

**INTEGRATED PROPOSAL ON ENVIRONMENTAL  
GOODS FOR DEVELOPMENT**

Submission by Argentina

Paragraph 31(iii)

The following communication, dated 11 October 2005, is being circulated at the request of the delegation of Argentina.

**I. INTRODUCTION**

1. This document is a contribution to the discussions of the Committee on Trade and Environment in Special Session (CTESS) designed to ensure that the approach adopted in the framework of the negotiations under paragraph 31(iii) of the Doha Ministerial Declaration results simultaneously in fair environmental, trade, and development benefits for all WTO Members.

2. We are convinced that the negotiations must properly reflect the development objectives set forth in the Marrakech Agreement and reaffirmed in the Doha Ministerial Declaration.

**II. APPROACHES PROPOSED TO DATE**

3. There is no internationally agreed definition of environmental goods, nor are there any agreed criteria for their classification. As a result, WTO Members have gone about identifying the goods covered by the paragraph 31(iii) mandate in different ways. In trying to produce a definition of such goods, a number of criteria have been discussed.

4. Adopting an approach that relies on the preparation of lists a number of Members, taking as a reference the lists produced by APEC, OECD<sup>1</sup> and UNCTAD<sup>2</sup> as well as certain reference points, and submitted their own national lists of what they would consider to be environmental goods.<sup>3</sup>

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<sup>1</sup> Document TN/TE/W/18.

<sup>2</sup> Room document TD/B/COM.1/EM.21/CRP.1, Meeting of Experts in Geneva, July 2003, and updated 2005 version with statistical data. The "UNCTAD list" has products in common with APEC and the OECD, but also includes other products with export potential for the developing countries.

<sup>3</sup> Documents TN/TE/W/50/W/Suppl.1 of 1 July 2005 from Canada; TN/TE/W/47/Suppl.1 of 27 June 2005 from the European Union; TN/TE/W/50 of 2 June 2005 from Canada; TN/TE/W/49 of 26 May 2005 from New Zealand; TN/TE/W/48 of 18 February 2005 from the Republic of Korea; TN/TE/W/57 of 6 July 2005 from Switzerland; TN/TE/W/56 of 5 July 2005 from the EU;

5. In the last CTESS meetings<sup>4</sup>, certain delegations pointed out the problems involved in the "list approach"<sup>5</sup> owing to the fact that the resulting reduction or elimination of tariff barriers to the goods concerned would benefit the developed countries above all. Thus, the proposals submitted by countries such as Brazil, China, India, and Cuba have given the negotiations a new momentum by addressing the demands and concerns of the developing countries through approaches other than, or complementary to, the "list approach". These proposals seek to: (i) introduce the sustainable development dimension into the environmental goods negotiations; (ii) respect the principle of special and differential treatment; (iii) ensure the transfer of "clean technologies"; (iv) favour market access for products of interest to the developing countries.

### III. THE PROPOSED APPROACHES

6. Although defended by certain Members for its apparent transparency and predictability, the "list approach" does not fulfil the development objectives set forth in the Marrakesh Agreement and the reaffirmed in the Doha Ministerial Declaration. The reduction and elimination of tariff barriers, which should be a means of promoting development, becomes an end in itself. Nor does the list approach resolve the problem of multiple use.

7. While the "environmental project approach"<sup>6</sup> presented by India, enables the development and environmental objectives set forth in the Doha Ministerial Mandate to be taken into consideration, and complies with the preamble to the Marrakesh Agreement, its implementation does not depend on the multilateral trading system. It could currently be applied unilaterally or on the basis of bilateral agreements.

8. The submission by Brazil<sup>7</sup> takes account of the concerns and interests of the developing countries. Moreover, it stresses the commitment undertaken by WTO Members to "seek to achieve environmental objectives while pursuing trade liberalization and addressing development concerns." To that end, it stresses the need for the CTESS to focus on development in the context of paragraph 31(iii) of the Doha Ministerial Declaration. Nevertheless, Argentina does not consider the UNCTAD definition of environmentally preferable products<sup>8</sup> to be the best way of defining an environmental good, since it leaves open the possibility of including goods on the basis of their processes and production methods (PPMS).

### IV. TOWARDS AN INTEGRATED APPROACH THAT GUARANTEES BENEFITS FOR TRADE, THE ENVIRONMENT, AND DEVELOPMENT

9. Based on an assessment of the above approaches, we consider the best option to be an *integrated approach* which brings together elements from each one of the proposed solutions:

- The CTESS should identify "the categories" of environmental projects, such as: air pollution control; water and waste water management; soil and soil conservation; solid waste management; remediation and clean up; noise and vibration abatement;

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TN/TE/W/52-TN/MA/W/18/Add.7 of 4 July 2005 from the United States; TN/TE/W/44 of 7 October 2004 from the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, among others.

<sup>4</sup> CTESS held in Geneva: 24 and 25 February and 7 and 8 July 2005.

<sup>5</sup> Submissions by Brazil, TN/TE/W/59 of 8 July 2005; India, TN/TE/W/51 of 3 July 2005 and TN/TE/W/54 of 4 July 2005; and Cuba, TN/TE/W/55 of 5 July 2005. Oral statements by Argentina, Brazil, Colombia, Bolivia, Venezuela, Paraguay, and Ecuador.

<sup>6</sup> Submissions by India, TN/TE/W/51 of 3 June 2005 and TN/TE/W/54 of 4 July 2005.

<sup>7</sup> Submission by Brazil, TN/TE/W/59 of 8 July 2005.

<sup>8</sup> UNCTAD defined environmentally preferable products as products that cause significantly less "environmental harm" at some stage of their "life cycle" than alternative products that serve the same purpose (TN/TE/INF/7).

environmental monitoring and analysis; process optimization; energy saving management; renewable energy; and environment-friendly products.

- The CTESS should include in each "category" the environmental goods that would be "available" for application to the development of national projects.
- Tariff reduction/elimination and the elimination of non-tariff barriers should be agreed multilaterally, taking account of special and differential treatment, and should take effect as of the time that the importing Member assigns to a given national environmental project the goods required to meet the objectives of that project.
- The tariff benefit granted by the importing Member should cover a specific period, i.e. the project implementation phase.
- The conditions of access to the transfer of "clean technology" and local capacity building should be negotiated within the environmental project.

10. Thus, two cumulative conditions will have to be met in order to be able to benefit from the reduction/elimination of tariff and non-tariff restrictions under paragraph 31(iii) of the Doha Mandate:

- (a) The goods must be included in one of the environmental project "categories";
- (b) the goods must be identified within a national environmental project.

#### **V. HOW DOES THE NEW PROPOSED APPROACH INTEGRATE EACH OF THE PREVIOUS APPROACHES?**

11. The new approach would provide for the multilateral identification of categories of environmental projects and "environmental goods" that could be included in those projects. The Committee will work to ensure that the identified goods are "eligible" for environmental protection.

12. The new approach fully respects the sovereign right of Members to define their own environmental policies through their competent national bodies, according to their own needs and possibilities and the resources available. It also promotes the development of projects through the elimination of import duties on the goods concerned, while enabling the countries to build up their own technological capacities.

#### **VI. CONCLUSION**

13. In the light of the above considerations, the new "integrated approach" proposal could be an effective and practical means of ensuring an equitable outcome to the negotiations under paragraph 31(iii) in compliance with the Doha Ministerial Mandate, and of contributing to sustainable development, both in the developed countries, and in the developing and least developed countries.

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