



United Nations Environment Programme

برنامج الأمم المتحدة للبيئة • 联合国环境规划署

PROGRAMME DES NATIONS UNIES POUR L'ENVIRONNEMENT • PROGRAMA DE LAS NACIONES UNIDAS PARA EL MEDIO AMBIENTE

ПРОГРАММА ОРГАНИЗАЦИИ ОБЪЕДИНЕННЫХ НАЦИЙ ПО ОКРУЖАЮЩЕЙ СРЕДЕ

Working Group on “Liberalising Trade in Environmental Goods and Services”

Moderator: Rene Vossenaar (UNCTAD)

Rapporteur: Ron Steenblik (OECD)

Summary

The Working Group began with a summary of the multilateral context of the current negotiations on environmental goods and services (EGS) provided by Mr. Ron Steenblik of OECD. Rene Vossenaar then brought the focus down to the issues faced by developing countries. He noted that Paragraph 16 of the Doha declaration emphasizes the need to take into account the concerns of developing country in the negotiations regarding market access for non-agricultural products. This means finding ways to increase the participation of developing countries. He pointed out that requests for technical assistance had been received from a number of LAC countries.

This shows that there is clearly considerable interest in these negotiations, but understanding of what is at stake varies considerably among countries. As such there was reluctance by some countries to engage in and take positions on the various issues. Even those countries that had put serious effort into developing a position were reluctant to formalize that position at the WTO. It is therefore important for countries to know exactly what they are liberalizing especially with regard to goods as compared to services.

Another issue was whether an agreement on EGS should include goods defined by their process or production methods (PPMs). Again, some participants in the group seemed to favour the idea, pointing out that it was precisely products produced sustainably in which developing countries have a comparative advantage; others acknowledged the strong opposition against tariff discrimination on the basis of PPMs and stressed the considerable problems that countries faced in getting sustainably produced goods certified and recognised by importers.

Mr. Vossenaar concluded that there are two basic types of capacity building needed: (1) helping negotiators with tools, information; (2) promoting national dialogues so that negotiators understand clearly what is acceptable domestically.

Key Issues

- Should an agreement on EGS provide a permanent tariff preference for environmental goods? Some participants thought that it should. The example of organic coffee provided an illustration of the potential negative implication of this position: coffee generally faces zero or low tariffs, and to follow the logic through would imply raising tariffs on “non-organic” coffee — something that many would say would not be in the interest of developing countries.
- Should an agreement on EGS include goods defined by their processes or production methods (PPMs)? Again, some participants seemed to favour the idea, pointing out that it was precisely products produced sustainably in which developing countries have a comparative advantage; others acknowledged the strong opposition against tariff discrimination on the basis of PPMs and stressed the considerable problems that countries faced in getting sustainably produced goods certified and recognised by importers.

Division of Technology, Industry and Economics

Economics and Trade Branch

11-13 Chemin des Anémones, CH-1219 Châtelaine, Geneva 10, Switzerland, Tel: +41.22.917.84.20; Fax: +41.22.917.80.76

E-mail: etu@unep.ch URL: <http://www.unep.ch/etu>

- Definitional issues kept recurring during the discussions. As one participant observed, “Just about any services, any goods could potentially be defined as ‘environmentally friendly’.
- With regard to services, there was much interest in having tourism, or more precisely eco-tourism or environmentally responsible tourism, recognised as an environmental service.

Capacity Building Needs and Objectives

- Developing countries need to identify areas of import and export interest. It is important also to identify what environmental goods they need and can produce.
- A participant also observed the importance of addressing the definitional challenges posed by what is an ‘environmental good’ and also capacity building at society level of what is an ‘environmental good’ as there are divergences in views even within government ministries. Another participant pointed out the importance of increasing awareness of developing countries’ barriers to trade in services.
- One representative from a small Caribbean island state noted the critical need to consider life-cycle issues related to large capital items, particularly disposal facilities.
- Several speakers highlighted that what was needed even more than capacity building for trade and environment was support for re-educating or otherwise increasing the skills of workers displaced by liberalisation, as well as training on the production side.
- Some participants called for enhanced capacity for trade negotiators through workshops, new programmes and other training and activities at the institutional level.
- Costa Rica’s representative pointed to the importance of information on markets for eco-enterprises and called for specific capacity building aimed at the private sector. In addition a consultant from Mexico pointed out the need for more statistics on the market so as to identify market opportunities.

Approaches and Delivery Mechanisms:

- Chile pointed out that the focus should be on promoting environmentally friendly products and services.
- The importance of determining the levels of training needed and coordinating training efforts was also pointed out.
- Costa Rica observed that focus should be placed on other avenues of training including those provided by the private sector and subsidised providers.
- St Lucia’s representative recommended that needs be assessed on a sector-by-sector basis and that small countries and island states should look to involve both governments and the private sector. In order of priority, he stressed first training, second research, and third seminars and workshops.

Partnerships:

Participants pointed out the need for:

- Coherence and coordination among international organizations.
- Using sub-regional capacities and partnering with regional institutions.
- Participation from governments in studies as opposed to private consultants since these would easily identify priority needs in designing domestic and internal policies.