

Summary of U.S. and EC Proposal for Liberalizing Trade in Environmental Goods and Services in the WTO DDA Negotiations

Paragraph 31 (iii) of the WTO Doha Declaration calls for the "reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services." Liberalization of environmental goods and services can result in substantial benefits to Members as they pursue their environmental policy objectives, including addressing climate change.

The fight against climate change is one of the greatest challenges the international community is facing today. Strong and urgent action is needed to stabilise greenhouse gas concentrations at a level that would prevent dangerous anthropogenic interference with the climate system. Trade liberalisation can and should support the fight against climate change, notably by contributing to the necessary deployment of climate-friendly goods and technologies as well as services, thereby complementing and supporting the objectives of and the process under the United Nations Framework Convention on Climate Change (UNFCCC).

We propose that WTO Members make a substantial and concrete contribution to support global and national climate objectives. Our proposal builds upon a recent report from the World Bank titled, "International Trade and Climate Change: Economic, Legal, and Institutional Perspectives,"¹ which concludes that eliminating tariff and non-tariff barriers to clean energy technologies could result in a 7-14 percent increase in trade volumes in these goods and that these technologies "also confer local environmental benefits and general efficiency improvements in the production process."

Our proposal seeks to contribute to climate goals as a priority, but goes further to address a broader set of global and domestic environmental challenges. In order to address the broader set of environmental issues, we propose to negotiate in the WTO a ground-breaking and innovative Environmental Goods and Services Agreement (EGSA) involving market access commitments on a wide range of goods and services that contribute to environmental protection.

The potential benefits of the WTO negotiations are so compelling, and the environmental challenges so urgent, that a bold new proposal is needed that would offer an ambitious, environmentally relevant and timely result in these negotiations. We propose a two-tiered result under DDA paragraph 31(iii) covering both goods and services as summarized below.

¹ The International Bank for Reconstruction and Development/World Bank, 2007, www.worldbank.org.

Summary of Proposal

	COVERAGE	ACTION	PARTICIPATION
<u>TIER ONE:</u> <u>Climate/Clean</u> <u>Energy</u> GOODS	Goods directly linked to addressing climate change, and other relevant goods that enjoy consensus on the basis of their clear environmental benefit.	Eliminate tariffs and relevant non-tariff barriers.	All WTO Members.
SERVICES	Services that contribute to Members' efforts to address climate change, such as: air pollution and climate control services; technical testing and analysis; energy-related services (e.g. engineering and maintenance services to optimise the environmental performance of energy facilities); and services for the design and construction of energy-efficient buildings and facilities.	Take commitments in Members' GATS schedules facilitating trade in these services in line with the plurilaterals.	All WTO Members involved in relevant plurilateral services negotiations.
<u>TIER TWO:</u> <u>Environmental</u> <u>Goods And</u> <u>Services</u> <u>Agreement</u> GOODS	Use as a basis for negotiations set of 150+ environmental goods outlined in WTO document Job(07)54. ²	Eliminate tariffs and take appropriate actions to identify and address specific non-tariff barriers.	WTO Members subject to formula cuts in NAMA ³ , as well as other interested WTO Members.
SERVICES	Use broad set of environmental and climate-related services, including environmental, energy, construction, architectural, engineering and integrated engineering services.	Bind existing levels of market access and national treatment commitments and undertake new liberalisation to remove market access barriers.	WTO Members subject to formula cuts in NAMA, as well as other interested WTO Members.

² WTO submission on April 27, 2007, by Canada, the European Communities, Japan, Korea, New Zealand, Norway, Chinese Taipei, Switzerland, and the United States.

³ This would include all WTO Members except LDCs, Paragraph 6 countries, and Small and Vulnerable Economies (SVEs).