erode. All of this makes the nature of urban growth and the public policy responses to growth pressures a core element of the FEEEP.[6]

Economic Growth

Over the last decades the APEC region has experienced impressive levels of economic growth. The East Asian developing countries in particular grew at exceptionally high rates, as resources, human and physical capital, and modern technology were utilized. Yet economic growth may be "extensive" or "intensive" in nature. Extensive growth uses more productive factors to generate overall growth, but with little improvement in productivity. If growth is to be sustainable it requires that economies be structured to promote intensive growth that enhances productivity and the efficient use of resources. Thus, sustainable growth in APEC depends upon economies ability to sustain intensive growth.[7]

In order to generate intensive growth innovation and invention are required. Innovation includes improvements in human capital, through education and training, as well as physical capital. Invention and the replacement of existing capital stock are significant to FEEEP as the rate of capital formation and the average age of capital stock effects energy efficiency and environmental degradation. Intricately related to productivity improvements are trade, which allows for specialization and economy of scale, and technological change, including institutional changes that facilitate the global use of the most efficient technology.

The role of trade within FEEEP, particularly in respect to the environment, needs to be clarified. Trade while having the potential to have a negative environmental impact, does not in itself imply that trade or trade liberalization should be avoided.[8]

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[6] With increasing percentages of people in urban areas most economic growth is likely to take place in such areas.

[7] Differences in countries' per capita GDP are a crude indicator of relative levels of resource consumption. Other indicators could be per capita energy consumption or daily calorie supply per capita. The relationship between per capita consumption of resources and environmental degradation are not simple. The level of technology used in the production and consumption processes, for example, influence the level of environmental degradation.

[8] "Trade is rarely the cause of environmental degradation, although there are circumstances where it may draw attention to an existing environmental problem. Rather, the root cause of environmental degradation lies in the failure of markets fully to reflect environmental costs, often