The G7 Research Group at the Munk School of Global Affairs at Trinity College in the University of Toronto presents the

2014 Brussels G7 Summit Final Compliance Report
6 June 2014 to 30 May 2015

Prepared by
Enko Koceku, Sarah Burton, David Cosolo and Michael Humeniuk
with Caroline Bracht
G7 Research Group, University of Toronto

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www.g7.utoronto.ca
g8@utoronto.ca
@g8rg
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“We are committed to liberalizing trade in environmental goods and services, including through an Environmental Goods Agreement.”

2014 Brussels Declaration

Assessment

<table>
<thead>
<tr>
<th>Country</th>
<th>Lack of Compliance</th>
<th>Work in Progress</th>
<th>Full Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>France</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Germany</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Italy</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Japan</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>United States</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>European Union</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Average Score</td>
<td>+0.13</td>
<td></td>
<td></td>
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</tbody>
</table>

Background

G7 members have, for years, consistently committed to eliminating subsidies, tariffs, and other barriers to trade. At the 2014 Brussels Summit, G7 members recognized the unique importance of environmental goods to the modern economy, and therefore committed to trade liberalization in this unique sector.124

Environmental goods include, “goods for air pollution control, cleaner and resource efficient technologies and products, environmentally preferable products based on end use and disposal characteristics, heat and energy management products, environmental monitoring products, analysis and assessment equipment, goods for natural risk management and natural resources protection, noise and vibration abatement products, renewable energy plants, management of solid and hazardous waste and recycling systems, goods for clean up or remediation of soil and water, and products for waste water management and potable water treatment.”125

In 2013, a number of World Trade Organization (WTO) members agreed to pursue an ambitious and legally binding Environmental Goods Agreement among themselves — seeking to build on the 2012 Asia Pacific Economic Cooperation’s list of environmental goods.126

Commitment Features

The commitment has two distinct parts. Member states have committed to liberalizing trade in environmental goods in a unilateral and bilateral context, as well as taking steps towards the conclusion of a broader Environmental Goods Agreement, such as that envisioned and currently pursued by a small sub-group of the WTO’s membership.

Full compliance with this commitment therefore requires that G7 members (1) liberalize trade in environmental goods in a unilateral and bilateral context through the elimination subsidies, tariffs, and non-tariff barriers to trade, for example by announcing reduced tariffs on specific environmental good items as was done at the Asia-Pacific Economic Cooperation summit in 2012,127 and (2) that G7 members take concrete political steps towards concluding a wider Environmental Goods Agreement through the WTO or other forums, for example by joining, concluding, or remaining participants in successive rounds of WTO negotiations on this issue.128

**Scoring Guidelines**

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>-1</td>
<td>Member does not take steps towards liberalizing trade in environmental goods and services AND do not take concrete steps towards the conclusion of an Environmental Goods Agreement.</td>
</tr>
<tr>
<td>0</td>
<td>Member institutes trade-liberalizing measures in environmental goods and services OR takes concrete steps towards the conclusion of an Environmental Goods Agreement.</td>
</tr>
<tr>
<td>1</td>
<td>Member institutes trade-liberalizing measures in environmental goods and services AND takes concrete steps towards the conclusion of an Environmental Goods Agreement.</td>
</tr>
</tbody>
</table>

*Lead Analyst: Hayden Rodenkirchen*

**Canada: 0**

Canada has partially complied with its commitment to take concrete steps towards liberalizing trade in environmental goods and concluding a broader Environmental Goods Agreement.

On 8 July 2014, Canada’s Minister of International Trade, Ed Fast, announced Canada’s participation in the official launch of WTO Environmental Goods Agreement negotiations in Geneva, Switzerland.129

On 27 August 2014, Canada’s Ministry of Foreign Affairs, Trade, and Development released a notice of intent to conduct an environmental assessment on the potential Environmental Goods Agreement. It aimed to assess the environmental impacts (in Canada) of a plurilateral Environmental Goods Agreement.130

During 22-26 September 2014 at the Second Round of Negotiations on an Environmental Goods Agreement in Geneva, Canada presented environmental good product nominations in the categories of (1) air pollution control, and (2) solid and hazardous waste management.131

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During the compliance period Canada has taken actions toward the conclusion of an Environmental Goods Agreement. It has not, however, implemented liberalizing measures in the trade of environmental goods. Thus, Canada has been awarded a score of 0.

\textit{Analyst: Freda Zhang}

\textbf{France: 0}

France has partially complied its commitment to liberalize trade on environmental goods and take concrete steps towards a conclusion of an Environmental Goods Agreement.


During this compliance period France has participated in the discussions of Environmental Goods Agreement as a European Union member state, but has not taken concrete actions towards liberalizing trade in environmental goods per the Green Goods Initiative itself. Thus, France has been awarded a score of 0.

\textit{Analyst: Freda Zhang}

\textbf{Germany: 0}

Germany has partially complied with its commitment to liberalize trade in environmental goods and to take concrete steps towards the conclusion of an Environmental Goods Agreement.

Between 2008 and 2013, Germany’s average yearly export of environmental goods was USD100 billion, which made the country one of the highest exporters of these goods in the world.\footnote{Consultations on a Plurilateral Environmental Goods Agreement, Ministry of Foreign Affairs, Trade, and Development (Ottawa) 10 March 2015. Date of Access: 11 May 2015. http://www.international.gc.ca/trade-agreements-accords-commerciaux/consultations/eg-consult-be.aspx?lang=eng}

Despite this, in the 2014/15 cycle, Germany did not participate in any unilateral or bilateral initiatives to eliminate subsidies, tariffs, and non-tariff barriers to trade in environmental goods.
However, as part of the EU, Germany has been negotiating the Environmental Goods Agreement (EGA) with a number of other states to improve access to green technologies to other states by eliminating tariffs and reducing costs.\textsuperscript{136}

Therefore, since Germany has only partially complied with its commitment through participation in the EGA led by the EU, it has been awarded a score of 0.

\textit{Analyst: Emily Tsui}

\textbf{Italy: 0}

Italy has partially complied with its commitment to liberalize trade in environmental goods.

On 8 July 2014, the Government of Italy announced its participation in the WTO's Environmental Goods Agreement (EGA) negotiations, and publicly announced its “shared goal of global free trade in environmental goods.”\textsuperscript{137}

The first stage of talks and negotiations took place in Geneva over the course of 2014, and early 2015. It included five rounds of discussions between the members of the G7 and participating WTO members.\textsuperscript{138}

Italy, as part of the EU, has started discussions to reduce tariff and non-tariff barriers to trade in environmental goods. The agreement, however, remains in the negotiating stage. No liberalization of trade in green goods has been implemented. Therefore, Italy is awarded a score of 0 for partial compliance.

\textit{Analyst: Ujwal Ganguly}

\textbf{Japan: +1}

Japan has fully complied with its commitment to liberalize trade in environmental goods and to take concrete political steps toward concluding a wider Environmental Goods Agreement.

On 19 January 2015, the World Trade Organization (WTO) announced that Japan had taken the lead in contributing to the implementation of APEC List of Environmental Goods Agreement (54 items), which commits to a tariff rate reduction of 5% or more by the end of 2015.\textsuperscript{139}

On 23 February 2015, Japan announced a tariff reduction in solar-energy.\textsuperscript{140} The tariff for solar-power investment applications approved between April 1, 2015 and June 30, 2015 will be cut to 29


Yen per kilowatt hour from the current rate of 32 Yen per kilowatt hour. The tariff will be cut again to 27 yen per kilowatt hour beginning July 2015.

Due to its unilateral tariff reductions and progress in implementing APEC’s Environmental Goods Agreement, Japan has been awarded a score of +1 for full compliance.

**United Kingdom: 0**

The United Kingdom has partially complied with its commitment to liberalize trade in environmental goods and services, including through an Environmental Goods Agreement.

In a joint statement with the WTO on July 8, 2014, the government of the United Kingdom announced that: “Today, we are pleased to announce the launch of negotiations on the Environmental Goods Agreement (EGA), through which we aim to achieve our shared goal of global free trade in environmental goods. We will now engage in intensive negotiations, meeting regularly in Geneva, to discuss the substance of the agreement, including product coverage.”

Additionally, the statement noted that “In this process we are committed to work together and with other WTO Members similarly committed to liberalization that are interested in joining our ambitious efforts. We are convinced that this WTO initiative will … support its mission to liberalize trade.”

Throughout 2014 and early 2015, the United Kingdom participated in five rounds of negotiation on an environmental goods agreement between the members of the G7 and participating WTO members. The talks focused on removing tariffs on a list of 54 products on which the member countries of APEC (Asia-Pacific Economic Cooperation) have agreed to reduce their tariffs to 5 per cent or less by 2015.

The UK has started discussions to reduce tariffs and non-tariff barriers through a multilateral Environmental Goods Agreement. However, this agreement remains in negotiation. No liberalization of trade in green goods, either unilaterally or bilaterally, has been implemented. The United Kingdom, therefore, has partially complied with its commitment and is awarded a score of 0.

**Analyst: Ujwal Ganguly**

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United States: 0

The United States has partially complied with its commitment to liberalize trade in environmental goods and to take concrete steps toward concluding a wider Environmental Goods Agreement.

On 12 July 2014, the United States, the European Union, China and 11 other governments begin trade negotiations to eliminate tariffs on solar panels, wind turbines, water-treatment equipment and other environmental goods under an Asia-Pacific Economic Cooperation framework. The same countries are currently working to expand that list considerably.

Due to its participation in negotiations towards a comprehensive Environmental Goods Agreement, the United States has been awarded as score of 0 for partial compliance.

European Union: 0

The European Union (EU) has taken significant steps towards concluding a multilateral Environmental Goods Agreement. It has not, however, taken unilateral action towards reducing tariffs on environmental goods. The European Union is therefore awarded a score of 0.

The EU is currently negotiating the Environmental Goods Agreement (EGA) with 16 other members of the World Trade Organization (WTO). Talks began in July 2014 with the goal of eliminating tariffs on a broad range of environmental goods, including services linked to these goods, in order to ultimately make the acquisition of these goods cheaper. If successful, tariffs would be cut on almost CAD1 trillion of environmental goods and would affect 86% of trade in renewable energy infrastructure goods, clean water filtration systems, and air pollution control technologies.

The sixth round of negotiations occurred from 4-8 May 2015, where the list of environmental goods was finalized. A draft agreement is expected to be presented during the 10th WTO summit from 15–18 December 2015. If accepted by the WTO, it may become a legally binding plurilateral agreement that will receive “Most Favoured Nation” status.

Analyst: Ji Won Chun

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As the EU has demonstrated efforts to liberalize trade through negotiation of the EGA, it has been awarded a score of 0.

*Analyst: Emily Tsui*