APEC Business Advisory Council

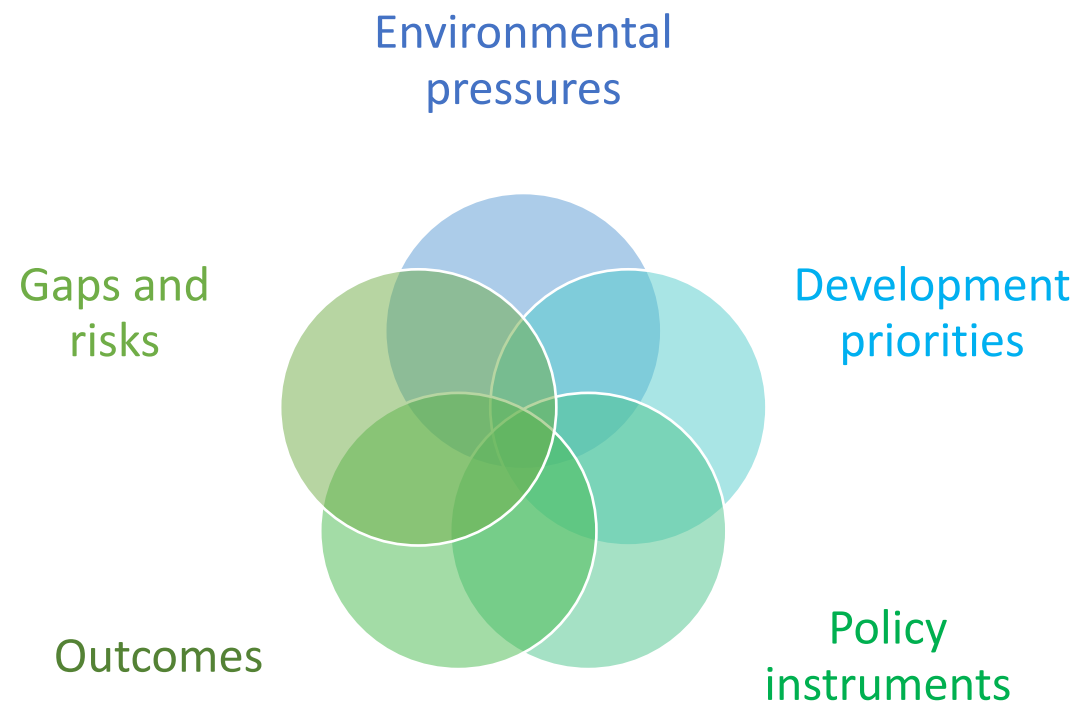
CWG III 2026 | Environmental and Economic Trade-Offs

Presentation by Brett O'Riley, ABAC New Zealand

Bangkok, 7 July 2026

Managing the environment/economic growth trade-off

- Economies face **3 shared structural pressures**: climate risk, energy transition and land-use constraints
  - In tackling these pressures, economies need to balance growth, competitiveness, energy security and environmental integrity across five dimensions:



Convergence on levers – but also on challenges

The region is converging on some **common levers** to address these 3 shared structural challenges:

1. Carbon pricing
2. Industrial decarbonisation
3. Grid modernisation
4. Nature-based solutions
5. Resilience investment

However there are still significant challenges across economies:

GAPS IN CAPACITY AND POLICY

- Permitting delays
- Grid capacity
- Land-use enforcement
- Financing scale
- Long-term Just Transition pathways

PRESSURES AND RISKS WITHIN ECONOMIES

- **Climate vulnerability** (e.g. Philippines, Viet Nam, Thailand)
- **Energy security** (e.g. Japan, Korea, Singapore)
- Land-use (including agricultural) and industrial **emissions** (e.g. New Zealand, Indonesia, PNG, China, USA, Korea)
- **Water scarcity** (e.g. Mexico, Chile, Chinese Taipei)
- **Competitiveness** in a fast-changing global economy

Policy Instruments

- Economies are deploying a range of different policy instruments e.g.



Green Industrial Policy
e.g. Japan (GX Strategy), China (green manufacturing), Korea (hydrogen/CCUS)



Carbon Pricing
e.g. ETS (including pilots) or similar approaches (e.g. carbon fee/taxes in some sectors) in place or under development in most APEC economies



Energy transition
Policies in most economies e.g. China, Indonesia, Japan, Viet Nam, Korea



Nature-based solutions
e.g. forest and ocean protection, mangrove restoration, blue carbon strategies in Indonesia, Australia, NZ, PNG



Resilience investment
e.g. The Philippines, Japan, Chile, Singapore

Opportunities for Regional Cooperation

Topic	Economies
Grid interconnection and energy trade	ASEAN, North Asian economies, South American economies
Hydrogen development and corridors	e.g. Japan-Korea-Australia; New Zealand work (CIAL)
Green finance & blended capital	Singapore, Hong Kong, China, Australia
Nature-based markets	Indonesia, Papua New Guinea, Peru, New Zealand
Technology diffusion e.g. Evs, CCUS, AI for climate	All

Private-Sector Priorities

- Investment certainty (e.g. carbon pricing, permitting)
- Infrastructure (grid, ports, water)
- Supply-chain resilience
- Access to green finance
- Workforce transition

Recommendations

1. **Accelerate permitting and grid modernisation** across APEC.
2. **Scale blended finance** for nature, resilience, and energy transition.
3. **Support just transition frameworks** for affected regions and sectors.
4. **Promote interoperable carbon markets** and disclosure standards.
5. **Strengthen regional cooperation** on hydrogen, CCUS, and clean-tech supply chains.