

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

The Honorable Shara L. Aranoff  
Chairman  
U.S. International Trade Commission  
500 E Street, S.W.  
Washington, D.C. 20436

DOCKET NUMBER
2727
Office of the Secretary Int'l Trade Commission

APR 14 2010

Dear Chairman Aranoff:

In 2002 as part of the preparations for the World Trade Organization (WTO) Doha Round negotiations, former United States Trade Representative Zoellick requested that the U.S. International Trade Commission (Commission) provide advice as to the probable economic effect of implementing certain tariff reduction scenarios (Inv. No. 332-440). As requested, the analysis in the Commission's report was based on 2002 U.S. Harmonized Tariff System (HTS) nomenclature and 2000 trade data.

As part of the WTO Doha Round negotiations, the United States has shown leadership in advancing the negotiations to liberalize trade in environmental goods and services. We have put forward ambitious proposals to eliminate tariff and non-tariff barriers for a broad range of environmental goods. Most recently we have been working with like-minded WTO partners to explore the potential for agreement on liberalizing trade in innovative, climate-friendly goods. By promoting trade and investment in clean energy and other environmental technologies, we can create jobs at home, expand market access opportunities for our exporters, and better protect the environment around the world.

### Report I

In order for U.S. negotiators to have the most recent information and analysis available, it would be useful for the Commission to update the probable economic effect advice on environmental goods provided in the Commission's 2002 report. Accordingly, under authority delegated by the President to me and pursuant to section 332(g) of the Tariff Act of 1930, I request that the Commission provide advice as to the probable economic effect on U.S. industries and on U.S. consumers of reducing U.S. tariffs to zero on dutiable imported environmental goods from all U.S. trading partners, based on the 2010 HTS nomenclature at the 8-digit level, and using 2009 trade data. This report should be delivered within six months from the receipt of this letter.

In the absence of a universally accepted definition of an "environmental good," I request that for purposes of its analysis, the Commission should refer to the items proposed in Annex III of WTO document, TN/TE/19, and as applicable, the additional product-specific descriptions set out in that Annex.

### Report II

As the Administration considers policy initiatives to strengthen the export opportunities and presence of U.S. environmental goods producers in the global marketplace, USTR would benefit significantly from a more detailed assessment of current global trade in environmental goods, as

well as an analysis of how U.S. environmental goods exporters might benefit from trade liberalization. Therefore, under authority delegated by the President to me and pursuant to section 332(g) of the Tariff Act of 1930, I request that the Commission:

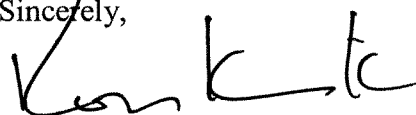
- Provide an overview of the current state of global environmental goods trade; and
- Develop industry, trade, and market information for the items proposed in Annex III of WTO document, TN/TE/19, taking into account to the extent possible, the additional, more detailed product descriptions in that Annex. Such information should include major U.S. producers and exporters, key U.S. export markets, MFN applied and bound tariffs in those markets, and the value of U.S. imports and exports for 2007-09, to the extent practical; and
- Prepare several case studies on the competitive position of selected U.S. environmental goods industries that produce the items proposed in Annex III of WTO document, TN/TE/19. The Commission should select environmental goods of significant export and/or commercial interest to the United States. Each case study should include a description of the competitive factors affecting exports, or the potential to export, and to the extent practical, identify tariff and non-tariff measures, government programs, and technological advantages, and provide information on shares in domestic and major foreign markets as well as other relevant information.

The Commission's second report should be delivered within ten months from the receipt of this letter.

In accordance with USTR policy implementing Executive Order 12958, I direct you to mark or identify as "confidential," for a period of 10 years, such portions of the Commission's Report I and its associated working papers that deal with the requested probable economic effect advice as well as relevant parts of the more detailed analysis, as identified by USTR, provided in Report II. I also request that you submit outlines of both Report I and Report II as soon as possible to enable USTR officials to provide you with further guidance on the extent to which portions of the reports require classification and the duration of such treatment. Consistent with the Executive Order, this information is being classified on the basis that it concerns economic matters relating to the national security. USTR also considers the Commission's reports to be inter-agency memoranda that will contain pre-decisional advice and be subject to the deliberative process privilege. Based on these outlines, a USTR official with original classification authority will provide you with written instructions.

Thank you for your cooperation in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Kirk", with a large, stylized initial "R" and a long horizontal stroke extending to the right.

Ambassador Ron Kirk