

USMCA and the environment: Insights from the TREND dataset

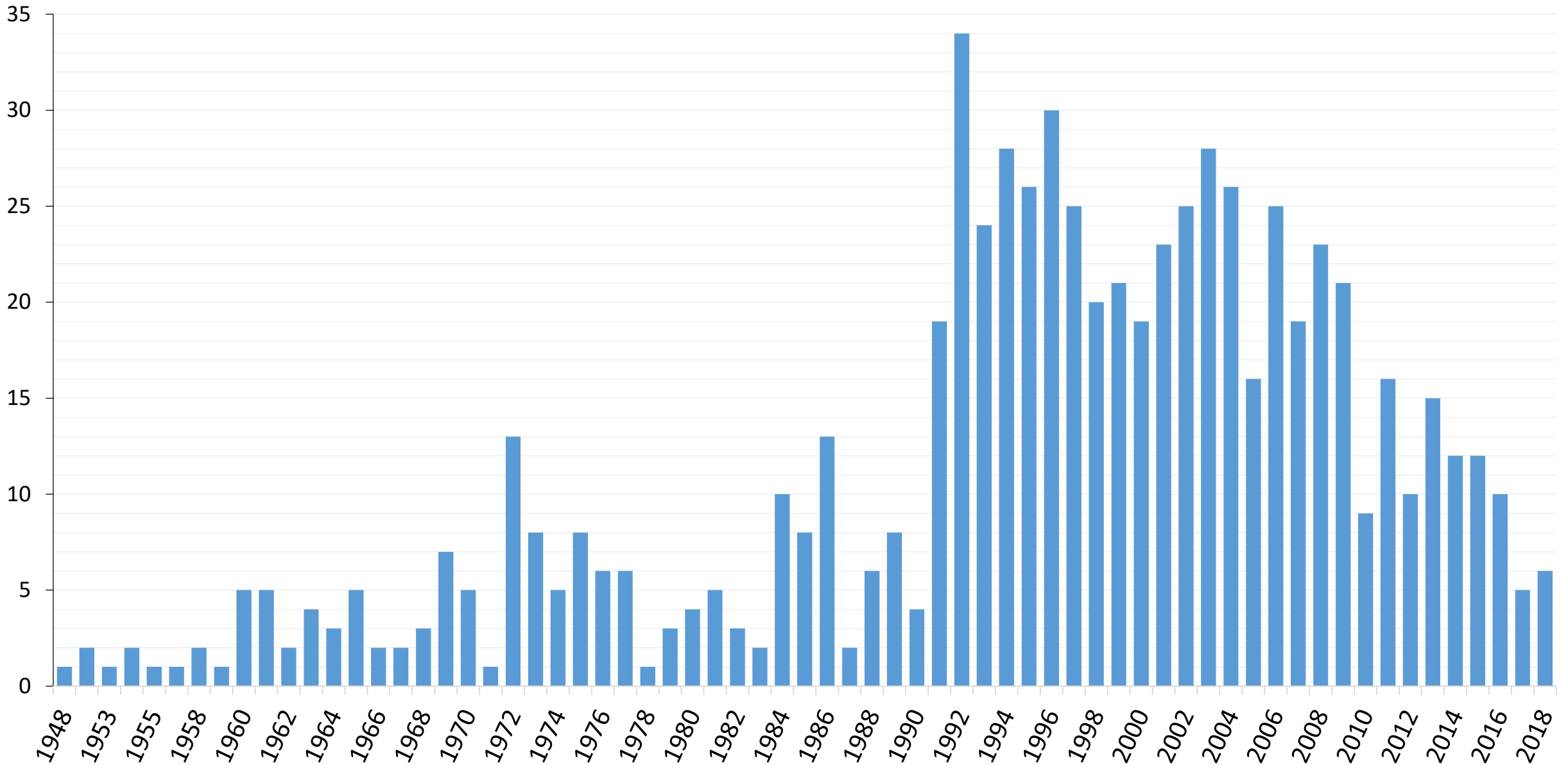
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The proliferation of trade agreements



An abundance of opinions, but a shortage of evidence



287 types of environmental provisions in 730 trade agreements (1947-2019)

1. Reaffirming environmental law principles;
2. Ensuring a high level of environmental protection;
3. Detailing specific environmental commitments;
4. Safeguarding regulatory space;
5. Favoring transparency and public participation;
6. Developing environmental cooperation;
7. Building capacity;
8. Ensuring policy coherence;
9. Reinforcing multilateral environmental agreements;
10. Resolving disputes;

TRADE & ENVIRONMENT DATABASE – TREND

Environment in Preferential Trade Agreements

A PROJECT BY

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table view

Your selected period

1900

2017



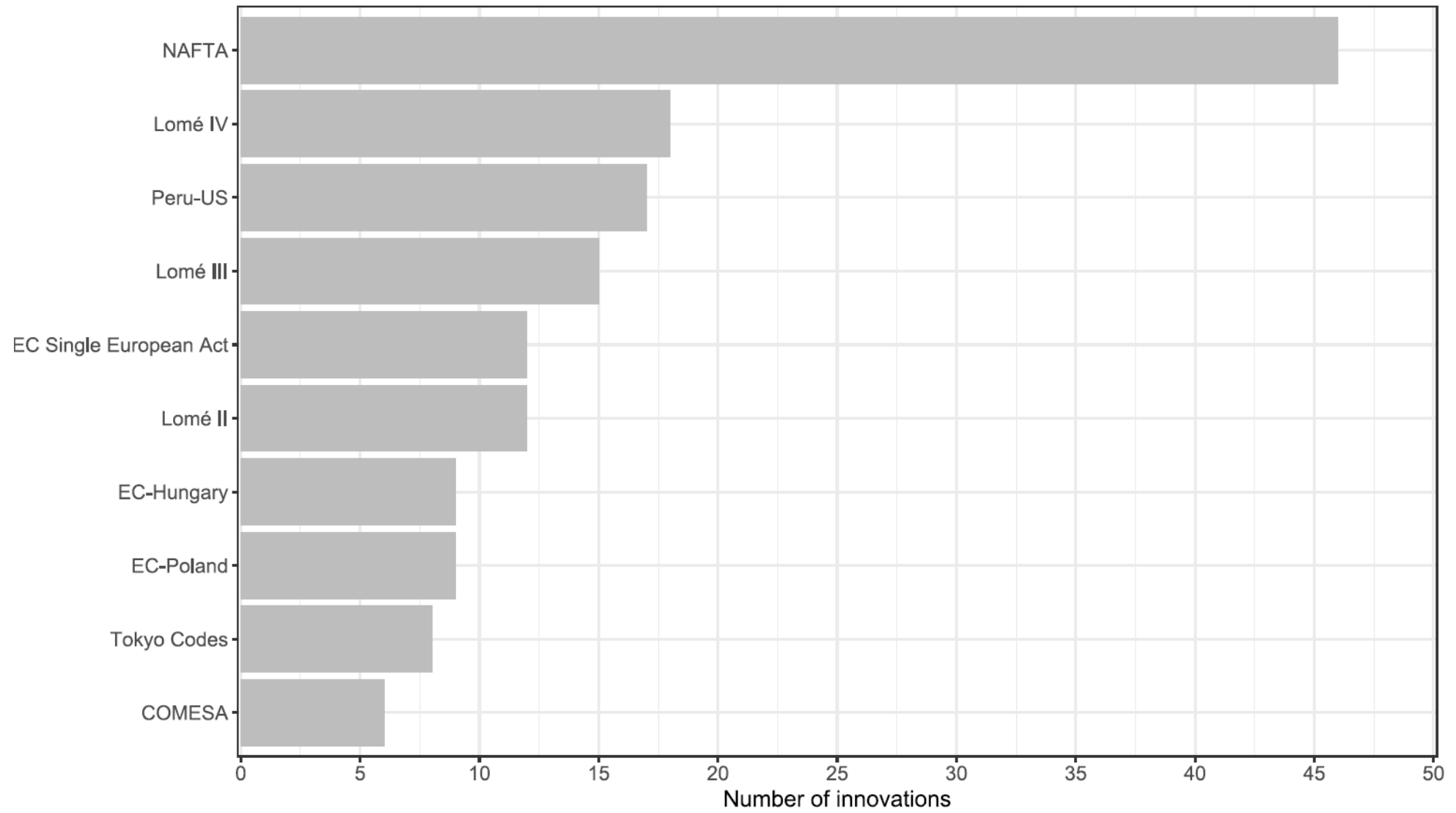
zoom



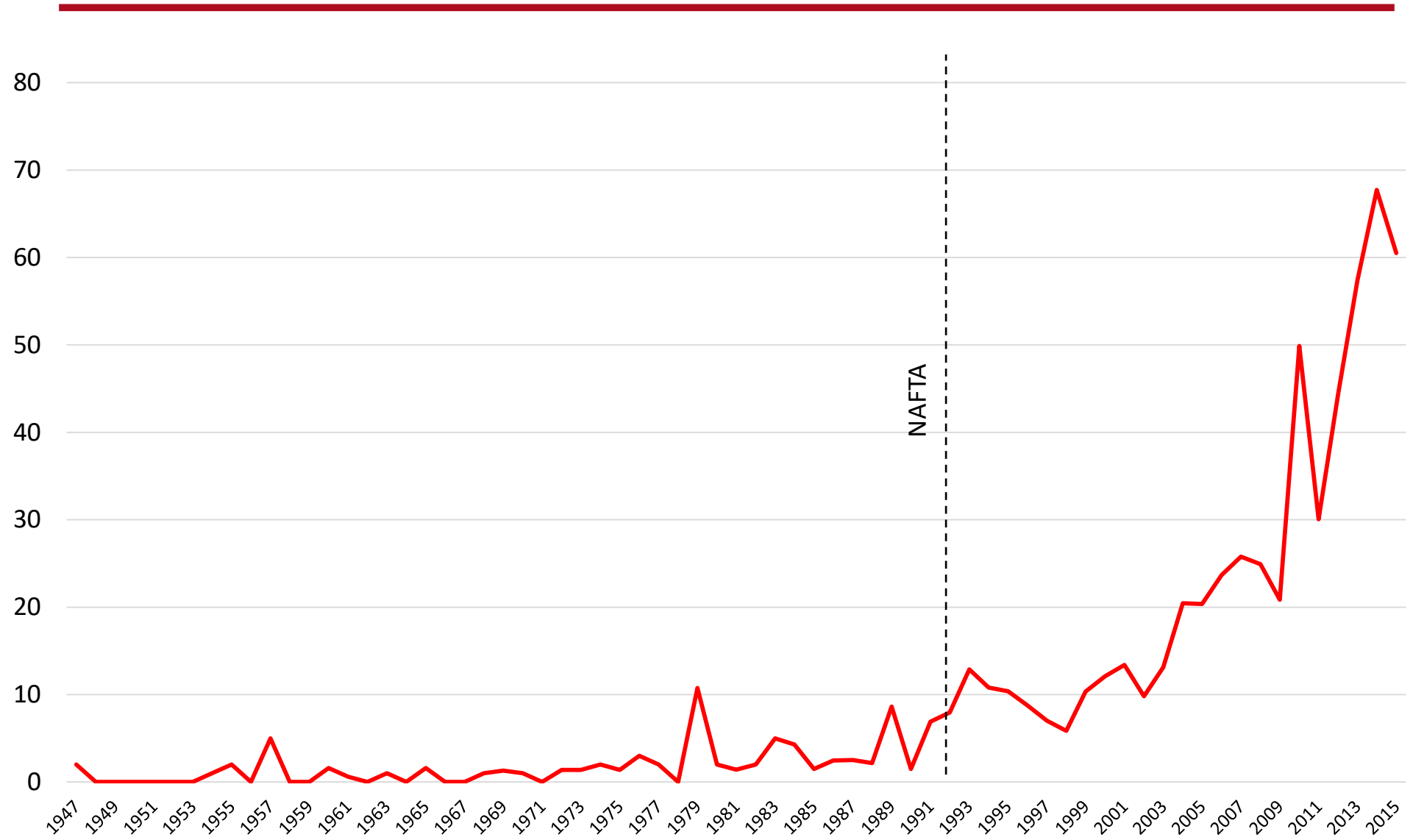
Four takeaways for USMCA

1. NAFTA and NAAEC were ground-breaking agreements.
- 2.
- 3.
- 4.

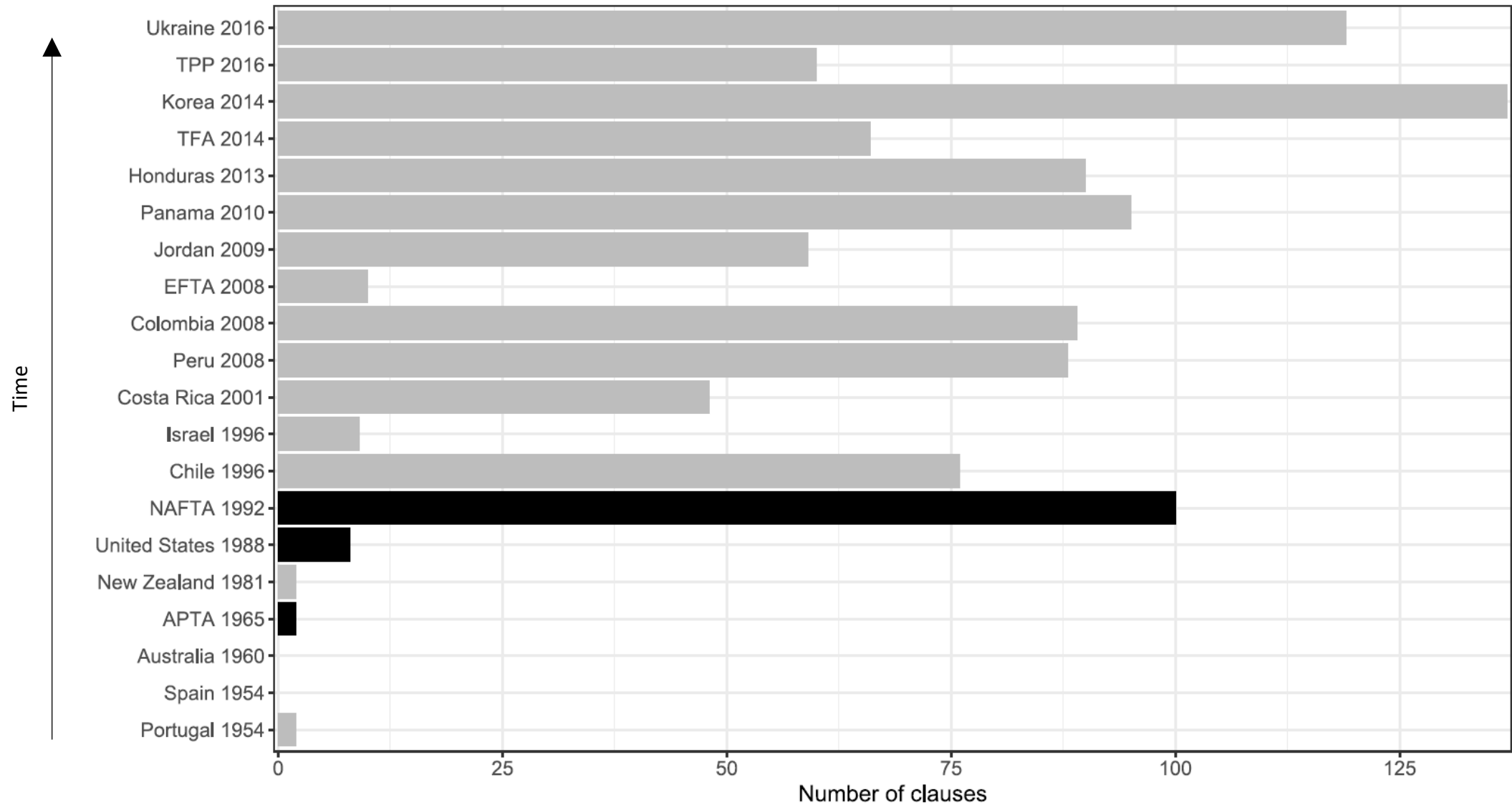
Trade agreements with highest number of unprecedented environmental provisions



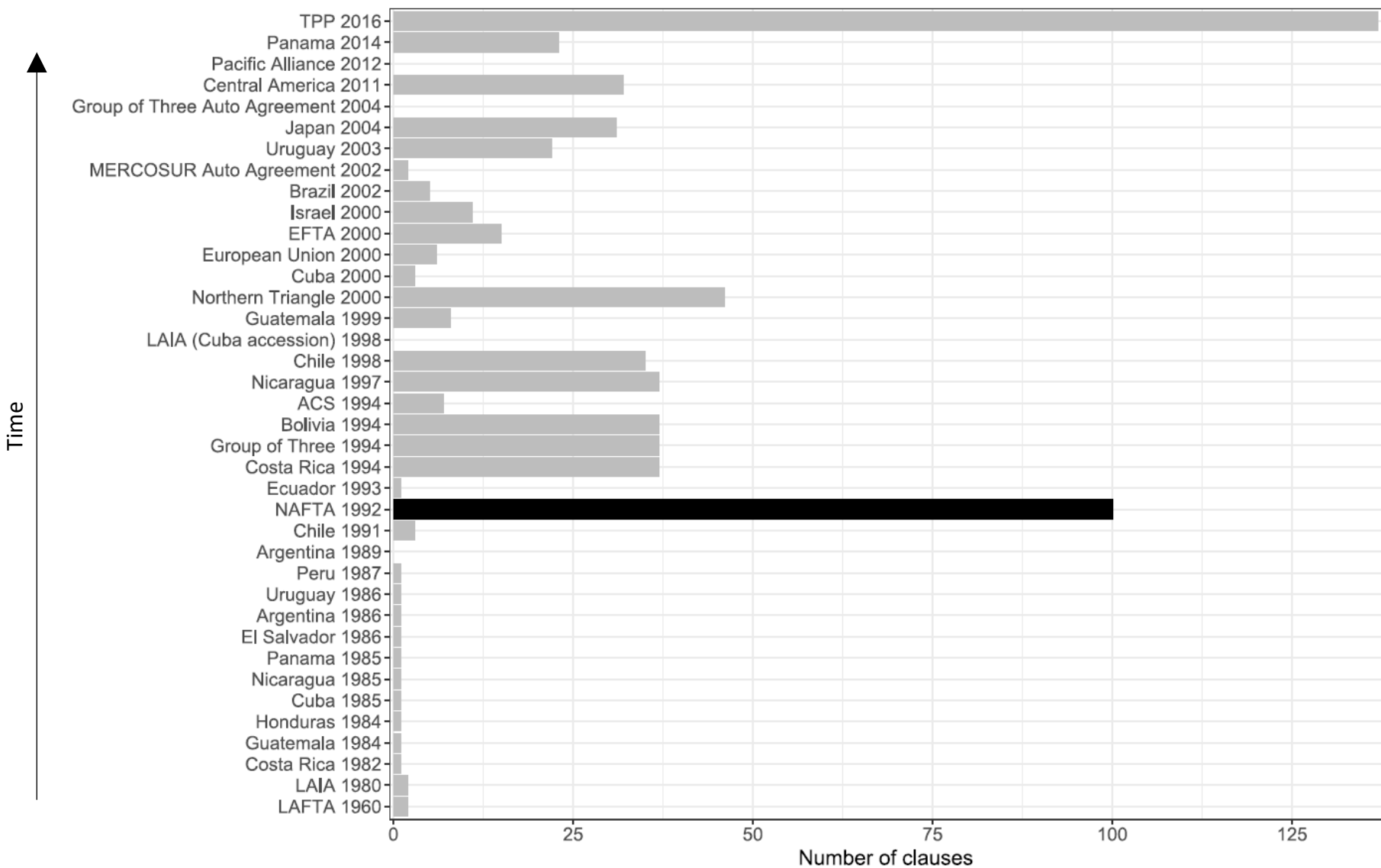
Average number of environmental provisions



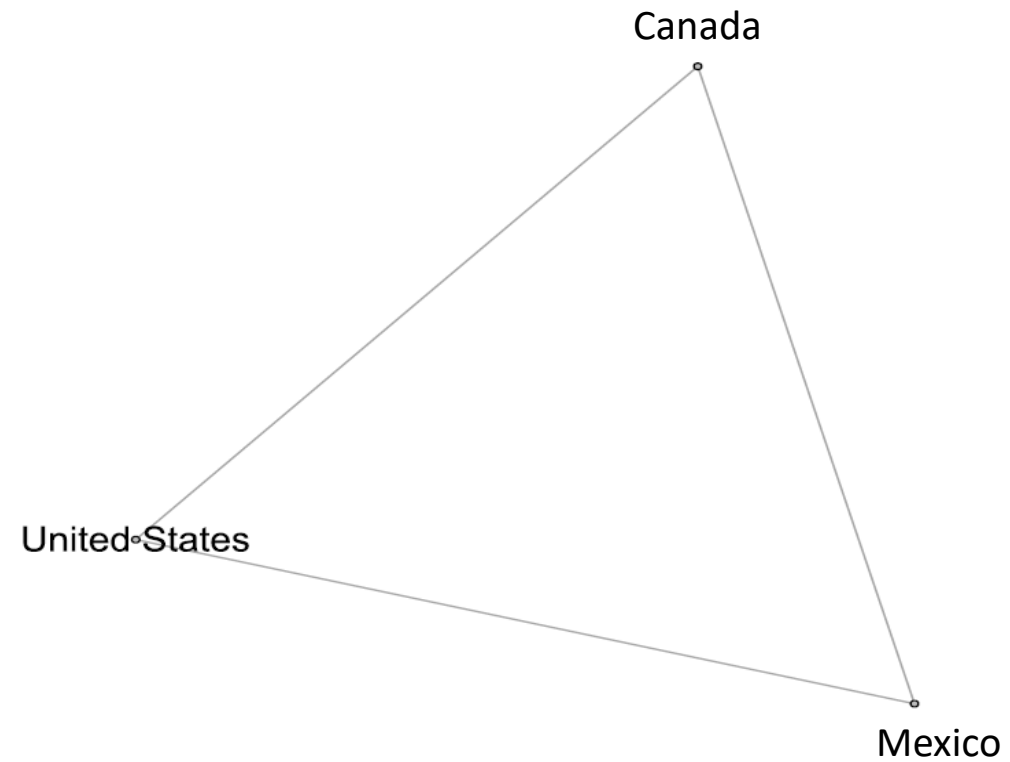
Environmental provisions in Canadian trade agreements



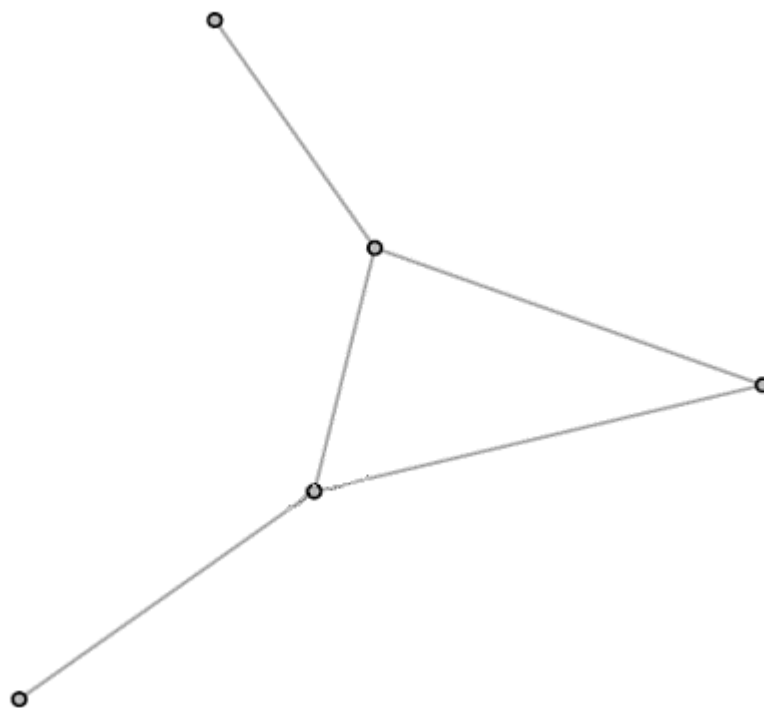
Environmental provisions in Mexican trade agreements



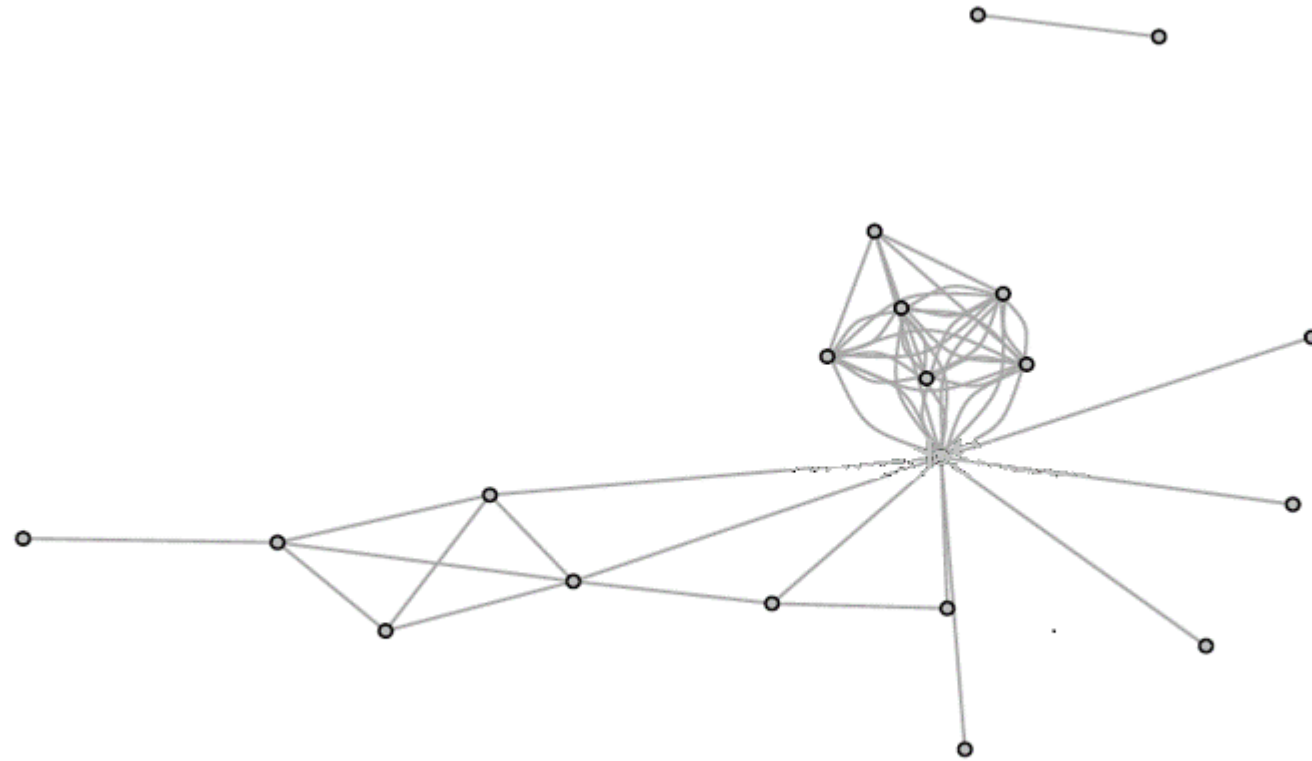
Trade agreements with a clause on public participation 1995



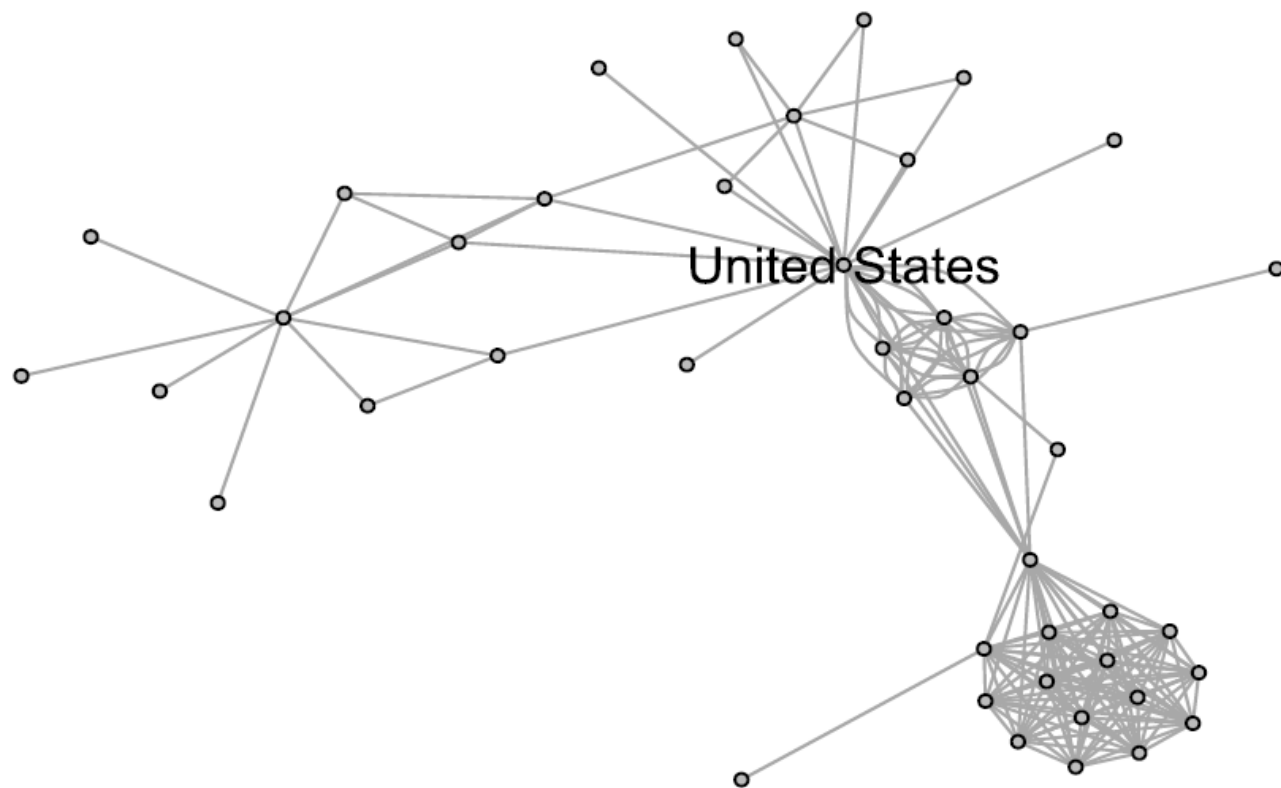
Trade agreements with a clause on public participation 2000



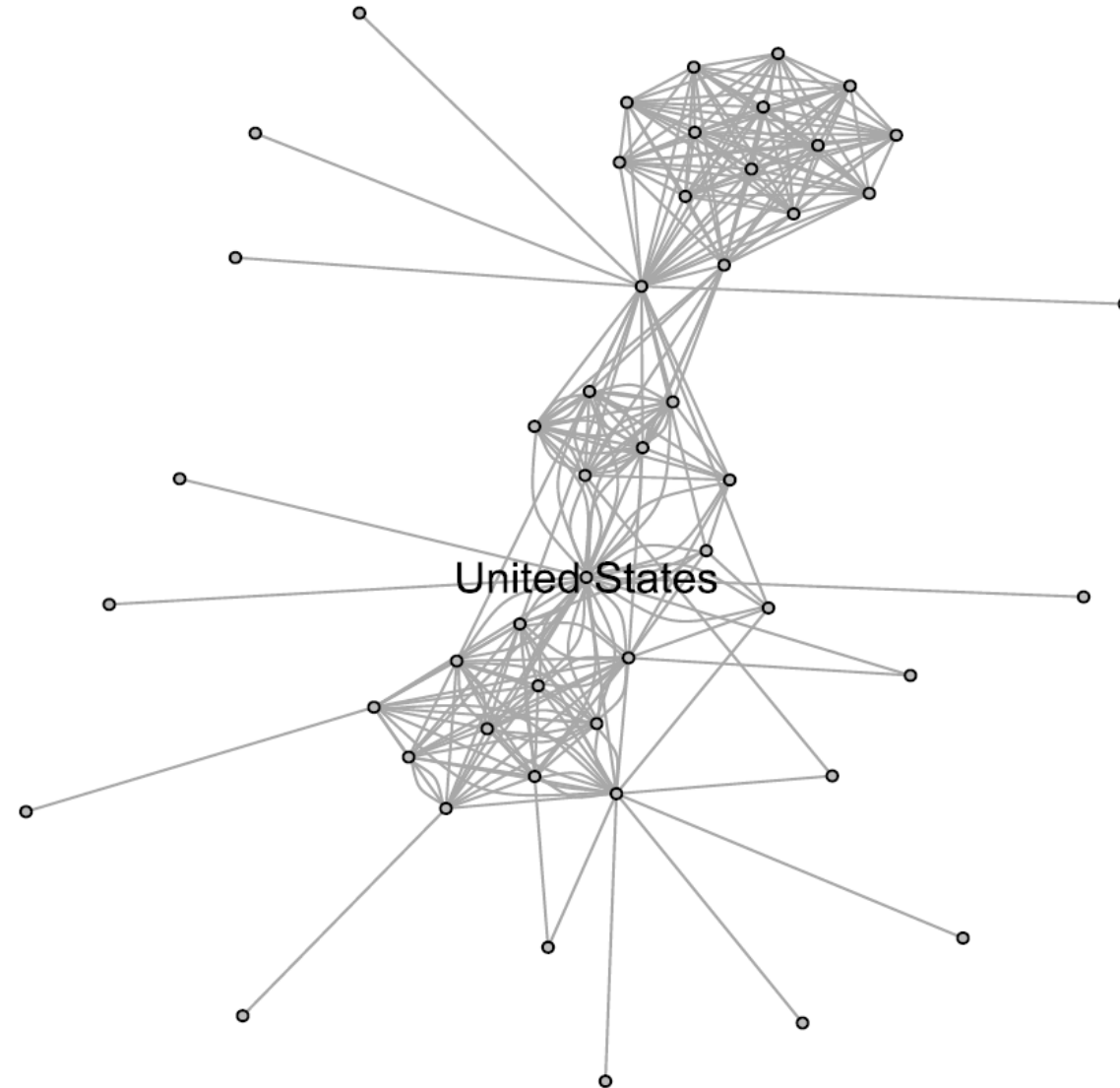
Trade agreements with a clause on public participation 2005



Trade agreements with a clause on public participation 2010



Trade agreements with a clause on public participation 2015



Four takeaways

1. NAFTA and NAAEC were ground-breaking agreements.
2. Environmental provisions can enhance environmental protection.
- 3.
- 4.

Effects of environmental provisions

- Case studies provide mixed evidence. For example, one study finds that environmental provisions in US-Peru free trade agreement have positive effects for endangered species (Jinnah 2011) but another study concludes they have negative effects on forests (Peinhardt et al. 2019)
- Statistical evidence suggest that environmental provisions in trade agreements are associated with reduced emissions of carbon dioxide and suspended particulate matter (Baghdadi et al 2013; Martínez-Zarzoso and Oueslati 2016; Bastiaens and Postnikov 2017; Zhou et al. 2017). However, it remains unclear which environmental provisions have these effects and how they achieve these results.

Effects on domestic environmental regulations

	Low or middle-income countries	High-income countries
Before the entry into force of the trade agreement	0.00245*** (0.000900)	-0.00203** (0.000801)
After the entry into force of the trade agreement	-0.000109 (0.00178)	0.000148 (0.00130)
Other controls	yes	yes
Time trend	yes	yes
Country fixed effect	yes	yes
Observations	1,774	636
Number of id	109	38

Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1

Stronger effects on some issue-areas

Issue areas	Regulations
climate & energy	0.0449*
biodiversity	0.0156**
water	0.162 ***
air pollution	0.342 ***
ozone	-0.0923*
soil	0.316***
fisheries	0.0247*
forest	0.0562*
natural disaster	0.0275
genetic resources	0.0323**
waste	0.0747***
pesticides	0.262***
oceans & coasts	0.0301

Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1

Four takeaways

1. NAFTA and NAAEC were ground-breaking agreements.
2. Environmental provisions can enhance environmental protection.
3. Environmental provisions are not trade restrictive.
- 4.

Effects of environmental provisions on trade flows

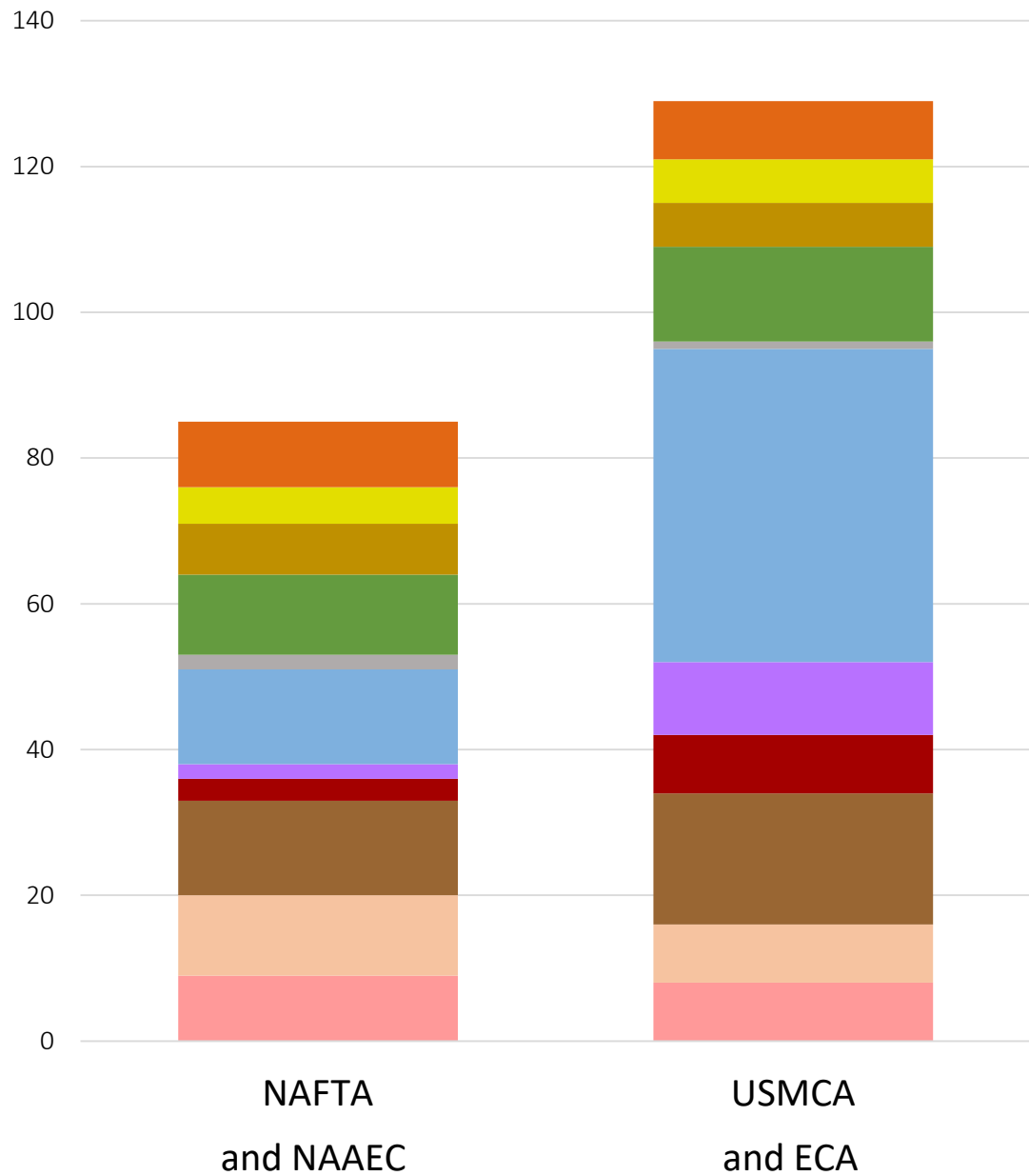
	Trade volume
Trade agreement	0.131*** -0.022
Environmental provisions	0.003*** -0.001
Liberal environmental provisions	0.074*** -0.018
Defensive environmental provisions	-0.010** -0.004
Other controls	yes
Country-Pair FE	Yes
Exporter- and Importer-Year FE	Yes
Observations	773783
R ²	0.869

Effects of environmental provisions on trade flows

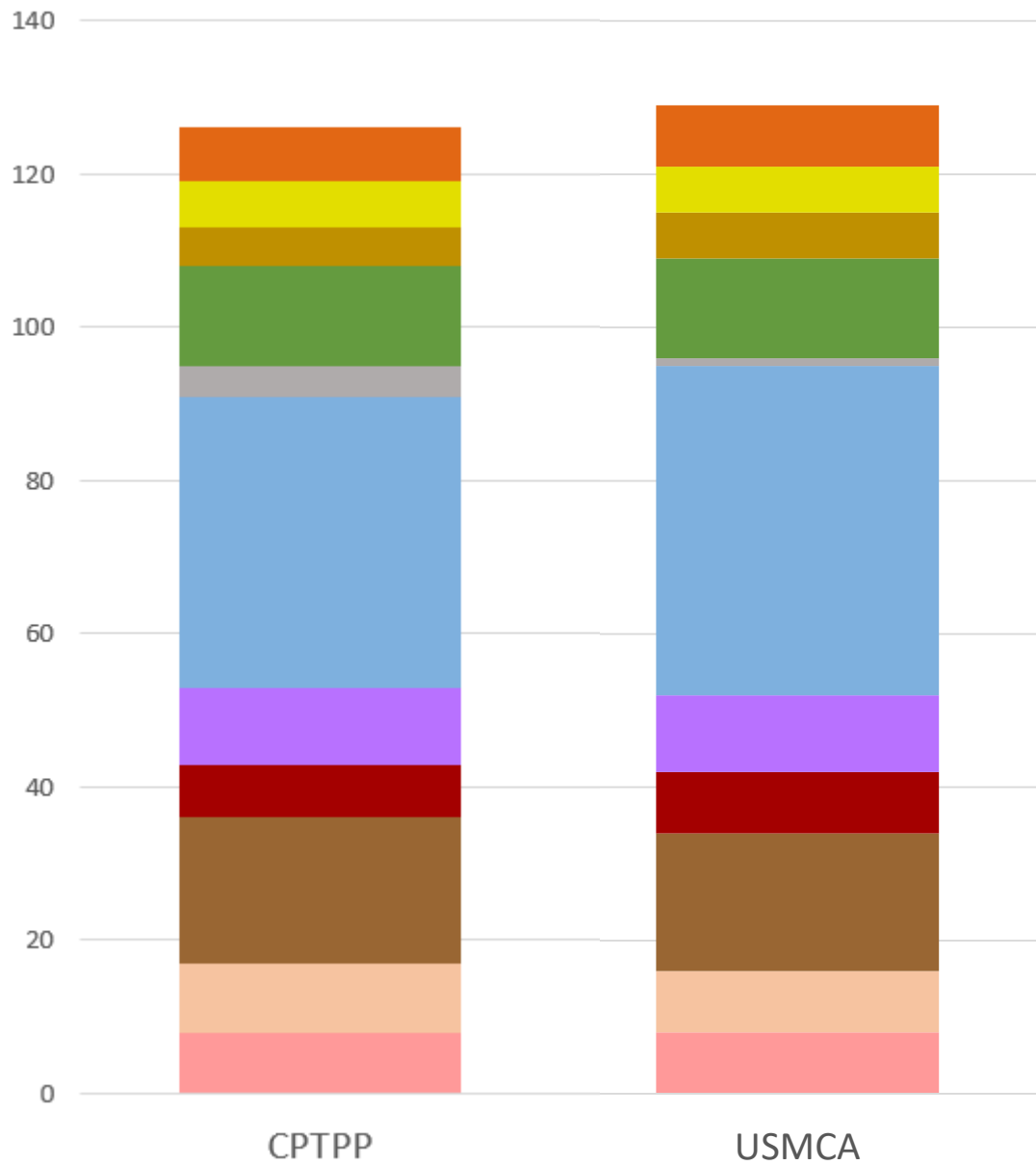
	Brown goods	Green goods
Defensive environmental provisions	-0.403*** (0.135)	-0.114* (0.060)
Liberal environmental provisions	0.538 (0.496)	0.411** (0.184)
Environmental provisions	-0.026* (0.016)	0.002 (0.006)
Trade agreement	0.877 (0.699)	0.156 (0.204)
Depth of the trade agreement	0.366 (0.381)	-0.143 (0.111)
Constant	14.769*** (0.152)	2.343*** (0.050)
Exporter-Importer Fixed Effects	Yes	Yes
Exporter-Year and Importer-Year Fixed Effects	Yes	Yes
Observations	348,844	348,844
Share of export flows under PTA	0.3	0.3
Average ENVPROVS for exports under PTA	24.5	24.5
Average RESTRICTIVE for exports under PTA	0.78	0.78
Average LIBERAL for exports under PTA	0.84	0.84
R ²	0.454	0.213

Four takeaways

1. NAFTA and NAAEC were ground-breaking agreements.
2. Environmental provisions can enhance environmental protection.
3. Environmental chapter are not trade restrictive.
4. USMCA modernizes NAFTA, but it is not as ground-breaking.



- Environmental law principles
- Domestic level of environmental protection
- Enforcement of domestic environmental law
- Intergovernmental cooperation on environmental matters
- Assistance on environmental matters
- Specific environmental issues
- Coherence with non-environmental issues
- Public participation in environmental governance
- Environmental exceptions to trade commitments
- Environmental provisions related to dispute settlement
- References to multilateral environmental agreements



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Few USMCA “novelties”

Article 24.12: “1. The Parties recognize the importance of taking action to prevent and reduce marine litter, including plastic litter and microplastics, in order to preserve human health and marine and coastal ecosystems, prevent the loss of biodiversity, and mitigate marine litter’s costs and impacts.”

Article 24.22 (8): “each Party shall: (b) treat intentional transnational trafficking of wildlife protected under its laws, as a serious crime as defined in the United Nations Convention on Transnational Organized Crime”

ECA, art. 10 (2): “The Work Program may include short-, medium- and long-term cooperative activities in areas such as: (aa) promoting sustainable production and consumption, including reducing food loss and food waste.”

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