

# Environmental Goods and Services: Development Perspectives

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## Framing the Negotiations

### A Question of Balance



## Balancing Negotiating Aims

Doha mandate



## Trade Focus

Implementing the Doha mandate

Trade and Environment  
31. (iii) the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services.

NAMA

16. "We agree to negotiations which shall aim, by modalities to be agreed, to reduce or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries. Product coverage shall be comprehensive and without a priori exclusions. The negotiations shall take fully into account the special needs and interests of developing and least-developed country participants, including through less than full reciprocity in reduction commitments, in accordance with the relevant provisions of Article XXVIII bis of GATT 1994 and the provisions cited in paragraph 50 below. To this end, the modalities to be agreed will include appropriate studies and capacity-building measures to assist least-developed countries to participate effectively in the negotiations."

## Market Access



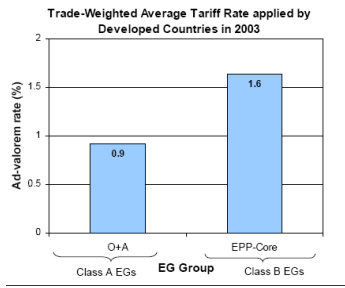
## Consequences

Developing Countries:  
Adopting a defensive position





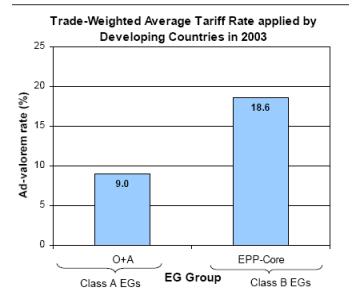
## Trade Data (1)



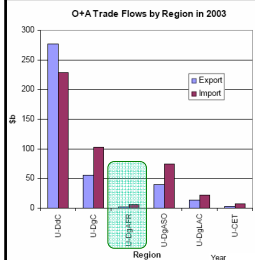
Source: Hamwey (2005)



## Trade Data (2)



## Trade Data (3)

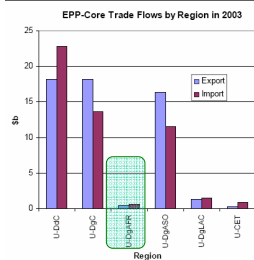


Africa has a trade deficit in both categories of EGs:  
OECD + APEC list goods..

| Region | Year | EG Group | Partner | Trade Value (\$ 1000) | Export      | Import | % World Exports | % World Imports |
|--------|------|----------|---------|-----------------------|-------------|--------|-----------------|-----------------|
| U-DfC  | 2003 | O+A      | World   | 276,969,359           | 229,077,867 | 63     | 66              |                 |
| U-DfC  | 2003 | O+A      | World   | 42,774,283            | 50,391,444  | 12     | 31              |                 |
| U-DfC  | 2003 | O+A      | World   | 23,209,696            | 6,206,203   | 1      | 2               |                 |
| U-DfC  | 2003 | O+A      | World   | 39,916,373            | 74,779,309  | 12     | 22              |                 |
| U-DfC  | 2003 | O+A      | World   | 13,926,044            | 22,206,620  | 4      | 7               |                 |
| U-DfC  | 2003 | O+A      | World   | 2,967,103             | 7,351,977   | 1      | 2               |                 |
| World  | 2003 | O+A      | World   | 335,697,549           | 339,321,285 |        |                 |                 |



## Trade Data (4)



..and EPPs

| Region | Year | EG Group | Partner | Trade Value (\$ 1000) | Export     | Import | % World Exports | % World Imports |
|--------|------|----------|---------|-----------------------|------------|--------|-----------------|-----------------|
| U-DfC  | 2003 | EPP-Core | World   | 18,147,072            | 22,335,807 | 56     | 61              |                 |
| U-DfC  | 2003 | EPP-Core | World   | 16,156,696            | 16,676,596 | 50     | 39              |                 |
| U-DfC  | 2003 | EPP-Core | World   | 459,744               | 1,617,613  | 1      | 3               |                 |
| U-DfC  | 2003 | EPP-Core | World   | 16,370,255            | 11,706,014 | 45     | 31              |                 |
| U-DfC  | 2003 | EPP-Core | World   | 1,321,370             | 1,518,683  | 4      | 4               |                 |
| U-DfC  | 2003 | EPP-Core | World   | 283,127               | 348,278    | 1      | 2               |                 |
| World  | 2003 | EPP-Core | World   | 36,582,859            | 37,357,295 |        |                 |                 |



## African context

- Hamwey (2005): dynamic growth in DgCs greater in non EPP EGs
- Autonomous lib → increased env goods Exp's
- But this growth dominated by a few (non-African) countries: 9 DgCs account for 90% EGs Exp – none in Africa
- Modelling list liberalisation: EGs exports from DgCs increase in DdCs, Asia, EITs; but <1% Africa and L.America.
- EPPs are of high importance (international trade and domestic) to many LDCs and developing countries with small rural economies



## Benefits and concerns

- Benefits of liberalisation, including:
  - Access to technology
  - Environmental benefits from increased use of EGs
  - Lower prices → cleaner options are cheaper
- DgC concerns about liberalisation, including:
  - Effect on local industry
  - Loss of policy space
  - Loss of tariff revenues
  - Dual use



## Dual Use

- The most important traded EGs are “nes” items, in which ‘real’ EGs account for only a fraction:
- Example: trash compactors on OECD list – HS 847989 (other machines, nes, having individual functions)
- Isolating trade flows in trash compactors is impossible at 6-digit HS level
- For US imports at 8-digit HS level (item 84798955), trash compactors account for **less than 1%** of total imports under 6-digit HS 847989
- Only 20 out of nearly 500 entries in the WTO’s comprehensive list are likely to be used *predominantly* for environmental applications

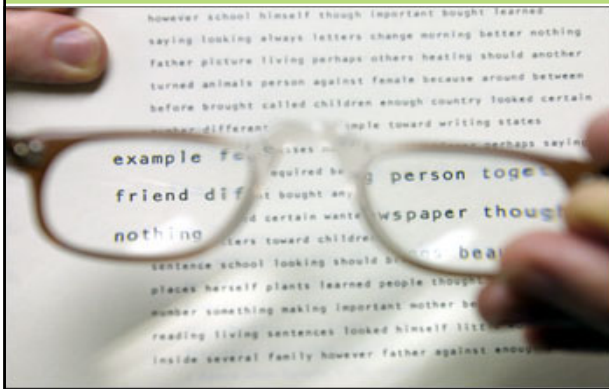


## DgC concerns (2)

- NTBs
- Technology transfer
- Services
- S&D treatment



## Re-focusing negotiations



## The wider mandate

Implementing the Doha mandate

**Trade and Environment**  
31. With a view to enhancing the mutual supportiveness of trade and environment...  
(iii) the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services.

**NAMA**

16. “We agree to negotiations which shall aim, by modalities to be agreed, to reduce or as appropriate eliminate tariffs... as well as non-tariff barriers, in particular on products of export interest to developing countries... The negotiations shall take fully into account the special needs and interests of developing and least-developed country participants, including through less than full reciprocity in reduction commitments...”



## DgC Proposals

- Project approach (India)
- Integrating MEAs (Argentina)
- Colombia non-paper: single/multiple use methods
- Uruguay non-paper: environmental activities



## Benefits: restoring links

EGS liberalisation



NTBs

Services  
(UNCTAD consultations)

Agenda 21  
- ESTs



## Benefits continued

- Definitional Issues
- Meets dual use concerns
- Retains policy flexibility
- Demand-side rather than supply-side: responding to the local nature of environmental problems
- Accounts for dynamic nature of environmental technologies



## Criticisms and challenges

- Designated National Authorities: WTO-compatible?
- Administrative and customs costs
- Predictability
- Mismatch between WTO and MEA memberships
- Details – e.g. environmental activities, identifying and certifying projects
- Few benefits to DgC EGS Exports



## African areas of interest in EGS

- Agricultural products
- Fruits and nuts
- Water efficiency devices;
- Soil protection material;
- Textiles and flowers;
- Solar equipment;
- Goods associated with traditional/cultural goods.
- Chemical products
- Organic fertilisers;
- Organic/vegetable-based oils etc;



## CT Fuel

### Developing Countries

#### Trade in CT Fuel with World In 2003

|         |          | Trade in \$ bn. |        |         |
|---------|----------|-----------------|--------|---------|
| CT Fuel | Reporter | Export          | Import | Balance |
|         | DdC      | 46.2            | 95.8   | -49.6   |
|         | DgC      | 27.4            | 16.1   | 11.3    |
|         | DgAfrica | 10.5            | 0.7    | 9.8     |
|         | DgASO    | 14.3            | 11.0   | 3.3     |
|         | DgLAC    | 2.7             | 4.4    | -1.7    |
|         | World    | 92.0            | 114.8  | -22.8   |

### Top Exp. Countries (in absolute + relative terms)

|                |                     |
|----------------|---------------------|
| Algeria        | Algeria             |
| Indonesia      | Bolivia             |
| Malaysia       | Trinidad and Tobago |
| Brunei Dar.    | Oman                |
| Oman           | Indonesia           |
| Trinidad a. T. | Malaysia            |
| Argentina      | Argentina           |
| Bolivia        | Uruguay             |
| Iran           | Nigeria             |
| Nigeria        | Sudan               |

### CT-Fuel Items:

|           |   |        |
|-----------|---|--------|
| HS 271111 | Natural gas, liquefied                                | 17,712 |
| HS 271112 | Propane, liquefied                                    | 2,243  |
| HS 271113 | Butanes, liquefied                                    | 2,025  |
| HS 220710 | Underatured ethyl alcohol ≥ 80% by volume             | 462    |
| HS 120600 | Sunflower seeds                                       | 180    |
| HS 27114  | Ethylene, propylene, butylene, butadiene, liquefied   | 147    |
| HS 230320 | Beet-pulp, bagasse & other waste of sugar manufacture | 45     |
| HS 120300 | Copra   | 18     |
| HS 120400 | Linseed   | 10     |
| HS 120500 | Rape or colza seeds                                   | 8      |

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## Barriers to trade success

- Dual/living/EPP lists - would inclusion of items of interest to African countries help?
- PPMs a 'no-go' area?
- OECD Kenya study (2004): NTBs again - Export barriers: poor information on EGS markets, weak national supply capacity, high transport costs and insufficient recognition of traditional or indigenous knowledge.
- Need for complementary measures to derive benefits of liberalisation.



## The future of negotiations





## Further information

[www.unctad.org/trade\\_env](http://www.unctad.org/trade_env)

[www.unep-unctad.org/cbtf](http://www.unep-unctad.org/cbtf)

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