Understanding of EGs NTMs Impacts

Submitted by: APEC Secretariat (On Behalf of Independent Expert)
Understanding of EGs NTMs impacts

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Outline

• What is EG?
• What are impacts of EGs NTMs
Environmental problems

- Clarifying the meaning of the environment
- Problems of the environment
- Demand of EGS
- Environmental priorities

Environmental problems

- What does the environment mean?
- This is a fundamental question that should be answered before talking environmental problems, priorities and EGS
- Deepen our thinking and expand from the common environment towards
  - Micro level to indoor environment
  - Macro level to global environment
Meanings of the Environment

- Spectrum of the environment from micro to macro level
  - Indoor environment
  - Outdoor environment
  - Local environment
  - National environment
  - Regional environment
  - Global environment
Environmental problems

• Indoor environmental problems
  – 70% of people’s lifetime are averagely spent indoor where is the direct touch factor of human being
  – WHO reports most of health problems are related to indoor environmental quality
  – Indoor environmental goods and services can reduce, remove, recover and resolve the indoor environmental problems

Environmental problems

• Indoor environmental problems
  – Air pollution from fossil energy sources for cooking and heating
    • SOx, NOx
    • Particulates could reach 500mg/m3 in living room and 1000mg/m3 in kitchen
  – Building materials for house building and decoration
  – Furniture and decoration parts with VOC pollutants
  – Smoking indoor
  – Indoor water drinking and sewage
  – Indoor trash
  – Noise
  – Radiation
  – And others
Environmental problems

• Demand of EGS for indoor environment
  – The booming housing is bringing more opportunities
    • Each year there are about 1.6-2 billion square meter new houses
    • To ensure energy saving buildings, it is creating a lot of demand of goods and services
    • Landscape and horticulture design services
    • Indoor pollution cleanup and prevention also create a lot of demand for indoor goods and services, such as
      – VOC free furniture
      – Eco-labeled building materials

Environmental problems

• Outdoor, local and national environmental problems
  – Air pollution
  – Water pollution
  – Solid wastes
  – Biodiversity loss and ecosystem degradation
  – Noise
  – Radiation
Environmental problems

• Demand of EGS for outdoor
  – Taking China as an example, the environmental targets of 11th five year plan (2006-2010) provides tremendous opportunities
    • Energy intensity 20% reduction
    • SO2 emissions 10% reduction
    • COD emission 10% reduction
    • Water consumption of value added industry 30% reduction
    • Sewage treatment rate reaching 70%
    • Industrial solid wastes treatment rate higher than 60%
    • The demand of environment is huge, especially
      – energy and GHGs reduction
      – SO2 reduction

Environmental problems

• Global environmental problems
  – Climate change
  – Ozone depletion
  – Biodiversity loss
  – POPs
  – Hazardous wastes Trans-boundary transfer regulated by Basal convention
  – And other MEAs regulated global environmental problems
Environmental problems

• Demand of EGS for global environment
  • Signed and new MEA treaty implementation brings opportunities
    – Both importing and exporting opportunities of energy saving and other GHGs control measures EGS for Post KY negotiation treaty and implementation, as described in IPCC AR4
    – CFC free EGS for ODS reduction
    – EGS for POPs convention implementation for both importing and exporting

Environmental problems

• Environmental Priorities
  – Key factors of environmental priority setting
    • Health impacts > other impacts
    • Direct impacts > indirect impacts
    • Authorized responsibilities at different level organizations / governments taking their own responsibilities
Environmental problems

• Environmental Priorities of China
  – From past China’s narrow national interests, the rank should be:
    • Indoor > outdoor/local/national > global
  – From the current new strategy of China, the rank could be:
    • Indoor + outdoor/local/national + global
    • Strategy of Co-control of all pollutants

• For international community, like UN, WTO, WHO, they should focus on
  – First on global issues of MEAs and MDGs, and then indoor health issue to accomplish their responsibilities
  – outdoor/local/national is not a necessity because its mainly the national government responsibilities

Redefining EGS from side of demand for the environment

• Considerations from trade aspect and supply side of EGS
  – Goods
    • List approach
      – APEC environmental goods list
      – OECD environmental goods list
      – WTO environmental goods list
    • Project approach
    • Request-offer approach
  – Services
    • UN CPC service classification
    • W/120 environmental service classification
Redefining environmental industry and EGS

Scale of the environment

Indoor environment  Outdoor environment  Local/national environment  Regional environment  Global environment

Indoor Environmental Goods and Services  Conventional Environmental Goods and Services  Global Environmental Goods and Services

Redefining EGS from side of demand for the environment

• Logic of proposal
  – definition of the environment
  – Various environmental problems at different scales of the environment
  – demand for environment improvement
  – redefinition of environmental goods and services (EGS)
Redefining EGS from side of demand for the environment

• Defining environmental industries for producing EGS based on the demand of environmental challenges at the whole spectrum
  – The EGS for improving indoor environment
  – The EGS for improving outdoor, local and regional environment (conventional ones)
  – The EGS for improving global environment

Redefining EGS from side of demand for the environment

• To be supplementary, complementary and coherent with existing CPC system
  – Sewage service
    • 9401I means indoor sewage and water service
    • 9401c means conventional sewage and water service
    • 9401g means global sewage and water service
  – Refuse disposal services
    • 9402I means indoor refuse disposal and solid waste service
    • 9402c means conventional refuse disposal and waste service
    • 9402g means global refuse disposal and waste service
  – Sanitation and similar services
    • 9403I means indoor sanitation and similar service
    • 9403c means conventional sanitation and similar service
    • 9403g means global sanitation and similar service
  – Cleaning services of exhausted gases
    • 9404I means indoor exhausted gases and air service
    • 9404c means conventional exhausted gases and air service
    • 9404g means global exhausted gases and air service
  – CPC 9405-9
Redefining EGS from side of demand for the environment

• EGS in WTO Negotiations and APEC
  – Trade interest driven but environmental demand driven
    • Environment is used by trade officials as an excuse to promote exporting
  – National interest driven but global interest driven
    • It’s very necessary to have global environmental goods to improve global environment
  – Lack of coherence with MEAs
    • Not mutual supportive
    • Even conflicts
      – US section 301 probe
      – Non-tariff measures Vs barriers

Impacts of EGs NTMs

• On environment
  – Indoor
  – Conventional (outdoor, local, national)
  – Global (regional)
• On trade
  – NTMs for increasing trade in Goods, Services and Investments, for example,
    • Exporting Subidy
    • VAT rebate for exporting
  – NTMs for decreasing trade in Goods, Services and Investments, for example
    • Importing/Exporting quota
## Impacts of EGs NTMs

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