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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
Interim Compliance Report**

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4. Trade: Green Growth [54]

“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	-1		
Italy	-1		
Japan			+1
Russia		+1	
United Kingdom	-1		
United States		0	
European Union		0	
Average Score		0	

Background

The G8, G20 and Asia-Pacific Economic Cooperation (APEC) forum have made commitments to liberalize trade and agreed to promote it.²⁷¹ 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 2015.²⁷² 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.²⁷³ This initiative creates jobs and strengthens its commitment to trade liberalization and green growth.²⁷⁴

At the 2013 Lough Erne Summit, G8 countries defined trade as a key point of economic growth.²⁷⁵ They promised to break down barriers to trade and combat protectionism.²⁷⁶ 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

²⁷¹ The Next Steps to Green, Free trade, World Economic Forum (Geneva). 12 June 2012, Date of Access: 4 December 2013. <http://forumblog.org/2012/06/the-next-steps-to-green-free-trade/>

²⁷² The Next Steps to Green, Free trade, World Economic Forum (Geneva). 12 June 2012, Date of Access: 5 December 2013. <http://forumblog.org/2012/06/the-next-steps-to-green-free-trade/>

²⁷³ 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, Date of Access 4 December 2013. <http://www.ustr.gov/about-us/press-office/fact-sheets/2012/september/apec-environmental-goods>

²⁷⁴ 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, Date of Access 4 December 2013. <http://www.ustr.gov/about-us/press-office/fact-sheets/2012/september/apec-environmental-goods>

²⁷⁵ G8 Lough Erne Leaders Communiqué, G8 Research Group (Toronto) 18 June 2013. Date of Access: 4 December 2013. <http://www.g8.utoronto.ca/summit/2013lougherne/lough-erne-communique.html#trade>

²⁷⁶ G8 Lough Erne Leaders Communiqué, G8 Research Group (Toronto) 18 June 2013. Date of Access: 4 December 2013. <http://www.g8.utoronto.ca/summit/2013lougherne/lough-erne-communique.html#trade>

growth and well-being.”²⁷⁷ In order to liberalize trade and parts of the economy which do not result in 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.²⁷⁸

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.²⁷⁹ 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.²⁸⁰

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.

²⁷⁷ G8 call for stronger action on climate change, Energy and Environment Management (Warrington) <http://www.eam.co.uk/news/g8-call-stronger-action-climate-change>

²⁷⁸ G8 Lough Erne Leaders Communiqué, G8 Research Group (Toronto) 18 June 2013. Date of Access: 4 December 2013. <http://www.g8.utoronto.ca/summit/2013lougherne/lough-erne-communiqué.html#trade>

²⁷⁹ ANNEX C — APEC List of Environmental Goods, APEC. http://apec.org/Meeting-Papers/Leaders-Declarations/2012/2012_aelm/2012_aelm_annexC.aspx

²⁸⁰ Harper Government Shows Global Leadership in Trade Liberalization, Department of Finance (Ottawa) 27 March 2013. Date of Access: 21 December 2013. <http://www.fin.gc.ca/n13/13-045-eng.asp>

France has announced no substantive cuts to tariffs on green goods. However, at the Global Green Growth Forum in October 2013²⁸¹ 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.²⁸² 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 2013.²⁸³

Though France has made no substantive attempts to cut tariffs on green goods and services, it has discussed the issue. Thus, France has been awarded a partial score of 0.

Analyst: Ujwal Ganguly

Germany: -1

Germany has not complied with its commitment to lower tariffs on green goods and services.

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 -1.

Analyst: Tracy Wang

Italy: -1

Italy has not complied with its commitment to lower tariffs on green goods and services.

Italy has not demonstrated any efforts towards lowering tariffs on green goods and services. Furthermore, Italy has not released any information discussing the issue.

As a consequence, Italy has been awarded a score of -1.

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.²⁸⁴

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.²⁸⁵

²⁸¹ PPP Sessions, Global Green Growth Forum (Copenhagen) 2013. Date of Access: 31 December 2013. <http://3gf.dk/en/3gf-2013/introduction/>.

²⁸² France and Denmark in push for global green free trade, businessGreen (London) 22 October 2013. Date of Access: 31 December 2013. <http://www.businessgreen.com/bg/analysis/2301958/france-and-denmark-in-push-for-global-green-free-trade>.

²⁸³ France and Denmark in push for global green free trade, businessGreen (London) 22 October 2013. Date of Access: 31 December 2013. <http://www.businessgreen.com/bg/analysis/2301958/france-and-denmark-in-push-for-global-green-free-trade>.

²⁸⁴ APEC's environmental goods initiative: How climate-friendly is it?, International Centre for Trade and Sustainable Development Bridges Trade BioRes Review (Geneva) November 2012. Date of Access: 20 December 2013. <http://ictsd.org/i/news/bioresreview/150577/>.

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.²⁸⁶

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

Analyst: Tracy Wang

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.²⁸⁷

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.

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

²⁸⁵ APEC's environmental goods initiative: How climate-friendly is it?, International Centre for Trade and Sustainable Development Bridges Trade BioRes Review (Geneva) November 2012. Date of Access: 26 December 2013. <http://ictsd.org/i/news/bioresreview/150577/>.

²⁸⁶ APEC 2013 Leaders Declaration was adopted, October 2013 News Releases (Tokyo) 9 October 2013. Date of Access: 20 December 2013. http://www.meti.go.jp/english/press/2013/1009_03.html.

²⁸⁷ 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. Date of Access: 15 January 2014. http://www.consultant.ru/document/cons_doc_LAW_148352/.

solar, wind, hydro and geothermal.”²⁸⁸ 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.²⁸⁹

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.²⁹⁰

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: -1

The European Union has failed to comply with its trade commitment.

The EU has thus far not put forward any substantive efforts towards lowering tariffs on green goods and services. Furthermore, the EU has also not released any information discussing the issue.

Thus, for failing to comply with its trade commitment the European Union has been awarded a score of -1.

Analyst: Ujwal Ganguly

²⁸⁸ The President’s Climate Action Plan, the White House (Washington) June 2013. Date of Access: 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.

²⁸⁹ The President’s Climate Action Plan, the Executive Office of the President (Washington) June 2013. Date of Access: 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.

²⁹⁰ Promoting Green Goods Trade to Address Climate Change, the White House (Washington) 24 January 2014. Date of Access: 24 January 2014. <http://www.whitehouse.gov/blog/2014/01/24/promoting-green-goods-trade-address-climate-change>.