

## ENVIRONMENTAL ASPECTS OF THE NEGOTIATIONS ON MARKET ACCESS

Statement by Mrs. Carmen Luz Guarda<sup>1</sup> at the Regular Session  
of the Committee on Trade and Environment of 14 February 2003

### Paragraph 51

#### A. INTRODUCTION

1. As all Members are aware, the Negotiating Group on Market Access started its work with some delay due to procedural questions which were only resolved in July 2002. Since then the Group has met four times and has held very substantive discussions.

2. Concerning the subject of environmental goods, the Negotiating Group took note of the broad support in the CTE Special Session for the idea that negotiations on environmental goods, as foreseen in paragraph 31(iii) of the Doha Declaration, be conducted in the Negotiating Group on Market Access for Non-Agricultural Products. This is reflected in Ambassador Biké's first report to the TNC contained in document TN/TE/1. As a result this topic has been discussed in the Group's last four meetings and many references are made to it in participant's submissions. Following are some of the issues raised in the Negotiating Group.

#### **1. Treatment of environmental goods**

3. One rather basic issue to be raised concerns the treatment of environmental goods. Some participants are of the view that environmental goods should not be the subject of special treatment i.e. they should be treated in the same manner as other goods and subject to the same modalities. However, some other participants view paragraph 31(iii) of the Doha Declaration as providing for special treatment to environmental goods in the form of, for example, deeper cuts.

#### **2. Definition of environmental goods**

4. Different suggestions have been put forward regarding the criteria to be used for defining environmental goods. Among participants who have spoken on the subject, a few support using the criteria of production and process methods. Many other delegations favour the end-use criteria for such a definitional exercise. One delegation made a reference to an approach aimed at promoting trade in environmentally friendly goods in a manner which was voluntary, market based and WTO compatible.

5. However, it should be noted that while some participants have supported the need to define environmental goods, others have expressed the view that a definitional exercise is not required at this stage. According to them, for the moment priority should be given to reaching agreement on the modalities for the reduction of tariffs on all goods. Following completion of this exercise, the Group could evaluate whether additional reductions were necessary on environmental goods.

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### **3. Who will benefit from cuts in environmental products?**

6. A point made by certain participants has been that liberalisation in this sector could result in a win-win-win situation for trade, the environment and development. However, the point has also been made that given the high technological content of such products, one had to avoid the situation of the real benefits going only to the more advanced Members. The question of easier access to environmental technology has also been raised.

### **4. Internal coordination**

7. On a practical level, coordination between the CTE Special Session and the Negotiating Group on Market Access has been good. At the latter meeting of 12-13 September 2002, the Negotiating Group agreed that: 1) the Chairman, on a more formalized basis, would keep the Chairperson of the CTE Special Session informed of the ongoing discussions in the Negotiating Group concerning environmental goods. The Chairman in turn would report to the Negotiating Group any information of relevance provided to him by the Chairperson of the CTE Special Session; and 2) papers relating to environmental issues submitted in the Negotiating Group on Market Access were also to be submitted to the CTE Special Session to enhance transparency.

8. However, within the Group there is some divergence of opinions as to which of the Negotiating Groups should undertake the definitional exercise, if at all. While some participants feel that the CTE Special Session would be the appropriate body or the best equipped for such an exercise, others feel that such an exercise should take place in the Negotiating Group on Market Access.

9. An additional issue raised in the Group relates to how agricultural environmental goods should be treated

### **B. WORK DONE**

10. Looking at the work done, many participants have in their submissions set out their views on the subject of negotiations on environmental goods. The most recent submission was from the State of Qatar entitled "Negotiations on Environmental Goods: Efficient, Lower-Carbon and Pollutant-Emitting Fuels and Technologies".

11. A document has been circulated in TN/MA/6 which presents an "Overview of Proposals Submitted". However, this document does not address the topic of environmental goods. It was felt that given the preliminary nature of the discussions in the Group on this subject, such an overview at this time would be too premature. However, the expectation is to do such an overview at a later stage.

12. The Group as such has begun some initial work in this area. For example, following a proposal by the Chairman, the Group agreed that the Secretariat circulate the OECD and APEC list of environmental goods (TN/MA/S/7). While some participants considered these lists a good starting-point for discussions on environmental goods, others stated that these lists were contributions or useful inputs, but could not be used as the basis for discussions on environmental goods.

13. Japan also circulated a list of environmental goods which is based on the OECD list with some additions and deductions. At the request of the Group, the Secretariat generated trade statistics on Japan's list of environmental goods in order to give an indication of the trade flows on these products. These data were circulated in TN/MA/S/8 and more detailed statistics have been posted on Members' website. However, I have to raise a note of caution regarding these statistics. Japan's list of environmental products were identified by a large number of ex-out HS 6-digit tariff lines. However, the Secretariat could only generate statistics at a six-digit HS tariff line level and could not be product specific. So the statistics for many of these products are inflated.

14. In addition at the meeting of the Group on 4-5 November 2002, the Chairman encouraged participants to submit their illustrative lists of environmental goods following the example of Japan. But to date no other list has been received.

C. FINAL REMARKS

15. The Negotiating Group on Market Access is scheduled to meet on 19-21 February at which time the subject of environmental goods will be addressed. The expectation is to have a more focussed discussion on many of the issues before the Group including those relating to such products.

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