

Title: North-South Displacement Effects of Environmental Regulation: The Case of Battery Recycling

Authors: Shinsuke Tanaka, Kensuke Teshima, Eric Verhoogen

Abstract: This study examines the effect of tightening the U.S. environmental standard on lead in 2009 on the relocation of battery recycling to Mexico and on health outcomes in Mexico. In the U.S., airborne lead dropped sharply near plants affected by the regulation, most of which were battery-recycling plants. Exports of used batteries to Mexico rose markedly. In Mexico, birth outcomes deteriorated within 2 mile of battery-recycling plants, relative to areas slightly further away. These findings demonstrate that environmental regulation in developed countries can induce relocation of pollution-intensive production to developing countries with weaker regulations and cause negative health spillover effects.