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Strategic thinking on developing international outsourcing – Environmentally friendly/safe and sustainable development

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5th Global Outsourcing Summit 2012

26th to 29th, July, 2012, Kunming City, Yunnan Province, China

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Introduction



Taking account the conception of the 5TH GOS – **with international service outsourcing to promote balanced growth and regional cooperation,**

I would like in the beginning of my brief speech to put the accent on the understanding of the outsourcing as active strategy for companies to respond to the quickly changing world, the global society and international market,

with safe and environmentally application of this strategy for sustainable development in this notable province of China, especially in **Kunming as one city of “Eternal Spring”**...background of industrial impact on the planet ...

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Preconditions



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Indeed Kunming has three important advantages over other cities in southwest China:

- ✓ abundant natural resources,
- ✓ a booming local consumer market and
- ✓ the mildest climate in the region,

which are preconditions for great opportunities for investment and development.

These conditions are combined here with one of China's largest manufacture of agricultural products, minerals and hydroelectric power and a position of main commercial hub of the province's vast resources.

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Requirements



For the Kunming's chief industries - copper, lead and zinc production, and the greatly expanded iron and steel industry here, and also the very large mines for salt and phosphate around the town, are binding the requirements regarding the safety and environmental.

Because if spoken on investment and development with building new modern plants, we have consider the assessment and prevention of the environmental impact and human health risk with the whole public and private care and responsibility now and for the next generations.

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The global reality



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Today's world is a very different place from the world of 14th - 15th century. The world's population has increased from about 400 million more than 16 times. And it has been industrialized without regard for need to protect and respect nature. **And today only consumption of energy fuels causes about 150 million tonnes of CO₂ into the atmosphere every day. The whole world is affected by global warming.**

It doesn't matter where are CO₂ emissions into the atmosphere, the earth's rotation and the uneven heating of the atmosphere by the sun ensure that the CO₂ is distributed randomly.

That's why the target internationally adopted in UN climate negotiations is limiting the rise in average global temperature to 2° C above pre-industrial levels.

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The China reality



China, in particular, is vulnerable.

Classically, 60% of China is categorized as desert insofar as evaporation exceeds precipitation.

This has been so from ancient times.

The Himalayas are a major desiccating force, drying out the winds that flow from the south, the south west and south east. Sandy desertification is mainly caused by climate change, but it is also aggravated by intensified human activity, particularly since 2000.

But above all, China is a civilization and here can be relied upon in our day the power of the philosophical insight of Confucius “What you do not want done to yourself, do not do to others”.

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The China reality - 2



Thence and the China's impressive economic growth

General Indicators	China	European Union	United States
Population (2010)	1.33 billion	501 million	308 million
Real GDP (IMF 2009)	\$ 7.92 trillion (\$ 5,970 per capita)	\$ 15.26 trillion (\$ 30,536 per capita)	\$ 14.44 trillion (\$ 47,439 per capita)
Balance of Trade	\$ 177.5 billion (surplus)	\$ 8.9 billion (deficit)	\$ 225 billion (deficit)

has to have reasonable, safe and environmentally sustainable further development.

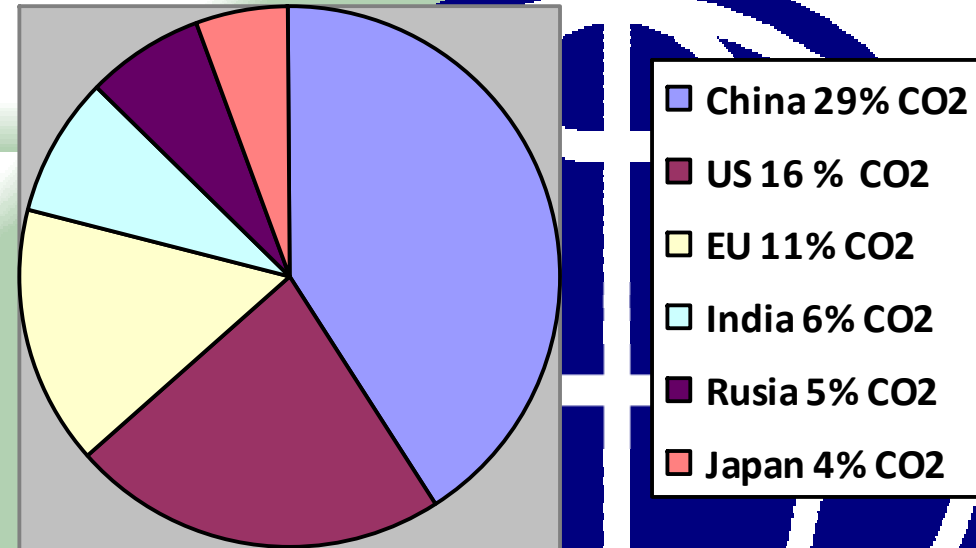


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The China reality - 3



Because according to the annual report 'Trends in global CO2 emissions', released this month by the JRC and the Netherlands Environmental Assessment Agency (PBL), the top emitters contributing to the global 34 billion tonnes of CO2 in 2011 are:



General for safe and environmentally sustainable further development in China and in particular of the Kunming' economic could be proposed the follow suggestions:

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Suggestion-1



Application of Environmental Impact Assessment (EIA) and Integrated Pollution Prevention and Control (IPPC) procedures and urgently zoning and planning for “cap & trade” principle for emissions application.

The **EU Emissions Trading System (EU-ETS)** could be applied on Yunnan province level or more differentiated in each of zone (area or municipality) - there is a "cap", or limit, on the total amount of GHGs that can be emitted by each zone (or factory or power plant). Within this cap, zones (or companies) receive emission allowances which they can sell to or buy from one another as needed.

The effect of EU-ETS: Last year the CO₂ emissions dropped by 3% to 7.5 tonnes per capita.

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Suggestion-2



Application of SWOT analysis as technique of the strategic management based of four main factors:

- ❖ **Pluses (Strengths),**
- ❖ **Minuses (Weaknesses),**
- ❖ **Opportunities,**
- ❖ **Dangers (Threats)**

for the identification of the influences of every plant:

SWOT analysis	<u>Positive Influence</u>	<u>Negative Influence</u>
<u>Internal environment</u>	Pluses	Minuses
<u>External environment</u>	Opportunities	Dangers

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Suggestion-3



Application of new CCS

(Carbon Capture and Storage – technologies)

For the China's respectively Yunnan' coal energy sector could be listed:

- Pre-combustion technology - IGCC (Integrated Gasification Combined Cycle)
- Oxyfuel Combustion
- Post-combustion Technology - CFBC (Circulating Fluidized Bed Combustion)
- End of pipe technology



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Suggestion-4



Increasing of the RES consumption
and the energy efficiency

To be defined **China's targets**, as model for instance similar of the European "20-20-20" targets to be met by 2020, namely:

- A reduction GHGs emissions of at least **20%** below 1990 levels
- **20%** of EU energy consumption to come from renewable resources
- A **20%** reduction in primary energy use compared with projected levels, to be achieved by improving energy efficiency

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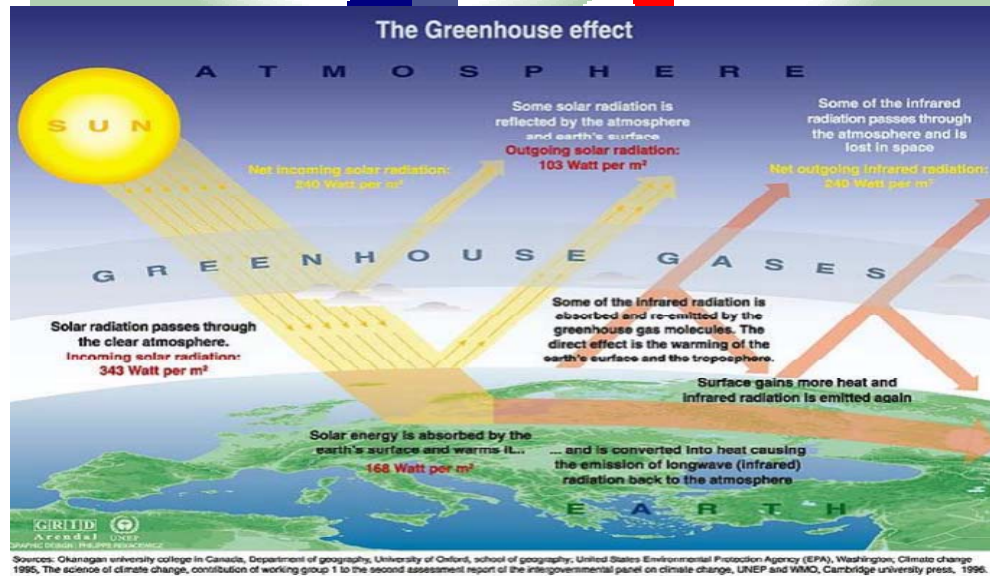


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In conclusion



These suggestions presented to your attention could be considered and accepted from authorities and companies in Yunnan Province, in particular in Kunming city as reasonable recommendations and to be taken relevant measures and activities for possible input for the



and achieve of local safe and eco-friendly sustainable development.

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