



Sustainable Business Australia



Intellectual Property, Aid for Trade & Other Issues Branch
Department of Foreign Affairs and Trade
Australian Government
RG Casey Building
Barton ACT 0221

2 June 2014

Attn: David Holly, Assistant Secretary

By email: enegotiations@dfat.gov.au

Dear Sir / Madam,

Submission on International Trade in Environmental Goods

We write in response to the Department's letter to the SBA Chairman of 10 April 2014.

Thank you for the opportunity to allow Sustainable Business Australia (**SBA**) to comment on interests and priorities with respect to negotiations for a World Trade Organization (**WTO**) plurilateral agreement to remove tariffs on a range of environmental goods (**The Agreement**).

Executive Summary

SBA advocates the elimination of tariffs and barriers on environmental goods and applauds Australia for making the negotiation of an international agreement eliminating barriers to trade in environmental goods at the WTO a priority. SBA considers this agreement can have a significant economic benefit, as well as simultaneously improve the ability of economies to address climate change and as well as other environmental challenges. In particular it will advance Australia's cost-effective deployment of such technologies to achieve its targets of 5% reduction of Australia's greenhouse gas emissions over 2000 levels by 2020, and contribute to at least a 20% renewable energy share of Australia's electricity generation by 2020.

Our members have identified a range of products including: transportation and aviation products; water, power, and clean energy technologies; appliances, lighting products, heating and cooling equipment, and green building technologies; and energy management and optimization products as prioritizes for tariff elimination.

Submission

An ambitious Agreement will address a burgeoning segment of world trade. According to a 2012 report by the United Nations Environment Programme, the International Trade Centre and the International Centre for Trade and Sustainable Development, the global trade in environmental products more than doubled from 2001 to 2007, while exports by developing country rose as fast as those by developed economies.¹

This report also highlighted that trade barriers to environmental goods were on balance higher in developing countries. Lowering those barriers will open new markets as well as boost Australian investment and exports.

A successful Agreement would also send important signals that trade policy can be harnessed to address pressing global challenges, and that the WTO remains a relevant and valuable institution to remove tariff barriers.

¹ http://www.unep.org/greeneconomy/Portals/88/documents/research_products/PolicyBriefs/environmental-goods.pdf

Significant work has already taken place in the WTO Environment Committee and under the Asia Pacific Economic Cooperation (**APEC**) forum, in which SBA has participated, to lay the groundwork for the upcoming WTO negotiations.

The Department requested input on opportunities and challenges for SBA and its members. The remainder of this submission will address that request. In preparing for this Submission, SBA undertook a Survey across its membership as well as export –oriented business in the broader business community and sought feedback from the approximately 200 executives. The Survey and its results are contained in **Appendix 1**.

From the results of this Survey, as well as one-on-one conversations, we have identified the opportunities and challenges below.

Products that Australia should seek to include in the Agreement and the environmental uses and benefits of the products being proposed for inclusion

SBA member companies have identified some priorities for tariff elimination via the EGA negotiations, including a variety of –

- transportation and aviation products;
- water, oil and gas, power, and clean energy technologies;
- appliances, lighting products, heating and cooling equipment, and green building technologies; and
- energy management and optimization products.

We would be happy to provide you with a list of further products that is indicative of our members' priorities for the Agreement.

Australia's trading partners that are significant producers or consumers of environmental goods

SBA members have emphasized that a number of economies that are already part of the Agreement's negotiations, such as China, the European Union, Japan, Korea, Singapore, and Chinese Taipei, are important markets for environmental goods.

Some companies have noted that several Australian trading partners who are or may be in the future important producers and consumers of environmental goods – notably Brazil, India, and Indonesia – are not currently part of the negotiations.

More generally, given the importance of eliminating trade barriers to improving environmental outcomes and mitigating and adapting to the effects of climate change, SBA urges Australia's negotiators to focus on expanding the geographic participation of the Agreement's negotiations.

How best to ensure that such an Agreement remains relevant into the future?

SBA considers that it is critical that the negotiations result in an ambitious Agreement that eliminates tariffs on a variety of environmental technologies, including inputs into finished products. This is to ensure the Agreement is less likely to become a victim to obsolescence.

Australia's negotiators should also ensure that the Agreement is a "living agreement" that can address challenges in the future. In order to achieve a timely outcome, it is critical that current negotiations focus specifically on the elimination of tariffs on a broad, yet well-defined and implementable, set of environmental goods.

Still, we hope that the Australia Government will also contemplate a future work plan so that negotiators will have opportunities to address advances in technology as well as issues involving non-tariff barriers and environmental services.

SBA looks forward to working with SBA and providing more detail as the consultation and negotiating processes progress.

Yours faithfully,

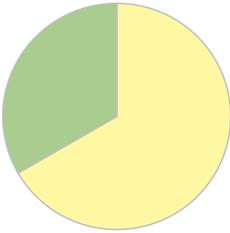
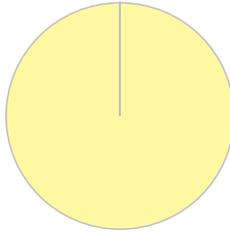
Andrew Petersen
CEO
Sustainable Business Australia | wbcscd [global network partner](#)

SBA www.sba.asn.au. was established in Australia in 1991, and is the peak body for advocacy for sustainable business activities in Australia. Its members represent leading Australian businesses across sectors who share a commitment to economic, environmental and social development.

SBA represents just member companies, public sector enterprises and institutions, BINGOs and community organisations, which in turn represent over 100,000 + Australian employees. SBA was appointed in May 2014 to be the Australian Global Network Partner to the World Business Council for Sustainable Development.

World Business Council for Sustainable Development (WBCSD) www.wbcscd.org was established in 1992. It is a coalition of 200 leading international companies from 30 countries across industry sectors. Member companies are represented in the Council by their CEOs. In parallel, WBCSD's activities are supported by a global partner network of CEO-led national business councils and partner organizations (collectively referred to as the "Global Network Partners"). The WBCSD is the preeminent business voice on sustainable development issues. WBCSD's mission is to provide business leadership as a catalyst for change towards sustainable development and to promote eco-efficiency in business.

Appendix 1

<p>Is your business currently involved in import and export of environmental goods? Yes/No</p>	 <p> ■ Yes (66.67%) ■ No (33.33%) </p>
<p>If your answer to the above question was "Yes" please explain the Sector, Product Type, Overseas Market or Markets that you export ?</p>	<ul style="list-style-type: none"> • transportation and aviation products; • water, power, and clean energy technologies; • heating and cooling equipment, and green building technologies; • energy management and optimization products; and • Environmental Management Software • Natural Refrigerant based products
<p>Do you consider this proposed agreement to remove tariffs on a range of environmental goods is an opportunity for your business or sector?</p>	 <p> ■ Yes (100.00%) ■ No (0.00%) </p>
<p>If your answer to the last question was "YES" then please provide detail as to why?</p>	<ul style="list-style-type: none"> • Complementary imports • Make green products a cheaper / viable option • Removal of duties
<p>What do you think could be some of the barriers or obstacles, if any, of this negotiation process?</p>	<ul style="list-style-type: none"> • Classification and verification of products • Synthetic refrigerant lobby • timeliness
<p>What are the challenges, if any, for your business or sector that you can foresee as a consequence of any the proposed environmental goods being made tariff free as a result of the proposed agreement?</p>	<p>None</p>
<p>Are there any countries that the Australian government should include or see in this negotiation, which are Key export/import markets for these environmental products?</p>	<ul style="list-style-type: none"> • China • Brazil • India • Indonesia • Malaysia • Thailand • Vietnam