

Does environmental policy uncertainty deter low-carbon technology FDI inflows to the US?

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- ▶ However, among the different types of cross-border capital flows, FDI is the one that is most exposed to institutional and political instability (Julio and Yook, 2016).

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- ▶ However, among the different types of cross-border capital flows, FDI is the one that is most exposed to institutional and political instability (Julio and Yook, 2016).
- ▶ **Question:** Does a predictable and stable environmental policy framework act as a pull factor for attracting low-carbon inward FDI?

Contributions (1)-(2)

▶ **Fill a literature gap**

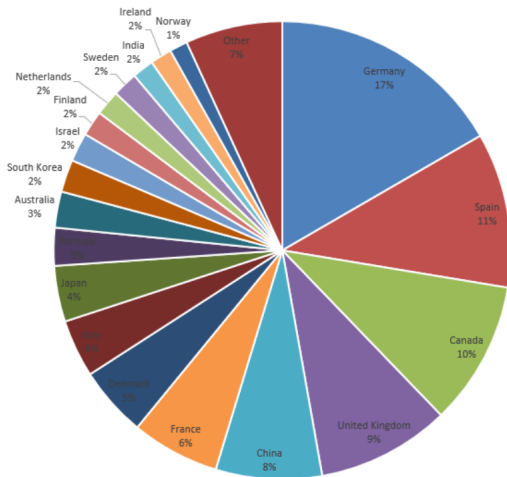
- ▶ Pollution Haven Hypothesis related to policy *stringency* (Hanna, 2010).
- ▶ Cross-border technological transfer through green patent activity (Noailly and Ryfish, 2015).
- ▶ The role of political uncertainty in deterring FDI (Azzimonti, 2020).

▶ **Novel dataset allows for better identification of clean FDI**

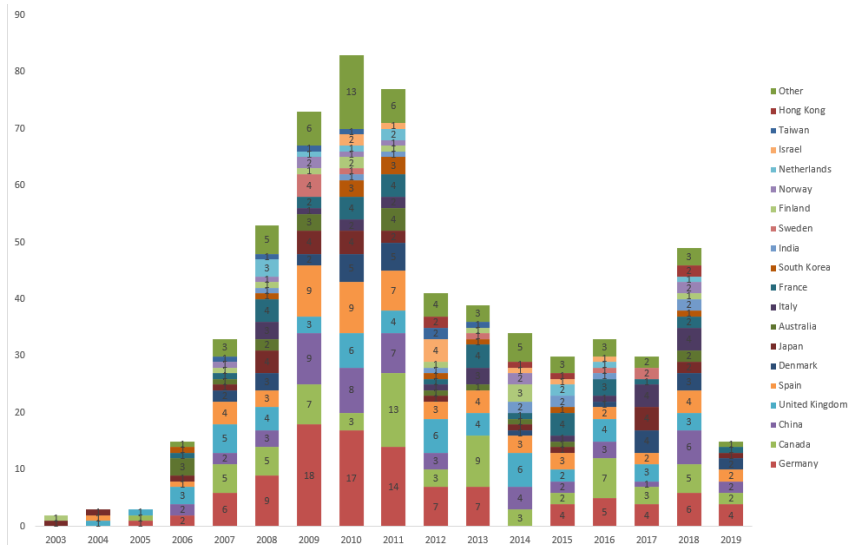
- ▶ fDi Markets database by the Financial Times
- ▶ Most comprehensive source of firm-level information on cross-border greenfield investment available: all countries and sectors worldwide, 2003-2019.
- ▶ Tag for FDI related to environmental technologies.
- ▶ Records actual firm-to-firm FDI rather than aggregate flows at the sector or country level

Sample fDi Markets (1)

Sample composition according to number of projects



Sample fDi Markets (2)



Contribution (3)

- ▶ **Policy relevance:** results will be particularly relevant for governments or other policy institutions interested in leveraging their climate policy framework to attract investments in low-carbon technologies from foreign firms.