

Marcus Schaper

The U.S., Europe, and National Interest: Environmental Standard-Setting when Trade Interests Collide

This paper is concerned with an example of transatlantic harmonization of policies in a practical perspective. Studying environmental standard-setting for export credit agencies provides an interesting perspective on how conflicting environmental policy positions emerge and are mediated across the Atlantic. In this issue area, the European Union plays a somewhat limited role; therefore, this paper will focus on one of the most relevant national players in Europe, Germany. Differing regulatory cultures that have produced differing means to provide export credits, nevertheless, provide a direct link to the project's theme of different institutional structures and policy cultures. It is exactly these differing regulatory cultures that have turned export credit agency policy harmonization into a contentious issue.

At this point, the U.S. case study still needs refinement. I have scheduled a number of interviews with key policy-makers and activists for late July and early August. The outcome of these interviews will certainly impact the current draft case study.

In setting environmental standards for export credit agencies, Germany and the United States assume counter-intuitive roles. The United States unilaterally implemented high standards in the mid-1990s and sought harmonization of these standards within the OECD to its own level. In 2001, OECD negotiations resulted in non-binding "Common Approaches" to environmental screening that fell short of U.S. demands – due largely to Germany's opposition to certain provisions in the U.S. proposal. The consequences were high environmental standards for U.S. exporters seeking export credits, and lower standards for their foreign competitors; thus putting U.S. exporters at a disadvantage vis-à-vis their competitors in accessing developing- and transition-country markets.

I argue that roles were distributed this way because of diverging domestic institutions and domestic power distributions. Rules proposed by the United States provided for a poor institutional fit in countries which also had less incentives than the United States to arrive at a substantial international agreement on the issue. This case underscores that domestic politics and national interest drive international environmental politics. Norms and values matter and certainly help particular negotiating parties that can invoke them on their behalf, but they first need to overcome hard material interests that may leave little room for "good" policy.