

**STATEMENT BY CHINA ON ENVIRONMENTAL GOODS AT THE COMMITTEE ON
TRADE AND ENVIRONMENT SPECIAL SESSION (CTESS) MEETING
OF 22 JUNE 2004**

Paragraph 31 (iii)

The following communication, dated 6 July 2004, is being circulated at the request of the delegation of China.

I. INTRODUCTION

1. The new round of multilateral trade negotiations is called the Doha Development Agenda. Paragraph 2 of the Doha Ministerial Declaration reads that “the majority of WTO Members are developing countries. We seek to place their needs and interests at the heart of the Work Programme adopted in this Declaration. Recalling the Preamble to the Marrakech Agreement, we shall continue to make positive efforts designed to ensure that developing countries, and especially the least-developed among them, secure a share in the growth of world trade commensurate with the needs of their economic development.” And in Paragraph 44 the importance of the special and differential treatment is reiterated.

2. A note by the UNCTAD Secretariat on Environmental Goods and Services (EGS) in Trade and Sustainable Development¹ reveals that “direct trade gains from liberalization in EGS may flow largely to the more advanced WTO Members, which stand to benefit from improved access to expanding EGS markets in developing countries. Efforts should be made to increase the potential for direct trade gains for developing countries.”

3. China shares the views of many Members that the criteria and scope of environmental goods are important to the negotiations. We believe further discussions on definition issue in the CTESS are necessary and we should avoid problems like multiple-uses, PPMs, Clean Technologies, etc., during the deliberations from the practical point of view. It will facilitate the consensus-building process on relevant issues in an analytical and pragmatic manner. We prefer a combined approach of both top-down and bottom-up in parallel.

4. Enlightened by discussions so far made on environmental goods, we suggested a concept of a common list and a development list at the CTESS meeting on 20 April 2004. Members have expressed their interest in such a concept. We hereby elaborate further on this basic concept, with a view to “casting a brick in order to attract appearance of jade in the discussion”.

¹ UNCTAD: TD/B/COM.1/EM.21/2

II. BASIC CONCEPTS OF “A COMMON LIST” AND “A DEVELOPMENT LIST”

5. **A Common List** means a list for all, which comprises specific product lines on which there is consensus that they constitute environmental goods. The products included in this list should reflect the interests of both developed and developing Members. Priorities should be given to products of export interest of developing and least-developed Members in order to enhance the export capacity building on environmental goods in real terms. For the products in the common list, Members are committed to reduce or eliminate tariff and non-tariff barriers. The specific modality of trade liberalization on environmental goods shall be developed by the NAMA negotiating group according to the Doha mandate.

6. **A Development List** is a list for S&D treatment born from the common list, which comprises those products selected by developing and least-developed Members from the common list for exemption or a lower level of reduction commitment, with a view to reflecting the principle of less than full reciprocity, taking into consideration the needs of their economic development and the vulnerability of their relevant domestic industries in the area of environmental goods.

7. We also stress the need and importance of facilitation of technology transfer to the developing and least-developed Members when working on trade liberalization on environmental goods.

III. CONCLUSION

8. China welcomes the progress so far made in the discussion of the CTESS on Paragraph 31(iii) in an analytical and pragmatic manner. The special and differential treatment to the developing and least-developed Members is a must in the process of liberalizing trade on environmental goods. The concepts contained in this statement of China serve to provide food for thought in our deliberations on Paragraph 31(iii), as an input to the negotiations.
