



Nurturing Sustainable Development in Emerging Markets

Emerging Markets, being at the forefront of economic progress and to the notion of new economies, inescapably play a pivotal role towards the achievement of sustainable development. In its widest scope, sustainable development and new economies which are built on the concept, recognizes the interdependent pillars (as identified by the United Nations) of economic development, social development and environmental protection. Nature is not required to be in harmony with man's developmental quest, but rather, development has to be in harmony with nature.

Economic development and population growth in emerging markets are expected to create an insurmountable increase in global consumption levels and patterns, placing considerable strain on our natural resources. According to the World Resource Institute (WRI), the world's population is expected to reach 9 billion by 2050 driven largely by growth in developing markets. This combined with a 325% cumulative growth in GDP by 2050, which inevitably expands the middle class, gives us unsustainable and unprecedented demands on our natural resources. Consumption of our natural resources has already exceeded 125% of global carrying capacity and could reach 170% by 2040, according to the World Wildlife Fund (WWF). Furthermore, climate change, as a result of CO₂ emissions, can exacerbate the impact of environmental damage and result in a serious setback to economic prosperity due to the attendant cost of insurance against weather related disasters, population displacements and reduction in crop yields, to name a few. Irresponsible dumping of toxic waste from industries and hazardous materials used in the production of consumer goods threatens human health. Development of sustainable new economies has become indubitably necessary to protect our future by keeping the earth inhabitable.

"It is not he who has little, but he who wants more who is poor." (Unknown)

The acceptance of economic and social developmental principles within the context of environmental preservation encapsulates a philosophical understanding of the real meaning of progress. Whilst definitions are vast and controversial, it is safe to say that real progress embodies and balances all aspects of living – the environmental elements, the mind, the intellect and the spirit. Conspicuous consumption, built on greed and constant dissatisfaction, cannot create this balance, but yet it is purported by major developed nations which consume at rates beyond their natural resources. The World Wildlife Fund (WWF) estimates that five planets will be required if everyone were to adopt the consumption patterns and lifestyle of the average North American. We in developing markets should learn from and avoid the excessive consumerism and short term profit maximization which characterized some major developed nations. We ought not to delude ourselves into thinking that our individual actions or our individual business affect only a few around us or the market we serve. Einstein reiterated that we are part of the entire universe and we ought to widen "our circle of

compassion to embrace all living creatures and the whole [of] nature in its beauty.” We ought to protect and preserve the natural resources endowed upon us for survival and gain absolute knowledge on using it wisely.

Large emerging markets, notably the BRIC economies (Brazil, Russia, India and China), have enormous responsibility to fostering sustainable development and lead the way for other smaller economies. Sustainability values are to be imbibed by all stakeholders – Governments, corporations, the media and consumers. Governments in emerging markets wield considerable power to control environmental destruction and generally, are at the pinnacle in creating an environmentally conscious society. Employing green taxation measures, enforcing strict legislations, providing positive incentives to promote sustainable business practices and innovation, as well as mandating that multinationals participate in sustainable development efforts and research projects are but a few measures. In China, congestion and air pollution are major challenges; the Government has been forced to act, building eco cities which ban cars from entering and which will have the latest waste management technologies in place. Governments must also seek out bold measures to use renewable sources of energy. India has now become the fourth largest producer of wind power recognizing the environmental consequences of its increasing population. All other stakeholders must actively monitor Government and business projects which are harmful to the environment.

Consumers, though increasingly concerned about sustainable development, have failed to fully act primarily because of affordability, convenience and force of habit. A conscious effort is needed but can be helped by businesses which can provide sustainable products to start with. Businesses can also set the example by developing a “green strategy” which focuses on the big picture (See Essential Managers: Green Business by Bibi Van Deer Zee). Such a strategy can create shifts in the thinking of employees who will be encouraged to “live green”. It is the new way for any sustainable modern enterprise and cooperation with stakeholders and other businesses is critical to its success.

Let us reiterate that sustainability is no longer a buzzword, a catch phrase or a marketing tool; it has become an inexorable practicality for any Government, society and corporation. Emerging markets cannot follow the “clean up after” path of developed countries and must focus on both sustainability and economic development concomitantly. The role of the Governments in these emerging markets is enormous and requires foresightedness in the midst of achieving economic growth. Such Governments, faced with unique challenges, will be prided as first world thinkers for their initiatives. Corporations in such markets must also demonstrate foresight, recognizing that it functions as part of an interdependent system - to ignore any one part of this system is to do injustice to another part. Consumers in emerging markets should imbibe and understand the real meaning of progress and seek to preserve the environment by their own actions as well as making demands of their Government and businesses. “Nature always wears the color of the spirit” (Ralph Waldo Emerson), let us not do anything to smudge it.

FINANCIAL & ECONOMIC INDICATORS

As at 3 September, 2009

<u>Exchange Rate/US\$</u>	<u>Closing Value</u>	<u>Previous Week</u>
Yen	92.64	93.52
Euro	1.43	1.43
Jamaica	89.05	89.02
Guyana	205.20	205.50

<u>Commodity Prices</u>	<u>Closing Value</u>	<u>Previous Week</u>
Crude oil (US\$/bbl)	67.96	72.49
Natural Gas (US\$/mmbtu)	2.06	2.75
Gold (US\$/Troy Ounce)	991.85	948.15

Eurobond Indices (As at 03-09-09)

Lehman Brothers Global Aggregate Index (Return % YTD)	5.59
JP Morgan EMBI+ (Basis points)	381
JP Morgan Central America and Caribbean Index (CACI) (YTD return %)	25.52

<u>Policy Interest Rates (%)</u>	<u>Closing Value</u>	<u>Previous Week</u>
United States	0.15	0.11
Euro Zone	1.00	1.00
Japan	0.10	0.11
Brazil	8.75	8.75
Trinidad	6.75	7.25
Jamaica	13.50	13.50
Barbados	2.50	2.50

<u>Market Interest Rates (%)</u>	<u>Closing Value</u>	<u>Previous Week</u>
US 90-day T-Bill	0.13	0.14
US 10-Yr Treasury	3.45	3.46
3-month UK Libor	0.67	0.69
Japan 90-day T-Bill	0.28	0.33
Brazil 90-day T-Bill	0.58	8.97
TT 90-day T-Bill	2.34	2.33
Jamaica 90-day T-Bill	16.72	16.72
Barbados 90-day T-Bill	3.62	3.62

Sources: Bloomberg, CMMB, Central Bank of Trinidad and Tobago, Bank of Jamaica, Central Bank of Barbados, www.lehman.com

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