

**Committee on Trade and Environment
Special Session**

**REPORT BY THE CHAIRMAN OF THE SPECIAL SESSION OF
THE COMMITTEE ON TRADE AND ENVIRONMENT
TO THE TRADE NEGOTIATIONS COMMITTEE¹**

I. INTRODUCTION

1. At the Hong Kong Ministerial Conference, Ministers have instructed Members to intensify the negotiations, without prejudging their outcome, on all parts of Paragraph 31 of the Doha Declaration to fulfil the mandate. Furthermore, Ministers have called upon Members to complete the work expeditiously under Paragraph 31(iii).

2. Since Hong Kong, the CTE in Special Session (CTESS) has held one formal meeting on 21-22 February 2006.² The meeting focused mainly on the way forward under Paragraph 31(iii), which relates to environmental goods and services.³ At this meeting, Members agreed to engage in technical work to examine products, systems and projects falling under different categories identified by delegations in their submissions. It was understood that this technical work would not prejudice the approaches to be followed to fulfil the mandate. The CTESS held a first technical discussion under Paragraph 31(iii) on 4-5 April 2006. This status report focuses on progress in the work undertaken pursuant to the mandate in Paragraph 31(iii).

II. STATUS OF WORK

3. At the meeting on 21-22 February, Members exchanged views on indicative parameters that could guide future discussions under Paragraph 31(iii), as well as the categories to which these parameters could be applied.

4. The categories of Renewable Energy and Air Pollution Control were selected for the technical discussion of 4-5 April 2006.⁴ Four delegations circulated non-papers for the purpose of this meeting, namely the European Communities (JOB(06)/70), Canada (JOB(06)/73), Japan (JOB(06)/74) and Chinese Taipei (JOB(06)/75). The Secretariat had also prepared a compilation list of products put forward by Members in the two above-mentioned categories (JOB(06)/58).

5. On the basis of the non-papers submitted, the discussions initially focused, under each category, on products of single environmental end-use followed by a consideration of other products with multiple uses. Questions were raised regarding the application of different parameters to some of the products within the relevant categories, and how such parameters could help define the scope of environmental goods. It was noted that the parameters applied in the examination of products and

¹ This report is submitted on the Chairman's own responsibility.

² TN/TE/R/15.

³ The mandate in Paragraph 31(iii) calls for negotiations on "the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services".

⁴ These two categories cover some 150 items out of the 480 put forward in the various lists tabled by Members. See TN/TE/W/63, "Synthesis of Submissions on Environmental Goods – Informal Note by the Secretariat", 17 November 2005.

systems may not always reflect the environmental and developmental priorities of all Members. The parameters used in the discussion included "single environmental end-use", "clear environmental use or benefit", "predominant environmental end-use", and "otherwise environmentally beneficial".

6. Moreover, a number of specific questions were raised with regard to individual products, in particular concerning their classification under the Harmonized System (HS). Some of the difficulties highlighted related to the fact that the HS was not based on the criterion of end-use. Furthermore, it was noted that many of the products that could potentially qualify as environmental goods were not described at the 6-digit level under the HS and may therefore require the use of a narrower product description or ex-out. Classification issues were also raised, in particular under the Renewable Energy category, with respect to products traded as part of a system or an entire plant.

7. Other cross-cutting issues such as special and differential treatment, non-tariff barriers and transfer of technology have been highlighted as important questions to address in the context of these discussions. Members may wish to revert to these issues as the Committee proceeds with its work.

8. While there was a good level of engagement on the part of delegations in the discussions, a number of technical issues still need to be addressed. Furthermore, divergences remain on the most appropriate way to fulfil the mandate in Paragraph 31(iii). Bearing in mind the overall timeframe for the negotiations, delegations will need to further intensify their efforts to bring the work of the CTESS to fruition in this area of the negotiations.

III. FUTURE WORK

9. The CTESS will be holding its second technical discussion under Paragraph 31(iii) from 10-12 May 2006 where two further categories of products will be examined, namely Waste Water Management and Solid and Hazardous Waste Management.⁵ In addition, delegations will have an opportunity to revert to the categories covered at the April meeting. Members have agreed to invite to this meeting the following organizations: the WCO, UNCTAD, UNEP, the OECD, the Basel Convention on the Transboundary Movements of Hazardous Waste and their Disposal and the Montreal Protocol on Substances that Deplete the Ozone Layer.

10. In order to be able to carry out the next series of discussions in an effective way, I would urge delegations to come forward with detailed explanations on the environmental and developmental aspects of products that have been identified under the two new categories. I would also urge other delegations to come prepared to the discussions with specific questions on the products that have been reviewed thus far, as well as on those that will be taken up at the meeting in May. As before, this technical work will be carried out without prejudice to the issue of approach to fulfil the mandate in this area.

11. Finally, while more attention has been given to the work under Paragraph 31(iii) in the early part of 2006, it should be noted that much work still remains to be done by Members to fulfil the mandate in Paragraph 31(i) and (ii) of the Doha Declaration.

⁵ JOB(06)/81.