

Lecturer: Michel Henry Bouchet

Globalization seminar

Hot Spots day 4

October, the 19th

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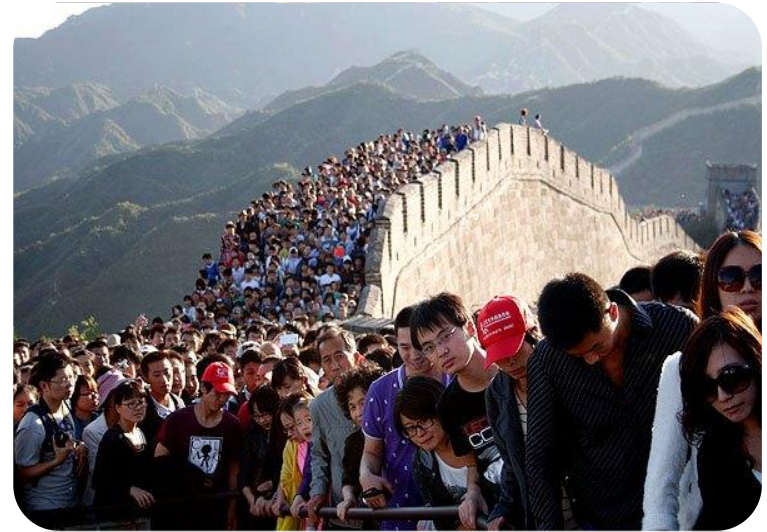


How to conciliate developing countries
inhabitants new way of life with
sustainable development?

China's Economy: Tourist Boom

Record numbers set out for the “Golden week” (month's national holiday)

- 740 millions of people were on the move
- At Beijing's Forbidden City on Oct. 2, visitor numbers hit a record high of 180,000 tourists — the equivalent of 357 people entering the complex every minute
- Hangzhou's picturesque West Lake welcomed 900,000 visitors into an area less than twice the size of New York's Central Park
- Increase of 45% compared to the same period last year



China's economy

- Economists are working to shift China's economy away from reliance on government-funded infrastructure spending and low-value manufacturing toward a more consumer-driven model of growth
 - consumers choose to hold onto their cash rather than spend it
 - demand for Chinese-made products from Europe and the US continues to lag
- The tourism signal shows that the strategy starts being effective
 - Travelers spent close to \$35 billion into the domestic economy during the 7-day Golden Week
 - “The promising tourism data indicates that consumption spending is increasingly shifting towards leisure pursuits.” Ting Lu, an analyst at Bank of America Merrill Lynch
- And it is only the beginning

”The country has a per capita GDP of \$5000 — based on the experience in other countries, until GDP reaches \$15,000 China can only rely on investment-led growth.” *Yin Xingmin, the deputy director of the China Center for Economic Studies at Shanghai's University*

New way of life and impact on the environment

- According to the Earth Policy Institute (EPI), based in Washington, if Chinese people were consuming as much as Americans:
 - they would have 1.1 billion cars and would consume 99 millions barrels per day (current production is 79 millions barrels per day)
 - they would consume more coal than the worldwide production
- A deadlock?
 - Even if the issue is mentioned, that is clearly not a priority for developing countries
 - Occidental countries can't blame developing countries for acting as they did and keep going on



Tunisia, economic situation and sustainable development

“The economic situation in the second semester: the reality is unique but the readings differ”

Chebbi A. (October 14, 2012) Leaders.com.tn

- The international agencies of Moody's notation (in September 28th, 2012) and Fitch (in October 9th, 2012) keep Tunisia in a relatively comfortable position of "Investment Grade" with negative perspectives
- The beginning of the resumption in the majority of the sectors of the productive device
- Oxford Business Group and IMF reports offer an optimistic reading on the Economic situation in Tunisia
- Local Readings are taxing the situation as catastrophic

The trade situation : a synthesis of factors

- Capacity of the Tunisian Economy to absorb the foreign shocks such as 2001, 2008
- Low degree of opening to the global financial market
- Diversified Economy : The most important sector does not exceed 10% of GDP which is Agriculture.
- The performance of the exporting activities depends of the Eurozone demand.
- Current deficit of 5,7%
- Decrease in currencies reserve (Moody's considers that the volume of the reserves is comfortable enough)

Measures

Some measures are necessary:

- The strengthening of the mechanisms control of the prices and illicit business trade
- The acceleration of the rhythm of execution for the public investment budget by the reduction of the administrative procedures
- Rationalization of the imports and the reduction of the international trade barriers
- Increase capital inflows

Sustainability in Tunisia

- The development in the field of the environmental protection and the control of the management of natural resources are priorities and conditions of the sustainable development on which Tunisia firmly made a commitment
- One of the first countries which created Ministry of the Environment and the Sustainable development
- Sectors: Agricultural development and sustainable food safety, regional planning and a rigorous management of continental waters (in an objective to prevent any water shortage), renewable energies
- Energy and environment (2009-2016): strengthen the competitiveness of the Tunisian economy in the field of the control of the energy while insuring the improvement and the promotion class of a good environmental governance



Emergence of a new movement

Latin America needs a sustainable development

Rapid economic growth and an expanding middle class but **social and environment problems**

- Extreme wealth disparities within countries
 - Need of basic services: clean water, low-cost housing, healthcare, education, ...
- Awareness of importance of biodiversity, natural materials and ecosystem not only to communities but also to businesses

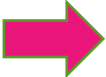
Solutions

- Social entrepreneurship and innovative market-based solutions: “individuals with innovative solution to society’s most pressing social problems”
 - Need of financial support (philanthropists)
- Adapting their business model

Poor Philanthropy sector in Latin America

Historically weak philanthropic sector in Latin America compared with the US or some European nations

- Few tax incentives
- Tradition of social services being delivered by government and the Church
- Legal codes which often make it difficult for foundations to give money outside their country of origin

 This may obstruct the expansion of donor institutions and non-profit organizations but it may be a great potential for change in the work of social entrepreneurs.

Social entrepreneurs

- Creation of non-profit groups by wealthy entrepreneurs from Western countries to promote social enterprise in emerging market (NESsT, Ashoka, Avina, ...)
 - Peru is working with rural innovators
- Awareness of global organization such as the United States Agency for International Development and the Inter-American Development Bank
 - Initiatives to promote the spread of social entrepreneurship and impact investments

Adapting their business models

Companies are aware of a substantial part of the market opportunity is going to be people from lower socio-economic classes:

- Include low-income customers
- Bring small enterprises into their supply chain



Toyota's green strategy

Why Toyota is a global green brand of 2012

Strategy

- Reduce Carbondioxide in the environment
- Create more profit through ground breaking technology
- Strengthen consumer confidence

Pros & cons

- Advantages
 - Use resources more efficiently
 - Enhance consumer confidence and community relations
 - Integrate environmental strategies with business planning
- Disadvantages
 - Time factor- Years for results to show
 - Financial constraints- High cost of green development

Toyota's Process & Results

- Launching the Toyota Prius in 1997
- ➔ Developed more hybrid cars for different markets
- Growth in sales
 - Leader in worldwide sale of hybrid cars
 - 4million worldwide sale
- Growth in consumer confidence