

# Opening Markets for Environmental Goods and Services

Trade and Environment Division  
World Trade Organization

# Outline

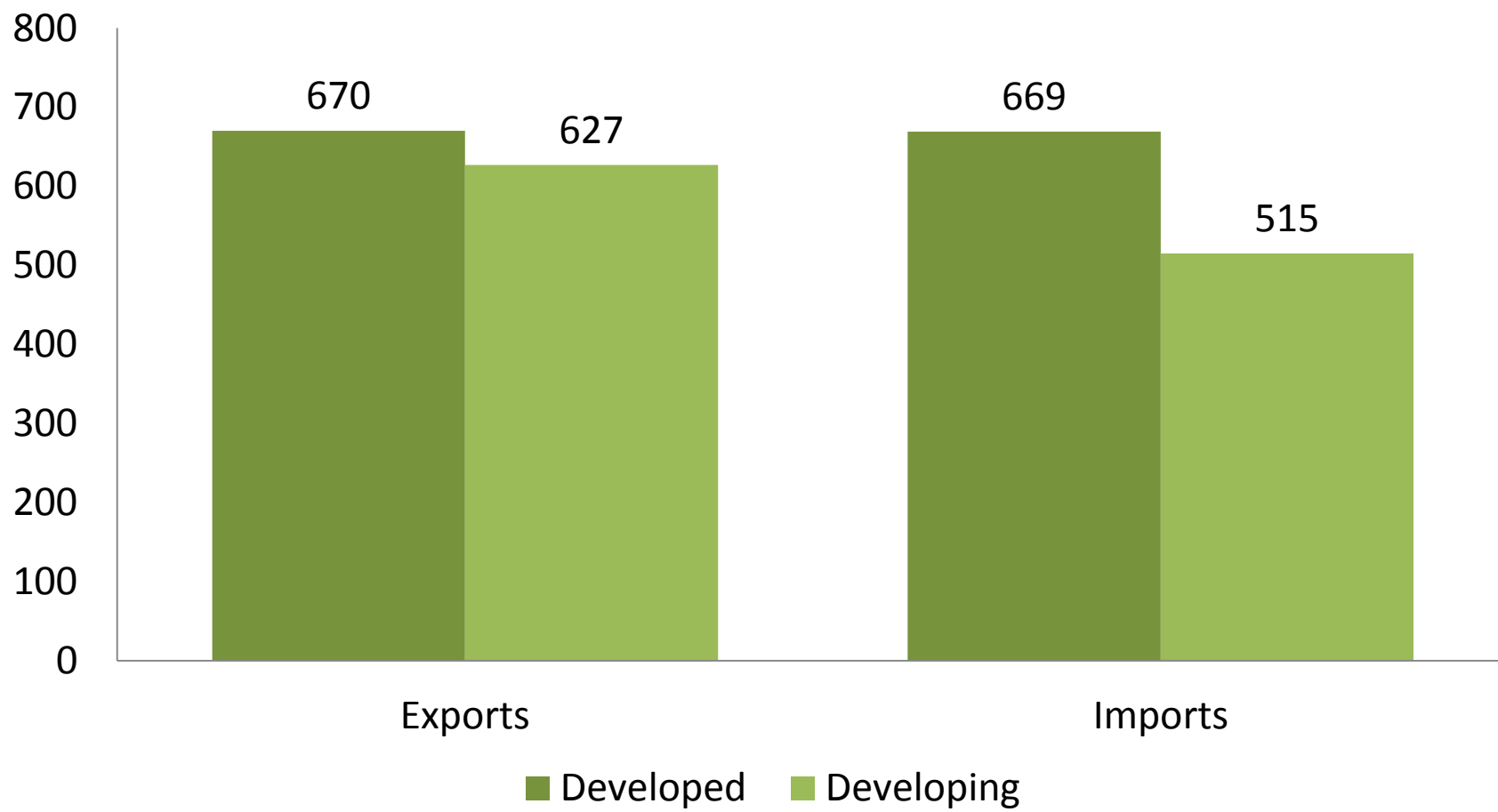
- Why liberalize trade in green goods and services?
- What are the current barriers?
- How much progress have WTO Members made towards liberalizing green trade?

# Why liberalize green trade?

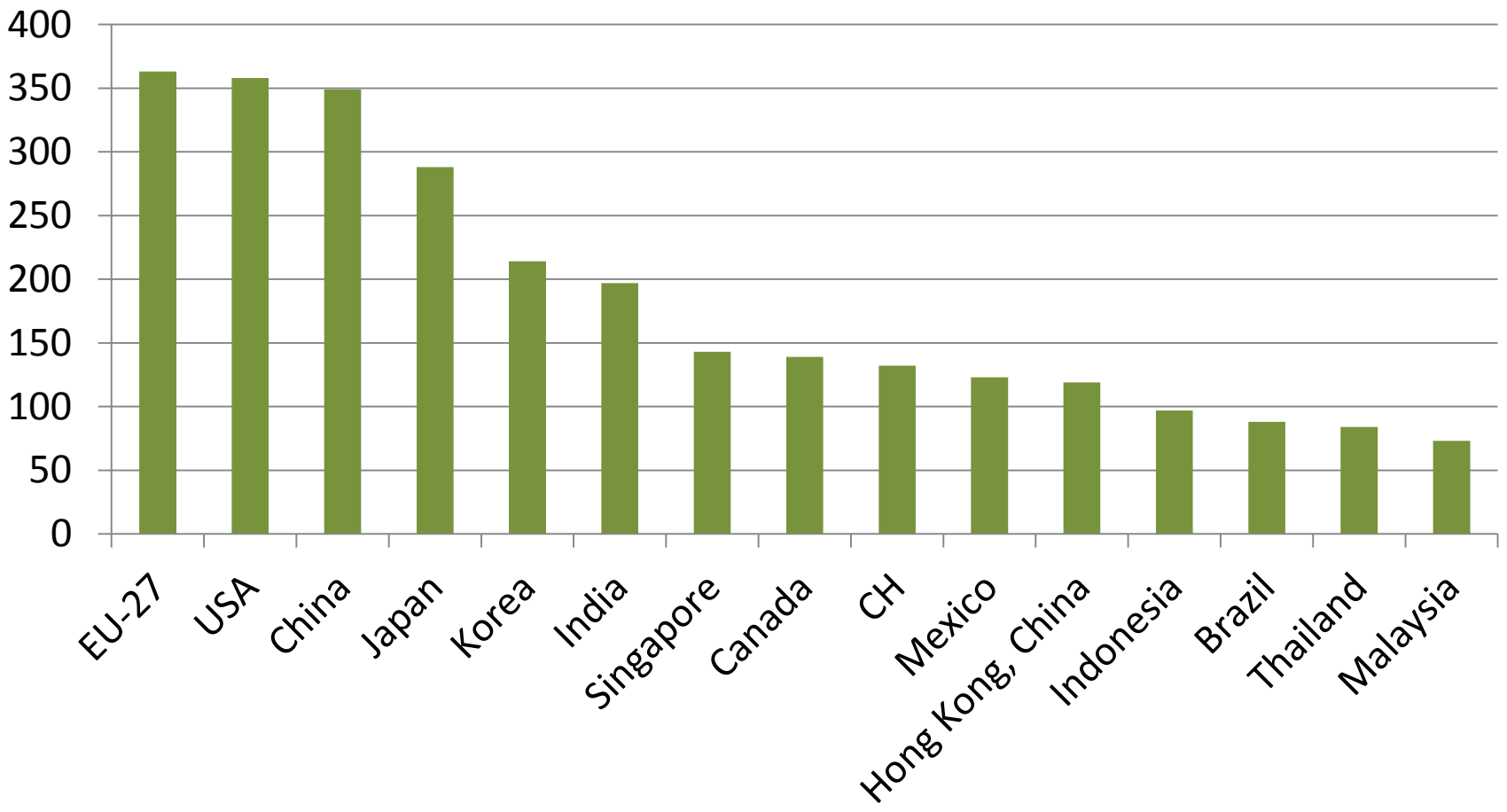
- Reducing barriers for environmental goods and services results in:
  - Lower prices
  - Incentives to expand production and exports of green goods and services
- The bulk of technology transfer takes place via trade, FDI, and licensing

# Exports and imports of environmental goods, 2010

(USD billion, excl. fuels and cars)



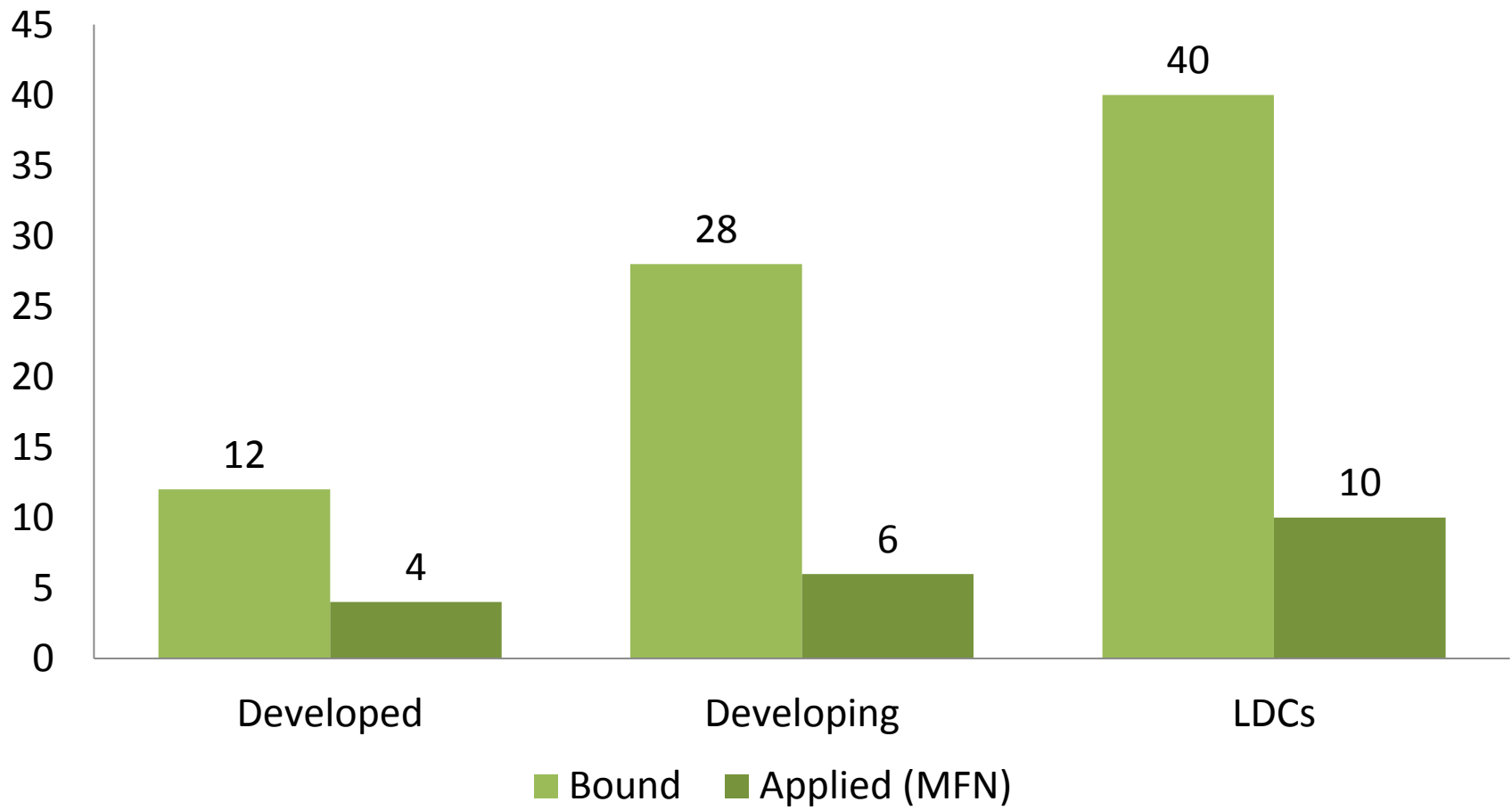
# Top exporters of environmental goods (frequency in top 10), 2010



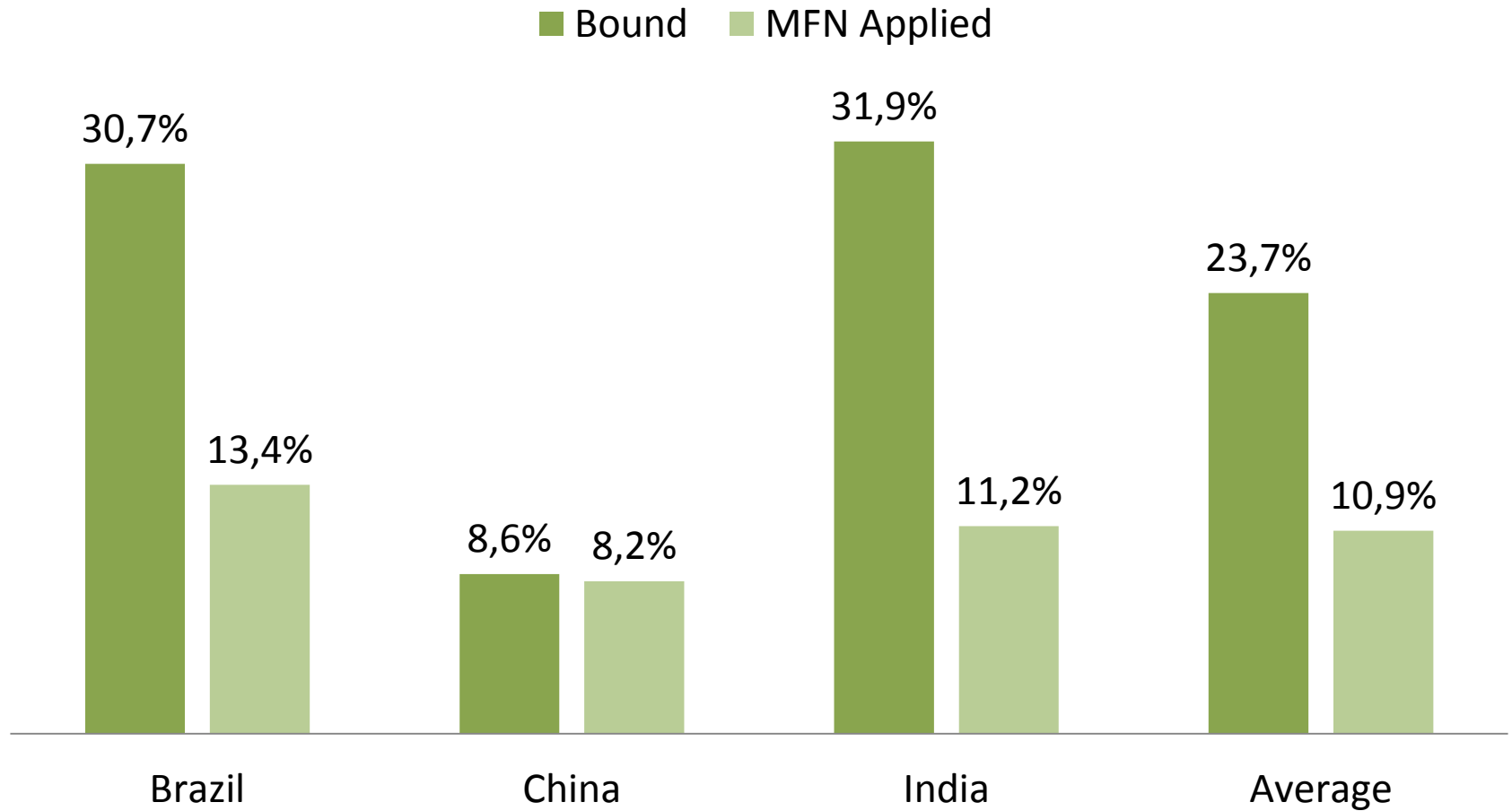
Opening Markets for Environmental Goods and Services:

# **WHAT ARE THE CURRENT BARRIERS?**

# Tariff rates on environmental goods, 2010 (%)



# Tariff rates on environmental goods, 2010 (%)





# Non-tariff barriers on environmental goods

- Examples of NTBs mentioned during the negotiations:
  - Customs procedures and valuation
  - Import prohibitions
  - Local content requirements
  - Lack of adequate protection for intellectual property

# Barriers to trade in environmental services

- ES affected by measures applying horizontally to services markets, including:
  - Restrictions on the number and location of subsidiaries
  - Discriminatory taxes
  - Foreign equity limitations
  - Restrictions on the ownership of specific assets
  - Lack of regulatory transparency, weak enforcement of environmental regulation

Opening Markets for Environmental Goods and Services:

**HOW MUCH PROGRESS HAVE WTO  
MEMBERS MADE TOWARDS  
LIBERALIZING GREEN TRADE?**

## Doha Ministerial Declaration

paragraph 31(iii)

With a view to enhancing the mutual supportiveness of trade and environment, we agree to negotiations, without prejudging their outcome, on:

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



Identifying goods and services



Determining treatment

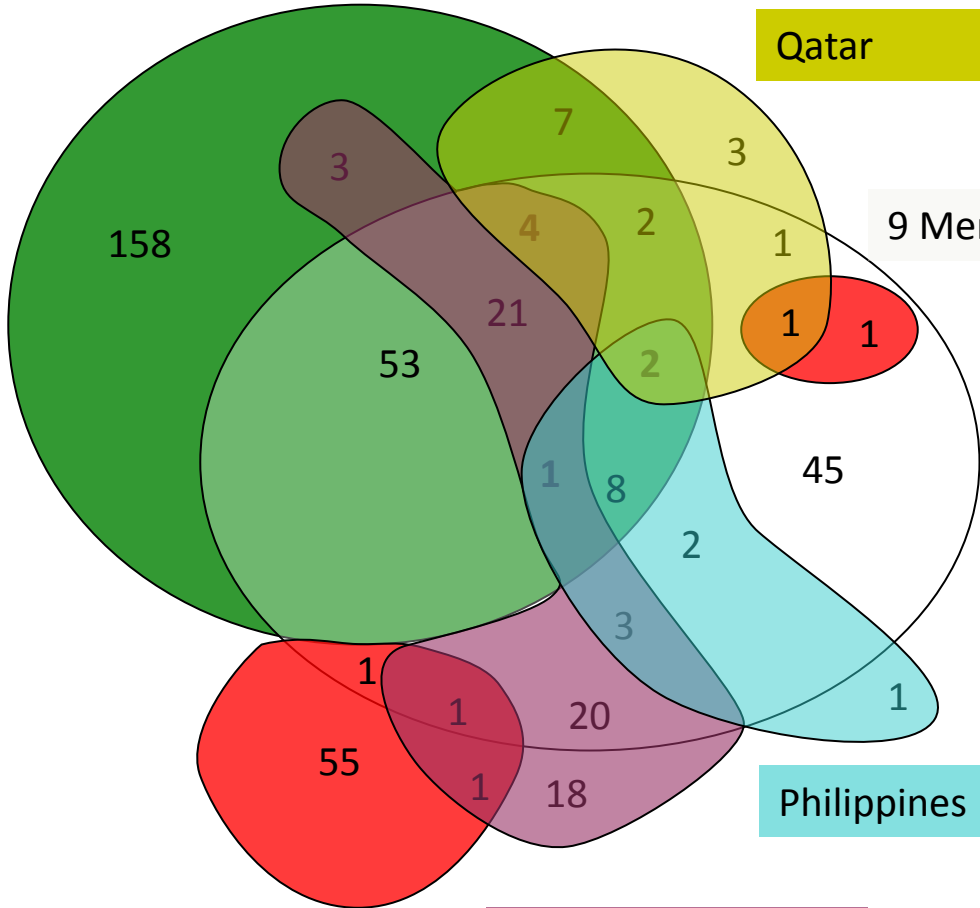
# Identifying green goods

- Exercise started in 2005
- April 2007: potential convergence set (Canada, EU, Japan, Korea, New Zealand, Norway, Switzerland, Chinese Taipei, USA)
- 2009-10: additional submissions (Saudi Arabia, Qatar, Japan, Argentina, Philippines, Singapore)

Saudi Arabia

Qatar

9 Members



Japan

Singapore

Philippines

<u>Overlap</u>	<u># HS-6</u>
1x	280
2x	89
3x	35
4x	7

# Other issues

- Static or dynamic list?
- Special and differential treatment
- Non-tariff barriers
- Transfer of technology, technical assistance

# Negotiations on environmental services

- Definition and classification of environmental services
  - No consensus to modify the GATS sectoral classification list, but new classifications have been used in negotiations
- 25 Members have offered to make new commitments on ES



# Conclusion

- There is a strong case both theoretically and empirically in favour of green trade liberalization
- There is ample scope for liberalization of green trade at the WTO
- Multilateral trade liberalization is the first-best route to freer green trade, but significant work remains to be done in order to achieve consensus

Thank you

[http://www.wto.org/english/tratop\\_e/envir\\_e/envir\\_e.htm](http://www.wto.org/english/tratop_e/envir_e/envir_e.htm)

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