



TABLE OF CONTENTS

COVER	i
PERNYATAAN BEBAS PLAGIASI	iii
PREFACE	iv
TABLE OF CONTENTS	vi
LIST OF TABLES.....	ix
LIST OF FIGURES	x
INTISARI	xi
ABSTRACT	xii
CHAPTER I INTRODUCTION.....	1
1.1 Background.....	1
1.2 Research Problem Identification.....	6
1.3 Research Question	7
1.4 Research Objective	7
1.5 Research Motivation.....	7
1.6 Benefits of Research	8
1.7 Research Contribution	9
1.8 Research Scope and Limitation	9
1.9 Research Structure	10
CHAPTER II LITERATURE REVIEW	12
2.1 Theoretical Foundations	12



2.1.1 The Environmental Policy Stringency (EPS) Index.....	12
2.1.2 How Policy Stringency Could Reduce CO2 Emissions.....	13
2.1.3 Different Effectiveness of Policy Stringency Across Income Level Countries and Pollution Haven Hypothesis	14
2.2 Literature Review	17
CHAPTER III DATA AND METHOD	29
3.1 Data.....	29
3.2 Methodology	34
CHAPTER IV RESULTS.....	37
4.1 Correlation between Variables	37
4.2 Result	38
4.2.1 Initial Estimation Results: Fixed Effects and Dynamic Fixed Effects 38	
4.2.2 Panel Unit Root Test.....	43
4.2.3 Instrument Ratio	44
4.2.4 Estimation Results for Developed Countries	46
4.2.5 Estimation Results for Developing Countries	50
4.2.6 Sargan Test of Overidentifying Restrictions	53
4.2.7 Autocorrelation Test	54
4.2.8 Robustness.....	55
4.3 Discussion.....	59
CHAPTER V CONCLUSION	66



5.1 Conclusion	66
5.2 Limitation	66
5.3 Implications	67
REFERENCES.....	69



LIST OF TABLES

Table 1. Literature Review	17
Table 2. Descriptive Statistics (Developed Countries)	33
Table 3. Descriptive Statistics (Developing Countries)	34
Table 4. Correlation Matrix for Developed Countries	37
Table 5. Correlation Matrix for Developing Countries	38
Table 6. Hausman Test Results	39
Table 7. Fixed & Dynamic Effects Results for Developed Countries	41
Table 8. Fixed & Dynamic Effects Results for Developing Countries	42
Table 9. Im, Pesaran, and Shin (IPS) Panel Unit Root Test	43
Table 10. Instruments Ratio	44
Table 11. Estimation Results for Developed Countries	49
Table 12. Estimation Results for Developing Countries	52
Table 13. Sargan Test of Overidentifying Restrictions	53
Table 14. AR(2) Results	54
Table 15. Post-Kyoto Agreement Period (1998-2019).....	57
Table 16. Developed Countries Without RNEW and Developing Countries Without FDI and TRD.....	57
Table 17. System GMM Results for Combined Dataset.....	58



LIST OF FIGURES

Figure 1. Relationship Between EPS Index and CO2 Emissions Per Capita in Developing Countries (1996-2019)	3
Figure 2. Relationship Between EPS Index and CO2 Emissions Per Capita in Developed Countries (1996-2019)	4
Figure 3. Environmental Policy Stringency indicator (EPS) Index Framework.....	13
Figure 4. The Porter Hypothesis in EPS context.....	14
Figure 5. Comparison of Instruments in Developed and Developing Countries	60