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Implications of EU-U.S. free trade agreement on MEPS-policies

The logo for Tukes, the Finnish Safety and Chemicals Agency, is displayed in a large, white, stylized font. The letters are thick and rounded, with a slight shadow effect. The logo is positioned on a teal background that has a vertical gradient, transitioning from a lighter shade at the top to a darker shade at the bottom.

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Outline

1. Initial conclusions
2. Background to TTIP and MEPS
3. What can we learn from earlier trade agreements?
4. How will TTIP affect efficiency policies?
5. Energy efficiency in a post-TTIP world

Initial conclusions

- We cannot predict the impact of TTIP on MEPS and other efficiency programs because:
 - The negotiations are secret, so final terms are unpredictable, but they could cause changes in:
 - Product definitions
 - Conformity assessment
 - Energy efficiency levels
 - Other programs (e.g. Energy Star)
 - **Or nothing!**
- Overall, TTIP could bring loss of local control of MEPS

Background

- TTIP (Transatlantic Trade & Investment Partnership) would create world's largest marketplace with 50% of global GDP.
- Generally, a free trade agreement aims to reduce tariffs and import quotas, but it touches other barriers to trade, such as ...
 - MEPS (Minimum Energy Performance Standards)
 - Voluntary guidelines, such as EnergyStar

Research question: What is the impact of TTIP on energy efficiency regulations and policies?

MEPS: a reminder

- MEPS are the most effective product policy tools to reduce energy use and emissions.
- EU & U.S. schemes differ :
 - Product coverage
 - Stringency
 - administrative process
 - schedules

Increasingly, manufacturers consider marketplace as global with same models sold everywhere.

TTIP Highlights

- EU exports/imports to/from USA: €292/205 billion
 - TTIP expected to increase trade €100 billion
- EU negotiation goals related to efficiency:
 - to promote climate-friendly products with active policies for sustainable development.
 - greater regulatory compatibility in conformity assessment and standards development, particularly in energy efficiency of domestic appliances.
- U.S. goals: harmonization leading to cost reduction for businesses

Status: 9th round was in April, ready by 2016?

Which aspects can be harmonized?

- Product efficiency policy has three building blocks: regulations, standards, conformity assessment.
- Harmonization can take place at five different levels:
 - a) Product definitions
 - b) Conformity assessment procedures
 - c) Energy labelling
 - d) MEPS levels
 - e) Incentive programs (rebates, tax reductions...)

Other free trade agreements

- NAFTA, among USA, Canada, Mexico has harmonized levels **a)**, **b)**, and **d)**, but only for three product groups.
- EFTA & EEA, European countries, levels **a)**, **b)**, **c)**, **d)**.
- FTTAP, under negotiation among Pacific Rim members.
- EGA, Environmental Goods Agreement would be an incentive program (**level e**) for high-MEPS products.
- Energy Star, among NAFTA & EEA with levels **a)**, **b)**, **c)**, and **d)** for office equipment + database with performance parameters and market coverage.

What can we learn from other free trade agreements?

- Answer: very little
 - NAFTA: Energy efficiency pushed down, delayed, and never evaluated, even though harmonization of efficiency standards is mentioned in NAFTA strategic plan 2010-15.
 - EFTA: The big guys run over the small ones.
 - FTTAP: Builds on NAFTA texts, seeks global harmonization.
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- Some manufacturers complaints have been handled in secret trade hearings, which bypass transparent administrative processes.

Preferable outcomes of TTIP

- From national to Trans-Atlantic databases:
 - Framework conditions for market access now different: USA has mandatory product registration database, EU relies on self-declaration of conformity.
- Harmonized safety regulations
 - air/marine traffic has been a race to the top, i.e. highest level of safety is pursued.
- Selection of highest efficiency levels for harmonization, leading to greater energy savings
 - If 50% of global market has same high standards, the rest would follow.

Energy efficiency in a post-TTIP world

- There **may** be new Trans-Atlantic administrative procedures for energy efficiency of products.
- Europe will need registration for all CE-marked products.
- The development of new MEPS (and review of existing ones) will be done together.
- Platform of cooperation will be needed for authorities (Trans-Atlantic Adco).
- Otherwise there would be a race to the bottom.