

The WTO negotiations and the European Commission's proposal on Environmental Goods

Background information

The Ministers agreed in Doha, inter alia, to negotiations on the reduction or even elimination of tariff and non-tariff barriers to environmental goods and services, with a view to enhancing the mutual supportiveness of trade and environment and reconciling trade and environment objectives.

The European Commission issued on 17 February 2005 a new proposal on Environmental Goods. The Commission proposed to have a comprehensive definition of environmental goods including the following 2 categories:

- (a) Goods used in pollution control and resource management: Products related to water management, solid and hazardous waste management, protection of ambient air and climate, protection and cleanup of soil and water, noise and vibration abatement, environmental monitoring, renewable energies...
- (b) Goods that have a high environmental performance or low environmental impacts: It includes goods identified on the basis of objective parameters such as composition (e.g. the renewable character of components) and/or environmental performance (e.g. energy consumption, efficiency, recyclability/bio-degradability, low/zero pollution).

The European pulp & paper industry's position

- The European pulp & paper industry is one of the major world exporters. It supports sustainability principles and has improved its environmental records over the years by reducing significantly its footprint on the environment and increasing recycling.
- The discussion about Non-Agricultural Market Access should not focus on the Environmental Goods issue, for which there is no agreed definition. This would lead to endless discussion and would make the negotiations even more complicated. It would jeopardise the more global discussion on the need to increase market access by reducing significantly, if not totally, tariff and non-tariff barriers. It thinks that the EU and WTO should concentrate their efforts first on an ambitious overall tariff reduction objective.
- The European pulp & paper industry has strong reserves about the European Commission and the EU's approach of defining Environmental Goods. As long as there is no widely accepted approach and clear definition of Environmental Goods, CEPI cannot support the proposed EU-



approach and particularly the second category of goods - 'goods that have a high environmental performance or low environmental impacts' - even if indicative. Therefore, CEPI is in favour of the suppression of the second category of goods until there is a commonly approved definition for Environmental Goods.

- The list, as it has been drafted, would only include pulp and maybe also paper made of recovered paper although all paper products are based on renewable and recyclable raw materials. Both virgin and recycled fibres are equally important raw materials as they are part of the same 'loop'. Therefore, the benefits of all paper products to the environment should be more widely acknowledged. The proposed approach would create discrimination between products and particularly paper products and would therefore infringe basic WTO principles and be a threat to the good functioning of the multilateral trading system. The European pulp & paper industry therefore cannot support the second category of environmental goods defined as 'goods that have a high environmental performance or low environmental impacts'.
- Ecolabels are voluntary tools companies can use in their communication to their customers. CEPI does not see environmental labelling as a workable instrument to decide what products should be included in a specific tariff line. The procedures for environmental labelling are questionable and not clearly defined in any WTO agreement. Crucial for environmental labelling schemes is that the non-discrimination principle is respected. Ecolabels are not designed to be used in these kinds of binding agreements and could be considered as non-tariff barriers to trade.
- Furthermore, CEPI thinks that the approach taken by EU towards the second category would result in complex and more bureaucratic developments, leading to trade complication not trade facilitation.
- Like UNICE, CEPI is of the opinion that it is not WTO's role to be involved in such issues, that should preferably and more efficiently be addressed by other international organisations or national governments who want to promote sustainable development.
- Pulp is already covered by the paper sector 0/0 agreement concluded in the Uruguay Round between the US, Canada, Japan, EU, Korea, Hong-Kong, Singapore and New Zealand. Any widening of this agreement should be made by inviting more participants to join and sign this agreement. The extension of this agreement to a larger number of countries in the context of the discussions about the Doha Development Agenda would achieve the same goal without creating market distortions and putting extra administrative burdens and red tape on the companies.

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The European pulp and paper industry in some Figures:

- It is composed of 900 companies and 1,300 mills
- It has a turnover of 72 billion Euro
- It employs some 280,000 people directly and the forest based industries cluster employs some 3,5 million people
- It produces some 93 million tonnes of paper and 40 million tonnes of pulp
- Some 56% of the paper and board consumed is recycled
- It exports 13 million tonnes of paper
- It represents 29% of the world production