# ORGANIZATION 

## Committee on Trade and Environment Special Session

# MARKET ACCESS FOR ENVIRONMENTAL GOODS 

Communication from the European Communities

Paragraph 31(iii)

1. In this first submission to the Committee on Trade and Environment Special Session and fifth submission to the NAMA negotiating group, the European Communities wishes to clarify its approach to achieve the objectives Ministers set with regard to the negotiations on environmental goods under paragraph 31 (iii) of the Ministerial Declaration.

## I. OBJECTIVES

2. Ministers in Doha agreed, inter alia, to negotiations on the reduction, or as appropriate elimination, of tariff and non-tariff barriers to environmental goods and services, with a view to enhancing the mutual supportiveness of trade and environment. Their commitment to sustainable development was reaffirmed at the Johannesburg World Summit on Sustainable Development (WSSD), when protecting the environment, addressing basic human needs (Millennium Development Goals-MDGs) and promoting more sustainable modes of production and consumption were established as pillars of the Plan of Implementation. ${ }^{1}$
3. In addition to the WSSD, Agenda 21, international agreements addressing global environmental problems as well as national environmental policies define the environmental objectives worldwide.
4. Approaches to the liberalization of trade in environmental goods must be considered against this political backdrop. The WTO is also expected to bring a meaningful contribution to the achievement of international environmental objectives, by creating the conditions for more open trade in environmental goods and services, as instructed by Ministers under paragraph 31 (iii) of the Doha Declaration.
5. Liberalizing trade in environmental goods and services can bring economic, environmental and developmental benefits. In all countries, changes in consumption patterns and demand for greener products should be encouraged by opening up markets to environmental products from both developed and developing countries. Liberalizing trade in environmental goods and services would support and reward producers in all countries that invest in environmentally friendly practices, cleaner technologies and equipment with a view to meeting environmental objectives, related responsible corporate policies and/or consumers' demand. Supporting the development of environmental markets

[^0]would also foster technological innovation and job creation in a dynamic industry. Moreover, for developing countries, it should help make available cheaper environmental technologies and related services needed to meet their developmental and environmental objectives, while satisfying basic human needs, such as improved access to safe water, sanitation or clean energy.

## II. GUIDING PRINCIPLES

6. The European Communities considers that the identification of environmental goods should be guided by the following principles:

- Environmental goods should be defined in order to contribute to the fulfilment of national and internationally agreed environmental priorities. Multilateral Environmental Agreements ${ }^{2}$ and the MDGs, in particular on access to safe water and sanitation, provide useful guidance on the environmental objectives that are relevant for the identification of environmental goods. Pollution prevention, resource use reduction and waste minimization could also be guiding priorities that are included in both Agenda 21 and the WSSD Plan of Implementation.
- Any definition should encompass categories of interest to all Members. In particular, Members should welcome contributions by developing countries defining products of their interest.

7. Finding a generally acceptable definition of environmental goods, while not always easy, is not insuperable. Pragmatic and innovative approaches will certainly enable Members to develop technically workable definitions solutions that ensure the possibility of living up to the commitments entered into to the benefit of sustainable development. In the past, part of the difficulty has stemmed from the relative nature of the concept with some products defined as "environmental(ly -friendly)" based on an implicit or explicit comparison with other goods using either national or international environmental protection criteria or standards. Work on a definition has also been hampered by concerns about the risk of technological lock in. A corollary to this problem is the difficult choices concerning the inclusion of technologies that are regarded, at a given moment and in a given country, as the best available techniques. However, experiences of previous sectoral agreements demonstrate that such problems can be addressed by careful consideration of the scope of the categories identified and on the level of (remaining) tariffs. One solution could be to define categories general enough to encompass all types of technologies for a given purpose, for example waste treatment. We are open to making provision for a mechanism to update the environmental goods list in order to encourage technological innovation in a field where evolution in technologies is the key to successfully addressing environmental challenges.
8. The issue of nomenclature has often been quoted as yet another impediment. The European Communities considers that Members should reach agreement on environmental goods identified on the basis of codes as contained in the Harmonized System. Members’ nomenclatures could be used whenever more specific identification is required. To that purpose, the products to be covered should be clearly identifiable or recognizable on the basis of objective and quantifiable criteria.
9. Still on the issue of classification, some Members have expressed concerns about the possible dual use of the products identified as environmental. By way of solution, only products used for a particular environmental purpose or medium (e.g. for water, air or waste treatment) should be

[^1]included in the list of environmental goods. In addition, since environmental technologies are often delivered as packages, specific codes could be created in national nomenclatures for entire systems, whenever they are not already explicitly recognized in the HS. This could, for example, be the case for a wastewater treatment plant, or a system for treating industrial sludge intended to be integrated into an industrial plant. We would, however, suggest that spare parts and accessories be included in this initiative only when they are explicitly described as solely for the use in the systems identified by Members as environmental goods. Special customs procedures concerning spare parts, such as those used in other sectoral agreements, might appear to be solutions to the issue of dual use, but their practicalities remain to be assessed.

## III. DEFINITION

10. Further to these general considerations, and taking into account the OECD/EUROSTAT definition of the environmental industry ${ }^{3}$, we believe that a comprehensive definition of environmental goods must at the very least include the following two categories:
(a) Goods used in pollution control and resource management;
(b) goods that have a high environmental performance or low environmental impacts.
11. In the same spirit mentioned above, we are proposing these categories as parameters for our discussion rather than starting-points for lengthy discussions on a definition. In other words, consensus on a definition should not be a prerequisite to studying lists of products, but rather work on categories and on possible products should proceed together and be mutually reinforcing. For each category described below, an illustrative list of sub-sectors is included, together with one or two examples of products and corresponding environmental policy objectives. The lists are not at all exhaustive and many products can be added for each sub-sector.

## A. GOODS USED IN POLLUTION CONTROL AND RESOURCE MANAGEMENT

12. This category includes technologies and goods used in the provision of environmental services for pollution control or resource management, and technologies that reduce emissions or resource consumption, mainly in the following areas: ${ }^{4}$ water collection, treatment and distribution and wastewater management; solid/hazardous waste management including recycling; protection of ambient air and climate; protection and remediation/cleanup of soil and water; noise and vibration abatement; environmental monitoring, analysis and assessment; and renewable energies.
[^2]
## Examples of Sub-sectors and Products Included in the Pollution Control and Resource Management Category

| Sector/Activity <br> And <br> Env. Policy <br> Objective | Sub-Sector/Activity | Products | REMARKS |
| :---: | :---: | :---: | :---: |
| WATER FOR HUMAN USE <br> (COLLECTION, TREATMENT AND DISTRIBUTION) AND WASTEWATER MANAGEMENT <br> Millennium <br> Development Goal: Halve, by the year 2015, the proportion of people without sustainable access to safe drinking water. <br> WSSD Plan of Implementation: Halve, by the year 2015, the proportion of people who do not have access to basic sanitation. Protecting and managing the natural resource base of economic and social development. WSSD, para 25: Intensify water pollution prevention to reduce health hazards and protect ecosystems by introducing technologies for affordable sanitation and industrial and domestic wastewater treatment; establishing national monitoring | Water analysis, measurement and monitoring | Thermometers, pyrometers, hydrometers, hygrometers, salinometer and parts thereof |  |
|  |  | Instruments for measuring or checking the flow, level, pressure or other variables of liquids and parts thereof | Flow meters, manometers, level gauges, etc. for water |
|  | Water collection | Rainwater catchment system |  |
|  | Production of drinking water, including water treatment systems | Pumps for water, whether dry well or submersible, and parts thereof | For water, wastewater and sludge. |
|  |  | Filtering or purifying machinery and apparatus for water and parts thereof | Including sludge belt filter presses and belt thickeners. |
|  | Water handling equipment | Cisterns, vats and reservoirs for drinking water, for households or industry, including for rainwater, made of plastic, concrete or metal. |  |
|  |  | Pipes for drinking water, wastewater and sea manhole, and accessories thereof. |  |
|  | Wastewater treatment | Wastewater treatment plant. Wastewater treatment unit, for individual use, and parts thereof | E.g. Used by households or services companies. A specific tariff code could be provided for wastewater treatment plants. |


| SECTOR/ACTIVITY <br> AND <br> ENV. PoLICY <br> OBJECTIVE | SUB-SECTOR/ACTIVITY | PRODUCTS | REMARKS |
| :--- | :--- | :--- | :--- |
| systems. Support the <br> diffusion of water <br> conservation <br> technologies, and <br> programmes for energy- <br> efficient, sustainable <br> and cost-effective <br> desalination of <br> seawater, water <br> recycling and water <br> harvesting from coastal <br> fogs in developing <br> countries. |  | Septic tanks and other <br> vats and reservoirs for <br> wastewater treatment |  |


| SECTOR/ACTIVITY <br> AND <br> ENV. PoLICY <br> OBJECTIVE | SUB-SECTOR/ACTIVITY | PRoDUCTs | REMARKs |
| :--- | :--- | :--- | :--- |
| as well as of alternative <br> environmentally sound <br> technologies. | Air purification, <br> including odour <br> control | Filtering or purifying <br> machinery and <br> apparatus for gas or air | Physical, mechanical, <br> chemical or electrostatic <br> filters and purifiers for <br> the removal of COV, <br> solid or liquid particles <br> in gases, etc. |
|  |  |  | Heat or catalytic <br> incinerators (oxidisers) <br> and parts thereof |



| SECTOR/ACTIVITY <br> And <br> Env. Policy ObJective | Sub-SECTOR/Activity | Products | REMARKS |
| :---: | :---: | :---: | :---: |
| access to sustainable energy services and resources, through rural electrification and decentralised energy systems, increased use of renewables (...). Para 20 (c): Develop and disseminate alternative energy technologies with the aim of giving a greater share of the energy mix to renewable energies. <br> Climate change: greenhouse gas emissions reduction and prevention by encouraging the use of renewable energy sources. <br> Bonn International Conference for Renewable Energies, June 2004: Political Declaration: substantially increase with a sense of urgency the global share of renewable energy in the total energy supply. Policy recommendations: the WTO rules should promote renewables; Governments, the WTO (...) should proceed rapidly to reduce trade barriers for renewable energy technologies as well as electricity and fuels from renewable sources. Efforts and instruments to foster the use of renewable energies should include safeguards against market distorsions, especially export subsidies and import duties. | Hydropower | Small hydro powered generating plant: |  |
|  |  | -Hydraulic turbines and water wheels of a power not exceeding 1000 kW and parts thereof. |  |
|  |  | -Generator for use in the above hydro-power plant |  |
|  | Marine/ocean power | Electricity generators powered by ocean currents/tidal streams |  |
|  | Geothermal power generation | Heat pumps and parts thereof |  |
|  | Bio-energy | Plants for producing bio-electricity and bioheat from waste | Bio-energy derived from organic material (vegetable, animals and micro-organisms), is known as biomass. In order to be sustainable, biomass exploitation implies careful resource management that includes the rehabilitation of the atmosphere and respect of ecosystems. Considering that such a condition is not a priori granted, for the purpose of this list, the exploitation of bioenergy focuses on waste recovery (agricultural and forestry residues, biodegradable fraction of municipal solid waste). |
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## B. GOODS THAT HAVE A HIGH ENVIRONMENTAL PERFORMANCE OR LOW ENVIRONMENTAL IMPACTS

13. This category encompasses some of the products identified by UNCTAD as products that "cause significantly less 'environmental harm' than alternative products that serve the same purpose". ${ }^{5}$ It includes goods identified on the basis of objective parameters such as composition (e.g. the renewable character of components) and/or environmental performance (e.g. energy consumption, efficiency, recycleability/bio-degradability, low/zero pollution). This being said, it is understood that no product made of renewable material can be regarded as environmental per se, as this depends for example of the form and rate of exploitation of the natural resources used to produce it. Whereas the impacts of production should be taken into account when selecting products as environmental goods, it is not our intention to rely exclusively on these parameters to describe them.

Examples of Sub-sectors and Products Identified in the Category of Goods that Have a High Environmental Performance or Low Environmental Impacts

| SECTOR/ACTIVITY <br> AND <br> ENV. PoLICY <br> OBJECTIVE | SUB-SECTOR/ACTIVITY | PRODUCTs | REMARKs |
| :--- | :--- | :--- | :--- |
| INSULATION <br> Promotion of energy <br> efficiency in buildings; <br> Sustainable use of raw <br> materials (renewable <br> resources). |  | Panels, boards, tiles, <br> blocks and similar <br> articles of vegetable <br> fibre, of straw or of <br> shavings, chips, <br> particles, sawdust and <br> other waste of wood, <br> agglomerated with <br> cement, plaster or other <br> mineral binders, used <br> for soundproofing and <br> thermal insulation, not <br> containing dangerous <br> substances. | Includes insulation <br> articles made of wood <br> waste, coir, true hemp, <br> reed, etc. |

[^3]| SECTOR/ACTIVITY <br> AND <br> ENV. PoLICY <br> ObJECTIVE | SUB-SECTOR/ACTIVITY | PRODUCTs | REMARKs |
| :--- | :--- | :--- | :--- |


| SECTOR/ACTIVITY <br> AND <br> ENV. PoLICY <br> ObJECTIVE | SUB-SECTOR/ACTIVITY | Products | REMARKS |
| :--- | :--- | :--- | :--- |
| efficiency, reducing <br> greenhouse gas <br> emissions, congestion, <br> adverse health effects <br> and limiting urban <br> sprawl by developing <br> better vehicle <br> technology and multi- <br> modal transportation <br> systems, including <br> public mass <br> transportation <br> systems. |  |  |  |

14. In addition, some of the products falling in this category may need to be defined through standards which require certification. As there may exist no internationally agreed standards concerning some specific instances of products' environmental performance (e.g. energy efficiency), we propose to consider using general international environmental standards such as the ISO series on voluntary eco-labelling schemes. Including these certified goods amongst those benefiting from improved access will sustain work in other international fora and initiatives by civil society to improve trading opportunities for "green products", from both developed and developing countries. Negotiations on these products would thus offer Members the opportunity to reconcile trade and environment objectives by creating positive trade incentives for national/regional eco-labelling schemes based on international standards.
15. The EC would, therefore, propose to include in the definition of environmental goods products that have a label issued by a scheme included in the existing international network Global Ecolabelling Network (GEN) as defining environmental goods (see Annex). ${ }^{6}$ Indeed, GEN labels are ISO type I eco-labelling schemes that meet the general requirements and principles of ISO $14024^{7}$ while originating from various countries, both developed and developing countries. At the same time, WTO Members should be ready to increase technical assistance to help developing countries set up and administer their own ecolabels within these parameters.

## IV. MODALITIES

16. With a view to ensuring that the environmental benefits of trade in environmental goods accrue to all countries, the European Communities proposes that all Members, except the least developed, agree to deeper cuts - aiming at elimination as final goal - of all tariffs for the products described as environmental goods in the preceding paragraphs. Where appropriate and depending on the results of the negotiations, Members should not be expected to implement the agreed cuts

[^4]according to a single timetable. Developed and developing countries might follow different timetables for the implementation of their tariff commitments.
17. A bold initiative on tariffs will only maximize market openness if non-tariffs barriers for these goods are tackled through approaches that allow also for discussion of specific non-tariff measures on a case-by-case basis, where appropriate. Discussion on NTBs will need to take into account the developments in the general discussion on non-tariff barriers in the NAMA Negotiating Group as well as the regulatory-driven nature of environmental markets. Work on NTBs should under no circumstances call into question the right of Members to set environment and health standards at the level they consider appropriate in accordance with WTO rules (see para 6 of the DDA).
18. In addition, the technical assistance that will be required by developing countries to implement any agreement on environmental goods will need to be considered once a list of environmental goods has been agreed.
19. As regards the more technical aspects of tariff negotiations (base rates, nomenclature, etc.) we would like to refer to the second EC submission (document TN/MA/W/11) containing all the necessary details.
20. Finally, with a view to maximizing the benefits of trade liberalization for the development of environmental markets, Members shall ensure, where appropriate, a parallel liberalization of trade in environmental services, as stipulated in paragraph 31 (iii) of the Ministerial Declaration.

| ANNEX |  |
| :---: | :---: |
| GEN ECO-LABELLING Schemes |  |
| Country/Jurisdiction | SINCE |
| Germany | 1978 |
| Japan | 1989 |
| Nordic Countries: Sweden, Norway, Iceland and Denmark (as of 2000) | 1989 |
| USA | 1989 |
| Canada | 1988 |
| Japan | 1989 |
| New Zealand | 1990 |
| Sweden - Good Environmental Choice | 1990 |
| Austria | 1991 |
| India | 1991 |
| European Community | 1992 |
| Korea | 1992 |
| Netherlands | 1992 |
| Singapore | 1992 |
| Sweden - TCO Development | 1992 |
| Chinese Taipei | 1992 |
| Brazil | 1993 |
| Croatia | 1993 |
| Israel | 1993 |
| Thailand | 1993 |
| China (PRC) | 1994 |
| Czech Republic | 1994 |
| Hungary | 1994 |
| Hong Kong | 2000 |
| Australia | 2001 |

NOTES: This annex lists GEN members and is not an exhaustive list of eco-labelling schemes. There may exist other programmes or their creation may be under way at the moment. For instance, Colombia and Sri Lanka are in the process of establishing a programme. Please note that the United Kingdom, Spain, Greece and Luxembourg are also members of GEN.


[^0]:    ${ }^{1}$ Actions agreed in Johannesburg include the support to cleaner production through the transfer of environmentally sound technologies, and the creation of domestic and international markets for environmentally friendly goods that maximize environmental and developmental benefits, including through voluntary and nondiscriminatory consumer information to promote sustainable production and consumption.

[^1]:    ${ }^{2}$ Such as the UN Convention on Climate Change and the Kyoto Protocol, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, the Montreal Protocol on Substances that Deplete the Ozone layer, the Stockholm Convention, the Rotterdam Convention, the GHS classification system and the Convention on Biodiversity

[^2]:    ${ }^{3}$ The OECD/EUROSTAT Manual ${ }^{3}$ defines the environment industry as consisting of "activities which produce goods and services to measure, prevent, limit or correct environmental damage to water, air and soil, as well as problems related to waste, noise and eco-systems. Clean technologies, processes, products and services which reduce environmental risk and minimise pollution and material use are also considered part of the environmental industry". The environmental goods and services industry, Manual for data collection and analysis, OECD/Eurostat 1999.
    ${ }^{4}$ This list is partly based on the EC proposal for a classification of Environmental Services in the context of the GATS. Some of the categories described here may be covered by other services sectors or may be independent from the supply of a service.

[^3]:    ${ }^{5}$ Cf. Environmentally Preferable Products as a Trade Opportunity for Developing Countries, UNCTAD/COM/70, Geneva, December 1995.

[^4]:    ${ }^{6}$ GEN's aims include promotion and development of reliable eco-labelling schemes as well as cooperation and harmonization among members and other eco-labelling programmes. For more details, see http://www.gen.gr.jp.
    ${ }^{7}$ Including transparency and consultation of stakeholders, objective and scientifically-based criteria that take into account the life-cycle of the product, and accessibility to all potential applicants that fulfil the established criteria. ISO type I designates voluntary and life-cycle based schemes with third party certification. Standard 14024 in the ISO series covers "voluntary, multiple-criteria based third party programme that awards a license which authorises the use of environmental labels on products indicating overall environmental preferability of a product within a particular product category based on life cycle considerations".

