



CTPECC ISSUE PAPER



The illustration of Sustainable Prosperity

**Sustainable Growth in the Asia-Pacific Region
and the Chronology of Taiwan's Future**

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Issue Paper

CTPECC holds a number of forums and seminars annually based on current issues in the global political economy. Inspired by these events, the *CTPECC Issue Paper* seeks to address opportunities and challenges in future regional development. *Issue Paper* also provides valuable information and perspectives, delivering the insightful views of experts.

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Introduction

The concept and ways of fulfilling sustainable development keeps updating due to various factors, like the Covid-19 pandemic, initiatives of COP26 and 27, etc. Due to the global trend of supply chain decarbonization and the EU's carbon border tax and “Carbon Border Adjustment Mechanism” (CBAM) for 2030, Taiwan has adopted relevant actions, such as “Taiwan’s Pathway to Net-Zero Emissions in 2050” to facilitate the transition of net zero emission in energy, industry, life and society.

“Taiwan’s Pathway to Net-Zero Emissions in 2050” is a national plan, published in 2022 by the National Development Council (NDC) and served as an accelerator to foster economic growth, corporate investment and green jobs. This national plan includes technology innovation, relevant legislation and twelve major strategies. Dr. Huang Hui-Fen is going to provide her argument regarding the “Taiwan’s Pathway to Net-Zero Emissions in 2050” and share practices at global and national level in this issue.



Sustainable Growth in the Asia-Pacific Region and the Chronology of Taiwan's Future

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Thomas Robert Malthus, a master in political economy of the 18th – 19th century, published "An Essay on the Principle of Population" in 1798. In the last paragraph of it, Malthus summarized his overall theory that other things being equal, the size of a country's population will depend on the amount of food it can produce and secure¹. The main idea of Malthus was echoed in "Limit to Growth" published by the Club of Rome in 1971, which impacted the first adoption of the "Declaration of the United Nations Conference on the Human Environment" on June 5th, 1972. This book argues that population growth needs to be limited due to limited natural resources. With the 2 influential books mentioned above in mind, we revisit the topic of the relevant discussion centered by "Sustainable Growth Trends and Prospects". The central topic is whether sustainability and growth can coexist.

Speaking of the prospect of growth, the top 10 issues proposed by the UN in 2009 include women's rights, countries under special situations, governance and institution-building, international trade, macroeconomics and finance, population, science/technology and productive sectors, social development, statistics, sustainable development/human settlement and energy. In 2021, in addition to efforts responding to the impact of COVID-19 and the COP-26 initiative, UN approaches to managing global key public goods such as public health, peace, and the natural environment have been included, as well as appeals that must be reinforced and re-imagined². The EU nations' 10 most concerned topics include strategies and technologies for adapting to the globally changing environment, bioengineering, potentials between different cultures, intricate management, resource scarcity and efficiency optimization, innovation structures for SMEs, open education systems, self-organizing nano and microstructures, self-accountable society, water supply and alternative water sources³.



Then, what about the Asia Pacific region or Taiwan? We might need to develop our own prospect and priorities for growth, coping with regional and unilateral demands.

Regarding the sustainable development of environment and resources, it is estimated that approximately 5 billion people will be living in cities by 2030. Rapid urbanization has introduced colossal challenges such as aggravated environmental pollution, shortage of natural resources, and inadequate basic services and infrastructure. All the challenges have made cities more vulnerable to disasters and emergency. "Making cities and human settlements inclusive, safe, resilient and sustainable" is one of the 17 SDGs issued by the United Nations. Following through this goal, the UN plans to bolster inclusive and sustainable urban construction in all countries by 2030, and to strengthen participatory, comprehensive and sustainable human settlement planning and management capacity. Sustainable development should include 3 principles which are Fairness, Sustainability and Commonality. The principles should be pursued in three facets: First, in social facet, fair distribution to meet the basic needs of all people in the present and future generations is advocated. Second, in economic facet, sustainable economic growth based on the protection of the Earth's natural system is proposed. Third, as far as natural ecology is concerned, it proposes the harmonious coexistence of people and the nature.

Looking at the chronology of future sustainable development in Taiwan, National Development Council (NDC) announced the "Taiwan's 2050 Net Zero Emissions Path"⁴ for Taiwan's "2050 Net Zero Target" in March 2022, encompassing four major transitions in aspects like energy, industry, life and society, aiming to foster economic growth, private investment and green jobs. The budget of NT\$900 billion (up to 2030) for the main net zero transition project appears to be consistent with the "sustainable growth trend" objective at first glance. However, upon secondary inspection, with the expectation that Taiwan's energy transition will minimize the risk of heavy reliance on imported energy, an industrial transition is proposed to generate momentum in green growth and stimulate private investment of more than NT\$4 trillion by 2030. Combined with the strength of industry associations, big state-owned businesses must lead to facilitate a net-zero transition in the industry.



Concrete actions can be forming corporate carbon inventory capabilities, enhancing corporate carbon reduction capabilities, and improving the financial industry's net-zero transition capabilities. The aforementioned strategies and solutions are closely related to the our industrial transformation and will lead to the transitioning of people's way of life. The key lies in collaboration between enterprises and the public.



Looking at Taiwan's "2050 Net Zero Target" from an industrial perspective, in response to the coming implementation of the EU's carbon border tax and Carbon Border Adjustment Mechanism for 2030, a trial run of the carbon tariff will be carried out in 2023. Furthermore, our government approved a drafted upgrade of the "Greenhouse Gas Reduction and Management Act" on April 21st, 2022, and renamed it as the "Climate Change Act", implying that Taiwan will impose a carbon tax as early as 2024. However, has the business community prepared for net zero emissions? After a joint review of 653 public ESG reports of 2021 by CSRone and NCCU College of Commerce Sinyi School, the "2022 Trends of Sustainability in Taiwan and APAC"⁵ was published. The report reveals that 80% of the firms have not yet completed the requirement of Carbon Footprint Verification (CFV) by other countries⁶. However, in March 2022, the Financial Supervisory Committee (FSC) requested that listed companies have to complete the Greenhouse Gas (GHG) inventory and verify the GHG inventory by 2027 and 2029, respectively.



If we further examine investors' demand to place more emphasis on ESG, and comply with the Task Force on Climate-Related Financial Disclosures (TCFD) and the United States Sustainability Accounting Standards Board (SASB), or internal carbon pricing practices, there is still room for improvement in Taiwan's business sector.

Concerning people's livelihood, the Science and Technology Policy Research and Information Center, a National Applied Research Laboratories subsidiary, released a report entitled "Taiwanese People's Top 100 Social Issues of Concern"⁷ on July 31st, 2019. The survey was conducted online between October 25th and November 19th, 2018, where each interviewee could cast 15 votes, and the main concerns of most people in Taiwan were identified from 20,048 interviewees. The survey revealed that the "environment" dimension (15 topics) ranked top among all dimensions. In particular, the 4th and 5th of the top 100 topics were climate change and climate anomalies. Habitat conservation was ranked 11th, demonstrating that the public perceives great importance in climate change and environment-related issues. However, in 2022, Mom Loves Taiwan conducted a poll on the "Taiwan's 2050 Net Zero Emissions Pathway"⁸, and the results illustrate that although close to 90% of the people are aware of climate change and the severity of its consequences (consistent with the previous 2018 survey results mentioned above), more than 60% of them do not know that the government has proposed a net zero target. Moreover, they think that the priority should be given to reinforcing relevant policies to make up for the current government's poor performance in responding to climate change. Surveys indicate that the majority of people are still willing to practice carbon reduction in everyday life. Hence, how to take people's livelihood and society into consideration while formulating government policies will be one of the daunting challenges of sustainable development in Taiwan.



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Conclusion

In the beginning of this article, the author asks an interesting question, “whether sustainability and growth can exist at the same time.” Indeed, it is a controversial issue which appears, when people are talking about climate change and global warming. Nevertheless, to take actions to slow down the rate of global warming and respond to the following climate change has become a responsibility of all countries. The author suggests that the "2050 Net Zero Target" benefits to build cooperation between public and private sectors and improve coordination between departments.

However, the lack of publicity makes the populace not quite familiar to policies on sustainability, despite the fact that people have noticed the importance of these issues. Furthermore, sustainability is also a major topic of APEC. Hence, as a role in consultation and advice on APEC’s major initiatives and plans, CTPECC commits to engage in promoting Supply Chain Decarbonization and serving as an information carrier for the public to be acquainted with policies of governments and actions of APEC.