

## **Convergence in trade associated pollution**

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Satoshi Honma\*<sup>1</sup> and Yushi Yoshida <sup>2</sup>

<sup>1</sup> School of Political Science and Economics, Tokai University, Japan

<sup>2</sup> Faculty of Economics, Shiga University, Japan

### **Abstract**

By taking account of intermediate trade, we examine the pollution terms of trade (PTT) for CO<sub>2</sub> for 40 countries for the period between 1995 and 2009. The PTT for CO<sub>2</sub> is carefully constructed by implementing the input-output tables for all 40 countries disaggregated at 35 industries. We examine whether the pollution emission convergence exists with respect to the PTT. The empirical results show that the change rate of the PTT is negatively related to the growth rate of GDP per capita, the level of the initial GDP per capita, and the level of the initial PTT. These results support the pollution emission converges in the long-run.

Keywords: World input-output table; International trade; Pollution haven hypothesis; Pollution Terms of Trade.

JEL Classification Codes: F18; O13; Q56.

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\* Satoshi Honma (corresponding author): honmasatoshi@tokai.ac.jp. Yushi Yoshida: yushi.yoshida@biwako.shiga-u.ac.jp. This research is financially supported by JSPS KAKENHI Grant Number 25380346.