

**Committee on Trade and Environment
Special Session**

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

21-22 FEBRUARY 2006

Note by the Secretariat

1. The Committee on Trade and Environment in Special Session (CTESS) held its fifteenth meeting on 21-22 February 2006 on the basis of the agenda set out in the convening airgram, WTO/AIR/2753.

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

2. The Chairman noted that there were no new submissions under this agenda item.

3. The representative of Switzerland recalled that in Paragraph 30 of the Hong Kong Ministerial Declaration, Ministers had instructed Members "to intensify the negotiations without prejudging their outcome on all parts of Paragraph 31 [of the Doha Ministerial Declaration] to fulfil the mandate". Therefore, progress had to be made in all three areas of Paragraph 31, including Paragraph 31(i) and (ii). She noted that the Director General had proposed timelines to help focus the work in 2006.¹ These timelines set out with great precision the work ahead, including in those areas where the Hong Kong Declaration was more general. With regard to negotiations under Paragraph 31(i), the timelines suggested that text-based negotiations should start by September 2006. For Switzerland, a successful outcome under Paragraph 31(i) negotiations was a priority. However, at that stage, Switzerland was ready to focus its efforts on Paragraph 31(iii) in order to advance discussions with a view to meeting the April deadline for modalities. She noted that Switzerland would come forward with a proposal under Paragraph 31(i) in early summer in order to contribute to the discussion.

4. The representative of the European Communities (EC) noted that in the lead-up to Hong Kong, little progress had been registered in the rules negotiating areas, including in negotiations under Paragraph 31(i). However, these issues would have to catch up with the overall program, which had been dominated mainly by the Agricultural and NAMA negotiations, since all the negotiations were part of a single undertaking. The EC would take seriously the mandate that Ministers had agreed to in Hong Kong to intensify the work under Paragraph 31(i), and would also bring forward more ideas on how to tackle this mandate in order to achieve a reasonably ambitious outcome. The EC was ready to work with all delegations to ensure that this would happen. The EC noted that it would present text in due course in order to give other delegations a better idea of how it saw the negotiations shaping up in the forthcoming months.

5. The representative of UNEP wished to brief the CTESS on UNEP's activities related to the overall objective of the negotiations under Paragraph 31 of the Doha Declaration to enhance the mutual supportiveness of trade and the environment.

¹ JOB(06)/13.

6. Prior to the next meeting of the CTESS, UNEP would be forwarding to governments for review and comment, a draft paper commissioned by UNEP which examined the use of trade-related measures in several MEAs, including: the Convention on International Trade in Endangered Species; the Montreal Protocol; the Basel Convention; the Rotterdam Convention on Prior Informed Consent; the Cartagena Protocol on Biosafety; and the Stockholm Convention on Persistent Organic Pollutants. The aim of this paper was to support UNEP's mandate to promote understanding and to disseminate information about trade-related measures in MEAs. The paper noted, *inter alia*, the importance of considering trade-related measures within the overall context in which the measures were negotiated, given that these measures were designed to serve a specific objective, and formed one part of an overall package of measures developed for effective MEA implementation.

7. In addition to this analytical work, UNEP had recently launched two multi-year initiatives to enhance mutual supportiveness of trade and environmental policies at the national level. The first initiative, a four-year project launched in the second half of 2005, aimed to support developing countries in their efforts to implement the Convention on Biological Diversity by enhancing national capacities to assess, design and implement policies that maximized development gains from trade in the agricultural sector, while minimizing the impact on biodiversity.

8. UNEP, in close collaboration with the UNEP-World Conservation Monitoring Centre, was developing an Integrated Assessment Reference Manual that would be customized and applied by national institutions in six African, Caribbean and Pacific countries. Based on the outcomes from these assessments, integrated national responses would be designed and implemented.

9. In a second initiative, the UNEP-UNCTAD Capacity Building Task Force, the CITES Secretariat, and the Graduate Institute of Development Studies had jointly launched a two-year project aimed at enhancing the capacities of developing countries and countries with economies in transition to review, design and implement effective national wildlife trade policies. Drawing on assessment methodologies developed by CITES and UNEP, a toolkit of wildlife trade policy assessment methodologies was being developed that would be applied by national institutions in four pilot countries with the support of an international advisory group. The methodologies developed and lessons learned from these pilot studies would then be used to develop a guidance document for use by other countries interested in undertaking similar wildlife trade policy reviews.

10. Both of these national-level initiatives were focused on developing and implementing practical methodologies and processes for enhancing communication and coordination between the trade and environment communities at the national level.

11. Finally, UNEP and the International Institute for Sustainable Development had recently published the Second Edition of their Environment and Trade Handbook. This edition had been updated to feature significant analysis of the WTO's Doha programme of work, new material on regional and bilateral agreements and a stronger emphasis on sustainable development issues. UNEP wished to thank the European Union, the Government of Switzerland and the Geneva International Academic Network for their generous financial support to the above-mentioned initiatives.

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

12. The Chairman noted that there were no new submissions under this agenda item.

13. The representative of the European Communities noted that not much attention had been given to this part of the mandate of negotiations, but that the Hong Kong Ministerial Declaration had actually blown some new life into this part of the mandate. The EC wanted to have a debate at the next meeting on practical steps to be taken so as to advance on this mandate. This issue was much less controversial than other issues discussed in the Committee and was therefore conducive to

progress building on some of the ideas that had been brought forward by delegations in earlier submissions. Members needed to consider these issues in a more structured manner and see whether there was a readiness to engage and improve the procedures for information exchange. In the EC's view, this should not be problematic, as it did not prejudice the substantive position of delegations. He noted that this mandate was an important part of the mutual supportiveness of trade and environment.

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

14. The Chairman noted that a new submission had been circulated by the United States (US) in document TN/TE/W/64 entitled "Continued Work under Paragraph 31(iii) of the Doha Declaration."

15. He recalled that in January, he had held consultations with a number of delegations to get a sense of how Members saw the work progressing in the CTESS. He had noted from these consultations, a willingness on the part of delegation to engage in technical work aimed at clarifying the scope of the mandate in Paragraph 31(iii), without prejudice to the approach to be followed to fulfil this mandate. In this context, it had been suggested that some parameters could be used to guide the discussion on environmental and developmental benefits of products considered relevant under the mandate. Based on the comments made in these consultations, he had put forward in an informal communication to delegations, some indicative parameters in the form of questions that could be used to launch discussions.

16. The first parameter raised the question as to whether products or categories of products had a clear and direct environmental end use. This parameter was meant to assess, for instance, whether certain products were used solely for an environmental purpose or whether multiple use products could be identified as having a predominant environmental use. The second parameter was meant to identify environmental products, categories of products or projects of particular interest to developing country Members, or which otherwise contributed to sustainable development objectives. Finally, the third parameter focused on other considerations that could be taken into account when determining whether a product was an environmental good, e.g. whether the product was used in the delivery of an environmental service, or was otherwise harmful to the environment. He emphasized that these were only illustrative parameters, and that additional parameters or considerations could emerge with respect to particular products or categories of products as the work proceeded.

17. He noted that in the context of his consultations, other issues had been raised for consideration in the negotiations, including for instance special and differential (S&D) treatment, transfer of technology, non-tariff barriers (NTBs), as well as some other technical questions relating to tariff classification.

18. The Chairman stressed that Members needed to agree on a simple tool that would help launch the discussions in a focussed manner. By applying indicative parameters to the examination of concrete situations, delegations would be able to draw certain conclusions regarding the products, categories of products or projects that they considered relevant within the scope of the mandate.

19. In his communication to delegations, he had put forward one possible way of structuring the work by looking at the various products or categories of products in the broader context of environmental projects or systems aimed at a particular environmental objective, such as the production of clean or renewable energy, or the protection of water, air and soils. These broad categories were intended to capture a vast range of products discussed in the CTESS. Moreover, he had suggested that other products could be considered in a second category of "environmentally preferable products" as the term was broadly used in the Secretariat's synthesis paper. This could also include, for instance, clean technology and products. He emphasized that this framework was simply aimed at providing a tangible basis for the discussions, in particular since there was limited time

available for Members to complete their work under the mandate. The Chair welcomed any further suggestions from Members that could contribute to taking this process forward.

20. The representative of the United States thanked the Chairman for his efforts in putting forward some suggestions on how to structure the work under Paragraph 31(iii). The US had put forward in its paper (TN/TE/W/64) some ideas on how the work could be taken forward, by proposing a fairly simple and straight forward way of focusing and structuring the work. The US believed that the CTESS had a real opportunity to contribute substantially to the Doha Development Agenda and to sustainable development more broadly, by delivering a concrete result under Paragraph 31(iii).

21. Ministers in Hong Kong had instructed Members to complete the work expeditiously under Paragraph 31(iii). As Members continued to intensify their work on environmental goods, the US saw great utility in efforts by the CTESS to clarify simple and straight forward parameters to fulfil the mandate in this area and to guide the Committee through its technical discussions. Two main concerns had emerged from the discussions prior to Hong Kong and subsequently in some informal discussions that the US had held with other delegations: first, that the Secretariat's Synthesis of Submissions under Paragraph 31(iii)² had become very large and unmanageable for many delegations; and second, that the direct environmental benefits of some of the products that had been proposed so far were not always clear.

22. At the same time, there seemed to be a willingness to engage in continued technical work needed to identify those goods that did not have a clear and direct environmental benefit. In this regard, the US had put in its paper some indicative questions that were intended to assist delegations as they considered the products that had been put forward so far. These indicative questions could provide useful parameters for the CTESS' discussions of the scope of environmental goods. Alternatively, these questions could also help determine products that were potentially garnering greater convergence of views among delegations as to their qualification as environmental goods for the purpose of fulfilling the mandate under Paragraph 31(iii).

23. The first question put forward asked whether the product had a clear and direct environmental benefit. Based on the discussions thus far, it appeared that most delegations agreed that the primary factor in determining the answer to this question was that the product had an obvious and direct environmental end use. For instance, where the product was used to control pollution or clean the environment. The question encompassed direct environmental end use, but would also capture other rationales for why a product had a direct environmental benefit apart from end use.

24. If a clear and direct environmental benefit was identified, delegations would also need to consider whether the product had dual or multiple use. If it did, the US suggested that the following additional questions be raised: (a) could this dual or multiple use be addressed by using a narrower product description at the national level (i.e. at 8 or 10-digit level); and (b) was the product so central to the delivery of key environmental or developmental benefits that its exclusion from liberalisation would significantly reduce the intended environmental benefit of this initiative and thus hinder sustainable development objectives. The third question put forward by the US was whether the product was sensitive or otherwise raised concerns for delegations. For instance, did it appear to be inconsistent with sustainable development objectives. Based on its discussions with several delegations, the US considered it necessary to allow Members to express legitimate concerns related to trade, the environment or development, or as they related to a particular product.

25. These simple questions could be applied in addressing in turn, various categories of goods drawn from the Secretariat's compilation, such as air pollution control, environmental monitoring, analysis and assessment, and renewable energy, which Members were already familiar with. This was

² TN/TE/W/63.

without prejudice to other categories that could be suggested and to the various approaches that had been proposed.

26. The indicative parameters put forward by the US were simple and straight forward and took into account the various concerns and questions that had been raised over the last year. However, these were not meant to be exhaustive, and Members were free to suggest additional questions. As the work progressed, she expected that many questions would arise that would need to be addressed. The US welcomed delegations' reactions to these indicative questions. Based on these questions and comments, the CTESS could move forward in its consideration of the proposed products.

27. The US also welcomed delegations' thoughts on the categories that were of most interest to them. Some of the categories that seemed to be considered as a priority by many delegations included air pollution control, renewable energy, waste water management, and solid and hazardous waste management. The goal for the US was to take on this review of the various categories of products and any new proposals that might emerge. Her delegation was ready to undertake all the work necessary until April, and hoped that other delegations would be willing to engage. This was without prejudice to the modalities and the approaches that would ultimately be decided upon. The US believed that this work had to be undertaken in the CTESS and invited other delegations to engage with an open mind.

28. The representative of Cuba thanked the Chairman and the United States for their suggestions on the way forward. Cuba recalled that it had raised in the context of informal consultations held by the Chair a number of issues of concern to many developing country delegations, and asked how these concerns would be taken on board in the work to be undertaken by the Committee. These questions included S&D treatment and well as NTBs, which formed part of the Doha and Hong Kong mandates given to the Committee in relation to Paragraph 31(iii). Cuba would not be able to move forward without the inclusion of such issues, emphasizing that the approach followed should not prejudice the outcome of the negotiations. She asked that these issues, which her delegation had raised in a spirit of constructiveness and with an open mind, be taken into account in future discussions.

29. The Chairman noted that the communication he had sent to delegations on the way forward had not been circulated as a formal paper for the meeting. He had taken note of the questions raised by Cuba, which he believed were important considerations in the negotiations. These issues had also been taken on board in his introductory statement.

30. The representative of Chinese Taipei expressed his appreciation for the US contribution, which would help structure future discussion and complete the work expeditiously under Paragraph 31(iii) of the Doha Ministerial Declaration, as instructed by Ministers in Hong Kong. In particular, the three questions raised by the US in its submission provided useful parameters for the CTESS' discussion of the scope of environmental goods.

31. These parameters could then be applied in addressing various categories of goods, without prejudice to other categories proposed by Members. After this category-by-category discussion, Members would have a better understanding of the coverage of environmental goods, and would be able to better address issues such as S&D treatment, NTBs, technology transfer, and the synergies between environmental goods and services. This would also positively contribute to the process in the CTESS by engaging the proponents in justifying the goods put forward and eventually dropping those that did not garner support.

32. Chinese Taipei believed that there was a certain degree of convergence between the US submission and the suggestions by the Chair on the way forward under Paragraph 31(iii), particularly with regard to pollution management. He noted that these points of convergence should be used as the basis for further intensified work.

33. The representative of Cuba thanked the Chair for his clarification, but noted that she continued to have doubts as to how the concerns raised by her delegation would be reflected in future discussions.

34. The Chairman reiterated that the document that had been circulated was aimed at facilitating discussions in the Committee. The elements raised by Cuba, as well as other points made by delegations in the informal consultations had been brought into the formal meeting in his introductory statement. He recalled that it was for Members to decide how they wished to proceed with the discussions in the Committee.

35. The representative of Venezuela thanked the Chairman for his suggestions on the way forward. He agreed that the indicative parameters should serve as a point of departure to reach some progress in the work of the CTESS and to try to fulfil the mandate under Paragraph 31(iii). Regarding the indicative parameters suggested, he noted that these underlined certain parts of the discussions which had been questioned by his delegation, as well as by other developing country Members. Venezuela believed that any list of products would have to be based on a clear definition of environmental goods and services. The parameters should therefore be aimed at establishing clear and objective criteria that could lead to a definition which genuinely contributed to the protection of the environment and to development. Without a clear definition of environmental goods and services, Venezuela did not see how the discussion could move on to the consideration of the areas of application.

36. The representative of Kenya thanked the US for its paper. He noted that since discussions were taking place elsewhere on some of the industrial products discussed in the Committee, Members could focus in the CTESS on products in other areas, in order to see whether the list could be narrowed down to at least some indicative products. Industrial products would have to be liberalised in NAMA, whether or not the CTESS came up with a list. The CTESS needed to find a way to advance its work in a manner that would deliver environmental and trade benefits. In Kenya's view, the issues raised by Cuba were important. In this regard, he noted that technology transfer would enable developing countries to produce the goods and to fully participate in the global market.

37. The representative of the EC believed that the suggestions by the Chair as well as the US paper provided a useful way to move the debate forward, especially in light of the instructions from Ministers in Hong Kong to carry out the work expeditiously. In this regard, he welcomed the fact that delegations were willing to move ahead in the CTESS. The parameters and indicative questions which had been discussed provided a useful tool to undertake further work and to clarify what had been proposed so far. Without prejudging the approach to be followed, Members had to find a way of defining and asking these questions, including the issues raised by Cuba. The EC therefore welcomed the Chair's proposal to look at products, systems, or projects within broad categories with a view to moving forward.

38. The EC noted that the question of a linkage between goods and services, for instance, could only be answered when considering a specific situation, project or product. The Chairman had suggested a way forward which involved launching a discussion on the basis of indicative parameters or questions, providing a forum to address the various issues comprehensively while considering individual items. There was no need for Members to reach agreement on a set of parameters, so long as Members agreed on a tool that they could use to examine the individual items that had been put forward so far, and to have a better idea of the products, systems or categories that they wished to address in the CTESS.

39. Regarding the points made by Kenya, he noted that there were two distinct mandates, namely that given to the NAMA group on industrial products on the one hand, and the mandate in Paragraph 31(iii) on the other hand, which involved the more specific task of identifying the environmental goods. However, he agreed with Kenya's point that it was not a foregone conclusion

that the discussion in the CTESS should be limited to industrial goods. While there had not been a decisive debate on this question, some of the indicative parameters discussed encompassed this question. This was an issue that would need to be addressed in the CTESS, if Members wished to raise it, with a view to finding an answer that was acceptable to all Members. He recalled that there were many technical challenges ahead (e.g. the ex out, the dual or multiple use issue or the environmental benefits of products) and limited time to fulfil the mandate. The EC was ready to work with all delegations to gain a better understanding of these issues. The EC believed that the Chair's suggestions on the way forward had pointed Members in the right direction.

40. The representative of Australia thanked the Chairman for his efforts to develop some indicative parameters to facilitate the discussions under Paragraph 31(iii), and also thanked the US for its paper which drew out most of the key questions which Australia believed should be applied to the various categories of goods that had been identified. Australia had noted that the questions presented were not exhaustive and would consider whether any further questions should be added. Australia agreed with the view expressed by other delegations that Members needed to maintain a certain degree of flexibility in these discussions. This included being able to accommodate concerns regarding for instance transfer of technology. Australia believed that these discussions would also need to lead to outcomes that would be of benefit to both developed and developing country Members.

41. The representative of Chile noted that both the Chair's and the US' suggestions on the way forward shared common objectives, namely: fulfilling the mandate by applying certain parameters to products in various categories through a discussion of the environmental benefits of products; and narrowing down the list by agreeing on a set of environmental goods that could be sent on to other negotiating groups. With this identification exercise, the CTESS would have completed its mandate, and the mandate of the NAMA group, which was different from that of CTESS, which would come into play.

42. Chile considered that the only clear parameter that should be applied was that of final use. Through the inclusion of other parameters, Members could start opening up the field of these goods thereby giving space for each Member or each proponent to defend their products. Members would also have to establish some priorities among the different categories, and in doing so, delegations would need to show some flexibility. Her delegation remained open to any comments from other delegations on where to start in this discussion. However, in her delegation's view, the category of environmentally preferable products raised some systemic issues and should not be included.

43. Chile had concerns regarding questions 2(b) and 3 of the US paper, as well as the Chair's second and third questions, as they seemed to mix market access considerations with environmental concepts. Chile also shared the concern of other delegations regarding the time available to complete this work, and considered it important to fulfil the mandate and to identify environmental goods. In order to make some progress, the CTESS had to begin with the application of the first parameter, i.e. with products that had an obvious and direct environmental end use. This parameter could be initially applied to one or two categories. The CTESS could then advance in its work progressively, category by category, with the understanding that the list of goods would be extended as consensus was reached on the products. However, to achieve this objective would require flexibility on the part of all Members. The proponents would also need to show a willingness to narrow down their list, and the Members that had put forward different approaches would have to try and clarify as much as possible these approaches.

44. Any list agreed in the CTESS at the end of this exercise would have to be balanced and reflect the interests of both developing and developed countries, not only as regards the environmental benefits, but also in terms of export and import interests. Chile was open to discuss a work programme to be implemented until the end of the year. Finally, she noted that the CTESS would benefit from having some information regarding the work of the Special Session of the Council for

Trade in Services (CTSSS) on the identification of environmental services, given the synergies that existed between environmental goods and services.

45. The representative of Ecuador thanked the Chairman for his efforts to guide the CTESS in the discussions on the way forward under Paragraph 31(iii) in line with the provisions of the Hong Kong Ministerial Declaration to carry out the work expeditiously. Ecuador shared some of the concerns expressed by Cuba regarding the importance to include in the negotiations all of the elements of the mandate, including the NTBs to environmental goods and services, so that the outcome would reflect the linkage between these various aspects of the mandate, which were all important from the point of view of sustainable development. Ecuador shared the sense of urgency in the discussions, and stressed that substantive progress needed to be made in other areas of the negotiations, including Agriculture.

46. Ecuador agreed that it was important to discuss indicative parameters or criteria to guide these discussions, without excluding any approach put forward by Members. Such a discussion would also be useful to define those goods and services that would provide environmental benefits for all Members. This was, in Ecuador's view, the potential value-added of these negotiations. The indicative parameters, guidelines or criteria should assist the CTESS in filtering the significant number of products identified that had no real environmental justification. Among the indicative parameters mentioned by the Chair, the environmental end use parameter would make it easier for Members to define those environmental goods and services.

47. As to the possible areas of application of the parameters, Ecuador felt that it would be useful, without any a priori exclusion, to focus on categories of environmental goods and services that would be beneficial to all Members, and in particular to developing countries through S&D treatment. In other words, it would be important for the CTESS to establish priorities among the different categories and to define the various steps that would have to be followed in order to identify products that had clear environmental uses. In this context, she noted the importance of S&D treatment, as it related to the transfer of technology for goods and services used to mitigate the environmental impacts of air, water or soil pollution, which many developing countries lacked.

48. Regarding the categories of environmental goods and services to which the CTESS should give priority, Ecuador noted the need to take into account those in which developing countries could be at a competitive advantage. In this regard, she recalled that NTBs were an important component of the mandate in Paragraph 31(iii) given that they could prevent products of environmental use from circulating. She noted that while the categorization of environmental goods could be useful to the discussion, Members needed first to establish those criteria that would guide the examination of products in the various categories, so as to ensure that the negotiations continued to be guided by environmental considerations. Finally, with regard to the US paper, Ecuador asked whether the reference to "sensitive products" in the last question was linked to the Agricultural negotiations.

49. The representative of China thanked the Chairman and the US for their work, which had helped trigger the discussion on the way forward. As this was the first meeting of the year for the CTESS, it was important to work out a well-structured and balanced approach for further deliberations in the CTESS with the objective of fulfilling the mandate. After a lengthy discussion of proposals tabled by Members, China believed that the Committee needed a clear idea of the way forward under Paragraph 31(iii), but also of any possible follow-up actions by relevant negotiating bodies.

50. In this connection, his delegation noted the efforts of the Chair in trying to list a set of indicative parameters and possible categories with a view to facilitating the work. He noted the Chairman's reference in his introductory remarks to the identification of environmental and developmental benefits of goods, and to projects, and the references to the issues of synergies between goods and services, technology transfer and NTBs. China appreciated the effort to accommodate

different ideas with a view to achieving triple-win objectives. However, looking at the indicative parameters, it seemed that if the CTESS tried to find answers to these questions, it would fall into another round of debate about dual use, or about the list vs the project approach.

51. As a newly acceded Member, China regarded this negotiation as a learning process. China believed that the identification of environmental goods in the CTESS was different from sectoral negotiations, e.g. on electric and electronic products, or textile products. The latter was about the physical nature or character of a product, while the former was about the purpose or end use of a product. It was also easier in the context of the latter to identify products, whereas in the case of the former, any product could be considered as having an environmental purpose. While it was easy to say that a hammer was not an electronic product, it was not easy to say that a hammer was absolutely not an environmental product. Environmental goods needed to be defined by parameters such as the product's final use or purpose. Even some typical environmental goods, such as environmental monitoring equipment, could also be used for military purposes; however, a sweater or a T-shirt, whatever the use, was no doubt a textile product. This was the main reason why China encountered so many conceptual and practical difficulties in this exercise.

52. China noted that if Members tried simply to delete from the list those products for which they had difficulties tracing the end use, this would not be fair to their possible environmental function, and could run counter to the objective of the mandate. This raised the question of how the environmental function or end use of a certain product could be highlighted simply by listing the products, and whether drawing up a list of environmental goods was the only way to fulfil the mandate. China found it easy to identify categories, since categories were actually areas of the environmental end use of products, but difficulties would necessarily arise when examining certain products. Therefore, debating issues such as the direct environmental end use of products, the dual or multiple use, or drawing up a long or a short list of environmental goods may not lead anywhere.

53. In China's view, addressing some of these difficulties could also help the CTESS in finding a way forward in its work. His delegation welcomed any suggestions as to how different ideas could be incorporated in the discussion rather than pursuing a single approach regardless of its basic difficulties.

54. The representative of Thailand, also on behalf of Malaysia and Indonesia, said that his delegation was not opposed in principle to a discussion of indicative parameters if Members agreed that this was one potential way of moving forward. However, his delegation supported the inclusion of indicative parameters that directly addressed the environmental project approach. According to Thailand, the EPA gave Members more policy space, especially to developing country Members. Moreover, the project approach dealt more effectively with the difficult issue of dual or multiple use. One possible parameter relating directly to the EPA could be, for instance, to identify the environmental projects of particular interest to developing country Members, or those that had a clear and direct environmental end use.

55. Secondly, regarding the consideration of EPPs, he recalled that the inherent linkage of these products to PPMs was a problem for his delegation. He recalled that the main consideration invoked by some delegations for the inclusion of EPPs was that many of these products were of particular trade interest to developing countries. However, as a developing country Member, Thailand was of the view that the concept of EPPs would not help the CTESS in its efforts to identify environmental goods.

56. Thailand thanked the US for trying to help the CTESS move forward by presenting their new paper, which his delegation was still examining. Regarding the US suggestion in question 2(a) that dual or multiple use could be addressed by using a narrower product description at national level, he noted that if the question was answered in the negative, there would be no need to address question 2(b), since Members had different views on how central a certain good could be in terms of delivering key environmental or developmental benefits.

57. The representative of New Zealand said that given the Director-General's suggestion that Members agree on parameters by the end of April, it was appropriate for the Chair to seek to focus the negotiations to achieve that end. New Zealand appreciated the Chair's willingness to think creatively about some indicative parameters, without prejudice to other suggestions. In his delegation's view, indicative parameters were the right starting point. They would give substance to and build upon the CTESS discussions. More importantly, the concept would give Members the tools needed to accomplish the work that Ministers were expecting. Like other Members, New Zealand believed that the overarching premise for these negotiations should be on the universe of items which had an environmental benefit. This was the reason why this particular area had been singled out by Ministers. The indicative parameters suggested by the Chair and those proposed in the US submission also acknowledged that. He noted that the indicative questions of the Chair provided a starting point for Members to build upon, and the US submission put forward other ideas that complemented this framework.

58. New Zealand had started a process of civil society consultations around the items on its list proposed for negotiation. Like other delegations, New Zealand had accepted that the scope of the negotiations needed better definition. In practical terms, this could involve reducing the number of items up for negotiation, and his delegation was prepared to play its part in that process. While the domestic process was not yet complete, New Zealand expected that the negotiations and the discussions of parameters in particular, would inform any policy choices that were being made in terms of the items that had been proposed by his delegation. New Zealand had also reflected upon the kinds of parameters that could be used to make the process more manageable. In this regard, New Zealand had also come up with a set of questions which shared some similarities with the Chair's indicative parameters and the questions set out in the US paper.

59. One issue that had taken up a great deal of time domestically was the question of multiple use. New Zealand suggested that this question could be considered in the context of two inter-related points: first, whether the item was an essential component of a plant or an equipment with a single environmental use; and second, whether it could be identified at the border by a customs official with a narrower product description under national tariff codes. He noted that the US had also raised this issue in its paper.

60. The Chair's suggestions had been very helpful in focusing delegations' minds on the key issues, and the indicative parameters provided a good foundation to move the discussion forward. The Chair's suggestion to start applying those parameters to products was also a useful one. New Zealand saw merit in applying the indicative parameters to specific categories, and welcomed the fact that the Chair had set out groupings or categories that could be contemplated for discussion. He noted that the second question set out by the US in its paper addressed the dual use issue in a sensible and practical manner. Furthermore, New Zealand agreed with the categories proposed by the US for the application of the parameters.

61. Regarding the EPP category, he recalled that his delegation had proposed that the concept of EPPs be defined on the basis of end use or disposal characteristics of products only. This definition had been proposed deliberately so as to rule out PPMs. He noted that other delegations had been similarly careful about the way in which they had described that category. If parameters were to be applied to this category, New Zealand believed that it would need to be defined in this way.

62. New Zealand expressed sympathy for the comments made by delegations which emphasized the need for the negotiations to benefit all Members. He noted that it was difficult to deal with issues such as S&D treatment and NTBs in the abstract and that the best way to genuinely address these concerns was to actually apply the parameters to the specific categories and engage in a practical discussion. He emphasized that the parameters suggested were only indicative and could be supplemented as the work progressed. New Zealand viewed the process as an organic and evolving one; the main objective was for the CTESS to engage in a concrete discussion.

63. The representative of Mexico thanked the Chairman for his suggestion to work on the basis of indicative parameters and his efforts to provide a structure to the discussion under Paragraph 31(iii). Her delegation also thanked the US for tabling its paper in document TN/TE/W/64. Mexico noted that the discussion of parameters should not prejudice the position of Members in the negotiations. In terms of the categories, she noted that the question of end use was important. However, her delegation raised some questions regarding some of the other parameters, such as the one related to dual or multiple uses or the consideration of goods that had a lesser impact on the environment or which did not present a risk for the environment.

64. Mexico shared the views expressed by Thailand with regard to the category of EPPs, and did not consider that such products were relevant to the discussion in light of the difficulties highlighted regarding the identification of environmental goods based on PPMs. Moreover, regarding the point raised by the EC on the consideration of non-industrial goods, Mexico had already expressed its preference for excluding such goods from the discussion. She asked the EC whether its proposal would provide, for instance, better access for organic bananas in comparison to any other agricultural product.

65. Mexico appealed to the proponents of the lists to revise their list instead of repeating that parameters were already included in these lists. Mexico pointed out that a discussion of parameters would be counter-productive if it resulted in finding a justification for all of the items proposed so far. Finally, with regard to the negotiations on environmental services, Mexico supported Chile's suggestion that the Chair of the CTSSS should report to the CTESS on the status of the discussions so as to maintain the synergy between the two negotiating groups.

66. The representative of Singapore said that the suggestions from the Chair and the US submission on the way forward were timely, given the need to make headway in the negotiations. Without prejudice to the various proposals on the table and the issue of approach, Singapore believed that looking at parameters, as the Chair had suggested, was a good way of advancing the work. The US had also made some useful suggestions in this regard. In particular, Singapore agreed with the suggestion to look at the obvious end-use of a product in order to determine whether it had a clear and direct link to the environment. The end-use was a relatively simple and practical concept to implement, including for customs officials. While his delegation supported the end-use criterion, this did not mean that other criteria should be excluded. In this regard, Singapore shared the view expressed by China that the CTESS should not lower its level of ambition for the negotiations, which in his view could potentially benefit all Members, in particular developing countries.

67. He noted that the parameters presented by the Chair and by the US were only indicative, and that Members could bring in new parameters that would contribute to fulfilling the mandate in Paragraph 31(iii) while delivering benefits to all Members from a trade, development and environmental perspective. Singapore also supported the suggestion to apply parameters to a few categories of products. Singapore noted the point made by the EC that the Committee's focus should not be restricted to industrial products.

68. Regarding the issue of categories, Singapore was of the view that certain categories were of particular interest to developing countries, for instance renewable energy. This category included products such as bio-fuels, which could be beneficial from an environmental, trade and development point of view. Finally, on the question of dual or multiple use products, his delegation believed that there should be an inclusive approach to deal with them. Some of the suggestions already put forward on how to treat such products, for instance using a narrower HS product description, or assessing whether their use was predominantly environmental, warranted further discussion.

69. The representative of Egypt thanked the Chair for his suggestions on the way forward, which attempted to bridge the gap between the different approaches. He noted that there were still divergences on the issue of approach and that further work was needed on the lists that had been

tabled. The Chair's suggestions on the way forward provided a platform upon which further technical discussions could take place. It was Egypt's conviction that discussions on how to structure the work in future needed to focus on defining the scope of the work on environmental goods and services so as to ensure that the negotiations provided some value added from a development perspective. While his delegation saw merit in discussing parameters and indicative questions related to environmental goods and services, Egypt considered that it was for the proponents of the lists to revisit these lists, and it was not for other delegations to undertake this exercise for the proponents. While Egypt was open to discussing parameters, he emphasized that this discussion should be without prejudice to Members' positions in the negotiations.

70. Regarding the integration of the development aspect in the discussion, Egypt also appreciated some of the elements suggested by the Chair. However, it was important to agree first on how environmental goods and services would be treated. For instance, it was still unclear whether environmental goods would be treated as a sectoral in NAMA and how S&D treatment would be applied to these goods. He asked how issues such as NTBs and transfer of know-how, for instance, could be integrated into the discussion. These questions were not theoretical, and were important for many Members to engage in any discussion of definition. Egypt reminded delegations that other approaches were still on the table and that these approaches also merited the Committee's attention. India's environmental project approach, for instance, had helped Members focus on certain aspects of the problem at hand. Egypt also appreciated the fact that the integrated approach suggested by Argentina attempted to bridge the gap between the different approaches on the table.

71. For Egypt, it was incumbent upon Members to revise the different approaches and to agree on the treatment that would be given to environmental goods and services. This would provide some comfort for Members to engage further in the discussion. He also noted that Members should avoid using broad terms such as "environmentally preferable products", the "do no harm" principle, or "predominant environmental use" which were not helpful to the process. Finally, he asked the US to provide some further clarification on the meaning of the words "sensitive products" in the third question set out in the US paper, as these words could be interpreted in different ways.

72. The representative of Korea said that the contributions by the Chair and by the US would facilitate the process of negotiations in the CTESS by developing parameters that could be applied in the identification of environmental goods. Korea wished to reiterate that due consideration should be given to both environment and trade aspects for the effective integration of the two elements. He believed that criteria of the end-use and the practicability of using HS codes at the 6-digit level and ex-outs was the most pragmatic way to bring about environmental and trade benefits. In order to assist the process of reducing the list of environmental goods based on parameters, he noted that further technical work could be undertaken on the potential environmental benefits of products, as well as issues related to the identification of products at customs.

73. The representative of Brazil expressed his appreciation for the suggestions by the Chair and also to the US for its paper, which both raised some valuable questions that would help Members fulfil the mandate. One point that Brazil had found particularly useful in both papers was the idea that an environmental good had to have a clear and direct environmental end-use. This was a parameter that could help the group to narrow down the list of products put forward provided that Members had a clear understanding of how to define end-use.

74. Regarding the question of how to deal with dual or multiple use, he noted that his delegation was sceptical about the use of 8 or 10-digits as suggested by the US. For instance, Brazil failed to see how "non-woven of manmade filaments with a specific weight" (entry number 116 in the compilation list) could have any environmental use outside of a specific context or project. In this regard, Brazil shared the views expressed by Egypt, China and other delegations that some of the categories and parameters suggested so far would not be useful for the purposes of the discussion. Members therefore needed to consider whether these could be supplemented by any additional questions,

including some that would relate to the identification of goods used in environmental projects. This would also provide a means of taking on board the points mentioned by Cuba, including S&D treatment and the transfer of technology.

75. Brazil agreed with New Zealand regarding the difficulties of discussing the issues of NTBs, S&D treatment and transfer of technology in the abstract. However, he did not believe that applying the indicative parameters to the categories on the table would effectively contribute to the discussion of these issues. Members needed to find a way of adding the project component to the parameters that had been discussed. One way could be to revisit Argentina's integrated approach, which contained useful ideas that could guide the work ahead.

76. The representative of Argentina thanked the Chair for his efforts and good work in presenting indicative parameters and possible areas of application. He also thanked the US for its paper, which showed good will in trying to indicate a path forward that would allow the CTESS to make some progress. Following up on the comments made by some delegations, Argentina wished to make three main points which in its view were crucial to the discussion.

77. First, Argentina noted that the indicative parameters and the categories suggested for their application provided some flexibility to accommodate as many concerns as possible. He recalled that the discussion under Paragraph 31(iii) had started out with very few basic reference points, and had resulted in a compilation list that contained many items which delegations did not consider to be environmental goods. Argentina was concerned that an open discussion based on general questions or parameters would lead Members to the same result, by leading to a situation where each Member would pick and choose what was in its own interest. Furthermore, Argentina was not convinced that the parameters or categories identified were the right ones. For these reasons, Argentina had doubts about the final outcome of such an exercise. Second, the CTESS had not yet found any solution to the conceptual problem of defining environmental goods. This was not a question that Members could afford to ignore or leave aside. Finally, his delegation had suggested an alternative approach that integrated elements from both the list and the project approaches. While Argentina was ready to discuss parameters and the identification of environmental goods under different categories, he noted that the discussion should also include the idea of projects.

78. The representative of Canada said that in its own process of identifying parameters and indicative questions, his delegation had found some conceptual overlaps with the suggestions made by the Chair and the US. Both of these contributions had tried to identify simple questions. However, asking simple questions was not an easy task if these were to be the essential questions. Canada welcomed a discussion of the issues raised by some developing country Members, and was prepared to move forward on the understanding that both the Chair's and the US' proposals would serve as a basis in pursuing the task of clarifying environmental goods in the CTESS. With regard to the suggested areas of application, Canada indicated its preference for the categories used in the Secretariat's compilation as reflected in the US paper but was also willing to work on the basis of any proposal that garnered support among Members.

79. The representative of Japan said that the indicative parameters presented by the Chair and the US delegation provided a good starting point for narrowing down the list of products. Japan noted that it had some concerns regarding some of the parameters. However, given the time available, Japan recognized that Members needed to move to technical discussions where these parameters or indicative questions would be applied to specific categories or situations.

80. Japan was reviewing its own list of environmental goods and the discussion of parameters and their application in the CTESS could facilitate and expedite this process. The technical discussions would also provide an opportunity to discuss technologies or innovations developed for environmental purposes or which could be used to reduce adverse environmental effects. Finally,

Japan recalled its position that any product identified on the basis of PPMs should be excluded from the discussion.

81. The representative of Switzerland welcomed the Chair's suggestion to test indicative parameters by applying them to different areas. The timelines set out by the Director-General for negotiations in this area called for concrete results by April 2006. Therefore, there was a sense of urgency, as this result would have to feed into the work of the NAMA negotiating group on modalities for tariff reductions. The NAMA group could not work solely on the basis of a set of parameters. Members needed to know what would be the implications of these parameters and what HS tariff lines were at stake, hence the need for a technical discussion that would allow Members to test the parameters against the products or categories.

82. Switzerland believed that the parameters had to achieve two main goals, namely to highlight whether the goods had an environmental benefit, which was the specific mandate of the CTESS in Paragraph 31(iii), and whether these goods raised practical problems with regard to their identification at customs. The parameters needed to meet these two requirements and had to be sufficiently simple and flexible to reflect technical innovation that could occur in future. They also needed to be indicative to facilitate the next step, which was to apply them to product categories or products *per se*. With respect to dual or multiple use there were, in her delegation's view, two possibilities, namely to identify products beyond HS 6-digit level at national level or with an ex-out, or alternatively, to exclude any environmentally harmful product from the list. Switzerland noted that the former option was more restrictive than the latter.

83. Regarding the US submission in document TN/TE/W/64, Switzerland thanked the US for coming up with a good indicative list of questions. Her delegation agreed that the environmental benefit should be considered first. However, the focus should not only be on end of pipe products, and prevention needs also had to be addressed. Switzerland supported the point made by New Zealand regarding the EPP category and the criteria of end use and disposal characteristics. Furthermore, her delegation agreed with Chile that the CTESS needed a broad outline or work programme proposing categories for the continuation of the discussions in the CTESS.

84. The representative of South Africa said that her delegation agreed with the points made by other Members regarding the sense of urgency. The fact that some delegations were picking up on issues such as S&D treatment was an encouraging sign that Members were not thinking only about what constituted an environmental good, but also about what would happen to this environmental good once Members had actually agreed on it.

85. She noted that South Africa had not ruled out the possibility that environmental goods could include agricultural products. Her delegation was not willing to accept the fact that the CTESS' contribution would be limited to the work in NAMA. This question was premature since Members were still grappling with the definition of environmental goods. South Africa was open to the concept of working with parameters, which was a useful way of refocusing the discussions. Furthermore, the application of parameters was compatible with her delegation's preference for using projects as a means of identifying environmental goods, as projects allowed Members to start with the question of environmental use. China had clearly articulated the kind of difficulties that developing country Members were facing in identifying environmental goods. She noted in this regard that the project approach provided an easy way of identifying goods which had a specific and clear environmental use.

86. While South Africa supported work on the basis of categories, any listing of categories for the purpose of the discussion should not be considered as exhaustive. Within these categories, South Africa was considering identifying the sorts of products which would be used in the context of specific projects. This was how South Africa was thinking of moving forward on the basis of parameters. The use of parameters in future discussions would also provide a useful way of identifying NTBs associated with the projects, the technology or know-how gaps, as well as the

appropriate services which would be attached to those environmental projects. For her delegation, these were restricted to environmental services *per se*.

87. The South African delegation would not be able to engage in a discussion on a product by product basis. This was a task that needed to be undertaken in capital. She noted that her delegation would not have the necessary expertise to deal with all the different categories in the CTESS. South Africa hoped that the discussion would guide the proponents of the lists in reviewing and shortening their lists. Once the list would be brought to a more manageable size, then other delegations could start engaging. The onus was also on the Members supporting the project approach to build on it and provide some examples of goods and services required in the context of environmental projects. Finally, she noted that while her delegation would continue to work towards the objective of completing the Round by the end of 2006, the only deadlines South Africa was committed to were those that had been agreed to by Ministers. In this regard, she further noted that the deadlines set in April were for modalities in NAMA and Agriculture and not for the environment negotiations.

88. The representative of India said that while his delegation was open to the idea of working on the basis of parameters, it was not convinced about the purpose of this exercise. The US had made it clear in the presentation of its paper that they would like the parameters to be used to trim down the compilation list. However, this was not something India could agree to. India appreciated the fact that some of the proponents had started revising their list and had indicated that the discussion in the CTESS could help in this process. However, it was not the purpose of the Committee to use the Synthesis list as a basis for fulfilling the mandate and deciding that the parameters should now be used to trim down the proponents' lists.

89. While the suggestions made on the way forward were helpful, India believed that these suggestions were biased in that they did not take into account the project approach, nor the integrated approach put forward by Argentina. India noted that in the build up to Hong Kong, it had become evident that a number of developing country Members had severe problems with the list approach. Furthermore, Members had not been able to agree at Hong Kong on a common way forward. India could not agree to simply move on to the identification of products to be passed on to NAMA by April. India's project approach was still on the table, and it was not clear from the US paper how this approach could be taken on board. Regarding the possible areas of application of the parameters mentioned by the Chair, India wished to seek a clarification on how the indicative parameters would apply to an environmental project. Even if these categories were generally acceptable, the goods and services considered for tariff concessions under the EPA were those required for the purpose of the environmental project. Therefore, India failed to see how the suggested areas of application catered for these kinds of situations.

90. India had taken note of the point by South Africa that Members that supported the project approach needed to come forward with more details on the approach and with some indicative goods and services that were commonly used in the context of environmental projects. In previous information exchange sessions, India had provided some examples on which future discussions could build. However, there was in India's view an in-built bias in some of the suggestions made which was leading towards the list approach, and this created problems for his delegation. Moreover, the mandate in Paragraph 31(iii) had to be considered as a whole, including the issue of NTBs. Furthermore, India noted the role of services in the discussion, and in particular the engineering and consultancy services that were linked to the delivery of certain goods. His delegation was concerned that this aspect of the mandate would not be sufficiently incorporated in the discussion.

91. Regarding the issue of process, he agreed with the delegation of South Africa that it would not be possible for his delegation to be sitting in the CTESS with experts going through products to determine whether these qualified as environmental goods on the basis of their possible use. Finally,

with regard to deadlines, he stressed that India felt committed only to those that had been set by Ministers.

92. The representative of the EC said that the question raised by Mexico pointed to another question that the EC had raised in previous discussions regarding eco-labelled products in the CTESS negotiations. The EC was not actively proposing eco-labelled products, but had nevertheless suggested that these could be considered as part of the negotiations. With regard to agricultural products, the EC was interested in hearing what other delegations thought, emphasizing that there was no a priori exclusion. He further noted that most of the EPPs, which the EC had defined as products with high environmental performance or low environmental impact, were not actually PPM products. If Members looked at the individual goods on the table, they would find items such as animal or vegetable fertilizers that could be used instead of synthetic fertilizers.

93. The representative of Hong Kong, China welcomed the indicative parameters that the Chair and the US delegation had put forward. Her delegation understood that these were only indicative and were intended to help the CTESS move forward and fulfil its mandate as agreed in Doha. Hong Kong, China believed that the parameters could help Members either in examining the list of products that had been proposed or in clarifying some aspects of the environmental project approach. Hong Kong, China agreed that it would be up to the delegations that had put forward lists to revise them. However, the discussion in the CTESS could still provide some useful feedback for the proponents to proceed with such revision. The same also applied to the environmental project approach.

94. Her delegation still had questions regarding the EPA, e.g. how the issue of NTBs would be dealt with regard to the specific products covered by projects. As for the issue of NAMA, Egypt had made an interesting point about wanting to know what exactly the treatment of the products would be. Hong Kong, China was also interested in this question, as this would mean that Members had resolved the issue of modality in NAMA. Hong Kong, China believed that the CTESS could add value to a sectoral discussion in NAMA. In the latter context, Members would look at products merely from the point of view of their own trade interests or would focus on products that they wished to export. In the CTESS, Members could take into account the broader perspective of environmental benefits, as well as the development aspects. This was where some of the parameters that had been put forward could actually contribute to the discussion. Her delegation therefore supported the proposal to move forward on the clarification of products.

95. Cuba and other delegations had also mentioned some pertinent considerations, namely with regard to S&D treatment, NTBs and transfer of technology. Hong Kong, China agreed with those delegations that found it easier to look at the concrete products that were being considered rather than talking about S&D treatment in the abstract. Finally, she asked Ecuador to explain further the linkage between transfer of technology and S&D treatment.

96. The representative of Norway thanked the Chairman for his work and efforts to bring the discussion forward. He also thanked the US for presenting their paper. Norway continued to support the view that a list of goods had to address primarily environmental objectives, and that the products identified under any approach would have to deliver clear environmental benefits.

97. In this regard, Norway fully supported the need to identify some kind of parameters, criteria, or questions in order to progress on this issue. What the Chair and the US had put forward provided a valuable starting point. However, he agreed with other delegations that further technical discussions on the issue were needed. Norway had no strong views on the different parameters or categories, as long as they reflected what his delegation believed to be the main objective in the CTESS, namely to ensure that environmental improvements were made possible. Norway agreed that environmental products, categories of products or projects that were of particular interest to developing countries should be properly addressed. His delegation looked forward to engaging in what it hoped would be a constructive debate on the way forward.

98. The representative of Ecuador said that her delegation wished to respond to the question raised by Hong Kong, China regarding S&D treatment and transfer of technology. As was well known, S&D treatment was a cross-cutting issue in all the negotiations aimed at balancing certain existing rights among developed and developing countries. In the context of these negotiations, the offensive interests of certain developing country Members such as Ecuador with regard to the lists tabled were fairly limited. A preliminary study of the list had shown that Ecuador only exported 2 per cent of the total number of products on the list. Therefore, S&D treatment was particularly relevant to these negotiations. One way of creating a balance was through transfer of technology, without prejudice to the different approaches on the table. In the context of the project approach, technology transfer could be more operational. In the context of the list approach, the issue needed to be discussed further and clear criteria would have to be set.

99. The representative of Cuba in response to the comment by New Zealand emphasized the need to make more operational and concrete the question of S&D treatment. Cuba agreed with Ecuador that there was a technology imbalance that should be addressed. She also echoed the comment by Kenya that there was a need to reverse the situation whereby developing countries continued to be at the receiving end of environmental goods and had very limited opportunities to export such goods. It was therefore important to have S&D treatment as well as transfer of technology. The CTESS also needed to look at NTBs. Without due attention being paid to these aspects, the negotiations would not translate into real access for all products. In that context, Cuba has asked that these views be reflected in any agreement on the way forward, without prejudice to the issue of approach. Cuba agreed with the point made by Egypt and Argentina that perhaps Members needed to take one step backwards in order to take two or three steps forward.

100. The representative of the US thanked the delegations that had commented on its paper. She noted that the indicative parameters suggested by the US were not very much unlike some of the indicative parameters and questions that the Chair has raised. However, the main area where the US paper and the Chair's proposal differed was with regard to the areas of application of the parameters. The US preferred to apply the parameters according to the categories that Members were familiar with, namely those listed in the Secretariat's compilation, which were essentially the categories that Members had themselves put forward.

101. The US noted that the objective was not to create hard nosed criteria or some mathematical formula that would yield exact results. What it had tried to do in putting together some broad parameters was to take into consideration the various concerns raised by delegations. The US hoped that the indicative parameters that it had suggested were broad and balanced enough to accommodate all of the various views. She underscored that these parameters were not intended to be exhaustive. Brazil had suggested that the CTESS in its examination of categories could think about the products used in environmental projects. This was a question that the US had asked several times in the Committee. Her delegation was interested in hearing more from those who supported the project approach about the kinds of products and categories that were used domestically.

102. Regarding the concerns expressed on S&D treatment, the US had circulated in the CTESS a proposal for a modality based on a core and a complementary list. This paper contained suggestions on how S&D treatment could be considered in the negotiations. While the CTESS' mandate was not to determine a modality, the US was willing to hear any specific suggestions on this matter.

103. Several delegations had also raised the aspect of NTBs which was part of the mandate in Paragraph 31(iii). As the CTESS moved to a discussion of categories, the US hoped that this would give some context in which to discuss NTBs. The EC was correct in pointing out that it was difficult to have a discussion of NTBs in abstract, outside of a concrete context. The US would be interested to find out about the particular products or categories where delegations were facing NTBs.

104. Other concerns had been raised by delegations on the EPP category. She recalled that initially there had not been much support for defining EPPs based on end use and disposal characteristics. However, after more discussion in this Committee, it had become clear that while those particular products were of interest to certain delegations, they raised some fairly serious concerns among other delegations. This underscored the point that Members needed to have a very open discussion of the various products that had been proposed so that Members could get a sense of what was agreeable or what would raise serious concerns. It also emphasized the point that the discussion needed to take place in the CTESS, rather than for the proponents to assume what other delegations wanted and did not want in trying to create a shortened list. The US hoped that the proponents could get such feedback through a structured discussion in the CTESS.

105. Concerning the questions raised on the third indicative question proposed by the US, which used the term "sensitive", she noted that there was no intention to establish a link with the agriculture discussions. The objective of this third question was to give delegations scope to come forward with any other concerns about a particular product or category.

106. The US agreed with the point made by China about not lowering the ambition at this stage. With regard to dual use in particular, it was too early to draw any major conclusions. Some questions had also been raised about the second question set out in the US paper on dual use. Again, the US's intention was not to dictate what that discussion would be, but rather to offer some ideas on how to deal with dual use. This was another area where the context was very important. It was hard to have a discussion of dual use in the abstract, and it was important to have that discussion within particular categories of products or specific products on a case-by-case basis. She noted that there had been a fairly positive reaction to the idea of organizing future work according to categories of goods so as to consider them in a more holistic manner. The idea was not to close any doors, but rather to set out a more structured path for some of the work that needed to take place, without prejudice to any other suggestions on the way forward that could be made in future.

107. The representative of UNEP said that the UNEP-UNCTAD Capacity Building Task Force was commissioning the development of a paper that examined the experience of MEAs in identifying, providing access to and transferring environmental technologies. In addition to furthering the implementation of these MEAs, this paper could also provide useful insights for the environmental goods discussions in the CTESS. The paper focused its analysis on the Basel Convention, the Convention on Biological Diversity, CITES, the Montreal Protocol, and the Stockholm Convention on Persistent Organic Pollutants. In particular, the paper analyzed relevant provisions and described various initiatives taking place within these MEAs related to technology. A first draft of this paper had been forwarded to the relevant MEA Secretariats for their initial comment, and would then be forwarded to governments for their comment.

108. The Chairman said that Members had gone a long way in their exchange on the way forward. From these discussions, it seemed that Members were now willing to engage in technical work, which was an encouraging sign at that stage of the negotiations. It was well understood that this technical work would not prejudice any discussion of approaches that could be adopted to fulfil the mandate under Paragraph 31(iii). However, Members in the CTESS needed to focus on finding a practical way of launching this work.

109. The idea of using parameters to guide future discussions was important to ensure that the work could proceed in a practical and focused manner. There also seemed to be broad agreement among delegations that the parameters should remain fairly simple, and most importantly, flexible. He had noted that many delegations had expressed the view that environmental end-use was the most important parameter, but that there were also other considerations of importance to some delegations. The discussions had established that there was no point in discussing parameters in the abstract. Instead, the parameters should be applied to concrete situations and examples so as to enable Members to focus their attention on the various aspects of the mandate.

110. With respect to the point made regarding the value added of the CTESS' work, he believed that there was a need to take stock of the work already carried out, the concerns expressed and the issues raised, in order to avoid duplication and repetitions. He noted in this regard the useful work that had been carried out in the context of the Information Exchange Sessions, as well as the discussions held in CTESS meetings.

111. He suggested beginning the technical discussions by applying parameters to various products, categories of products, or projects aimed at particular environmental objectives. At the next meeting, the CTESS would initially focus on single environmental end-use to apply to products or situations. The CTESS would then need to consider other issues of interest to delegations. Clearly, at that stage, there would be a need to broaden the scope of the discussions beyond the issue of single use. He further suggested starting the work at the next meeting by focusing initially on two areas of application, namely Renewable or Clean Energy and Air Pollution Control. Furthermore, cross-cutting issues such as S&D treatment, related NTBs, transfer of technology and the justification of a good in relation to a particular context, project or system, would also be discussed.

112. He emphasized that there was not much time left in the negotiations and that the CTESS had to use this time fruitfully to complete its task. Members that had submitted lists had a responsibility to address the concerns raised with respect to certain products. This would allow them to take these concerns into account and to look again at their lists. At the same time, those delegations that had suggested other approaches, including the environmental project approach, would also have the opportunity to bring their ideas to the table for discussion.

IV. OTHER BUSINESS

113. The CTESS agreed to the renewal of the ad hoc invitations issued for that meeting at the next meeting of the CTESS.³

³ The dates of the next formal meeting of the CTESS would be announced at a later stage. The following organizations would be 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 and the United Nations Framework Convention on Climate Change (UNFCCC).