APEC Business Advisory Council

CWG I 2026 | Environmental and Economic Trade-Offs in Infrastructure Development

Presentation by Brett O'Riley, ABAC New Zealand

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Environmental and Economic Trade-Offs

- All economies must grapple with environmental and economic trade-offs – these trade-offs impact investment in essential infrastructure
- The economy is part of the environment, not the other way around: how do we protect the planet for future generations while continuing to adapt to climate challenges with new infrastructure and connectivity?
- These trade-offs are likely to become even more profound over time, as climate impacts ramp up across the board and in specific sectors
  - ➢ We need to understand best practice across the region on **regulatory processes** for managing these decisions and issues
  - ➢ How can **APEC economies work together as a collective** to build essential economic infrastructure and activity while protecting the environment?



State Highway 35, New Zealand, 23 January 2026.
Source: Radio New Zealand News

Sectoral examples

Sectoral examples of trade-offs include:

- **Communications infrastructure** to link economies to each other, and to collective low-carbon data centres
- New **collective energy projects** to reduce fossil fuels and power the new economy potentially involving sharing energy between economies (examples include potential environmental impacts of wind farms, micro-nuclear, solar energy, hydrogen)
- Resource management including **forestry, fishing and mining** (including seabed)
- **Food safety and security** (examples include scientific analysis and regulatory approvals for new chemicals, hazardous substances, and GMO)



Submarine cable. Source: Digital Watch Observatory

Different mitigation models and technologies used in different economies create confusion and slow down progress

➢ We will see long-term habitat degradation without collective approaches to mitigation or restoration.

Business impacts of uncertainty over trade-offs

- Regulatory uncertainty and vacuums
- Project risk, potential sunk costs or abandoned projects
- Investment uncertainty and lower returns
- Slower time to market and potentially higher prices
- Delayed transformation and essential service shortages
- Higher costs and/or taxes to remediate the environment
- Increased insurance costs
- Supply constraints in critical sectors



Source: Photo by John Matychuk on Unsplash

Proposed ABAC approach

- Establish a working group of interested ABAC members to analyse the issue and opportunities, led initially by Brett O'Riley ABAC New Zealand
- Consider whether this is a CWG or SWG workstream project
- Undertake desktop research across ABAC economies to assess regulatory options and best practice, led by New Zealand agencies
- Seek input from other ABAC workstreams on identified trade-off issues and collective opportunities that could be analysed
- Consider an ongoing approach to addressing these issues.

Recommendations

- Members to consider expressing interest in joining a new working group to scope out the potential approach, including with APEC economy regulators and businesses.