

**COMMUNICATION FROM THE EUROPEAN COMMUNITIES
AND THEIR MEMBER STATES^{1/2}**

GATS 2000: Environmental Services

The attached communication³ has been received from the delegation of the European Communities and their Member States with the request that it be circulated to Members of the Council for Trade in Services.

I. INTRODUCTION

1. World-wide the environmental services market represents US\$ 280 billion and is expected to grow to US\$ 640 billion in 2010 with an annual growth rate of 8%. This would place the environment industry at roughly the same size as the pharmaceuticals or information technologies industries. Consequently, the demand in environmental services should rise world-wide.

2. Only 48 Members have taken commitments in the environmental sector (mostly OECD countries). Although few Members covered environment in their schedule, those who did, took commitments which provide on average for a high level of market opening with all or most sub-sectors being bound.

3. The EC market for environmental services is substantially open.

4. It is extremely important to highlight the "win-win" dimension of open trade and its inter-relationship with environmental protection, human health and development. A summary of the main elements of the "win-win" include trade in capital goods and services being the most direct channel for transfer of environmental technology; the positive price and efficiency effects for domestic environmental budgets; welfare, health and environmental performance gains; provision of incentives for investment in technological developments and technological cooperation through expansion of market opportunities; etc.

5. Against this background, our proposals aims at engaging WTO Members in negotiations to reduce trade barriers to the minimum as well as increase country coverage.

¹ Hereinafter "The EC".

² The EC reserve their right to modify this proposal at any time. This proposal does not prejudice EC's position on other services sectors, nor any possible future offer on this or other sectors. This proposal has to be read together with the general approach of the EC to the services negotiations.

³ This document should be read in conjunction with S/CSS/W/32.

6. The proposed approach is the one highlighted in the EC communication on classification of environmental services (S/CSC/W/25 dated 28 September 1999). In this Communication the EC propose to schedule commitments according to a revised classification which preserves the mutually exclusive nature of W/120 whilst addressing most of its recognised problems (see attached communication). The proposed classification comprises of services which can undisputedly be classified as “purely” environmental and where the services are classified according to the environmental media (i.e. air water, solid and hazardous waste, noise etc.). The Communication proposes a new classification for “core” environmental services which better reflect the trade and sectoral realities. The new classification is also more diversified: the creation of 7 environmental sub-sectors (against 3 in the old classification) increases the possibility for Members to take commitments.

7. Due to its purely environmental nature, the proposed classification does not include conceptual services such as design, engineering, R&D and consulting services which remain classified elsewhere in GATS. It is acknowledged that some can have an environmental “end-use”. The EC propose that these services could be subject to a special “cluster” or “ checklist”, checklist which could be used as an aide-memoire during the other sectoral negotiations, the result of which should be scheduled in the relevant GATS sectors other than environment.

II. SCOPE OF THIS PROPOSAL^{4/5}

8. All sectors and sub-sectors of the “proposed classification” described in the EC Communication S/CSC/W/25 as modified by job 7612 dated 28 November 2000). Namely:

- 6A. Water for human use & wastewater management
- 6B. Solid/hazardous waste management
- 6C. Protection of ambient air and climate
- 6D. Remediation and cleanup of soil & water
- 6E. Noise & vibration abatement
- 6F. Protection of biodiversity and landscape
- 6G. Other environmental & ancillary services

9. The proposal also covers all sectors and sub-sectors of the environmental services “cluster” or “checklist” described in the EC Communication S/CSC/W/25 as modified by job 7612 dated 28 November 2000 (see attached). Namely:

- Business services with an environmental component.
- R&D with an environmental component.
- Consulting, contracting & engineering with an environmental component.
- Construction with an environmental component.
- Distribution with an environmental component.
- Transport with an environmental component.
- Others with an environmental component.

⁴ The coverage of this proposal is without prejudice to EC's final positions on classification issues and to EC's classification of their existing commitments. CPCs mentioned refer to Provisional CPC classification.

⁵ It is understood that the GATS does not cover measures of a Member which limit inputs for the supply of services. As a consequence, any commitment undertaken in this sub-sector does not preclude a Member to regulate the supply and demand of natural resources.

III. PROPOSAL

10. The Council for Trade in Services in Special Session should initiate a debate, whether in the Council or in a subsidiary body established for the purpose, on broad aims for negotiations in the environmental services sector.

11. Overall, we believe that WTO Members should aim to substantially reduce barriers to trade in services.

12. For example, typical obstacles to trade in environmental services include monopolies and exclusive providers issues, restrictions on legal forms of doing business, equity limitations, restrictions on foreign investment, unspecified licensing and approval requirements, unspecified economic needs tests, residency and nationality requirements, restrictions to the movement of key personnel etc.

13. This list is not exhaustive, and other restrictions are also maintained by WTO Members.

1. Schedule of commitments

(a) Modes 1, 2 and 3

- Commit all modes for all subsectors without restrictions (i.e. none) taking into account the specificities of how the provision of these services is organised

(b) Mode 4: The EC schedule includes, *inter alia*, temporary movement of intra-corporate transferees as well as contractual service suppliers (i.e. the service is supplied, on the basis of a contract, by an employee of a company not established in the Member's territory). The EC propose that, on this basis, further discussions are held on how to improve and facilitate the temporary movement of natural persons for the provision of specific services.

2. For reference: horizontal proposals and the environmental services sector

14. The EC reserve their right to present a formal proposal concerning horizontal commitments listed by WTO Members. At this stage, some horizontal commitments can already be underlined as particularly affecting the environment sector: unspecified approval requirements, unspecified economic needs tests, certain limitations on the purchase or rental of real estate, restrictions on equity holdings, residency requirements, certain tax and subsidy measure.

7612

Committee on Specific Commitments

28 November 2000

**COMMUNICATION FROM THE EUROPEAN COMMUNITIES
AND THEIR MEMBER STATES**

Informal Paper

The following communication has been received from the delegation of the European Communities and their Member States with the request that it be circulated to the Members of the Committee on Specific Commitments.

I. INTRODUCTORY NOTE

1. Delegates will find herewith a revised version of the environmental classification and cluster annex of the EU WTO Communication on "Classification issues in the environmental sector", Committee on Specific Commitments, 28 September 1999. This is a stocktaking document amending Job No. 4348 dated 10 July 2000 and mirroring as much as possible discussions, suggestions and comments from several delegations. This paper is meant to clarify the discussion and prepare the next steps. Please note that there might still be some outstanding issues with some WTO Members.

2. The document has been amended in the following manner so to gather support from Members:

- a) In sub-sector 6A, water services are described as "Water collection, purification and distribution services through mains, except steam & hot water" (i.e. same language as in CPC provisional 94101, taking into account the exclusion of steam and hot water described in CPC provisional 88700). Reference to CPC provisional 713 is irrelevant and therefore has been deleted.
- b) In sub-sector 6B, "Services related to recycling services on a fee or contract basis" now reads "Services related to recycling on a fee or contract basis". This sub-sector has been moved to Cluster under "Business Services with an environmental component". Examples in this sub-sector now include plastic, paper, glass and batteries. As a consequence, reference to CPC revision 1 86932 has been added.
- c) In 6G "Other environmental & ancillary services", "Repair services of machinery & equipment" has been moved to cluster. The reference to "Operation and maintenance" has been deleted. "Public awareness programmes" has been moved to cluster in "Others".

<i>ENVIRONMENTAL SERVICES⁶</i>		<i>CONSOLIDATED LIST</i>	
CLASSES AND SERVICES	EXAMPLES/DESCRIPTIONS	PROVISIONAL CPC	<i>November 2000</i> CPC VERSION 1.0
6A) WATER FOR HUMAN USE & WASTEWATER MANAGEMENT			
Water collection, purification and distribution services through mains, except steam & hot water	- potable water treatment, purification and distribution including monitoring	part of 18000	69210, 86223, part of 94900
Waste Water Services	- removal, treatment and disposal of household, commercial and industrial sewage and other waste waters including tank emptying & cleaning, monitoring, removal and treatment of solid wastes	9401, 94010	9411, 94110, 94120
6B) SOLID/HAZARDOUS WASTE MANAGEMENT			
Refuse disposal services	- hazardous & non-hazardous waste collection, treatment and disposal (incineration, composting, landfill)	94020	94211, 94212, 94221, 94222
Sanitation & similar services	- sweeping & snow removal - other sanitation services	94030	94310, 94390
6C) PROTECTION OF AMBIENT AIR AND CLIMATE			
Services to reduce exhaust gases and other emissions and improve air quality	- services at power stations or industrial complexes to remove air pollutants - monitoring of mobile emissions and implementation of control systems or reduction programmes	94040	part of 94900

¹For the whole classification, unless otherwise indicated in a Member's schedule, the classification covers the provision of the service to industrial and commercial establishments, households and the general public and other users.

<i>ENVIRONMENTAL SERVICES⁶</i>	<i>CONSOLIDATED LIST</i>		<i>November 2000</i>
CLASSES AND SERVICES	EXAMPLES/DESCRIPTIONS	PROVISIONAL CPC	CPC VERSION 1.0
6D) REMEDIATION AND CLEANUP OF SOIL & WATER			
Treatment, remediation of contaminated/polluted soil and water	- cleaning-up systems in situ or mobile, emergency response, clean-up and longer term abatement from spills and natural disasters - rehabilitation programmes (e.g. recovery of mining sites) including monitoring	part of 94060	part of 94900
6E) NOISE & VIBRATION ABATEMENT			
Noise abatement services	- monitoring programmes, installation of noise reduction systems and screens	94050	part of 94900
6F) PROTECTION OF BIODIVERSITY AND LANDSCAPE			
Nature & landscape protection services	- ecology and habitat protection - protection of forests and promoting sustainable forestry	part of 94060	part of 94900
6G) OTHER ENVIRONMENTAL & ANCILLARY SERVICES			
Other services not classified elsewhere	- other environmental protection services - services related to environmental impact assessment	part of 94090	part of 94900

**ENVIRONMENTAL RELATED SUB-SECTORS WHICH COULD BE SUBJECT TO A “CLUSTER” NEGOTIATION,
TOGETHER WITH THE SERVICES IN THE ENVIRONMENT CLASSIFICATION**

<i>ENVIRONMENTAL SERVICES</i>	<i>CONSOLIDATED LIST</i>		<i>November 2000</i>
CLASSES AND SERVICES	EXAMPLES/DESCRIPTIONS	PROVISIONAL CPC	CPC VERSION 1.0
BUSINESS SERVICES WITH AN ENVIRONMENTAL COMPONENT			
Architectural services		861	
Services related to recycling on a fee or contract basis	- Services related to recycling of, for example plastic, paper, glass, batteries, aluminium and steel	88493	86931, 86932
R&D WITH AN ENVIRONMENTAL COMPONENT			
Environmental R&D services		85101, 85103, 85109, 85202, 85300, 8530	81110, 81130, 81190, 81220, 81300, 8130
CONSULTING, CONTRACTING & ENGINEERING WITH AN ENVIRONMENTAL COMPONENT			
Design & Engineering	- e.g. feasibility studies and design of waste water treatment plants	867	83131, 832, 833
Education, Training and Technical Assistance	- training courses on environmental protection or operation & maintenance of environmental facilities - training sessions for employees and/or contractors for performing proper sampling	924, 929	929
Consulting services	- environment consulting services - related consulting services for tourism, transport, fishing, sustainable land use	867, 86729 8650	83131 8312, 83119
Integrated engineering services		86732	83312
Project management services	e.g. supervision of construction of sewage treatment facilities	86729	83322, 83323, 83329

<i>ENVIRONMENTAL SERVICES</i>	<i>CONSOLIDATED LIST</i>		<i>November 2000</i>
CLASSES AND SERVICES	EXAMPLES/DESCRIPTIONS	PROVISIONAL CPC	CPC VERSION 1.0
Composition & purity testing & analysis services	- includes accredited environmental testing services - includes both field and laboratory testing	86761	83561
Modelling	- computer simulations of movement of pollutants through air, water, or soil - software development for engineering programs	8424 8672	83142 83139, 8339
Monitoring & testing	- monitoring of air and water quality	8672, 8676, 9490	8313, 8339, 8356
Subsurface & surface surveying services	- mapping - use of global positioning systems (GPS)	86752, 86753	83520, 83530
CONSTRUCTION WITH AN ENVIRONMENTAL COMPONENT			
Septic system installation services	- installing septic tanks and disposal fields	51620*	54342
Construction services	- laying of sewers - laying of water pipelines - construction of treatment plants - construction of landfills	51340*, 51350*, 511, 512, 513, 514, 515, 516, 517, 518	54241, 54251, 541, 542, 543, 544, 545, 546, 547, 548
Installation services of other goods	- installation of equipment used in sewage treatment facilities	88590*	86590
Insulation services		51650, 5165	54650, 5465

<i>ENVIRONMENTAL SERVICES</i>	<i>CONSOLIDATED LIST</i>		<i>November 2000</i>
CLASSES AND SERVICES	EXAMPLES/DESCRIPTIONS	PROVISIONAL CPC	CPC VERSION 1.0
DISTRIBUTION WITH AN ENVIRONMENTAL COMPONENT			
Wholesale & retail trade services of waste, scrap, and other material for recycling	- sale of paper for recycling - sale of aluminium cans for recycling	62278, 62113; 63299	61195, 61295, 62495, 62595
Storage	- hazardous & non-hazardous waste storage - operation of disposal site	7422	6722
TRANSPORT WITH AN ENVIRONMENTAL COMPONENT			
Land transportation under various modes	- movement of waste material by rail or road	7112, 7123, 7139	6412, 6423
Water transportation under various modes	- movement of waste material by barge or ship	721, 722	651, 652
OTHERS WITH AN ENVIRONMENTAL COMPONENT			
Repair services of machinery & equipment	- repair of various environmental equipment & facilities, e.g. water treatment plants, wastewater treatment plants, sanitary land fills	88620	87159
Urban planning services		86741	83221
Others	- public awareness programmes		