

**Committee on Trade and Environment
Special Session**

**SUMMARY REPORT ON THE THIRTEENTH MEETING OF THE COMMITTEE
ON TRADE AND ENVIRONMENT IN SPECIAL SESSION**

15-16 SEPTEMBER 2005

Note by the Secretariat

1. The Committee on Trade and Environment in Special Session (CTESS) held its thirteenth meeting on 15-16 September 2005 on the basis of the agenda set out in the convening airgram, WTO/AIR/2633.

**I. PARAGRAPH 31(I): WTO RULES AND SPECIFIC TRADE OBLIGATIONS IN
MULTILATERAL ENVIRONMENTAL AGREEMENTS (MEAS)**

2. The representatives of Argentina, Australia, Brazil, Chile, the European Communities (EC), and Switzerland noted that Paragraphs 31(i) and (ii) of the Doha Declaration remained important parts of the mandate, despite the fact that delegations had chosen to focus their work mainly on Paragraph 31(iii) until the Hong Kong Ministerial Conference.

3. The representative of Chile noted that focussing on Paragraph 31(iii) did not prejudice any result on this part of the mandate for the Hong Kong Ministerial.

4. With respect to Paragraph 31(i), the representative of Australia noted that the process of national experience sharing on the negotiation and implementation of MEAs had proved useful. In Australia's view, this national experience sharing could, in its own right, deliver an outcome under Paragraph 31(i).

5. Responding to a question raised by New Zealand at the July meeting concerning the principles of no hierarchy, mutual supportiveness and deference (document TN/TE/W/58)¹, the representative of Switzerland firstly noted that, in principle, international law did not create a hierarchy between agreements.

6. The only exceptions in this regard were the following: first, *jus cogens* always preceded. According to the Vienna Convention on the Law of Treaties, *jus cogens* were norms accepted and recognized by the international community of States as a whole, as norms from which no derogation was permitted. The WTO law did not have the status of *jus cogens*; neither were MEAs perceived as *jus cogens*.

7. Secondly, according to the principle of *jus posterior*, newer law preceded over older law. This rule applied only if the countries involved in a conflict were parties to both the old and new law. Thirdly, more specific law preceded over more general law (*lex specialis*). This rule only applied between countries that were both parties to the conflicting rules.

¹ The statement by Switzerland was subsequently circulated in document TN/TE/W/61.

8. It was clear from these principles that there existed no hierarchy between WTO rules and MEAs. This had also been confirmed by the international community, for instance by United Nations General Assembly decisions, and by the World Summit on Sustainable Development (WSSD) Plan of Implementation, which invited States to "promote mutual supportiveness between the multilateral trading system and the multilateral environmental agreements, consistent with sustainable development goals, in support of the work programme agreed through WTO, while recognizing the importance of maintaining the integrity of both sets of instruments".²

9. She noted that this reference to mutual supportiveness and to the need to maintain the integrity of the WTO and the environment regimes was a clear recognition of the principles of no hierarchy, mutual supportiveness and deference. In fact, the integrity of each system could only be maintained by showing deference to each other. By stressing these principles, it was also acknowledged that there was no need to introduce, for example, in new MEAs, provisions dealing with the relationship of the treaty in question to other treaties (the so-called "savings clauses").

10. Furthermore, as long as different international rules could be interpreted in a compatible and consistent manner, there was no need to establish an artificial hierarchy between them. In that sense, WTO rules should always be interpreted, according to international law, in a manner that did not constitute a conflict with MEA rules. The same also applied with respect to the interpretation of MEAs rules. This was a reflection of the general principle *pacta sunt servanda*, which required that States should try to fulfill their obligations under one treaty without violating their obligations under other treaties. Hence, treaties should generally be construed so as not to create any conflicts with other rules of international law. Thus, if in a specific situation WTO and MEA rules both applied, the provisions of each instrument should be construed, if possible, in a manner that would not create conflicts with the applicable rules and principles of other instruments. This also implied that in the context of the WTO, the necessity of a measure provided for in an MEA should not be re-examined, thus questioning the fulfillment of obligations under an MEA, but the WTO should use deference with regard to this issue.

11. Finally, she noted that the above-mentioned principles were also reflected in decisions of international courts, such as the International Court of Justice, as well as decisions of the WTO's Appellate Body.

12. The representative of the EC noted that his delegation fully subscribed to the principles invoked by Switzerland in its statement.

II. PARAGRAPH 31(II): INFORMATION EXCHANGE AND CRITERIA FOR GRANTING OBSERVER STATUS

13. There was no discussion under this agenda item.

III. PARAGRAPH 31 (III): ENVIRONMENTAL GOODS AND SERVICES

14. The Chairman recalled that at the meeting in July, submissions had been tabled by the EC (TN/TE/W/47/Add.1 and TN/TE/W/56), New Zealand (TN/TE/W/49 and Suppl.1), Canada (TN/TE/W/50 and Suppl.1), India (TN/TE/W/51 and TN/TE/W/54), the United States (TN/TE/W/52), Cuba (TN/TE/W/55), Switzerland (TN/TE/W/57) and Brazil (TN/TE/W/59). He invited delegations to further discuss the ideas currently on the table, and to share their thinking on how the CTESS could advance its work towards the Hong Kong Ministerial. He further noted that Switzerland had recently circulated a corrigendum to its paper (document TN/TE/W/57/Corr.1) and that the Secretariat had updated the *Synthesis of Submissions on Environmental Goods* (JOB(05)/57/Rev.2).

² Paragraph 98 of the WSSD Plan of Implementation (WT/CTE/W/220/Rev.1).

15. The representative of the United States (US) thanked the Secretariat for updating the Synthesis document. The US noted that 480 products had been proposed by the nine Members that had submitted lists, and that almost two hundred of those products had been proposed by more than one delegation. She noted that approximately forty products put forward still did not have any HS code attached to them, and underscored the importance of including HS codes when proposing goods.

16. The representative of the EC noted that paragraph 19 of the Secretariat's paper could be considered in conjunction with paragraph 11 of the Swiss paper (TN/TE/W/57), which proposed four broad categories of products, i.e., Pollution Management; Resource Management; Cleaner Technology and Products (CTP); and Environmentally Preferable Products (EPPs). The EC asked whether other delegations also shared the view that these four broad categories or sub-categories were representative of the universe of products that Members were willing to consider in the context of the negotiations. Understanding this universe of products would help delegations find a balance between developing and developed countries' interests in the negotiations, and contribute significantly to the protection of the environment through the tool of trade liberalization.

17. He pointed out that India had identified the following categories in paragraph 14 of its submission (TN/TE/W/51): Air Pollution Control; Water and Waste Management; Solid Waste Management; Remediation and Clean-Up; Noise and Vibration Abatement; Environmental Monitoring and Analysis; Process Optimization; Energy Saving Management; Renewable Energy Facilities; and Environmentally Preferable Products. According to the EC, there seemed to be a common understanding emerging on the type of universe that should be discussed in the context of the Paragraph 31(iii) negotiations.

18. The EC noted that delegations should not feel overwhelmed by the 480 items listed in the Synthesis document. He invited other delegations to find a way to engage in meaningful discussions on parts of what had been tabled, emphasizing the need to find a process that would lead to consensus. He expected the result of the discussion to be less complex than the paper currently before the CTESS.

19. Lastly, he encouraged Members to use the Secretariat's Synthesis as a tool to help them identify goods of interest to them. As already stated by India, it was not easy to develop a list, even on a national basis. He recalled that there was some overlap between the various lists tabled. Therefore, delegations could study in more detail the products already put forward, and concentrate on possible additional items that could complement the list of environmental goods.

20. The representative of India noted that the listing of areas in paragraph 14 of its submission (TN/TE/W/51) was made in the context of the Environmental Project Approach (EPA) and not in the context of a list approach, or any other approach. In India's view, the EPA was a comprehensive and balanced way of fulfilling the mandate in Paragraph 31(iii). India had circulated a new proposal in response to questions raised by other delegations. According to India, there were several elements that were vital to achieving the mandate in Paragraph 31(iii). These included ensuring that benefits actually accrued to the environment on a sustainable and long-term basis. This required not only that concessions over goods and services be clearly related to environmental objectives, but that in addition such concessions involve the transfer of technology. The mandate in Paragraph 31(iii) should be fulfilled so as to avoid unintended consequences, such as de-industrialization in certain developing segments of industry in developing countries. India was of the view that the list approach failed to address these critical elements. Hence, it did not promise to be an acceptable way of fulfilling the mandate.

21. The EPA provided the necessary policy space to national governments to ensure that the environmental objectives were met on a sustainable and long-term basis, and in a manner that was consistent with countries' own development and industrialization priorities. From the point of view of developing countries, the EPA also ensured that there were no adverse trade balances that would harm their overall economic growth, and was therefore in keeping with their development priorities. He

added that the main concerns of developing countries and the overall objectives of the mandate were addressed by the EPA. However, India remained open to other approaches that would also take into account these concerns and help meet the objectives set out in the mandate.

22. The representative of Canada recognized that different approaches had been proposed under Paragraph 31(iii). However, there were some underlying questions or considerations common to all approaches that Members could usefully address in order to make some progress in the work towards the Hong Kong Ministerial. Therefore, Canada welcomed any discussion relating to categories of products or individual products, in order to keep up the pace of technical work under Paragraph 31(iii).

23. The representative of New Zealand agreed with India's comment at the July meeting that Members needed to work together creatively and deliberately on how to make progress in the negotiations. He noted that further information exchange was important at this juncture. New Zealand concurred with India that Members should focus on the environmental benefits of some of the products to further enrich the discussion. He suggested that delegations leave aside the question of approach, and engage in a more informal discussion, completely open and transparent, without prejudice to the process of negotiation. In this respect, New Zealand noted that it had found the workshop organized by the United States on 14 September helpful, particularly in terms of highlighting development benefits in respect of specific items.

24. The representative of Thailand, also speaking on behalf of three ASEAN members, namely Malaysia, Indonesia and Brunei Darussalam, stated that much time had been spent at the beginning of the discussions under Paragraph 31 (iii) on the overarching concepts and characteristics of environmental goods. The "bottom up" approach examined the issue from a more concrete perspective, with tangible examples of products that could be considered as environmental goods. This was the origin of the list approach. Many lists had been submitted to the CTESS, some of which were based on principles and concepts already discussed in the context of the APEC and OECD environmental goods lists, and some which encompassed additional concepts, such as the concept of a living list, or the inclusion of Cleaner Technology and Products, or EPPs.

25. The number of new proposals submitted under Paragraph 31(iii) showed that Members viewed the mandate as important. However, he expressed concern with respect to some categories and examples of goods that had been proposed by certain Members. This concern was based on the interpretation of the mandate under Paragraph 31(iii), namely that the motivation behind the mandate was lower tariffs and NTBs for goods that would directly help to clean up the environment or mitigate adverse effects on the environment.

26. It was Thailand's belief that environmental goods had a direct function and a linkage with the protection of the environment, including, *inter alia*, air, water, noise and waste. Thailand had always maintained that end-use was an important criterion for determining the environmental nature of goods which should be considered under the mandate, hence his delegation's concerns regarding some of the products put forward as environmental goods. Such products included, for instance, waterless urinals, composting toilets, padlocks, yachts and bicycles. In Thailand's view, such products were not primarily used for environmental purposes. Most of these products fell under the EPPs and Cleaner Technology and Products categories. This raised the question as to whether these categories allowed too much leeway in including goods that were not truly environmental. The fact that one EPP was preferable to another, or that one product was produced by cleaner technology, did not mean that it could be justified for environmental reasons, at least not for the practical interpretation of the term "environmental good" under Paragraph 31(iii). If a good were to be considered environmental under Paragraph 31(iii), there should be a concrete linkage between the proposed good and the environmental purpose it fulfilled.

27. The representative of Indonesia thanked the Secretariat for revising the Synthesis document, which would help her delegation analyse the products put forward by other delegations as

environmental goods. She supported the statement by Thailand that the current negotiation under Paragraph 31(iii) had focused on the concept of a list approach with the aim of agreeing on a single environmental goods list. Under this approach, nine Members had submitted lists of goods that they considered environmental. Most of these Members had used the OECD and APEC environmental goods lists as the basis for their list. Some Members had also submitted lists containing goods that were not identified in the APEC or OECD lists, which some delegations may not consider to be of direct relevance to the protection of the environment. The proponents of the list approach maintained that this was a pragmatic way forward for the negotiations under Paragraph 31(iii).

28. At the last CTESS meeting, Indonesia had stated that simply focussing on the list approach could make the target of a "win-win-win" outcome for the environment, development and trade more elusive. Therefore, Indonesia had some reservations on the effectiveness of the list approach to ensure optimal results for the environment and development. Technology transfer and capacity building were important issues from the point of view of development and the protection of the environment, and could not be addressed by trade and market forces alone. In the absence of an agreed definition or criteria to identify environmental goods, agreeing on a single list of products could prove difficult. According to Indonesia, the lists that had been tabled varied greatly. While some Members had submitted clearly defined lists of environmental goods, other delegations had included many dual-use products of high export interest on their list, but with lesser significance for the environment.

29. For many developing countries, including Indonesia, participating in the list approach presented a real dilemma. Indonesia, for example, had adopted the criteria of single use and no PPM (process and production methods) in order to identify environmental goods. In its experience of drafting a national environmental goods list, Indonesia had initially developed a list which contained environmental goods that were mostly of export interest to developed countries. This had led domestic stakeholders to question how this environmental goods list could contribute to the development aspect of the mandate, and how it could result in a "win-win-win" outcome for Indonesia. In this context, Indonesia recommended a multiple approach under Paragraph 31(iii) to ensure that a "win-win-win" outcome was achieved.

30. Referring to India's environmental project approach (TN/TE/W/51 and TN/TE/W/54), she recalled India's point that Paragraph 31(iii) was essentially environment-oriented, and that market access was a means to achieving this objective, rather than the objective in itself. India's explanation of how the EPA could be implemented as part of the WTO system had shown that such an approach could be made transparent and predictable under the rule-based system, while still maintaining the flexibilities and the benefits to development inherent in the EPA. Moreover, the EPA more adequately served the mandate under Paragraph 31(iii) in terms of addressing environmental goods and services in a more comprehensive manner.

31. Indonesia agreed with India that the EPA provided flexibilities and incentives to target environmental programmes, which could maximize gains not only for the environment but also for development and trade. Indonesia had experience in implementing a programme similar to the EPA suggested by India. Indonesia's environmental programme began informally in 1987 and was formalized by a decree of the Minister of Finance in 1997. This environmental programme provided duty free access for all products that were required as part of an environmental project recommended or approved by the Ministry of Environment. The main purpose of the environmental programme in Indonesia was to provide an incentive to the business sector to implement projects that prevented or controlled pollution and/or environmental degradation. The environmental programme also aimed at reducing the cost of compliance for the business sector with the various environmental regulations in Indonesia.

32. Based on Indonesia's experience, the environmental programme had been effective in encouraging the business sector to undertake various environmental projects. Furthermore, it had

encouraged investment in the area of environmental protection and clean-up. She noted that between 1987 and 1995, over 185 environmental projects had been undertaken, providing duty-free access to environmental products required within the framework of these projects. Indonesia's environmental programme also ensured that goods imported for an environmental project were used for this purpose only. Moreover, the organizations or companies undertaking the environmental project benefitted directly from the duty free access of goods.

33. Through its environmental programme, Indonesia had also been able to provide support to local industries. Organizations or companies undertaking environmental projects which involved environmental products or components that were already produced locally were encouraged to use these goods. This in turn encouraged local industries to invest in new technologies and improve the quality of their products. This was an important development aspect of Indonesia's environmental programme, as it generated technology transfer and innovation at the national level.

34. Indonesia believed that the implementation of its environmental programme had been useful in terms of encouraging environmental projects at national level, providing flexibilities and incentives to target environmental objectives, and maximizing gains for the environment, development and trade. In this regard, Indonesia's experience with its environmental programme had proved useful in the context of the Paragraph 31(iii) negotiations. Moreover, Indonesia's national experience was in line with many of the arguments put forward by India with respect to the EPA. Since the current list approach did not ensure the achievement of a win-win-win situation for environment, development and trade, Indonesia felt that the EPA should be taken into consideration as an alternative or a complementary approach to the list approach.

35. The representative of Singapore thanked the Secretariat for the Synthesis document. He welcomed the various lists that had been submitted by Members and noted India's project-based approach. He thought that the lists would provide a useful tool for the work under Paragraph 31(iii). Singapore was studying the various lists to ascertain which products could be classified as environmental goods, and whether there were gaps in the existing list. He noted that products such as bio-fuels could be of interest. He mentioned that his delegation might submit a paper that reflected the potential gaps in the existing list and the criteria used to select products on the list.

36. In its examination of the lists tabled, Singapore had taken into account the potential contribution of the liberalization of trade in environmental goods and services to the environment and development. Singapore concurred with Thailand's view that in identifying environmental goods for the purpose of the negotiations, the environmental attributes of the products needed to be established. According to Singapore, the objective was to have a universal environmental goods list. However, his delegation agreed with the EC that from a practical perspective, Members needed to begin the process of short-listing products that would contribute to fulfilling the mandate in Paragraph 31(iii). Finally, he welcomed the initiatives taken by some delegations, including the US, to develop case studies on particular products or groups of products.

37. The representative of Australia agreed with other delegations that the Secretariat's Synthesis document could be useful to delegations in terms of identifying areas of possible interest to them. He also agreed with the US' view regarding the need to identify relevant HS codes for the products put forward, as this provided a clearer picture of the products or categories of products that were being considered. Australia believed that the list approach was the most practical way forward under Paragraph 31(iii). In Australia's view, it should be possible to find a way through many of the issues that had been identified, such as the question of dual use, or the inclusion of products that were beneficial both from an environment and development point of view. He appreciated the statement by Thailand, which highlighted some of the difficult issues that needed to be addressed, such as the environmental goods definition, which his delegation had also found challenging.

38. Australia agreed with New Zealand and Canada that there were issues that could usefully be addressed to carry the work forward, without focussing on the issue of approach. He welcomed the fact that India had pointed out that it would be willing to consider other options, provided that they delivered certain outcomes.

39. He noted that the US' approach at its workshop of focussing on the environmental goods themselves was useful, and that such an approach would enable delegations to make efficient use of the time available. For Australia, this kind of focus would have to be based on products' end-use, and not on their process and production methods. Australia agreed with Thailand that the inclusion of certain products or groups of products required further reflection. His delegation had not yet determined, for instance, whether it could support a focus on EPPs as part of the work. He noted that the use of an EPP category could lead to all kinds of definitional problems or raise the type of concerns that Australia had over PPM-based approaches to the definition of environmental goods.

40. The representative of Chinese Taipei thanked the US for the workshop it had held on the US' list of environmental goods. He also thanked the Secretariat for the revision of the Synthesis paper. He noted that much technical work remained to be done with respect to the mandate in Paragraph 31(iii), and that time was limited.

41. With respect to the suggestion by some delegations to share national experience on environmental projects or other regimes, Chinese Taipei made reference to end-use certificate regimes, whereby duty free treatment could be given to certified environmental goods. In the context of the negotiations under Paragraph 31(iii), Chinese Taipei hoped that Members could further improve the predictability and transparency of their trade regime for environmental goods. Finally, Chinese Taipei agreed with New Zealand that Members needed to find a constructive way to carry forward the discussions on this part of the mandate.

42. The representative of Mexico thanked the Secretariat for the revised Synthesis paper, and the US for having organized its workshop. She recalled the position her delegation expressed at the July meeting³, and shared the concern of Thailand and other ASEAN countries with respect to the lack of a clear link between some of the goods put forward by Members and their contribution to the environment.

43. The representative of the EC noted that his delegation was still unconvinced by the arguments put forward by India. In particular, his delegation did not see how India's proposal could contribute to fulfilling the mandate in Paragraph 31(iii). He agreed with other delegations that there was a need to concentrate on the environmental benefits of the products put forward. However, in doing so, Members should not lose sight of the overall objective of the negotiations to reduce tariffs and ensure more predictability in the trading system.

44. The EC noted that environmental schemes similar to those proposed by India already existed outside the WTO. The EC did not agree with India's assertion in paragraph 8 of its submission (TN/TE/W/51) that the list approach would expose developing and least-developed countries to the adverse effects of increased market access and competition without any compensatory benefits, as the duty concessions were open-ended and permanent. He recalled that the mandate involved using the tool of opening markets to increase environmental benefits for all Members. He recalled that some delegations had called for a more practical focus in the work. He noted that now that concrete examples of products had been put forward, delegations should have a closer look at these individual items in order to make some progress in the discussion.

45. In paragraph 9 of the Indian submission (TN/TE/W/54), the EPA was described as ranging from large commercial ventures to individual purchases. He raised the question as to whether the

³ TN/TE/R/12, Paragraphs 176-178.

project-based approach could work for individual purchases without a list of items from which to choose. In order to apply a project-based approach, it was necessary to know which products to include. He invited Indonesia and India to comment on their experience in undertaking environmental projects or on products that had been considered in the context of such projects, and noted that there would be convergence with respect to some of the products proposed in the list.

46. He noted that the best way to make progress in the discussion was to set aside the question of approach, as suggested by New Zealand, and to concentrate on finding consensus on products which could contribute to the protection of the environment.

47. The representative of Brazil recalled his delegation's position, which was reflected in the summary report of the July CTESS meeting. According to Brazil, the lists that had been tabled focussed more on economic gains than on environmental benefits. Furthermore, the lists seemed to target products with higher tariff rates in developing countries, and lower tariffs in developed countries. In Brazil's view, most of the products on these lists were produced by developed countries, and were therefore of greater export interest to them.

48. In his delegation's view, more discussion was needed on relevant criteria to guide the work of the CTESS. Brazil supported the suggestion of following a multiple approach, given that the list approach alone did not meet the objectives of the mandate in terms of delivering benefits to trade, the environment and development. This would imply going beyond the usual market access negotiations on non-agricultural products (NAMA), to consider the environmental impact of products subject to liberalization, development, special and differential treatment, and the issue of less than full reciprocity.

49. He noted that the US workshop had been useful and informative in terms of indicating how products in certain categories involved average tariff rates that were higher in developing countries than in developed countries. In this context, the US had indicated that there were statistics pointing to increases in developing country exports of certain products. Brazil noted that there was no means of knowing what the end-use of these products really was, and whether there was a relationship between the increase in exports and environmental benefits. He noted that the use of HS codes and ex-outs would not eliminate this problem. Therefore, Brazil believed that the use of criteria was necessary to take into account environmental benefits, development concerns, special and differential treatment, and less than full reciprocity.

50. According to Brazil, the negotiations under Paragraph 31(iii) concerned not only the reduction of tariff levels, but also generating a positive impact on the environment, and giving developing countries the necessary flexibility and policy space to put environment and development first on their national agendas. In Brazil's view, there was room for applying, even partially, the environmental project approach put forward by India, as it would provide flexibility and policy space for developing countries. His delegation was in favour of a multiple approach under Paragraph 31(iii) that would not preclude discussion of criteria to identify environmental goods, or of approaches, such as the EPA.

51. The representative of India welcomed the fact that delegations recognized the complexity of the issues that needed to be addressed as part of the mandate. India feared that in the current discussion, the letter of the mandate was only partially respected, and that its spirit was being ignored. In India's view, the list approach addressed the trade aspect of the mandate, namely by identifying products of interest from a trade perspective, without recognizing the environmental dimension of the products. The mandate was intended to promote commonly accepted environmental objectives, and the list approach was based on the assumption that enhanced trade would necessarily achieve this goal.

52. The list approach did not sufficiently take into account the wide range of environmental considerations and the type of solutions that had been used to address them. Developing countries, including India, had been looking at efficient ways of addressing environmental issues, namely through the use of local products and technologies. The list approach did not take into account the wide variety of environmental problems, nor the solutions that could be used in different countries to address these problems. Priorities and concerns were not always the same, and while there were linkages across problems, there was still a degree of prioritization in policy making. This dimension had been missing in the technical discussions, which had made it difficult for India to engage meaningfully.

53. He noted that the project approach might not be the only possible answer to the mandate in Paragraph 31(iii). However, in India's view, the EPA took into account the main elements of the mandate, and adequately addressed developing countries' concerns. India noted that other countries, such as Indonesia or Chinese Taipei, had also tried the approach with a degree of success, and it could be helpful to discuss their national experience.

54. In response to the questions raised by the EC, he noted that while environmental projects involved mainly non-consumer goods, there might still be room to take consumer behaviour into account. India intended to elaborate on its national experience to further demonstrate how the EPA integrated these dimensions.

55. India believed that one of the weaknesses of the list approach was that it made no mention of environmental services or non-tariff barriers (NTBs). He noted that other delegations, such as Brazil, had raised issues related to the development dimension of the mandate, as well as special and differential treatment, and also shared concerns as to whether the list approach fully addressed the mandate.

56. The representative of the United States noted that from her delegation's perspective, the mandate was concerned with liberalizing trade in environmental goods and services because they provided and promoted environmental and developmental benefits. She recognized that the US list had not fully underscored and clarified the environmental and developmental benefits of some of the products, but explained that it had been crafted with this objective in mind. It was for this purpose that the US had organized a workshop to underscore these potential benefits, using case studies on renewable energy, solar and wind energy, as well as wastewater treatment and air pollution.

57. The US noted that the Synthesis document included some of the products that had been proposed in those categories, i.e. 118 entries were related to wastewater management, and 108 entries to renewable energy. She explained that solar energy was a means to ease global and local environmental and financial pressures attributed to the intensive use of fossil fuels. Renewable energies could also be used for other environmental and developmental priorities, such as supplying clean water and heating water for residential and commercial applications, or using solar powered water pumps, as opposed to diesel pumps, to supply clean water in rural areas and to provide electrification beyond the reach of conventional grids. She indicated there had been an enormous use of solar and wind energy in sub-Saharan Africa. Such technologies could be used in powering telecommunications and medical equipment, which were important developmental priorities in many countries. The US had attempted to identify the particular products that were used in those applications, and had presented some trade and tariffs data showing the growth in trade among developing countries in these products.

58. One of the case studies presented at the workshop focused on automotive emissions, which were a primary source of air pollution across the globe, and the products relevant in controlling, testing and monitoring air pollution. With respect to the issue of wastewater treatment, she noted that leaders at the World Summit on Sustainable Development (WSSD) had called for more affordable technologies to address the problem of wastewater management. Furthermore, she noted that many

countries were enacting laws driving the demand for wastewater equipment and technologies. The US had tried to identify specific goods that were used to treat wastewater.

59. Addressing the comments made by Brazil, she noted that tariffs were generally higher in developing countries than in developed countries, and she assumed that this was the case across the board for tariffs. She indicated that tariffs on environmental goods were actually relatively low in most countries, which could be an indication that many Members had already decided unilaterally to lower their tariffs in light of the environmental and developmental benefits of some of these products.

60. She agreed with New Zealand that regardless of the approach or form taken, there would have to be commonality on the specific products considered. She noted that the overlap in the various approaches proposed would be in the products themselves and how these related to environmental and developmental priorities. In the US' view, this approach was more pragmatic and concrete than a project-based approach. The US was willing to assist in further structuring the discussions, focussing on individual products and how they related to environmental and developmental priorities.

61. She agreed with Thailand that the environmental benefits of products should be fairly obvious. However, the US was not convinced that there was a need to adopt specific criteria in order to identify environmental goods, as Brazil had suggested. Finally, she recalled the position of her delegation that environmental goods should be determined based on their end use, and not on the way they were produced or manufactured.

62. The representative of Canada noted that if delegations wished to engage in an exchange of information without prejudice to the issue of approach, Canada would be open to considering the lists of environmental projects that some Members had approved, and the type of goods that had been granted duty-free treatment for these projects. As part of this information exchange, his delegation could further elaborate on the environmental benefits of some the products put forward in their list.

63. The representative of Chile agreed with Thailand that the list of products compiled in the Synthesis document may have to be further refined in order to eliminate the products that were not clearly linked to environmental objectives. She questioned, in this regard, the products mentioned under entries 196, 197, 201, 202, 203, 204, 205, 283 and 416 of the Synthesis document. Chile supported further work to clarify the linkages between the products put forward and their environmental objectives. She recalled that the negotiations should achieve results for the environment, and also for development. She noted that an ambitious formula was being discussed as part of the NAMA negotiations, which would have a strong impact on the tariffs applied by developing countries.

64. Chile emphasized the importance of predictability, which in her delegation's view was a problem with respect to New Zealand's proposal for a living list.

65. Furthermore, Chile shared the concerns of Australia regarding the EPP category, and how it could raise PPM-related issues.

66. Chile recalled that there were other elements in Paragraph 31(iii), including NTBs and environmental services, which also needed to be addressed. She indicated that there had been interesting discussions in the Services Council on the issue of environmental services. In particular, she referred to an intervention by the OECD that focussed on the classification of environmental services, which she suggested could also be discussed in the CTESS.

67. Finally, she thanked the US for organizing its workshop, and hoped that other similar events could be scheduled in the future, bearing in mind the constraints of small delegations.

68. The representative of Cuba stated that her delegation welcomed the debate under Paragraph 31(iii). She indicated that the list approach and the nine lists of environmental goods tabled required further consideration at national level. Cuba noted that the issue of multiple use of some of the products identified was a disincentive for developing countries, and that the list approach did not seem to provide any solutions to this problem.

69. She noted that some of the lists included aggregated products, or lacked clarity with respect to the actual products to be liberalized and their relationship to the environment. Cuba emphasized that the environmental benefits of the products had to be taken into account in the negotiations; otherwise, the objectives stated in the mandate to promote sustainable development and mutual supportiveness between trade and the environment would not be achieved. In her delegation's view, the list approach did not seem to offer any guarantee in this respect.

70. Another pending question was the relationship between the work of the CTESS and that of the NAMA Group. In this regard, she recalled that the July package had referred to the need for closer cooperation between the two groups. In Cuba's view, the issue of special and differential treatment had been left aside while a list was established in the CTESS, although there had been initiatives promoting zero tariffs. Cuba shared Brazil's concern with regard to granting tariff reductions that did not lead to full reciprocity.

71. According to Cuba, the list approach was not the only viable option for the negotiations. There were other interesting ideas on the table that required further consideration, such as India's EPA, which presented advantages for developing countries. For instance, the EPA provided a solution to the issue of multiple use. Furthermore, the EPA reflected the principle of special and differential treatment by addressing the issue of technology transfer, and by linking the loss of income from tariff concessions to conscious decisions by Members based on their particular environmental objectives. Cuba expected such issues to be addressed in the negotiations.

72. The representative of Ecuador agreed with India that according to the spirit of the mandate in Paragraph 31(iii), the negotiations had to deliver environmental benefits, and also contribute to the overall objective of the Doha Round, namely development. Ecuador also agreed with the EC that the mandate not only referred to environmental goods but also to environmental services and NTBs, and that it should be addressed in a holistic manner. Like Chile, Ecuador was of the view that an ambitious formula was being negotiated in the NAMA group, which would reduce significantly the tariffs applied by developing countries. She noted that what differentiated negotiations in the NAMA group from the negotiations in the CTESS was the environmental component. In this respect, Ecuador could support the list approach, as long as it provided real environmental and developmental benefits.

73. Ecuador had begun its own analysis of some of the products put forward and had detected that many of these products had multiple or dual use, or had nothing to do with the protection of the environment. Ecuador noted that if the list approach was to be pursued, the compiled list of products would have to be cleaned up. This would require important technical work, and would involve time and effort from all delegations. In Ecuador's view, India's project approach should be explored further, as it took into account developing countries' concerns. She also noted that further consideration should be given to EPPs, as these products could present a comparative advantage for developing countries.

74. The representative of Switzerland thanked the Secretariat for updating the Synthesis document and agreed with Ecuador regarding the possibility of cleaning up the list. Switzerland also supported the suggestions of Canada, the EC and the US of focussing on technical work based on the products, without prejudice to the different approaches. With respect to the questions raised concerning certain items on Switzerland's list, such as transport mediums, she indicated that her

delegation was considering organizing a workshop to further explain the rationale for including the products on its list.

75. The representative of the EC believed that the question of balance between trade, environmental and developmental objectives under Paragraph 31(iii) was an important one, and that the EPP category could provide scope for achieving this balance. He asked about Canada's position on this question, since Canada had mentioned that they were working on the concept of EPPs, even though their list did not contain any such products. He asked whether Canada had considered the EC proposal or other proposals for the inclusion of EPPs, or alternatively, what were the points of clarification that had arisen from its internal deliberations. He also noted that no discussion had taken place on New Zealand's suggestion that EPPs be considered on the basis of their end-use or disposal characteristics.

76. Addressing Brazil's point in paragraph 10 of its paper (TN/TE/W/59) that the definition of environmental goods should cover products such as natural fibres, colourants, non-timber forest products, and renewable energy, he asked whether this was an illustrative list, or whether further work had been undertaken by Brazil with respect to these products. He thought that it would be interesting to discuss examples related to natural fibres, colourants or renewable energy, so as to add more specificity to these products.

77. He also asked Brazil, with respect to paragraph 11 of its paper, whether more work had been undertaken regarding market access for products which incorporated cleaner technologies, such as flexi-fuel engines and vehicles. Moreover, the EC fully subscribed to the basic principles laid down in paragraph 1 of Brazil's submission regarding the perspective of development. In his delegation's view, the development and environment perspectives should be the guiding principles. Liberalization and tariff reductions were only the tool, but the objectives remained development and environmental protection, in other words, sustainable development.

78. With respect to Brazil's statement in paragraph 13 of its submission that any definition of environmental goods should include products in which developing countries had special interest, and its proposal that UNCTAD's EPP concept served as a basis for developing a definition, he asked Brazil how it intended to take this work forward. He noted that the EC's category of "high environmental performance and low environmental impact" had also followed UNCTAD's thinking.

79. The representative of Canada, in response to the EC's question, noted that his delegation had been looking at a range of other products, including certain EPPs, which could be considered at a later stage. This process had involved the review of the compilation list by an interdepartmental committee. Canada did not consider it necessary to propose any of the items that had already been put forward again. In this regard, Canada had placed more emphasis on products that had not been identified by any other Members, for example certain EPPs that might have been identified in other fora, such as UNCTAD. Canada hoped to be able to share the results of this work with other delegations at a future meeting.

80. The representative of Korea asked whether the classification of eco-labelled products and products with high environmental performance and low environmental impact was practicable, in view of the difficulties that customs authorities might face in identifying these products. He noted that the inclusion of high-efficiency products could be problematic, given that there were no internationally standardized criteria that could be applied. This could give rise to the relative application of criteria on a case-by-case basis, commensurate with the different levels of national technological capabilities. For instance, there were no objective criteria for assessing the lifespan of fluorescent tubes, which the EC had proposed as a high-efficiency product in its submission (TN/TE/W/56). In this regard, he wondered how energy-efficient bulbs could be distinguished by their physical properties from other bulbs.

81. He explained that eco-labelling schemes were adopted by countries on a voluntary basis, and that the criteria for certification as well as relevant technological capabilities varied from one country to another. Furthermore, eco-labelling schemes raised the issue of PPMs, as they differentiated between products based on their environmental impact in the course of the manufacturing process, or life-cycle analysis. For this reason, eco-labelled products were practicably unclassifiable, and were therefore incompatible with WTO practice.

82. Korea's list of environmental goods did not include high-efficiency or eco-labelled products, due to these practical problems. However, Korea recognized the possible contribution of these products to environmental protection. In this regard, Korea believed that practicability and the end-use approach were the most pragmatic and realistic means of identifying environmental goods. In Korea's view, if the EC wished to bring the proposed EPPs to the negotiating table, there would be a need to establish assessment criteria for designating products which were cost effective, acceptable to the majority of Members, and objective enough to be applied by customs authorities. He also wondered what options were being considered by the EC in setting up such criteria.

83. He noted that Switzerland had put forward a list comprising mostly EPPs, and wondered what the position of Switzerland was on the matter of practicability in discerning EPPs at customs. Moreover, he asked whether the Swiss proposal included certifiable EPPs claimed to have been selected based on the consideration of potential trade benefits for developing countries, which were net exporters of such products. He also wondered if padlocks and locks used for bicycles, as well as hand-operated spanners and wrenches, were intended to bring benefits to developing countries, and what the environmental benefit was in classifying those products as EPPs.

84. He observed that Switzerland had submitted 46 products under the category of clean technology, including bicycles and railway parts. He asked whether it was appropriate to discuss the criteria for considering a product environmentally preferable, once it had been identified on the basis of its impact on the environment.

85. Korea invited Brazil and Cuba to further elaborate on their proposed products, such as natural fibres, non-timber products, flexi-fuel engines, renewable energies and bio products, and possibly to break them down into categories, given that the implications of including those items on a environmental goods list were unclear.

86. The representative of Chinese Taipei raised further questions on the agricultural products proposed by the EC in entries 1 to 6 of the Synthesis document. He observed that the Member's description field for entries 1 and 2, i.e. HS 121190 and 130214 respectively, were the same, and he felt that the description for entry 1 should not be the same as for entry 2. He noted that the description of HS 1211 read "plants and the parts of plants, including seeds and fruit of a kind used primarily in perfumery, in pharmacy, or for insecticidal, fungicidal or similar purposes", whereas the one proposed by the EC was "pyrethrum, extracts of pyrethrum or of the roots of plants containing rotenone".

87. He noted that the whole of chapter 14 had been included in entry number 3, with the description "vegetable plaiting materials and other vegetable products", and wondered if there were any other vegetable plaiting materials or other vegetable products. He also mentioned that the description of HS 151590 was "other vegetable fats and oils, including jojoba oil and their fractions, whether or not refined but chemically modified", but that the EC's description under entry number 4 read "unrefined shea butter". He wondered if the product was an organic product or if it was related to the PPM issue, given that the EC had added under its remarks that "shea butter is extracted from the fruits of the wild shea tree, in Sahelian Africa. These trees do not need any irrigation, fertilizers or pesticides and are not grown in plantations".

88. He also made reference to entries number 5 and 6, HS 152110 and 152190, for vegetable wax and other vegetable wax respectively, and noted that since the EC's description of the products was

confined to beeswax and other insect waxes, and that the remarks read "products harvested on trees without deforestation", it could be more appropriate to move that description to the ex-out specification. He also asked the EC to share its ideas on the inclusion of agricultural products on a list of environmental goods.

89. The representative of New Zealand welcomed the fact that the EC, Brazil and Cuba had put forward items with HS codes in their papers, which he noted helped focus the discussion.

90. With respect to the EC's list of environmental goods, he noted that including the entire HS Chapter 14 was unhelpful in terms of the wider negotiations. Therefore, he encouraged the EC to continue the process of transparency by confining its proposals to the areas relevant to NAMA, i.e. items that appeared in HS Chapter 24 onwards.

91. In line with Korea's comments concerning eco-labelled products, he noted that labelling was an important tool, particularly for consumer information. However, eco-labelling schemes were voluntary programmes and were not appropriate reference tools in the context of these negotiations. The importance of voluntary eco-labels lay ultimately at the point of sale and not at the border in terms of the application of tariffs. He stated that New Zealand did not have a problem with the Global Eco-Labeling Network (GEN) *per se*, but with the possibility of PPM-based criteria entering into the negotiation. New Zealand also expressed concern regarding the EC's proposal of including products related to "sustainable agriculture or gardening".

92. New Zealand asked the EC to identify a specific HS code for rainwater catchment systems and fog or dew catchers, and to provide more information on the environmental benefits of these products. Moreover, he supported the suggestion of India and Brazil of having further discussions on the environmental benefits of some of the products, including HS 392113 (polyurethane foam).

93. With respect to Cuba's submission, he welcomed the fact that Cuba had engaged in work to identify the items in which it might have an export interest, such as renewable energies, energy efficient technology, and natural products (e.g. bio-products). New Zealand stated that it would welcome further discussions in the CTESS on the environmental benefits of these products.

94. With respect to Brazil's submission, he indicated that the EPP category was certainly of interest, but his delegation also shared some of the concerns expressed by Thailand and other ASEAN countries. This was why New Zealand had proposed limiting the EPP category to end-use and disposal characteristics, so that the PPM issue would not enter the debate.

95. He joined other delegations in asking Brazil about the environmental benefits of natural fibres, colourants and bio-diesel, which it had included in its proposal. New Zealand noted that Brazil had mentioned flexi-fuel cars in its submission. He noted that in its environmental goods list, New Zealand had included an ex-out for hybrid vehicles, and asked Brazil to give more precision on the HS code or ex-out description it had in mind for its flexi-fuel car.

96. Referring to comments by Brazil, India, and Indonesia that the lists tabled were driven only by the export interests of their respective proponent, and that negotiations would not benefit developing countries, New Zealand noted that the products on its list were of no export value. The EPP category had been specifically added to take into account developing countries' interests and to ensure balance in the negotiations. Import data had shown that New Zealand imported many products that could qualify as EPPs.

97. Furthermore, New Zealand applied high tariffs on some of the proposed products, including bound rates of up to 30 per cent and applied rates of 15 per cent. New Zealand was open to negotiations on these tariffs, to the extent that it could be beneficial to the economy of developing countries exporting to New Zealand, even if this meant a loss of revenues. For instance, machinery

items in New Zealand had tariffs between 15 and 20 per cent under the Uruguay Round schedules, and were mainly imported from ASEAN countries. Such products could form part of a list of environmental goods to be negotiated under Paragraph 31(iii).

98. He agreed with Thailand that it was necessary to look at the environmental attributes of some of the products identified, and stressed that New Zealand was prepared to further discuss the environmental benefits of some of the items on its list.

99. The representative of Brazil noted that work had been undertaken at the national level to identify environmental goods that not only could be of commercial interest, but that could also contribute to environmental objectives and to the promotion of development in the context of the WTO negotiations. The products identified by Brazil gave a general indication of the kind of products his delegation considered to be justifiable in terms of development, environmental and trade interests.

100. Brazil considered that parameters or criteria to establish a list of environmental goods should be further discussed by Members. According to Brazil, such criteria were necessary to guide developing countries in the exercise of drawing up a list, and also to ensure that the negotiations resulted in a win-win-win outcome. Without this focus, the negotiations under Paragraph 31(iii) would be no different from negotiations in the NAMA group.

101. Brazil noted that it was not ready for the time being to justify technically each item it had identified. With respect to the question posed by the EC, he explained that flexi-fuel engines were also designed to use multiple types of fuel, including ethanol, which could have an impact on the reduction of carbon emissions.

102. He noted that his delegation had been engaged in consultations with UNCTAD and UNEP, where UNCTAD's work on EPPs, as well as many of the issues addressed in the CTESS, had been discussed. In this context, it had been suggested that the best way forward in the discussion under Paragraph 31(iii) would be a multiple approach combining the list approach and India's environmental project approach, since neither approach seemed to fully address the uncertainties regarding the environmental impact of the products, their classification, or their identification at the border.

103. In Brazil's view, the list approach and the EPA were, to some extent, two extremes. On the one hand, the list approach did not have any pre-established criteria, or any structure in terms of how environmental goods were being identified. On the other hand, the EPA proposed a system which, in Brazil's view, could be burdensome, costly and difficult to implement for developing countries.

104. For these reasons, Brazil considered that criteria were needed to guide Members in their identification of environmental goods for the purposes of the negotiations. He noted, for example, the suggestion by some delegations of selecting EPPs on the basis of end-use, and not on the basis of PPMs. In Brazil's view, such an approach would ensure that delegations knew exactly on what basis products were being proposed.

105. Brazil noted that natural products, as substitutes for artificial products, had both environmental and developmental characteristics. For instance, artificial fibres were less environmentally friendly than natural fibres such as sisal, which was produced in developing countries. Moreover, these products had the clear development advantage of producing greater employment in the less privileged regions of developing countries. He mentioned that the sisal industry in Brazil generated about 100,000 jobs in agriculture for 800,000 families. Finally, he noted that additional elements were needed in order to proceed with the negotiations, and especially for developing countries to clearly express their negotiating interests.

106. The representative of Cuba noted that the questions by Korea, New Zealand and the EC focused on section 3 of the Cuban proposal. She noted that in paragraph 15 of the paper, Cuba had stated that it was a net importing country for most of the products that were being discussed. While Cuba's submission was intended to reinforce some of the concerns that it had with respect to the negotiations, this particular section was meant to signal that Cuba was in the process of examining some of the products in which it had interests. In addition, Cuba was trying to review the environmental aspects of these products. However, she indicated that her delegation had not yet decided how or when it would present these products, in particular since there was no consensus on the question of approach.

107. The representative of the EC stated that some of the questions raised by delegations reflected the type of internal work that was necessary to discuss examples of environmental goods. With respect to the question from Korea regarding the high-efficiency or low environmental impact category, he thought that there might have been a misunderstanding. He noted that what the EC had stated in the remarks column was that all fluorescent tubes were worthy of consideration because they had a much longer lifespan than normal bulbs. He explained that these could easily be distinguished on the basis of their physical composition or disposal qualities. He also reminded delegations that the EC had made an offer of including eco-labelled products in order to resolve some of the problems. For example, energy efficient appliances were not a PPM question, since kilowatts could actually be measured. In this regard, it was easier to use some type of certification process with a label that was recognized and acceptable to all. He stressed that some of the labels were well known and that the question of customs having to look at certificates of origin and other relevant documentation was not unfamiliar.

108. In response to the question from Chinese Taipei regarding the classification in the Synthesis document, he noted that in some cases, two headings had been tentatively mentioned for the same product. The EC wished to discuss the products first before addressing the issue of classification or the need to use ex-outs.

109. With regard to New Zealand's comments on the products classified under HS Chapter 14, he indicated that his delegation was trying to find relevant products within the broader scope of the mandate. However, he recognized the need to further discuss the inclusion of such products.

110. The EC considered that a discussion of the environmental benefits of the proposed products would provide some reference points to further ground the debate. In this regard, the EC suggested that delegations could draw from similar discussions in other fora.

111. With respect to New Zealand's question on the environmental benefits of polyurethane foam, he pointed out that in the EC's submission, that product was part of air purification. He noted that his delegation would provide further technical explanations of the product and its relationship to air purification at a later stage.

112. In response to Brazil's comment on the lack of criteria, the EC did not consider that the debate was operating completely without criteria. He recalled that his delegation had suggested identifying products that could contribute to fulfilling international or national environmental objectives. He mentioned the Millennium Development Goals in this regard. The EC was willing to discuss how a number of products on the list could help achieve the objectives of sustainable and human development. The EC was in favour of a "bottom-up" approach that would initially focus on the products themselves.

113. Finally, the EC asked the US how it intended to treat the issue of dual use, in particular in the environmental monitoring and analysis category, which figured prominently in their proposal. For example, he noted that monitoring physical or chemical processes was not often confined to environmental purposes.

114. The representative of Australia found the discussions helpful, particularly the responses by the EC to the questions posed by Korea. He noted that Australia had similar questions on the use of eco-labels as a classification tool for environmental goods. Furthermore, he asked delegations that supported the use of EPPs based on end-use and disposal characteristics to give further reassurance that the consideration of these products would not introduce broader issues such as PPMs. As Australia had indicated, further work would be carried out on the environmental goods proposed, and a more focused discussion on EPPs would help Australia to decide whether it could support this kind of approach.

115. Regarding the suggestions made by Brazil with respect to flexi-fuel engines and ethanol, he mentioned that there was an active debate in Australia on these types of products, and whether they should be included. Finally, Australia recognized that the discussions had reached a more specific and technical level, but noted that it was probably necessary to focus on products and why they had been included on the lists.

116. The representative of the United States noted that there seemed to be agreement concerning the need to further discuss the environmental and developmental aspects of products, and to go beyond the NAMA-type discussion. She thought it was premature to say that there was a need for a multi-faceted approach, when there was still no list, but only proposed products. The answer to that question would depend on the type of list of environmental goods, and whether the products contained therein delivered environmental and developmental benefits.

117. Many products had been mentioned as having environmental and developmental benefits, and it was challenging to deal with all of the different rationales. She explained that the US had looked further into the issue of wastewater management, which was an area that many delegations had focussed on in their list. She stressed that 25 per cent of the compilation seemed to be related to wastewater management, and 80 products had been included on more than one list. She felt that there was a common understanding on the relevance of this area from an environmental and a developmental perspective, as well as on the types of products involved.

118. When looking at the various products in the context of an environmental problem, it could be useful to use a holistic approach rather than a line-by-line approach with HS codes to see how they fitted together, namely because of the challenge of dual-use goods. In the US' view, the dual-use issue could be addressed by a product-by-product approach. For example, filters used in wastewater treatment to remove solids and other contaminants were also used in many other different industrial applications (e.g. breweries). She noted that the EC had raised a question concerning the dual use of monitoring and assessment equipment, such as pharmaceutical glassware, and stated that some of these products also contributed to scientific and technological advancement.

119. She supported the idea of a product-level discussion to resolve the various issues and challenges, focussing on some specific environmental and developmental problems and the products that could be used to solve them. She reminded delegations that the US was willing to help to structure and organize the discussion in whatever way Members felt would be most useful to identify the products that had environmental and developmental benefits, without prejudice to any approach.

120. The representative of Switzerland, in response to the questions raised by Korea, Thailand, Chinese Taipei and other delegations, noted that the Swiss list was based on the OECD list, and included some additional products. In line with New Zealand's comments, Switzerland had tried to develop a balanced list, including some products which did not involve any export revenues for Switzerland.

121. She noted that the EPPs put forward in Switzerland's list were based on end-use and disposal characteristics. She explained that Switzerland had included EPPs for two reasons. First, because many developing countries were better endowed with EPPs that were natural and bio-degradable, or

substitutes of goods that had more adverse environmental impacts. Therefore, the promotion of trade in such natural EPPs would offer attractive export opportunities for natural product-based industries utilizing raw materials and skills in which developing countries had a comparative advantage. For a majority of products on the Swiss list, developing countries had a substantial trade interest and were net exporters. Second, she mentioned that some of the EPPs included were transport means, which following an embracing and holistic view, included bicycles and parts, such as padlocks, bells, lights and helmets. Given its sensitive ecosystems, it was a priority for Switzerland to use more ecological transport means, given that both the water and mountain ecosystems could not absorb, *ad infinitum*, negative environmental impacts.

122. She also noted that in the corrigendum circulated by her delegation (TN/TE/W/57/Corr.1), hand operated spanners and wrenches had been withdrawn from Switzerland's list of environmental goods. She indicated that her delegation would be willing to provide further information on the reasoning of its additional list of EPPs, and to help structure the discussion in a meaningful way.

123. The representative of Japan agreed with Switzerland, Ecuador and other delegations on the need to clean up the compiled list of environmental goods, and thought that it should be done first by the Members who had submitted lists. He indicated that Japan had submitted a list in November 2002⁴, and was currently in the process of reviewing the products in the list, with more emphasis on the environmental and developmental benefits, and giving consideration to the issue of dual or multiple-use. Japan hoped to be able to complete the work and to explain to other delegations why some of the products had been included on its list.

124. The representative of the EC invited other delegations to share their views on how best to use the time at the following meeting in order to exchange more information on the various products.

125. The representative of the US agreed with other delegations on the need to share information concerning the products on the lists. The US was willing to provide further information on its environmental goods list, on a product-by-product basis. She added that the US would be prepared to facilitate any discussion according to groupings, as it had done for its workshop, for instance on areas such as air pollution control, or wastewater treatment and management.

126. The representative of India stated that India would try to provide more information on projects or the project-type approach at the meeting in October, and encouraged other delegations to share their national experiences in this area. India also suggested addressing issues such as criteria, NTBs, and services, as well as other issues that were not being addressed under the list approach.

127. The representative of New Zealand agreed, particularly with India, on the need for an information exchange process, and indicated that his country would be prepared to discuss the environmental benefits of products on its list at the next meeting.

128. The representative of Canada thought that it was important to have a suitable timetable and structure for the work of the Committee before the Hong Kong Ministerial Conference. For Canada, the Hong Kong Ministerial remained an important target date to demonstrate progress on the mandate, particularly regarding the negotiations under Paragraph 31(iii).

129. With the objective of advancing the work in the Committee, Canada proposed to identify initially two or three areas to examine the proposed goods in detail, and their linkages to the relevant environmental services that would be required to convey the specific environmental benefits that the Committee was trying to identify. He suggested focussing, for instance, on sanitation, wastewater management and renewable energy, and then proceeding with other areas to ensure complete coverage of the material identified in the submissions and compiled by the Secretariat. Alternatively,

⁴ TN/TE/W/17 and Corr.1.

he indicated that there were four main categories identifiable in the Secretariat's compilation list, and suggested choosing those categories as a basis to go forward.

130. In Canada's view, the use of categories was a good point of reference for the CTESS in identifying environmental goods. However, Canada recognized that categories alone were not sufficient to demonstrate or elucidate the specific environmental benefits of a product. Canada agreed to better define the environmental benefits of each product on its list, and to introduce criteria and further reference points as tools to advance the discussion.

131. The representative of India sought clarification on whether the Canadian proposal was to exchange views in informal groups or in the Committee, or to focus at the meeting in October on the three areas mentioned. He also suggested that Members could first address the issues already raised, both on the environmental project approach that India and some other countries had suggested, as well as on the list approach.

132. The representative of the EC agreed that there was a need to obtain more information on all issues (e.g. the approaches, and on various specific projects), but noted that delegations should also bear in mind the time available for these types of discussions.

133. The representative of the US suggested that delegations should be prepared to discuss the issues that India had raised in a more holistic manner, along with the environmental and developmental benefits of products, perhaps through an exercise such as the one that Canada had proposed. She noted that further information on the progress of the negotiations on non-agricultural market access, especially on NTBs, as well as on services, could also be useful.

134. The representative of India clarified that his intention was to draw the Committee's attention to the issues of NTBs and services, in the context of the mandate in Paragraph 31(iii). With regard to the organizational work, he mentioned that India was also in favour of faster progress towards the Hong Kong Ministerial Conference, as were many other Members.

135. The representative of China appreciated Canada's proposal, and suggested that this type of discussion could be conducted as a side event, similar to the US workshop, in preparation for more intensive discussions in the Committee.

136. The representative of the EC thought that a discussion was needed within the Committee and, in parallel, delegations could focus on their own lists in the context of workshops or other events.

137. The representative of Switzerland thanked Canada for its proposal, and agreed with the EC that side events were useful to develop a common understanding and to exchange information. She noted that her delegation was also in favour of discussing groupings or categories of products in the Committee.

138. The representative of Chinese Taipei wondered whether it was possible for Members to submit proposals containing the environmental benefits of products, and then for the Secretariat to add these rationales in an additional column in the Synthesis document.

139. The Chairman noted that the discussion under Paragraph 31(iii) had been useful. He stated that many delegations had emphasized the triple-win nature of the mandate, and the need for negotiations to result in benefits for trade, environment and development. He indicated that a number of delegations had expressed an interest in discussing the actual environmental and developmental benefits of the products that could be considered as environmental goods for the purposes of the negotiations. Many delegations had also suggested that it could be useful to hear delegations' experience in conducting national environmental projects or similar initiatives.

140. He was of the view that a process of information exchange would enable the Committee to make some concrete progress in the discussion under Paragraph 31(iii). He thought that there was merit in engaging in further work in order to have a better understanding of the products and categories suggested in the lists, and how the products could benefit the environment and development. He explained that he would hold consultations with interested delegations on how to organize the work to ensure that the information exchange was meaningful and could contribute to furthering the mandate under Paragraph 31(iii). He also suggested devoting some time to the issues of environmental services and NTBs, which also formed part of the mandate in Paragraph 31(iii).

141. He announced that the CTESS meeting would take place on 13-14 October 2005⁵, back-to-back with other environment meetings in the WTO, including a Symposium on Trade and Sustainable Development within the framework of Paragraph 51 of the Doha Declaration. He noted that this could be an appropriate time to hold an information exchange session on environmental goods and services. Finally, delegations agreed to the renewal of the ad hoc invitations issued for that meeting to the next meeting of the CTESS.

⁵ The formal meeting of the CTE in Special Session was subsequently scheduled on 14 October 2005.