

Environmental treaties can play an important role in the reduction of emissions, but their effectiveness depends on a variety of factors, including the level of participation and compliance among countries, the stringency of the emission targets, and the strength of the monitoring and enforcement mechanisms.

Estonia and Finland signed a bilateral treaty in 1993 (ratified in 1994) with the aim of reducing the amounts of nitrogen and sulfur emissions in both states. We examine the effectiveness of the bilateral treaty using the synthetic control method, which is designed to estimate the effect of an intervention.

We found out that the treaty did not have its intended impact on nitrogen and sulfur emissions in Estonia because other factors were already promoting the sharp reduction of these two emissions starting in 1991. In the case of Finland, no significant changes in emissions were observed following the implementation of the treaty. Hence, the bilateral treaty was not effective for both states.