DO THE TARIFF REDUCTIONS ON ENVIRONMENTAL GOODS HELP TO PROTECT ENVIRONMENT?

Liberalization of trade in environmental goods has been included into Doha Development Round negotiations as one of the most important trade and environment issues. While trade – through increased transport and consumption – is negative for the environment, liberalization of trade in environmental goods gives the WTO a unique opportunity to play a positive role in environmental protection.

The starting point is a definition of environmental goods. There are two possibilities discussed by WTO members. In a narrower version, environmental goods are defined as used in providing environmental services; in a wider one, environmental goods are all environmental preferable products. After analyses we decided to adopt the first version as it is more precise and thus better from the legal point of view. It is also less controversial among WTO members.

It is believed that the increase in trade of environmental goods may better protect the environment. Thus the aim of the negotiations is to stimulate trade in these goods, which is understood by negotiating countries mainly as reductions in certain tariffs. The WTO accounts that the tariffs reduction should influence an increase in trade in environmental goods.

We examined how the consumption of these goods looks like in less developed countries. Environmental goods are mainly produced by developed countries, and less developed countries have to import them. The increase in imports of environmental goods to less developed countries could ameliorate their environment. It is thus necessary to examine flows and factors which may increase abovementioned imports.

We build a model and analyze the relations between ad valorem tariff lines and imports of environmental goods (from the list proposed by New Zealand during Doha negotiations) to selected less developed countries. We also analyze other factors which may influence the imports, such as ability to buy these goods (GDP) or development aid.

Key words: environmental goods, World Trade Organization, tariffs,
JEL: F18, F13
1. Introduction

When Doha round of WTO negotiations has been launched it was supposed to tackle the most problematic issues of international trade as well as to tackle problems with the trade of developing countries. For the first time ever also environmental issues were introduced into Doha Agenda. According to par. 31 to 33 of Ministerial Declaration\(^1\) problems such as multilateral environmental agreements, information exchange between different organizations and environmental goods needed to be discussed.

The Doha mandate includes an obligation for negotiating committees to identify and reduce barriers in trade of environmental goods. Therefore the trade of environmental goods seems to be a very important topic of an environment-trade discussion. During negotiations of Doha Round certain problems came out, especially concerning definition of environmental goods and services as well as consequences of definitions suggested by groups of countries.

After presenting a general picture of environment-trade discussion we would like to define environmental goods and than briefly present negotiations at the Committee on Trade and Environment Special Sessions. Final part of this paper will be a presentation of efficiency of tariffs reduction and the negotiations concerning trade of environmental goods and its incentives and disincentives. In constructed models we try to analyze a relation between tariffs and imports of environmental goods to developing economies. We also try to determine some other factors, which may influence the import growth of the above mentioned goods.

2. Trade of environmental goods and environment – trade discussion.

There are opinions (expressed mainly by organizations such as Greenpeace or WWF) that, although both international free trade and environmental protection are indispensable factors of the development of the mankind, they are irreconcilable. Discussion about environmental protection being an excuse for protectionists actions of states and – on the other hand – international trade as a factor of environmental deterioration has been lasted

\(^1\) “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 tariff and non-tariff barriers to environmental goods and services., Par.31, Ministerial Decision, Adopted on 14 November 2001, WT/MIN(01)/DEC/1.”
since the United Nations Conference on Human Environment in Stockholm in 1970. During the last thirty years the GATT and then the WTO was perceived rather as a GATTzilla – the most unfriendly organization to the environment, then as an important part of international economic relations not interested in environmental protection.

Perception of environmental issues has been changed during Uruguay round, which ended in adding to the text of the Preamble to the Agreement establishing World Trade Organization – as the aim of the WTO – references to sustainable development and environment protection. It gave the WTO an opportunity to include environment to the WTO agenda of issues that the WTO cope with. However, it is still not an independent objective of the Organization.

Committee on Trade and Environment (CTE), established during Uruguay round by the decision on Trade and Environment taken by the Ministerial Conference gathered in Marrakech, as a body where the discussion should take place, has been used in Doha Round negotiations as a forum of negotiations for the issues covered by paragraphs 31 to 33 of Ministerial Decision on its Special Sessions. Committee on Trade and Environment Special Sessions (CTESS), according to Ministerial Declaration, was supposed to tackle the following issues:
- the relationship between existing WTO rules and specific trade obligations set out in multilateral environmental agreements (MEAs). The negotiations shall be limited in scope to the applicability of such existing WTO rules as among parties to the MEA in question. The negotiations shall not prejudice the WTO rights of any Member that is not a party to the MEA in question;
- procedures for regular information exchange between MEA Secretariats and the relevant WTO committees, and the criteria for the granting of observer status;
- the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services.

Although without any doubts there are real problems within the field of relations between WTO law and international environmental conventions, situation within the field of

---


3 GATTzilla was a monster invented by non-governmental organizations; about GATTzilla wrote e.g. Steve Charnovitz, *Environmental and Labour Standards in Trade*, “The World Economy”, 1992, vol. 15 no 3.

4 “Recognizing that their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, and expanding the production of and trade in goods and services, while allowing for the optimal use of the world's resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development”, www.wto.org.
liberalization of trade of environmental goods and services is unique in the WTO system. The characteristic feature of the environmental goods, no matter which definition the WTO members will choose, is that it gives the WTO a possibility to play a positive role in environmental protection through statutory objectives of this Organization. As Pascal Lamy – a Director-General of the WTO underlined in his speech in October 2007, the greening of WTO has started and now, with “green” Doha round of negotiations the WTO has a chance to fight back its negative image of GATTzilla. As the WTO Secretariat comments itself, trade in environmental goods is an opportunity for a win-win-win situation in the WTO, with gains for international trade, environmental protection and also social development. That is why it is so important part of negotiations launched in 2001.

However, it must be pointed out, that perhaps there are no point in decreasing tariffs especially on environmental goods. The problem is, that while reducing tariffs the value of imports of both environmental goods and non-environmental goods (also those which deteriorate the environment) grows. The question is though, if special tariffs reductions for environmental goods imply higher share of environmental goods in total imports or just increase of total imports influences by accident the growth of imports of environmental goods.

3. Definition of environmental goods

A key issue of a debate on trade of environmental goods is its definition, which influences also a way of promoting them in international trade. Generally, the environmental goods are all kinds of goods that play a positive role in environmental protection. There are no provisions in the WTO legal system related especially to environmental goods at the moment, so only general interdiction of quantitative restriction and Most Favoured Nation clause need to be applied.

There are two kinds of definitions used for environmental goods – both by commentators of economic and legal doctrine and by international organizations. The first
one defines environmental goods as those which are used in providing environmental services. Second definition relates to environmentally preferable products (EPPs), which means all products which can be better to the environment than others. First of those definitions is narrower and apply only to those products which are directly used to protect environment and which are necessary to provide services. There are products, chosen by the “end-use” criteria such as for example waste management, sanitation, sewage service and other environmental services.

These products are produced mainly in developed countries. That is why there is a risk connected with a further liberalization of international trade in environmental goods, that mainly developed countries would benefit from it. This fact has been highlighted by developing countries. At the same time though, there is also an opportunity in liberalization of trade in environmental goods which are used to provide environmental services to promote environmental protection by making them cheaper and more available.

The narrower attitude towards definition of environmental goods has been a basis for creation of lists of environmental goods by the OECD and the APEC, which are based on the same end-use criteria. The list of the APEC, though – as a basis for concrete concession in tariffs applied by the APEC member states – consists of less number of products. At the same time the OECD list has been created by the organization secretariat only as an example and – according to the secretariat itself – is incomplete.

Second category of goods, which may be included only into a wider definition, are environmental preferable products. EPPs are those which are defined as environmental because of their method of production or certain characteristics and are not used to protect environment. As EPP can be qualified products which are made of biodegradable materials (such as paper or jute), biofuels and – the most controversial category– goods produced in an environmental friendly way, including organic food. EPPs can been defined in various manners: for example as products which are eco-labeled.

9 Data concerning sector: Z. Wysokińska, op. cit., s. 3.
11 Such a thesis has been presented in the Note of UNCTAD Secretariat: Environmental Goods and Services and Sustainable Development, TD/B/COM.1/EM.21/2, 5 May 203., www.unctad.org.
13 Ibidem.
14 A. Wikhlayev, op. cit., p. 96.
Nonetheless, there are two main problems with the wider definition of environmental goods including EPPs. Firstly, it is very hard to precisely define them and differentiate from other goods. There are no sharp criteria to judge what is “environmental friendly” way of producing goods, and that is why there are no commonly agreed criteria which goods should be qualified as EPP. Second problem is that EPPs have their conventional counterparts, which means, that further liberalization of trade in environmental goods would require dealing with the problem of like products, and promotion of trade in environmental goods in a way that would not create unnecessary restrictions to international trade, contrary to the art. XI of the GATT.

So far there is no single, commonly agreed legal definition of environmental goods. Dictionary based we can define environmental as everything, which is related to or produced by environment\(^{16}\), which means that according to a normal meaning, by environmental goods we should understand everything which has a positive impact on the environment. This leads us to a broader definition.

The narrower definition of environmental goods, by excluding EPPs, is more functional. It is easier to define those goods and differentiate them from non-environmental goods. And precise definition is a real prerequisite of introducing any obligatory legal measures in order to promote trade of environmental goods.

### 4. Works of Committee of Trade and Environment Special Session

According to Doha mandate, the issue of liberalization of trade of environmental goods has been included into negotiation, which are taking part at the CTESS. Doha mandate clearly states an obligation to identify obstacles within this field, and to find a way of further liberalization. Since the first meeting of CTE Special Session in 2001 a discussion concentrated on a definition of environmental goods, practically ignoring other issues, namely obstacles in trade of those goods and possible measures of supporting international trade in both environmental goods and services. There were no analyses made by CTESS in order to identify obstacles or verify possible measures efficiency.

Key role here played a proposal submitted by New Zealand (TN/W/6 of 6 June 2002), which occurred to be a reference for further discussion and other member states comments. New Zealand based its proposal on previous experiences as an APEC member. That is probably why its proposal was based on the end-use definition and linked it to the

\(^{16}\) Such a definition of „environmental” is given by Webster Third New International Dictionary, vol. I, s. 760.
environmental services. New Zealand proposed its own general definition of environmental goods, as those “used to measure, prevent, limit or correct environmental damage to water, air and soil, as well as problems related to waste, noise and eco-systems, and may also include clean technologies, processes, products and services which reduce environmental risk and minimize pollution and material use”. Such a wording can be assessed positively, as broad and flexible, and making it possible to embrace all those goods which are not directly related to providing enviromental services, but at the same time are not related to the product and production aspect of environmental services. The real meaning of New Zealand’s definition is to be worked out in practice, by the jurisdiction and member states. New Zealand proposal included also a list of environmental goods

During a discussion at the CTESS a majority of member states supported New Zealand’s proposal. The United States in their proposal (TN/TE/W/8 of 9 July 2002) highlighted practical aspect of New Zealand’s submition as well as the fact, that the aspect of promoting mainly new technologies should also be taken into account in the WTO negotiations. United States, as a first member of CTESS noted, that environmentallly preferable products should not be included to the WTO definition of environmental goods because of possible problems with like products (submissions TN/TE/W/34, TN/MA/W/18/Add.4 of 19 June 2003). Also other member states such as Taiwán (TN/TE/W/44 of 7 October 2004), Japan (TN/MA/W/15, TN/TE/W/17of 20 November 2002), Korea (TN/TE/W/48 of 18 February 2005) and Canada (TN/TE/W/50 of 2 June 2005).

Slightly different position has been presented by the European Community (TN/TE/W/47of 17 February 2005), which underline mainly necessity of taking into account national and international goals and priorities of environmental protection, and also position of developing countries. The European Community advocated for including into environmental goods definition not only those used in environment protection activities but also goods that have a high environmental performance or low environmental impacts. It touched different aspect of environmental goods definition by recalling an aspect of environmental harms and damages: environmental goods according to the European Community are those which go towards diminishing harms to the environment, which includes for example organic food or recyclable product as well as coaches for pubic transport. Similar attitude has been presented by Switzerland (TN/TE/W/57 the 6 July 2005).

17 Because of its importance to discussions on CTESS as well as moderate character (it do not include any controversial kinds of goods) New Zealand’s proposal was a basis for our further analyses of tariffs reduction efficiency.
Also Brazil (TN/TE/W/59 of 8 July 2005) and Peru (position expressed orally during CTESS session in November 2007) supported wider definition, seeing a chance for developing countries in a definition which would include ecological food or biofuels. Also India position (TN/TE/W/51 of 3 June 2005) goes in a similar direction, with its critique of list attitude, which should be replaced – according to India – by project attitude towards a definition of environmental goods. India position was supported by other developing countries – Argentina (TN/TE/W/62 of 14 October 2005) and Cuba (TN/TE/W/69 of 30 June 2006). Those two countries however, concentrated mainly on a proposal, that while negotiating, the WTO members should above all take into account that liberalization of trade of environmental goods should take into account not only environmental protection goals, but also development of poorer countries.

Environmental goods have also been mentioned during negotiations of a committee on Non-Agriculture Market Access (NAMA) group, which is responsible for negotiating all aspects of trade in goods not covered by the Agreement on Agriculture, which in fact accounted in past few years for almost 90% of the world merchandise exports. Weak point of negotiations within NAMA group is a wide range of issues tackled by that group. Throughout nearly six years of discussions at CTESS, Committee members do not manage to reach any agreement or common ground. They concentrated mainly on a definition problem without even touching others issues, such as real barriers in trade of environmental goods, if there are any. However, list attitude of majority of countries that took part in negotiations, shows that member states understand trade liberalization mainly as reducing tariffs on environmental goods. They do not even touch any other possible barriers and do not negotiate any other form of supporting trade of environmental goods.

The fact, that majority of the WTO member states seems to support narrower, end-use definition of environmental goods during negotiations, as well as the fact, that this definition is more functional, this definition has been a basis for further analysis in this paper. This definition seems more likely to be agreed as a basis for legal measures such as tariffs concessions. The most representative is probably the proposal of New Zealand, which as a moderate and at the same time precise enough (thanks to the enclosed list of environmental goods) to be a basis to a model.
5. Tariffs reduction – legal problems

A basic tool of trade liberalization used by the GATT and then the WTO have been tariffs concessions, negotiated throughout following negotiations rounds. Each round ended with further concessions and tariffs reductions made by member states, mainly for industrial products. Launching Doha Development Round seems to be a next step in this process, especially, that in a field of environmental goods even a mandate clearly states that WTO members should reduce or eliminate tariffs and non-tariffs barriers in trade of environmental goods (par. 31(iii) of Ministerial Decision). Members of CTE seems to understand it as a mandate for traditional negotiations leading for simply reduction of tariffs for environmental goods.

An essential issue while negotiations lower tariffs for environmental goods is harmonization of categories of tariffs levied on environmental goods. Not all environmental goods are covered by Harmonized System Nomenclature (HS Nomenclature), which may make it more complicated for those countries which use HS Nomenclature. There are two possibilities here: one is changing HS (by changing international Convention on the Harmonized Commodity Description and Coding System which introduced it) or introducing for environmental goods national tariffs lines. Another problem is related to the fact, that environmental goods – especially if members will agree on wider definition – includes very different kinds of products, both agriculture and non-agriculture, which has different HS codes.

Problems with HS may made negotiations more difficult. Traditional attitude towards negotiations on environmental goods may be also a cause of problems with definition (mentioned above). Tariffs reductions require precise definitions and categorizations of products and goods, in order to place them in a certain category of duty codes.

It may be predicted however, that despite not having finished Doha Round on time (by the end of 2005), there will be some kind of compromise achieved eventually, which result in further reduction of tariffs. Probably also tariffs for those goods, according to which countries agree to call them environmental, will be reduced. So it is highly probable that tariffs for goods related to environmental services will be reduced. It must be noted here, that it includes mainly high technology products, non-agriculture, and exported mainly from developed countries, which leads us to the question of efficiency of such a “liberalization”.


19 About efficiency of tariffs reduction on goods exportem from environmentetal A. Vikhailov, ibidem., s. 106.
Firstly, concessions which constitute a basis for tariffs reductions are made voluntarily by member states. This means in practice, that tariffs levied by developed countries are much lower that levied accordingly by developing countries. According to environmental goods, only opening markets by less developed member of the WTO may really make a difference. It may enable easier transfer of technologies to developing countries, but at the same time may be a peril for their industry.

Secondly, it need to be verified if tariffs reductions will positively influence trade in environmental goods, especially from developed to developing countries. According to the presented below models, the doubts of the influence might arise.

6. Tariffs reduction – efficiency

In order to really check this positive influence of liberalization as viewed by countries negotiating in CTESS we tried to check which criteria really influence a trade in environmental goods. The research question especially was, which factors imply the environmental good to be imported by less developed countries.

We collected the trade data, aligned with the above mentioned New Zealand proposition of the list of environmental goods Harmonised Standardisation on 6-digit level in the period 1996-2007 for ten representing countries: Albania, Argentina, Armenia, Guatemala, Malaysia, Mexico, Peru, South Africa, Uganda and Uruguay. The total imports data were also useful during the research. On this basis we built two types of model, which differed by level of aggregation: some models, which task was to explain how the tariffs imply on the goods, were on a more detailed level of aggregation, the others did not need to be aggregated on such level. The data have been collected from the United Nations resources. We also found data concerning tariffs (in our case we used the mean of ad valorem tariffs for each category), which are available on the WTO website. The data concerning Gross Domestic Product (GDP), were collected from the World Bank resources.

In the sample, the representative countries import environmental goods 1,96 (bln US$) year, however in this group the results differ heavily (standard deviation is 3,2). In the first step, we analyzed how the tariffs affect the imports of environmental goods in developing countries. We prepared three models to be ensured, whether there is there is a relation between tariffs and imports in the selected countries. We evaluated only a relation, without any other variables.

In the model (1) (estimated with GLS) the imports dependence on tariffs remain unclear. Each percentage point of ad valorem tariff more theoretically decreases the imports
by 139 thousand dollars, but the standard deviation is too high (and thus p-value inacceptable), and the parameter varies form – 299 thousands to + 21 thousands in confidence interval of 95%. Moreover, the overall R squared is 0.008.

In the model (2) (estimated with GLS with fixed effects), the relation is negative like in the model (1), but in this model the parameter is more reliable. In this case each percentage point more of ad valorem tariff decreases the imports of the environmental goods by 225 thousand dollars, and confidence interval is substantially narrower to the preceding model. However, the R squared is also 0.008, which suggests, that this model is far from explaining the real nature of the relation between trade of environmental goods and tariffs.

In the model (3) (estimated with OLS), the relation between imports and tariffs is positive. However, the results are completely opposite to the model (1). Thus, based on the models (1)-(3), the conclusion is that the relation between the tariffs and the environmental goods is strongly unclear.

Below, we presented a synthetic table with results for models (1)-(3).

<table>
<thead>
<tr>
<th>Model</th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>coefficient for tariff</td>
<td>139 080</td>
<td>225 168</td>
</tr>
<tr>
<td></td>
<td>R2</td>
<td>0.008</td>
<td>0.008</td>
</tr>
<tr>
<td></td>
<td>Coefficient for constant</td>
<td>16 700 000</td>
<td>19 300 000</td>
</tr>
<tr>
<td></td>
<td>number of observations</td>
<td>11 234</td>
<td>11 234</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(81 684)</td>
<td>(84 120)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(2 719 853)**</td>
<td>(646 356)**</td>
</tr>
</tbody>
</table>

The models gave the belief that the tariffs do not sufficiently explain the imports of goods in developing countries, thus we decided to prepare models, in which the other potential factors are examined. We decided to change the architecture of the models, all types (aligned with New Zealand proposal) of environmental goods were aggregated to one group. The aggregation allows us to seek new determinants of the imports.

We examined, how the development aid helps to import environmental goods. However, in the model (4) the effect of development aid is insignificant. Perhaps it could mean, that the data is too low quality, and this is the reason why the existence of this kind relation is hardly possible to prove. Moreover, the share of funds for environmental goods in
total aid might be relatively small and diverse. It is also possible, the wrong (or too few) countries were placed in the model (which was partly caused by the scarcity of necessary data).

In model (4) we examined the following equation:

\[ E_t = \alpha_{1t}T + \alpha_{2t}Y + \alpha_{3t}A + \epsilon_t, \]

where

\( E \) – import of environmental goods,
\( T \) – total import of all goods,
\( Y \) – GDP
\( A \) – development aid.

In models (5) and (6), the equation was as follows:

\[ E_t = \alpha_{1t}T + \alpha_{2t}Y + \epsilon_t. \]

The table shows the set of models (4) – (6), which were constructed in that manner, that environmental goods were aggregated to one group. The only insignificant variable in the model (1) was development aid. The other variables, like ability to pay (represented by GDP) and total import, seemed to have an influence on value of imports of environmental goods.

In the model (4) for each dollar of total imported goods, about 4.3 cents are reserved for environmental good. Similarly, better ability to pay also induces greater import of these goods. Each billion dollars of GDP increases the imports of above mentioned goods by 2 630 dollars.

Table 2.

<table>
<thead>
<tr>
<th>Model</th>
<th>(4) GLS</th>
<th>(5) GLS</th>
<th>(6) OLS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total import (million dollars)</td>
<td>0.04318 (0.00207)**</td>
<td>0.04478 (0.00196)**</td>
<td>0.05216 (0.00129)**</td>
</tr>
<tr>
<td>GDP (billion dollars)</td>
<td>0.00263 (0.00072)**</td>
<td>0.00105 (0.00063)*</td>
<td>0.00141 (0.00039)**</td>
</tr>
<tr>
<td>Development aid (million dollars)</td>
<td>-0.00204 (0.00889)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Constant</td>
<td>-5.46 (94.01)</td>
<td>192.35 (98.4)**</td>
<td>-93.3 (38.61)*</td>
</tr>
<tr>
<td>R2</td>
<td>0.9943</td>
<td>0.9885</td>
<td>0.9885</td>
</tr>
<tr>
<td>Number of observations</td>
<td>70</td>
<td>121</td>
<td>121</td>
</tr>
</tbody>
</table>
In the model (5) we dropped the development aid, and preserved GDP and total import. Like in the model (4), both variables are significant, however GDP coefficient does not look much reliable. However, the positive effect still can be proved. Each billion dollars of GDP increases the import of environmental goods by 1 050 dollars. Additionally, for each dollar of total imported goods, about 4.5 cents are reserved for environmental goods.

In model (6), like in the model (5) we dropped the development aid and preserved GDP and total import. We changed the estimating method to ordinary least squares. Both variables (GDP and total imports) are significant. Each billion dollars of GDP increases the import of environmental goods by 1 410 dollars. Additionally, for each dollar of total imported goods, about 5.2 cents are reserved for environmental goods.

Our conclusion is, that there isn’t negative relation between tariff and environmental imports to less developed countries. These countries needed probably other more necessary goods in examined period. The similar case is with development aid, however in this case, the quality of data could not allow us to make proper conclusions.

However, there exist some phenomena, which determine our research subject. First, the factor which we identified, is the ability to pay. We positively examined this factor, and concluded, that the poor countries import more environmental goods when they become richer. Probably, countries with higher GDP posses more funds to buy more goods. They can also spend more on satisfying less urgent need like environmental protection. They can also spend more on sophisticated technologies related with environmental protection. That’s why they buy abroad more environmental goods. Moreover, higher GDP may be an effect of previous foreign direct investments (FDI), and thus higher imports of selected kinds of goods.

What is more, FDI might not only impose growth of GDP itself, but also influence some environmental and technological standards. Those are factors, which can as well imply the increase of imports of environmental goods.

The second factor, which might influence imports of the specific group of goods is total importation of all goods. We think, that higher value of import of environmental goods is caused by increasing general propensity to import. When people buy more in general, they probably simply buy more environmental goods as well.
7. Conclusion

An issue of trade of environmental goods is an important part of ongoing Doha Round negotiations at the WTO. Liberalization of trade within this field is a key element of showing, that the WTO as an international organization is not against environment protection, and is able to take – within the limits of its competence – action in order to protect the environment.

Unfortunately, although the mandate for Doha negotiations has been quite clear, negotiations showed more problems than expected. Member states gathered at the Committee on Trade and Environment concentrated at a definition of environmental goods, neglecting analysis of barriers in trade of those goods. Members also treat trade liberalization of environmental goods only as a reduction of tariffs.

Additionally it is hard to ignore the fact, that a simple tariffs reduction – a traditional instrument of WTO cooperation is not useful in promoting trade in environmental goods. As it has been showed in a model, the tariffs reduction do not have certain influence on trade.

Undoubtedly, one of the advantages of the reduction of tariffs on environmental goods is the realization of the conception of win-win situation: there is a combination of trade liberalization and environmental protection measure. It seems, that traditionally understood liberalization of trade in environmental goods by reduction of tariffs will be more useful from the marketing of WTO point of view, by helping to fight back the GATTzilla stereotype.

As our analyses showed the only factor which really influence trade in environmental goods in general GDP and import growth. So, perhaps, it would wiser for WTO to stick with its traditional goal and methods, without any special treatment for environmental goods (especially that they are so hard to precisely define) and liberalization of trade in environmental goods, growth of these kinds of goods and will be achieved “by accident”?

Bibliography:


Internet sources:
http://stats.oecd.org
www.comtrade.un.org
www.imf.org
www.wto.org
www.worldbank.org