech revolution

Nick Parker, Chairman of Cleantech LLC notes that it is critical for Canada to work with China, not just on cleaning up current problems, but to develop cleantech solutions that will prevent problems from occurring in the first place.

“The clean tech vision for China is to build around using energy and other natural resources more effectively, while using fewer resources and developing more economic value,” says Parker. “In many instances, China has greater incentives to incorporate cleantech solutions, as rising costs of fuel, food and clean water will have a much deeper impact on its developing economy and individual consumers than here in North America.”

For instance, in the past, China heavily subsidized fuel prices to encourage economic growth, which could be partially to blame for a relatively low level of fuel efficiency in the manufacturing sector. However, China raised its heavily subsidized oil prices by at least 16 per cent in June 2008, prompting protests and social unrest.

This could lead to an increased urgency to develop energy efficient and renewable energy solutions to fuel China’s continued emphasis on economic development.

### An information revolution

Instead of manufacturing new environmental products for the Chinese market, Canadian companies can add value to the existing supply chain. Our intellectual property and experience can inform decisions on how to manufacture products, while minimizing impacts on the

environment. The trick is to convert the knowledge we have into value for Chinese businesses.

In Canada, we have some of the most innovative environmental technologies on the planet in areas as diverse as air and water monitoring, wastewater treatment, solid waste management, renewable energy technologies and energy efficiency.

Yet, Canada is falling behind other nations in profiting from our expertise. According to Dr. David Fung, Chair of the Canadian Manufacturers and Exporters, we have huge resources to export, but we have not been successful traders. “It is time for us to believe in globalization and international trade,” he says. “We have a lot of work to do, a lot of catching up.” Clearly, Canada’s value in competing in the world market is being able to capitalize on our knowledge.

### A values revolution

One of the vital aspects of doing business in Canada is a commitment to the community. Every Canadian company now

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understands the benefits of giving back to the community in which they operate. This can be something as small as a food drive to something as grand as multi-million dollar charitable foundations. Exporting this “value-based approach” can kick-start its own revolution in China. Some multinationals are going further — including the Home Depot (led by Canadian visionary Annette Verschuren), which has twice as many Eco Options products for sale in China as it does here in Canada.

Canadian companies and policy makers have a lot to share in this area.

If international companies need to invest time in the Chinese market before realizing results, one effective approach is through social-related activities in China. For example, a proposed project stemming from the *Canada China Environmental Forum* is to work with the Chinese and Canadian governments and aid agencies

to bring Canadian technology and expertise to rebuild villages devastated by the Sichuan earthquake.

The above vision needs buy-in from both the public and private sector. Certainly, the Canadian government (and to a lesser degree its provincial partners) has a central role to play. The Canadian government has already committed funds to China. Instead of just dispatching money, we should be sending a Canadian team with multi-sector expertise including: urban planning, architecture, energy efficiency and renewable energy. Canadian companies involved would benefit greatly from gaining direct experience in the Chinese market.

The private sector needs to step up to the plate as well, and more needs to be done to promote the enormous opportunities for Canadian companies. Industry associations — such as the strategic Canada China Business Council and the pre-eminent Ontario Centres of Excellence — can play an integral role in coordinating efforts on the ground in both

Canada and China. They can also connect Canadian small and medium-sized enterprises with larger Chinese partners, in an effort to create scale.

The impact of a compelling vision for Canadian and Chinese cooperation to develop forward thinking environmental solutions is profound. We will be discussing with our children and our grandchildren how we seized one of the greatest opportunities of our time, and turned the tide for future generations. Maybe then the discussion won’t be so acrimonious.

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