Trade Sustainability Impact Assessment on the Environmental Goods Agreement
EU-SIA Final Report – Transparent public process

- First version first time published online March. Final report (300 pages) published 19th April 2016

- [http://www.egatradesia.com/resources](http://www.egatradesia.com/resources)

- Advertised via to stakeholder network of 1,496 people

- Since launch, our website has had 4,853 additional page views (total since March 2015: 35,470)
EU procedure for international trade agreements

- Trade SIA as part of the three stage assessment process for international trade agreements

- Three complimentary elements of this Trade SIA:
  1. Desk research including interviews and input from senior experts
  2. Stakeholder outreach
  3. Case study analysis

- Key conclusions and policy recommendations
Extensive outreach and information collection

Stakeholder engagement

Online outreach
- Website www.egatradesia.com has received 35,470 page views
- Linkedin Account has over 1,000 connections
- Twitter account has 132 followers

Stakeholder engagement - questionnaires

Questionnaire
- 73 submissions
- Both the developed and developing world were well-represented,
- Respondents were involved in a variety of fields related to environmental goods, and worked in nearly every major environmental goods and services sector
Final Report: sectoral analysis for the 10 EGA sectors

- Air pollution control (APC)
- Cleaner and renewable energy (CRE)
- Energy efficiency (EE)
- Environmental monitoring analysis and assessment (EMAA)
- Environmental remediation and clean-up (ERC)
- Environmentally preferable products (EPP)
- Noise and vibration abatement (NVA)
- Resource efficiency (RE)
- Solid and hazardous waste management (SHWM)
- Wastewater management and water treatment (WMWT)

- Value of trade globally in sector(s)
- Major import and export economies
- Trends: Projected future growth/development of sector
- Drivers: What is driving growth in this sector (including environmental policy and regulation)
- Sector coverage by the EGA – incl. potential ex-out issues
- Innovation in sector, particularly eco-innovation
- Other issues and challenges
- Links to other sectors
- Sector overview – country-specific: value of trade within country of focus, including key product lines (ex-out relevance), trends, innovation, domestic players, legal issues, policy initiatives, quantitative analysis, other issues and challenges
# Case Studies – 27 examples from different sectors in EGA

## AIR POLLUTION CONTROL (APC)
1. Ceramic substrates and filters, China
2. Marine scrubbers

## CLEANER & RENEWABLE ENERGY (CRE)
3. Solar Tuk-Tuks, Cambodia
4. Lake Turkana Wind Power Project, Kenya
5. Small solar lighting/electrical equipment, Myanmar
6. Polysilicon for solar panel production, China
7. Small hydro, Colombia
8. Geothermal, Iceland

## ENERGY EFFICIENCY (EE)
9. Heat pumps, Poland
10. Electric Motors with IE4 Standards
11. Building Energy Efficiency Project, Malaysia
12. Green Building Project, Milan Expo, Italy

## ENVIRONMENTAL MONITORING AND ANALYSIS (EMAA)
13. Radiator thermostat, Poland
14. Emissions trading system, EU
<table>
<thead>
<tr>
<th>Case Studies</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ENVIRONMENTALLY PREFERABLE PRODUCTS (EPP)</strong></td>
<td></td>
</tr>
<tr>
<td>15 Renewable wood products, Finland</td>
<td></td>
</tr>
<tr>
<td>16 Coniferous Wood Products (wood pallets, plywood)</td>
<td></td>
</tr>
<tr>
<td>17 Bamboo flooring, Canada</td>
<td></td>
</tr>
<tr>
<td>18 Bioplastic, Italy</td>
<td></td>
</tr>
<tr>
<td><strong>ENVIRONMENTAL REMEDIATION AND CLEANUP (ERC)</strong></td>
<td></td>
</tr>
<tr>
<td>19 Trawl net, Gulf region</td>
<td></td>
</tr>
<tr>
<td>20 Hydrocarbon sorbents for oils spill remediation, Australia</td>
<td></td>
</tr>
<tr>
<td><strong>NOISE AND VIBRATION ABATEMENT (NVA)</strong></td>
<td></td>
</tr>
<tr>
<td>21 Agglomerated cork for insulation, Portugal</td>
<td></td>
</tr>
<tr>
<td><strong>RESOURCE EFFICIENCY (RE)</strong></td>
<td></td>
</tr>
<tr>
<td>22 Drip irrigation project, India</td>
<td></td>
</tr>
<tr>
<td>23 Sealing devices, Australia</td>
<td></td>
</tr>
<tr>
<td><strong>SOLID AND HAZARDOUS WASTE TREATMENT (SHWM)</strong></td>
<td></td>
</tr>
<tr>
<td>24 Medical and biohazard waste disposal, US</td>
<td></td>
</tr>
<tr>
<td>25 City wide recycling system, Germany</td>
<td></td>
</tr>
<tr>
<td><strong>WASTEWATER MANAGEMENT AND WATER TREATMENT (WMWT)</strong></td>
<td></td>
</tr>
<tr>
<td>26 Wastewater management and treatment facility, Israel</td>
<td></td>
</tr>
<tr>
<td>27 Desalination plant, India</td>
<td></td>
</tr>
</tbody>
</table>
Research methodology

- As the list of EGS was under negotiation throughout the course of the study, the project team based our study on primarily on two lists:
  - In addition, the econometric modelling conducted in house by DG Trade included a list of goods that were in August 2015 under discussion in the EGA negotiations.
  - Complimentary studies that utilize other lists of EGs were referenced in the report.
## Final Report: summary of modelling outputs

### Econometric modelling results (I): Potential impact of the EGA on volumes of trade in EGs

<table>
<thead>
<tr>
<th>Scenario 1: APEC + Friends List</th>
<th>Scenario 2: Chair’s List</th>
<th>Scenario 3: APEC + Friends List + Chairs List</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential increase in the value of trade of 1 per cent, or <strong>EUR 7.9 billion</strong></td>
<td>Potential increase in the value of trade of 0.9 per cent, <strong>EUR 17.6 billion</strong></td>
<td>Potential increase in the value of trade of 0.9 per cent, or <strong>EUR 20.7 billion</strong></td>
</tr>
<tr>
<td>An increase in the value of trade among the G-17 of 1.4 per cent, or <strong>EUR 7.6 billion</strong> in trade is projected upon the conclusion of the EGA negotiations</td>
<td>An increase in the value of trade among the G-17 of 1.2 per cent, <strong>EUR 16.9 billion</strong> in trade is projected upon the conclusion of the EGA negotiations</td>
<td>An increase in the value of trade among the G-17 of 1.2 per cent, or <strong>EUR 19.2 billion</strong> in trade is projected upon the conclusion of the EGA negotiations</td>
</tr>
</tbody>
</table>

*Modelling conducted at a HS6 level, therefore should be considered an upper bound of potential impacts.*
Econometric modelling results (II): Potential impact of the EGA on the price of EGs and energy

<table>
<thead>
<tr>
<th>Scenario 1: APEC + Friends List</th>
<th>Scenario 2: Chair’s List</th>
<th>Scenario 3: APEC + Friends List + Chairs List</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected to result in a decrease in the prices of related goods by <strong>0.8 per cent</strong> (worldwide average)</td>
<td>Projected to result in a decrease in the prices of related goods by <strong>0.8 per cent</strong> (worldwide average)</td>
<td>Projected to result in a decrease in the prices of related goods by <strong>0.9 per cent</strong> (worldwide average)</td>
</tr>
</tbody>
</table>

*Modelling conducted at a HS6 level, therefore should be considered an upper bound of potential impacts.*
Potential socio-economic impacts of the EGA

• Employment and wealth creation:
  – Tariff barriers in the G-17 on product categories under discussion are already relatively low however important exceptions are driving up prices
  – At the macro level, the potential effects of the EGA seem small; however, could be significantly greater if adopted at a multilateral level.

• Impact on social welfare created by increased access to electricity, safe water, clean air and other resources

• Impact on Sustainable Development Goals (SDGs)

• Decent work impacts and CSR
Potential environmental impacts of the EGA

- Depends on scope and coverage of the EGA
- Important systemic impacts
- Shows that environment worthy of its own trade agreement
- Impact on GHG emissions: 0.1 – 0.9% (Wooders, 2009). For China: minus 0.8%
- IMF: removal of fossil-fuel subsidies would reduce global carbon dioxide emissions by 13%
Other benefits of the EGA

• Sustainable Development goals (SDGs)
  • F.x. goal 7 (access to affordable RE) or goal 6 (access to water & sanitation)

• GVCs: efficiency gains?

• Business interests (SMEs)
  - global alliance building
  - Mitigation of regulatory risk
  - Increased market volume and global scalability
  - Cash stays in local economy
  - Level playing field for open supply chains
  - Greater certainty and predictability
Policy recommendations (I):

1. In order to maximise the economic and commercial effects from the EGA, focus should be on achieving full tariff elimination

2. Establish an effective permanent negotiation mechanism to implement the “living agreement”

3. Work to eliminate NTBs that are detrimental to trade in EGs, while maintaining high environmental standards that encourage the development of sustainable technologies, as well as harmonising international environmental standards.

4. Inclusion of enabling environmental services to products being liberalised under the EGA
Policy recommendations (II):

5. *Establish a cooperation mechanism with the World Customs Organization to ensure that future iterations of the HS nomenclature better reflect emerging and future environmental items*

6. *Cooperation with the TFA to consider EGA implementation issues for developing countries, in particular LDCs*

7. *Statement committing to the reduction of subsidies for conventional energy*

8. *Establish a 'roadmap' for the development of the EGA*
Discussion and feedback

Contact the project team on: egatradesia@development-solutions.eu
Website: www.egatradesia.com