



The
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presents the

2014 Brussels G7 Summit Final Compliance Report

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3. Trade: Environmental Goods [21]

“We are committed to liberalizing trade in environmental goods and services, including through an Environmental Goods Agreement.”

2014 Brussels Declaration

Assessment

Country	Lack of Compliance	Work in Progress	Full Compliance
Canada		0	
France		0	
Germany		0	
Italy		0	
Japan			+1
United Kingdom		0	
United States		0	
European Union		0	
Average Score		+0.13	

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.

¹²⁴ Brussels G7 Summit Declaration, European Commission (Brussels). 5 June 2014. Date of Access: 15 February 2015. http://europa.eu/rapid/press-release_MEMO-14-402_en.htm

¹²⁵ Consultations on a Plurilateral Environmental Goods Agreement, Foreign Affairs, Trade and Development Canada (Ottawa.) 4 February 2015. Date of Access: 14 February 2015. <http://www.international.gc.ca/trade-agreements-accords-commerciaux/consultations/eg-consult-be.aspx?lang=eng>

¹²⁶ Consultations on a Plurilateral Environmental Goods Agreement, Foreign Affairs, Trade and Development Canada (Ottawa.) 4 February 2015. Date of Access: 14 February 2015. <http://www.international.gc.ca/trade-agreements-accords-commerciaux/consultations/eg-consult-be.aspx?lang=eng>

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

- 1	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.
0	Member institutes trade-liberalizing measures in environmental goods and services OR takes concrete steps towards the conclusion of an Environmental Goods Agreement.
1	Member institutes trade-liberalizing measures in environmental goods and services AND takes concrete steps towards the conclusion of an Environmental Goods Agreement.

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 waster management.¹³¹

¹²⁷ WTO Environmental Goods Agreement (EGA), Foreign Affairs, Trade and Development Canada (Ottawa). 25 March 2015. Date of Access: 20 April 2015. <http://www.international.gc.ca/trade-agreements-accords-commerciaux/topics-domaines/env/plurilateral.aspx?lang=eng>

¹²⁸ WTO Environmental Goods Agreement (EGA), Foreign Affairs, Trade and Development Canada (Ottawa). 25 March 2015. Date of Access: 20 April 2015. <http://www.international.gc.ca/trade-agreements-accords-commerciaux/topics-domaines/env/plurilateral.aspx?lang=eng>

¹²⁹ News Release, Canada Welcomes Launch of Negotiations on WTO Environmental Goods Agreement, Ministry of Foreign Affairs, Trade, and Development (Ottawa) 8 July 2014. Date of Access: 11 May 2015. <http://www.international.gc.ca/media/comm/news-communiques/2014/07/08a.aspx?lang=eng>

¹³⁰ Joint Statement Regarding the Launch of the Environmental Goods Agreement Negotiations, Ministry of Foreign Affairs, Trade, and Development (Ottawa) 27 August 2014. Date of Access: 11 May 2015. <http://www.international.gc.ca/trade-agreements-accords-commerciaux/topics-domaines/env/joint-statement-neg-declaration-commune.aspx?lang=eng>

¹³¹ WTO Environmental Goods Agreement (EGA), Ministry of Foreign Affairs, Trade, and Development (Ottawa) 25 March 2015. Date of Access: 11 May 2015. <http://www.international.gc.ca/trade-agreements-accords-commerciaux/topics-domaines/env/plurilateral.aspx?lang=eng>

On 20 February 2015, the Government of Canada concluded its preliminary public consultation on an Environmental Goods Agreement — intended to identify Canadian interests and help the Government of Canada prepare for further rounds of negotiation.¹³²

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.

Analyst: Freda Zhang

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.

On 8 July 2014, France, under the European Commission, joined with other WTO Members to launch negotiations on WTO Environmental Goods Agreement.¹³³

From 4 June 2014 to 31 July 2014, France participated in the public consultation on Green Goods Initiative launched by the European Union on behalf of its member states in preparation for further negotiations on the Environmental Goods Agreement.¹³⁴

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.

Analyst: Freda Zhang

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.¹³⁵ 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.

¹³² 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>

¹³³ The 'Green Goods Initiative': Liberalising trade in environmental goods and services, European Commission (Brussels) 27 January 2015. Date of Access: 12 May 2015. <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1116>

¹³⁴ The 'Green Goods Initiative': Liberalising trade in environmental goods and services, European Commission (Brussels) 27 January 2015. Date of Access: 12 May 2015. <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1116>

¹³⁵ Trade in Environmental Goods and Services: Opportunities and Challenges, International Trade Centre (Geneva) 2014. Date of Access: 9 May 2015. <http://www.intracen.org/uploadedFiles/intracenorg/Content/Publications/AssetPDF/EGS%20Ecosystems%20Brief%20040914%20-%20low%20res.pdf>

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.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.

Analyst: Emily Tsui

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."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.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.

Analyst: Ujwal Ganguly

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 2015.¹³⁹

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

¹³⁶ Environmental Goods Agreement, Office of the United States Trade Representative (Washington DC) 2015. Date of Access: 9 May 2015. <https://ustr.gov/trade-agreements/other-initiatives/environmental-goods-agreement>

¹³⁷ Mission to Liberalise Trade, Provide Important Impetus to the DDA Negotiations and Benefit All, European Commission (Brussels) 8 July 2014. Date of Access: 3 May 2015. http://eeas.europa.eu/delegations/wto/documents/press_corner/final_joint_statement_green_goods_8_july_2014.pdf

¹³⁸ The 'Green Goods Initiative': Liberalising Trade in Environmental Goods and Services, European Commission (Brussels) 27 January 2015. Date of Access: 4 May 2015. <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1116>

¹³⁹ Trade Policy Review Report By Japan, World Trade Organization (Tokyo) 19 January 2015. Date of Access: 3 May 2015. https://www.wto.org/english/tratop_e/tpr_e/g310_e.pdf

¹⁴⁰ Japan Panel Proposes Solar Tariff Cut of as Much as 16% on Costs, Bloomberg (Tokyo) 23 February 2015. Date of Access: 3 May 2015. <http://www.bloomberg.com/news/articles/2015-02-24/japan-panel-proposes-solar-tariff-cut-of-as-much-as-16-on-costs>

Yen per kilowatt hour from the current rate of 32 Yen per kilowatt hour.¹⁴¹ The tariff will be cut again to 27 yen per kilowatt hour beginning July 2015.¹⁴²

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.

Analyst: Ji Won Chun

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."¹⁴³ 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."¹⁴⁴

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 2015¹⁴⁵

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

¹⁴¹ Japan Panel Proposes Solar Tariff Cut of as Much as 16% on Costs, Bloomberg (Tokyo) 23 February 2015. Date of Access: 3 May 2015. <http://www.bloomberg.com/news/articles/2015-02-24/japan-panel-proposes-solar-tariff-cut-of-as-much-as-16-on-costs>

¹⁴² Japan Panel Proposes Solar Tariff Cut of as Much as 16% on Costs, Bloomberg (Tokyo) 23 February 2015. Date of Access: 3 May 2015. <http://www.bloomberg.com/news/articles/2015-02-24/japan-panel-proposes-solar-tariff-cut-of-as-much-as-16-on-costs>

¹⁴³ UK Supports Announcement at WTO to Launch Negotiations to Liberalise Trade in Environmental Goods, UK Mission to the United Nations (Geneva) 8 July 2014. Date of Access: 2 May 2015. <https://www.gov.uk/government/world-location-news/joint-statement-uk-supports-announcement-at-wto-to-launch-negotiations-to-liberalise-trade-in-environmental-goods>

¹⁴⁴ UK Supports Announcement at WTO to Launch Negotiations to Liberalise Trade in Environmental Goods, UK Mission to the United Nations (Geneva) 8 July 2014. Date of Access: 2 May 2015. <https://www.gov.uk/government/world-location-news/joint-statement-uk-supports-announcement-at-wto-to-launch-negotiations-to-liberalise-trade-in-environmental-goods>

¹⁴⁵ The 'Green Goods Initiative': Liberalising Trade in Environmental Goods and Services, European Commission (Brussels) 27 January 2015. Date of Access: 4 May 2015. <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1116>

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.¹⁴⁶ The same countries are currently working to expand that list considerably.¹⁴⁷

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.

Analyst: Ji Won Chun

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).¹⁴⁸ 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.¹⁴⁹ 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.¹⁵⁰

The sixth round of negotiations occurred from 4–8 May 2015, where the list of environmental goods was finalized.¹⁵¹ A draft agreement is expected to be presented during the 10th WTO summit from 15– 18 December 2015.¹⁵² If accepted by the WTO, it may become a legally binding plurilateral agreement that will receive “Most Favoured Nation” status.¹⁵³

¹⁴⁶ Fighting Climate Change with Trade: Negotiations to End Tariffs on Environmental Goods, New York Times (New York) 12 July 2014. Date of Access: 3 May 2015. <http://www.nytimes.com/2014/07/13/opinion/sunday/negotiations-to-end-tariffs-on-environmental-goods.html>

¹⁴⁷ Fighting Climate Change with Trade: Negotiations to End Tariffs on Environmental Goods, New York Times (New York) 12 July 2014. Date of Access: 3 May 2015. <http://www.nytimes.com/2014/07/13/opinion/sunday/negotiations-to-end-tariffs-on-environmental-goods.html>

¹⁴⁸ Quick Facts: 6th Round of Talks on Trade in Green Goods, European Commission (Brussels) 30 April 2015. Date of Access: 9 May 2015. http://trade.ec.europa.eu/doclib/docs/2015/april/tradoc_153405.pdf

¹⁴⁹ Quick Facts: 6th Round of Talks on Trade in Green Goods, European Commission (Brussels) 30 April 2015. Date of Access: 9 May 2015. http://trade.ec.europa.eu/doclib/docs/2015/april/tradoc_153405.pdf

¹⁵⁰ Free Trade Talks on \$1 Trillion of Environmental Goods Begin, Canadian Broadcasting Corporation (Toronto), 8 July 2014. Date of Access: 9 May 2015. <http://www.cbc.ca/m/touch/world/story/1.2700021>

¹⁵¹ Foreign Affairs Council- Trade Issues, Council of the European Union (Brussels) 5 May 2015. Date of Access: 9 May 2015. http://www.consilium.europa.eu/en/meetings/fac/2015/05/background-brief_foreign-affairs_7-may_en_pdf/

¹⁵² Foreign Affairs Council- Trade Issues, Council of the European Union (Brussels) 05 May 2015. Date of Access: 9 May 2015. http://www.consilium.europa.eu/en/meetings/fac/2015/05/background-brief_foreign-affairs_7-may_en_pdf/

¹⁵³ Sustainable Development and Liberalization of Trade in Environmental Goods, Line Hammeren, Norwegian University of Science and Technology (Trondheim) June 2014. Date of Access: 9 May 2015. <http://www.diva-portal.org/smash/get/diva2:746133/FULLTEXT01.pdf>

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