Capital Markets and Environmental Products

Australia, a Market Leader in the 21st Century

Presenter: Leslie V Hosking
Evolution of Markets

- structure of markets – primary/secondary/derivative

- the interrelationships between raw and finished product
  
  • traditional example – the grain crush
  
  • new examples – coal/electricity/emissions
The Development of Environmental Markets.

How much interest is there for the use of markets to achieve environmental objectives?

(eg. SO2 trading in the US and emissions trading in the Kyoto Protocol)
The Proposed Carbon Sequestration Market.

- Sequestration credits in forests can be sold to emitters that are concerned about the future price of CO2 permit under the Kyoto Protocol.

- Companies can seek to hedge the impacts of the Protocol using risk management products.

- The market could stimulate additional forestry investment. This is good for regional forestry employment.

- Other benefits also include reduced soil salinity and soil erosion, enhanced water quality, land bio diversity.
A Capital Markets and Environmental Products

Introduction to the Australian Centre for Global Finance

- Objectives of the Centre
- Key initiatives underway
- Achievements and feedback from overseas visits
The key requirements for establishing new markets and investment – and what has Australia got to offer?

- Taxation and investment policies to attract new products and investment
- Sound legal and banking system
- Efficient financial markets (for trading and risk management)
- Political stability (reduced sovereign risk)
- Openness to the world economy and international trade
- Skilled/Trained Multilingual Workforce.
- Lifestyle/Environment.
- The future of Australia as a global financial centre.
  - an opportunity in the 21st century.

- The future of markets to achieve environmental objectives.
  - Australia, a Market Leader in the 21st Century.