

Committee on Trade and Environment Special Session

**SUMMARY REPORT ON THE TWENTY-FIRST MEETING OF THE COMMITTEE
ON TRADE AND ENVIRONMENT IN SPECIAL SESSION**

1-2 NOVEMBER 2007

Note by the Secretariat

1. The Committee on Trade and Environment in Special Session (CTESS) held its twenty-first meeting on 1-2 November 2007 on the basis of the agenda set out in the convening airgram, WTO/AIR/3100.

2. The following international organizations were invited to participate as *ad hoc* invitees: the United Nations Environment Programme; the United Nations Conference on Trade and Development; the World Customs Organization; the Organisation for Economic Co-operation and Development; the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal; the Convention on International Trade in Endangered Species of Wild Fauna and Flora; the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade; and the Stockholm Convention on Persistent Organic Pollutants; the Convention on Biological Diversity; the Montreal Protocol on Substances that Deplete the Ozone Layer; and the United Nations Framework Convention on Climate Change.

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

3. The Chairman noted that no new submissions had been presented under this agenda item. Reporting on his consultations under Paragraph 31(i), he said that delegations seemed ready to engage in a focused discussion of the proposals on the table, on an element-by-element basis. He had identified four main items which covered key points from Members' proposals for an outcome. These items were: (1) reference to the mandate; (2) observations drawn from CTESS discussions on specific trade obligations (STOs) in MEAs; (3) the importance of internal coordination in the negotiation and implementation of MEAs and the value of national experience sharing in this regard; and (4) the use of MEA expertise in the context of dispute settlement. To assist delegations in the discussions, the Secretariat had prepared a compilation of elements drawn from Members' proposals in respect of these four items.

4. He emphasized that these items were by no means exhaustive. The objective was to stimulate a discussion of elements that could be reflected in an outcome under Paragraph 31(i). He noted that while some of the ideas put forward already garnered broad support, others would require further discussion. The Chair said he would continue his consultations in the coming weeks on this part of the mandate in an inclusive manner.

II. PARAGRAPH 31(II): PROCEDURES FOR REGULAR INFORMATION EXCHANGE BETWEEN MEA SECRETARIATS AND THE RELEVANT COMMITTEES, AND THE CRITERIA FOR THE GRANTING OF OBSERVER STATUS

5. The Chairman noted that there had been extensive discussions on the "Elements of a Draft Text under Paragraph 31(ii)" and recalled that the last version of the document had been circulated to Members in early July. Overall, the paper had matured to a point where it provided a good basis from which to develop an outcome, although a few outstanding questions would require further discussion. The Chairman reported that since July he had focused his attention on other parts of the Paragraph 31 mandate to ensure that work in all areas continued to progress in parallel. He intended to resume his consultations on the "Elements" paper under Paragraph 31(ii) in due course.

6. The representative of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) reported that during the month of June 2007 the CITES Standing Committee and its Conference of the Parties (COP) had met at the Hague in the Netherlands. These meetings had resulted in a number of policy decisions that had some implications for cooperation between the CITES and the WTO. These developments were also relevant to the WTO "Matrix on trade measures pursuant to selected Multilateral Environmental Agreements (MEAs)", which had been updated by the WTO Secretariat in March 2007.¹ She noted that background documents, reports and resolutions of decisions were accessible on CITES' website (www.cites.org).

7. The representative of CITES said that at its 55th Session, the Standing Committee had decided that its Chairman would write again to the WTO to request observer status for the CITES in the General Council and other WTO bodies which the Standing Committee deemed relevant. The Standing Committee had also decided that with the support of the Secretariat, it would work with the WTO to develop a cooperative Memorandum of Understanding (MoU) between CITES and the WTO. At its 14th meeting, the COP had adopted a legally binding set of amendments to the lists of species covered by the Convention. These amendments reflected additions to, and deletions from the lists, as well as increased and decreased protection for various species, and annotations on how certain parts and derivatives would be handled.

8. Significantly, the COP had also adopted a new CITES Strategic Vision 2008-2013, which sought to enhance cooperation with relevant international and environmental trade and development organisations to ensure that the CITES and other multilateral instruments and processes were coherent and mutually supportive. The COP had also adopted a guide on CITES compliance procedures and guidelines on the management of nationally established export quotas. The COP had paid greater attention to the socio-economic context in which the Convention operated by adopting decisions which addressed CITES and livelihoods of the poor, further work on national wildlife trade policy reviews, incentives for implementation of the Convention and the promotion of multilateral measures.

9. Other decisions adopted by the COP were aimed at ensuring that the lists of species covered by the Convention correctly reflected their conservation needs and that the determinations as to whether particular trade is sustainable were based on the best available scientific information. For the first time in the history of CITES the Netherlands had organised a parallel ministerial roundtable which had produced a chairman's report on the contribution of CITES to the broader biodiversity and sustainable development agenda, as well as means for strengthening its implementation and enforcement and its role regarding timber and marine species.

10. The representative thanked the WTO secretariat for inviting CITES to participate in a WTO Trade and Environment Workshop for Asian and Pacific Economies held in New Delhi, India and for

¹ TN/TE/S/5/Rev.2.

helping them to arrange the participation and presentation by the CITES management authority of India at that workshop.

III. PARAGRAPH 31(III): THE REDUCTION OR, AS APPROPRIATE, ELIMINATION OF TARIFF AND NON-TARIFF BARRIERS TO ENVIRONMENTAL GOODS AND SERVICES

11. The Chairman drew Members' attention to the non-papers circulated by the delegations of Brazil² and Peru³ under this agenda item.

Non-Paper by Brazil

12. The representative of Brazil said that their non-paper was the result of an internal coordination process aimed at finding a solution that could move forward the debate in the CTESS beyond the definition of environmental goods. In addition, the non-paper also intended to reflect the developmental perspective of the Doha Round, which could be translated in the CTESS as sustainable development.

13. For developing countries, such a perspective would imply an outcome under Paragraph 31 (iii) which took into account Members' export interests and not only their import interests. An approach focused exclusively on the dimension of importation, as the list approach suggested, would amount to treating equally countries that had different priorities. In Brazil's opinion, the list approach was based on the assumption that all the goods identified would have a beneficial impact on the environment, irrespective of each country's specificity. The list did not take into account issues of paramount importance for developing countries, such as the need for conciliating liberalization with the preservation of policy space that would allow Members to create and develop their own environmental goods industry.

14. To this end, two types of negotiating mechanisms were proposed, namely a request and offer approach, and a basket of concessions. As far as the legal framework of the outcome was concerned, Brazil noted that schedules in Non-Agricultural Market Access (NAMA) and Agriculture would incorporate the products suggested. Members would include the goods and concessions made in the CTESS in their national schedules without classifying them as environmental goods.

15. In the spirit of introducing into the debate developing countries' export interests, the Brazilian submission also put forward proposals on the reduction of non-tariff barriers (NTBs), especially in the field of organically produced foods. He noted that the proliferation of standards for the certification of such products constituted one of the main barriers for developing countries' exports in those goods. Brazil suggested that the WTO and the Food and Agriculture Organisation (FAO)/Codex Alimentarius Commission (Codex) act in cooperation with a view to harmonizing those standards.

16. Therefore, Brazil had proposed that WTO request Codex to analyse the possibility of further detailing or reviewing the existing guidelines. Brazil understood that some countries were not Members of Codex or had not participated in the negotiation of the guidelines. In light of this, Codex would have to define the starting point for such harmonization. Brazil remained open to suggestions in this regard. The ultimate objective would be that Members comply with Codex provisions when legislating on the certification for organically produced foods.

17. Finally, with respect to the transfer of technology, the proposal was intended as an incentive for Members to engage in a debate on possible mechanisms for technology transfer, which was an

² JOB(07)/146, 1 October 2007.

³ JOB(07)/161, 30 October 2007.

important aspect in the realm of these negotiations. To this end, Brazil had proposed to start with the technologies inherent to the goods subject to trade liberalization in the CTESS.

18. The representative of India thanked Brazil for explaining some of the features of its proposal, and said he wished to seek additional information. Brazil's proposal supposed that each Member's final concessions could be for unique products. He noted that this had been one of the concerns behind India's project approach. In his delegation's view, it should be up to Members to determine what products they considered useful for the environment.

19. Brazil had made the point that the process of requests and offers needed not wait for the classification of goods as environmental. This answered one of the questions raised in the past as to how negotiations could go forward without a common understanding of what environmental goods were.

20. India shared Brazil's view that the mandate did not exclude agricultural goods. However, India had some defensive concerns in Agriculture. In this regard, he sought further clarification as to how the tariff concessions agreed in the negotiations under Paragraph 31(iii) would impact instruments like special products and special safeguard measures in Agriculture.

21. The representative of Chinese Taipei complimented Brazil for its non-paper. His delegation would have to reflect further on the PPM issue but wanted to seek clarification on a number of points. First, Brazil had suggested that Members should adopt Codex standards for organic foods once developed. Chinese Taipei asked Brazil whether this meant that Members should use such standards as a basis, or replicate them into their national standards. He also asked if Brazil's proposal required automatic recognition of the conformity assessment of the exporting country.

22. With respect to the request and offer process, the representative sought further clarification as to which of the traditional request and offer or basket approach would, in Brazil's view, be more appropriate in the context of these negotiations. Moreover, his delegation wondered whether under the basket approach, Brazil envisaged some benchmark to ensure meaningful participation of Members.

23. The representative of Egypt congratulated Brazil for its proposal, which he considered to be a positive contribution to CTESS work. In particular, Egypt welcomed the fact that the proposal highlighted the objective of sustainable development within the negotiations, as well as developing countries' export interests. He noted that these aspects had not been dealt with adequately in the past. The request-offer process provided enough flexibility for developing country Members to engage in a more concrete discussion of their offensive and defensive interests with respect to environmental goods and services.

24. Another positive aspect of the proposal was its focus on NTBs, which was another issue that had not been given sufficient attention in previous discussions. It had been widely recognised, also in other committees, that standardisation and conformity of organic products was an important issue for many developing country Members. There had been discussions within the African Group about the fact that organically-produced goods were facing different layers of requirements that were sometimes overlapping or conflicting. It was therefore a significant step to take this discussion to an internationally recognized body such as Codex, in order to establish the right standards at the international level, and discuss how this could work to the benefit of producers in developing countries.

25. The part of the submission dealing with Special and Differential Treatment (S&D) would need further development and discussion; this was a question that would demand some creativity on the part of the membership. In the context of the CTESS' mandate, S&D would have to go beyond

longer implementation periods. Members would have to come up with a mechanism that would provide the necessary policy space, while at the same time sensitizing Members to the importance of environmental objectives.

26. Egypt welcomed the fact that Brazil's non-paper highlighted the issue of technology transfer and made it part of Paragraph 31(iii) discussions. This was a challenging issue for the Committee. There had been some discussions in the Working Group on Trade and Transfer of Technology on where to draw the line between private holders of technology and governmental action to encourage technology transfer. This raised questions relating to intellectual property regulations and requirements.

27. Egypt recognized there was an inherent difficulty in defining the universe of goods and services that related to the environment. Unilateral determination was welcomed but there was a need for more discussion on how this could work in practice. Egypt shared some of the points raised by Chinese Taipei regarding the part of the proposal on NTBs, in particular the need to define what Codex could do and how its work related to the CTESS discussions.

28. The representative of Singapore thanked Brazil for the new submission. In her delegation's view, Paragraph 31(iii) was a multilateral mandate. In this regard, all Members needed to contribute, taking into account the development needs of developing countries to fulfil the mandate. The list approach and the modalities that had been proposed by some Members in the CTESS and NAMA would facilitate the meeting of this mandate. Nevertheless, Singapore was open to discussing the Brazilian proposal as an alternative means of fulfilling the Paragraph 31(iii) mandate. The request and offer procedure had been used in the Uruguay Round for goods; it was also the modality that was being used in ongoing Services negotiations. Singapore asked how this approach would help ensure that all Members were able to contribute at a comparable level of concessions with respect to environmental goods, as would be the case under the list approach.

29. Singapore supported Brazil's view that biofuels were environmental products that could be beneficial to both developed and developing country Members. However, her delegation had been surprised by Brazil's point in its non-paper that biofuels had been left out completely in previous discussions under Paragraph 31(iii). She recalled that biodiesel was included in some of the initial lists of environmental goods tabled in the CTESS.⁴ Singapore asked Brazil whether it considered biodiesel to be part of the biofuels family.

30. The representative of Korea joined other Members in expressing sincere appreciation to Brazil for providing new input to Paragraph 31(iii) discussions. She noted that her delegation's understanding from the negotiations had been that CTESS was to negotiate the product coverage of environmental goods, while the modality for liberalization fell within the competence of the NAMA Group with respect to goods, and Services Group with respect to environmental services. She noted that the Brazilian proposal suggested to add agricultural goods under the mandate. Korea agreed with Brazil that there was nothing in the mandate that prohibited the inclusion of agricultural products in the discussions. However, since the beginning of the Doha negotiations, CTESS' work had been linked to NAMA.

31. With respect to the issue of product treatment, Korea appreciated that Brazil might be able to provide further clarification; she noted that these ideas could be communicated in writing in order to help delegations' understanding. Korea's understanding was that Brazil was proposing to discuss treatment in the context of the request-offer process. If this was the case, she asked whether it would be up to requesting Members or offering Members to request or propose the modality. If Brazil's intention was that the CTESS as a whole discussed a general formula, including flexibilities to be

⁴ See TN/TE/W/63.

applied to environmental goods that would be identified by Members voluntarily, then Korea wondered how this work would link with Agriculture and NAMA negotiations.

32. Korea sought clarification as to when would be the right time for Members to offer or request products and their treatment, i.e. whether this would take place after other groups had decided on the formula, taking the formula as a basis to discuss the modality for environmental goods. Some Members had made the point in previous CTESS discussions that the negotiation under Paragraph 31(iii) was not a "NAMA *plus*" exercise. Therefore, Korea wondered if it was Brazil's intention to seek an "Agriculture *plus*" result under Paragraph 31(iii).

33. Korea noted that it had already expressed its concerns regarding the inclusion of organic agricultural products given their relationship to the issue of process and production methods (PPMs) in the WTO context. She noted that it would be difficult to differentiate these products at customs without some kind of certification scheme. Korea understood this was the reason why Brazil was suggesting in the latter part of its proposal that the Committee recommend that Codex create generally applied guidelines. Korea asked whether the CTESS was the right forum to do so. The representative asked Brazil how it envisaged implementation by Members once organic products would be subject to tariff preferences, i.e. whether each Member would apply its own certification scheme or some kind of organic labelling.

34. The representative of Japan welcomed Brazil's non-paper as constructive, especially as it suggested to make progress in Paragraph 31(iii) negotiations by concentrating efforts on specific products. Japan said it wished to seek clarification from Brazil on certain aspects of the proposal. First, Japan wondered how to ensure that requests and offers would be based on the environmental benefit of the products. In particular, would it be up to the requesting or offering countries to evaluate whether the results of the negotiations were credible from an environmental point of view. He asked whether some boundaries could be agreed upon in the context of a request-offer negotiation with respect to products, in order to prevent situations where Members might identify some products that would not be acceptable, such as, for instance, hazardous wastes. Moreover, Japan sought clarification as to whether Brazil acknowledged that dual use products could be liberalized as long as requesting and offering countries agreed.

35. Regarding Brazil's proposal on the basket of concessions, Japan sought clarification as to how the basket approach differed from the request and offer approach. In the context of the basket approach, did Brazil expect each country to offer products that it wanted to liberalize? If so, how would the products included in the basket be treated? Japan noted that the proponents' "potential convergence set"⁵ had been produced through a sort of request and offer process, and asked whether Brazil recognized the proponents' set as being part of this basket.

36. Japan recalled that his delegation was against including biofuels, because Japan did not support the inclusion of agricultural products as environmental goods. Furthermore, he noted that it was difficult at present to distinguish between biofuels and non-biofuels at customs.

37. Japan appreciated Brazil's effort to come up with specific proposals on NTBs. His delegation hoped that this would encourage other delegations to present their own proposals on NTBs, based on specific products. Since Japan was against the use of PPM-based criteria to identify environmental goods, it disagreed with the inclusion of organic products. Interested Members could turn directly to Codex to develop standards for organic agriculture and there was no need for WTO to make any specific request in this regard.

⁵ Job(07)/54.

38. The representative of the European Communities welcomed the fact that with this non-paper, Brazil was engaging seriously in the negotiations, thereby underlining the importance of an outcome which supported the goal of sustainable development. He noted that one of the concerns of his delegation in recent years had been the lack of engagement on the part of important Members on trade and environment.

39. The EC shared some of the concerns expressed by Korea. His delegation had been working on the assumption that Paragraph 31(iii) negotiations were focusing on non-agricultural products, and that while the determination of the scope of products would be carried out in CTESS, the subsequent negotiated modalities would be determined in the NAMA negotiations. These assumptions had been to some extent turned on their head by the Brazilian proposal, which suggested that agricultural products should be included, and that the modality aspect should be discussed in CTESS. This presented a major shift in emphasis and approach at a late stage in the negotiation. Moreover, he noted that the EC was against the inclusion of agricultural products in general, and biofuels in particular, as these were being covered in Agriculture negotiations.

40. Nevertheless, the EC was ready to work further on certain aspects of the Brazilian proposal. His delegation was not entirely closed to the idea of a request and offer approach, although recent experience with this process in WTO had not always been positive. His delegation was open to considering this particular modality of negotiation as a complement rather than as an alternative to the development of a common, multilaterally agreed list of environmental goods. He asked for some clarification and confirmation from Brazil that the request and offer approach was not being proposed at this late stage as an alternative to the aim of establishing a common list of environmental goods for MFN liberalization.

41. Brazil had pointed out that it was difficult to agree on what environmental goods were, and that the request-offer approach would sidestep the question of definition by allowing each Member to unilaterally determine what it considered to be an environmental good. This approach did not get around the fundamental problem of what was an environmental good. In fact, it made it harder to arrive at some common understanding and definition.

42. In addition, there was a practical issue regarding timing. Request and offer negotiations were cumbersome and slow, and his delegation wondered about the feasibility of starting out on a new negotiating track at this point in time.

43. Finally, the EC welcomed the importance that Brazil attached to NTBs and technology transfer in their proposal. His delegation was ready to work further on these issues to see what could be done in practical terms, and whether some kind of rules or guidelines could form part of the outcome to this exercise.

44. The representative of Ecuador said that a great deal of time and effort had gone into negotiations on this part of the Doha mandate. The complexity of achieving a holistic vision of the mandate, including on environmental goods and services, NTBs linked to the access of environmental goods and S&D treatment for developing country Members, was further accentuated by the absence of a definition of environmental goods and the lack of criteria to identify such goods. This explained why, to date, the issues of coverage and treatment had not yet been settled.

45. The list approach, which several delegations considered as the only way of complying with the mandate, although pragmatic, presented many inherent difficulties. For instance, the list did not provide a holistic response for complying with the mandate, nor did it address the issue of multiple use of goods. Moreover, it suggested a mandatory sectoral approach while it had been agreed in the context of NAMA negotiations that sectoral initiatives would be voluntary. The integrated approach of India and Argentina had provided a substantial contribution to the negotiation, precisely for its

holistic approach and sustainable development perspective. However, more information would be required on how such an approach could be implemented at the multilateral level.

46. Her delegation was surprised by EC's comment that there was a presumption that coverage excluded agricultural products, since the EC itself had included some agricultural products in its initial list of environmental goods. With respect to coverage, Ecuador had on several occasions noted the importance of reaching a balanced outcome for developing country Members, many of which did not have offensive interests in goods with a high technological content. One way of dealing with this concern was to open the negotiations to organic products, provided NTBs were also being addressed in parallel. Otherwise, she noted, there would be no real market access.

47. Brazil's proposal addressed the issue of NTBs by suggesting to request the Codex Committee to develop standards for organic products which could then be adopted by each Member. Ecuador was interested to hear views from developed country Members on this proposal, as it had important implications with respect to the development dimension of the Doha Round.

48. The issue of PPMs was often used by developed countries to restrict market access for some products based on environmental, labour, sanitary or phytosanitary criteria, among others. Substantial problems could result from a lack of common and predictable international standards. The modality based on requests and offers that had been proposed by Brazil was a pragmatic one. The advantage being that each country could put forward products which it believed were environmental in nature, and that others could choose to accept or refuse to liberalize such goods in line with their own sustainable development criteria.

49. Ecuador sought some additional information on how the round of offers would work to ensure a balance of concessions that took into account development levels. This would mean that Members had to agree on a list of environmental goods for future concessions including both agricultural and industrial ones.

50. In its proposal, Brazil also addressed the issue of criteria, which Ecuador considered important to identify environmental goods. She noted that there had been many difficulties in this regard so far, as Members had been unable to define objective criteria. One criterion considered was that of end use, but there were other criteria which raised questions with respect to dual or multiple use. Therefore, Ecuador considered that criteria relating to sustainable development could be applied by countries in line with their own principles and regulations, the multilateral agreements they had ratified, and their development priorities.

51. With respect to S&D treatment, Ecuador believed that it was inherent to the modality proposed by Brazil. Technical cooperation and technology transfer were also essential to achieve effective market access, and these questions would have to be explored further.

52. Finally, with respect to biofuels, she noted that these could be considered as environmental goods if they were sustainably produced. However, she noted that her delegation did not have a definitive position on the matter given the ongoing debate regarding the potential impact of biofuels on food security and biodiversity.

53. The representative of Norway said that the new proposal by Brazil gave an important impulse for an active engagement in future work on this part of the mandate. Norway had on earlier occasions called upon other Members to define and table their export interests. With its proposal, Brazil had made an important effort in this regard. She noted that all Members faced major challenges regarding the environment and development. In its proposal, Brazil had highlighted some crucial aspects regarding sustainable development in developing countries. It had emphasized, for instance, that

developing countries should not reproduce the patterns of energy consumption and natural resources depletion of developed country Members.

54. With respect to biofuels, it was of the utmost importance that economic, social and environmental criteria be taken into consideration, and that sustainable standards be secured. Criteria and standards for organic agriculture and environment were already established to a certain extent and further development in this direction was an interesting topic to explore. Norway wanted to do its part in international efforts to establish relevant international guidelines and recognized the importance for all Members to participate in this effort.

55. There were still issues to explore with regard to the inclusion of PPM-based criteria for the identification of environmental goods, in particular from the point of view of customs classification. There were also challenges that had to be solved such as climate change and identifying sustainable sources of energy, which might prove difficult if Members were not to take production methods into account. Norway would welcome additional information from Brazil on how the proposed standards for organically-produced foods related to the discussion on the use of PPM-based criteria.

56. Noting from previous experience that the request-offer process could be time consuming and present some technical challenges, Norway emphasized the need for a marker regarding the environmental content and result. Another concern was transparency in the negotiations. Norway wondered whether a request-offer process would ensure that environmental goods were treated in line with the mandate in Paragraph 31(iii). Finally, the representative said that the issue of S&D treatment would play a central role in the negotiations and that her delegation would be part of the discussion of different solutions in this regard.

57. The representative of Australia welcomed Brazil's request and offer approach to the negotiations under Paragraph 31 (iii). The proposal suggested a possible means by which trade liberalisation in environmental goods could finally be achieved and, as such, merited careful consideration. Like others, Australia had a number of questions regarding the approach. In particular, the representative sought clarification regarding the differences or similarities between the request and offer approach and the basket approach, and the process for making these approaches operational. Australia also emphasised the need to ensure that the mechanism would deliver a credible outcome for the environment. Her delegation was flexible as to how this could be done but took note of Japan's comment regarding hazardous waste. Australia would have some concerns with a completely open-ended request and offer mechanism. There needed to be some multilateral consideration of the products to be liberalized on the basis that they were environmental goods.

58. Her delegation also needed to be confident that the process would deliver an outcome on trade liberalisation across the board. This referred to the treatment issue that had been raised by other delegations. Developmental concerns were an important part of the range of issues that Members had to take into consideration in the discussions. In this regard, Australia recognised that the request and offer process, with its flexibility, did have some positive elements.

59. The representative reiterated her delegation's concerns regarding the possible inclusion of biofuels as environmental goods under Paragraph 31(iii). Whether biofuels could be considered as environmental goods was still an open and controversial question. It was also possible, as others had noted, that biofuels be classified as environmental goods on a PPM basis. Australia reiterated its concerns about introducing PPM-based methodology into the negotiations. PPMs reflected the specific economic, social and environmental conditions of individual countries and, as such, were best dealt with at the national level rather than in the WTO. Moreover, there were fundamental concerns that PPMs could be used as an artificial trade barrier, which would potentially defeat the purpose of the mandate in Paragraph 31(iii) in relation to trade liberalisation.

60. With respect to Brazil's proposal on organics, Australia noted that Codex had already developed standards for organically-produced foods. She recalled that Codex production guidelines for organically produced goods had been adopted in 1999 and sought further information from Brazil about the relationship between its proposal and the guidelines that Codex had developed. With respect to Brazil's point that WTO Members would have to adopt Codex guidelines, she noted that for Australia, such standards would operate under the SPS Agreement in the same manner as any other measure adopted by a Member. Australia would be concerned if there was some attempt to alter the balance of rights and obligations under the SPS Agreement.

61. The representative of Colombia thanked Brazil for its proposal which underlined important concerns of developing country Members. For his delegation, the list approach did not guarantee the environmental use of the multiple use goods targeted under Paragraph 31(iii).

62. With respect to biofuels and organic products, Colombia agreed with Brazil that such goods presented an opportunity for developing country Members. Therefore, any solution under Paragraph 31(iii) would have to include such products. Given world consumption trends with regard to organics, there was a need to promote trade facilitation for these products by establishing international rules that were harmonized and implemented by all Members. Therefore, Colombia shared Brazil's view regarding the need to promote the harmonization of such standards through Codex. This would lend credence to the discourse to support development and to cater for the needs of countries that had small, traditional agricultural production.

63. He noted that the request and offer process could be a useful, complementary approach, as long as the products liberalized presented a genuine and verifiable environmental benefit. In this regard, there was a need for specific criteria to ensure that the products identified would in fact comply with environmental objectives and help address environmental concerns.

64. Finally, Colombia highlighted the importance of promoting access to new environmental technologies, especially for developing country Members. In particular, his delegation was interested in the possibility of establishing a mechanism to facilitate the transfer of technology with respect to environmental goods subject to liberalization.

65. The representative of Cuba thanked Brazil for its proposal. Her delegation shared the views expressed by Ecuador regarding the definition of environmental goods, as well as biofuels. In Cuba's view, biofuels should not be included as environmental goods. She noted that some biofuels were produced on the basis of primary products which raised concerns with respect to food security in developing countries, given the increase in prices or the reduction of goods in international markets. Some studies had demonstrated scientifically the negative impact of biofuels production not only with respect to animal and feed stuffs, but also as regards to deforestation and world water consumption.

66. She recalled that Paragraph 6 of the Doha Declaration reaffirmed Members' commitment to the objective of sustainable development, as stated in the Preamble to the Marrakesh Agreement Establishing the WTO. It also emphasized the need to ensure support between an open multilateral trading system and the protection of the environment and promotion of sustainable development.

67. The representative of Hong Kong, China thanked Brazil for their useful and constructive proposal. His delegation had some concerns regarding the request and offer approach. He acknowledged Brazil's point about the flexibility of this approach, particularly with respect to the defensive interests of developing country Members. However, there were concerns with respect to the timing, the procedural complexity, the MFN nature of the outcome, as well as the resources implications, especially for small delegations. There was also the question of how to ensure the environmental benefits of the products identified as a result of the request and offer process. In particular, he noted that it would be useful to have further clarification on the proposed procedure

and the estimated time required for such a process, at least with respect to the first round of requests and offers. His delegation had doubts as to whether the request-offer approach could deliver any meaningful outcome to the mandate. His delegation continued to support the list approach, but was open to considering whether the request-offer process could be used as a complementary approach.

68. Hong Kong, China had no objection in principle to biofuels, but noted the controversy surrounding these goods, especially as regards to the economic and social impacts of biofuels. He looked forward to further justification from Brazil as regards to the benefits of including biofuels in the negotiations under Paragraph 31(iii).

69. The representative of Chile thanked Brazil for their non-paper. The merit of the proposal was that it brought Members back to a discussion of themes that had been set aside for some time, also questioning some of the assumptions on the basis of which the Committee had been proceeding. One of these assumptions was that the task of the CTESS was limited to the identification of environmental goods; another was that agricultural products were outside the scope of the mandate. Chile did not believe that these two questions were as clear as some Members seemed to suggest.

70. Chile noted its interest in biofuels and organic products, which Brazil had highlighted in its proposal. With respect to the PPM issue, he noted that certain delegations seemed to consider the issue from a defensive or protectionist point of view, i.e. that sanitary or environmental considerations could be invoked to limit market access for goods based on how they had been produced. However, in his delegation's view, the PPM issue could also be considered from an offensive or positive point of view. He asked Brazil whether it had thought of how to include goods such as organic products or biofuels, without getting into a substantive discussion of PPMs. Chile saw merit in further discussing this issue.

71. Chile noted the point made by Cuba regarding the possible negative repercussions of certain biofuels, such as those produced with raw material, which could raise concern with regard to food security. It was clear that such biofuels should not be included. However, he noted that other types of biofuels, such as those produced with biomass, could be viewed differently.

72. The representative sought more clarification from Brazil regarding the difference between requests and offers and the basket approach. In particular, he asked whether the two approaches were proposed as alternatives, or whether the basket approach was meant to be used in the case where requests and offers would fail. As a number of Members had said, negotiations should result in an environmentally beneficial outcome. However, it was also important that the final outcome led to greater market access. Therefore, Chile asked Brazil whether the modalities it had proposed would guarantee increased trade flows. With respect to timing, Chile asked whether Brazil had any specific ideas in mind and supported Hong Kong, China's suggestion that a particular calendar be discussed.

73. Chile noted that Brazil's proposal on organics was an interesting one, particularly as it provided a specific example of NTB. This was an important issue that required further discussion. Chile asked why existing guidelines had not proven useful. In introducing its proposal, Brazil had noted that Codex could update the guidelines. Chile sought further clarification from Brazil on this point and raised the question as to whether this would be in line with the mandate.

74. The representative of South Africa said that her delegation welcomed the new document from Brazil. There had been a stalemate on certain issues, including on the issue of approach. The Brazilian proposal seemed to offer a viable compromise as it provided flexibility to take into account the interests of all Members.

75. Her delegation agreed with Brazil's point regarding the need to take sustainable development considerations into account. All Members wanted to develop their environmental sector, but

eliminating tariffs on a set of environmental goods at six-digit level was probably not the best way to achieve this objective. South Africa believed that the list approach was overly ambitious and raised several technical issues. The reason why the request-offer was attractive to South Africa was because it was not comparable to the list approach.

76. The representative said that she was still consulting with respect to the issue of biofuels, as well as the proposal regarding Codex on organic agriculture. She noted that for many developing countries, the only possible offensive interest and benefit from the negotiation would be in agricultural products. Hence, South Africa had not rejected the idea that agricultural products could be included as environmental goods. She recalled that many of the list proponents had been arguing that the outcome under Paragraph 31(iii) should be "NAMA *plus*", and noted that the same logic should apply with respect to agricultural products identified as environmental goods. However, all the flexibilities and S&D treatment which formed part of NAMA and Agricultural modalities would have to stand.

77. In summary, South Africa was encouraged by the tabling of Brazil's proposal, which in its view had the potential to move the negotiation forward. With respect to the concerns raised regarding timing, she noted that any solution that could take Members towards a positive, successful outcome should be given due consideration.

78. The representative of Switzerland welcomed the proposal by Brazil as a very constructive and positive contribution that would allow Members to engage in further discussions. Like other delegations, Switzerland had some questions with respect to the proposal, including how the request-offer procedure would work in practical terms.

79. Switzerland did not agree with Brazil that the convergence list only focused on developed countries' interests. He noted that his delegation would appreciate receiving more information on goods of interest to developing countries. Regarding the basket approach, Switzerland had similar questions and concerns as those raised by Japan.

80. Regarding the reference to Codex, Switzerland agreed that it was important to ensure that the outcome in the CTESS would be in line with other relevant international fora. In this regard, he sought further clarification from Brazil as to how it intended to proceed in order to guarantee such coherence. He recalled that coherence as such was not only important in reference to the Codex Committee but also with regard to international obligations under MEAs in general.

81. The representative of China said that the Brazilian proposal seemed to have taken discussions under Paragraph 31(iii) to a new level. China shared many of the observations in the Brazilian paper concerning the objectives of the proposal.

82. China found Brazil's proposal on requests and offers interesting and was open to further discussion, also bearing in mind that there were other proposals on the table regarding the approach under Paragraph 31(iii). The representative welcomed the fact that the Brazilian paper addressed the issue of NTBs, which was an important aspect of the mandate. Furthermore, China noted that Brazil had proposed a new idea on the issue of technology transfer. In China's view, this issue needed further exploration due to its importance for developing country Members, particularly in relation to intellectual property rights.

83. The representative of New Zealand said that Brazil's proposal was important because it had contributed to focus discussions. In particular, the non-paper proposed a way forward and suggested a specific item for the negotiation, in addition to widening the scope. The representative said he would focus his comments on three aspects, namely the request-offer process, the specific items proposed by Brazil and the encouragement of further work by Codex.

84. First of all, New Zealand shared Brazil's emphasis on the inter-related nature of the work. His delegation fully agreed that the liberalization of trade needed to enhance opportunities for countries to increase exports of environmental goods and services.

85. Requests and offers had a long history in the WTO and were currently part of the process that was being undertaken in the area of Services. This prior experience shed some light on what Brazil was proposing. He noted that in a way, Members had already been trying to start the process of engagement on a request-offer basis, albeit in a multilateral sense, which was not quite the same thing as Brazil had in mind. His delegation was interested in discussing how the request-offer process could complement the valuable work already carried out in CTESS.

86. He was also particularly interested to learn more about the concept of the basket of concessions, as proposed in Paragraph 7 of the non-paper. In particular, he wondered whether Brazil had in mind a basket of products, and if so, what items might fit into that basket, or a basket of commitments. He also wanted to know what this would mean in practice, i.e. whether a number of baskets would emerge out of the request-offer process or whether there would be a single basket. As regards the basket of commitments, he asked whether all of the commitments would be voluntary and based strictly on Members' requests and offers, or whether the basket would be in a number of parts, i.e. one part on which all Members would take action and other parts on which different Members would make different concessions.

87. These questions were important, since New Zealand considered that there was a useful way in which the request-offer process could complement some of the work already undertaken. A number of other delegations had mentioned the potential convergence set that New Zealand had co-sponsored. His delegation was interested to hear Brazil's view on whether it saw this work fitting into the basket conceptualization.

88. Members that had commented on New Zealand's list had been concerned that some of the products included were actually environmental. Therefore, New Zealand sought clarification as to how this could be ensured in the context of a request-offer process. Moreover, he noted that the request-offer process had resource implications and could be burdensome. For New Zealand, it was important to consider whether this approach would result in a better outcome for small delegations.

89. New Zealand welcomed the fact that Brazil had flagged its interest in certain products. The representative noted that many Members were hoping for a robust outcome in Agriculture negotiations, which were at the core of the Doha Round, and encouraged further movement in this area.

90. He recalled that New Zealand had put forward biodiesel (HS 382490) in its initial list of environmental goods. New Zealand was the only delegation that had spoken in defence of this product both on developmental and environmental grounds. Unfortunately, these views had not received support at the time and as a result, New Zealand had decided to drop this product from the list. He sought additional information from Brazil regarding the HS codes for the products they had in mind.

91. His delegation agreed with Australia's point that Codex had done useful and interesting work which many Members were already implementing. New Zealand asked Brazil what it considered could be the added value of further engagement with respect to the existing guidelines. His delegation wanted to avoid embarking on an intensive process unless it was clear that it would actually bring discussions forward.

92. In summary, New Zealand was encouraged by the tabling of this new contribution. The paper recognised that Members had deadlines and that it was important to press ahead with the negotiations.

It was also an important signal that Brazil was prepared to engage in a concrete and specific manner to take this process forward.

93. The representative of the United States thanked the delegation of Brazil for the non-paper. In general, the US felt that this was a constructive contribution and a good effort on the part of Brazil to find a practical solution and a way forward that drew on traditional WTO mechanisms and methodologies. She also appreciated that the proposal focused on specific products of interest to Members.

94. She said that her delegation felt the need to correct some of the perceptions with respect to its own position, including on some of the products that had already been put forward. She agreed with Brazil that discussions should continue to focus Members not only on creating new market access opportunities for environmental goods but also on ensuring the environmental credibility of the result. In that sense, the US had worked hard over recent years to defend the products it had proposed and to explain their environmental, trade and development benefits.

95. There was a lot of focus in Brazil's paper on the importance of building exports and export industries. She recalled that the US was a net importer of environmental goods and that its imports were growing faster than its exports every single year in this area. Moreover, US imports from developing countries were growing twice as fast as imports from other OECD countries. Clearly, there were some export interests and market opportunities for developing countries. This gave her delegation confidence that at least some of the goods that had been proposed met the objectives of Paragraph 31(iii) negotiations as set out by Brazil in paragraph 9 of the non-paper.

96. It was also important to reiterate that the products proposed were not all high technology products out of the production reach of developing countries. Key products, such as filters and pumps for waste water treatment, as well as wind turbines and parts for generating renewable energy were increasingly being produced in developing countries.

97. There also seemed to be a misunderstanding in the non-paper that the list approach was one that would require all Members to liberalize every single product. Many delegations had made the point in their intervention that the appeal of Brazil's proposal was flexibility. She recalled that her delegation had made some proposals which also offered flexibility for Members. For instance, the US had put forward a proposal in 2003 that would allow Members to choose among the products that it was willing to liberalize, with greater flexibility for developing countries.⁶ This would involve as well a core set of products that all Members would agree to liberalize. The US asked Brazil whether there was room in their proposal for this kind of multilateral set, in addition to requests and offers.

98. New Zealand had already raised several practical questions about the request-offer process. For the US, it was critical that there be a multilateral outcome resulting from the negotiations under Paragraph 31(iii). Brazil had already stated that any commitment made as a result of the request-offer procedure would be on a MFN basis, which would guarantee a multilateral result. For her delegation, it was also important that the result be transparent and credible; one should not have to go through national tariff schedules in order to figure out the result of the negotiations. She wondered whether Brazil had any thoughts on how to ensure this sort of transparency with respect to the outcome.

99. The US also asked what sort of format Brazil had in mind for the request-offer process, i.e. whether negotiations would proceed exclusively on a bilateral basis or whether there would be room for plurilateral efforts. The timing aspect was also a concern for her delegation, as the US was eager to see the discussions move forward as quickly as possible.

⁶ TN/TE/W/38.

100. The US considered that it had already submitted both a request and an offer in the negotiations under Paragraph 31(iii). Her delegation saw value in the proposal to the extent it would allow developing countries to meaningfully engage in the negotiation in ways they had felt they were not able to previously. It was encouraging to hear the comments by Egypt and South Africa that they could meaningfully engage in a concrete way in this kind of negotiation. She noted that her delegation would welcome more input from those delegations as to how they saw negotiations moving forward.

101. Much had already been said about other aspects of Brazil's non-paper, including with respect to products they had proposed, such as biofuels. Certainly, there was growing controversy regarding biofuels, and those concerns merited attention. With respect to agricultural goods, the US had been working under the assumption that such goods were not within the scope of the CTESS' mandate. She noted that the US would not favour bringing agricultural products into Paragraph 31(iii) negotiations at this point in time.

102. As regards the proposal to involve Codex in work on organic standards, the US sought some clarification about the relationship with the work already undertaken by Codex in this area. Overall, she found Brazil's proposal encouraging, particularly if it could bring into the negotiations other Members in a concrete and meaningful way. Her delegation looked forward to working with other Members to bring the negotiations forward towards some sort of robust result for trade, environment and development.

103. The representative of Canada joined other delegations in thanking Brazil for their proposal, which was a constructive and useful contribution to the work at hand. The most important consideration at that stage was to identify an appropriate "landing zone" for the negotiations under the mandate. Therefore, he asked Brazil what final outcome they expected to result from their proposal.

104. Canada recalled that the proponents had tabled a proposal for a modality that could apply to the products put forward. For his delegation, the process should result in a "NAMA *plus*" outcome. Canada had always considered that the Committee's role was to identify products that would be subject to additional treatment. He recalled that the proponents had also made proposals on S&D treatment and the need for flexibility for developing countries. In doing so, the proponents had tried to be as transparent as possible in terms of how environmental goods could be identified.

105. Canada recalled that the Committee had already carried out significant work on criteria or parameters to identify environmental goods. These discussions had demonstrated the difficulty of reaching any agreement on criteria. However, the Committee had benefited a lot from this work. For instance, the discussions in the Committee had led his delegation to reconsider its initial list of environmental goods and to drop certain products, such as chemicals. The comments made by delegations in this process had also been useful to the proponents in developing the "potential convergence set" of products.⁷ Like the US, Canada was a net importer for a majority of the products contained in that list, which spoke to the idea of requests and offers.

106. With respect to the suggestion to include agricultural products in the negotiations, he noted that it was the task of the Committee to collectively assess the merits of products and determine which ones should be considered as environmental goods. Applying the same reasoning as for industrial goods, if Members were to agree on the inclusion of agricultural products, this should mean "Agriculture *plus*" treatment for these products. In summary, Canada welcomed Brazil's constructive suggestions and hoped that Members would make progress in this process.

⁷ Job(07)/54.

107. The representative of Egypt noted that his delegation had been engaged in the negotiations from the beginning and had been active in pushing the process forward. With respect to the question raised regarding some of the products that could be put forward through a request-offer approach, he noted that one parameter that should be taken into consideration was the international commitments that countries had undertaken in other fora, for instance under the Kyoto Protocol or the Basel Convention. Egypt, like many other Members, had undertaken international obligations in other fora and would continue to be truthful to these obligations in the work of the WTO, including in the CTESS and other committees.

108. The same applied with respect to Codex. He noted that Codex had examined the question of benchmarking of certification requirements applying to certain agricultural or bio products; he noted that perhaps the work was not yet complete in some of these areas. Egypt hoped to take this further and to eventually benefit the work regarding both the environmental and developmental aspects of the Round. This was the understanding of his delegation and the basis on which it would continue to engage in the negotiations.

109. The representative of Brazil thanked delegations for their comments on the proposal, which he hoped would help reach a positive result. He said he would try to respond to the various comments and questions raised regarding the proposal but that his delegation would remain available to discuss bilaterally any aspect of the non-paper.

110. Brazil had worked closely with the delegation of India in this area of the negotiations, and had acknowledged many of the positive aspects from earlier proposals by India. Brazil agreed with India's understanding that one of the advantages of the request-offer process was that it did not have to wait for some agreement on the definition of environmental goods. The "defining-by-doing" approach of requests and offers allowed Members to prepare their national list of requests and offers based on their own understanding of environmental goods. In that sense, the proposal allowed some accommodation of national interests and perspectives.

111. With respect to India's question regarding special products and SSM in Agriculture negotiations, Brazil did not think it was impossible to accommodate defensive interests in the context of the proposed approach. Members would simply have to be careful in the selection of requests and the acceptance of offers. One of the reasons why Brazil had not thought about a mechanism for incorporating special treatment or special safeguards within the proposal was that the treatment had not been defined yet. In this context, it was difficult to think about specific defensive mechanisms.

112. With respect to the methodology, and in particular the comments made by some delegations that requests and offers could be a cumbersome and time consuming process, he noted that Members' positions had been paralysed for almost one year, which in itself had been time consuming. The request-offer process was not a new method within the organization and there was no reason to suppose that it would be more cumbersome than any other method.

113. He stressed that the request-offer process was not being proposed as a complement to the list approach but simply as another method. He wanted to think the proponents of the list would see their approach as complementary to requests and offers. The proponents already had a request list; all they had to do was to engage bilaterally and present their requests.

114. Concerning the question of how the request-offer process could go forward, he noted that once Members would reach agreement on modalities, the next phase in the negotiation would be the preparation of national schedules. During this period, Members could meet in parallel to decide the requests and offers so that negotiations in the different areas could move in tandem. He noted that the preparation of national schedules could take between 8 to 10 months, which provided sufficient time for the request and offer process to go through.

115. The basket of concessions was presented as a second option; it was similar to the concept of positive lists in Services. Concerning the question raised by New Zealand, Brazil said that the proposal was not for a basket of modalities but rather a basket of products. Each country would offer a given product as its contribution to the basket, and Members would then consider the result. The representative stressed that the result would be on an MFN basis, just like under the traditional request and offer method.

116. Brazil was open on the question as to whether the request and offer process should be conducted bilaterally or plurilaterally. Members would probably have to favour the most productive and less time consuming option; what was important was that negotiations could move forward.

117. In his delegation's view, the proposed approach could achieve a credible result. He noted that if Members were to present only two products each, the result would already be twice as much as the number of products put forward by the proponents in the potential convergence set. This in itself would already be a significant result for the negotiations.

118. Concerning the question of what would prevent Members from including any given product, he said that a useful way forward would be to incorporate the notion of activities. This could provide some parameters to organise, rather than constrain the request and offer process. In this process, Members should be guided by common sense, as well as by their commitment to the international system as a whole, as noted by Egypt.

119. Brazil recalled that the mandate did not state that environmental goods were necessarily non-agricultural goods. For his delegation, the scope of environmental goods was not limited to industrial goods; agricultural goods also had to be included as part of the negotiation. He noted that it was part of the development mandate to promote agriculture. Agriculture was an indispensable tool to overcome poverty, and if Members were going to give credit to the notion of the Doha Development Round it should be in the front set of the concerns.

120. Concerning biofuels, Brazil understood the concerns raised with respect to food security. However, in the last five years in Brazil, the levels of malnourishment had decreased dramatically while at the same time the biofuel sector had grown significantly. This was an indication that there was no incompatibility between nourishment and biofuel production. With respect to biodiversity, the representative noted that while Brazil was very efficient in producing biofuel from sugar cane, only one percent of the agricultural land was actually being used for sugar cane. On this basis, Brazil did not consider that biofuel production posed a threat to food security.

121. Brazil noted that the US, the United Kingdom (UK) and the EC had all identified biofuel as part of their commitments to reduce emissions levels and to help tackle climate change pursuant to Article 4 of the United Nations Framework Convention on Climate Change (UNFCCC). This provision encouraged countries to submit national communications setting out how they would reduce greenhouse gas emissions and what actions they intended to take to combat climate change.

122. The US had a program called "Corporate Average Fuel Economy" (CAFE), which required automobile manufacturers to meet average fuel economy standards for light duty vehicles sold in the US. The US also imposed renewable fuel standards to ensure that gasoline sold in the US contained a specific volume of renewable fuel. Therefore, renewable energy and biofuels were already part of the US legislation. The UK had a similar program in place on alternative fuels since 2003. The EC had also adopted a Directive on 8 May 2003 (2003/30/EC), which promoted the use of biofuels and other renewable fuels for transport and identified bioethanol and ethanol produced from biomass as biofuels. Brazil was therefore surprised to hear that the EC did not recognise biofuels as part of the environmental mandate.

123. In response to some of the comments made, he noted that the Committee was discussing modalities, and not treatment. Since no one knew what the treatment would be in Agriculture, NAMA and Services, it was premature to discuss the issue of treatment with respect to environmental goods.

124. With respect to the proposal regarding Codex, he said that Codex was already recognised under the SPS Agreement as a valid counterpart. Brazil's suggestion was that Members collectively ask Codex to harmonise benchmarks in order to have common standards for organically produced foods, in particular since not all Members were currently part of existing standards. Organic agriculture was an important sector for many developing countries, particularly to fight poverty. Therefore, it deserved specific and important consideration in the discussions.

125. Finally, his delegation did not believe that this new submission was a sign that Brazil was now engaging seriously in the negotiations under Paragraph 31(iii). He recalled that Brazil had been fully engaged all along. The fact that his delegation had been opposed to the list approach did not reflect a lack of engagement in the negotiations on the part of Brazil.

Non-Paper by Peru

126. The representative of Peru said that the discussion had raised a number of questions that were fundamental for the WTO, the work of the CTESS and the fulfilment of the mandate. During the time of the negotiations, issues of great importance for the international community had arisen, such as in relation to climate change. It was for this reason that discussions under Paragraph 31(iii) had to be linked to other topics, including energy and agriculture.

127. Peru did not believe it would be credible for the WTO to assume that there was no specific relationship between agriculture and environment since the reality clearly showed that such a linkage existed. The production of goods that were clearly environmental, such as biofuels, demonstrated that fact. In this regard, the proposal also provided an endorsement of the proposal by Brazil.

128. He noted that some of the proposals tabled so far in CTESS, including by the proponents, did not make reference to services, which was clearly part of the mandate. In this context, Peru noted the usefulness of earlier contributions by Argentina and India under Paragraph 31(iii).

129. With respect to the question of organic products mentioned in Brazil's submission, he noted that the issues of sustainable development and environment had to be an integral part of the Doha Round to ensure that the international trading system lived up to the standards established by the international community.

130. As regards the part of the non-paper dealing with trade-related aspects of intellectual property, the representative noted that although not strictly within the framework of the CTESS mandate, the issue was of great importance within the framework of the Doha Round, particularly for developing countries. In this context, Peru wished to draw Members' attention to the need to amend the TRIPS Agreement, making it a requirement to disclose the origin and source of genetic resources and the related traditional knowledge in the patent system.

131. The representative of Brazil thanked the delegation of Peru for their non-paper. He welcomed the fact that the submission essentially endorsed the proposal by Brazil. Brazil also shared all the concerns highlighted in Peru's non-paper.

132. For instance, Brazil agreed with Peru's emphasis in paragraph 7 on the importance of addressing not only tariffs but also non-tariff measures in CTESS. Furthermore, Brazil agreed with the importance of organic agricultural products in the negotiation. Other aspects of the non-paper that

spoke to Brazil's reality was how to make agriculture and development compatible with the ecosystems and biodiversity. Finally, his delegation welcomed the reference to the question of disclosure of origin in the patent system in paragraph 13 of the non-paper.

133. The representative of Norway thanked Peru for their constructive contribution. His delegation welcomed the active participation of an increasing number of Members in the negotiations. The communication presented Peru's perspective on important issues such as its export interests, the necessity of clean environmental technologies and the global challenges to the environment and sustainable development, with particular emphasis on combating poverty within indigenous communities.

134. As regards the part of the non-paper relating to intellectual property, in particular Paragraph 15, the representative noted that Norway had participated actively in the discussions in the TRIPS Council, including by tabling its own proposal which presented a position that was close to that of Peru in several respects. Although some of these questions were being discussed in another WTO committee, the issue was nevertheless of great importance to his delegation. Norway would study Peru's communication in greater detail, in particular as regards to the question of including organic products, in parallel with the further examination of Brazil's proposal.

135. The representative of India thanked Peru for their proposal, which it considered as a constructive move to take the negotiations forward. India recognized the reasons underlying the proposal on organic agriculture, including the benefits that would result for indigenous communities involved in these forms of production. India looked forward to further elaboration of how this proposal could be implemented. With regard to the third part of the non-paper, India shared Peru's views on the issue of disclosure of origin in the patent system, and hoped to see a successful outcome on this issue.

136. The representative of Ecuador thanked the representative of Peru for the submission and for his support to the negotiations. The Peruvian paper was an important contribution which complemented the document submitted by Brazil. Together with other delegations, Ecuador gave its support to the proposal regarding organic products and the question of NTBs. Moreover, Ecuador noted its own interest in the issue of disclosure of origin, which it considered an important issue within the Doha mandate.

137. The representative of South Africa said that as a co-sponsor of document IP/C/W/474 mentioned in the non-paper, her delegation shared Peru's view on the issue of disclosure of origin. This was an important issue of the Doha mandate on which her delegation was hoping to see a positive and successful outcome. Since this issue was also related to the work under Paragraphs 31(i) and 31(ii), it was appropriate for Peru to bring it up in CTESS.

138. The representative of Egypt thanked Peru for their submission. Although his delegation was still examining the paper, he welcomed Peru's effort to highlight the sustainable development and environmental dimensions of the negotiations. Egypt also stressed the importance of tariff and non-tariff measures in the context of the trade and environment negotiations. Another important concept in the negotiations was the protection of traditional knowledge, as mentioned in Peru's submission.

139. The part of the non-paper dealing with the TRIPS Agreement raised important questions that Members might have to revert to at a later stage in the negotiations. He noted that Peru's submission went a long way in supporting the initial thrust of the Brazilian non-paper to achieve a win-win outcome in the negotiations, both for developed and developing countries.

140. The representative of Argentina thanked the representative of Peru for his presentation of the non-paper. His delegation welcomed this new contribution, along with that of Brazil, as providing a way forward that might allow the Committee to make progress in the negotiations. Peru's non-paper complemented to some extent Brazil's submission, including with respect to the inclusion of organic agricultural products. In his delegation's view, since organic products were naturally produced, they supported by definition the environment. Paradoxically, the CTESS had been discussing environmental goods and services liberalization for more than six years, focusing only on industrial or technological products. For Argentina, it would be short-sighted not to give consideration to issues such as the inclusion of agricultural goods given the nature of the mandate.

141. The representative of Colombia said that his delegation fully supported the comments made by Peru, in particular with respect to organic products and biofuels, which in his view were clearly linked to the environment. Brazil had also provided some useful examples where biofuels were actually being promoted through national legislation. For Colombia, organic products and biofuels provided a real opportunity for developing countries to increase their share of world trade. In this regard, his delegation very much welcomed this new contribution from Peru.

142. The representative of China joined previous speakers in thanking Peru for its latest contribution.

143. The representative of Peru thanked other delegations for their comments on the non-paper. He welcomed the fact that the initial response to the document had been generally positive. He recalled that the non-paper had been tabled in reaction to the Brazilian proposal, and that his delegation supported the request-offer process as the main approach to carry forward the negotiations under Paragraph 31(iii). This process had been followed in other areas of negotiation in WTO, and there was no point in discussing whether it would be cumbersome or time-consuming, since this largely depended on Members' willingness to compromise. In this regard, Members would have to find a way of making this approach work effectively with a view to achieving a positive result, as was the case in the area of Services.

144. There had been several comments on the issue of organic products and their importance for developing countries, such as Peru, which had rich biodiversity. With respect to the third part of the non-paper, he noted that it was important to inform the Committee of what was happening in other areas of the Doha Round, especially in an area of such importance for both developed and developing countries.

145. The Chairman thanked the representative of Peru for the proposal, which established a useful linkage between CTESS negotiations and the work in other areas of the negotiations.

146. The representative of the United States said that she wished to draw the Committee's attention to a recent report by the World Bank entitled "Warming up to trade: harnessing international trade to support climate change objectives", which addressed key issues underscored by delegations in the discussion.

147. In concluding, the Chairman noted that he had been holding some consultations with delegations in small groups on the mandate in Paragraph 31(iii). The interest expressed by several delegations with respect to the Brazilian proposal showed that Members were willing to engage in the negotiations. During the discussions, some clarification was sought from Brazil, namely with respect to the modality aspect of the proposal, i.e. the request-offer process and the basket of concessions. Some delegations noted that they wished to reflect further on the feasibility of this approach before deciding on how to move the process forward.

148. In addition, some useful questions had been raised with regard to the phases of work, the format of the discussion, and how requests and offers would fit with other approaches already on the table. This proposal took the Committee to a different level of activity and deserved further discussion. Members should continue reflecting on these ideas as they explored modalities that could be acceptable to all.

149. He recalled that at the previous open-ended meeting, several delegations had noted that the categories or environmental activities could provide a useful framework for engaging in future discussions. He would therefore continue exploring this option in his consultations on the way forward. He believed that one of the main objectives at this stage was to clarify Members' interests from a trade, environment and development perspective, without prejudice to Members' positions on approaches. He hoped that delegations would be ready to engage constructively with a view to bridging the gap in their positions.

IV. OTHER BUSINESS

150. The CTESS agreed to the renewal of the ad hoc invitations extended to international organizations for the next meeting of the CTESS.
