

**Trade and the Environment in Latin America:
Examining the Linkage with the USA¹**

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Abstract

This paper investigates how trade of ‘dirty’ goods with the USA can affect the environmental pollution in Latin American (LA). By controlling for trade intensity, the share of manufacturing in GDP, and the trade of pollution-intensive products with the USA, CO₂ emissions are estimated for 14 LA countries between 1986 and 1999. Our results show that increasing exports of ‘dirty’ products to the USA tends to raise CO₂ emissions in LA countries, while the opposite results occur for growing imports of those goods from the USA. We also find that the absolute value of the coefficient of ‘dirty’ imports from the USA is larger than the absolute value of the coefficient of ‘dirty’ exports to the USA during the estimation period.

JEL classification: F18; O13; L60; Q56

Keywords: Trade; Pollution; Environmental Kuznets curves; Inter-American relationship

¹ This is a slightly modified version of our note (Takeda and Matsuura, 2005). We would like to thank an anonymous referee for his/her useful comments. All remaining errors are our own.

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