



WORLD TRADE ORGANIZATION
 ORGANISATION MONDIALE DU COMMERCE
 ORGANIZACION MUNDIAL DE COMERCIO

Negotiations on Environmental Goods and Services in WTO

UNEP-UNCTAD CBTF Workshop for Caribbean Countries
 Jamaica, 27-28 November 2003

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Main questions

What role can global trade liberalization play in building international markets for environmental goods and services?

What is the scope of this negotiating mandate?

Which negotiating forum is the most appropriate?

Which environmental goods and services?

Where do developing countries stand?



Environmental goods and services negotiations: a “win-win-win” opportunity?



- ▶ Increased availability / access to green goods and services, environmentally-friendly technology and know-how
- ▶ Lower prices through tariff reductions (10-15% gap in average between green goods and their standard counterpart)
- ▶ More efficient resource management and improved environmental conditions
- ▶ Chance to build on export areas of interest to developing countries



Statistics



Global Environmental Industry:
 USD 518 billion in 2000

The market is large and expanding...



The scope of the mandate



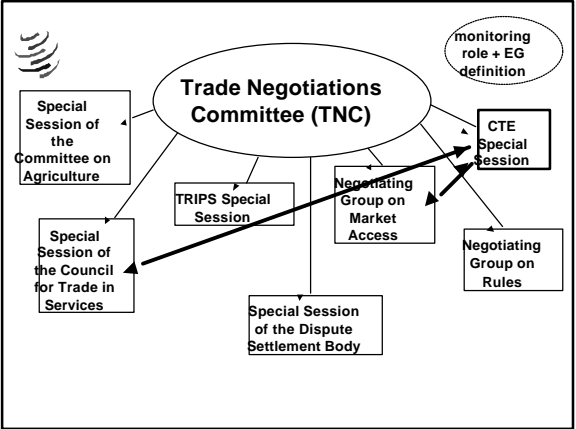
Doha Declaration: Mandate of negotiations (Paragraph 31 (iii))

31. With a view to enhancing the mutual supportiveness of trade and environment, we agree to *negotiations*, without prejudging their outcome, on: (...)

(iii) the reduction or, as appropriate, elimination of tariff and non-tariff barriers to *environmental goods and services*.



The relevant WTO bodies



Discussions in the CTE Special Session



Discussions in the CTE Special Session: Basic approach to the mandate

No WTO definition or specific sector
Environmental goods are spread across a wide range of industrial product classification nomenclature

Need for a *definition* or *list* approach?



Discussions in the CTE Special Session: Defining environmental goods

OECD

“... goods and services to measure, prevent, limit, minimise or correct environmental damage to water, air and soil, as well as problems related to waste, noise and eco-systems.”



Some examples

Water and waste-water treatment: chemical dosing, pipes and conduits (products);

Air pollution control: filters, catalytic converters and emission scrubbers (products);

Waste management: landfill liners and composters (products); collection and disposals

Marine pollution control: booms and adsorbents (products); emergency response

Noise and vibration control: noise barriers (products); vibration measurement systems

Environmental monitoring and instrumentation: monitors and instruments (products);
Installation and maintenance (services)

Energy management: electronic high-efficiency light bulbs and low-energy boilers (products); energy audits (services).



Defining an environmental good: Relevant criteria

The “end-use” criterion

Supported by a number of countries

(Australia, Canada, Colombia, Guatemala, Korea, Malaysia,
New Zealand...)



Defining an environmental good: Relevant criteria

Using “PPM” as a criterion?



EC: wants to consider goods “whose sustainable materials or *production characteristics* mean that increased trade in such products would also be environmentally supportive”



Defining an environmental good: Relevant criteria

Using “PPM” as a criterion?

PPM is recognized by many delegations as a divisive issue which should be kept outside of the negotiations

(US, Australia, Canada, Chile, Costa Rica, Singapore, HKC,
India, Indonesia, Korea, Malaysia, New Zealand, Venezuela, ...)



Defining an environmental good: Discussions in the CTE Special Session

Environmental good = 100% environmentally-friendly ?

Qatar, Venezuela:
inclusion of energy-related goods (e.g.
natural gas)



Defining an environmental good: Some difficulties

The **multiple use** of products, including both environmental and non-environmental uses

For **customs policy purposes**, a good is defined according to its **physical characteristics**

The environmental characteristic of a good is often due to its **embedded technology**



Discussions in the CTE Special Session: Basic approach to the mandate

More practical from a trade negotiations point of view; based on HS classification codes

Broader in scope; includes cleaner technologies/ products and chemicals



Work by APEC and OECD:
a useful starting point?

Need to develop a "WTO list" of environmental goods?



Discussions in the Negotiating Group on Market Access for Non-Agricultural Products



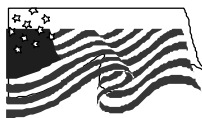
31(iii): important part of the of the market access negotiations

There should be special reductions (deeper than average tariff cuts) for products identified as environmental goods



(supported by Norway)

Modalities on tariff negotiations for environmental goods should be based on the "zero-for-zero" approach (i.e. agreement to reach zero tariffs through a staged process)



Two lists should be established:

1- Core list of goods that all Members agree are environmental (e.g. sewage treatment equipment)



Tariffs would be eliminated by 2010

2- Other list of proposed environmental goods



Countries would be required to liberalize a certain % of products from the list by 2010

"End-use" could be the basic criteria (not PPMs)



Comparative advantage of developing countries



Doha Declaration: Paragraph 16

Market Access for Non-Agricultural Products

16. "We agree to negotiations which shall aim, by modalities to be agreed, to reduce or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, *in particular on products of export interest to developing countries.*"



Comparative advantage of developing countries in environmental goods negotiations

Inclusion of *agricultural-based products* ?



Comparative advantage highlighted by a number of African countries
(TN/MA/W/40, 11 August 2003)



Trade Negotiations Committee (TNC)



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Non-Discrimination Principle

Non-discrimination principle in WTO

Recognition of PPMs would widen scope of "like products" definition

"National Treatment" (GATT Art.III):
Countries must not discriminate between imported and domestic "like products"

"Most Favoured Nation" (GATT Art.I):
Countries must not discriminate between "like products" originating from the territory of different trading partners



"like products"

- (i) the properties, nature and quality of the products (the physical properties of the products)
- (ii) the end-uses of the products (the extent to which the products are capable of serving the same or similar end-uses)
- (iii) consumers' tastes and habits (the extent to which consumers perceive and treat the products as alternative means of performing particular functions in order to satisfy a particular want or demand)
- (iv) the tariff classification of the products (the international classification of the products for tariff purposes)

PPMs?

Appellate Body Report on EUROPEAN COMMUNITIES - MEASURES AFFECTING ASBESTOS AND ASBESTOS-CONTAINING PRODUCTS, WT/DS15/AB/R, dated 12 March 2001, paras 101 and 102.