



Workshop Report

Southeast Asia Regional Workshop on the Liberalisation of Trade in Environmental Goods and Services

Organised under the purview of the Trade Sustainability Impact Assessment on the Environmental Goods Agreement

INTRODUCTION

On 24 January 2014 at the World Economic Forum in Davos, the EU, together with 13 other WTO members¹ pledged to launch negotiations to liberalise global trade in environmental goods. The relevance of the Environmental Goods Agreement (EGA) in terms of the size and scope of potential impacts is significant: states currently engaging in the plurilateral negotiations account for approximately 90 percent of global trade in the environmental goods sector.

A key objective of the negotiations is to create a 'living agreement' that would be able to respond to the changes in technologies in the years to come, to add new products, as well as to potentially address trade in environmental services and non-tariff barriers. The list of environmental goods is being determined in the negotiations, in which each participant can submit their own proposals. The Trade Sustainability Impact Assessment (Trade SIA) on the EGA is a European Commission initiative to analyse the impacts of trade liberalisation in environmental goods and services and seek broad stakeholder input.

WORKSHOP DETAILS

Title: **Southeast Asia Regional Workshop on the Liberalisation of Trade in Environmental Goods and Services**

Date: **10 September 2015**

Location: **Impiana KLCC Hotel, Kuala Lumpur, Malaysia, alongside the International Greentech & Eco Products Exhibition & Conference Malaysia (IGEM) 2015**

Language: **English**

¹ The fourteen original WTO members who launched the EGA as a plurilateral agreement were the European Union, Australia, Canada, China, Chinese Taipei, Costa Rica, Hong Kong (China), Japan, New Zealand, Norway, Singapore, South Korea, Switzerland, and the US. Israel joined the negotiations formally in January 2015 and Turkey and Iceland joined in March 2015.



WORKSHOP BRIEF

This Southeast Asia regional workshop on the Liberalisation of Trade in Environmental Goods and Services aimed to gather relevant government, NGO and private sector stakeholders from the Southeast Asia region to engage in a discussion on the likely socio-economic and environmental impacts of liberalisation of trade in environmental goods and services. This workshop also gave regional stakeholders an opportunity to learn more about the agreement. Experts and government representatives from Europe and Southeast Asia were invited to comment on the current state of the negotiations.

This Southeast Asia Regional Workshop was a key element of the Trade SIA's stakeholder outreach. Feedback from this workshop has been presented to the EC negotiating team and has been incorporated into the Draft Final Trade SIA Report, which was made available to the public in December 2015. The workshop took place alongside the International Greentech & Eco Product Exhibition and Conference Malaysia (IGEM) 2015.

Minutes

Morning Session 1	
8:30-9:00	Registration
9:00-9:05	Welcome and introduction Speakers: Urszula Stepkowska , Policy Officer, Trade and Sustainable Development, Directorate-General for Trade, European Commission Datuk Wong Seng Foo , Senior Director, Economic and Trade Relations Division, Malaysian Ministry of International Trade and Industry Joachim Monkelbaan , Team Leader, Trade Sustainability Impact Assessment on the Environmental Goods Agreement

Opening session

The Opening Session allowed for welcoming remarks and an introduction to the workshop. Participants were welcomed first by Urszula Stepkowska, Directorate-General for Trade, European Commission. Ms. Stepkowska gave a brief introduction to the workshop.

Participants were also welcomed by Wong Seng Foo, Malaysian Ministry of International Trade and Industry (MITI), who emphasised the importance of stakeholder engagement and feedback in the process of trade negotiations. He discussed this Trade SIA's complementarity with the ongoing, domestic, MITI coordinated stakeholder outreach process on the EGA.

Wong Seng Foo began the discussion by raising some challenges for the EGA, and expressing his hopes that the discussion which will take place in this workshop would shed light on these issues:

- The complexity of defining environmental products;



- technical difficulties of differentiating environmental products classified under the same Harmonised System (HS) code as non-environmental products;
- special and differential treatment for sensitive industries in developing countries;
- the framework to address the inclusion of future technologies; and
- the modality for including additional participants to the existing group already negotiating the agreement.

Joachim Monkelbaan, Team Leader of the Trade Sustainability Impact Assessment on the Environmental Goods Agreement gave a brief welcome, explaining the independent nature of the Trade SIA process. A Trade SIA process is commissioned by the European Commission on all trade agreements, and is run independently by external contractors. Mr Monkelbaan had been following the negotiations on the liberalisation of trade in goods and services for the past 10 years.

Mr Monkelbaan gave an overview of the day’s events, emphasising that this would be a two-way exchange of views. On the one hand the project team, negotiators and experts hoped that with their presentations they could give an update on the latest information available on trade in environmental goods and services, and on the EGA; on the other, they were very much looking forward to hearing participant’s views on the EGA.

Morning Session 1		
	State of play of the Environmental Goods Agreement negotiations	
9:05-9:45	9:05-9:25	Elizabeth Mary Chelliah , Deputy Director, International Trade Cluster, Singaporean Ministry of Trade and Industry (MTI)
	9:25-9:45	Urszula Stepkowska , Policy Officer, Trade and Sustainable Development, Directorate-General for Trade, European Commission
9:45-9:55	Q&A	

Following the opening session, key members of the EGA negotiating team from the European Commission and Singapore presented a history and update on the ongoing EGA negotiations. The first speaker was Elizabeth Mary Chelliah, representing the Singaporean Ministry of Trade and Industry (MTI) and the Singaporean negotiating team. Ms Chelliah explained the evolution of negotiations to liberalise trade in environmental goods (EGs):

- The original mandate for the liberalisation of environmental goods (EGs) can be found in paragraph 31 of the Doha Ministerial Declaration
- The successful Information Technology Agreement (ITA) in 1997 paves the way for other sectoral agreements such as this one on EGs
- Negotiations on EGS in the WTO became stuck due to negotiating party’s inability to form consensus on a definition of “environmental goods”
- The APEC Market Access Group was able to break away from this circular argument of “what is an EG?”, by establishing the list methodology based upon the environmental



credibility of products. APEC members were able to propose products, and justify their nominations by their positive environmental impact.

- In 2007 APEC members were able to compile a list of 54 HS subheadings, and in 2012 the APEC economies² committed to reduce tariffs to 5 percent or less on this list
- The EGA negotiations, launched in 2014, are building upon this APEC list and adopted the same list methodology.

Ms. Chelliah emphasised the complementarity of the EGA initiative with the UNFCCC talks in Paris, in December 2015. As more and more countries are developing their Intended Nationally Determined Contributions (INDCs) to global climate action, liberalisation of trade in technologies related to, for example, alternative energy, becomes clear.

Ms Chelliah explained that the EGA Group of 17 countries (G-17) are trying to overcome some of the difficulties that the APEC group had in terms of “ex outs.” Instead of asking for just one product to be included in the EGA, they are asking to see if all the products in that HS category can be considered to have enough of an environmental impetus such that one can liberalise the entire HS category.

Ms Chelliah emphasised the need for the inclusion of environmental services in the EGA, in order for the agreement to benefit all parties. As an example, in Singapore it is not competitive anymore to manufacture solar panels, therefore Singaporean companies have moved toward servicing solar panels.

Ms Chelliah argued that because the world is now horizontally integrated, it is vital to form regional supply chains. As a result it is important that all ASEAN members work together.

Ms. Urszula Stepkowska of the EU negotiation team followed, giving a complementary presentation on the EU’s perspective on the negotiations. The EU has multiple motivations for being closely involved in the EGA:

- The EU is both the biggest exporter and importer of “environmental goods” as defined by the product categories under discussion in the EGA negotiations as a whole. Ms. Stepkowska emphasised that the EU has import interests as well as export interests, and according to a 2014 UNEP study, Southeast Asia is leading the export of renewable energy goods.
- EGs are also a high growth sector: when we look at the economic crisis that hit the EU in 2008 and thereafter, EGs was one of the few sectors that registered growth in terms of employment.
- The EU is also very much convinced of the environmental benefits of this initiative, as it will lower EG cost and thus increase the uptake of EGs. This initiative will help to meet the EU’s climate and energy targets. In its INDC the EU has committed to reduce CO2 emissions by 40 per cent on 1990 levels by 2030. In addition, the EU has committed to increase the percentage of renewable energy in its energy mix to 30 per cent by 2030.
- It is important to note that the EGA can contribute to environmental protection as well as climate change objectives.

² APEC's 21 member economies: Australia; Brunei Darussalam; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; The Philippines; Russia; Singapore; Republic of Korea; Chinese Taipei; Thailand; United States; and Viet Nam.

- Oil and gas are traded almost duty free while renewable energy technologies are still burdened with duties. Increasing access to renewable energy will also help us to ensure the EU's security of energy supply.
- There is also a systemic reason why the EU is engaged in the EGA: to support multilateral liberalisation efforts in the WTO.

Ms. Stepkowska emphasised that the negotiations are open to any WTO member that is interested to share in the efforts, and that the benefits of the initiative are for all WTO members, both industrialised and developing countries, because the EGA is set to be based on a Most-favoured Nation (MFN) basis once critical mass of trade is achieved. Current negotiating parties cover a majority of global trade in EGs, and it is hoped that more countries will join.

Ms. Stepkowska discussed the need to create a "future orientated agreement," which (i) will have a mechanism that will allow the introduction of new products to the list of EGs that are to be liberalised, and (ii) will address in the future other issues in the green sector such as non-tariff barriers (NTBs) to trade in EGs or services related to trade in EGs.

Ms. Stepkowska explained in more detail the methodology of the negotiations: The EGA adopts a list approach with goods falling into one or more categories which describe their environmental end use: air pollution control; cleaner and renewable energy; energy efficiency; environmental monitoring, analysis and assessment; environmental remediation and clean-up; noise and vibration abatement; resource efficiency, solid and hazardous waste management; wastewater management and water treatment.

Although there were no formal criteria, parties to the EGA negotiations have taken into account the following guidelines:

- Environmental end-use
- Contribute to tackling different environmental challenges along the 10 environmental categories
- Part of a system (e.g. waste management chain, water treatment)
- Main product and their parts
- Complementary to the APEC list
- Industrial goods with major focus on industrial applications, a few consumer goods and equipment

Ms. Stepkowska explained that there were initially 650 products being discussed, and that efforts to narrow down the list were ongoing. Ms. Stepkowska concluded by expressing her hopes that some of the countries present at the workshop would join the negotiations in Geneva.

Highlights from the Q&A Session:

- One stakeholder asked how customs authorities are to identify or distinguish environmental products, for example, the gearbox used in wind turbines. Ms Chelliah replied that the first solution was to liberalise all gearboxes whether it is going to be used for a wind turbine or not, however it is not certain that all parties can agree to that. As a result, for things such gearboxes some kind of labelling or classification system may be needed. Another option is to reform the HS nomenclature to accommodate EGs.



Ms. Stepkowska explained that as this ambitious agreement is seeking to go beyond the APEC list to cover complementary goods, it is not sufficient to reduce tariffs on the wind turbine blades and we need to extend the agreement to other components. We also know there are specific ball bearings that are used for wind turbines and in specific atmospheric conditions, they need to be more durable, they need to be made from a specific steel, they are also larger. Negotiators are discussing with industry and customs officials how to introduce a very specific description that would enable customs official to identify such products.

There are other examples of goods that may be impossible to identify from physical characteristics such as bioplastic and energy efficient electric motors. The next step for such products may be determining international standards for a recognised labelling scheme.

- A stakeholder from the Singaporean recycling industry asked what are the channels that partners involved in the negotiations have used to reach out to industry to learn what are the important (recycled) products and EGs? Ms Chelliah explained that the Singaporean team was reaching out through various agencies. She expressed her interest in speaking to the stakeholder further to get his views.

Morning Session 1	
9:55-10:30	<p>A “Living Agreement”: Expanding the scope of the Environmental Goods Agreement</p> <p>This session will discuss the administration of a “living agreement” and the inclusion of additional products and other trade related issues.</p> <p>Speaker: Joachim Monkelbaan, Team Leader, Trade Sustainability Impact Assessment on the Environmental Goods Agreement</p>
10:30-10:40	Q&A

Morning Session 1

Mr. Joachim Monkelbaan, EGA Trade SIA Team Leader explained the concept of the EGA as a as a ‘living agreement’ with a ‘living list’ of EGs that are to be liberalized. Mr. Monkelbaan explained that the ‘living list’ should be constantly updated with more environmentally friendly products, to reflect the most up-to-date state of green technologies.

At the same time, the EGA should be a ‘living agreement’ that covers trade-related issues beyond tariffs that affect the trade in EGs and environmental services. Mr. Monkelbaan noted that non-tariff barriers, such as government procurement requirements, local content requirements and problematic custom procedures, among others, often have a greater trade-restricting effect than tariff barriers. He cited the NTB provisions in the EU-Singapore free trade agreement (FTA) as a possible way forward to eliminate NTBs faced by exporters of environmental goods. He also argued that barriers to the provision of environmental services should be eliminated. Mr. Monkelbaan noted that most jobs in the environmental industry lie



in the service aspects rather than in the manufacturing aspects. Additionally, environmental goods need to be paired with their related services, such as engineering, technical support and financing, to successfully implement most environmental projects.

Highlights from the Q&A session:

- A stakeholder from a Malaysian manufacturing association confirmed that NTBs are even more important than tariffs for their membership. She asked how NTBs were to be included in the EGA.

Ms Stepkowska, European Commission explained that the draft agreement includes a work program on NTBs. The negotiators objective was to conclude an agreement on goods, and start a discussion on the issues of NTBs at a later stage. Ms. Chelliah, Singaporean Ministry of Trade and Industry said that discussion and stakeholder outreach on these issues was ongoing.

Morning Session 2	
10:50-11:30	Progress and interim conclusions of the Trade Sustainability Impact Assessment on the Environmental Goods Agreement Speaker: Joachim Monkelbaan , Team Leader, Trade Sustainability Impact Assessment on the Environmental Goods Agreement
11:30-11:40	Q&A

Morning Session 2

Mr. Monkelbaan continued the morning session by introducing the role that independent Trade SIA’s that were mandated by the European Commission have had in supporting ongoing trade negotiations since 1999. Mr. Monkelbaan explained that Trade SIAs are the second of three stages of assessment conducted by the EC on all trade negotiations, and that they serve to provide the EC with an up to date overview of the projected economic, social, human rights and environmental impacts throughout the negotiation process. They also allow stakeholders within and outside of the EU to share their views on the agreements.

Mr. Monkelbaan gave an overview of the project’s findings thus far: he introduced the EGA’s potential of building global value chains of environmental products, where by eliminating incremental tariff barriers in different countries, more countries and regions could participate in global green goods value chains, including raw materials sourcing, manufacturing, shipping, assembly, and providing environmental services required for the uptake of these goods.

Mr. Monkelbaan also argued that the EGA could be particularly beneficial to SMEs, because larger companies tend to have the resources to overcome trade barriers while the lesser



resources available to SMEs to deal with trade and other regulatory barriers mean that they are often kept out of certain protected markets, even where they could have a comparative advantage (e.g. by being more efficient and more adaptable compared to larger companies). Further, the EGA’s potential benefits to SMEs include the mitigation of regulatory risk, and the possibility of global alliance building along global value chains.

Highlights from the Q&A session:

- One participant asked how the team have defined EGs in their research or what list of products we have been using? Mr Monkelbaan replied that research has utilised the APEC list, which is the basis or starting point of the EGA list.
- Another participant asked about the timeline for the project. Mr. Monkelbaan replied that the Interim Report would be available in the coming months, and the Final Report in late 2015 or early 2016.

Morning Session 2		
	Climate Mitigation and the Environmental Goods Agreement	
11:40-12:20	11:40-12:00	Climate Mitigation and Energy Efficiency Speaker: Elizabeth Mary Chelliah , Deputy Director, International Trade Cluster, Singaporean Ministry of Trade and Industry (MTI)
	12:00-12:20	Renewable energy development in the Southeast Asia region Speaker: Noor Miza Razali , International Energy Agency

Ms. Chelliah, Deputy Director of the International Trade Cluster in the Singaporean Ministry of Trade and Industry began the second morning session with a presentation focusing on energy efficient and climate mitigation technologies. Her presentation focused on how Singapore, due to its lack of capacity to develop renewable energy, is relying on innovative energy efficiency technology to meet its climate change objectives.

Noor Miza Razali of the International Energy Agency followed with a presentation on the development of renewable energy in Southeast Asia. Southeast Asia in 2011 took 24 per cent of total primary energy supply from renewables, with half of this coming from traditional biomass in rural areas. The main renewable energy technologies being utilised in Southeast Asia are hydro, geothermal and bioenergy. However, projections show a growing importance of solar PV. Electricity demand in Southeast Asia is growing, unlike the EU, where, since 2008, demand has been decreasing. Regional cooperation on energy is increasing. Laos has begun to be the “battery of Southeast Asia” because it has a lot of hydro potential and would like to export electricity produced by its dams. A grid to connect Laos and Singapore is under development. Southeast Asia is also blessed with geothermal potential: the Philippines and Indonesia are the second and third largest geothermal producers in the world after the USA. Indonesia has the biggest geothermal potential in the world. Distributed energy also presents important opportunities for rural upgrade and electrification.



Highlights from the Q&A session:

- Ms. Urszula Stepkowska, European Commission asked about the challenges facing renewable energy development in Southeast Asia. Ms. Razali replied that rising demand means that energy producers are seeking the cheapest way to meet the demand. For the countries with the biggest consumption, the largest percentage of their energy mix is still coal. If we compare coal to renewable energy, renewable energy is on average still 4x more expensive than coal.

Afternoon Session 1		
14:30-15:45	Case studies: potential environmental and socio-economic impacts of liberalising trade in environmental goods and services This session will look at the impact of trade barriers on particular products and projects.	
	14:30-14:45	Case Study 1: Solar Tuk Tuks, Star 8, Cambodia : Presenter: Philip Stone, General Manager Star 8
	14:45-14:55	Q & A
	14:55-15:10	Case Study 2: Building Energy Efficiency, UNDP, Malaysia Presenter: Kevin Hor, National Project Manager, UNDP
	15:10-15:20	Q & A
	15:20-15:35	Case Study 3: Sealing devices project, Smiths Group, Australia Presenter: Martin Hutagalung, VP Government Relations and Business Development, Smiths Group
	15:35-15:45	Q & A
15:45-15:55	Break	
Afternoon session 2		
15:55-16:15	Case studies, continued.	
	15:55-16:05	Case Study 4: Small solar lighting/electrical equipment project, Total Access to Solar, Myanmar Presenter: Joachim Monkelbaan, Team Leader, Trade Sustainability Impact Assessment on the Environmental Goods Agreement
	16:05-16:15	Q & A

In the early afternoon, a series of environmental projects that are being used as case studies for the Trade SIA study were presented. Each focused on an environmental project or product and the trade barriers that it faced. Philip Stone, General Manager at Star 8 gave the first



presentation about the deployment of Australian solar products in Cambodia. Mr. Stone described the considerable difficulties his company faced in getting the first products through customs, being charged 70 per cent import duty. One of the biggest obstacles he found outside of the government was the local power company who saw solar power as a competing rather than a complimentary source of power. As less than 15 per cent of Cambodia's power is domestically produced, there are considerable opportunities for solar development outside of the established electricity grid and through development of domestic renewable energy, Cambodia can reduce its reliance on imported fossil fuels. Mr Stone talked about the differing customs conditions in Cambodia and Singapore, where Star 8 are now establishing a presence.

Kevin Hor, National Project Manager of the Building Sector Energy Efficiency Project (BSEEP) of UNDP in Malaysia followed with a presentation on a hotel renovated as part of a UNEP and Malaysian government funded project. He defined the goods that had been imported, including insulation technologies, energy efficient lighting and an air conditioning system, and applied tariffs on those products. Many of the goods were imported from China, therefore due to the FTA between ASEAN and China no tariffs were paid.

Martin Hotalung, Vice President of the Government Relations and Business Development at the Smiths Group presented a project implemented by a Smiths Group subsidiary, John Crane. John Crane specialises in sealing devices, which prevent leakage of gases and liquids and related contamination. Mr Hotalung presented the case of a municipal waste water facility that was operating a series of centrifugal pumps. The instillation of John Crane's Smart Flow mechanical meals lead to very significant water savings and the reduction of 2.2 metric tons of CO2 Equivalent Emissions annually per pump.

Finally, Mr, Monkelbaan presented on the Total Access to Solar case study in Myanmar. This is a CSR project conducted by the French oil and gas company Total that is established in Myanmar. Through the project Total had two aims: the primary aim was to provide low cost lighting solutions for places with low access to electricity. The secondary objective was to foster the creation of small business by training entrepreneurs; many women took this opportunity to set up their own business selling solar lamps. While tariff barriers to solar products are already very low in Myanmar, the project faced multiple NTBs. Only domestic companies can import products into Myanmar so Total was obliged to find a local partner. Customs officials were often confused as to how to allocate the product, leading to delays. An import licence is required for every single product brought in. All of these barriers create delays and extra costs.

Highlights from the Q&A session:

- One stakeholder asked if the EGA was looking only at finished products, or if it would also cover parts and components. Mr. Monkelbaan highlighted the importance of the question, given the big opportunities for developing countries to become part of value chains by first starting with production of parts and components and then moving up the value chain. Ms Stepkowska informed the participants that the EGA will include the products and their parts.
- A participant referring to the Thon Hotel case study presented by Kevin Hor, asked what interest China has in the EGA, given that they have a clear advantage in the Malaysian market due to ASEAN's FTA with China. Ms Chelliah, Singaporean Ministry of Trade and Industry replied to the question, saying that China has multiple motivations: first,

there is always a lot of burden in terms of providing proof of the origin of a product in order for an FTA to be applied, this creates problems particularly for SMEs. Secondly, while China is exporting under a FTA to Malaysia, China at the moment does not have that many FTAs, so the relative benefit of the amount of goods being imported here would not be enough for them to look negatively at the EGA.

Ms Chelliah expanded on this point saying that yes, FTAs limit the positive impact of multilateral negotiations however pulling things back to a plurilateral and multilateral level would have benefits for all parties.

Afternoon session 2	
16:15-16:50	Facilitated roundtable discussion on the environmental and socioeconomic impacts of the liberalisation of trade in environmental goods and services Moderator: Joachim Monkelbaan , Team Leader, Trade Sustainability Impact Assessment on the Environmental Goods Agreement

Round Table Discussion

Following the break, Mr Monkelbaan, lead a roundtable discussion on the environmental and socioeconomic impacts of the liberalisation of trade in environmental goods and services. He raised the following questions for discussion:

1. How do you assess the potential economic, environmental and social impacts of the EGA for Southeast Asia?
2. What, in your view are the opportunities and challenges for the EGA in Southeast Asia?
3. According to the UNEP report "South-South Trade in Renewable Energy", Southeast Asia has become a net exporter of renewable energy products. Could the EGA further contribute to green growth in the region?

He clarified that these were just some starting-up questions for discussion and other thoughts were welcome.

Highlights from the roundtable discussion:

- One stakeholder asked how countries that will not sign up the WTO would benefit from the EGA. Ms, Stepkowska clarified that once the EGA was passed, the benefits of the agreement, in term of tariff free access to signatories' markets would be extended to all WTO members.
- A stakeholder asked for more clarity on what products would be covered by the EGA, specifically asking if wood products, air pollutions control products and rare earths would be considered. Ms. Chelliah explained that the inclusion of wood was controversial, because the agreement would not want to encourage deforestation. If we were to limit the applicability of the agreement to sustainable wood, we need to define what we mean by sustainable. A common standard would need to be established. Rare earths itself is not part of the EGA, products using rare earths would likely fall under the Information Technology Agreement (ITA).

Another stakeholder asked if electric cars and batteries for renewable energy had been included. Ms. Chelliah said that both these products had been proposed but had not yet been agreed.

- Another stakeholder asked for the negotiation process to be clarified, he said that all parties could propose products, so why were these products not on the list? Ms Chelliah explained that all parties to the agreement can propose goods, however all parties must agree together for the goods to go on the list.
- Several stakeholders commented on the lack of transparency in the negotiations, they felt that the list under discussion should be disclosed so that potential parties to the agreement such as Malaysia can make a more informed choice about whether to join, and NGOs and other stakeholders can have a better opportunity to advocate for or against the inclusion of certain products.

Ms. Stepkowska, commented that the workshop itself was an exercise in trying to make the EGA negotiations more transparent. She clarified that the Chair of the negotiations organises regular debriefings with interested WTO members, the negotiations are also presented regularly in the WTO Committee on Trade and Environment.

- A stakeholder commented that wood products should certainly be included in the EGA due to their environmental benefits in comparison to other construction materials. Multiple certification standards for sustainable wood already exist which would be a good basis for the negotiating parties to form a consensus on a definition. Mr. Monkelbaan contributed the names of several relevant agreements: the Forest Law Enforcement Governance and Trade (FLEGT) Action Plan, a bilateral agreement between the EU and several foreign countries and the Lacey Act in the US.

Ms. Stepkowska, explained that bamboo flooring was already included in the APEC list, and different parties were bringing additional wood products to the table. However, sustainability issues remain one of the major concerns discussed in this context.

- A stakeholder commented that the agreement which focuses on finished manufactured products would mostly benefit industrialised nations, and if any agricultural products were being considered to redress this and make the agreement more attractive to developing nations. Mr. Monkelbaan, took up this question, commenting that there are multiple agricultural products that are environmentally preferable including some biofuels.

Ms Chelliah commented that Singapore are interested in including biofuels such as bioethanol, however they were "outnumbered" at the time. Ms. Stepkowska commented that the inclusion of biofuels was controversial due to sustainability concerns. .

- A stakeholder asked when the list would be finalised. Ms. Chelliah explained that they hoped to conclude a list and the agreement in December 2015, however this will be a first list, which negotiators will continue to expand in the future.
- A stakeholder spoke up to draw attention to the burden that different environmental standards can place on industry and that these standards in practice can turn out to be



NTBs.. The stakeholder said that her company had experienced so many issues ii confirming to domestic environmental standards, and that she hoped that this issue will be kept in mind by negotiators to ensure that the agreement benefits industry.

- One stakeholder shared an experience which demonstrated the positive domestic impact of importing EGs:

"I wanted to share one perspective from industry:

We had a project 6 years ago, it was about waste heat recovery for a power plant ... we tried to develop a waste heat recovery system that would allow us do the drying process of material from this.

From a business perspective you want it to have a positive return on investment (ROI) so you choose the technology and equipment. Originally we chose a drier from Germany, but EU products are expensive and of course we cannot reduce our ROI by 2% for example, so we chose lower rate equipment that was 20% cheaper.

The project is running now, it created 6 jobs and we paid quite a bit of tax to the government, and I share this story, to make the point, it is not always that the exporting country will benefit if the product is added to the (EGA) list ... there is an impact of job creation and tax contribution (in the importing market).

... You talked about the socioeconomic benefits and environmental benefits (of environmental projects), but these are not priced as they come into the market, so there is no dollar (estimate) that comes from that."

- Anonymous participant, EGA Trade SIA Southeast Asia regional workshop

Summary and closing remarks

16:50-17:00	Speakers: Urszula Stepkowska , Policy Officer, Trade and Sustainable Development, Directorate-General for Trade, European Commission Datuk Wong Seng Foo , Senior Director, Economic and Trade Relations Division, Malaysian Ministry of International Trade and Industry
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Concluding Remarks

Datuk Wong Seng Foo began the concluding remarks by summarising some of the major points covered in the discussion, and by thanking the organisers and the EC for session. Ms. Stepkowska closed the session by thanking all the participants for joining the discussion, and welcoming them all to approach her if they have further questions.

SUMMARY: POTENTIAL OPPORTUNITIES/BENEFITS OF THE EGA

- Elimination of tariff barriers facing environmental goods can contribute to their increased uptake, which will have benefits for many areas of environmental conservation and climate mitigation.
- The EGA will create opportunities for stakeholders in developing countries to gain greater access to environmental goods and services.
- The EGA could encourage the development of more inclusive global value chains for environmental products by eliminating incremental tariff barriers and streamline customs procedures of many countries.
- The EGA will create opportunities for stakeholders in developing countries (in particular SMEs) to participate more deeply in global value chains for environmental products.
- The EGA should be a living agreement allowing new products to be added in the future, and to address other issues in the green sector such as NTBs and environmental services.
- The EGA will encourage the uptake of high-quality, imported products, creating business opportunities for local stakeholders, and providing greater options for business in choosing environmental products.
- The decentralised nature of renewable energy could encourage the electrification of remote and rural areas and contribute to providing access to sustainable energy for all (in line with Sustainable Development Goal 7).

SUMMARY: POTENTIAL CHALLENGES/ISSUES OF THE EGA

- Potential customs issues should be resolved so that all stakeholders can fully benefit from the EGA.
- In the future, harmonisation of environmental standards could be sought by signatories of the EGA to facilitate inclusion of goods such as sustainably harvested timber.
- The development of a framework and modality for the inclusion of future technologies needs to be further thought through.
- There may be technical difficulties with differentiating environmental products classified under the same Harmonised System (HS) code as non-environmental products.
- Special and differential treatment for sensitive industries in developing countries may need to be considered in some way.



Annex I: Participant List

Malaysian Participants

Omar	Abdul Kadir	Deputy Chairman	Malaysian Environmental NGOs (MENGO)
Aedreena Reeza	Alwi	Senior Principal Assistant Director	Ministry of International Trade and Industry (MITI), Malaysia
Pubadi	Govindasamy	Deputy Undersecretary (International)	Ministry of Plantation Industries and Commodities (MPIC), Malaysia
Kevin	Hor	Project Manager	Building Sector Energy Efficiency Project, UNDP
Hazli	Jemaat	Senior Deputy Director	Malaysian Investment Authority (MIDA)
Miroslav	Lesjak	Energy efficiency financing consultant	Building Sector Energy Efficiency Project, UNDP
Siew Yan (Serena)	Lew	Coordinator, Peatland Programme	Global Environment Centre (GEC)
Alia	Md Saleh	Senior Assistant Director	Ministry of International Trade and Industry (MITI), Malaysia
Elleney	Merynda Wasli	Principal Assistant Director	Ministry of International Trade and Industry (MITI), Malaysia
Noor Miza	Muhamad Razali	Consultant/Energy Analyst	International Energy Agency
Rashidah	Othman	Director	Malaysian Investment Authority (MIDA)
Geetha	P. Kumaran	Hon. Sec. General	Environment Management and Research Association of Malaysia (ENSEARCH)
Firdaos	Rosli	Fellow in Economics	Institute of Strategic and International Studies (ISIS) Malaysia
Shamini	Sakthinathan	Manager	Federation of Malaysian Manufacturers
Nadia	Sapee	Senior Principal Assistant Director	Ministry of International Trade and Industry (MITI), Malaysia
Datuk	Wong Seng Foo	Senior Director	Ministry of International Trade and Industry (MITI)
Khairunnisa	Yahya	Assistant Director	Ministry of International Trade and Industry (MITI), Malaysia
Lee Lian Ivy	Yap	Principal Assistant Secretary	Ministry of Energy, Green Technology and Water (KETTHA), Malaysia
Marina	Yong	Energy Efficiency Committee member and Policy Manager	EU-Malaysia Chamber Of Commerce And Industry and Building Sector Energy Efficiency Project, UNDP
Law	Zee Jean	Senior Manager	Federation of Malaysian Manufacturers



Regional Participants

Cambodia

Philip	Stone	General Manager	Star 8 Asia Ltd, Cambodia
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Indonesia

Djarmiko Bris	Witjaksono	Director of Multilateral Cooperation	Ministry of Trade, Indonesia
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Ayu	Amalia	Technical Officer	ASEAN Secretariat
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Hamidi	Hamidi	Deputy Director Trade Access and Investment of APEC Division	Directorate of APEC and Others Organizations Cooperation, Ministry of Trade, Republic of Indonesia
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Myanmar

Khin Eindra	Kyaw	Assistant Director	Ministry of Commerce, Myanmar
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Singapore

Elizabeth	Chelliah	Principal Trade Specialist Deputy Director , International Trade Cluster	Ministry of Trade and Industry Singapore
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Abdullah	Abdul Aziz	Senior Assistant Director, International Trade Cluster	Ministry of Trade and Industry, Singapore
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Kavickumar	Muruganathan	Head (Eco Certifications)/ Lead Environmental Engineer	Singapore Environment Council
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Peter	Kew	Senior Associate Director	NUS Environmental Research Institute, National University of Singapore
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Disong	Zhang	1. Executive Committee Member 2. Group Business Development Director	1. Waste Management and Recycling Association of Singapore (WMRAS) 2. ResourceCo Asia Pte Ltd
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Martin	Hutagalung	Vice President, Government Relations and Business Development, APAC	Smiths Group
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Thailand

Romrawee	Pornpipatpong	Trade Officer	Department of Trade Negotiations, Thailand
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Siritala	Saengduang	Senior Economist	Fiscal Policy Office, Ministry of Finance of Thailand
Budthree	Tiamtiabrat	Plan and Policy Analyst	Office of Industrial Economics, Ministry of Industry, Thailand
Nanthiwa	Kerdchuen	Senior Environmentalist, Chief of Sub-division	Planning and Evaluation Division, Pollution Control Department, Ministry of Natural Resources and Environment, Thailand
Nopawon	Charlongpuntarat	Committee on International Trade Negotiation	Board of Trade of Thailand

Vietnam

Le Hang	Nguyen	Head of Training and Communication	Vietnam Cleaner Production Centre
Duc Dam Quang	Vu	Official	Multilateral Trade Policies Department, Ministry of Industry and Trade of Viet Nam
Van Manh	Lai	Researcher/Deputy Director of Department of Natural Resources and Environment	Department of Economics of Natural Resources and Environment, Institute of Strategy and Policy on Natural Resources and Environment (ISPONRE)
Viet Hoang	Can	Communication officer	The Vietnam Business Council for Sustainable Development under the Vietnam Chamber of Commerce and Industry

EU Participants and Organisers

Joachim	Monkelbaan	Team Leader	DEVELOPMENT Solutions
Urszula	Stepkowska	Policy Officer – Trade and Environment, Deputy Lead Negotiator for the Environmental Goods Agreement	European Commission Directorate-General for Trade
Sandra	Callagan	Trade and Economics Counsellor	Delegation of the European Union to Malaysia
Jesper	Jansen	Event Manager	DEVELOPMENT Solutions

Annex II: Workshop agenda

Southeast Asia regional workshop on

The Environmental Goods Agreement: The Impacts of Trade Liberalisation of Environmental Goods and Services

10th September 2015
Kuala Lumpur, Malaysia

Contracting Authority
The Directorate General of Trade, European Commission

Organisers
DEVELOPMENT Solutions Europe Ltd.

Introduction

The Environmental Goods Agreement is currently being negotiated between 17 WTO member states³. This agreement aims to reduce tariff and non-tariff barriers to trade in “environmental goods”, defined as goods with an environmental end use. The negotiations are ongoing with the goal of concluding an agreement by early 2016. This workshop is part of the Trade Sustainability Impact Assessment (Trade SIA) on the Environmental Goods Agreement, mandated by the European Commission to assess the potential impacts of the agreement and seek broad stakeholder input.

This workshop will gather relevant government, NGO and private sector stakeholders from the Southeast Asia region to engage in a discussion on the likely socio-economic and environmental impacts of liberalisation of trade in environmental goods and services. Experts and government representatives from Europe and Southeast Asia will be invited to comment on the current state of the negotiations. This workshop will give regional stakeholders an opportunity to learn more about the agreement. This workshop also aims to learn about the views of civil society stakeholders on the potential environmental and socio-economic impacts of the agreement.

This Southeast Asia Regional Workshop is a key element of the Trade SIA’s stakeholder outreach. Feedback from this workshop will be presented to the EC negotiating team and incorporated into the final Trade SIA Report, which will be made available to the public in December 2015.

<http://www.egatradesia.com/southeast-asia-workshop>

³ Australia, Canada, China, Costa Rica, Chinese Taipei, EU, Hong Kong (China), Iceland, Israel, Japan, Korea, New Zealand, Norway, Switzerland, Singapore, Turkey and the US

Morning Session 1	
8:30-9:00	Registration
9:00-9:05	<p>Welcome and introduction</p> <p>Speakers: Urszula Stepkowska, Policy Officer, Trade and Sustainable Development, Directorate-General for Trade, European Commission Mr. Wong Seng Foo, Senior Director, Malaysian Ministry of International Trade and Industry (MITI) Joachim Monkelbaan, Team Leader, Trade Sustainability Impact Assessment on the Environmental Goods Agreement</p>
9:05-9:45	State of play of the Environmental Goods Agreement negotiations
	<p>Elizabeth Mary Chelliah, Deputy Director, International Trade Cluster, Singaporean Ministry of Trade and Industry (MTI) Urszula Stepkowska, Policy Officer, Trade and Sustainable Development, Directorate-General for Trade, European Commission</p>
9:45-9:55	Q&A
9:55- 10:30	<p>Interim conclusions of the Trade Sustainability Impact Assessment on the Environmental Goods Agreement</p> <p>Joachim Monkelbaan, Team Leader, Trade Sustainability Impact Assessment on the Environmental Goods Agreement</p>
10:30-10:40	Q&A
10:40-11:10	Break
Morning Session 2	
11:10-11:30	<p>A “Living Agreement”: Expanding the scope of the environmental goods agreement</p> <p>This session will discuss the administration of a “living agreement” and the inclusion of additional products and services.</p> <p>Joachim Monkelbaan, Team Leader, Trade Sustainability Impact Assessment on the Environmental Goods Agreement</p>
11:30-11:40	Q&A
11:40-12:20	Climate Mitigation and the Environmental Goods Agreement
	<p>Climate Mitigation and Energy Efficiency</p> <p>Elizabeth Mary Chelliah, Deputy Director, International Trade Cluster, Singaporean Ministry of Trade and Industry (MTI) Renewable energy development in the Southeast Asia region Noor Miza Razali, International Energy Agency</p>
12:20-12:30	Q & A

12:30-14:30	Lunch (followed by opportunity to visit the International Greentech & Eco Products Exhibition & Conference Malaysia (IGEM) 2015)
Afternoon Session 1	
14:30-15:45	Case studies: potential environmental and socio economic impacts of liberalizing trade in environmental goods and services This session will explore the role of the Environmental Goods Agreement from the perspective of industry and project managers
	Solar Tuk Tuks Cambodia: presentation of case study (solar tuk tuks), trade barriers to solar Presenter: Philip Stone , General Manager Star 8
	Q & A Building Energy Efficiency, UNDP, Malaysia Presenter: Kevin Hor , National Project Manager, UNDP
	Q & A
	Smiths Group, Singapore: presentation of case study (sealing devices), related trade barriers Presenter: Martin Hutagalung , VP Government Relations and Business Development, Smiths Group
	Q & A Small solar lighting/ electrical equipment project, Total Access to Solar, Myanmar Presenter: Joachim Monkelbaan , Team Leader, Trade Sustainability Impact Assessment on the Environmental Goods Agreement
	Q & A
15:45-16:00	Break
Afternoon session 2	
16:00-16:50	Facilitated roundtable discussion on the environmental and socio-economic impacts of the liberalization of trade in environmental goods and services Moderator: Joachim Monkelbaan , Team Leader, Trade Sustainability Impact Assessment on the Environmental Goods Agreement
16:50-17:00	Summary and closing remarks Speakers: Urszula Stepkowska , Policy Officer, Trade and Sustainable Development, Directorate-General for Trade, European Commission Mr. Wong Seng Foo , Senior Director, Malaysian Ministry of International Trade and Industry (MITI)