

**Committee on Trade and Environment
Special Session**

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

14 OCTOBER 2005

Note by the Secretariat

1. The Committee on Trade and Environment in Special Session (CTESS) held its fourteenth meeting on 14 October 2005 on the basis of the agenda set out in the convening airgram, WTO/AIR/2684.

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

2. The Chairman noted that Switzerland had circulated the statement it had made at the September meeting of the CTESS in document TN/TE/W/61. No new submissions had been presented under this agenda item.

3. The representative of Australia stated that trade and environment obligations could be, and were in fact implemented in mutually supportive ways. As such, the relationship between the two bodies of international law was working well. Effective domestic procedures for consultation and coordination were a key factor, and the national experiences presented and discussed in the CTESS on negotiating and implementing specific trade obligations in MEAs could form the basis for an outcome under paragraph 31(i).

4. Australia noted that there were some elements of Switzerland's statement with which it could agree. For instance, Switzerland usefully set out some of the principles of international law that provided a backdrop to the Committee's discussions in this area. Furthermore, Switzerland stressed the importance of ensuring mutual supportiveness between the multilateral trading system and MEAs. However, Australia could not agree with the conclusions drawn by Switzerland from its examination of these principles of international law, nor with its reasons for drawing such conclusions.

5. Australia wondered on what basis Switzerland believed that problems would arise in the future in the MEA/WTO relationship when it recognized that there were currently no problems. It was unclear to her delegation how a solution could be formulated for a problem that did not exist.

6. Turning to the conclusions drawn by Switzerland in its statement, Australia could not agree that all measures provided for by an MEA should be considered WTO-consistent, or that all MEA measures should be considered necessary when analysed in a WTO context. In Australia's view, these conclusions were misguided, if not simply wrong under international law. A treaty interpreter could not accept such conclusions at the outset, but needed instead to follow the customary rules of interpretation of public international law, as reflected in Articles 31 to 33 of the Vienna Convention on the Law of Treaties. Under Article 3(2) of the DSU, WTO Panels and the Appellate Body had been directed to apply these rules of interpretation in seeking to clarify the provisions of the "covered agreements", i.e. the WTO agreements. Moreover, it was for States to decide which measures they would adopt to implement WTO and MEA obligations, based on what was appropriate in light of their

national circumstances. It was important that such measures be examined critically for WTO consistency by a Panel or the Appellate Body. In Australia's view, the proposal to establish a presumption of necessity was clearly beyond the scope of the mandate, which explicitly stated that the negotiations would not add to, nor diminish the WTO rights of any Member. For these reasons, Australia did not believe that Switzerland's ideas contributed to move the work forward under paragraph 31(i).

7. The representative of Argentina noted that his delegation shared some of Australia's concerns with respect to the conclusions set out in paragraph 4 of TN/TE/W/61.

8. Regarding the proposed approach according to which a measure provided for by an MEA should be considered as WTO-compatible, he noted that this *a priori* qualification would not be appropriate, as it would not allow for a review from the point of view of WTO rules as to whether the measure adopted was one that had less impact or fewer restrictions on trade. He added that this would not be in line with the synergies between the two legal regimes, nor with the principle of no hierarchy as set out in the Swiss statement.

9. With regard to the sentence in paragraph 4 of the Swiss statement that "*in the context of WTO, the words 'necessity of a measure provided for in an MEA' should not be re-examined*", Argentina recalled that the necessity test under Article XX of the GATT 1994 was meant to ensure that measures adopted for an environmental purpose did not have a protectionist intent. Under the SPS or TBT Agreements, a Member could adopt a measure for the protection of human health, provided that such measure met the proportionality test. Switzerland's suggestion to waive the necessity test with respect to measures taken pursuant to an MEA would imply that environmental objectives were more important than human health objectives. Similarly, Switzerland's statement that "*WTO should use deference with regard to this issue*" implied that there would be no need to re-examine an environmental measure. He noted that while Switzerland was advocating the principles of no hierarchy and deference, its proposal to waive the necessity test in fact gave precedence to environmental rules over trade rules.

10. Finally, with regard to paragraph 5 of TN/TE/W/61, which stated that "*the decisions of international courts such as the International Court of Justice, but also the decisions of the WTO Appellate Body [reflected] the above-mentioned principles*", Argentina understood that Switzerland was referring to the principle of no hierarchy as a general principle of international law, and not as principles set out in paragraph 4 of its statement.

11. The representative of the United States (US) noted that Switzerland's statement expanded on matters that went beyond the specific mandate of the CTESS. It addressed MEAs generally, while the mandate of the CTESS was limited to a subset of issues within this broad topic, namely specific trade obligations set out in MEAs.

12. In her delegation's view, the Swiss paper inaccurately summarized the international treaty law. Moreover, the US did not agree with Switzerland's interpretation of the way in which WTO dispute settlement operated in the context of international law. The US believed that experience-based discussions would be more fruitful in furthering the task set out in the mandate of paragraph 31(i) than abstract discussions of general principles.

13. The representative of the European Communities (EC) reiterated the view expressed by his delegation at the September meeting that the statement by Switzerland provided a useful clarification to the debate, and noted the need for more work under paragraph 31(i).

14. The EC recognized the importance of experience-based discussions on the negotiation and implementation of MEAs, but did not share Australia's view that it could in itself constitute an outcome under the mandate.

15. The EC considered that the reflection of the Appellate Body principles as set out in the Swiss paper was accurate. The fact that the mandate in paragraph 31(i) was limited to certain aspects of the WTO-MEA relationship did not preclude that principles could apply to a subset of issues relevant to this relationship. The CTESS could therefore discuss principles without going beyond its mandate. The EC noted that the Swiss paper could provide a point of departure for the continuation of the discussion after Hong Kong.

16. The representative of Mexico noted that her delegation disagreed with the interpretation of some of the principles presented by Switzerland, and supported the views expressed by Australia and Argentina in this regard.

17. The representative of Switzerland recalled that it had made its statement in response to a question put to her delegation on the compatibility of the principles it had put forward with international law. She agreed with the EC that the discussion should continue after Hong Kong.

18. Responding to the points raised by Australia and Argentina, Switzerland stated that while it was not aware of any problems or conflicts in implementing MEAs, problems could still arise in future with respect to the universe of trade measures taken on the basis of existing MEAs or new rules being adopted. Switzerland believed that it was for Members to decide what should happen in case of conflict, using the work of the Panels and the Appellate Body as a basis.

19. With regard to the issue of necessity, Switzerland believed that if a measure was regarded as necessary by all the Parties to an MEA to implement a certain outcome, then this should not be put into question by WTO. However, Switzerland agreed with Argentina that a Panel or the Appellate Body would still need to consider the way in which the measure had been implemented in accordance with the chapeau of Article XX of the GATT 1994, with a view to ensuring that the measure was not discriminatory or protectionist.

20. With respect to the remark made by the US, Switzerland noted that its intention was not to expand the mandate by developing a principle that would apply between MEAs and the WTO in general.

21. Switzerland agreed that the experience-based discussion had been useful and that it should continue. However, it was unclear to her delegation how this discussion could result in a practical outcome that would fulfil the mandate under paragraph 31(i). She invited the delegations that had expressed support for this view to explain further how the experience-based discussion could lead to an operational result, so that Members could start working on finding common ground on this issue.

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

22. There were no new submissions under this agenda item.

23. The representative of the European Communities was concerned that there had been no discussion under this agenda item at the last meeting. He recalled that delegations had tried to make progress before the Cancún Ministerial Conference on this issue, and had never really discussed the question of whether Members could agree definitively on the issue of ad hoc observer status. He believed there was a need to continue with a substantive discussion on this matter, which could result in some practical improvements to achieve better coherence in the work of the various bodies involved.

24. The delegate from the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) stated that a Biodiversity Liaison Group had been formed among five different MEAs devoted to biodiversity conservation. This included CITES; the Convention on

Biological Diversity (CBD); the Convention on Migratory Species (CMS); the Ramsar Convention on Wetlands; and the World Heritage Convention. The Heads of these different secretariats met on a fairly regular basis, and had recently issued a joint statement on the contribution of biodiversity conservation to the Millennium Development Goals. This type of mechanism could perhaps facilitate information exchange with the WTO.

25. The Chairman thanked the delegate from CITES for providing this information to the Committee, and stated that the Committee would return to the issue after Hong Kong at its next formal meeting.

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

26. The Chairman first invited delegations to focus on the new submissions circulated under paragraph 31(iii), namely, a submission by India, entitled "Procedural and Technical Aspects of the Environmental Project Approach", circulated as document TN/TE/W60; a submission by Argentina entitled "Integrated Proposal on Environmental Goods for Development"¹; a Revised Provisional List of Environmental Goods from New Zealand, circulated as document TN/TE/W/49/Rev.1; and a revised version of Japan's List of Environmental Goods explaining the environmental benefits of the products it had proposed, which had been circulated as a room document.

27. The representative of India presented India's third submission on the environmental project approach, which addressed some of the questions put across by Members on how to operationalize the environmental project approach. His delegation felt that the objective of this approach, and of the mandate, was to address the environmental and developmental goals of the Doha Development Agenda through trade liberalization. The approach was need-based and objective-oriented, and included positive measures such as capacity building and transfer of technology. It also addressed the diversity in environmental standards with common but differentiated responsibilities thereby providing policy space to national governments. He added that the project approach recognized and built on the market trends, by taking the entire system into consideration, rather than individual items, which could have a multiple or dual use.

28. He recalled the EC's example of a wastewater management system for which pipes were required. Under the project approach, any goods required for a project would have the market access benefits. He added that this approach had been conceived to integrate services with the project, the system, and the goods in order to obtain the required benefits.

29. He mentioned that an important aspect of integrating the services was that there would be a transfer of technology, which would enhance the basic capacity of developing countries, hence the need to recognize this aspect in the mandate and look at it in a coherent manner. He recalled that in one of the presentations at the WTO Symposium on Trade and Sustainable Development held in October 2005, it had been noted that some of the modes of transfer of technology were the transfer of capital goods; knowledge; and movement of people.

30. The question of transparency had been raised by many Members. In India's view, transparency did not apply just to the process, but the project approach would lead to more transparency and predictability. Goods used for the project would have market access, while granting market access across the board in the context of the list approach would not take care of the dual or multiple-use problem, which could affect a large number of countries, particularly developing countries and their SMEs.

¹Argentina provided a courtesy translation of its submission as a room document. The paper was circulated after the meeting in document TN/TE/W/62.

31. He indicated that the paper also suggested ways in which the designated national authority could function, but India was also open to other ideas as to how the project approach could be implemented. Finally, India recalled that the objectives identified in the CTESS could be based, for instance, on the sustainable development objectives set by MEAs or the Millennium Development Goals.

32. The representative of Argentina said that in its submission in document TN/TE/W/62, Argentina proposed an approach which combined some of the more positive aspects of the various approaches discussed. Pursuant to this proposal, Members would identify some categories of projects; within these categories, environmental goods would also be identified. The reduction or elimination of tariffs would be operational and effective when the goods identified would be used in the context of a national environmental project. Such an approach would also facilitate the transfer of technology. Argentina believed that such an approach could lead to a balanced result for trade, environment and development.

33. The representative of New Zealand recalled that Ministers had singled out environmental goods as a distinct group of products worthy of specific attention, as they believed that improving access to these goods could assist countries in tackling many sustainable development problems. The statistics on global sustainable development underlined the urgency and seriousness of the Committee's task: 50 per cent of the global population had no access to basic sanitation; 2 billion people were at risk from water-related diseases; 50 per cent of the urban global population did not have access to safe waste disposal; 20 per cent of the world had no access to safe drinking water; more than 3 million people die as a consequence of air pollution every year. This situation had led manufacturers globally to consider how to mitigate and eliminate such type of problems. The environmental goods industry was one of the fastest growing in the world; combined with environmental services, it was valued at some 563 billion dollars – roughly the same size as the IT or pharmaceutical industry - and was growing at a rate of more than 10 per cent per year.

34. He noted that environmental goods could make a substantial contribution to global sustainability, given the interconnected nature of the environmental and developmental aspects of the negotiations. This was also underlined in the Millennium Development Goals and other international commitments, such as the Johannesburg Plan of Implementation, as well as a range of MEAs. In this context, liberalizing trade in such products increased efficiency, improved access to new technologies and enabled countries to tackle environmental problems with the best-priced and most efficient equipment. Together with the negotiations on environmental services, this aspect of the Doha Development Agenda had a real potential of delivering on the premise of the triple win.

35. New Zealand believed that the discussion on the environmental benefits of some 150-180 products at the Information Exchange Session had been constructive and helpful. He indicated that New Zealand had updated its list and identified the specific environmental benefits of each of the products listed in a separate column. This information supplemented the reference points approach, which New Zealand had earlier used as a screening device, designed to ensure that the products included for any agreed list of environmental products would meet a basic threshold. Members would find on the list, for example, details of the environmental efficiency of composting and waterless toilets; hot water weed killing systems; environmental applications for biodegradable netting; and micro-combined heat and power systems, which could help minimize transmission losses from normal electricity flows.

36. At the Information Exchange Session, his delegation had provided specific and detailed information on all the items within the EPP category, as well as on some of the other items that had been proposed only by New Zealand. Many of the other items that figured on New Zealand's list had been discussed in some detail during exchanges in the Committee, covering categories such as air pollution control, renewable energy, and water and waste management.

37. Finally, New Zealand reiterated that the introduction of a living list seemed to be the only way to meet the dynamic demands of a continually expanding market and to ensure that new technologies be brought swiftly to markets in order to meet specific and increasingly urgent environmental needs. Recalling the conclusions of the Brundtland Report, he stressed that it was important not to lose sight of the purpose of the negotiations in the CTESS, i.e. to demonstrate that the WTO could, and should, make a meaningful contribution to global sustainability. New Zealand placed a strong emphasis on the work in the CTESS as a way of contributing to this shared objective.

38. The representative of Japan introduced the revised Japanese list of environmental goods circulated as a room document, which contained remarks on how each item was used and/or its related environmental benefits. This document had been prepared in response to the request from other Members at the previous CTESS Meeting for further information on the environmental benefits of the products contained in the list. He hoped that the revised list would help clarify Japan's objectives in this area.

39. The representative of Colombia thanked Argentina and India for their submissions, which Colombia was studying in more detail. She also thanked New Zealand and Japan for their documents, which Colombia considered to be a useful contribution for evaluating the proposed lists from an environmental point of view.

40. The representative of Hong Kong, China stated that her delegation continued to have reservations on how the environmental project approach would fit into the multilateral negotiations, which were meant to provide certainty and predictability to traders. In her delegation's view, what was being suggested was not autonomous liberalization, but selective tariff exemption. This did not seem to fall within the mandate of paragraph 31(iii), which called for negotiations on the reduction or elimination of tariffs and non tariff barriers for environmental goods. She also noted that it had always been her delegation's position that bound tariffs remained the basis for negotiations in NAMA. Hong Kong, China failed to understand how the environmental project approach could facilitate trade, or how the creation of a designated national authority in every Member country could contribute to policy space.

41. Hong Kong, China thanked Argentina for its efforts to find a solution, but noted that the Argentinean paper had confirmed the misgivings of her delegation with regard to the Indian proposal. While one should not underestimate the difficulty and effort involved in producing a list of environmental goods in the CTESS, adding the approval of a national authority as a prerequisite for tariff exemption did not seem to be the answer to the negotiations envisaged under paragraph 31(iii), which were about tariff reduction or elimination. She noted that for non-tariff barriers to be discussed, it would be necessary to have a clearer idea of the products that were being considered. Furthermore, since the issue of transfer of technology was not limited only to tariff negotiations in environmental goods, some focus would be needed in order to be able to address this issue. Relevant linkages with services could be discussed when considering the goods proposed to be included in an eventual list.

42. With regard to the Information Exchange Session, she noted that there could be more meaningful work done on the environmental benefits of the products that had been proposed by Members. She also believed that the Information Exchange had shown that there were some clear-cut environmental goods, e.g. in the area of renewable energy, and that other items had been suggested that could be further discussed, including items of dual use. She noted that while it was necessary to continue the Committee's work, items clearly agreed to be environmental goods deserved more straightforward treatment.

43. The representative of Canada said that his delegation had difficulty working with the concept put forward in India's proposal on a practical level, both in terms of the institutions of WTO and of the specifics of the mandate. Canada's approach to the implementation of paragraph 31(iii) was based on a mandate for the CTESS to define a set of environmental goods for the negotiation of modalities in

other negotiating groups, such as NAMA, and the basic elements of the project approach were not amenable to that objective.

44. Looking ahead to Hong Kong, it was not entirely clear to his delegation how the different approaches could be brought together in the time available, so as to provide Ministers with a result that they could build on, and which would enable Members to move on to the next stage of the negotiations. The Hong Kong Ministerial Conference was a key point in the Round, and Canada felt compelled to deliver solutions to Ministers rather than parallel tracks. He recalled that for his delegation, the deliverable was the identification of a range or set of environmental goods for the other negotiating group to work on.

45. The representative of Brazil believed that both the Indian and Argentinean papers had positive aspects and responded to some key concerns of his delegation. On the issue of dual use, Brazil questioned the direct link between trade liberalisation of goods such as pipes, tubes, pumps or bicycles, and the protection of the environment. In Brazil's view, it did not seem reasonable to focus only on the environmental use of a product, without also taking into account its other uses. He noted that the proposals by India and Argentina offered some responses on how to deal with the dual use issue.

46. Regarding the question of criteria, Brazil believed that having no, or only self-defined criteria for environmental goods had led to treating bio-fuels, pipes or specific kinds of toilets, as if they all had the same impact on the environment, when they actually did not. Another positive aspect of the proposals by Argentina and India was that they reminded the Committee of the persistent lack of conceptual basis in the debate and also suggested a way out.

47. Furthermore, these proposals allowed room for environmental services and the question of technology transfer to be considered, which constituted an important developmental aspect of the mandate that had not been taken into account in a coherent way in the lists tabled so far.

48. He further noted that the proposal by Argentina built upon the regional experience within MERCOSUR, which had a group established for the discussion of environmental goods.

49. Finally, Brazil believed that some result needed to be achieved for the Hong Kong Ministerial Conference, but not at all costs. He recalled that any result would have to take into account the environmental and developmental aspects of the mandate in a coherent way.

50. The representative of Chile thanked New Zealand, India, Japan and Argentina for their presentations. She particularly appreciated the integrated approach of Argentina's paper, which was a constructive contribution to the negotiations, and noted that her delegation would consider it in more detail.

51. Chile was one of the delegations that had difficulties with the list approach, and was concerned that the reduction or elimination of tariff barriers for environmental goods would mainly benefit developed countries. For this reason, Chile was sympathetic to the efforts made by Brazil, India, China, Cuba and Argentina to provide alternative approaches. Chile shared the view of these delegations that the negotiations should have clear objectives, namely to put sustainable development at the centre of the negotiations; to incorporate special and differential treatment; to ensure the transfer of clean technology; and to facilitate market access. She noted that her delegation was not entirely convinced by any of the approaches that had been put forward so far, i.e. the lists, the environmental project approach (EPA), the development aspects of the Brazilian approach, nor the Argentinean integrated approach, but was ready to consider all the options in order to seek progress in the fulfilment of the Doha mandate.

52. With respect to the integrated approach, Chile understood that the CTESS would be implementing two functions, namely identifying and defining categories of environmental projects, and developing a list of products that would be used to carry out these projects. It appeared that to benefit from preferential tariff treatment, an administrator of a national environmental project would need to identify to which category the project belonged, and what products within the list of products under this category would be used.

53. Chile had questions concerning the legal predictability of this approach. In the case of dual or multiple use products, she noted that a customs mechanism would have to be designed to differentiate products according to their use. This did not seem compatible with the principles applying to like-products, nor with the principles of trade facilitation in the WTO, and could introduce more paperwork. Chile also asked about how the environmental products that did not fall within any categories would be dealt with, e.g. the EPPs mentioned by New Zealand, and how environmental services, which were key to the operationalization of any environmental project, could be incorporated under this approach.

54. Finally, Chile was concerned that the Committee was prejudging the treatment given to environmental goods in NAMA.

55. The representative of Japan thanked Argentina for its integrated proposals on environmental goods for development. He agreed that for its implementation, the project-based approach did not require the multilateral trading system, as Argentina had pointed out in paragraph 7 of its submission, given that this was currently available on a bilateral and unilateral basis. He also thanked India for its new submission in document TN/TE/W/60, and noted that paragraph 11 also attempted to answer this question.

56. Regarding the integrated approach proposed by Argentina in paragraph 9, he said that Japan needed more time for its examination. Japan believed that the list approach was simpler and more transparent, and that this was the appropriate way forward. Nevertheless, he recognized that Members would have to give some consideration to the issue of dual or multiple use.

57. The representative of Cuba agreed with Brazil that more clarification and debate were needed before the Hong Kong Ministerial Conference. For instance, she noted that the CTESS had not yet found any solution to the problem of dual use. She recalled that at the Information Exchange Session, Cuba had presented examples of products with dual use, such as chlorine and activated carbon. She noted that for some of the products on the list, entire HS categories had been identified, and that it was impossible to negotiate these lists with objectivity on such a basis. This was a disincentive for developing countries, which were seeking reassurance that liberalization would effectively lead to sustainable development in their countries.

58. Cuba could not accept trade liberalization in this area without real environmental benefits, especially in light of the overall objective of the negotiations to enhance the mutual supportiveness between trade and environment, as well as the objective of sustainable development. In Cuba's view, the list approach did not offer guarantees in this respect. Cuba pointed out the need for more coordination in the work of the CTESS and NAMA, as highlighted in the July package. Her delegation was concerned that special and differential treatment, as well as the principle of less than full reciprocity, would be left out until a final list was drawn up, while zero-tariff initiatives and the concept of a living list had been discussed.

59. Cuba welcomed the approaches proposed by India and Argentina which tried to provide an answer to the mandate in paragraph 31(iii). In particular, she noted that India's approach was based on an analysis of some of the difficulties related to the list approach, which the Committee had not yet been able to address. By providing tariff reductions to goods imported for a specific environmental project, India's Environmental Project Approach could contribute to fulfilling the objectives of the

Rio Declaration and the Johannesburg Plan of Implementation. She noted that the Indian approach included other positive aspects, such as an incentive for the mitigation of the problem of multiple use; special and differential treatment; transfer of technology; and the fact that the loss of income would correspond to conscious decisions based on national environmental objectives.

60. The Cuban experience pointed to the viability of the Indian proposal, albeit with some differences. Cuba had been following a fairly similar approach since 2000, based on environmental legislation that promoted the importation of environmentally friendly technology. This reflected the political will to guarantee national action in favour of sustainable development, independently of the WTO negotiations, which could be described as autonomous liberalization. Cuba had been applying a tariff bonus of 50 per cent for imports of technologies that favoured the environment. This treatment was granted on a case-by-case basis, following the approval of the Ministry of Environment, who certified that the technology was in accordance with the technological policy and also with the environmental requirements outlined by the country. Although this was not a project *per se*, it fulfilled similar objectives by promoting the win-win-win formula. She noted that such an initiative required the political will to achieve sustainable development, a solid structure to attend the environment, and a high level of coordination between the trade and environment authorities.

61. Finally, Cuba invited the delegations that had proposed lists of environmental goods to continue to explain the benefits derived from the application of the list approach. She noted that a solution to the issues of dual use and special and differential treatment would be desirable before the Hong Kong Ministerial Conference.

62. The representative of China thanked Argentina, India, New Zealand and Japan for their new papers. China appreciated Argentina's efforts to narrow the gap between Members' positions. He recognized that the identification of categories and available goods within these categories, as proposed by Argentina, could help to address the issue of lack of transparency and predictability, which were regarded by many Members as the main problem with India's environmental project approach.

63. With regard to the project approach, he noted that not all the environmental goods would be covered by a particular environmental project. China wondered how to treat those goods that fell outside a particular environmental project, some of which had obvious environmental benefits and were therefore relevant to the mandate of paragraph 31(iii). He stated that the Committee should explore ways of making the process as inclusive as possible. In China's view, the project approach was especially good at addressing the problem of multiple use, technology transfer and incorporating the issue of services.

64. Finally, with respect to Japan's list and in particular the first line of the category "Other Recycling Systems", namely "worn clothing and other worn articles" (HS 630900), he noted that the trade of textile wastes was prohibited under the Basel Convention. China asked how one could distinguish textile wastes and worn clothing from the waste prohibited under the Basel Convention (e.g. reused and recycled articles), since different products in that category could have very different impacts on the environment and human health.

65. The representative of Chinese Taipei thanked India, Argentina New Zealand and Japan for their submissions. Chinese Taipei welcomed Argentina's proposal in document TN/TE/W/62, which integrated elements from both the list and the environmental project approach for the identification and definition of environmental goods. However, he felt that more work was required on this issue.

66. Chinese Taipei also agreed with the Chairman's statement in his October Report to the TNC, that while there were some elements of this list on which there was convergence, more work would be required to determine what products should be treated as environmental goods for the purpose of the negotiations. Chinese Taipei was confident that Members would eventually achieve the goal of

constructing a WTO list of environmental goods, including the so-called "core list" of products, with goods identified for their environmental use based on commonly agreed criteria, and a "complementary list" of products on which there may not be consensus regarding their environmental function.

67. He indicated that Argentina's proposal expressed concerns over the list approach, such as the lack of multilaterally agreed criteria or its failure to address the problem of multiple use or PPMs. At the Information Exchange Session, he noted that his delegation had gained a better understanding of the rationale behind Members' lists and their selection of products. Furthermore, the Information Exchange Session had led to a constructive discussion on finding solutions for the treatment of products with dual or multiple use. He agreed with Argentina's concern, expressed in paragraph 8 of its paper, regarding UNCTAD's definition of Environmentally Preferable Products (EPPs), since it provided the possibility of including goods on the basis of PPM. He also agreed with Thailand that EPPs should be scrutinized by requiring a demonstration of the concrete linkages between these goods and their environmental benefits.

68. He noted that Argentina also expressed concern about the effectiveness of a list approach in achieving the mandate of negotiation. However, in his delegation's view, the list approach offered the best chance of delivering a win-win-win outcome for trade, environment and development, and a multilaterally agreed list which would fulfil the mandate. He explained that all the products contained in a core list would help the private sector to mitigate the cost impact, in contrast to the project approach, which might adversely affect them in terms of competitiveness and willingness to purchase environmental goods. With regard to the products contained in a complementary list, the Committee might consider using a project approach in order to further ensure the delivery of trade, environmental and developmental benefits, while minimizing as much as possible the aforementioned adverse effects. Chinese Taipei asked Argentina whether this would fit with its proposed integrated approach.

69. Finally, he stated that his delegation was encouraged by the recent progress in the negotiations and looked forward to more in-depth technical discussion with a view to drawing up a WTO list of environmental goods.

70. The representative of Egypt thanked New Zealand, Japan, India and Argentina for their efforts. With regard to the Indian paper, he thanked India for clarifying different issues related to the project approach. He asked India to expand on its ideas on technology transfer, as expressed in paragraph 6 of TN/TE/W/60. In particular, regarding the statement that increased local capacity to produce goods and provide services as part of this multilateral negotiation would translate into increased export opportunities, he asked about the linkages between the issue of technology transfer, the project approach and multilateral negotiations.

71. With regard to the Argentinean paper, Egypt asked Argentina whether there was any action foreseen at the multilateral level or within the framework of WTO with regard to negotiating the conditions of access to the transfer of clean technology and local capacity building.

72. Egypt saw merit in Argentina's attempt to bridge the gap between the different approaches. He recalled that another approach had been suggested in the framework of an expert meeting organized by UNCTAD in 2003.² However, he noted that this issue had never been discussed in the Committee. The idea put forward at this meeting was to structure the negotiations focusing on a few specific environmental areas, with more holistic and comprehensive discussions on issues such as transfer of technology, products of interest to developing countries and specific NTBs. Egypt believed that this approach, Argentina's approach or other approaches should be given greater exposure when considering how the negotiating mandate could be best achieved.

² The report of this meeting was circulated in document TN/TE/INF/6.

73. The representative of the European Communities (EC) thanked the delegations that had presented new material at the meeting and at the Information Exchange Session. He felt it was necessary to concentrate his intervention on the issues that had been raised in the papers by India and Argentina, since there seemed to be some basic misunderstandings that required further discussion.

74. With regard to India's question on the convenience of abandoning the work on the environmental goods list for the environmental project approach, he noted that the 25 EU Members that he represented were firmly opposed to this idea. Some Members had pointed out that the project approach had little to do with the mandate. He said that the Committee had a duty to look into the difficulties of any approach and see which solution helped address them, while at the same time remaining faithful to the mandate.

75. With regard to the issue of the list approach giving an economic advantage to industrialized countries, he asked whether this was the key question. Discussions in the CTE concerned a special category of goods, namely environmental goods, as well as their associated services, where the removal of tariffs or non-tariff barriers would have beneficial environmental impacts on the importing country. He believed that the environmental impact should be the overriding consideration guiding the Committee's discussions under paragraph 31(iii). This was the consideration that had guided the EC in drawing up its list. The fact that many industrialized country products were to be found on the list was not a sign of failure of the list approach, and noted that there was evidence that some of these products were also of interest to developing countries.

76. The EC recognized that the environmental advantage of the products under discussion had to be clear cut and substantial. In this regard, the Information Exchange Session had contributed to give clarity on the environmental benefits of the goods that had been proposed.

77. The EC believed that by a closer examination of the goods that had been put forward, developing countries would find a comparative advantage in many of the products. The EC acknowledged that some of items proposed on the list were high technology goods. However, the EC was also proposing the category of EPPs, which included products that could only be produced in developing countries. He indicated that the EC's list of EPPs was only indicative, and encouraged other delegations to propose more products of interest to developing countries.

78. He recalled that in paragraph 6 of its first submission in document TN/TE/W/51, India had stated that opening markets to environmental goods could prevent home grown solutions and the development of an environmental industry in their own country. In the EC's view, the adverse effects of increased market access and competition mentioned in the Indian paper, could be even greater under the project approach, given that all sorts of other products linked to the project would be covered and exposed to international competition.

79. Concerning India's point that the list approach involved permanent and open-ended concessions, he noted that according to New Zealand's proposal for a living list, this would not be the case, since the tariff concessions on environmental goods would be subject to periodical review. Therefore, products could be added or removed from the list depending on how the environmental context evolved. Moreover, there would be a continuing involvement of the CTESS, which could work on the dynamic aspects of the list, thereby addressing some of the concerns raised by India.

80. With respect to India's statement about the need to give special status to the goods that had clear linkages to the environment, or the so-called multiple use issue, the EC believed that the issue required further consideration. He cited as an example filtering or purifying machines for water or parts thereof (HS 842121), which could be used for an environmental purpose (e.g. bio-filters or clarifiers used for waste water treatment) but also for other industrial purposes (e.g. filters used in a brewery).

81. The EC pointed out that the discussion so far had shown that it was necessary to be equipped with a reasonable tool to address this issue, and there were many ways to do this. He stated that one way was for the Committee to clarify the environmental linkages and distinguish between categories of products. For instance, there could be a category for single-use products, such as solar cells; a second category for products with a clearly predominant environmental use; and a third category for products that may have a clear environmental use and purpose, but also a significant non-environmental application. He noted that this kind of exercise could help find consensus on the various products.

82. The EC believed that another way of addressing this issue was to use ex-outs for customs classification purposes to specify the environmental aspect or use of the products covered. He noted that such an approach would not be so difficult to implement, as many Members already had some of these classifications in place.

83. He pointed out that even with the project approach, there was an issue of diversion of resources from an approved project to other uses. He noted that the project approach dealt with the multiple-use issue because by definition, this approach was based on the end-use of a particular product. He felt that this showed that the Committee was becoming involved in the whole question of distinction within the project, where many products being covered would not qualify as environmental goods on their own.

84. The EC believed that whole systems that were contracted as turn-key, ready made projects could be taken as items on the list. It was not clear whether HS codes would even be needed for this purpose. In the EC's view, this was an area of overlap with India's approach, and he encouraged other delegations to further reflect on the inclusion of these whole plants or systems.

85. With respect to technology transfer, services, and non-tariff barriers, he believed that it was difficult to address these issues without a clear idea of the type of goods that were being considered.

86. The EC noted that there was a consumer demand for a number of products which were being discussed, e.g. solar panels or boilers, and that there was a need to capture the environmental benefits associated with such a demand. He said that many policies already encouraged decentralized, small-scale environmentally-friendly solutions, and consumer demand was driving an important share of the industry. The potential benefits associated with greater accessibility of these goods for consumers would be missed if only large government projects were considered.

87. In response to the questions raised by Brazil concerning criteria, he indicated that the Secretariat's Synthesis document in JOB(05)/57/Rev.2 contained a chapter summarizing the parameters for identifying environmental goods proposed by delegations. He believed that it was worth focusing as a starting point on the parameters, justifications, and environmental linkages highlighted in the Members' submissions. He encouraged other delegations to build on the work carried out to clarify the universe of goods.

88. The representative of Cote d'Ivoire thanked India, Argentina, New Zealand and Japan for their contributions to the debate. He agreed with the comments made by Chile and Brazil. Cote d'Ivoire also supported the proposal by India, which in its view enabled developing countries to emphasize their national environmental policies and identify their own development needs. He noted that the comments by Chile, Brazil, and India also supported the health policies of developing countries in their fight against water pollution, as well as the issue of transfer of technology.

89. His delegation was of the view that the list approach did not favour trade facilitation for developing countries. The division of the membership on the issue of approach actually reflected the differences between developing and developed countries in terms of capacity, from an administrative, technological and technical point of view. He stressed that whilst the list approach had its merits, it

did not correspond to the level of development of developing country Members. Finally, he noted that the Argentinean proposal should be given due consideration before Hong Kong, as it tried to combine the list and environmental project approaches.

90. The representative of South Africa thanked India, Argentina, New Zealand and Japan for their papers. South Africa's understanding of the mandate was that the Committee should define what could constitute an environmental good. In her delegation's view, this did not necessarily mean drawing up a list, nor identifying a range or universe of products. South Africa believed that the Indian project approach remained the most compelling basis to ensure that environmental and developmental objectives were achieved, and to integrate environmental services into the discussion.

91. South Africa was grateful to Argentina for its paper, which integrated elements of nearly all the proposals on the table. She noted that Argentina's paper would be useful in making progress towards reaching what could constitute a definition of environmental goods. As pointed out by Brazil, focusing on criteria would be a way to move forward. However, South Africa cautioned against producing a list at all costs for Hong Kong. She indicated that as a developing country Member currently working on identifying its interests in that area, drawing up a list of environmental goods was not easy; it presupposed considerable policy development beyond basic development imperatives, which most countries were prioritizing at this stage.

92. In her delegation's view, the environmental criteria was not the primary concern in the negotiations. Although relevant in the context of the identification of environmental goods, it had to be judged against the broader benchmark of the Doha Development Agenda in order to ensure that all Members would benefit from the Round, including within these negotiations.

93. The representative of the United States thanked Argentina, New Zealand and Japan for their new papers. She stressed that the role of the CTESS in these negotiations was to champion environmental issues and to ensure that sustainable development was taken into account in the Development Round. It was also necessary to bear in mind how the work of the CTESS fitted in with other mandates. For instance, Hong Kong, China had raised a question on how the modality aspect of this mandate fitted into the binding reduction commitments discussed in NAMA.

94. She was also concerned that some of the proposals might take the Committee in the wrong direction, since they seemed to be limiting the environmental benefits that could be achieved through the mandate of liberalizing trade in environmental goods and services. In the context of other negotiations in the WTO, for instance, the US had not seen proposals that would limit the application of the tariff reduction to a particular project or area. She expected the liberalization of trade in environmental goods to produce the broadest possible benefits to the largest number of people who could benefit from environmental protection and sustainable development.

95. The US believed that a concrete discussion of the products that should be considered as environmental goods was necessary to advance on the mandate. In this regard, the role of the CTESS was to clarify the concept of environmental goods. She noted that this was the approach of many delegations at the beginning of the negotiations. In particular, she recalled that India had made a submission to NAMA stating that product coverage on environmental goods would need to be discussed in the light of the products of interest to developing countries. To many delegations, this type of concrete information was necessary in order to be able to address other aspects of the mandate, such as non-tariff barriers or the issue of technology transfer. She noted that while Argentina attempted to integrate the two approaches in its proposal, it had not actually identified the products or given the kind of concrete information necessary to achieve liberalization according to the mandate.

96. With respect to the Indian paper, the US remained unconvinced that the project approach could deliver the long-term benefits that Members and their exporters had come to expect from the WTO, particularly with regard to sustainable development. The lack of binding commitments,

transparency, predictability and accountability in this approach continued to be a source of concern for her delegation.

97. Her delegation agreed with India that Members had to be mindful of the interplay between the goods and services in the paragraph 31(iii) mandate. However, she noted that India's revised services offer did not contain commitments to environmental services suppliers, and wondered how India would propose to operationalize this liberalization for services providers if this did not appear in their schedule of proposed commitments.

98. As a practical matter, the US failed to understand how the project approach could guarantee access for small and medium sized enterprises, given that SMEs generally exported smaller quantities of goods through distributors rather than supplying major projects. India's fast track approval process for SMEs did not provide any account for the fact that SMEs would not usually supply major infrastructure and development projects. The US did not believe that the negotiations were aimed at benefiting the multinationals that dominated this market. Her delegation also questioned the benefits of the project approach for consumers and small distributors, or for rural communities that may wish to purchase, for example, a solar water treatment system; they might have a need for these environmental goods, but neither the resources nor the knowledge to apply for the approval of their own project.

99. The US remained concerned that this type of approach could create additional paperwork, bureaucracy and unnecessary delays for the export of goods. For the US, the concerns had increased after reading India's new submission in document TN/TE/W/60, where it was suggested that the designated national authority would be comprised not just of government officials, but also of private sector and civil society representatives. She wondered whether India had envisioned that much information would need to be provided by a company in order to even be considered for this preferential tariff exemption. Moreover, it was unclear to her delegation what kind of information a company would be in a position to provide before the project had even started. She noted that the negotiations should not add to some of the challenges that were being addressed in the trade facilitation negotiations.

100. While the US acknowledged that trade in capital goods could contribute substantially to technology transfer, it wondered how technology transfer could be better promoted through a project than through full market access.

101. The US pointed out that some of the more useful aspects of India's proposal could be implemented without any WTO action. For instance, in paragraph 10 of TN/TE/W/60, India proposed that the designated national authority maintained a database of the approved environmental projects with a complete list of goods and services included in them.

102. For her delegation, the project approach was in fact a proposed modality that digressed from the task of the CTESS of identifying environmental goods and services, and discussing their relevance from an environmental point of view. This was also in line with earlier Committee reports which had outlined the role of NAMA and of the Council for Trade in Services in Special Session (CTSSS) regarding the modality for the goods and services portion of the mandate, leaving it to CTESS to clarify the concept of environmental goods. According to the US, the environmental project approach failed to clarify the concept of environmental goods, or to identify environmental goods or specific environmental services that were important from the perspective of developing country Members.

103. The US believed that the CTESS should continue to identify environmental goods, but did not see how this could be done without eventually producing some kind of compilation or list of environmental goods. The US remained open to discussing ways in which the CTESS could contribute to the work on environmental services, but noted that the project approach did not seem to fit into the GATS framework and the schedules of commitments envisaged in those negotiations.

104. She noted that the information exchange session had been useful in analyzing the various environmental goods that had been proposed and discussing their environmental and developmental benefits. In particular, the US appreciated New Zealand's and Japan's additional contributions that outlined the environmental benefits of the goods on their list. The US hoped that as the technical work and information exchange continued, some convergence of views would arise on what environmental goods were, and on their possible contribution to environmental protection.

105. The representative of Colombia thanked the delegations that had contributed to the Information Exchange Session, which she considered had been a very useful exercise. In Colombia's view, the lists submitted would require further work by Members, including some revision by the delegations that had proposed them. The multiple use of the products proposed was a problem that occurred with respect to all the categories of products discussed at the Information Exchange Session. Colombia asked about the solutions that could be found to this problem. It appeared that using additional specifications would be an alternative, as the EC and other delegations had suggested. The specifications given in some lists, such as those of Canada, warranted further review in order to properly identify the products proposed. This was the case, for instance, with clinical thermometers. She asked whether this would be an acceptable and manageable result for the NAMA representatives during their negotiations and when drawing up schedules of specific commitments. In Colombia's view, this question deserved further consideration.

106. She noted that commitments in the lists in WTO negotiations were at a maximum tariff heading level of six digits and, in the present case, trade commitments had to be made at a level of tariff specifications of more than six digits. This was an issue that deserved more discussion with regard to its feasibility, possibly with the assistance of NAMA experts, or customs experts including the World Customs Organization (WCO). It appeared that such an alternative would be contrary to the objectives of the negotiations on Trade Facilitation. Members should also discuss the need for a multilateral agreement on tariff classification of environmental goods resulting from these negotiations. More work was required with a view to identify all the products in the lists under consideration that raised the problem of multiple use, and to obtain additional clarification from the delegations that had proposed them. Furthermore, alternative solutions for their more precise and correct identification had to be sought.

107. One problem related to the issue of multiple use was that of the products' description used in the Secretariat's Synthesis document, which reflected the description provided in the lists proposed by delegations rather than the description agreed in WCO. Consequently, if the description proposed by countries did not correspond to the generally accepted description, a further specification was required in order to properly identify the environmental product. An addition to the Secretariat's Synthesis document was therefore required in order to show the tariff classification, the commonly accepted description, the description proposed by the Member and, where the two did not correspond, the additional specification properly identifying the product proposed. This appeared to be the case for one of the items proposed by the EC, namely solar panels, for which the general classification was much broader.

108. Another problem was the labelling requirement for the proper identification of environmentally preferable products. For instance, the EC had proposed a product (item 477 in the Synthesis document) labelled to identify those products that did not only meet the final use criterion but also the life cycle. The term life cycle was much broader in scope, as it included product-related process and production methods (PPM), which raised problems for many delegations. While developing countries might have a comparative advantage in producing and exporting products in this category, Colombia was aware that the inclusion of such products could give rise to certain problems in WTO. In view of the insistence on including this type of product, for example in the case of the EC, perhaps what was lacking was further discussion between the environmental and trade experts. She noted that this would allow some developing countries to reach an understanding, define the appropriate scope and find a solution in the context of these trade negotiations.

109. Colombia suggested that the Secretariat prepare a document on relevant provisions of WTO Agreements regarding like products and labelling, including the TBT Agreement, as well as rulings of the Dispute Settlement Body. Furthermore, the Secretariat could prepare a list of reference documents from both the WTO and observer organizations on this subject. The proposed document could help Members find a common language between trade and the environment. Colombia also supported the proposal made by Chile at the Information Exchange Session to request the Secretariat to prepare a version of the Synthesis document grouping the products by category, given that some products had been proposed under different categories.

110. With regard to the evaluation of the lists from a trade point of view, and the question of whether developing countries also exported these products, she noted that according to a preliminary analysis of trade conducted on four of the lists, which covered more or less half of the products, Colombia's imports accounted for ten times its exports. This analysis suggested that the results would not be favourable to Colombia's trade interests.

111. Colombia agreed that Members needed to evaluate the goods proposed, but also taking into account the environmental point of view. This would allow Members to be more certain of potential benefits that could possibly offset the trade deficit. She noted that the additional documents submitted by Japan and New Zealand, which highlighted the environmental attributes of their suggested products, had provided valuable information. Colombia proposed that other countries which had submitted lists provide additional information on the environmental benefits of each product.

112. She noted that the trade analysis conducted with respect to these products was based on six-digit tariff lines. However, given the additional specifications proposed by some delegations and the issue of multiple use, the results could be distorted. It was therefore premature for Colombia to draw any conclusion regarding its trade interests in these products. For instance, both New Zealand and Japan had proposed subheading 870322 (item 361 of the Synthesis document), which referred to motor cars. The specification proposed by these two Members referred to "hybrid cars/vehicles". Therefore, Colombia had to look more closely into this additional specification, as well as the clarification provided by New Zealand and Japan, in order to determine whether it produced and exported this product.

113. Colombia had made progress drawing up a list of environmental goods, but much work remained to be done before any results could be shared. Colombia had a list of environmental goods and services for the purpose of domestic environmental policy called "*Mercados Verdes*" (Green Markets) and had encountered many obstacles in translating it into the terms required for the purpose of trade negotiations, especially given the time necessary to complete such an exercise.

114. In addition, Colombia shared the concerns expressed by other countries regarding the discussions on environmental services, and how they could help achieve a balanced result in the negotiations.

115. Regarding Canada's proposal on presenting some results for Hong Kong, Colombia did not agree to present even partial results given that the lists, including Canada's, required further discussion and revision. The only result that could be presented in Hong Kong was that while some progress had been made, more work was required in order to achieve a minimum result acceptable to all Members.

116. The representative of Australia thanked India for further elaborating on its project approach. However, his delegation did not consider that the new submission answered earlier concerns expressed about the environmental project proposal. Like Chile, the EC, and Hong Kong, China, his delegation failed to understand how India's proposal fitted within the WTO multilateral rule-based system, particularly with the emphasis on MFN and the need for transparency.

117. Australia was concerned about how SMEs would find the resources to get a project approved, as well as transaction costs and additional obstacles created for businesses of all sizes. On the dual use issue, he wondered how the use of goods imported for an approved project would be tracked after that project was complete, and if a good, imported as an environmental good, could be used for a less environmentally sound purpose.

118. Australia thanked Argentina for its efforts to draw out points of commonality between the different ideas put forward, and also noted some of the other ideas presented at the meeting by Chinese Taipei, Egypt and the EC.

119. With regard to New Zealand's and Japan's contributions, he welcomed the additional information concerning the environmental benefits of the goods proposed on their list. Australia also believed that the environmental goods proposed under the five categories discussed at the information exchange session would deliver both environmental and development benefits. Australia was of the view that the Committee's task should now be to remove from the list the goods that did not offer the broad-based and generally shared environmental or development gains, including, for instance, Switzerland's wide range of transport-related products. In Australia's view, these products seemed to make a judgement about the comparative environmental benefits of certain forms of transport, which were not readily transferable from one country to another.

120. He also expressed the same concerns about goods proposed under the "Clean Technology and Products" and "High Environmental Performance or Low Environmental Impact" categories, which did not take account of diverse factors and conditions, and which included some products identified on the basis of PPMs and/or labelling. He stated that current discussions confirmed that concerns regarding dual use products could be addressed, e.g. the inclusion of products which had a predominant environmental end use, using ex-outs for HS categories that had a wider scope.

121. In response to some of the comments made by Colombia, he recalled that ex-outs had been used in the negotiation of other agreements, such as the Information Technology Agreement (ITA). In cases where a product had multiple uses but an environmental function that was critical, the Committee should judge whether the environmental benefit was sufficiently important to justify its inclusion for trade liberalization.

122. He noted that the exclusion of goods defined in terms of their PPMs would help focus the efforts of the Committee on its core task. It was therefore unnecessary to have a paper prepared by the Secretariat on this subject, as per Colombia's suggestion.

123. The representative of Ecuador thanked India, New Zealand, Japan, and Argentina for the documents they had submitted. She welcomed Argentina's contribution of an intermediate approach between the list and the environmental project approach. In Ecuador's view, such a proposal could be used as a guide for future discussion. Ecuador had noted Egypt's comment regarding a proposal made at an Experts Meeting held by UNCTAD for a more holistic consideration of the issues under negotiation, and hoped that more information could be shared on this proposal.

124. According to Ecuador, the mandate in paragraph 31(iii) needed to be looked at comprehensively, not only on the basis of the reduction and/or elimination of tariffs, but also taking into account non-tariff barriers to environmental goods and services. It was by looking at all the linkages between the environment and trade, that the objective of sustainable development would be achieved in the negotiations. Ecuador believed that special and differential treatment for developing countries, including commitments on technical assistance and transfer of technology should also be considered as part of the mandate, especially in light of the Rio Declaration and the Johannesburg Plan of Implementation.

125. She noted that both the list and project approaches could contribute to fulfilling the mandate of negotiation, while presenting some problems in their implementation. The list approach was based on APEC, OECD and UNCTAD lists, and included products with a high technological content. Furthermore, it presented problems regarding multiple use, and lacked any environmental justification or linkage with services.

126. While the project approach was interesting from the point of view of development, it also presented some problems with regard to its implementation at the multilateral level. The evaluation was focussed on the need to find solutions to problems such as multiple use and technical issues, so as to provide credibility to the negotiations. The added value of the negotiations was that environmental and development benefits could be sought through trade. Therefore, the identification of goods based on environmental criteria was of paramount importance to promote imports that could improve the quality of the environment in many countries, as well as exports that could foster development.

127. She noted that the Committee had already started a revision of the environmental and developmental justification of environmental goods, but it was also necessary to carry out an exercise on trade flows of imports and exports in the different categories, as suggested by various Members. She thought that the proposal made by Chile at the Information Exchange Session to classify products under the different categories could be helpful in this process.

128. Ecuador reiterated its position that Members should aim at reducing the number of products, since many of them had multiple use. Moreover, the categories should remain open, as there was still much work to be done to clarify certain issues such as the benefits of EPPs to developing countries.

129. Finally, she noted that the discussion of the various approaches was still preliminary, and that greater analysis and technical work were required. Many developing countries, including Ecuador, were working on these questions at the national level. Their contribution to the discussions had been delayed by the fact that the OECD or APEC lists could not be used as a reference point. In her delegation's view, the Hong Kong Ministerial Declaration should encourage Members to continue their work, as it was still premature at that stage to anticipate a list.

130. The representative of Bolivia thanked India, Argentina, New Zealand, and Japan for the submission of new documents. She agreed that the inclusion of an additional column explaining the environmental benefits and uses of products would facilitate Members' understanding of the lists. However, there were still problems related to dual or multiple use, and the issue of how to deal with special and differential treatment was still unclear. With the clarifications provided by India in document TN/TE/W/60, and with the new integrated approach proposed by Argentina, such problems could be overcome. Argentina had also introduced some elements that could ensure greater transparency and predictability.

131. While Bolivia had taken note of the comments made by the EC, it still believed that the relationship between development, trade and environment was dealt with in a more comprehensive manner within the project and the new integrated approaches. In terms of achieving results for Hong Kong, Bolivia noted that more work would be necessary on all the approaches that had been discussed.

132. The representative of New Zealand said that he wished to make a number of comments on the project approach, which were informed by the practical experience of certain companies in New Zealand with projects of the type proposed by India. As a general comment, New Zealand recalled that the project approach was already being implemented in various Member countries, and could therefore be undertaken on a unilateral basis, as Argentina itself had pointed out in paragraph 7 of its paper.

133. New Zealand asked whether the project approach was not in fact a modality. He recalled that the report of the October 2002 CTESS meeting had indicated that there was agreement that the CTESS should work on clarifying the definition and scope of environmental goods, while not prejudging the responsibility of NAMA for negotiating the modality. It seemed that a proposal which involved fluctuations of tariffs over a certain period of time sounded more like a modality.

134. He noted that the purpose of negotiations in the WTO was to improve the transparency, predictability and commercial certainty of global trade. He wondered how transparency and predictability could be ensured within the project approach, since the three submissions by India seemed to suggest an administratively complex and centrally managed process where tariffs could be raised and lowered on an ad hoc basis, at the discretion of a centralized body.

135. He referred to an SME in New Zealand supplying wastewater equipment systems and its experience with the project approach. He noted that each time the company applied for a project, the rates were different and products were treated differently. It was also impossible to predict what spare parts would be needed for the project; the company would not be given the preferential rate when spare parts were required to repair the products, since the list of goods approved had been closed and could not be revisited. New Zealand was concerned that the project approach would make it burdensome for small companies to get their projects approved.

136. With respect to trade facilitation objectives, he wondered how a seemingly administratively complex process could help the Committee address the NTBs aspect of the negotiation, as suggested by India. He indicated that based on a calculation carried out by a company on the costs and benefits associated with following the project approach, it was cheaper, less time consuming and less complicated to simply pay the tariff, which in some cases exceeded 20 per cent. He also wondered how the project approach responded to the modalities for negotiations on trade facilitation, where the objective was to further expedite the movement, release and clearance of goods.

137. With regard to the Argentinean paper, he noted that New Zealand shared the concerns of Argentina regarding the identification of goods on the basis of their PPMs, and welcomed the suggestion that the CTESS continue to focus on specific categories of products. However, in New Zealand's view, the proposal by Argentina was more an elaboration of the project approach than an integration of the list and project approaches.

138. New Zealand could not agree with Argentina's suggestion that the list approach did not meet the development objectives that had been established by the Marrakech Ministerial Declaration. He recalled that both in its submission in TN/TE/W/49/Suppl. 1 and its presentation at the Information Exchange Session, New Zealand had tried to outline the development and the environmental benefits of its approach. His delegation looked forward to working constructively with Argentina and India on the way forward to achieve the shared objective of sustainable development.

139. The representative of Switzerland thanked India, Argentina, New Zealand and Japan for their submissions. With regard to the Indian paper in TN/TE/W/60, her delegation was concerned about the lack of transparency and predictability of the project approach. She noted that the EPA was available on a bilateral and unilateral basis already and did not require the multilateral trading system. Switzerland was not convinced that the EPA was within the mandate of the CTESS, which was to identify environmental goods. She recalled that modalities for tariff reductions and NTBs, as well as environmental services, were dealt with in NAMA and the CTSSS, respectively.

140. With regard to paragraph 7 of the Indian paper, it was not clear to Switzerland how India suggested dealing with NTBs in respect of identified goods and services.

141. Her delegation was concerned that SMEs would be disadvantaged compared to larger companies when requesting the approval of a project, in spite of India's proposal to introduce a "fast track" procedure for SMEs.

142. According to Switzerland, the EPA would not be in line with the objective of trade facilitation of the Doha Round, since more paperwork and bureaucracy would result from it. With respect to the issue of dual or multiple use raised by India and Argentina, Switzerland asked whether this was really a problem if none of the other potential uses was actually harmful to the environment. For Switzerland, a product should be excluded from the list only in cases where the non-environmental use(s) were actually harmful to the environment. Her delegation also agreed with the broad categories of products that the EC had referred to in its statement.

143. With respect to the Argentinean proposal, she noted that in paragraph 9, Argentina proposed that "the CTESS should include in each 'category' the environmental goods that would be 'available' for application to the development of national projects". Switzerland asked whether this meant that the end result would also be a list of environmental goods. In the same paragraph, Argentina also suggested that "the tariff benefit granted by the importing Member should cover a specific period, i.e. the project implementation phase". For her delegation, this did not provide sufficient predictability and transparency. Moreover, since some discussion had already taken place in the CTESS on categories of environmental goods and the environmental benefits of some of the products, she was not convinced that the Argentinean proposal was really bridging the gap.

144. In response to a question raised by Argentina, she noted that the EPPs on Switzerland's list had been selected on the basis of their use and disposal functions, and did not take into consideration their production scheme.

145. Finally, Switzerland thanked New Zealand and Japan for providing additional information concerning the environmental benefits of the products on their lists.

146. The representative of Venezuela thanked the delegations that had presented new proposals at the meeting. Venezuela welcomed India's ideas on the project approach, which seemed to give precedence to sustainable development over market access. This was in accordance with the objectives set out in the Doha Ministerial Declaration, Agenda 21 and the Johannesburg Plan of Implementation. She believed that trade liberalization *per se* did not guarantee sustainable development. India's proposal provided the policy space to take into account the characteristics and needs of each Member. Venezuela hoped that the CTESS would continue to review this proposal and to further address the various issues it raised.

147. The representative of Thailand, also speaking on behalf of Indonesia and Malaysia, thanked the Members that had made new submissions at the meeting. He felt that progress had been made in a number of areas, including in the discussion on appropriate criteria to define environmental goods. This work had given a clearer picture of the kind of issues that had to be taken into account when considering products proposed by Members as environmental goods. The discussion of approaches proposed by both developed and developing countries had also been fruitful. This discussion had pointed to the need to carefully consider the various approaches in order to achieve a successful and balanced outcome of the negotiation, which reflected the interests of all Members, especially developing countries and LDCs.

148. He stressed that defining environmental goods and attempting to link them with negotiations in areas such as Services, NAMA and technology transfer, was a challenging task for the Committee. He believed that it was necessary that the CTESS continued these intensive discussions and collective efforts with a view to fulfilling the mandate in paragraph 31(iii).

149. In Thailand's view, the negotiations could be hampered by several factors, including differences among delegations on the most suitable approach for the negotiations. Also, some products and categories were questionable with respect to their direct linkage to the environment, especially with regard to end use and environmental protection. This had resulted in a large compilation list that was difficult to manage for developing countries.

150. He believed that several issues needed to be discussed further, including the need for an approach, or a combination of approaches, that could overcome the weaknesses of each individual approach proposed. In this regard, he noted that the paper by Argentina was an initial and welcome attempt at combining elements from different approaches.

151. He indicated that the discussion should also focus on the more specific criteria to apply when considering the products put forward as environmental goods, especially for those goods that were not clearly environmental, or that Members were not familiar with. For instance, the end use or disposal characteristics of products could be used to further refine the concept of EPPs, although he noted that this would not solve the issue of PPMs inherent to the general category of EPPs.

152. Lastly, Thailand believed that to limit the negotiations to categories of environmental goods recognized by all Members as being of priority for the environment would make negotiations more manageable, especially for developing countries. In this regard, he noted that Egypt's suggestion could be helpful in advancing the discussion.

153. The representative of Korea recognized that the list approach was not perfect, but believed that it was the best proposal in terms of fulfilling the mandate in paragraph 31(iii). He thanked India for its new submission, which provided further explanation on the project approach. However, Korea was not convinced that this approach was workable in the context of the multilateral trade negotiations. He wondered what the rights and obligations of Members would be under this approach, as it did not seem to have the basic elements of any international trade agreement, i.e. commitments.

154. With regard to the Argentinean proposal, he felt that the integrated approach was closer to the project approach, but yet it did not seem to solve any of the concerns raised with regard to this approach.

155. Korea indicated that it was open to principles or guidelines to facilitate the discussions based on products, but that agreement amongst Members could be difficult to reach given the time available. Nonetheless, Members could share some general understanding on criteria for identifying environmental goods, e.g. depending on whether the product's end use was primarily or predominantly environmental. This approach could also be applied in the case of multiple use products, by reviewing whether each product had an environmental use that outweighed its other uses.

156. The representative of Indonesia thanked Members that had submitted proposals on approaches, as well as lists of environmental goods. She noted that there had been progress in the discussion under paragraph 31(iii), and that Members had a clearer idea of how the triple win objective of the mandate could be achieved. For her delegation, this meant that the Committee should not focus only on one particular approach. She thought that Argentina's submission further strengthened the case that an environmental list approach needed to be modified or complemented by additional approaches.

157. Indonesia claimed that in order to remain true to the mandate in paragraph 31(iii), environmental goods incorporated into any list ought to fulfil the criteria of single use and no PPMs. She found that the lists of environmental goods tabled contained goods that did not fulfil these two criteria. While these lists had the potential to enhance the trade of developed countries, it was not always clear whether the products contained on the list could actually contribute to the protection or cleaning up of the environment.

158. The justifications put forward by some Members during the Information Exchange Session had not fully convinced Indonesia that some of the goods could be categorized as being environmental goods. Thailand had pointed out in its statement the need to refine the criteria for the consideration of environmental goods. Indonesia fully subscribed to this view, and noted that this would enable the Committee to have a common platform for the identification of environmental goods.

159. She noted that the WTO was relatively inexperienced in identifying environmental goods. Therefore, an approach such as the EPA could be an interesting complement to the list approach. She noted that the mandate in paragraph 31(iii) was specific and limited, and that Members needed to ensure that the approach followed did not extend beyond this mandate, for instance by including goods that were not truly environmental.

160. The representative of Japan said, in response to a question by China concerning the items of its list under HS 6309 and 6310, that recycling contributed to saving resources, and that this was also applicable to textiles and clothing. According to Appendix 9 of the Basel Convention, Japan believed that textiles and clothing were outside the scope of the Convention. Therefore, the inclusion of these products on a list did not raise concerns with regard to the implementation of the Basel Convention. He noted that the Basel Convention was about waste, not about merchandises or raw materials, and it applied only when items were mixed with other materials which were harmful to the environment; if textiles and clothing were mixed with other materials, they would not fall within HS Code 6309 and 6310. He noted that this type of question showed the necessity of having other information exchange sessions with the participation of more experts.

161. The representative of India said that his delegation had put forward its submissions³ in an attempt to explain relevant aspects of the environmental project approach and address the questions that had been put to his delegation. In response to a question by New Zealand, he noted that the goods included in a project would be subject to a duty reduction, even if the project repeated itself over time. There was therefore no need under the EPA to define environmental goods, nor their related services since these were identified as part of a project.

162. India recalled that it had initially proposed the project approach because it was not convinced by the list approach, nor by the environmental purpose of several products included on the list. While many of the items on the list could, in a particular context or project, deliver environmental benefits, this did not mean that these products were environmental goods. India provided examples of a number of products on the list, including, limestone flux; glass fibres; vacuum pumps; electromagnets; laser diodes; spectrometers; electricity meters; multi-meters; cathode-ray oscilloscopes; industrial lab furnaces and inductive furnaces; clutches and shaft couplings; gears, balls and gearboxes; office machines; and automatic banknote dispensers.

163. India mentioned its national experience with a cooperative of farmers involved in the production of fertilisers, who had used the EPA for 14 years and reaped significant benefits, including energy savings, reduction of air pollution, and a more efficient production.

164. Regarding the mandate of the CTESS and the relationship with NAMA and the CTSSS, he noted that India had suggested an approach that would not make it necessary to turn to NAMA or the CTSSS, since it involved the liberalization of goods and services in the context of a particular project.

165. India recalled that the EPA had been put forward as a suggestion to address some of the concerns related to the list approach, by providing greater policy space to national governments. He hoped that discussions among delegations would continue in a collaborative and constructive manner, giving due consideration to all proposed approaches.

³ TN/TE/W/51, TN/TE/W/54 and TN/TE/W/60.

166. The representative of Argentina thanked the delegations that had commented on their proposal. He noted that many of the comments had made reference to the weaknesses of the various approaches, while Argentina's intention with its submission was in fact to preserve and build on the positive elements of the list and project approaches. He noted that Members should continue to look for common ground, and not let positions drift further apart.

167. The representative of the EC noted that it was necessary for Members to engage in further work on the shortcomings of the proposed approaches. His delegation had tried to provide some answers to the key issue of dual use, in respect of which many delegations had voiced concerns. He noted that the specific questions raised by delegations regarding some of the products could help Members eliminate a number of items contained in the list.

168. The EC recognized that the proponents of the lists would have to stand ready to provide information on their proposed items, as they had done to some extent at the Information Exchange Session. At the same time, he recalled that questions had been raised with regard to the project approach, e.g. its predictability and WTO-compatibility, and noted that these questions also needed to be addressed. The EC had also identified some areas of complementarity between the list and project approach, e.g. whole plants and turnkey installations, which in some respects were similar to projects. He encouraged Members to engage constructively in addressing these various issues in more detail.

169. With regard to the concerns raised by Colombia and Thailand on the issue of eco-labels, EPPs, and PPMs, he noted that the EC was not trying to force acceptance of non product-related PPMs. He thought that New Zealand's definition of EPPs was very clear, since it considered physical characteristics and did not raise the PPM issue. He noted that his delegation did not support the request by Colombia for a paper on like products and PPMs at this stage. The EC suggested to start working on criteria or questions on which there could be consensus among Members, or on products which could more easily be linked to the environment, in order to make some progress.

170. The representative of New Zealand supported the point made by other delegations concerning the use of ex-outs to deal with the issue of dual use. The Committee also needed to make a decision as to whether or not the environmental benefit of a product outweighed the other effects of the products being imported. Some Members had raised questions concerning EPPs and the kind of categories they would fit into. New Zealand agreed that EPPs did not fit neatly into any existing category, and for this reason, it had proposed to establish a category of EPPs defined by their end-use or disposal characteristics. His delegation also shared the concerns expressed by some delegations with regard to the issue of PPMs, and hoped that the criteria proposed addressed such concerns.

171. The representative of the United States welcomed the questions raised by India, and shared its view that it was necessary to continue discussing the environmental rationale for some of the products on the lists.

172. With respect to the point raised by India concerning industrial lab furnaces and inductive furnaces on the US list, she noted that an additional product description or ex-out had been provided for waste incinerators, since these were furnaces that were used for waste disposal. With regard to clutches, shafts and gearboxes, these items had been identified specifically in relation to the operation of wind turbines, under the renewable energy category. Regarding office machines, an additional product description had been added for paper shredders used in solid and hazardous waste management to shred paper, which could then be disposed or condensed into a landfill, or recycled.

173. She noted that these goods were being put forward for consideration as environmental goods, and that Members could discuss the environmental rationale for putting any of these goods on the list. The task of cleaning up the list would require hard, technical work, but this kind of work was necessary, especially as some delegations seemed to consider that the list in its current form was unmanageable.

174. The representative of Brazil noted that it was necessary to reach an agreement as to what exactly was the nature and scope of the exercise to be undertaken by the Committee. It seemed that some delegations wanted to get into the specifics without first defining the scope of the mandate. For Brazil, this negotiation was not a typical NAMA negotiation, nor a sectoral negotiation. He noted that this was a risk if Members could select the goods, without any criteria, based on their own interpretation of what was environmentally sound. Brazil believed that the added value of the mandate was the fact that trade liberalization should be made supportive of environmental and developmental objectives.

175. Members needed to have a common understanding of the environmental goods and services that actually benefited the environment. In this regard, he noted that the Committee should be striving to match both the list and project approaches. In Brazil's view, the project approach was the only means of effectively addressing the dual use issue. It also ensured that goods and services imported would have an environmental application and use. Moreover, the project approach took into account the environmental priorities of each Member.

176. He recognized that it was difficult to have a common understanding of what may be an environmental project, since there was no "one size fits all" solution to the environmental challenges faced by Members. However, a common list of goods and services that was static and applied equally to all Members would not take into consideration the different national priorities; only an alternative approach, such as the EPA, could provide the necessary degree of flexibility. Brazil noted that the EPA could also be matched with a multilaterally negotiated component, such as a reference list.

177. The lack of criteria in the list approach meant that there was no indication as to how large the list could actually get once national tariff schedules were considered. Furthermore, the concept of a living list required further discussion. It was not clear to Brazil, for instance, how Members could include new items and remove others from the list. He wondered whether the list would continue to evolve towards more efficient technology, always benefiting the country or company selling such technology. According to Brazil, the issue of a rolling list involved just as much uncertainty and unpredictability as the national project list, given the evolving nature of the industry.

178. Brazil asked whether the Chairman could provide a work programme that would include elements to define the nature and scope of the exercise, and perhaps an alternative to merge the list and project approaches, which his delegation considered both useful.

179. The representative of UNCTAD noted that UNCTAD's definition of EPPs had been updated since 1995; the current definition excluded PPMs, and included only products that could be distinguished according to their origin and composition (e.g. the natural or renewable character of their components, and the environmental characteristics that they displayed at the stages of consumption and disposal).

180. UNCTAD believed that Members had followed an all-inclusive and open-ended approach to EPPs, which in its view broadened the scope and scale of the negotiations. He noted that UNCTAD's idea of introducing EPPs in the negotiations was to use EPPs to balance out the negotiations on product coverage, based on the understanding that countries would not accept an outcome where the developmental or environmental benefits would go to one group of countries, while trade benefits would go to another. He noted that UNCTAD had suggested EPPs as a form of special and differential treatment in the discussions on product coverage, i.e. for developing countries to be able to select a few EPPs of export interest for inclusion on a list.

181. With regard to NTBs, he noted that there would be no point in including EPPs within the scope of the negotiations if delegations did not find a meaningful way to liberalize trade in these goods. He found that, with very few exceptions, tariffs were not a problem for EPPs. This meant that

unless delegations addressed the NTBs affecting trade in EPPs, the propositions and claims would only have a symbolic value.

182. UNCTAD believed that there was a trend in the Committee to discuss environmental goods (and EPPs) in isolation from modalities. He noted that earlier in the negotiations, delegations had made parallel submissions in the CTESS and NAMA, which seemed to suggest that Members appreciated the importance of this link. However, in his view, there had been an unfortunate reversal in this respect. Furthermore, he noted that the Committee could have chosen at the beginning of the negotiations to have delegations submit their lists, and then let Members engage in the standard tariff negotiations in NAMA. However, this Committee had chosen to define, *ex ante*, precisely which environmental goods would be negotiated in NAMA, leaving aside the issue of modalities, which he believed was particularly important with respect to EPPs.

183. The representative of the OECD pointed out that after looking at the entire Harmonized System with a fairly narrow definition of EPPs, the OECD had found hundreds of tariff lines that would qualify as environmentally preferable products.

184. The Chairman said that he wished to offer some comments on the Information Exchange Session that was held on 12 October 2005. He noted that many delegations had emphasized in previous discussions the distinctive character of the negotiations in the CTESS and the triple win dimension of the mandate in paragraph 31(iii). He thought that the Information Exchange Session had resulted in a useful and constructive discussion, by further exploring the environmental and developmental aspects of the mandate.

185. In order to help structure the discussion, the Chairman had suggested focusing on five areas, namely: Wastewater Management; Solid and Hazardous Waste Management; Air Pollution Control; Renewable Energy; and Environmentally Preferable Products. These areas had been identified on the basis of the commonalities that were discernible from the positions expressed by Members, both in the context of the list and the environmental project approaches, as well as areas of interest mentioned by developing countries.

186. In his view, the discussion had confirmed that not all the products put forward carried the same weight for the environment. Delegations had raised some concerns with respect to certain products and how they could actually benefit the environment. On the other hand, certain products, groups of products, or systems, on which delegations had commented seemed to have a clear linkage to environmental protection. He noted that the issue of dual or multiple use of products was at the heart of the discussion. It seemed clear that the questions of how to identify the environmental attributes of products, and whether certain products were vital for the environmental purpose that they served, would require further attention as Members continued their work under paragraph 31(iii). It was only through a continued exchange based on concrete examples that Members would be able to tackle such issues.

187. He reminded delegations that only a sub-set of the items listed in the Secretariat's Synthesis document were covered under the five areas mentioned, and that a large number of products in other categories or in the context of other approaches, such as the EPA, could also be considered. In addition to the environmental and developmental attributes of the products, many delegations had indicated that they wished to discuss trade flows in these products. He noted that as discussions proceeded in the Committee, Members would need to find ways of bringing together the development, environment and trade dimensions. Finally, he emphasized the short time available to the Committee to complete its work in order to be able to provide its input to the negotiating groups entrusted with the task of reducing or eliminating tariffs and NTBs, given that modalities in NAMA and Agriculture could be agreed at the Hong Kong Ministerial Conference.

188. The representative of Canada agreed in general with the Chairman's summary of the discussion at the Information Exchange Session. He found that the meeting was evidence of what could be accomplished if delegations worked together, focusing on concrete issues and products. He indicated that Canada had covered more than 150 products out of the 480 items on the list.

189. He noted that some "sorters" had started to emerge from the discussion. For instance, there were several clearly emerging categories of environmental goods where it was possible to identify environmental benefits of specific goods, and also to identify linkages between goods within and among the various sectors or categories. It also became clear that it was possible to identify numerous products that were used exclusively for environmental purposes. With regard to other products, dual use could be acceptable on the premise that the environmental usage was critical to the delivery of the environmental application. However, there were still some dual use goods which required further assessment, as their environmental benefit was not sufficiently clear.

190. Canada indicated that some of the elements that had emerged from the discussion would be helpful in terms of reviewing the list internally, and identifying some operational concepts that could be used in future. He noted that there was a sense of urgency with respect to the Hong Kong Ministerial Conference, and that the Information Exchange Session had allowed for the type of technical work needed to further define the universe of environmental goods.

191. The representative of Chile said that to analyse products in the abstract, without referring to their final environmental use would be a mistake, and would prevent the Committee from moving towards identification. She thought that the organization of the Information Exchange Session in five areas, with interventions from the participants on the environmental and developmental benefits of the goods, had helped in gaining a better understanding of the use and purpose of many of the products listed. While Chile had participated in the session with an open mind, she noted that various concerns persisted with regard to the list approach.

192. Regarding the EPP category, she agreed with New Zealand, Australia, Ecuador and Thailand, that goods should be considered only on the basis of their end use. In Chile's view, it would be useful to remove from the list, all the products that did not comply with this criterion.

193. She noted the comment by some delegations that the EPP category would mainly benefit developing countries. While it was true that some of the EPPs on the list were produced mainly by developing countries, the trade data available for these goods showed that liberalization would benefit mainly developed countries. Therefore, she noted that more information concerning tariff barriers would be needed, and that the universe of goods identified would have to be more representative of the developing world.

194. Regarding NTBs, she felt that this topic required more discussion as their reduction or elimination was also part of the mandate. She noted that some Members had made an effort to demonstrate the synergies between services and environmental goods during the Information Exchange Session, but this was not sufficient. More information would be needed from various sources, including experts from other international organizations, such as UNCTAD and the OECD, in order to encourage Members to make new contributions in the negotiations regarding environmental services.

195. She noted Ecuador's request to have another information exchange about products on the list, focusing on the trade dimension. Chile reiterated its view that the treatment of these products would be discussed and defined in NAMA. While her delegation was not in favour of sectoral approaches, she noted that it would still be useful to have detailed information on tariffs and trade flows, including the main exporters and importers for every product. Chile requested that this kind of information be also included in future information exchange sessions, in addition to any information on the subject of NTBs, as well as environmental and developmental benefits of the products not covered in the

previous Information Exchange Session. Chile was also of the view that the classification of products into categories would facilitate the analysis of these goods.

196. The delegate of Brazil thought that the Information Exchange Session had helped Members understand the rationale behind the lists that had been put forward. However, he recalled that the Committee had agreed to participate constructively in this exercise under the condition that this did not prejudice the outcome of the discussions, including on the issue of approach to fulfil the mandate. He noted that there was still a lot of scepticism, and pointed to a lack of sound scientific basis regarding the environmental benefits of the goods considered at this session.

197. The Chairman recalled that the invitation sent out to delegations for the Information Exchange Session stated clearly that all the approaches on the table, including the list and the environmental project approaches, would be considered in the discussion.

198. The representative of Korea thanked the Chairman for his assessment, particularly with respect to the need to speed up the negotiation. He emphasized that the Committee had to focus its work in order to deliver results that would feed into the work of other negotiating groups. He invited other delegations to leave aside tactical moves at this stage, emphasizing that the mandate offered a special opportunity for Members to make a difference with regard to the potential benefits to environment and development. In this regard, his delegation had found the Information Exchange Session useful in terms of taking the work in the right direction. Korea believed that questions such as why a product was an environmental good, or what was the rationale or the benefit of including certain products on the list, were encouraging, particularly since many of these questions had come from developing countries.

199. He agreed with the Chairman that some consensus had started to emerge on the environmental benefits of certain goods, just as doubts had been raised regarding other goods. He noted that this type of discussion was the best way to advance in the negotiation. Korea expected that a convergence of views would naturally emerge on the principles, as well as on categories or areas, provided the work continued to focus on products.

200. The representative of Egypt noted that useful information had been provided by the proponents of the lists, regarding namely, the rationale for considering certain products as environmental goods. However, he believed that a neutral assessment of the use of specific goods was also necessary, for instance to determine the percentage of use of a product for a specific purpose, or its predominant or partial environmental use. He noted that an organization like UNIDO, an association of industries or another neutral body could provide such information.

201. He agreed with the Chairman on the importance of focusing on trade figures, which were lacking in many developing countries. He believed that concrete and reliable figures were necessary to assess the real benefits from the negotiations. In Egypt's view, such information was perhaps more important for the negotiations than information on the environmental benefits of products, which could be evaluated by environmental experts.

202. The representative of Cuba considered that the session had been useful to understand the lists, but he expressed concern about the fact that the goods on the list had not been sufficiently analysed. He thought that it was necessary to explain further the environmental purpose of the products, in order to guarantee sustainable development in accordance with the mandate, whether the products were liberalized as part of a list or project approach.

203. The representative of Ecuador indicated that the Information Exchange Session had raised some concerns for her delegation, since there were different criteria, environmental justifications and interpretations that had been discussed. She considered that the Committee should carry out more

work on this topic, given that there was no consensus regarding the inclusion of any product or category on a list.

204. The representative of the EC agreed with the Chairman's assessment, as well as comments made by Korea and other delegations. In response to the remark by Brazil concerning the need for scientific evidence, he noted that it was more a question of factual evidence on how certain products were being used, and this was exactly the type of information that had been shared at the Information Exchange Session. He noted that there was still some scepticism, and that some products were difficult to deal with. However, he also noted that the inclusion of certain products had not been contested, and that there had been no hesitation among the proponents of products as to whether these products were environmental. He thought this was the type of progress that was needed to consolidate the work of the Committee.

205. The representative of China believed that the informal exchange of information in the five areas covered at the Information Exchange Session had been fruitful. He asked whether it was possible to have more information exchange, and to extend this to the project approach in order to understand how it operated. This could include Members' experience with national policies to protect the environment, and different instruments used to encourage environmental projects. He noted that before reaching any conclusion, Members should have a closer look at the effects of such policies on trade, also taking into account the perspective of SMEs as well as consumers. Members had to ensure, whichever approach followed, that the outcome would fully reflect the triple-win objective of the Doha mandate, as well as the concerns of developing country Members.

206. The Chairman noted the request from some delegations for more information exchange sessions. He proposed to hold another session that would build upon the experience gained at the 12 October Information Exchange Session. He pointed out the need to bring together the environment, development and trade dimensions of the mandate. This could include, for instance, information on issues such as tariff data and trade flows related to specific products; technology transfer; the effects of imports on the environment and development, particularly for rural areas (e.g. solar energy, sanitation, etc.); the importance of NTBs; the question of the inclusion or exclusion of products based on environmental considerations; the services that could be linked to products or projects; as well as products of export interest to developing countries.

207. The CTESS agreed to the renewal of the ad hoc invitations issued for that meeting at the next formal meeting.⁴

⁴ The following organizations were invited to participate as ad hoc invitees: UNEP, UNCTAD, the World Customs Organization (WCO), the OECD, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, the Convention on Biological Diversity, the Convention on International Trade in Endangered Species of Wild Fauna and Flora, the Montreal Protocol on Substances that Deplete the Ozone Layer, the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, the Stockholm Convention on Persistent Organic Pollutants (POPs Convention) and the United Nations Framework Convention on Climate Change (UNFCCC).