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The
G8 Research Group
at the Munk School of Global Affairs at Trinity College in the University of Toronto
presents the

2013 Lough Erne G8 Summit Final Compliance Report

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“We commit our support to efforts to liberalise trade in green goods and services, emphasising that progress in this area will boost green growth.”

2013 G8 Lough Erne Leaders Communiqué

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Canada			+1
France		0	
Germany		0	
Italy		0	
Japan			+1
Russia			+1
United Kingdom	-1		
United States		0	
European Union		0	
Average Score		+0.33	

Background:

The G8, G20 and Asia-Pacific Economic Cooperation (APEC) forum have made commitments to liberalize trade and agreed to promote it.²⁹⁹ The leaders of APEC made an agreement on a list of environmental goods on which they plan to cut tariffs to 5 per cent or less by 2015.³⁰⁰ At the APEC meeting on 9 September 2012, APEC leaders also agreed to eliminate non-tariff barriers such as local requirements distorting green goods and services trade.³⁰¹ This initiative creates jobs and strengthens its commitment to trade liberalization and green growth.³⁰²

At the 2013 Lough Erne Summit, G8 countries defined trade as a key point of economic growth.³⁰³ They promised to break down barriers to trade and combat protectionism.³⁰⁴ G8 leaders also declared a stronger commitment to tackling climate through efforts to promote future economic growth, stating that “It is one of the foremost challenges for our future economic growth and well-being.”³⁰⁵ In order to liberalize trade and parts of the economy which do not result in climate change

²⁹⁹ The Next Steps to Green, Free trade, World Economic Forum (Geneva). 12 June 2012, Access Date: 4 December 2013. <http://forumblog.org/2012/06/the-next-steps-to-green-free-trade/>

³⁰⁰ The Next Steps to Green, Free trade, World Economic Forum (Geneva). 12 June 2012, Access Date: 5 December 2013. <http://forumblog.org/2012/06/the-next-steps-to-green-free-trade/>

³⁰¹ APEC List of Environmental Goods: Promoting Exports, Creating Jobs, and Advancing Green Growth and Sustainable Development, Office of the U.S Trade Representative (Washington). September 2012, Access Date 4 December 2013. <http://www.ustr.gov/about-us/press-office/fact-sheets/2012/september/apec-environmental-goods>

³⁰² APEC List of Environmental Goods: Promoting Exports, Creating Jobs, and Advancing Green Growth and Sustainable Development, Office of the U.S Trade Representative (Washington). September 2012, Access Date 4 December 2013. <http://www.ustr.gov/about-us/press-office/fact-sheets/2012/september/apec-environmental-goods>

³⁰³ G8 Lough Erne Leaders Communiqué, G8 Research Group (Toronto) 18 June 2013. Access Date: 4 December 2013. <http://www.g8.utoronto.ca/summit/2013lougherne/lough-erne-communique.html#trade>

³⁰⁴ G8 Lough Erne Leaders Communiqué, G8 Research Group (Toronto) 18 June 2013. Access Date: 4 December 2013. <http://www.g8.utoronto.ca/summit/2013lougherne/lough-erne-communique.html#trade>

³⁰⁵ G8 call for stronger action on climate change, Energy and Environment Management (Warrington) <http://www.eaem.co.uk/news/g8-call-stronger-action-climate-change>

impacts, the G8 countries committed to supporting the liberalization of green goods and services trade as well as boosting green growth by reducing tariffs on environmental goods.³⁰⁶

Commitment Features:

At the Lough Erne Summit, the G8 countries committed to increase trade in areas where the environment is not affected as a result of increased trade. In order for this to be achieved, G8 countries have committed to liberalize trade on environmental goods and services between countries by reducing tariffs to a certain level. G8 commended APEC “decision in September 2012 to reduce tariffs on environmental goods as an important contribution to” liberalization of trade in environmental goods and services, thus the APEC List of Environmental Goods should be used when assessing compliance.³⁰⁷ In order to fulfill this commitment, each country has to take actions to reduce tariffs on green goods and services to 5% or less.

Scoring:

-1	Member does not take any actions to liberalize trade in green goods and services.
0	Member takes actions to liberalize trade in green goods and services (e.g. developing an action plan of liberalization) OR reduces its tariffs on green goods and services.
+1	Member takes actions to liberalize trade in green goods and services (e.g. developing an action plan of liberalization) AND reduces its tariffs on green goods and services.

Lead Analyst: Eric Na

Canada: +1

Canada has fully complied with its responsibility to deduce taxes for the environmental goods.

Canada’s compliance in this commitment is largely due to the fact that Canada’s tariffs on green goods were already lowered prior to the current compliance cycle. On 27 March 2013, Minister of Finance Jim Flaherty announced, that Harper’s government has already reduced taxes to 5 per cent for certain environment goods produced in the members of the Asia-Pacific Economic Co-operation forum, such as solar water heaters. For this compliance cycle however, the Canadian Government planned to reduce its taxes for the environmental goods below 5 per cent level.³⁰⁸

On 24 January 2013 the Honourable Ed Fast, Minister of International Trade on the Davos Forum has announced Canada’s intentions to concluded plurilateral agreement with 13 WTO members including China in order to increase trade in the Green goods in a way that by 2020 it will be USD 3 trillion.³⁰⁹

³⁰⁶ G8 Lough Erne Leaders Communiqué, G8 Research Group (Toronto) 18 June 2013. Access Date: 4 December 2013. <http://www.g8.utoronto.ca/summit/2013lougherne/lough-erne-communique.html#trade>

³⁰⁷ ANNEX C — APEC List of Environmental Goods, APEC. http://apec.org/Meeting-Papers/Leaders-Declarations/2012/2012_aelm/2012_aelm_annexC.aspx

³⁰⁸ Harper Government Shows Global Leadership in Trade Liberalization, Department of Finance (Ottawa) 27 March 2013. Access Date: 21 December 2013. <http://www.fin.gc.ca/n13/13-045-eng.asp>.

³⁰⁹ Canada to Join WTO Talks Toward Global Free Trade in Environmental Goods, January 24, 2014, <http://www.international.gc.ca/media/comm/news-communiques/2014/01/24a.aspx?lang=eng> . Access Date: 30 April 2014

On 28 January 2013 Canadian government announced finishing of implementation of the Free Trade agreement concluded with Honduras, which has already made great contribution to the increase of trade in the Merchandise items between Canada and Honduras.³¹⁰

Thus, Canada has been awarded a score of +1 for full compliance. However, there is still room for Canada to expand its green growth program.

Analyst: Volodymyr Sukhodolskiy

France: 0

France has partially complied with its commitment to promote green trade by liberalizing trade barriers.

France has announced no substantive cuts to tariffs on green goods. However, at the Global Green Growth Forum in October 2013³¹¹ French Minister for Foreign Trade Nicole Bricq announced that France was prepared to present a joint declaration with Denmark pushing for green trade liberalization in the European Union.³¹² Additionally, France and Denmark also encouraged the EU to join an initiative led by the Asia-Pacific Economic Co-operation forum to lower to cut tariffs on a number of green goods and services to under five percent at an EU ministerial meeting in October 2013.³¹³

On 27 January 2014, the French Ministry of Foreign Trade announced that the EU and 13 countries including the United States, China, Japan and Korea pledged to begin negotiations to reduce customs duties on environmental goods.³¹⁴

Though France has spearheaded EU discussions on custom duties for environmental goods, no concrete action has yet been taken. Thus, France has been awarded a partial score of 0.

Analyst: Ujwal Ganguly

Germany: 0

Germany has partially complied with its commitment to lower tariffs on green goods and services.

While Germany has not released any statements on reducing customs duties for environmental goods, it is a part of the EU – WTO trade negotiations on reducing environmental customs.³¹⁵

³¹⁰ Harper Government Introduces Legislation to Implement Free Trade Agreement with Honduras, January 28, 2014, <http://www.international.gc.ca/media/comm/news-communiqués/2014/01/28c.aspx?lang=eng>. Access Date: 30 April 2014.

³¹¹ PPP Sessions, Global Green Growth Forum (Copenhagen) 2013. Access Date: 31 December 2013. <http://3gf.dk/en/3gf-2013/introduction/>.

³¹² France and Denmark in push for global green free trade, businessGreen (London) 22 October 2013. Access Date: 31 December 2013. <http://www.businessgreen.com/bg/analysis/2301958/france-and-denmark-in-push-for-global-green-free-trade>.

³¹³ France and Denmark in push for global green free trade, businessGreen (London) 22 October 2013. Access Date: 31 December 2013. <http://www.businessgreen.com/bg/analysis/2301958/france-and-denmark-in-push-for-global-green-free-trade>.

³¹⁴ Paris hails WTO talks on environmental goods, Embassy of France in London, 27 January 2014. Date of Access: May 28 2014. <http://www.ambafrance-uk.org/Paris-hails-WTO-talks-on>

³¹⁵ Paris hails WTO talks on environmental goods, Embassy of France in London, 27 January 2014. Date of Access: May 28 2014. <http://www.ambafrance-uk.org/Paris-hails-WTO-talks-on>

Because Germany has not released any statements declaring their willingness to lower tariffs in the Environmental Goods and Services sector, they have received a score of 0.

Analyst: Tracy Wang

Italy: 0

Italy has partially complied with its commitment to lower tariffs on green goods and services.

While Italy has not released any statements on reducing customs duties for environmental goods, it is a part of the EU – WTO trade negotiations on reducing environmental customs.³¹⁶

As a consequence, Italy has been awarded a score of 0.

Analyst: Lucia Vanta

Japan: +1

Japan has complied with its commitment to reduce tariffs on green goods and services. Since Japan does not have a single tariff level for environmental goods of more than 5 per cent, it has already complied with the commitment prior to the current compliance cycle.³¹⁷

Members of Japan's government have also continually announced support for the reduction of these tariffs by 2015 in other communities and have been on the forefront of their development with the Asia-Pacific Economic Co-operation (APEC) forum.³¹⁸

On 7 and 8 October 2013, Prime Minister Shinzo Abe attended the APEC Economic Leaders' Meeting held in Bali, the Republic of Indonesia. The leaders agreed upon a declaration supporting the implementation of the APEC List of Environmental Goods.³¹⁹

On 27 January 2014, the French Ministry of Foreign Trade announced that the EU and 13 countries including the United States, China, Japan and Korea pledged to begin negotiations to reduce customs duties on environmental goods.³²⁰

Thus, since Japan's compliance goals were already met, Japan has been awarded a +1 for technical for full compliance.

Analyst: Tracy Wang

³¹⁶ Paris hails WTO talks on environmental goods, Embassy of France in London, 27 January 2014. Date of Access: May 28 2014. <http://www.ambafrance-uk.org/Paris-hails-WTO-talks-on>

³¹⁷ APEC's environmental goods initiative: How climate-friendly is it?, International Centre for Trade and Sustainable Development Bridges Trade BioRes Review (Geneva) November 2012. Access Date: 20 December 2013. <http://ictsd.org/i/news/bioresreview/150577/>.

³¹⁸ APEC's environmental goods initiative: How climate-friendly is it?, International Centre for Trade and Sustainable Development Bridges Trade BioRes Review (Geneva) November 2012. Access Date: 26 December 2013. <http://ictsd.org/i/news/bioresreview/150577/>.

³¹⁹ APEC 2013 Leaders Declaration was adopted, October 2013 News Releases (Tokyo) 9 October 2013. Access Date: 20 December 2013. http://www.meti.go.jp/english/press/2013/1009_03.html.

³²⁰ Paris hails WTO talks on environmental goods, Embassy of France in London, 27 January 2014. Date of Access: May 28 2014. <http://www.ambafrance-uk.org/Paris-hails-WTO-talks-on>

Russia: +1

Russia has fully complied with the commitment on liberalizing trade in green goods and services.

On 25 June 2013, the Collegium of the Eurasian Economic Community (Belarus, Kazakhstan, Russia) decided to lower tariffs on certain elements of the APEC list of environmental goods, including: multilayer flooring panels (HS 4418 72 000) from 20 to 17 per cent, parts for steam and other vapour turbines (HS 8406 90 100) from 10 to 8.8 percent, light emitting diodes (HS 8541 40 100) from 10 to 6.7 percent, instruments and apparatus for measuring or checking pressure (HS 9026 20 200 8) from 10 to 6.7 percent, other instruments and apparatus (HS 9026 80 200 9) from 10 to 6.7 percent.³²¹

Russia has taken actions to liberalize trade in green goods by reducing its import tariffs on a number of environmental goods. Thus, Russia receives a score of +1.

Analyst: Andrei Sakharov

United Kingdom: -1

The United Kingdom did not comply with its commitment to reduce tariffs on environmental goods.

While the United Kingdom has not released any statements on reducing customs duties for environmental goods, it is a part of the EU – WTO trade negotiations on reducing environmental customs.³²²

As the United Kingdom has not reduced its taxes for environmental goods to below the five percent threshold, the United Kingdom has been awarded a score of -1.

Analyst: Volodymyr Sukhodolskiy

United States: 0

The United States has partially complied with its commitment to green growth in trade.

In June 2013, the United States released The President's Climate Action Plan, which states that "The U.S. will work with trading partners to launch negotiations at the World Trade Organization towards global free trade in environmental goods, including clean energy technologies such as solar, wind, hydro and geothermal."³²³ In addition, the United States stated its intention to expand the proposed membership of this free trade zone from the original APEC members to include members of the World Trade Organization (WTO) over the next year. The United States also stated its intention to work with the Trade in Services Agreement negotiations in the interest of expanding the free trade of environmental goods.³²⁴

³²¹ Decision by the Collegium of the Eurasian Economic Community of 25.06.2013 N 139 "On the amendments to the Common Commodity Nomenclature of Foreign Economic Activity of the Customs Union and the Common Customs Tariff of the Customs Union, Consultant 25 June 2013. Access Date: 15 January 2014.

http://www.consultant.ru/document/cons_doc_LAW_148352/.

³²² Paris hails WTO talks on environmental goods, Embassy of France in London, 27 January 2014. Date of Access: May 28 2014. <http://www.ambafrance-uk.org/Paris-hails-WTO-talks-on>

³²³ The President's Climate Action Plan, the White House (Washington) June 2013. Access Date: 24 January 2014. http://search.whitehouse.gov/search?affiliate=wh&query=president%27s+climate+action+plan&submit.x=0&submit.y=0&form_id=usasearch_box.

³²⁴ The President's Climate Action Plan, the Executive Office of the President (Washington) June 2013. Access Date: 24 January 2014. http://search.whitehouse.gov/search?affiliate=wh&query=president%27s+climate+action+plan&submit.x=0&submit.y=0&form_id=usasearch_box.

On 24 January 2014, the United States met with thirteen other WTO members and announced plans for an initiative to entirely eliminate tariffs on environmental goods within the WTO.³²⁵

Thus, the United States has promised to reduce its tariffs on green goods and services to well below five per cent. However, as it has not taken any significant steps to do so, it has been awarded a score of 0 for partial compliance.

Analyst: Guillaume Kishibe

European Union: 0

The European Union has partially complied with its trade commitment.

On 27 January 2014 the EU announced that it had pledged to begin negotiations in the WTO framework to reduce customs duties on environmental goods. The discussions will be based on the list of 54 environmental goods drawn up by the Asia Pacific Economic Cooperation countries.³²⁶

Thus, for partially complying with its trade commitment the European Union has been awarded a score of 0.

Analyst: Ujwal Ganguly

³²⁵ Promoting Green Goods Trade to Address Climate Change, the White House (Washington) 24 January 2014. Access Date: 24 January 2014. <http://www.whitehouse.gov/blog/2014/01/24/promoting-green-goods-trade-address-climate-change>.

³²⁶ Paris hails WTO talks on environmental goods, Embassy of France in London, 27 January 2014. Date of Access: May 28 2014. <http://www.ambafrance-uk.org/Paris-hails-WTO-talks-on>