THE ASIA PACIFIC PARTNERSHIP: ITS ROLE IN PROMOTING A POSITIVE CLIMATE FOR INVESTMENT, ECONOMIC GROWTH AND GREENHOUSE GAS REDUCTIONS

By

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Institutional reforms will promote efficient resource use and increased foreign direct investment.

What government policies affect the investment climate?

- Corruption and regulatory burdens
- Effective legal system and judiciary
- Intellectual property rights
- Role of government in the economy
- Level of infrastructure
- Human capital
Asia-Pacific Partnership

Economic Freedom Index

Btu per 2000 dollars

China
India
Korea
Australia
USA
Japan
Greenhouse Gas Emissions Associated with Existing and New Investment in 2001
(Million tons C per $Billion GDP at Market Exchange Rates)
# Greenhouse Gas Emission Reductions Achievable Through Technology Transfer and Increased Investment

<table>
<thead>
<tr>
<th>Description</th>
<th>To 2012 (MMTCE)</th>
<th>To 2017 (MMTCE)</th>
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</thead>
<tbody>
<tr>
<td>Adopt US technology for new investment in China and India</td>
<td>2600</td>
<td>5200</td>
</tr>
<tr>
<td>Adopt US technology with accelerated replacement in China and India</td>
<td>4200</td>
<td>7700</td>
</tr>
<tr>
<td>Adopt continuously improving technology with accelerated replacement in China and India</td>
<td>5000</td>
<td>9800</td>
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<tr>
<td><em>EU under Kyoto Protocol (without hot air)</em></td>
<td>600</td>
<td>1400</td>
</tr>
<tr>
<td><em>All Annex B countries under Kyoto Protocol (including US and hot air)</em></td>
<td>2800</td>
<td>7300</td>
</tr>
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</table>
Implementing Institutional Reforms in Developing Countries

- stakeholders from business, local and national policymakers must agree on the nature and scope of the problem
- government funding for research on the investment climate, potential energy saving from technology transfer, impact of pricing distortions, can accelerate progress
- meaningful institutional reforms which can be monitored must arise from negotiations
- the Marshall Plan's “pledge and review” approach to inducing institutional reforms provides a model for how the Asia Pacific Partnership can contribute to both economic development and environmental quality