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Negotiating Group on Market Access
Committee on Trade and Environment

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MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

U.S. Contribution on an Environmental Goods Modality

Addendum

The following communication, dated 4 July 2003, has been received from the Permanent Mission of the United States.

1. In discussions in both the Committee on Trade and Environment (CTE) in Special Session and the Non-Agricultural Market Access (NAMA) Negotiating Group, a variety of views have been expressed on how to proceed with negotiations on environmental goods. Some Members favor either the APEC or OECD lists as a starting point for negotiations. Others express reservations about using either one, or both, of these lists for this purpose. Questions have arisen about whether “environmentally friendly” products should be included. Still other Members have provided specific lists of additional products (i.e., that are not on either the APEC or OECD lists) which they suggest should be included in WTO market access negotiations on environmental goods. Notably, several developing countries have expressed interest in more products of export interest to developing countries being included. At this point, most delegations have indicated that it would not be helpful to use non-product process and production methods (PPMs) as a basis for defining environmental goods under the Doha mandate in paragraph 31(iii).

2. The United States welcomes the efforts undertaken by delegations to contemplate various elements of the environmental goods negotiations. Collectively, Members’ papers and interventions in both the CTE in Special Session and the NAMA Negotiating Group have effectively identified the challenges inherent in defining this sector, and the United States suggests that the time has come to more systematically approach and address these issues. Accordingly, we have started to outline a possible approach to modalities for moving environmental goods negotiations forward in a creative and flexible manner that could begin to accommodate a wide variety of views and interests. Ultimately we believe this approach can further reinforce the mutual supportiveness of trade and environmental policies, as envisioned by Ministers at Doha.

Basic Concept

3. Participants in the negotiations could develop two lists of environmental goods: a **core list** and a **complementary list**. The core list would comprise products on which there is consensus that they constitute environmental goods. A second complementary list could be developed for additional products on which definitive consensus could not be reached but for which there is a high degree of acknowledgment that they can have significance for environmental protection, pollution prevention or remediation, and sustainability. For the core list, Members would be required to reduce tariffs and non-tariff barriers, or, as appropriate, eliminate them altogether, within a certain period, recognizing

that discussions regarding non-tariff barriers may also take place in other relevant WTO bodies. For the complementary list, however, Members would be required only to identify specific products representing a certain percentage of the total tariff lines on the list and subject these products to the same reduction/elimination agreed for the core list products.

Core List

4. Reflecting on lessons learned in previous attempts to develop a list of environmental goods (e.g., in APEC), environmental goods on the core list should fall into one of two categories: 1) environmental remediation or pollution prevention; or 2) “clean technologies.” In TN/TE/W/34 and TN/MA/W/18/Add.4, the United States discussed these categories in some detail in terms of the practical difficulties associated with developing a list that could be practically implemented.

- *Environmental Remediation and Pollution Prevention:* This category includes goods used to clean the environment or to contain or prevent pollution. Some examples of these products are smokestack scrubbers, sewage treatment equipment and solid waste recycling systems.
- *Clean Technologies:* This category includes goods designed for a particular industrial or consumer function the use or disposal of which results in lesser impact on the environment than alternative goods designed for similar functions.

Complementary List

5. Members should strive for a core list that is as comprehensive as possible to maximize positive outcomes for the environment, trade and development. In the event, however, that consensus can not be reached for particular goods, individual Members could nominate these goods to be included in a central complementary list that would be *available for consideration of all Members*. For purposes of liberalization, Members would be allowed to pick those goods on the list for which they are committed to liberalize, but these goods would have to constitute a certain minimum x percentage of the total products on the complementary list. If such an approach were pursued, procedures would be necessary for determining the process for nominating products and the criteria that would have to be met for products to be included. For example, in the interests of clarity and practicality, delegations should refrain from nominating goods based on non-product PPMs for purposes of this negotiation since procedures used to classify goods in the Harmonized System do not easily accommodate distinctions other than those based on physical characteristics or function. Additionally, it should be expected that inclusion of a particular good on the list has some support from other Members and is not merely a wish list item for a single isolated Member.

Rates of Liberalization

6. *Core list:* In recognition of the attention given to this sector by Ministers in Doha and consistent with the U.S. negotiating proposal in TN/MA/W/18, tariffs should be eliminated for all products on the core list as soon as possible but no later than 2010.

7. *Complementary list:* Individual Members would not have to liberalize all products on the complementary list as part of the sectoral negotiations; however, in order to maximize the opportunities for ensuring that these negotiations contribute to mutual supportiveness of trade liberalization and environmental protection, Members would be required to liberalize a certain percentage of these products. The United States suggests that Members would be required to eliminate tariffs on a certain x percent of these tariff lines by 2010, within the same time-frame as environmental goods on the core list. The specific products that each country chooses to include in this percentage would be by self-selection. The exception would be for a country that was export

competitive in a particular product, in which case it would be required to eliminate tariffs no later than 2010 (i.e., over the same period as products on the core list). This product would be counted toward the percentage required for the complementary list.

8. *Less Than Full Reciprocity:* To reflect the less than full reciprocity provisions in the Doha mandate for NAMA, developing countries would be required to eliminate tariffs on a lesser percentage of products on the complementary list than the x percent that would apply to developed countries.

Conclusion

9. While it would be ideal for delegations to be able to reach consensus on a single list of environmental goods for purposes of NAMA negotiations, discussions in the CTE in Special Session and the NAMA Negotiating Group have highlighted many of the difficulties associated with that effort. For this reason, the United States suggests that it is time for delegations to consider a modality for environmental goods that allows for some flexibility in designation of particular products. At the same time, we welcome suggestions from other delegations on how to incorporate an approach for environmental goods into broader modalities to be agreed for the NAMA negotiations.
