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School of Law



Mega-Regionals and the Facilitation of Trade in Energy-Related Environmental Goods

Christopher Frey, Global TranSAXion

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Overview

- ❖ The Case for Environmental Goods (EG) Trade
- ❖ Main Trade Barriers
- ❖ State of Play in EG Trade Liberalization
- ❖ Moving Forward Through Mega-Regionals?

Background: The Case for EG Liberalization

- WTO Members have committed to stabilization of greenhouse gases in the atmosphere through UNFCCC and Kyoto Protocol
- “Enabling international economic environment”
- Mutually reinforcing relation between climate protection and economic development (“green growth”)
 - Green Economy
- “Win win” Situations
- However: Trade gains will be distributed unequally

Existing Barriers to Trade in Environmental Goods

Tariffs?

Non-Tariff Barriers

- Subsidies (Financial support of renewables)
- Certification
- Product Testing
- Customs Procedures
- IP Protection
- Government Procurement
- Barriers Specific to SME's

Environmental Goods Liberalization: State of Play

Doha Development Agenda

Environmental Goods Agreement (EGA)

Regional and Bilateral Free Trade Agreements

APEC

EU-Korea FTA

EU-Singapore FTA

Environmental Goods Liberalization: State of Play (2)

- Generally: Slow Progress
 - Disagreement on coverage and treatment
 - Liberalization of trade in EG not of universal interest
- Development Dimension?
- Plurilateral: Poor Ambition
- **While tariff reduction or elimination for EG seems feasible, other barriers will remain**

Mega-Regionals: A new Arena?

- Some General Thoughts
 - Ambitious approach to NTBs and
 - Close regulatory cooperation
 - Common standards for Environmental Goods
 - Possibility to minimize disagreement over coverage
 - Due to Similar interests and ambition
 - Mega-Regionals comprise main emitters of CO2
 - Will China join the TPP?
 - Regional consensus first, then spillover to multilateral?

Mega-Regionals: A new Arena?

- CETA and TTIP
 - CETA: Chapter on Trade and Environment, Trade and Sustainable Development
 - Low ambition as regards “green economy”
 - TTIP EU negotiating mandate:
 - *“Consideration will be given to measures to facilitate and promote trade in environmentally friendly and low carbon goods, energy and resource efficient goods, services and technologies, including through green public procurement (...)”*
 - Non-Paper on energy and raw materials
 - European Commission state of play July 2014

Mega-Regionals: A new Arena?

- TPP
 - Elimination of all customs duties “on a wide range of environmental goods” upon entry into force
 - Environment Committee “shall consider issues”
 - Participation of developing economies
 - Having China on board will matter for the climate

Some Concluding Thoughts

- Mega-Regionals will deal with many of the issues to facilitate trade in EGs
- Crucial role of elimination of NTBs
- Regulatory cooperation
- Sectorial approach?
 - E.g. EU-Singapore FTA
- Strong commitments to Green Economy
- Additional benefit: legitimacy and public participation