

Session 8

The negotiations on environmental goods and services

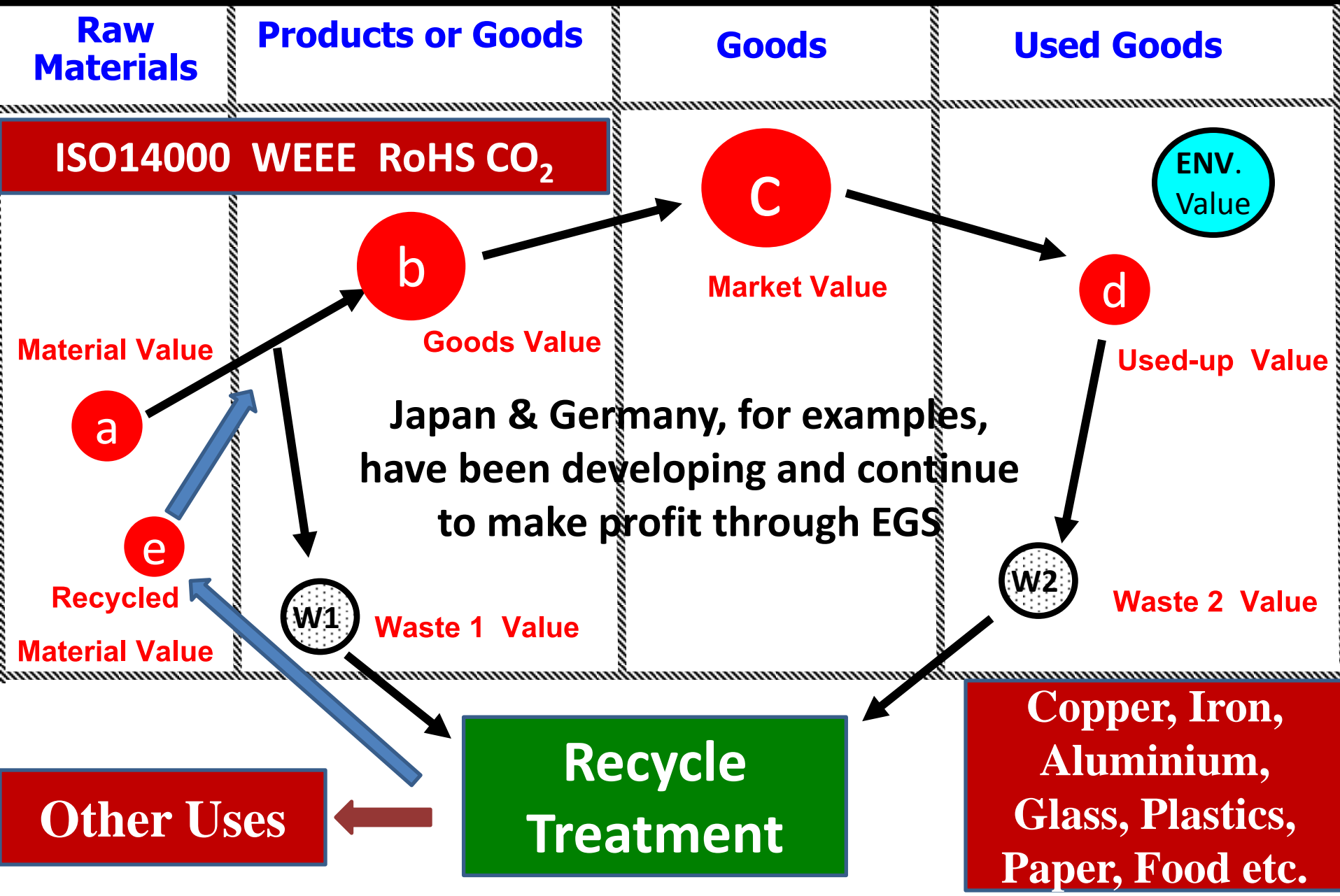
Thailand perspective and experiences

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Economic Material Environmental Benefit Pathway



Trend in Environmental Goods and Services

- **EGS Market in developing country markets growing more rapidly especially in Asia.**
- **China and India have emerged as leading producers of wind energy as well as wind energy manufacturing equipment, China and Indonesia in fluorescent lamps while Brazil is a world leader in the manufacture of bio-fuel equipment.**
- **Solar cell and Ti-battery technology replacement.**

WTO: Doha Ministerial Declaration 31 (iii)

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

Free Trade on environmental goods and services

1. Ongoing ... elimination of tariff to EG

Debate on ... Scope or specification of EG

1. No action on.... elimination of tariff to ES

2. Debate on ... NTB of EGS

Key Words: Environmental issues... *waste, energy, toxic substances, climate, temperature ...*

WTO: The negotiating challenges

- **No criteria or definition of EGS**
- **Still debating the negotiating modalities**
- **Potential environmental benefits alongside other interests**
- **Can environmental concerns be integrated throughout trade policy?**
- **Does the political will exist to emphasize environmental objectives?**
- **How far can environmental criteria be incorporated into the WTO?**

Trends and Suggestions

- **Governments demonstrating flexibility.**
- **Most products are inherently multi-use and have diverse impacts.**
- **Request-offer may gain traction.**
- **Need more specific proposals on agriculture, capacity building, NTBs, and technology transfer.**

Challenging Issues on Tariff Elimination on EG of WTO

H.S. Code Classification of Environmental Goods

- 1. Environmental or/and Climate-Friendly Goods are also Imported - Exported Goods.... Most of them have ‘Dual-Uses’ in both environmental and non-environmental uses. For example: *Efficient supercritical and ultra-supercritical boilers (and turbines) do have the same H.S. Code 84.02***
- 2. Parts of EG are also ‘Dual-Uses’ Products such as tubes and valves**

Example: HS Code on Dual Uses of EG

HS code 8413.60 Pumps for liquids, whether or not fitted with a measuring device; other rotary positive displacement pumps

Environmental Good (0% Tariff)

ex. 8413.60 (a) - *Pumps for Sewage and Wastewater treatment*

Non-environmental Good (MFN Tariff)

ex. 8413.60 (b) - *Other pumps*

Preferential Tariff Benefit on EG may lead to false information on pumps to claim for 0% Tariff

Example: HS Code on Dual Uses of EG

HS code 73.04 – 73.06 Pipes.....for liquids or gases

Environmental Good (0% Tariff)

ex. 73.04 – 73.06 (a) – *Used in Solar Hot Water System*

Non-environmental Good (MFN Tariff)

ex. 73.04 – 73.06 (b) – *Used in Oil and Gas Transportation*

Preferential Tariff Benefit on EG may lead to false information on pipes to claim for 0% Tariff

Possibility Argument of EGS Issues

- **Environmental friendly goods and services**
- **Energy efficiency (No nuclear)**
- **Atmospheric carbon dioxide reduction**
- **Recycle of energy**
- **Clean energy**
- **Recycle Goods**
- **Reuse Goods**
- **Remanufacturing Goods**

EGS Standpoints

- **WTO: EG 153 Items (Supported by Friends of Environmental Goods i.e., Canada, EU, Korea, Japan, New Zealand, Norway, Taiwan, Switzerland and US)**
- **Arguments on EGS: Climate Change, Heat and Energy Management, Renewable Energy and Solid Waste Management**
- **World Bank: EG 43 Items directly related to environmental benefit or improvement**
- **Thailand private sectors: EG 43 Items**
- **Environmental benefit vs Tariff benefit**

ANNEX: Maximum and Applied Tariff Rates for the World Bank's '43' 'Climate-friendly' List (Derived from the WTO '153' List).

HS Code	Product Description	Low- and Middle-income WTO Members		High-income WTO Members	
		Maximum Average Bound Tariffs	Average Applied Tariff Rates	Maximum Average Bound Tariffs	Average Applied Tariff Rates
392010	PVC or polyethylene plastic membrane systems to provide an impermeable base for landfill sites and protect soil under gas stations, oil refineries, etc. from infiltration by pollutants and for reinforcement of soil	30	13	15	5
560314	Nonwovens, whether or not impregnated, coated, covered or laminated: of manmade filaments; weighing more than 150 g/m ² for filtering wastewater	33	14	16	4
701931	Thin sheets (voiles), webs, mats, mattresses, boards, and similar nonwoven products	34	13	17	4
730820	Towers and lattice masts for wind turbine	28	10	16	3
730900	Containers of any material, of any form, for liquid or solid waste, including for municipal or dangerous waste	32	12	17	4
732111	Solar driven stoves, ranges, grates, cookers (including those with subsidiary boilers for central heating), barbecues, braziers, gas-rings, plate warmers and similar non-electric domestic appliances, and parts thereof, of iron or steel	36	18	15	5
732190	Stoves, ranges, grates, cookers (including those with subsidiary boilers for central heating), barbecues, braziers, gas-rings, plate warmers and similar non-electric domestic appliances, and parts thereof, of iron or steel—Parts	36	14	15	4
732490	Water saving shower	28	19	17	4
761100	Aluminum reservoirs, tanks, vats and similar containers for any material (specifically tanks or vats for anaerobic digesters for biomass gasification)	31	11	16	4
761290	Containers of any material, of any form, for liquid or solid waste, including for municipal or dangerous waste	31	13	14	4
840219	Vapor generating boilers, not elsewhere specified or included hybrid	24	5	15	4
840290	Super-heated water boilers and parts of steam generating boilers	21	5	15	4

ANNEX: Maximum and Applied Tariff Rates for the World Bank's '43' 'Climate-friendly' List (Derived from the WTO '153' List).

840410	Auxiliary plant for steam, water, and central boiler	25	5	15	3
840490	Parts for auxiliary plant for boilers, condensers for steam, vapor power unit	25	4	16	3
840510	Producer gas or water gas generators, with or without purifiers	24	5	13	2
840681	Turbines, steam and other vapor, over 40 MW, not elsewhere specified or included	28	5	13	3
841011	Hydraulic turbines and water wheels of a power not exceeding 1,000 kW	24	4	15	3
841090	Hydraulic turbines and water wheels; parts, including regulators	24	4	15	3
841181	Gas turbines of a power not exceeding 5,000 kW	20	5	13	2
841182	Gas turbines of a power exceeding 5,000 kW	20	5	13	2
841581	Compression type refrigerating, freezing equipment incorporating a valve for reversal of cooling/heating cycles (reverse heat pumps)	29	13	16	4
841861	Compression type refrigerating, freezing equipment incorporating a valve for reversal of cooling/heating cycles (reverse heat pumps)	21	7	17	4
841869	Compression type refrigerating, freezing equipment incorporating a valve for reversal of cooling/heating cycles (reverse heat pumps)	21	7	16	4
841919	Solar boiler (water heater)	27	10	17	4
841940	Distilling or rectifying plant	23	4	15	3
841950	Solar collector and solar system controller, heat exchanger	24	5	15	3
841989	Machinery, plant or laboratory equipment whether or not electrically heated (excluding furnaces, ovens etc.) for treatment of materials by a process involving a change of temperature such as heating, cooking, roasting, distilling, rectifying, sterilizing, steaming, drying, evaporating, vaporizing, condensing or cooling.	25	6	12	3
841990	Medical, surgical or laboratory stabilizers	24	6	12	2
848340	Gears and gearing and other speed changers (specifically for wind turbines)	22	8	16	3
848360	Clutches and universal joints (specifically for wind turbines)	23	9	15	3

(continued)

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HS Code	Product Description	Low- and Middle-income WTO Members		High-income WTO Members	
		Maximum Average Bound Tariffs	Average Applied Tariff Rates	Maximum Average Bound Tariffs	Average Applied Tariff Rates
850161	AC generators not exceeding 75 kVA (specifically for all electricity generating renewable energy plants)	27	7	15	3
850162	AC generators exceeding 75 kVA but not 375 kVA (specifically for all electricity generating renewable energy plants)	26	7	16	3
850163	AC generators not exceeding 375 kVA but not 750 kVA (specifically for all electricity generating renewable energy plants)	26	5	16	3
850164	AC generators exceeding 750 kVA (specifically for all electricity generating renewable energy plants)	28	5	16	3
850231	Electric generating sets and rotary converters; wind-powered	26	5	16	3
850680	Fuel cells use hydrogen or hydrogen-containing fuels such as methane to produce an electric current, through an electrochemical process rather than combustion	25	18	16	3
850720	Other lead acid accumulators	24	16	16	5
853710	Photovoltaic system controller	26	10	17	3
854140	Photosensitive semiconductor devices, including photovoltaic cells whether or not assembled in modules or made up into panels; light-emitting diodes	21	4	9	1
900190	Mirrors of other than glass (specifically for solar concentrator systems)	30	7	16	3
900290	Mirrors of glass (specifically for solar concentrator systems)	29	12	18	3
903210	Thermostats	33	7	14	3
903220	Manostats	33	6	13	2

Q & A



End of Presentation