



CIVIL SOCIETY DIALOGUE

MEETING ON THE TRADE SUSTAINABILITY IMPACT ASSESSMENT OF THE ENVIRONMENTAL GOODS AGREEMENT (EGA)

Date: 2016.02.01

Time: 14 :30 – 16 :30

**Location: Centre Albert Borschette, Room AB, Rue Froissart 36, 1040
Brussels**

Lead speakers

Ms Madeline Tuininga, Head of Unit, Trade and Sustainable Development, Generalised System of Preferences, Directorate-General for Trade

Ms Urszula Stepkowska, Policy officer, Trade and Environment, Directorate-General for Trade

Mr João Pereira, Evaluation Coordinator, Directorate-General for Trade

Mr Peter Brun, Senior Industry Key Expert

Ms. Emily Hemmings, Project Manager, DEVELOPMENT Solutions

Moderator

Ms Montserrat Gago, Coordinator, Information, Communication and Civil Society Unit, Directorate-General for Trade

Panel Presentation

The European Commission described the status of the on-going EGA negotiations. The European Commission explained that the expected agreement was not reached in December as a result of questions being raised that could not be agreed in the given time span. The parties agreed to extend the talks, with the next round scheduled to take place in March 2016. The European Commission emphasised that work is ongoing, the Chair has tabled a new list of goods, narrowing it to 340 products, and all parties are committed to a resolution in 2016.

The European Commission gave an update on recent transparency initiatives as regards the EGA. On 7th of December 2015 the Commission organised a stakeholder seminar "[Environmental Goods Agreement – contribution of trade to climate action](#)" that took place at the margins of the 21st Conference of Parties of the United Nations Conference on Climate Change in Paris. A list of example products that the European Commission have nominated for inclusion in the EGA

has also been [published online](#). The UNEP and the European Commission's Directorate General for Environment are currently cooperating in an outreach effort the wider WTO membership to explain the benefits of joining the EGA.

Peter Brun, Senior Environmental Key Expert and Emily Hemmings, Project Manager (hereafter referred to as **the Project Team**) gave a presentation on the [Draft Final Report](#) of the Trade Sustainability impact Assessment in support of the EGA. The Project Team presented the key conclusions of the report and feedback received during stakeholder outreach activities.

The report and the presentation given can be found on the project website www.egatradesia.com.

Discussion Highlights / Questions and Replies

Cerame-Unie, asked if the SIA would include only an analysis of products under the 54 HS sub-categories included in the [APEC list](#), or if it would be expanded to include the 500+ additional products which may be included on the EGA list.

The Project Team replied that the study was not only based on the APEC list, but also the [Friends of Environmental Goods List](#) which is an informal list proposed by some WTO members for consideration in the WTO Doha negotiations in 2009.

The European Steel Tube Association asked why the HS Code used to specify pipes in the case study which the Project Team presented was only for plastic pipes and not for steel pipes.

The European Commission explained that the HS nomenclature distinguishes between plastic pipes used for water, and plastic pipes used for conventional energy, however this is not the case with metal pipes. For this reason it is more complex to include metal pipes in the EGA. This does not mean however that metal pipes will necessarily be excluded.

Secondly, the case study presented by the Project Team was about drip irrigation, which uses plastic pipes rather than metal pipes.

Drawing attention to the issues of supporting Global Value Chains for environmental goods, as was mentioned in the presentation by the Project Team, **The European Chemical Industry Council** asked why intermediate products were excluded and only the end products included in the EGA.

The European Commission replied that end use is the methodology being used to define environmental goods in the EGA and the focus has been on industrial goods. The European Commission said that negotiators are open to the inclusion of chemical products such as products used for the treatment of water. The country that has proposed the most chemical products is China, with many products being proposed in the bioeconomy sector.

The Confederation of Danish Enterprise raised this issue that the EGA in eliminating tariff barriers will also reduce the administrative burden of importing goods. They asked why this issue was not further highlighted in the Trade SIA Draft Final Report.

The Project Team replied that the issue of reducing the administrative burden of Rules of Origin in countries in which the the EU has an FTA was raised in the section on small and medium sized enterprises, but agreed this issue could be further highlighted and incorporated into other sections.

The European Federation for Transport and Environment raised several questions:

- (1) How was the potential impact of the agreement on GHG emissions quoted in the presentation that the project team gave (0,1– 0,9% decrease) calculated?
- (2) How is the issue of non tariff barriers being addressed in the EGA?
- (3) How are subsidies for harmful goods are being addressed?
- (4) How will the EGA support technology transfer to third countries?

The Project Team said that this modelling result that was referenced was not produced by the project team, but by another expert ([Wooders \(2009\)](#)).

The European Commission replied that the EU has proposed a work program on NTBs in the EGA draft text. However, the view has been expressed by some negotiating parties that an agreement should first be reached on tariffs and then the group can build on this, to address NTBs in later rounds.

The European Commission said that subsidies on environmentally harmful goods may be included in the proposed work program on NTBs, however they deserve a separate discussion.

On technology transfer and IPR, decreasing trade barriers, which are the first barriers that new technologies face in entering markets, can serve to facilitate technology transfer. In the G-17, tariffs on relevant products are already low however this is not true of other WTO members. Technology transfer is one of the ways that other WTO members could benefit from joining the EGA.

The European Commission mentioned again their engagement with the UNEP to encourage the inclusion of more countries in the EGA. In addition, the SETI Alliance is very active in this area.

The Project Team expanded on the issue of NTBs saying that stakeholder input is very important. The issue of technology transfer has evolved, the increase of complimentary services in developing countries is a new route to technology transfer.

The European Sawmill Organisation asked if this agreement could facilitate the harmonization of standards, especially with China, Japan and Turkey.

Co-Generation Europe, commenting on the energy efficiency section of the Draft Final Report, said that while it was very strong on buildings / demand side efficiency, the report should look more deeply as demand side efficiency. In doing so Co-Generation Europe suggest looking at the [Energy Efficiency Directive](#) and the work that went into this. Technologies like CHP are considered key technologies and this should be reflected in the report.

Confederation of Danish Industries asked for the panellists assessment on whether dual use products will or will not be included.

The Project Team agreed that the standards issue is a very relevant barrier, however the approach of working to achieve a tariff agreement in a short time would provide negotiating parties with a good mandate to move onto NTBs and other issues including standards. Mutual recognition agreements on standards is one of the more complex aspects of international trade agreements.

The European Commission said that there is great interest in including NTBs in the EGA agenda, however some want to see quick results now and move on to NTBs and other more complex issues at the next stage. The current draft agreement includes a work program on NTBs, it is difficult to predict at this stage how the negotiations will progress, and the European Commission will be able to provide more information at the next meetings later in the year.

On energy efficiency, we are very interested in expand the analysis to make it as comprehensive as possible. Technologies like CHP have been discussed in the negotiations, so should be included in the SIA.

Regarding dual use products, EGA members are interested in focusing discussions on products which directly and positively contribute to environmental protection. China is particularly interested in narrowing the scope, however many of the most relevant goods are dual use, for example, valves which are used in the water sector. We are working together with our counterparts representing the US and Canada to determine ways that customs officials can identify dual use products with an environmental end use. Some such products we may not be able to push through, but we hope that those that are most relevant for environmental applications will be on the list.

The European Pump Association raised the issues of phasing out subsidies for fossil fuels, suggesting that this issue should be further emphasised in the SIA Report.

Greenpeace asked two questions:

- (1) You mentioned that the next talks will be in March, when do you think the agreement may be concluded?
- (2) Can civil society have access to the draft text of the EGA prior to the conclusion of the negotiations?

Cerame-Unie asked how the EGA would support the monthly discussions on NTBs at the Market Access Advisory Committee

The Project Team replied to the point on fossils fuels subsidies by making clear that the point was well noted and would be made more clear in the SIA report.

Regarding the timing of concluding the round, it is our view that if you cant conclude the EGA this year it would move this negotiation into a more insecure area for the future, as the US will have a new President with new priorities. You can also argue that if parties aren't able to agree this year on a fenced in tariff agreement, why should they be able to do it next year?

The Secretary General of the WTO Roberto Azevêdo remarked when the Paris agreement was made last month, now the missing link is trade. We don't have a lot of time to facilitate implementation of the Paris Agreement by 2020.

The European Commission expanded on the situation that occurred at the last round of negotiations. The EU and many other delegations came ready to reach an agreement, however it became clear that the Chinese system had been overwhelmed with events happening toward the end of the year, namely the negotiations on the IPA and the Paris Agreement discussion. While we all wanted to get a result it was difficult for the Chinese to make a commitment. The Chinese position will be crucial for these negotiations; other parties are very committed. For the Chinese, the environment is very high on the political agenda.

The European Commission mentioned that they are also exploring how to use G20. This year there was a new working group established on trade and investment issues, and the Chinese are chairing the discussions. The next meeting will take place in July this year, this could be another good opportunity. The Chinese mentioned G20 as an opportunity to conclude the EGA under their presidency and to raise the profile of the EGA.

March will not be the final round, we will continue discussions on the list and on staging. The text is drafted, however certain elements still require discussion, this additional time may be very useful.

European Federation of the Parquet Industry asked about the bamboo case study, highlighting that bamboo is often treated with substances such as boric acid, which is not permitted in the EU. There are no harmonised standards for bamboo products.

The Project Team raised the positive points they were aware of for bamboo: its properties as a carbon sink and as a fast growing durable building material. They expressed their willingness to include other perspectives in the report.

Cerame-Unie asked when the presentation would be available on the EC website. In addition, they asked to also be informed of the methodology of the referenced study on the potential CO2 impact of the EGA.

The Project Team agreed to send the reference, and explained that they are conducting econometric modelling to determine the potential CO2 impacts of this agreement, as described in the projects methodology. It is intended that this will be presented in the next Draft Final Report, which will be put online in March. The modelling team are experiencing issues in correctly projecting the potential CO2 impacts of the EGA due to the inclusion of dual use products in the model. Results achieved thus far are not considered to be a sufficiently accurate presentation of the potential impacts. Work is ongoing to resolve this issue.

They also replied that the presentation would be made available on the EGA Trade SIA project website.

The European Heat Pump Association inquired if the panellists thought that catalytic converters would be included in the EGA list.

The European Commission replied that catalytic converters are on the APEC list, which was the starting point of the EGA negotiations. Additional products have been proposed which are used in the production of catalytic converters, specifically ceramic filters, these products are under discussion. Catalytic converters should be part of the final outcome.

Belgian Technological Industries asked if it was still possible at this stage of the negotiations to propose products, making reference to cooling towers.

The European Commission replied that the next stage of the negotiation will cover the list of 340 products compiled by the Chair, which includes some of the products in the recently concluded ITA. It is possible to still propose products, but it would be extremely difficult to bring a product which has already been discussed back into the negotiation. As an example, bamboo furniture was proposed by China, the Chair has removed this product, while some parties may not be happy with this outcome the general consensus is that the negotiations should move forward.

There is also work ongoing on the customs issues, to make sure the products are identifiable, this is the work on so called "ex-outs", so we can eliminate tariffs only on products that are environmentally friendly, and facilitate implementation.

Regarding the products mentioned by Belgian Technological Industries, The European Commission confirmed that they already received comments from the organisation prior to the last round of negotiations and these comments were already taken on board during that meeting.