



# Environmental Goods and Services: Environmental Area Initiative (EAI) Approach and Climate Change



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## Art. 31(iii) DDA

- With a view to enhancing the mutual supportiveness of trade and environment, we agree to negotiations, without prejudging their outcome:
- .....
- (iii) The reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services.

# Status of EGS negotiations

Failure to agree so far mainly due to

- Definitional and classification issues
- Major limitations of current approaches
- Demarcation from NAMA and Services Negotiations
- Coordination problems

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# The Challenge of an Integrated Approach

- Environmental Goods and Services (to be defined)
- Technical Barriers to Trade
- Subsidies
- Intellectual Property Issues (Transfer of Technology) ?
- How to achieve a proper balance and mutual benefit?

# Environmental Project Approach

- Unilateral project definition (India)
  - Governmental initiatives
  - Private initiatives?
  - Regional and local programmes?
- Concessions limited in time (sub MFN)
- Problems:
  - Tariff bindings
  - MFN, NT and like products issues (end-use or regulatory purpose test)
  - Spare parts and ex post imports

# The Integrated Approach

- Combination of list and EPA approach (Argentina)
  - Categories to be defined by CTESS (Uruguay)
  - Linkage to MEAs
  - Definition of activities of private and public entities eligible for enhanced market access of relevant goods and services

# The Environmental Area Initiative (EIA) approach

- Multilaterally agreed environmental area
- Services, goods incl. EPPs, TBTs, IPRs, domestic regulation and other areas
- Goals and targets may be adopted from Millenium Development Goals (MDGs), MEAs, and other international agreements
- *Result in binding WTO commitments (GATT and GATS)*

# Methodology

- High level definition of a targeted Environmental Area (Cluster); balancing mutual interests
- Technical negotiations in services and related goods, TBT, SPS and IPRs (transfer of technology), financial support and subsidies (SCM)
- Coordination and Framework Agreement
- Implementation in Schedules (bindings) and Protocols (measures of support)

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# (1) Possible Target Areas and Clusters

- Supply of drinking water
- Drainage
- Sanitation and disposal of sewage
- Waste disposal, in particular hazardous waste
- Reduction of carbon emission
- Promotion of renewable energies, in particular water, solar, wind and tidal

## (2) Modalities within an environmental area

- Members may negotiate any of the following
  - Definition of relevant services and scheduling
  - minimum number of relevant goods subject to mandatory reduction (sectoral initiative)
    - Tariff elimination on relevant goods
    - an overall average tariff cut with minimum cuts at tariff line level
    - minimum number of goods with minimum tariff cut
- Separate modalities for EPPs where reductions will be mandatory
- Coordination across negotiating

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## (3) Drafting an EGS Framework Agreement

- Framework and modalities for undertaking commitments
  - Linkages with existing commitments and scheduling
  - Issues relevant to the environmental sector (technology transfer, TBTs, IPRs, etc)
  - Provisions on transparency, notification, and dispute settlement
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# Linking EGS Negotiations and Climate Change

- Sectors covered by Kyoto Protocol may provide specific environmental areas and targets; may adopt from other parallel initiatives, e.g. Global Environment Facility
- Under the Kyoto Protocol, Members can unilaterally define priorities and seek CDM projects within the given structure of service regulations, tariff and NTBs relating to corresponding products
- EAI approach offers a basis and methodology to do this multilaterally
- Members can decide on the selection and prioritization of above project areas for inclusion in EGS negotiations



Thank you for your attention!

