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Asian nations leading the way in 'green' economic stimulus packages – UN



Green Economy

3 May 2010 – Asian nations, particularly China and the Republic of Korea, are surging ahead of other major world economies with 'green' investments as a major part of their economic and employment recovery packages, according to a new book co-published by the United Nations Environment Programme ([UNEP](#)).

"The financial and economic crisis triggered a fundamental awareness that investments in the environment may be the key to tackling multiple challenges from climate change and food shortages to natural resource scarcity and unemployment," says UNEP Executive Director Achim Steiner.

He adds that the book by Edward Barbier, entitled *A Global Green New Deal: Rethinking the Economic Recovery*, underlines that while some economies have seized this opportunity, others have not. "With the exception of several Asian economies, there remains a gap between ambition and action," he notes.

According to the book by Mr. Barbier, a leading economist and consultant to UNEP's Global Green New Deal/Green Economy Initiative, China spends more than a third of its stimulus package – equal to three per cent of its gross domestic product (GDP) – on areas such as high-speed rail and boosting growth in wind and solar power and energy-efficient lighting.

The country is already the leading global producer of solar cells, wind turbines and solar water heaters, with its renewable energy sector valued at \$17 billion and which employs close to 1 million people or 0.1 per cent of the working population.

The Republic of Korea, for its part, is allocating 95 per cent of its fiscal stimulus – three per cent of GDP – into environmental sectors including low-emission vehicles, the publication points out.

As part of its five-year green-growth investment plan, the country plans to spend \$60 billion to cut carbon dependency with the aim of boosting economic growth to 2020 and generating up to 1.8 million jobs.

This is in contrast to the United States green stimulus, which represents only 0.7 per cent of GDP, and that of the European Union, which stands at 0.2 per cent of GDP.

“With China and South Korea leading the way in environmental investments, other G20 countries [a group of the major economies which accounts for two-thirds of the world’s population] must unite to promote a sustainable global economic recovery both through fiscal stimulus and long-term policy implementation,” says Mr. Barbier, an economics professor who is based at the University of Wyoming in the US.

“Indeed without a long-term vision on how to further catalyse and embed the environment within the economy, there is a real danger that many of the G20’s green stimuli will wither and simply go to waste,” he adds.

Mr. Barbier estimates that of the \$3 trillion spent or earmarked globally for fiscal stimulus, just over \$460 billion is aimed at green investments – around 15 per cent of the total fiscal stimulus or around 0.7 per cent of the G20’s GDP.

China and the Republic of Korea lead the way at 3 per cent of GDP, followed by Saudi Arabia, 1.7 per cent; Australia, 1.2 per cent and Japan, 0.8 per cent.

This is followed by the United States, with 0.7 per cent of its stimuli being green; Germany, 0.5 per cent; France 0.3 per cent, and Canada, South Africa and the United Kingdom, 0.2 per cent.

The author points out that scrapping the \$300 billion a year fossil fuel subsidies alone could reduce greenhouse gas emissions by 6 per cent and add 0.1 per cent to world GDP.

“The problems of energy insecurity, climate change, environmental degradation and global poverty will only worsen if we fail to green our current global economic recovery efforts,” he says.

UNEP’s Green Economy Initiative (GEI) is designed to assist governments in “greening” their economies by reshaping and refocusing policies, investments and spending towards a range of sectors, such as clean technologies, renewable energies, water services, green transportation, waste management, green buildings and sustainable agriculture and forests.

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