

Environmental Goods and Services: Applying the Environmental Area Initiative (EAI) Approach to Climate Change Mitigation

**NCCR Climate and NCCR Trade Workshop
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Environmental Goods and Services: Background

Para 31 (iii) of Doha Ministerial Declaration:

“The reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services.”

WTO and CC

liberalization of goods and services which contribute to climate mitigation and adaptation

EGS industry – activities which produce goods and services to measure, prevent, limit, minimise or correct environmental damage to water, air and soil, as well as problems related to waste, noise and ecosystems. This includes cleaner technologies, products and services that reduce environmental risk and minimise pollution and resource use. (OECD, 1998)

- Proposals on the table – list, project, integrated approaches
- Environmental Area Initiative (EAI) Approach as an alternative to address limitations of existing proposals

Environmental Area Initiative (EAI) Approach and work done so far

EAI features

- focuses negotiations and liberalization of defined environmental areas, e.g. renewable energy
- integrates goods and services
- addresses non-tariff barriers (as mandated) and other relevant issues (such as technology transfer, standards, special and differential treatment)

Analysis of EGS proposals (legal)

Introduce EAI approach

Identify elements of EGS Agreement

Applying EAI to a specific area (water, renewable energy)

Areas for research: non-tariff barriers, standards technology transfer, IPR, linkages to WTO agreements

Applying EAI to climate change mitigation (in particular, CDM)

Recent developments and state of play

- Climate treaty, emission targets – implications on EGS negotiations
- WTO Director General: response of WTO on issue should only come after Copenhagen or the achievement of a CC agreement (WTO institutional engagement in the CC debate should follow a logical sequence)
- Many WTO members recognize and have called for discussion on the link between trade and CC in the CTE (e.g. Canada, Cuba, Korea, US)
- New topics being proposed for CTE to take up: ecolabelling, incl. food miles and carbon footprint schemes (Uruguay, Australia, Colombia, Mexico, Kenya, Brazil, NZ, South Africa, Cuba, Turkey) → increasing engagement of developing countries

Recent developments and state of play

- New proposals on EGS (including for an EGS Agreement)
- Initiatives focusing on the link between trade and climate change: OECD Joint Working Party on Trade and Environment, Global Forum on Trade and CC, APEC workshop, WTO workshop
- Publications and reports focusing on this issue: OECD in 2009, World Bank, UNEP and WTO Report on Trade and CC
- Studies profiling EGS industry in developing countries and their export interests in climate-related technologies Kennett (2005), ICTSD (2008), World Bank (2008), Jha (2008)

Questions/Areas to address

I. Expand on areas not covered in previous work, and so far, lacking proposals in the WTO:

- Non-tariff barriers (incl. border taxes)
- Standards (incl. certification and ecolabelling)
- Technology transfer (incl. IPR)
- Subsidies
- SND (incl. financial assistance)
- Specific modalities (incl. appropriate negotiating group)
- Linkages/Overlaps with other WTO agreements and disciplines (e.g. TBT, SPS, TRIPS, GATS financial services)
- From above, integrate into a framework agreement (that could be a “model” for an eventual EGS agreement) What type of agreement? ITA-type? Plurilateral?

Relationship between WTO and MEAs in general

*II. Linkage between EGS and Kyoto Protocol (CDM projects):
Applying the EAI approach*