LIBERALIZATION OF ENVIRONMENTAL GOODS AND SERVICES

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Trade and Environment Division
Outline of Presentation

- DDA Paragraph 31(iii)
- Identification of Environmental Goods
- Structure of the Outcome: Modalities
- Other Considerations: NTBs, Technology, Services
- Next steps
DDA Paragraph 31(iii)
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.
Rationale for Trade Liberalization in EGs

"Triple Win" Objectives

Trade
- Tariff reduction of environmental goods leading to price reduction

Environment
- Increased availability of and improved access to environmental goods, services and technologies
- Facilitate natural resources management

Development
- Increased use of sustainable management tools and improve quality of life
- Build on export areas of interest to developing countries
EGS Discussions in the CTESS

- Trade Negotiations Committee (TNC)
  - Negotiating Group on Rules
  - Special Session of the Committee on Agriculture
  - Special Session of the Dispute Settlement Body
  - Negotiating Group on Market Access
- CTE Special Session
  - TRIPS Special Session
  - Special Session of the Council for Trade in Services
EGS Discussions in the CTESS

List approaches
- USA
- China
- Canada + EU
  + Japan + Korea
  + New Zealand
  + Norway
  + Switzerland
  + Taipei + USA

Alternative approaches
- India
- Argentina
- Brazil

Work Programme
- Revised Work Programme
  (new timelines)

encouraging submissions of goods of interest

Mixed Approach
- Mexico, Chile
- Singapore, Australia, Hong Kong, Norway, Colombia

Canada
European Union
Japan
Korea
New Zealand
Switzerland
Taipei
USA

“Groups of Friends”

Saudi Arabia
The Philippines
Singapore
Japan
Qatar

2002
2005
2007
2008
2009
2010
2011
Environmental Goods Identification
No unique definition of environmental goods and services...;

...used to alleviate, at least partially, the negative impact of industrial and consumption activities of private and public agents on the environment...
EG Identification: Challenges

Heterogeneous set of producers of technologies, goods and services, which must have an environmental purpose as their prime objective:

- To measure, control, restore, prevent, treat, minimise, research and sensitise environmental damages to air, water and soil as well as problems related to waste, noise, biodiversity and landscapes.

- To measure, control, restore, prevent, minimise, research and sensitise resource depletion. This results mainly in resource-efficient technologies, goods and services that minimise the use of natural resources.
EG Identification: Challenges

Environmental Technologies

- Products
  - Environmental Management/Technologies
    - Main purpose: Addressing environmental problem

Eco-innovation

- Preferable Products
  - Environmental friendly
    - production
      - e.g. organic production
    - consumption/use
      - e.g. efficient cars
    - disposal
      - e.g. jute

- Main purpose: Not necessarily addressing environmental problem
EG Identification: Challenges

- No multilaterally agreed definition or criteria:
  - Negative vs. positive definition;
  - Predominant environmental final use (OECD/APEC);
  - Environmental preferable Products (e.g. more efficient products);
  - Contribution to the achievement of environmental objectives (e.g. CDM projects).
EGS Discussions in the CTIESS

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Japan
Korea
New Zealand
Switzerland
Taipei
USA

“Groups of Friends”

Saudi Arabia
The Philippines
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Japan
Qatar


Work Programme → Revised Work Programme (new timelines)

encouraging submissions of goods of interest
EG Identification: Submitted Lists

Entries | HS-6 lines | HS-6 lines with "ex-out"
---|---|---

"Group of Friends" | 169 | 113 | 169 | 113
Philippines | 17 | 17 | 15 | 17 | 17 | 15
Japan | 90 | 59 | 57 | 27 | 20 | 20
Qatar | 0 | 259 | 594 | 0 | 259 | 594
Saudi Arabia | 0 | 72 | 76 | 67 | 72 | 76
Singapore | 0 | 67 | 76 | 72 | 67 | 76
EG Identification: Overlapping Lists

- Saudi Arabia: 259 HS6
- Qatar: 20 HS6
- Philippines: 17 HS6
- Singapore: 72 HS6
- Japan: 59 HS6

Note: Proportions not respected

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<tr>
<th>Overlapping</th>
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- valves for boilers,
- gas turbines,
- (water) gas generators.
EG Identification: Challenges

🔥 Dual or Multiple use (not just environmental):

- **HS 730900:**
  - Tanks and Vats
  - **Ex-out EG:** Biomass gasification
  - **Ex-out Non-EG:** chemical application

- **HS 842121 ex-out:**
  - Water filters
  - **EG:** Wastewater treatment
  - **Non-EG:** Industrial application
Environmental Goods Coverage

- Machinery / Electrical, 200
- Chemicals & Allied Industries, 29
- Wood & Wood Products, 6
- Transportation, 29
- Textiles, 9
- Stone / Glass, 2
- Plastic/Rubber, 20
- Metals, 48
- Mineral Products, 10
- Miscellaneous, 56
Technical issues relating to tariff classification:

- Extensive use of ex-outs (lower HS-6 level);
- Ability to distinguish environmental goods at the border.
EG Identification: Challenges

- Constant evolution of technology
  - 50% of existing technologies are expected to be replaced with new and different goods within 15 years (OECD, 2005);
  - “One off” exercise?
  - Review mechanism (proposed by New Zealand and “group of friends”).
Environmental Goods by Category

- Air pollution control: 43
- Carbon capture and storage: 259
- Environmental technologies: 313
- Renewable energy: 80
- Waste and water management: 71
- Other: 31

Number of HS-6 lines
## Environmental Goods Tariffs

### Bound Tariffs

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<tr>
<th>Region</th>
<th>MFN Tariff</th>
<th>Preferential Tariffs</th>
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### Applied MFN Tariff

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### Applied Preferential Tariffs

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<tr>
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<td>3%</td>
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(excluding minerals and vehicles)
Environmental Goods International Trade

Exports in Billion USD

Developed
Developing
(excluding minerals and vehicles)
Environmental Goods Top Exporters

2010 Exports in Billion USD

(excluding minerals and vehicles)
Structure of the Outcome
EGS Discussions in the CTESS

List approaches
- USA
- China
- Canada + EU
  + Japan + Korea
  + New Zealand
  + Norway
  + Switzerland
  + Taipei + USA

Alternative approaches
- India
- Argentina
- Brazil

2002
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Work Programme
Revised Work Programme
(new timelines)

encouraging submissions of goods of interest

Mixed Approach
- Mexico, Chile
- Singapore, Australia, Hong Kong, Norway, Colombia
Structure of the Outcome

List approaches: USA; China (early in the negotiation process); “Group of Friends”; Singapore; Saudi Arabia; Qatar; Philippines

Integrated approach: Argentina & India

Request and Offer approach: Brazil

Hybrid approach: Australia, Colombia, Hong Kong, Norway & Singapore

Combined approach: Chile & Mexico

(Special & Differential Treatment)
Other Considerations
Issue not discussed in detail: cross-cutting or specific issue?

Some examples of NTBs in relation to environmental goods identified have been raised:
- Standards and conformity assessment procedures on organically produced food;
- Complications related to customs procedures;
- Valuation of goods;
- Import prohibitions;
- Local content requirements;
- Intellectual property rights protection.

Establishment of mechanism or special work program to deal with NTBs relating to environmental goods (in CTE)?

Identification issue is link to goods identification.
Transfer of Technology / Technical Assistance

- Transfer of Technology not specifically mentioned in Paragraph 31(iii);

- Argentina and Brazil’s proposal on exchange of information from developed to developing countries to better assess available environmental technologies and properly apply them to suit specific needs and priorities;

- Bolivia and Venezuela’s proposal on excluding and revoking environmental technologies of patents in developing countries, as well as on the creation of a technology fund and mechanism of transfer of technology in the WTO to ensure developing countries free access to environmental technologies’ knowledge.
Environmental services covered as part of broader mandate for services liberalization on a voluntary and request/offere basis.

Issue not discussed in detail, although environmental services can be relevant to identify specific environmental goods;

Brainstorming ideas to include commitments on environmental services and enhance coordination, interaction or consultation between the CTESS and CTSSS.
SVEs contribute least to the degradation of the environment, but suffer most of its negative consequences;

Special circumstances and characteristics of SVEs should be taken into account;

Need for special and differential treatment;

Any outcome in this negotiation should strike a balance between market access, environmental benefits and the legitimate objective of SVEs to maintain policies ensuring sustainable development;

Strong opposition to any sectoral type market access approach to the trade and environment negotiations, which cannot and shall not adversely affect the flexibilities that have been agreed for SVEs in other negotiating areas;

Importance of technical assistance, capacity building and transfer of technology in these negotiations.
Next Steps...
EGS Discussions in the CTESS

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  + Japan + Korea
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  + Norway
  + Switzerland
  + Taipei + USA

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Work Programme → Revised Work Programme (new timelines)

encouraging submissions of goods of interest

Conclude the identification process
Clarify the modalities

Mixed Approach
- Mexico, Chile
- Singapore, Australia, Hong Kong, Norway, Colombia

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European Union
Japan
Korea
New Zealand
Switzerland
Taipei
USA

“Groups of Friends”

2002 ... 2005 ... 2007 2008 2009 2010 2011

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THANK YOU FOR YOUR ATTENTION!

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