

United States Requests Comments on Eliminating Duties on a Broad Range of Environmental Goods

Paul C. Rosenthal, Jennifer E. McCadney

May 1, 2014

On March 21, 2014, the U.S. Trade Representative (USTR) notified Congress of the President's intent to enter into negotiations with a group of World Trade Organization (WTO) Members to eliminate tariffs on environmental goods.¹ The current countries participating in negotiations include: Australia, Canada, China, Costa Rica, the European Union, Hong Kong, Japan, Korea, New Zealand, Norway, Singapore, Switzerland, Taiwan, and the United States. On April 17, 2014, following a request by USTR, the U.S. International Trade Commission (ITC) initiated two investigations to assist USTR in negotiations concerning trade in "environmental goods and related products," covering a 34-page list of products including airport passenger bridges, honey, magnets, manholes, pipe fittings, power transformers, pumps, reservoir tanks, seamless stainless tubing, valves, wind turbines, among many others.²

The first investigation will assess the economic effects of providing duty-free treatment on imports of such environmental goods from all U.S. trading partners on U.S. industries and consumers. This report will be delivered to USTR on August 4, 2014. While U.S. tariffs on environmental goods are relatively low, some WTO Members apply tariffs as high as 35 percent. Because the environmental goods initiative is currently intended to be an open multi-national WTO agreement, any duty reductions will be automatically extended to all WTO Members on a most favored nation basis (*i.e.*, all duties on covered products will be eliminated in participating countries for imports from all WTO Members).

The second investigation will provide trade information and estimates for such environmental goods, including information on the HTSUS nomenclature, specific product examples, major U.S. producers, the estimated value of U.S. imports and exports, key U.S. export markets, and tariff rates in key environmental goods markets. This report will be delivered to USTR on October 6, 2014.

The ITC will hold a public hearing in connection with the first investigation on **May 14, 2014**. Requests to appear should be filed no later than **May 6, 2014**. The ITC is not currently scheduled to hold a hearing in connection with the second investigation, but welcomes written submissions for the record for both investigations. Written submissions should be submitted no later than **May 19, 2014**, for the first investigation, and **July 1, 2014**, for the second investigation.

In addition, the inter-agency Trade Policy Staff Committee (TPSC) is also holding a hearing related to the environmental goods agreement initiative, including potentially expanding the already broad list of products, on **June 5, 2014**. USTR, on behalf of TPSC, has requested public comments regarding U.S. interests and priorities with respect to the this initiative including but not limited to the

following: (1) products that the United States should seek to include under the agreement, including a detailed description of the specific product, and the HTSUS classification number; (2) environmental uses and benefits of the products being proposed for inclusion; (3) U.S. trading partners that are significant producers or consumers of environmental goods; and (4) how best to ensure that such an agreement remains relevant in the future. Written comments and requests to participate in the hearing are due by **May 5, 2014**.

Whether your company is focused on the U.S. market or expanding operations abroad, these negotiations and the related investigations could be critical to your business in several ways—some beneficial and some adverse. The elimination of tariffs on environmental goods provides a unique opportunity for U.S. companies to improve their market access and competitiveness in key markets. On the other hand, these negotiations could lead to increased competition for sensitive domestic products and services in the U.S. market. Kelley Drye would be happy to assist companies in preparing testimony and submissions to the ITC or TPSC on this important issue.

¹ See <http://www.ustr.gov/sites/default/files/03212014-Letter-to-Congress.pdf> for USTR's notification letter to Congress.

² See http://www.usitc.gov/research_and_analysis/ongoing/332_548LetterList.pdf for the complete list.