

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

MAR 21 2014

The Honorable John Boehner
Speaker
United States House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

On behalf of President Obama, I am pleased to notify Congress that the Administration intends to enter negotiations for a new trade agreement in the World Trade Organization (WTO) aimed at eliminating tariffs on a wide range of environmental goods.

Under President Obama's National Export Initiative, the Administration has created and seized opportunities to expand and enhance trade to support increased U.S. exports and jobs. The President's decision to enter into negotiations on an environmental goods agreement reflects input from a wide variety of stakeholders, including Members of Congress and others, who have urged the Administration to negotiate and conclude a comprehensive agreement to liberalize trade in environmental goods.

Such an agreement will build on U.S. leadership in the Asia-Pacific Economic Cooperation (APEC) forum on environmental goods, and maintain momentum in the WTO for the kinds of fresh, credible approaches to trade negotiation that led to success at the 9th WTO Ministerial Conference in December 2013.

An agreement on environmental goods can also make an important contribution to the domestic and international environmental protection agenda. By eliminating tariffs on the environmental technologies we need to keep our air and water clean, for example, we can make them cheaper and more accessible to everyone.

American companies are some of the world's leading innovators and exporters of environmental technologies, and a WTO environmental goods agreement can support green jobs here at home and level the playing field abroad for U.S. businesses.

We intend to begin negotiations on this new agreement at least 90 days after the transmittal of this notification. The negotiations are open to all WTO Members that are prepared to eliminate tariffs on a set of environmental goods, building on the list of 54 goods endorsed by APEC Leaders as the starting point. Currently, the following Members accounting for approximately 86 percent of global trade in environmental goods have expressed an interest in participating in the negotiations: Australia, Canada, China, Costa Rica, the European Union, Hong Kong, Japan, Korea, New Zealand, Norway, Singapore, Switzerland, Chinese Taipei, and the United States. The Office of the U.S. Trade Representative (USTR) will consult with and provide advance written notice to Congress before other WTO Members join the negotiations.

To ensure that our negotiating objectives appropriately reflect key U.S. interests and concerns, USTR will intensify consultations over the coming months with Congress, including but not limited to USTR's committees of jurisdiction, as well as with a wide range of stakeholders. In accordance with procedures for initiating negotiations, USTR will publish a notice in the *Federal Register* seeking comments from the public, hold a public hearing, and meet with relevant trade policy advisory committees.

We expect that such an environmental goods agreement would apply the WTO principle of Most Favored Nation and enter into force only after a "critical mass" of major global traders join. For example, the WTO Information Technology Agreement required 90 percent of world trade be covered by participants in order to enter into force, so as to reduce concerns about free riders. We anticipate a similar threshold requirement for an environmental goods agreement.

U.S. exports of environmental goods, such as wind turbines, solar panels, and wastewater treatment filters, totaled \$106 billion in 2013. Global trade in environmental goods has grown substantially over the last decade, and U.S. exports of environmental goods grew 5 percent faster than U.S. exports of industrial goods in general from 2008-2012.

U.S. tariffs on environmental goods are relatively low. However, some WTO Members apply tariffs as high as 35 percent on these products. Given a fair opportunity, U.S. companies will be able to compete and succeed in this dynamic global market.

As 95 percent of the world's consumers live beyond U.S. borders, trade agreements that cut the costs of exports to other markets play a vital role in America's continued prosperity. In addition, our environment is increasingly vulnerable to global threats of pollution that originates off of our shores. An ambitious environmental goods agreement that commits the world's traders and emitters can simultaneously advance both our trade and environmental objectives.

We look forward to working together closely as we further develop U.S. objectives and carry out negotiations to conclude this new agreement with timely and positive benefits for the United States.

Sincerely,


Ambassador Michael B.G. Froman

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THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

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The Honorable Patrick Leahy
President Pro Tempore
United States Senate
Washington, D.C. 20510

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Sincerely,

A handwritten signature in black ink that reads "Michael Froman". The signature is written in a cursive, flowing style.

Ambassador Michael B.G. Froman