



Asia-Pacific
Economic Cooperation

Benefits of increased trade in environmental goods and services – APEC experience

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What does the APEC List of Environmental Goods include?

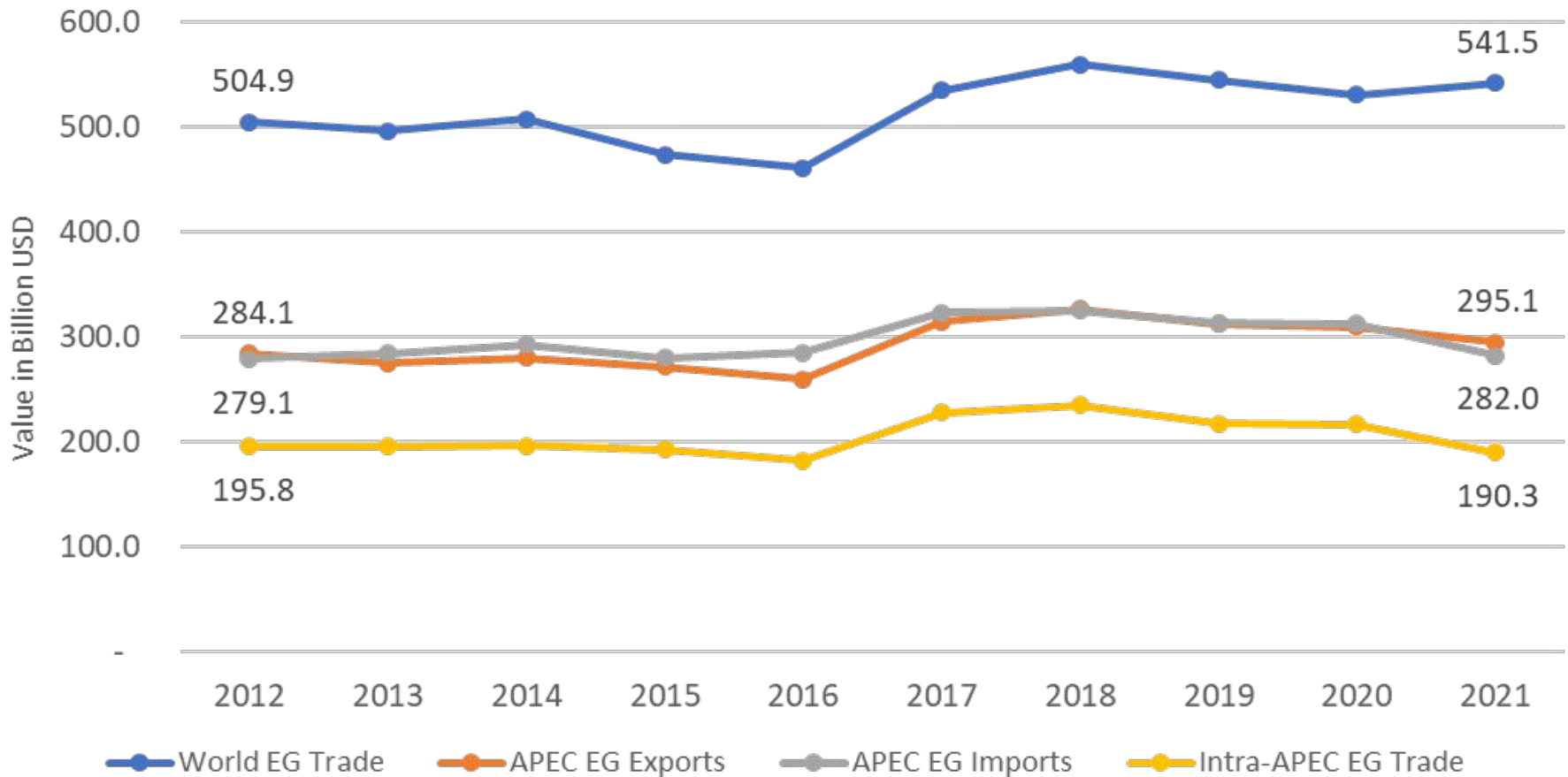
54 goods listed at the HS 2012 nomenclature (6-digit level)

Category	Subheadings		Examples
	Number	Share	
Total HS sub-headings	54	100.0%	
Environmentally Preferable Products	1	1.9%	Bamboo flooring panels
Air Pollution Control	5	9.3%	Filtering and purifying machinery and apparatus for gases
Management of Solid and Hazardous Waste and Recycling Systems	12	22.2%	Fumaces, ovens and incinerators to destroy solid waste and pollutants
Renewable Energy Production	15	27.8%	Products for the generation of wind, solar, biomass, biogas, geothermal energy
Waste Water Management and Potable Water Treatment	5	9.3%	Sludge driers, water filters, water purification machines, parts of UV disinfection ozonizers
Natural Risk Management	1	1.9%	Surveying instruments and appliances
Environmental Monitoring Analysis and Assessment Equipment	15	27.8%	Manometers, gas and smoke analyzers, spectrometers, chromatographs, microtomes

Note: The HS sub-headings were grouped taking into reference the categories used by the Friends of the Chair of the EGS Group in WTO. See WTO document JOB(07)/54.

Trade of products in the APEC List of Environmental Goods

Trade flows are significant and peaked right before the pandemic.



For 2012-2021 period, the APEC EG list **has been relevant**:
Growth of world EG trade flows (7.3%) > Growth of all products world trade flows (1.7%)

Why the global trade of products in the APEC Environmental Goods List has increased?

- Environmental technologies are **more affordable** nowadays.
- Stronger **environmental awareness**. Increasing **use of less polluting technologies** and more **environmentally friendly products**.
 - Largest trade increase in products for management of solid and hazardous waste and recycling systems, waste water management and potable water treatment, environmental monitoring analysis equipment and photosensitive semiconductor devices, including solar cells.
- **Instability in oil prices** and upward trend in recent years.
- Incentives for development of **alternative energy sources** and **energy efficient goods**.
- Implementation of **government regulations** to protect environment

NTMs affecting the APEC List of Environmental Goods – Measures in place by APEC economies

Number of Non-Technical NTM Measures

Type of NTM (MAST Classification)	Number of NTMs	Share (%)
D - Contingency trade-protective measures	14	6.3%
E - Non-automatic import-licensing procedures, prohibitions other than authorizations for SPS or TBT	20	9.0%
F7 - Internal taxes and charges levied on imports	5	2.2%
I1 - Local content measures	35	15.7%
L - Subsidies (excluding export subsidies)	45	20.2%
M - Government Procurement measures	9	4.0%
P - Export-related measures (subsidies, licenses or quotas)	91	40.8%
Other measures	4	1.8%
Total	223	100.0%

Tariffs on EG are already low in APEC. (Average MFN tariff = 1.6% in 2020)
High number of NTMs, mostly subsidies (including export subsidies), local content requirements, antidumping and non-automatic import licensing,

Adding products to the APEC List of Environmental Goods: Advantages

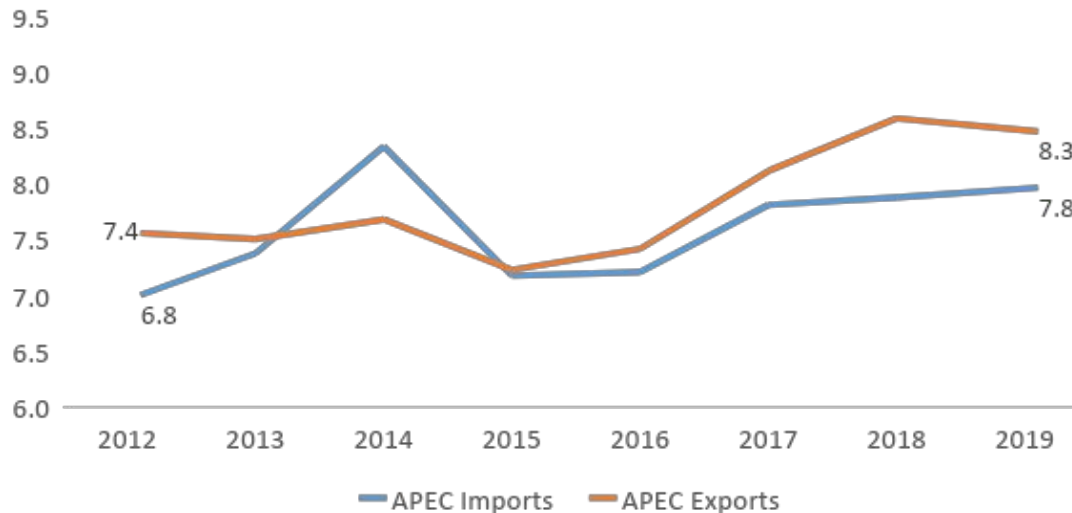
- **New products/technologies** not available before.
- Participation of APEC economies in **global value chains of environmental goods** could be further encouraged.
- Promoting use of more products to **support climate change adaptation and mitigation**. Addressing environmental concerns.
- More **accessibility**.
- Provide a **positive signal of APEC as leading fora** proposing options to address environmental issues. APEC **non-binding nature** is an advantage to incubate new ideas and explore new options.

Possible new products: some considerations

- Generation of **renewable energy** sources. **Clean energy** sources.
- **Environmental sole-purpose products** only? Or also **adapted goods**, such as cleaner and resource-efficient goods?
- Include all products along the **global value chain** of final environmental goods? e.g. **dual use** goods?
- Examples of **possible new products**:
 - Renewable energy: PV system controllers, towers and lattice masts for wind turbines, hydrogen, hydrogen compressors, ammonia, etc.
 - Energy storage and integration: cells and accumulators, cell recycling.
 - Transportation: electric vehicles, hydrogen fuel cell vehicles

Example of possible new environmental goods: hydrogen compressors (HS 841480).

Trade of Hydrogen Compressors - HS 841480
USD billion



Avg MFN tariff in APEC = 2.9%. 4 economies with MFN tariff > 5%

CPTPP treatment: immediate full liberalization in 8 out of 11 participants



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Growth of trade of hydrogen compressors (2012-2019)

APEC Exports = 12.3%

APEC Imports = 14.1%

Growth of APEC EG List trade flows

(2012-2019):

World = 6.4%

APEC Exports = 5.7%

APEC Imports = 13.5%

IntraAPEC = 7.0%

Growth of world trade (all products)

(2012-2019) = 1.9%

Environmental Services: APEC Reference List of Environmental and Environmentally Related Services

- Endorsed in 2021. Two groups of services:
 - Services that are **directly related to environmental conditions** (42 services, CPC 2.1 classification). Examples:
 - Urban planning, landscape architectural services
 - Sewage services (e.g. sewerage, septic tank services)
 - Refuse disposal services (e.g. collection, disposal, etc.)
 - Environmental consulting services
 - Site remediation and clean-up services
 - Services that **may be environmentally related** when used for the **design, construction or operation of certain facilities** or equipment to **improve environmental conditions**, or for **purposes deemed to be environmental**. (20 services, CPC 2.1). Examples:
 - Construction work for civil engineering services
 - Architectural services. Insulational services.
 - Repair services of electrical machinery and apparatus.

Environmental Services in APEC: Current Work

- List open for review in 2023. APEC members are exchanging views on the matter.
- Discussions to develop a **positive list model schedule** of environmental and environmentally related services drawing on the Reference List
- Discussions to develop a **regulatory handbook** for environmental and environmentally related services.



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