

Experiences in the promotion and facilitation of environmental goods and services

Secretariat Note INF/TE/SSD/W/18

Trade and Environmental Sustainability Structured Discussions (TESSD)

31 March 2022



Outline

- Overview of EGS Initiatives
- Environmental Goods
 - Identification of EG
 - Tariff treatment
 - Non-tariff barriers and development issues
- Environmental Services
 - Identification of ES
 - Environmental services in GATS and in RTAs
- Research on potential benefits and challenges



Overview of EGS initiatives

- Experiences in the WTO
 - Multilateral negotiations
 - Special Session of the Committee for Trade and Environment (CTESS) – started in 2002
 - Special Session of the Council for Trade in Services (CTS-SS) – started in 2000
 - Plurilateral negotiations
 - Environmental Goods Agreement (EGA) (2014-2016)
- Experiences outside WTO
 - APEC
 - Regional trade agreements



Environmental Goods: Identification of EG

- Approaches in defining such "product coverage"
 - Defining environmental goods (OECD/Eurostat, CTESS)
 - Based on lists of goods or sectors (CTESS, EGA, APEC)
 - Based on activities or projects (CTESS)
- The Harmonized System (HS): common language for identification of products by trade negotiators and by customs administrations
 - Use of "ex-outs" for defining subsets of HS subheadings
 - Not static: Periodic amendments of the HS
 - EGA: negotiations drew successfully on expertise of Customs Working Group
- Addressing multiple uses of goods
 - Liberalize trade for entire HS subheading and accept multiple uses
 - Use of ex-outs to narrow down specific characteristics of products used for environmental purposes
 - Resource intensive process and possible complexity of implementation by customs



Environmental Goods: Tariff treatment

- Tariff initiatives can differ in terms of types of duty being negotiated
 - Bound (CTESS, EGA) vs MFN applied (APEC) vs preferential (RTAs, PTAs)
- Special and differential treatment
 - Lower levels of tariff cuts; on fewer goods; over a longer time period
- Implementation of tariff reductions (staging)
- Other considerations:
 - EGA discussed technical aspects of “critical mass” concept
 - Accounting for technological progress regarding environmental goods to ensure a living list or living agreement



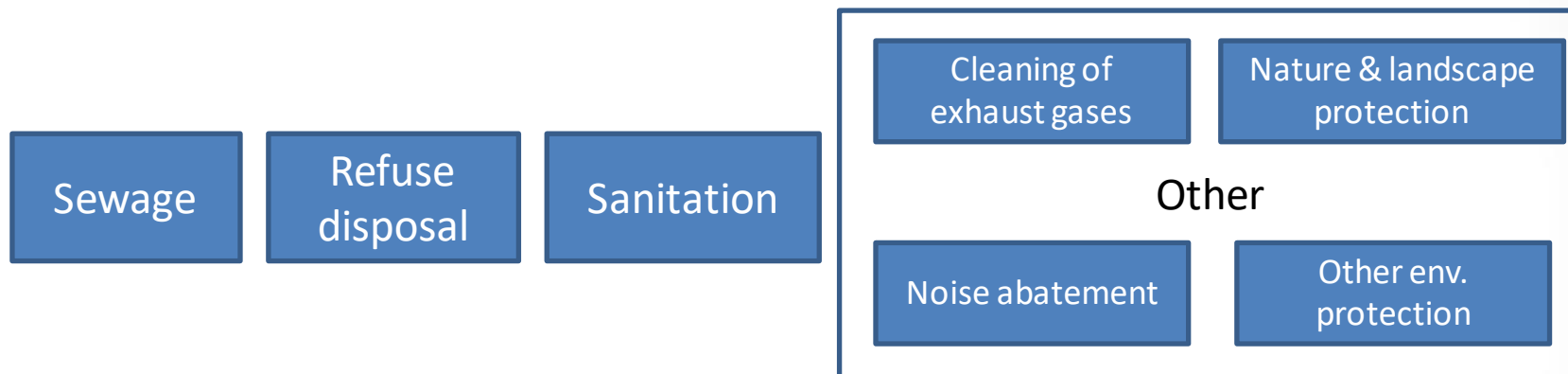
Non-tariff barriers and development issues

- Limited work on non-tariff barriers in CTESS and EGA negotiations
- Limited participation of developing countries in CTESS and EGA negotiations
- Issues raised by developing countries in CTESS
 - Importance of technology transfer and capacity building to strengthen environmental goods sectors
 - Financial mechanism for access to and development of environmental technologies



Environmental services: Identification of ES

- Identification of environmental services for trade negotiation purposes
 - Services Sectoral Classification List (W/120 list) and UN Central Product Classification (CPC prov.) use for scheduling GATS commitments

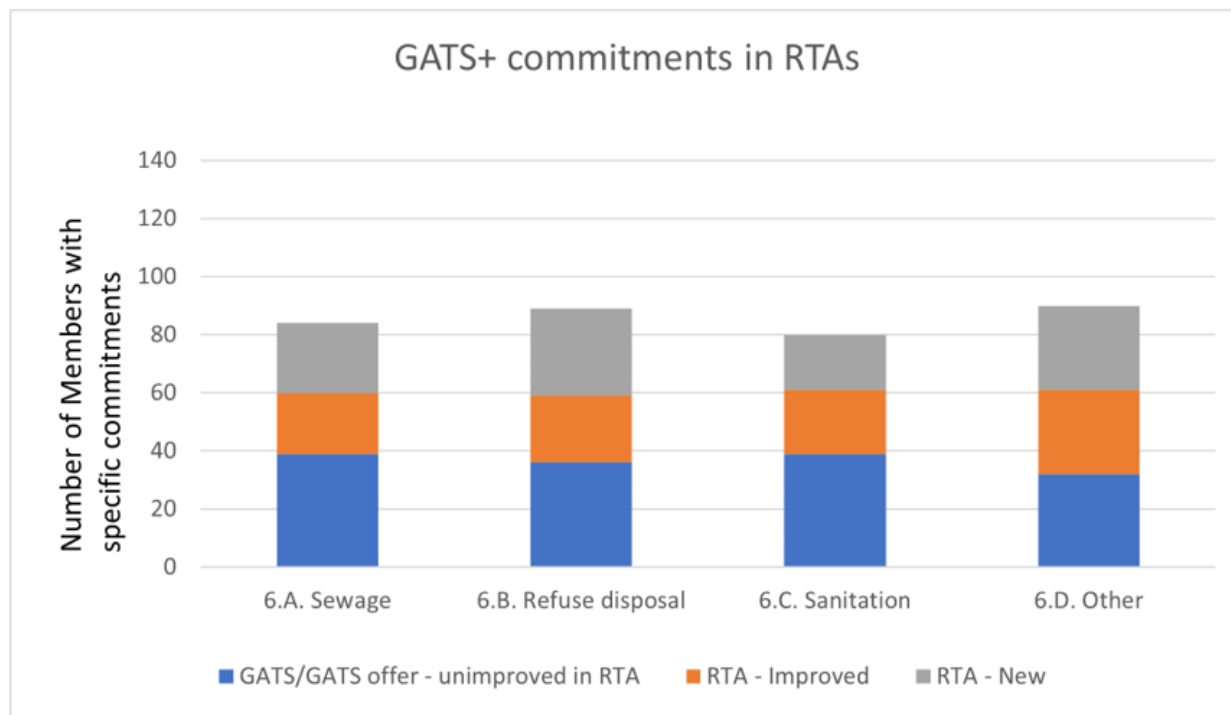


- Some Members have argued that a narrow definition and a classification focusing on pollution control and waste management fails to account for a range of ES, including relating to prevention and remediation of pollution, cleaner technologies and resource management.
- Proposals to expand scope to services that help with climate-change related objectives or “related services” that support environmental activities or facilitate the supply of core environmental services
 - Consideration of approaches to address multiple uses of services

Environmental services in GATS and in RTAs

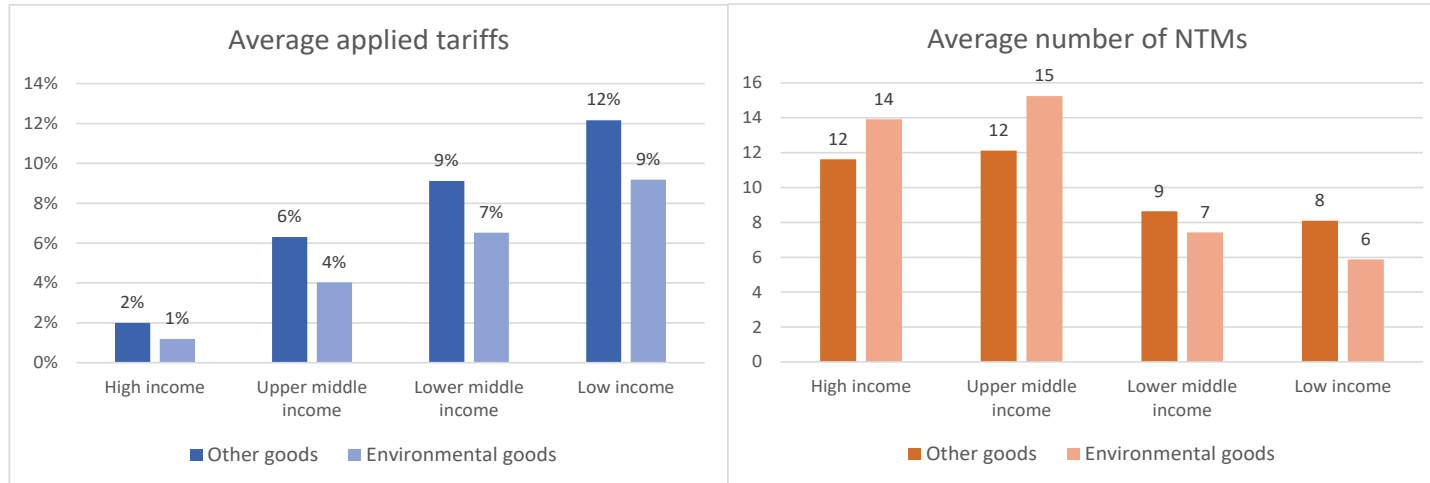
- Environmental services in GATS schedules of commitments and offers during the multilateral services trade negotiations
 - 59 schedules include specific commitments
 - Mode 3 (57% fully bound; no unbound); Mode 4 (mostly partially bound)
 - 25 Members offered improved or new commitments during negotiations
- Increasing number of GATS+ commitments on ES in RTAs

Figure 2: GATS+ Commitments on Environmental Services in Regional Trade Agreements (RTAs)



Research on potential benefits and challenges of trade in EGS

- Trade effects
 - Tariffs and NTMs on selected environmental goods relating to clean and renewable energy and energy efficiency:



Source: World Bank-WTO (2022, Figure 8)

- Trade impacts from tariff reductions will differ across economies, also depending on prevailing tariff levels and goods covered
- Importance of addressing NTMs for fostering trade in EGS
- Diffusion of environmental technologies
 - Complementarity between trade in services and environmental goods trade
- Environmental effects
 - Importance of technical assistance, technology transfer and complementary policies for developing countries to secure environmental benefits

Thank you

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