

**NATIONAL FOREIGN TRADE COUNCIL, INC.**

1625 K STREET, NW, WASHINGTON, DC 20006-1604

TEL: (202) 887-0278

FAX: (202) 452-8160



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Via [www.regulations.gov](http://www.regulations.gov)

Mr. Douglas Bell  
Chair, Trade Policy Staff Committee  
Office of the U.S. Trade Representative  
600 17th Street NW  
Washington, D.C. 20508

**RE: Docket number USTR-2014-0004  
Environmental Goods Agreement  
Notification of intention to testify at June 5, 2014 hearing**

Dear Mr. Bell:

Thank you for the opportunity to comment on U.S. interests and priorities with respect to negotiations for a World Trade Organization (WTO) Environmental Goods Agreement. This letter is to indicate my intention to provide testimony at the hearing to be held on June 5, 2014 in connection with the Environmental Goods Agreement.

To follow is a short summary of my presentation:

NFTC prioritizes the elimination of tariffs and barriers on environmental goods and commends the United States for making the negotiation of an international agreement eliminating barriers to trade in environmental goods at the WTO a priority. The Council believes the agreement can have a significant economic benefit and improve the ability of economies to address climate change and environmental challenges.

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; energy management and optimization products; and renewable chemicals and sustainable plant-base feedstock for chemicals and plastics as prioritizes for tariff elimination.

A summary of my testimony accompanies this notification.

Regards,

Jake Colvin  
National Foreign Trade Council  
1625 K Street NW, Suite 200,  
Washington, DC 20006  
Tel: (202) 887-0278

**National Foreign Trade Council**  
**Summary of Testimony for June 5, 2014 Public Hearing –**  
**U.S. interests and priorities with respect to negotiations for a World Trade**  
**Organization Environmental Goods Agreement**

The National Foreign Trade Council (NFTC) commends the United States for making the negotiation of an international agreement eliminating barriers to trade in environmental goods a priority, and strongly supports U.S. efforts to negotiate an Environmental Goods Agreement (EGA) under the World Trade Organization (WTO).

For years the NFTC and our members have prioritized the elimination of tariffs and barriers on environmental goods (as well as services), which would promote the dissemination of environmental technologies and improve economies' abilities to address climate change and other environmental challenges. In February, NFTC released a "Post Bali Agenda for the WTO," calling for the U.S. Government to prioritize the elimination of tariffs on environmental goods.<sup>1</sup>

An ambitious EGA will address a growing 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, trade in environmental products more than doubled globally from 2001 to 2007, while exports by developing country rose as fast as those by developed economies.<sup>2</sup> The report highlighted that trade barriers to environmental goods were on balance higher in developing countries. Lowering those barriers will boost U.S. exports.

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

Significant work has already taken place in the WTO Environment Committee and under the Asia Pacific Economic Cooperation forum to lay the groundwork for the upcoming WTO negotiations. We were encouraged to see in the Federal Register notice dated March 28 a reference that the 2012 list of environmental goods developed by APEC economies will serve as the floor of an agreement.<sup>3</sup> It would not be a productive use of negotiators' time to renegotiate products that have already been subject to scrutiny under that process.

In the Federal Register notice, the Office of the U.S. Trade Representative requested input on several issues. The remainder of this testimony will attempt to address those requests:

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<sup>1</sup> <http://www.nftc.org/default/trade/WTO/2014-NFTC-A-Post-Bali-Agenda.pdf>

<sup>2</sup> [http://www.unep.org/greeneconomy/Portals/88/documents/research\\_products/PolicyBriefs/environmental-goods.pdf](http://www.unep.org/greeneconomy/Portals/88/documents/research_products/PolicyBriefs/environmental-goods.pdf)

<sup>3</sup> See <http://www.regulations.gov/#!documentDetail;D=USTR-2014-0004-0001> and [http://www.apec.org/Meeting-Papers/Leaders-Declarations/2012/2012\\_aelm/2012\\_aelm\\_annexC.aspx](http://www.apec.org/Meeting-Papers/Leaders-Declarations/2012/2012_aelm/2012_aelm_annexC.aspx)

## **Products that the United States should seek to include under the EGA and the environmental uses and benefits of the products being proposed for inclusion**

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

- transportation and aviation products;
- water, power, and clean energy technologies;
- appliances, lighting products, heating and cooling equipment, and green building technologies;
- energy management and optimization products; and
- renewable chemicals and sustainable plant-base feedstock

Attached is a list of products that is indicative of our members' priorities for the EGA. While this list is illustrative, it is not comprehensive. NFTC is working with our member companies to identify other products that we may seek to prioritize in the EGA negotiations. We are also working with our members to identify the corresponding Harmonized System tariff classification numbers and to articulate the environmental benefits of the products in the attached list.

We look forward to providing additional input with respect to product coverage, HTS classification, and environmental benefits, to U.S. negotiators during the consultation process.

### **U.S. trading partners that are significant producers or consumers of environmental goods**

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

Members have noted that several U.S. 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, NFTC urges U.S. negotiators to focus on expanding the geographic participation of EGA negotiations.

### **How best to ensure that such an agreement remains relevant into the future**

It is critical that negotiations result in an ambitious EGA that eliminates tariffs on a variety of environmental technologies, including inputs into finished products.

To give one example, several of the technologies identified on NFTC's list are fundamental building blocks of solar photovoltaic modules and are utilized by module makers in many countries. For industry and society to benefit from the elimination of

tariffs on products that deliver solar photovoltaic electricity, it is essential to eliminate tariffs on both the PV modules as well as the components that comprise the modules. With the inclusion of necessary component parts, the EGA is less likely to become victim to obsolescence.

U.S. negotiators should also ensure that the EGA is a “living agreement” that can address challenges in the future. In order to achieve a timely outcome, it is critical that current EGA 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 U.S. Government will 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.

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

Attachment: Partial list of NFTC member priorities for tariff elimination under a WTO Environmental Goods Agreement.

**Partial list of NFTC member priorities for tariff elimination under a WTO  
Environmental Goods Agreement**

**Transportation and aviation products, including –**

- Locomotive Control System
- Communications-Based Signaling Technology
- Rail Movement Planner
- Fuel Efficient Locomotives
- Natural Gas Locomotives and Kit
- Locomotive Modernization Kit
- Locomotive Braking and Throttling Controls
- Marine Diesel Engine
- Drill Motor
- Aviation technologies: Biofuel Engines; Biofuels; Winglets; Fuel Efficient Aircraft Engines; Air Traffic Control Equipment
- High efficiency tires and tire pressure control systems
- Driver management systems: Telematics, GPS and routing equipment, Tracking and monitoring equipment
- LNG, LPG, CNG, Biofuels, including dual fuel equipment: Tanks, fuel storage and delivery systems, Motors and Engines, Controls, Fuel Infrastructure equipment, Flywheel and other energy capture and storage technologies
- Catalytic converter substrates used in systems to control exhaust emissions, such as three-way catalyst, selective catalytic reduction (SCR) catalyst, and oxidation catalyst substrates; and diesel and gasoline particulate filters (DPFs and GPFs)
- Lightweight equipment: Eco oriented lightweight trucks and trailers (i.e. carbon fiber bodies, lightweight trailers, etc.)
- Engine modifications and control systems: Speed limiters, Power limiters, Ecochip tuning
- Aerodynamic fittings and enhancements; aerodynamic assets i.e. teardrop trailer

**Water, power, and clean energy technologies, including –**

- Reciprocating Engines
- Aero Derivative Engines and Parts
- Gas Turbine Generating Sets
- Flare Gas Products
- Aeroderivative Gas Generators coupled with Industrial High-Speed Power Turbines
- Portable Compressed Natural Gas Delivery Systems
- Organic Rankine Cycle Gas Engines
- Desalination Equipment
- Water Filtration Equipment, Membranes and Parts
- Chemicals for Making Cleaner Water

- Electrocoagulation water treatment systems
- Ultraviolet light bacteria water treatments
- Dry polymer blenders
- Large Energy Storage Batteries
- Nuclear: Reactors and Parts, Fuel, Steam Turbines and Parts, Steam Generators and Heat Exchangers, and Balance of Plant Equipment
- Hydro power components
- Geothermal components
- Wind energy: Masts for wind turbines, Wind turbines and components, Energy storage units, Control units
- Pellet Heating System: Burner and boiler, Pipes, Pellets
- Solar panels, modules and components; energy storage systems and control units
- PVF films, dispersions, polymer, and metallization pastes
- Equipment for Concentrated Solar Power Plants
- Solar-powered proppant silos

**Appliances, lighting products, heating and cooling equipment, and green building technologies, including –**

- Energy efficient lighting: Metal Halide Lamps, Sodium Halide Lamps, T5, LEDs and LED equipment and components (chips, lamps and fixtures), Compact Fluorescent Lighting
- Energy Efficient Home Appliances
- Hybrid Water Heater
- Refrigeration equipment: Equipment that employs next generation (non-HFC) refrigerants and high efficiency refrigeration systems and components; Doors for refrigerated cases
- District Heating: Pipes and heat distribution systems, Pumps
- Thermal Cooling and Heating: Solar collector, Boiler, Controller, Pumps
- Underground Thermal Energy Storage: Installation equipment, Pumps, Control units
- Cooling and heating: High efficiency HVAC equipment and components; Air Handling Units; Anti-Condensate Controllers for Refrigerated Cases
- Heat Pump: Compressor, Pump, Pipes, Control units;
- Activated Building: Piping systems and water pumps for radiated floors and ceilings
- Rain Water Harvesting: Water filters, Storage tanks

**Energy management and optimization products, including –**

- Energy Management Systems, Meters and Submeters
- Demand Response Management System
- Solar Inverters
- Advanced Distribution Management System
- Uninterruptible Power Supply
- Smart Grid Solutions

- Smart meters and sensors
- Variable Frequency Drives
- Industrial and Commercial Software Platform
- Charging Stations for Electric Vehicles
- High Efficiency Power Transformers
- Voltage optimization technologies

**Renewable chemicals and sustainable plant-base feedstock for chemicals and plastics**