



THE INSTITUTE OF CLEAN AIR COMPANIES (ICAC)  
INTERNATIONAL CONVENTIONAL  
POLLUTANTS DIVISION

Issue Brief for  
United States Environmental Protection Agency  
Administrator E. Scott Pruitt



## EXECUTIVE SUMMARY

Global trade in environmental technologies is calculated to be worth approximately one trillion dollars per year and the U.S. share of that trade is worth more than 200 billion dollars. The worldwide air pollution control market is worth approximately 60 billion dollars annually and the U.S. share of that is worth approximately 20 billion dollars annually. There is an enormous opportunity for the U.S., as a world leader in air pollution control, to export such technologies around the globe. ICAC is working with EPA and the Department of Commerce on numerous trade and export related activities, including the joint EPA/Commerce Environmental Solutions Toolkit, the Environmental Technologies Trade Advisory Committee (ETTAC), Trade Missions, Market Reports and negotiations related to environmental goods. ICAC encourages EPA leadership to participate in and support these activities.

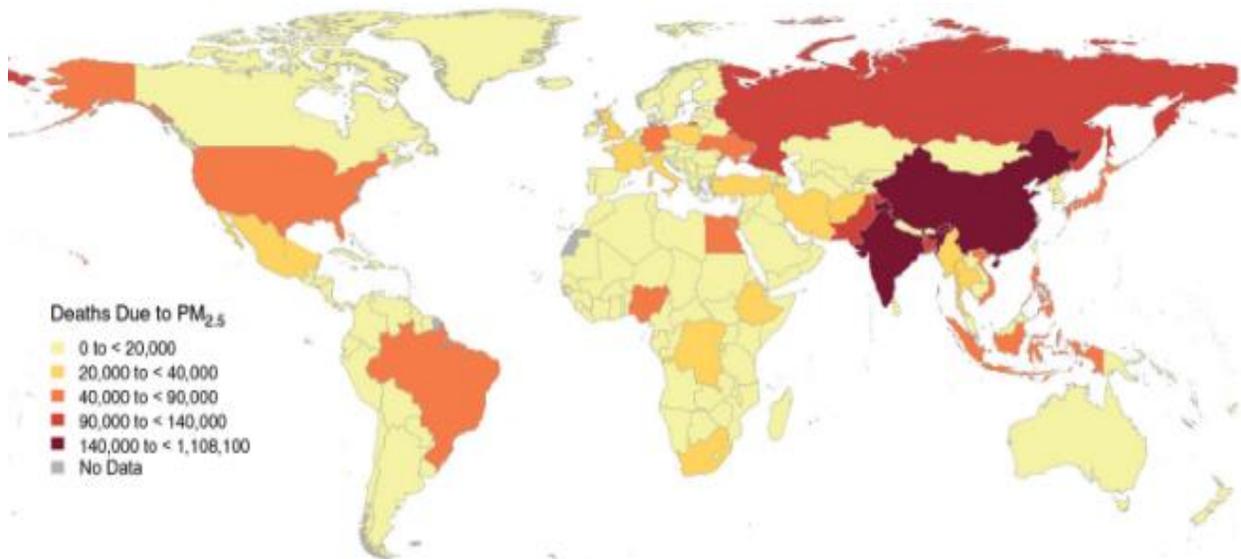
# 1. INTRODUCTION

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Global trade in environmental technologies, materials and services is estimated to be worth almost a trillion dollars annually. In 2015, the United States exported environmental technologies, materials and services worth \$238 billion, and these types of exports have been growing at a rate of about six percent per year. This resulted in a trade surplus for the environmental industries sector of \$26.9 billion in 2015. The U.S. environmental industries sector supported over 1.6 million jobs and generated over \$320 billion in revenue. Although these figures represent combined, air, water, waste and other technologies, a substantial element in all of these figures is the contribution of the air pollution control industry, and globally, that market is expected to grow in the years ahead. The global market for air pollution control equipment reached nearly \$56.6 billion and \$61 billion in 2013 and 2014, respectively. This market is expected to grow at a compound annual growth rate (CAGR) of 5.2% to \$78.4 billion for the period 2014-2019. According to the International Trade Administration's Top Markets Report, U.S. industry revenues for air pollution control in 2015 totaled \$20.1 billion, including equipment, instruments and related services.

For more than 50 years, the United States has led the way in clean air pollution control technology, resulting in perhaps the most successful clean air program anywhere in the world. This program has created many skilled jobs here in the United States. As the map below shows, there is an enormous opportunity that exists for us to sell pollution control in countries like India and China, which have air pollution problems that affect billions of people at dangerously high pollution levels.

Figure 1. Number of Deaths Attributed to Fine Particulate Matter  
(<https://www.stateofglobalair.org/>)



EPA, the U.S. Department of Commerce (DOC), and the U.S. Department of State can play a key role in protecting and expanding this market. ICAC has worked with and continues to work with the EPA Office of International Affairs, and with DOC and the Department of State to assess current markets, and develop new market opportunities. We have also worked to promote trade and information exchange and to remove barriers to trade that exist in the environmental area.

The following discussion highlights a few of these key efforts and the ongoing international work of ICAC, DOC and the Department of State in the environmental technologies area. We include a few recommendations for additional areas that ICAC, EPA and DOC could collaborate.

## 2. EPA/DEPARTMENT OF COMMERCE/ICAC INTERNATIONAL ACTIVITIES AND ISSUES

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### 2.1 THE U.S. ENVIRONMENTAL SOLUTIONS TOOLKIT

EPA and the Department of Commerce International Trade Administration have jointly developed the U.S. Environmental Solutions Toolkit. The Toolkit is an interactive online guide that connects U.S. providers of environmental technologies and services to potential clients around the world. The Toolkit was created in collaboration with private entities like ICAC. As noted by the then Undersecretary of Commerce Francisco Sanchez, “This product was the genesis of cooperation between the U.S. government and the private sector and will foster export opportunities and job creation in the U.S. environmental industry, while advancing environmental protection goals around the world.”

The Toolkit allows users to identify EPA solutions for environmental issues, links those solutions with appropriate technology, and allows the user to identify and connect with suppliers of those technologies. It provides “one-stop” shopping for such foreign buyers of pollution control products.

An updated Toolkit is being released and additional opportunities for private sector input are being explored. ICAC is actively involved in these efforts with EPA and DOC. ICAC would like to work with EPA and DOC to explore ways in which the Toolkit could gain greater prominence worldwide so that it would become the “go to” tool for foreign business seeking pollution control. Some consideration should be given to marketing channels for promoting the tool to target users. Other activities could include ICAC working with EPA and other federal agencies to assess the state of pollution control efforts in other countries and, based on that assessment, helping to promote the Toolkit as a key resource for foreign entities seeking to purchase and install pollution controls. A key aspect of that would be further work and cooperation with EPA and DOC on the Top Markets Report, as described below.

### 2.2 TOP MARKETS REPORT

A useful tool for assessing markets is the Top Markets Report on Environmental Technologies. DOC has recently updated the report for 2017. The report covers 2017, but also uses data and inputs from prior years as well. The Top Markets report identifies and ranks more than fifty export markets where focused government resources will have the

largest impact in increasing commercial opportunities for U.S. companies. The Top Markets report uses three key criteria for making this assessment: the first is to look for markets that are large and growing, the second is to look for markets that have a clear and increasing need for imported technology and services and the third is to check whether U.S. exports are lower than predicted, which may indicate the presence of policy and trade barriers. The report includes 10 case studies for specific countries and three regional supplements. A link to the Top Market Report is here: <http://www.trade.gov/topmarkets/environmental-tech.asp>

As DOC updates this report in future years, ICAC will continue to work with them to ensure that it includes the latest information and continues to be a very useful tool for all in the pollution control technology area. The Top Markets Report assesses several countries, and the inclusion of additional information regarding the regulatory programs in these and other countries could be very useful. We encourage additional resources be devoted to this area and believe EPA can play an important role. In particular, we would hope that EPA could provide assistance in better understanding the regulatory situation in both the Top Market countries and other countries, which will be helpful both environmentally and for businesses seeking to sell into such markets.

## 2.3 THE ENVIRONMENTAL TECHNOLOGIES TRADE ADVISORY COMMITTEE

Created by Congress in 1994 under the “Jobs Through Trade Expansion Act”, the Environmental Technologies Trade Advisory Committee (ETTAC) is a federally-established advisory committee composed of industry professionals whose purpose is to advise the Environmental Trade Working Group, through the Secretary of Commerce, on the policies and procedures of the U.S. government that affect environmental technology exports. ICAC President Michael Corvese is a member of the ETTAC, along with a number of other individuals representing ICAC member companies.

The ETTAC is in the process of making recommendations to Secretary Ross. These will include recommendations regarding both NAFTA and, as discussed below, pursuit of environmental goods agreement(s). We endorse these recommendations and encourage Administrator Pruitt to consider them as well. EPA is also closely involved in the ETTAC, with staff from the EPA Office of International and Tribal Affairs helping ICAC and the DOC assess and pursue export opportunities.

## 2.4 ENVIRONMENTAL GOODS AGREEMENT (EGA) NEGOTIATIONS

Since 2014, the United States and other countries have been exploring the idea of an environmental goods agreement (EGA), which would equalize the tariff structure for

environmental goods. U.S. tariffs on environmental goods are already low; however, other countries charge tariffs as high as 50 percent on these goods. By eliminating tariffs that other countries impose on environmental goods, we can help level the playing field for U.S. manufacturers and workers – supporting good manufacturing jobs here in the United States.

The negotiations on the EGA included the United States, Australia, Canada, China, Costa Rica, the European Union, Hong Kong, Iceland, Israel, Japan, Korea, New Zealand, Norway, Singapore, Switzerland, Chinese Taipei and Turkey. These countries together account for nearly 90% of global exports in environmental goods.

Leaders of the Asia-Pacific Economic Cooperation (APEC) agreed to reduce tariffs on a list of 54 environmental goods by the end of 2015. Further progress could occur by taking the next step of eliminating tariffs on these 54 goods and expanding product coverage to include additional environmental technologies. The technologies on this list include air pollution control technologies such as wet scrubbers and NOx controls and other products made by ICAC members. Also included on the list are numerous water and wastewater treatment technologies made by ICAC member companies (and other U.S. companies), that will be increasingly in demand worldwide. Some countries apply tariffs as high as 26% on environmental technologies, which play an essential role in reducing harmful emissions and improving public health in cities around the world. Another type of technology that is included would be air and water quality monitors, which are essential for companies and municipalities in meeting environmental performance standards, as well as measuring the energy and water consumption of households and organizations. Tariffs on these products can be as high as 18%.

ICAC would encourage this administration to see if tariffs on these products could be reduced, either in the context of continued negotiations on the EGA or perhaps in the context of an appropriate bi-lateral negotiation, with key countries.

## 2.5 NAFTA

The administration has announced its intent to renegotiate the North American Free Trade Agreement (NAFTA). ICAC is working with the ETTAC to raise key NAFTA related issues with Secretary Ross. These issues include incorporation of an environment chapter in the core agreement that would include enforceable environmental provisions binding on all countries and support for cooperative efforts to address non-tariff barriers in environmental goods. Another issue that NAFTA should address is intellectual property protection, which is key for ICAC members. We would encourage EPA to assist USTR and the relevant Interagency Working Group in developing and negotiating these provisions so that trade of environmental goods within North America takes place under a more equitable agreement. ICAC would appreciate the opportunity to work with EPA and the DOC on these issues.

### 3. LOOKING FORWARD

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At a recent meeting of the ETTAC on July 18, 2017, DOC Deputy Chief of Staff Israel Hernandez indicated that he would consider a high-level trade mission for the environmental technologies sector. ICAC believes this would be a very useful step forward in promoting exports of U.S. technologies and would encourage Administrator Pruitt to consider participation in such an event along with Secretary Ross and perhaps Secretary Tillerson.

At the same ETTAC meeting, DOC Deputy Assistant Secretary Ian Steff offered to meet with members of ETTAC to discuss their issues and concerns. ICAC and other members of the air pollution control industry plan on meeting with Mr. Steff in the near future. We would welcome a similar meeting with appropriate EPA political leaders on the international front in order to facilitate additional coordination and exchange perspectives.

ICAC is in the process of working with the United States Trade and Development Agency (USTDA) to develop a "Reverse Trade Mission" (RTM) for Worldwide Coal Power Emissions Monitoring and Control. USTDA's goal is to advance U.S. commercial interests and economic development in developing and middle-income countries. USTDA links U.S. companies with foreign governments and businesses. In the RTM, USTDA will fund a trip for regulators and buyers to come to the U.S. and meet with American businesses and tour relevant facilities. In the planned RTM, up to 20 regulators and buyers will be brought to the U.S. and visit up to three cities and likely attend a major convention or trade fair in the air pollution control area. Countries we are considering would include India, Vietnam, Indonesia, Chile, and Columbia among others. We should also look at both the European continent, particularly Eastern Europe and Africa.

ICAC would request that EPA liaison with USTDA and others with a view toward possible high-level participation in the Coal-Fired Power Emissions RTM, as well as any other RTMs we can develop in this area.

Finally, we would note that the proposed administration budget would defund key activities within the EPA Office of International and Tribal Affairs that are critical to the work of enhancing export opportunities for ICAC members in the air pollution control area. Instead of defunding these activities, we would request that Administrator Pruitt and his staff consider ways in which such funding could be maintained and then used to benefit American businesses in order to stimulate our economy and create jobs, while also furthering environmental protection goals.

ICAC appreciates the interest of Administrator Pruitt in this area and is happy to offer any assistance it can provide regarding international air pollution control efforts. We look forward to working with you to help address America's trade imbalance while also helping to protect the worldwide environment.