

**Committee on Trade and Environment
Special Session**

**REPORT BY THE CHAIRPERSON OF THE SPECIAL SESSION OF
THE COMMITTEE ON TRADE AND ENVIRONMENT
TO THE TRADE NEGOTIATIONS COMMITTEE**

1. The eleventh meeting of the Committee on Trade and Environment in Special Session (CTESS) was held on 24-25 February 2005.

I. STATUS OF WORK

2. Under Paragraph 31(i) of the mandate, delegations continued to share their national experiences in the negotiation and implementation of multilateral environmental agreements (MEAs). Canada, in particular, presented its inter-departmental coordination and consultation mechanisms that were designed to ensure a harmonious MEA-WTO relationship. It was of the view that the following criteria had to guide MEA negotiators: (1) MEAs had to be open to all countries; (2) they had to reflect broad-based support; (3) their trade measures had to be drafted with precision; (4) they had to treat non-parties on the same basis as parties, if the non-parties complied with their provisions; and (5) they had to explicitly consider WTO principles. A number of delegations welcomed the national experience-sharing exercise, and the general aim of preventing conflict between the WTO and MEAs. Delegations were encouraged to share their national experiences in writing whenever possible, so that a fruitful exchange could take place.

3. Under Paragraph 31(ii) of the mandate, a number of delegations suggested that the ideas developed by the CTESS on how to further MEA-WTO Secretariat cooperation and information exchange (contained in document TN/TE/7), be explored in greater detail. Made available to delegations at this meeting was an update of a WTO Secretariat Note on existing forms of cooperation and information exchange (TN/TE/S/2). Certain criteria for the granting of observer status were also debated.

4. Under Paragraph 31(iii) of the mandate, new submissions were tabled by New Zealand, Korea and the European Communities (EC). The New Zealand submission called for a practical approach to the negotiations, in which Members could "define [environmental goods] by doing," and suggested that certain reference points guide the identification of environmental products. It expressed a preference for the adoption of a "single consensus list" of environmental goods, but stated that a dual-list approach could be considered in the event that agreement on one list could not be obtained. Furthermore, the paper suggested the concept of a "living list," which would allow an agreed list to be updated for technological progress.

5. The EC submission called for the use of certain "guiding principles" in the identification of environmental goods, and proposed that environmental goods include: (1) goods used in pollution control and resource management, and (2) goods that have a high environmental performance or low environmental impact. Under each of these categories, a list of examples was provided. The paper also commented on the modalities for the negotiations, calling on all Members, except the least developed, to agree to "deeper tariff cuts" in this area of the negotiations.

6. The Korean submission presented Korea's initial list of environmental goods, which was created on the basis of criteria viewed by Korea as practical, and which "could be broadly accepted and applied by WTO Members." It was understood that there could be additions to this list.

7. In the discussion on Paragraph 31(iii), several developing country Members emphasized the need for balance in the negotiations between developed and developing country interests. In particular, they urged that the issues of special and differential treatment, of technical assistance, and of transfer of technology be considered. Furthermore, discussion was held on some of the factors on which the identification of environmental goods could be based. Some developing country Members indicated that they would also be submitting lists of environmental goods.

II. FUTURE WORK

8. In keeping with the directions provided at the TNC meeting of February 2005, an informal meeting on delegations' expectations for the Hong Kong Ministerial Conference was convened. While it was clear that all parts of the Paragraph 31 mandate were important and required delegations' serious attention, Paragraph 31(iii) emerged as the most likely candidate for tangible progress by the Hong Kong Ministerial Conference. There was a general view that, as a potential outcome for the Conference, delegations could prepare a list of environmental goods. In that regard, I have encouraged them to continue submitting their ideas, as well as their lists of goods, for Members' consideration.
