Green goods trade talks set to start

By Shawn Donnan in London

The world’s leading economies are due on Tuesday to launch negotiations to reduce tariffs and other barriers to the global trade for green goods, amid warnings that reaching a deal could be more difficult than first thought.

The US, EU, China and 11 other countries announced the push on the sidelines of the World Economic Forum in January, just months after US President Barack Obama made it a priority as part of his action plan to address climate change.

But the negotiations that will get under way in Geneva this week will have to tackle issues that have caused similar efforts to break down in the past. These include how to define an “environmental good” and whether countries are prepared to remove protections for their own industries at a time when renewable energy is the subject of a growing number of trade disputes.

Reducing trade barriers to green goods was one of the initial goals of the stalled Doha Round of trade talks into which Roberto Azevedo, the WTO’s Brazilian head, is now trying to inject new energy.

But, even though the “plurilateral” negotiations are conducted within the World Trade Organisation and include countries responsible for the bulk of the trade in green goods, they are also viewed with suspicion by some developing countries. States such as India, and China in the past, have taken a dim view of US-led sectoral negotiations among a select group of WTO members, arguing that they undermine the multilateral system.

“The politics of the negotiations are very challenging,” said Ricardo Meléndez-Ortiz, chief executive of the Geneva-based International Centre for Trade and Sustainable Development (ICTSD).

The countries that signed up to the initiative in Davos pledged to expand on a list of 54 product categories nominated by Asia-Pacific Economic Co-operation (Apec) countries in 2012 as a priority for liberalisation. But just how they will do that is already the subject of debate. Some participants will make the case for the inclusion of any goods that can be shown to have an environmental benefit, while others are eager for a more defined list.

The negotiations are also unlikely to tackle the trade in environmental services with the US and others hoping to see those remain as part of separate, broader services negotiations already under way.

According to researchers at the ICTSD, the countries involved in the green goods initiatives account for some 85 per cent of global trade and the vast majority of commerce in the 54 Apec products.

Participants such as Canada already offer duty-free access to its markets for 97 per cent of the goods on that Apec list, according to ICTSD. But others such as China, which has zero duties on just 28 per cent of the Apec list, will face a bigger challenge and could, as a result, prove to be tough negotiators.

“The participation of China is very important politically,” said Mr Meléndez-Ortiz. “That doesn’t mean they are going to be an easy [negotiating] partner.”

Just how far China would be prepared to go in lowering tariffs was unclear, Mr Meléndez-Ortiz said. But China may be willing to open its rapidly growing market further if a deal saw other countries remove non-tariff barriers and reduce the number of anti-dumping cases of which Chinese companies were now often targets, he added.

The trade in green goods such as solar panels has grown rapidly over the past two decades as governments around the world have invested in developing in the industry and raised environmental standards. But the rise has also brought about vigorous efforts to
protect these new industries, which Mr Meléndez-Ortiz likened to the trade battles over steel that governments fought in the 20th century.