

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

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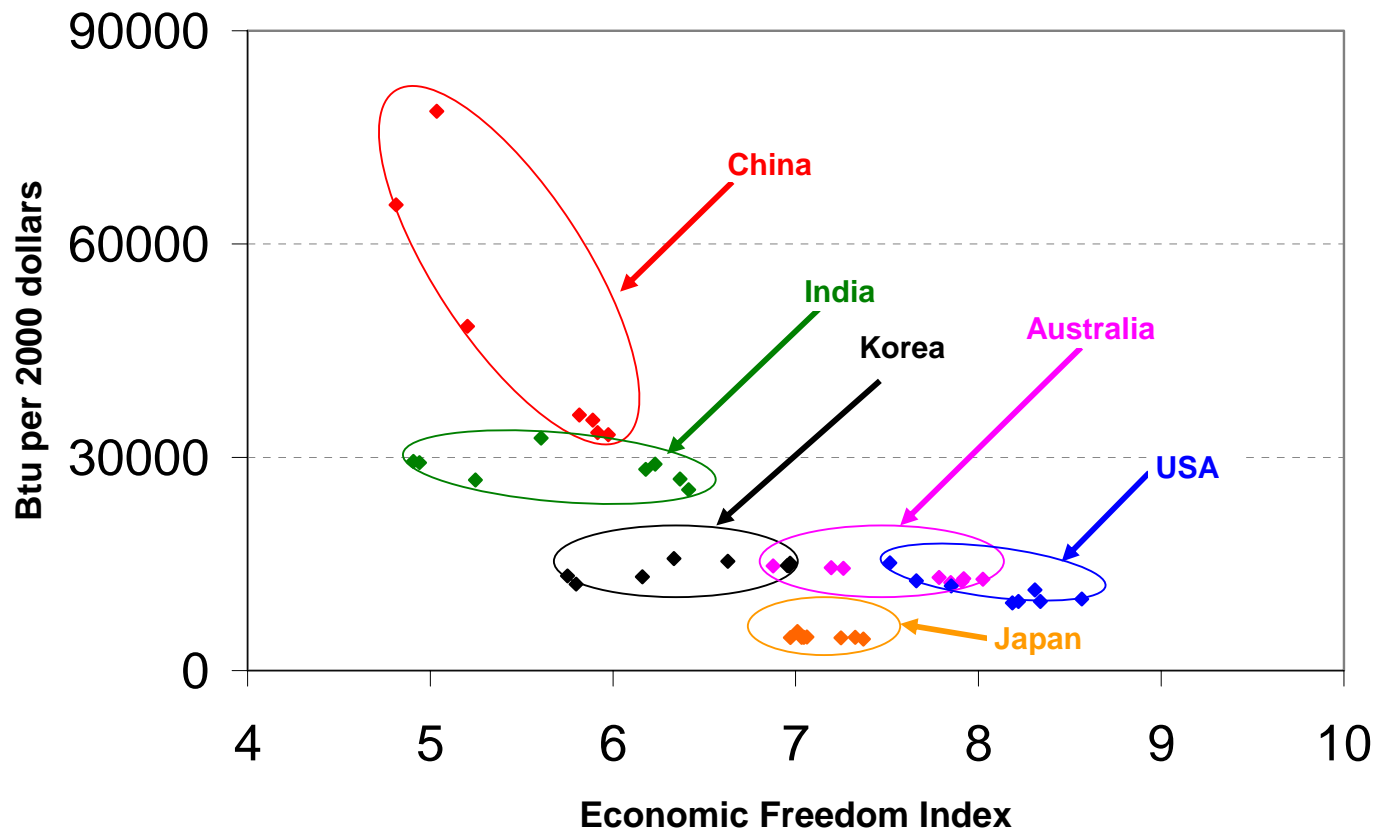
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The Role of Institutional Change in Promoting Economic Growth in Developing Countries

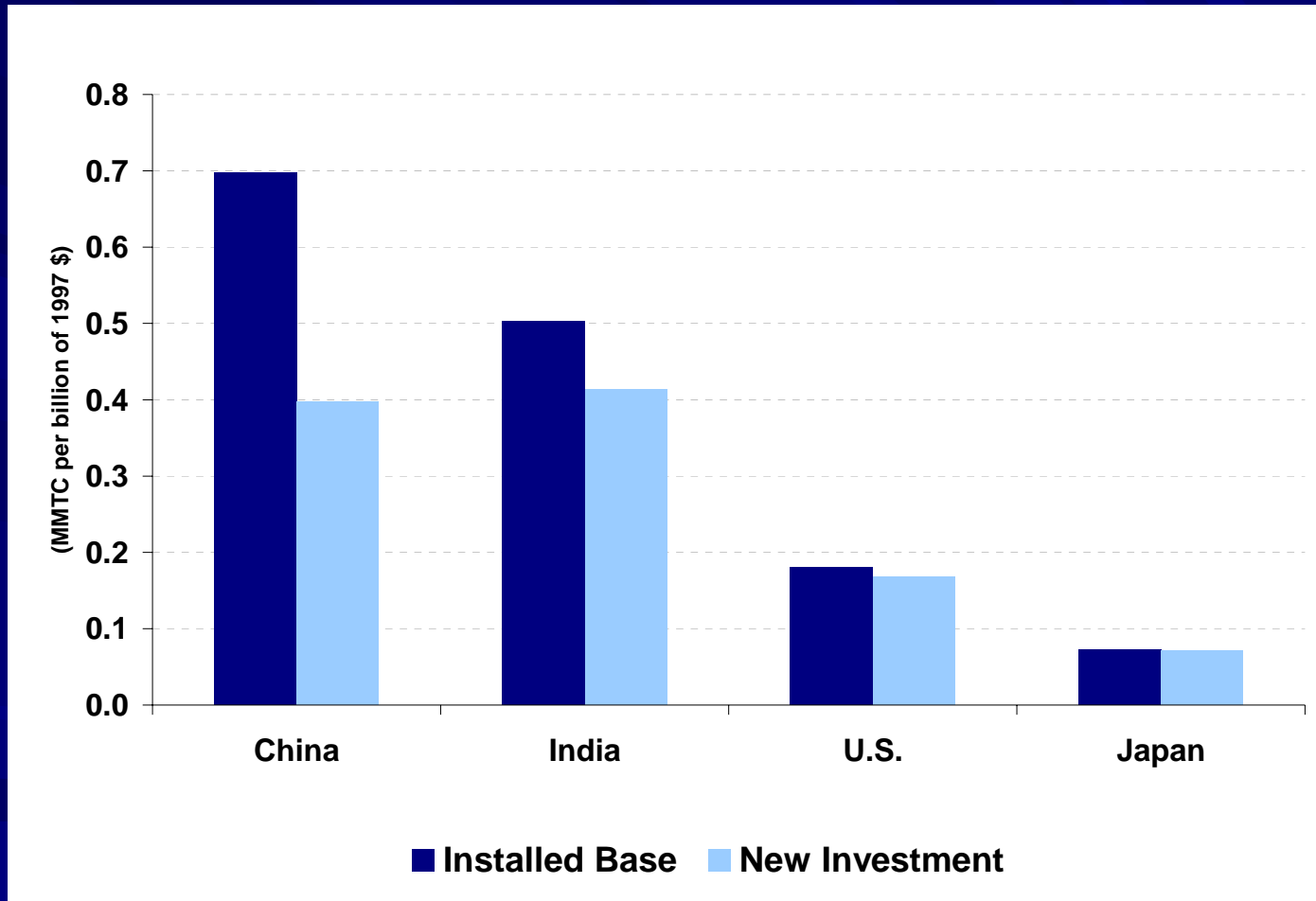
- ❑ Institutional reforms will promote efficient resource use and increased foreign direct investment
- ❑ What government policies affect the investment climate ?
 - ❖ corruption and regulatory burdens
 - ❖ effective legal system and judiciary
 - ❖ intellectual property rights
 - ❖ role of government in the economy
 - ❖ level of infrastructure
 - ❖ human capital

Asia-Pacific Partnership Energy Intensity and Economic Freedom (1980-2003)



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

	To 2012 (MMTCE)	To 2017 (MMTCE)
Adopt US technology for new investment in China and India	2600	5200
Adopt US technology with accelerated replacement in China and India	4200	7700
Adopt continuously improving technology with accelerated replacement in China and India	5000	9800
<i>EU under Kyoto Protocol (without hot air)</i>	<i>600</i>	<i>1400</i>
<i>All Annex B countries under Kyoto Protocol (including US and hot air)</i>	<i>2800</i>	<i>7300</i>

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