

COMMUNICATION FROM THE UNITED STATES

Environmental Services

The attached communication has been received from the delegation of the United States with the request that it be circulated to Members of the Council for Trade in Services.

I. INTRODUCTION

1. For consideration of all Members, the United States presents this proposal on environmental services. It is intended to stimulate discussion of this important sector in the world economy.

II. IMPORTANCE OF ENVIRONMENTAL SERVICES

2. Increasingly, WTO Members are recognizing and addressing the importance of pollution clean-up and environmental protection. As a result, there has been a general movement by governments toward preventing, reducing, or correcting environmental degradation. Simultaneously, various industries are recognizing the benefits of pollution prevention and clean technologies for efficiency purposes, liability avoidance, and in the interest of being good corporate citizens. All of these factors have contributed to an increased demand for environmental services.

3. This sector is also important due to the global nature of many environmental issues. Given the trans-boundary effects of those elements which contribute to environmental degradation, there should be genuine interest in ensuring that reliable and competent environmental services are as widely available as possible. Environmental problems addressed at an early stage can often be prevented entirely, or in most cases are more easily and effectively remedied from both environmental and cost standpoints. Degradation of the global environment illustrates the importance of this sector in the context of ongoing services discussions and provides the opportunity for negotiating liberalization with a strong potential for win-win scenarios, assuming appropriate domestic environmental regulations and policies (or infrastructure) are in place.

III. PURPOSE

4. The removal of barriers in the environmental services sector can assist in increasing the availability of these services, while lowering their cost. The increased competition that will result from improved market access for foreign firms can lead to innovation and the provision of improved environmental services. Less expensive and better quality services will serve to make health, safety, and environmental protection more efficient. This added efficiency is likely to be most beneficial in developing countries where financial concerns are often a key factor in the decision making process. This reduction in the costs of environmental services may make addressing environmental concerns

more appealing for decision makers in developing countries. The purpose of this proposal is to help create conditions favorable to economic growth and environmental protection by removing and reducing obstacles to the provision of services needed for efficient protection of health, safety, and the environment.

IV. SECTOR COVERAGE

5. The current WTO Services Sectoral Classification List considers “environmental services” to include:

- Sewage services
- Refuse disposal services
- Sanitation and similar services
- Other (e.g., cleaning services of exhaust gases, nature and landscape protection, etc.)

6. The current WTO classification for environmental services fails to account for how businesses operate in this sector. Secondly, it does not reflect advances in our understanding of cost-effective regulations. For example, the classification is focused on “end-of-pipe” clean up services, as opposed to today’s focus on engineering and designing for pollution prevention. If we hope to enhance commitments made during the Uruguay Round, it will be important not only to gain additional liberalization in those sectors listed above, but also to investigate enhancing access in related sectors. Some useful submissions have been made by Members in the Committee on Specific Commitments (CSC). We are especially supportive of those that incorporate a core list of environmental services comprised primarily of the currently classified environmental services sectors, along with related services that have not historically been classified as being environmentally-related (e.g., construction, engineering, and consulting), but that are nevertheless significant to the provision of environmental services. In this regard, we believe it is important to construct a framework that would highlight the importance and need of liberalizing in both core services along with those that are related.

V. PROPOSAL

7. A primary goal for the environmental services negotiations should be for WTO Members to examine liberalization opportunities in regard to market access and national treatment barriers as those terms are understood in the GATS. This liberalization should be sought for those sectors that are listed as environmental in the current WTO classification. Additional sectors that are related to the core environmental services sectors should also be subject to these discussions. The specific focus of such liberalization would be most beneficial in the context of GATS modes 3 (commercial presence) and 4 (movement of personnel). In addition, it would be beneficial to trade in environmental services if there were a focus on barriers in the professional services, as well as business services (e.g., advertising) that are not classified in the CSC work as related sectors. Finally, the guidance described in the U.S. submission on transparency would benefit this sector as well. It is understood that liberalization in these sectors must not impair the ability of governments to impose performance and quality controls on environmental services and to otherwise ensure that service providers are fully qualified and carry out their tasks in an environmentally sound manner.
