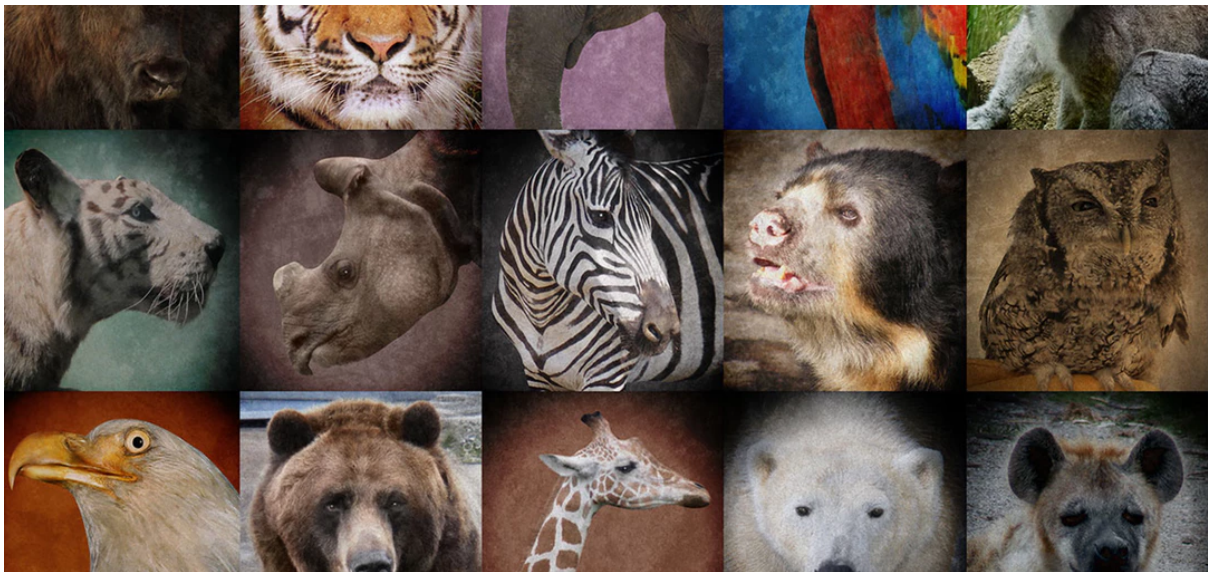


# TPP in Brief: Environmental Standards



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Within the 30 chapters of the Trans-Pacific Partnership (TPP), there are a considerable number of provisions that affect the environment. Understanding these issues will be critical as policymakers evaluate this trade deal. In this report, we summarize TPP's environmental provisions and compare these standards with those in past U.S. trade deals.

## What Are the Environmental Components of TPP?

Here are 10 major environmental provisions in TPP:

1. **Laws on the Books.** TPP countries are required to maintain and effectively enforce their current environmental laws. This specifically targets the concern that a country—particularly a developing country—would weaken their environmental laws and agreements in an effort to encourage more trade and investment.

2. **Endangered Species and Wildlife Conservation.** The market for the illegal wildlife trade is estimated to be \$20 billion per year.<sup>1</sup> TPP takes a series of steps, including levying sanctions and other penalties against individuals or entities engaged in this activity, to combat and prevent the illegal trade of wild flora and fauna. Further, TPP requires additional protections for endangered species, such as rhinoceroses and elephants, and stipulates that countries work to protect the wetlands and other natural areas.<sup>2</sup> This trade deal also mandates that all countries adopt laws that fulfill their obligations under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), a multilateral environmental agreement signed by 182 countries that protects against illegal trade in wildlife.
3. **Fishing.** TPP is the first trade agreement to ever address sustainable fishing practices. Overfishing causes fish stocks to drop, which can lead to severe ecological, environmental, and economic impacts. In fact, it is estimated that reduced fish populations lead to global losses as large as \$23 billion annually.<sup>3</sup> To address this, TPP promotes responsible fishing through a fisheries management system. TPP also stipulates that, first, countries are required to stop subsidies that negatively affect fish stocks in areas that are already being overfished. Second, countries must stop subsidizing fishing vessels engaged in illegal fishing.<sup>4</sup> Both types of subsidies must be stopped within three years of TPP entering into force—a fast timetable considering that the World Trade Organization has been working, without resolution, to eliminate fishing subsidies for over a decade.

4. **Marine Conservation.** TPP requires countries to promote the long-term conservation of sharks, whales, dolphins, sea turtles, sea birds, and other marine species. To accomplish this, TPP requires countries to institute conservation measures like “catch limits,” which lay out what and how much can be caught, as well as “bycatch mitigation protections,” which limit the accidental capture of non-targeted animals (i.e., a tuna-fishing boat accidentally catching sea turtles).<sup>5</sup>
5. **Logging.** TPP countries account for about 25% of global timber and pulp production and nearly 75% of the value of global trade in this area.<sup>6</sup> Through TPP and as part of their CITES obligations, countries have committed to fight illegal logging and associated trade as well as promote sustainable forestry. This is done through greater communication and information sharing as well as cooperation and consultation with non-governmental entities.<sup>7</sup> As a source of the illegal timber, a transit point in the distribution chain, or a source of demand for the timber products, all TPP countries can see the benefit of these illegal logging provisions.
6. **Ozone.** TPP recognizes that “emissions of certain substances can significantly deplete and otherwise modify the ozone layer in a manner that is likely to result in adverse effects on human health and the environment.”<sup>8</sup> As part of this, TPP protects the ozone layer by limiting the production and consumption of ozone-depleting substances that are banned by the Montreal Protocol, an international agreement designed to protect the ozone layer. These substances include refrigerants, coolants, and aerosol-can propellants. TPP also promotes cooperation between countries to increase the development of cost-effective, low-emissions technologies and alternative, clean, and renewable energy sources.<sup>9</sup>

7. **Marine Pollution.** TPP also includes provisions to prevent marine pollution from ships by restating their obligations under the International Convention for the Prevention of Pollution from Ships (MARPOL), an international agreement to prevent marine pollution, to which all TPP countries are a signatory. TPP also encourages cooperation to prevent marine pollution, including limiting emissions from ships and ensuring adequate port waste reception facilities.<sup>10</sup>
8. **Green Products.** TPP eliminates tariffs on numerous environmentally-beneficial goods. For instance, tariffs on wind turbines will immediately go from 5% to duty free, and parts for solar panels to Brunei will eventually drop from a 20% tariff to duty free.<sup>11</sup>
9. **Cooperation.** Because all aspects in this chapter require support and action from all countries, TPP directly encourages greater and better environmental cooperation in a variety of areas—from energy efficiency, to accidental ship pollution, to deforestation. Further, an environmental committee, with a representative from each country, will regularly meet and will oversee the implementation of the environmental provisions within TPP.<sup>12</sup>
10. **Enforcement.** If a country doesn't meet the commitments in TPP, it is subject to a dispute settlement mechanism.<sup>13</sup> Failure to comply can include monetary fines and trade sanctions.

## **How Do Past U.S. Trade Deals Compare with TPP on the Environment?**

Since 2002, the United States has enacted trade deals with 16 countries. So how do these deals compare on environmental issues? *In short, environmental standards in modern U.S. trade deals have become stronger with each successive deal, with TPP having the strongest standards.* While environmental

protections were an afterthought in deals like NAFTA and not a part of the actual trade text, modern trade deals handle these issues very differently. And all these provisions would have to be met by any country that joins TPP down the road.

Environmental standards in modern U.S. deals can be divided into three categories: bronze, silver, and gold.

**BRONZE:** The bronze category includes the George W. Bush-era trade agreements, with Chile (2004), Singapore (2004), Australia (2005), Bahrain (2006), CAFTA-DR (2006-2009), Morocco (2006), and Oman (2009). In these deals, environmental protections are in the core of the agreement (and not cast off to a side deal as was the case under NAFTA), and the agreements stipulate that each party must effectively enforce its own environmental regulations. However, these agreements only had a single enforceable provision that mandated countries could not relax enforcement of environmental laws in a way that affected trade. Simply, a country can't stop enforcing their environmental laws for economic gain. In this category, the penalty for violators was a monetary fine, and didn't include any suspension of trade benefits.

**SILVER:** This category includes the most recent U.S. FTAs with Peru (2009), Colombia (2012), Korea (2012), and Panama (2012). These FTAs took a stronger environmental stance than previous deals as a result of the May 10th Agreement, a bipartisan compromise struck in 2007 that required strong environmental language in future trade deals. Because of the May 10th Agreement, many environmental protections became enforceable. Further, the May 10th Agreement provided for trade sanctions (including monetary fines without a ceiling) to be used as well as the same dispute settlement mechanism used in other commercial parts of a trade deal.

**GOLD:** TPP includes the highest environmental standards for any trade deal ever. Building on the protections in the Silver category, TPP has stronger environmental rights, better enforcement, and stiffer penalties for violators, which include

stopping trade benefits. And, notably, TPP upgrades the environmental provisions with six countries (Australia, Canada, Chile, Mexico, Peru, and Singapore) with which the United States already has FTAs. Further, any countries that wish to join TPP will be required to meet these standards before acceding.

	<b>BRONZE</b> Singapore, 2004 Chile, 2004 Australia, 2005 Morocco, 2006 CAFTA, 2006-09 Bahrain, 2006 Oman, 2009	<b>SILVER</b> Peru, 2009 Colombia, 2009 Korea, 2012 Panama, 2012	<b>GOLD</b> TPP, 2015
Effectively enforce their own environmental laws	No	Yes	Yes
Cannot waive or derogate from environmental laws to encourage trade/investment	Yes	Yes	Yes
Implement the Convention on International Trade in Endangered Species (CITES)	No	No	Yes
Further commitments on combatting illegal trade in wild fauna and flora, including that in violation of other countries' laws	No	No	Yes
Includes commitments on: control of marine pollution, control of ozone depleting substances, protections for natural protected areas, & on illegal fishing	No	No	Yes
Prohibits harmful and unfair fish subsidies	No	Yes	Yes
Penalties for violators can include trade sanctions	No	Yes	Yes

## Conclusion

Our trade deals have come a long way since environmental provisions were virtually cast aside in NAFTA. Standards have been raised, and enforcement has become stronger. The end result is that TPP includes the strongest environmental standards in any trade deal ever. That's why this deal has received strong support from groups like the World Wildlife Fund, The Nature Conservancy, and The Humane Society.<sup>14</sup> That itself is impressive—and even more so when you see how far we have come.

### TOPICS

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## END NOTES

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