



The Green New Deal is missing a critical element: trade

James Bacchus and Inu Manak

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In February, Rep. Alexandria Ocasio-Cortez (D-N.Y.) announced her plan to fight climate change through a Green New Deal with a congressional resolution that was met with great fanfare within the Democratic Party.

Although there have been a number of strong critiques on various aspects of the substance of the proposed resolution, the trade policy elements of the plan have, so far, been largely overlooked.

The resolution mentions “enacting and enforcing trade rules ... with strong labor and environmental protections,” but it does not reflect an understanding of the essential role of trade in achieving environmental goals. It also misses an ideal opportunity to use trade to promote environmental goals.

Instead of falling into the common trap of vilifying trade as a cause of outsourcing production overseas and as a source of harm to the environment, Democrats should embrace trade as a tool to achieve broadly-shared economic prosperity while combating climate change and otherwise protecting our environment.

They may wish to start by eliminating tariffs on all the many environmental goods that are urgently needed worldwide to help ensure that economic growth is sustainable and environmentally sound.

Speeding the spread of new, green, climate-friendly technologies worldwide is a principal identified in the Paris Agreement for combating climate change. These new technologies are needed now especially in many of the developing countries that have done the least to cause climate change but are on the front lines in trying their best to confront it.

Trade in environmental goods is a growing global market, estimated at \$1.1 trillion in annual trade and projected to grow to \$2.5 trillion by 2022. It is a market in which the United States has a competitive advantage.

In 2015, U.S. exports of environmental goods totaled \$238 billion, and the Office of the United States Trade Representative (USTR) reported that they “have been growing at an annual rate of six percent since 2012.”

Reducing tariffs on these products thus provides a unique opportunity to energize trade in this sector and enhance access to technologies to address environmental problems worldwide.

Negotiations on an Environmental Goods Agreement (EGA) were launched at the World Trade Organization (WTO) in July 2014 in an effort to remove tariffs on a wide range of environmental goods.

These negotiations, however, have been at a standstill since December 2016 when the United States and other negotiating countries failed to agree on a final list of products. Democrats, in particular the progressives pushing hardest for the Green New Deal, should lead the charge in calling for the resumption of talks.

The environmental goods negotiations cover a broad range of product categories, including renewable and clean energy generation, and technologies with environmentally-related functions such as energy efficiency; air, water and soil pollution; managing solid and hazardous waste; and monitoring environmental quality.

Initial discussions began working from an Asia-Pacific Economic Cooperation forum (APEC) list of 54 environmental goods. Talks have since expanded that original list to include more than 300 products.

These negotiations aim at creating a “plurilateral” agreement within the international legal framework of the WTO treaty. Such agreements do not involve at the outset the entire WTO membership but can be expanded to include more WTO members and ultimately all WTO members later as they prove their success in the global marketplace.

Forty-six of the 164 member countries of the WTO are currently participating in the environmental goods negotiations, including the United States, the member states of the European Union and China. These 46 countries account for nearly all trade in environmental goods worldwide.

Therefore, reducing barriers to trade in environmental goods among them would be of enormous benefit to all countries in confronting the many challenges posed by climate change.

Certainly there are numerous other climate tasks we must undertake in addition to eliminating barriers to trade in environmental goods. We must also remove barriers to trade in environmental services, remove other non-tariff barriers and address the use of trade remedies, to name only a few of those necessary tasks.

Eliminating tariffs on environmental goods will be a first step, not the last step. It will send a signal of an understanding of the critical importance of this sector to the global transition to a green economy.

If the United States and other wealthy countries can agree on this deal, then they can also agree on more deals that can do even more to create green jobs while addressing climate change.

President Trump and his trade team have often been scornful of the WTO and of the potential for international cooperation in general. Yet U.S. Trade Representative Robert Lighthizer recently highlighted the importance of the WTO’s negotiating function before the Senate Finance Committee.

Furthermore, the United States has taken the lead in the WTO in launching talks on digital commerce earlier this month. The U.S. has an all-embracing economic interest in freeing digital trade within a framework of internationally agreed rules.

The U.S. has a similar economic interest in freeing trade in environmental goods. As in digital trade, the United States should be taking the lead also in concluding the Environmental Goods Agreement, and Democrats should be encouraging the Trump administration to do so.

There have already been 18 rounds of negotiations on the EGA. Differences on the prospective terms of the proposed agreement have been narrowed considerably among the participants in the negotiations. Some divisions remain.

The most difficult one is agreeing on a definition of what is an “environmental good.” China has been at odds with the United States and other participants on this issue.

All this stated, though, with the renewed leadership of the United States and with enough willingness by the other negotiating countries to overcome the remaining obstacles to reaching a deal, the EGA can be concluded.

Making the conclusion of the WTO environmental goods agreement a priority would be a good place for Democrats to start in seeking a Green New Deal.

Former Rep. James Bacchus (D-Fla.) is a professor of global affairs at the University of Central Florida, an adjunct scholar at the Cato Institute and author of “The Willing World: Shaping and Sharing a Sustainable Global Prosperity.” Inu Manak is a visiting scholar at the Cato Institute.