

Hon. Cecilia Malmström
EU Commissioner for Trade



Genève, 28. November 2014

Dear Commissioner Malmström,

First, on behalf of the SETI Alliance, let me congratulate you warmly on your appointment and approval in the European Parliament to the important function of EU Trade Commissioner. With this portfolio, you are in a unique position to promote and realise initiatives to liberalise trade in environmental goods and services, both in a plurilateral context as well as in bilateral FTAs.

The SETI Alliance is an international multi-stakeholder coalition of clean energy companies from Asia, Europe and North America, as well as research institutions, organisations and governments.

The aim of the SETI Alliance's advocacy work is to promote a scale-up of innovation, production and deployment of sustainable energy goods and services through trade, for the benefit of climate action. We thus support national, regional, and international trade liberalisation, as this creates important market transparency and stability, thereby reducing risks for private investors and suppliers. This is why we strongly support an early harvest in the Environmental Goods Agreement (EGA) negotiations – possibly by the end of 2015. This would be a good first step towards a broader Sustainable Energy Trade Agreement and it would certainly represent a tangible deliverable for the Climate COP21 meeting in Paris next year. Green and clean technologies must be allowed to deliver cost-efficient climate change mitigation as an important component of the global climate change fight.

As you are well aware, the sustainable energy industry has become sizable in Europe; the industry contributes positively to European green growth and job creation. This industry is also growing quickly in other parts of the world because of its obvious advantages of delivering sustainable energy and contributing to energy security, energy access and job creation. There is no doubt that sustainable energy technologies will play a key role in the future mix of national energy systems around the world.

However, the SETI Alliance is worried about governments' increasing use of unnecessary trade barriers and the clear tendency we see toward "re-nationalising" markets. As a consequence, our industry must navigate these increasing trade barriers at our own risk and often with increased cost. The recent escalation in the use of trade defence mechanisms in

many markets is a very disturbing trend that risks closing important growth markets. Also, many governments are using local content requirements to promote domestic industry, despite the fact that this is a trade discriminative measure without demonstrated positive effects, neither for the environment nor for domestic job creation. In addition, it is a measure that is in breach of the current WTO framework.

If we are not able to reverse these developments, it will be extremely difficult for green industry players to continue to lower the cost of our technologies and thus enable renewables to compete with fossil fuels, without the need for subsidies.

It is against this background that we have created the multi-stakeholder SETI Alliance. Our mission is to encourage and inspire governments to agree on new trade rules to support the growth of the important sustainable energy industry, from which all markets and consumers will benefit in the future.

The EU has so far been a strong supporter of an international free trade agreement on environmental goods and services, and the SETI Alliance has enjoyed good support from your predecessor, for which we have been grateful. I hope we can continue this strong cooperation in the coming phases of the EGA negotiations and also for future FTAs like the Transatlantic Trade and Investment Partnership.

I would be pleased if we – together with some of the SETI Alliance's industry partners – could arrange a personal meeting to discuss these important matters and priorities of common interest for 2015.

Yours sincerely,

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[...] = Article 4(1) b