



Canada 1997

APEC AND INFRASTRUCTURE



CANADA'S YEAR
OF ASIA PACIFIC
1997 L'ANNÉE
CANADIENNE DE
L'ASIE-PACIFIQUE

Increasing infrastructure investment is a key to ensuring the sustainability of economic growth in the Asia-Pacific region. The World Bank has estimated that infrastructure investment in the developing economies of East Asia will have to increase from the current 5 1/4 per cent to approximately 7 per cent of GDP in order to meet the requirements for modern economic infrastructure and make up deficiencies in basic infrastructure, such as piped water and sewage. Developed economies in the region must also upgrade their infrastructure to meet the demands of a modern, information-intensive economy. Spending estimates for East Asia alone are in the range of over US \$1.5 trillion over the next decade.

APEC Leaders have recognized that the lack of adequate, integrated infrastructure can severely hamper the achievement of sustainable growth. In 1996, the Leaders directed Ministers to work with the private sector and international financial institutions on a framework for stimulating private-public partnerships in this area. The Prime Minister has identified infrastructure development as a key area of focus for the APEC Economic Leaders' Meeting (AELM) in Vancouver, integrating elements of results from Ministerial meetings in 1997 in the areas of transportation, energy, human resources development, environment, small- and medium-sized enterprises and finance, among others.

Given financial constraints on governments, partnerships with the private sector are crucial in meeting the infrastructure needs of the region. APEC has developed a broad program aimed at improving the environment for private-sector investment in public infrastructure. Techniques such as Build-Operate-Transfer (BOT) and Build-Operate-Own (BOO), in which the private sector takes the lead on financing infrastructure projects as a viable business venture, have been applied with notable success in a number of East Asian economies, for example in the Philippines and Indonesia. These innovative techniques have also been used in developed economies, including Canada. Of particular interest to Canadians is the Northumberland Straits Crossing (now the Confederation Bridge) between Prince Edward Island and New Brunswick, developed according to the BOT framework.

