

**OPENING ADDRESS**  
**TRADE, URBANIZATION AND THE ENVIRONMENT**  
October 28, 2009, Beijing

- List of officials to be greeted.

- I am honored and proud to be here today at this conference, co-organized by Peking University and by Veolia Environnement. The President of the University, Professor Zhou Qifeng, will be with us tomorrow morning to open the working sessions.

- Veolia Environnement has been present in China since 1995, and our first partnership here was with the city of Tianjin in 1997.

We are in a position to work in China because we enjoy the trust of the Chinese people and of the country's authorities, and I would like to express my gratitude for that. Such trust places a heavy responsibility upon us, and we are making every effort to continue to deserve it.

- Veolia Environnement brings to this partnership its knowhow and its 150 years of experience in environmental services. We benefit in return from all that this great country has to offer, from the quality of the Chinese men and women working within the company, from Chinese culture which enables us to expand our competencies and thus from the experience and dynamism of a great nation.

- We are proud to be co-organizing this conference alongside such prestigious partners as:

- the School of Economics of Peking University
- the Foreign Economic Research Institute of the National Development and Reform Commission
- the China Society for World Trade Organization Studies of the Ministry of Commerce
- the Policy Research Center for Environment and Economy of the Ministry for Environmental Protection.

I would like to thank them all for their invaluable assistance, without which this event would not have been possible.

## **- Why the Veolia Institute?**

The company founded the Veolia Environment Institute and has supported it since 2001 as an independent think-tank. Its aim is to contribute to reflection and debate on the major environmental trends that will affect the future of our planet. It is entirely natural, therefore, for the Veolia Environment Institute to develop activities and partnerships in China, to benefit from the knowledge of leading Chinese experts on these crucial matters.

Its partner, the Centre for Human and Economic Development Studies of the School of Economics of Peking University, is a pioneering academic institution undertaking research and practice on human development in China. Through its interdisciplinary approach, the CHEDS contributes to a better understanding of development issues and to the promotion of social development concern. It constitutes a key initiative for advancing human development in China.

## **- Why hold a conference on the linkages between "trade, urbanization and the environment"?**

In today's world, the future progress of mankind will be dictated largely by these three global concerns.

Clearly, each of the three presents its own challenges, is studied by experts around the world and ranks high on the agendas of political decision-makers in all the major countries. All three, however, are part of a complex and interlinked process, and it is the challenge of grappling with all three simultaneously that poses the hardest questions of all.

For the first time, an international conference will take on the exacting task of analyzing the constraints and opportunities created by the conjunction of "trade, urbanization and the environment".

## **- What, in essence, are the breaks with the past?**

The world in which we and our children will find ourselves living in the years and even the decades ahead will be a world that has undergone far-reaching changes.

The world of the future will face new constraints, and will be governed by new rules.

1. First and foremost, the rule of scarcity.

This applies to all essential resources in a finite world: water, energy, raw materials, clean air, arable land.

To cite but one set of figures, global consumption of water and primary energy has increased eightfold since the start of the 20th century. It is expected to increase by a further 30% by 2025.

Among diminishing resources, water is one of the first priorities.

As demographic pressures increase, the demands of agriculture coupled with pollution and the effects of climate change are creating hydric stress in many regions.

1 billion human beings are under threat from lack of water.

Underground and out of sight, the drinking water pipelines of a number of large cities in some cases lose over 50% of their water through leakage. At the same time, residents of the cities concerned may suffer from cuts in their water supply.

Infrastructure has not always kept pace with urbanization.

In Jakarta, for example, the water supply and evacuation system was designed for a population of 500,000 in a city now home to 15 million.

The shortage of water makes sustainable management more essential than ever. This is not wishful thinking; the tools exist:

- Combating wastage,
- protection and rational use of resources,
- recycling water with the aid of technology and innovation,
- sanitation and the treatment of other forms of water pollution, from agriculture and industry,
- finally, production of fresh water by desalination.

The rule of scarcity applies just as harshly to other resources, however: metals, glass, paper, plastics, and even organic matter contained in arable land.

We live in a finite world. It will be difficult for us to continue drawing on natural resources at the same pace observed in recent decades.

At the same time, we will need to recycle very high proportions of our waste. Some studies suggest rates of over 80% will be required, well in excess of the best performances so far achieved by those European countries that have pioneered recycling.

Besides, we will need to protect land from pollution so that it can be put to other vital uses, such as for growing food, for reforestation to combat climate change or for urbanization to meet the demands of the local population.

In addition to these urgent requirements, there is also a more specific issue: the depletion of organic matter in agricultural land by intensive farming practices.

As this organic matter is transformed into food, all too often it ends its cycle in landfill. Indirectly, towns and cities are consuming organic matter from rural areas.

In certain regions, organic matter is already subject to the rule of scarcity. We must find ways to recover it from waste or from waste water, to transform it into compost and return it to depleted soils.

## 2. Next, the rule of density.

The world is becoming more urbanized. Urbanization creates new lifestyles and new needs.

A milestone has now been reached: more than one in two human beings now lives in an urban environment, and this proportion could reach 70% by 2025.

In just ten years, urban population has increased by close on 500 million. 80% of the planet's population inhabits just 5% of its surface area.

This density will be a source of wealth and development, which in turn will provide the wherewithal for the infrastructure of the many gigantic cities it will spawn, in both the northern and the southern hemispheres.

It will also bring in its wake new threats and new needs in terms of:

- tensions affecting the distribution and allocation of drinking water and the treatment of waste water,
- energy security,
- complex problems in developing reliable, intensive, low-polluting and energy-efficient public transport systems.

The density created by urbanization brings greater efficiency and development, but it also concentrates pollution:

### First, waste water pollution.

Waste water pollution goes hand in hand with unbridled population growth in coastal regions and inadequate sanitation infrastructure. It represents a threat to public health, marine ecosystems and economic development.

Followed by other urban and industrial waste.

The cities of today are home to 3 billion inhabitants who produce 1.5 billion tonnes of urban waste every year, the equivalent of annual erosion from all the continents combined. By 2050, the volume of waste is expected to have trebled.

The accumulation of waste, in quantities impossible for natural processes to absorb, poisons ecosystems for years to come. The oceans serve as the ultimate dumping ground.

Somewhere between Hawaii and California, millions of tonnes of plastic debris float suspended just beneath the ocean surface, covering an area the size of France. This gyre of marine litter is known as the "Pacific trash vortex".

Waste management is an ecological challenge of unprecedented proportions. It must address waste reduction at source, as well as recycling and the development of the circular economy.

### **Energy management is yet another challenge.**

Throughout human history, development has until now gone hand in hand with energy consumption.

Urbanization has only accentuated the trend: 80% of man-made CO<sub>2</sub> emissions are generated in urban environments.

The severity of the risks associated with climate change is now pushing us to change our energy model.

Henceforth, countries will gradually have to embark on new paths. Their scientists and experts have already begun working on the development of new techniques that will decouple growth from energy consumption in every field.

Enormous effort is being devoted to developing sustainable energies at low and affordable costs.

This movement will be accompanied by another series of efforts to optimize energy management in cities and industry, and to reduce wastage.

### **Urbanization also raises the issue of public mobility.**

Mobility promotes interchanges and eventually supports advances in human development. It is a source of efficiency and wellbeing, but at the same time it also generates pollution.

Managing public mobility is becoming a vital parameter in the smooth running and efficiency of towns and cities.

Finally, the city itself must be analyzed as a complex ensemble with its many flows.

**- This is the context in which trade and flows of people, goods and services take place.**

The complexity of international relations and trade should not cause us to forget one simple principle:

It is through exchanges of ideas that humanity is able to discover and implement appropriate solutions, and it is the city that, now as always, provides the melting-pot for such exchanges.

Trade is essential to feed and supply cities, promote development and enhance the wellbeing of populations.

It may also, however, be a vector for pollution, a source of inequalities and conflicts and an instrument of power at international level.

How can we increase its benefits and reduce its harmful impact in the specific context of fast-paced urbanization and growing environmental pressure?

Here lies a fundamental question to which delegates, over the course of the next two days, will seek to offer answers.

We are all aware, for example, of the difficulties that a possible border carbon tax raises in international discussions on combating climate change. How do we avoid protectionism while integrating the external costs of CO<sub>2</sub> into the economy?

If the international community proves unable to address the problem of climate change effectively, does it not risk compromising 50 years of effort to open up international trade?

Draconian measures to reduce pollution in a single country may create competitive disadvantages for that country and result in the flight of polluting activities towards low-regulation countries.

Developed countries will have to help less wealthy countries to protect their environment more effectively and to manage their transition towards urbanization. In addition to providing financial resources and investments, this aid will also take the form of making skills and technologies available. In this way, less wealthy countries will not be called upon to sacrifice their future development.

**- Another great challenge for humanity underlies the theme of this conference: the fight against poverty.**

It is the poorest who suffer most from worsening environmental conditions.

A number of studies show, for example, that the consequences of climate change will fall heaviest on the poor.

It is the poor who pay the highest prices for drinking water in the vast urban sprawls of developing countries.

It is the poor who are most exposed to the pollution exported by developed countries, either in the form of hazardous waste or in the form of polluting industrial activities.

And when the disadvantaged flee their harsh living conditions, they migrate to the big cities and also to richer countries. These movements create social instability and pose a threat to peace.

In order to curb this trend, local living conditions will need to be improved. This will be achieved by improving the environmental conditions.

In a year from now, in Paris, the Institut Veolia Environnement will hold its next conference on the theme of poverty, development and the environment, as a logical continuation of the debate begun here.

**- Veolia Environnement is ideally placed to play a role in this changing world.**

We offer comprehensive industrial solutions capable of meeting the urban challenges of the decades ahead.

We can provide the technologies essential for coping with the scarcities of the future.

From Beijing to Lima, from Los Angeles to Moscow or Sydney, this is increasingly what we are hearing from our contacts, key public-sector or industrial decision-makers, who are already wondering today how to cope with the dire constraints they will be faced with in the future.

What they expect of us is to contribute to finding a solution to these problems.

We have the good fortune and the honor to be one of China's partners. We are benefiting from this partnership to continually improve our "learning curve" and our performance, nurtured by the infinite scientific, social and cultural riches of the Chinese spirit.

That is why we are here in Beijing for the next three days: to listen, understand and learn.

This is how we expand our capacity to provide environmental, energy and economic efficiency and enhanced performance, through the use of comprehensive solutions.

**- To conclude, let me answer one last question: why in China?**

Because at this point in time China, more than any other country, embodies the theme of this conference: extremely rapid development of vast urbanized areas, world-record economic growth rates and development of international trade, huge challenges in terms of protecting the environment and key balances.

The new challenges arising are many and vast. Clearly, the solutions do not lie in the industrial and urban models seen in the West over the past hundred years and which are themselves being called into question. It is in the major emerging countries and in China in particular, that the sustainable city of the 21st century will need to be invented.

Over the course of its history and with a civilization of unrivalled wealth which has existed for thousands of years, China has on many occasions proved to be the "world's laboratory". And so it will be once more, at this turning-point for humankind. No solution to the problems facing our societies in the early years of this century will emerge that is not in part inspired by China's intellectual, economic and political contribution.

I thank you for your attention, and hope the discussions and debates that follow will be informative and productive.