

Food for Thought

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AWER'S RESPONSE TO MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY'S PRESS STATEMENT ON TPPA

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AWER'S RESPONSE TO MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY'S PRESS STATEMENT ON TPPA

Association of Water and Energy Research Malaysia (AWER) wish to respond to the press statement issued by Ministry of International Trade and Industry (MITI) on 4th January 2016 related to TPPA issues raised by AWER in an article, "Environment issues and TPPA" in The Sun on 28th December 2015. First and foremost, we would like to thank MITI for the quick response and explanation compared to "pekak badak" behaviour of some agencies we deal with, especially Energy Commission. It was interesting to read the response from MITI on a number of issues raised by AWER. We would like to highlight some blunders by our agencies that may not assist Malaysia in achieving "highest environmental protection". These blunders may cause upgrading of our environmental standards a challenging process. A challenge from TPPA party or parties via ISDS (Investor State Dispute Settlement) towards Malaysia's step to upgrade the environmental standard will give ample of time to the TPPA party or parties that is challenging Malaysia to complete some of the dumping of non-environmentally friendly and less-environmentally friendly goods.

Blunder 1: Being Proud of Low Environmental Standard

When Country A increases its environmental standards for a particular type of product, products that do not pass the new standard cannot be sold in Country A after the new standard takes effect. Unfortunately, this does not stop the businesses in Country A to 'dump' such products to

other countries that do not have environmental standards that are on par or higher than Country A. For example, when European Union announced the phase out of incandescent bulbs, a sharp increase of inflow of incandescent bulbs to Malaysia happened in 2008 based on statistics provided by Department of Statistics. This proves that dumping of non-environmentally friendly and less-environmentally friendly goods to other countries actually happens. In addition to that, products with lowest rating (1 tick) of Singapore's energy efficiency labelling can reach 4 stars energy efficiency rating in Malaysia (highest 5 stars). We can see quite a number of those double labelled products being sold here in Malaysia. Can TPPA help Malaysia to stop such inflow of non-environmentally friendly and less-environmentally friendly goods? TPPA makes trade easier and if our local agencies are slower than a sloth in upgrading environmental standard, we will effectively be a 'dumping ground' of non-environmentally friendly and less-environmentally friendly goods.

When AWER confronted Energy Commission in a meeting chaired by Ministry of Energy, Green Technology and Water (KeTTHA), the officer responded that our standards are internationally benchmarked where our Minimum Energy Performance Standard (MEPS) is set at same level as Vietnam and slightly lower than Thailand. Meanwhile, another officer said, there is nothing wrong to bring in such products (non-environmentally friendly and less-environmentally friendly goods) as long as these products pass our standards. Is this the "highest environmental protection" MITI is talking about?

Blunder 2: Supporting Green Washing

"Green Washing" can also happen by using data to prove a product is green with a lot of footnote. In reality, it may not be a greener product as subscribed by Sustainable Development objectives. Electric vehicles may prove to be green in countries with higher renewable energy generation mix. In Malaysia, this is not the case as our coal mix in electricity generation is high. Furthermore, there is a world of difference when in-situ emission is compared with total environmental impact based on Life Cycle Assessment (LCA). Electric vehicles will not contribute to environmental protection if all environmental parameters are taken into consideration. Unfortunately, the agency (Green Technology Corporation) that promotes the use of electric vehicles defies the truth and gets more budgets to push for electric vehicles. When trade is increased via TPPA and we have agencies that promote wrong technologies as green product, who will stop green washing?

No Standard, What to Compare?

In Malaysia, there are no environmental standards set for some sectors and TPPA will allow many goods to pass our border easily. While we are glad that the government implemented EURO 4M and above fuel standard for vehicles as suggested by AWER, there are no efficiency rating standard for vehicles in Malaysia. When there is nothing to compare, will we again become a dumping ground?

Technology transfer via TPPA, is this a reality?

If there is such noble technology owner that is willing to share the knowledge and Intellectual Properties to small players like Malaysia, we give them the standing applause. Will Malaysian companies one day become owners of environmentally friendly technology? Based on our study in the electrical and electronic product back in 2011, Multi National Companies bring their own core technology Small-Medium Industries (SMIs)

along with them. Local SMIs are involved in non-core technology parts. This will not strengthen our industries to develop and own new technologies. Cooperation and capacity building has been happening for many years now. Is there a real result that can enable us to excel in Chapter 20 of TPPA? Laying a platform does not necessarily mean that there is a definite outcome.

We are concerned over MITI's high regards to the agencies that will safe guard our environment. Promoting highest environmental protection via TPPA is different from having a real high environmental protection. The issues we raised are only a small percentage of the tip of the iceberg. We hope MITI could ensure Malaysia is prepared to face the risks posed via Chapter 20 of the TPPA. If our agencies are not even prepared to ensure improved environmental standards can be implemented, environment may not be the winner under TPPA.

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President

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