

**Environmental Impacts of Free Trade  
Agreement between China and Norway**

**Promoting Environmental Goods  
and Services (EGS) in Sino-Norway  
FTA for Demonstration in WTO:  
From China's Perspective**

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# Promoting EGS in Sino-Norway FTA for Demonstration in WTO

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# Acronyms

APEC	Asian and Pacific Economic Cooperation
CBD	Convention on Biological Diversity
CFC	Chlorofluorocarbon
COD	Chemical Oxygen Demand
CPC	Communist Party of China
CTE	Committee for Trade and Environment, WTO
CTS	Council for Trade and Services
DDA	Doha Development Agenda
EGS	Environmental Goods and Services
EU	European Union
FTA	Free Trade Agreement
GHGs	Greenhouse Gases
HS code	Harmonious System code
IPCC	Inter-governmental Panel on Climate Change
IPR	Intellectual Property Right
MEAs	Multiple Environmental Agreements
MEP	Ministry of Environmental Protection, China
MGD	Millennium Development Goal
NO <sub>x</sub>	Nitrogen oxides
ODS	Ozone Depletion Substitutes
OECD	Organization for Economic Cooperation and Development
POPs	Persistent Organic Pollutants
S&D Treatment	Special and Differentiated Treatment
SD	Sustainable Development
SIA	Sustainability Impact Assessment
SMEs	Small and Medium Enterprises
SO <sub>2</sub>	Sulfur Dioxide
SO <sub>x</sub>	Sulfur oxides
TRIPs	Trade-Related Intellectual Properties
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
VOC	Volatile Organic Compound
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

# Promoting EGS in Sino-Norway FTA for Demonstration in WTO

## 1. Background of the study

In the study of Environmental Impacts of Free Trade Agreement between China and Norway, the environmental impacts by FTA have been identified. In order to mitigate the negative impacts and enhance the positive impacts, promoting environmental goods and services in Sino-Norway FTA is proposed, as one of the most feasible measures. The more important significance of promoting EGS in Sino-Norway is to demonstrate the other members of WTO that we, the all members, should and could contribute to global environmental protection by EGS promotion.

WTO has been promoting CTE-EGS negotiation in Doha round to reflect the demand of all members. The most important issue is how the WTO members response to global environmental challenges. Besides the conventional trade and environment dispute cases in WTO, there are more and more new cases coming out, even most of them are China-related cases, such as restriction of raw material exporting case, rare earth elements case, wind turbine subsidy case etc. Although these cases are not listed in the agenda of Doha round negotiation, the WTO panel's judgment will have strong impacts on the rule-making in the future.

WTO, authorized by Doha Ministerial Meeting, started to negotiate on DDA 31.1, 31.2 and 31.3. Among of all negotiation topics, DDA31.3 liberalization of environmental goods and services is the most important one. However, so far WTO has no clear definition of EGS yet, although goods list is being made by interests of WTO members. The most important is how to integrate environmental interests, especially global environmental interests, into WTO regime as new rules.

China has been actively participating the WTO EGS negotiation, following the approach of learning by doing. The first thing first for China is to learn how to negotiate in WTO based on its interests and then how China can play a constructive role to promote EGS negotiation.

This study, from the perspective of China, is to rediscover China's

multi-interests and unveil the global common interests, by SIA methodology. Based on the analysis of current EGS negotiation, this study is to provide suggestions to Chinese government on EGS negotiation.

The most important principle of this study applying for is to focus on the coherence between WTO rules and MEAs rules. SIA methodology is to be used to consider social, economic and environmental aspects. And then the comprehensive impacts of 3 aspects will be sum up. When having the preliminary results, several consultation meetings have been held not only with Chinese negotiators and also technical supports. The meetings have addressed the key concerns of environment interests as well as others, such as employment, firm competitiveness and relations with developing countries.

There are two major challenges of identifying the goods: how to balance the different interests; too many EGS and how to list all of them. SIA methodology is used to balance the different interests from various stakeholders. Since there are too many EGS, we can not list all of them at this moment; even it should be a dynamic list to be developed in the future. Therefore, we should find a reasonable catalogue of EGS system to have a classification system and leave the list open to be supplementary.

## **2.Environmental problems and priorities of China**

China's huge demand of EGS is due to its very challengeable environmental problems. China needs EGS to solve, at least, mitigate its prioritized environmental problems.

### **2.1 Clarifying the meaning of environment**

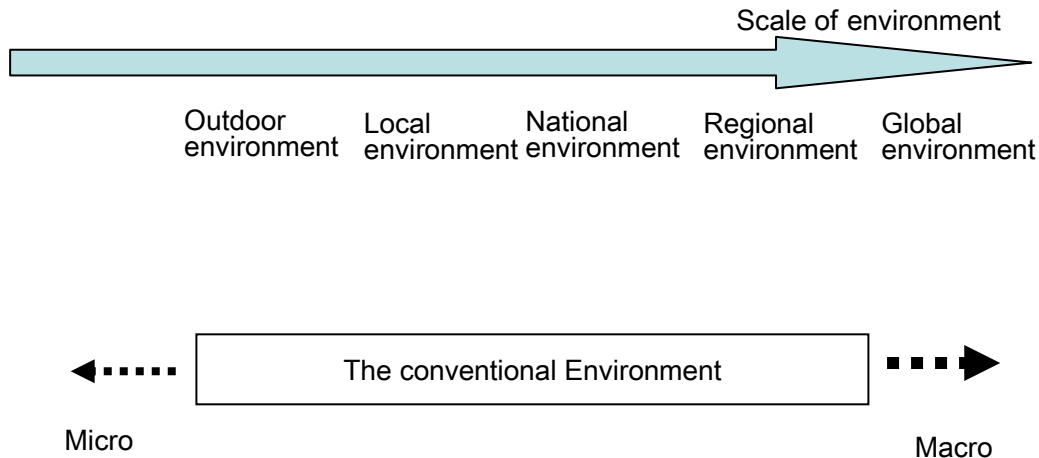
What does the environment mean? We turn on a blind eye of environment. Actually this is a fundamental question that should be answered before talking environmental problems, priorities and EGS.

We need to deepen our thinking and expand from the common environment towards micro level to indoor environment and macro level to global environment

From a systemic view, according to the size of environmental externality we have found the spectrum of the environment from micro to macro level:

Indoor environment; Outdoor environment; Local environment; National environment; Regional environment; Global environment

The spectrum of environment is shown as the figure below.



## 2.2 Problems of the environment

Based on the above spectrum of environment, we have found the major environmental problems of China below.

### ● 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.

Air pollution from fossil energy sources for cooking and heating are the major pollutants, such as SO<sub>x</sub>, NO<sub>x</sub>. Particulates could reach 500mg/m<sup>3</sup> in living room and 1,000mg/ m<sup>3</sup> in kitchen. There are also some other indoor environmental problems, such as 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 etc.

### ● Outdoor, local and national environmental problems

It's the normal environmental problems as we all know. The major problems are air pollution, water pollution, solid wastes, biodiversity loss and ecosystem degradation, noise and radiation.

### ● **Global environmental problems**

Global environmental problems are newly recognized in the past decades. The major ones are climate change, ozone depletion, biodiversity loss, POPs, hazardous wastes Trans-boundary transfer regulated by Basal convention and other MEAs regulated global environmental problems.

China has many kinds of laws and regulations to address the global, local and indoor environmental problems. The detailed laws and regulations are in the appendix 2.

## **2.3 Environmental priorities of China**

Key factors for setting environmental priority are as below:

- ✓ Health impacts > other impacts
- ✓ Direct impacts > indirect impacts
- ✓ Authorized responsibilities at different level organizations / governments taking their own responsibilities

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

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

## **3.Environmental Industry and EGS: barriers and opportunities for China**

### **3.1 Redefining EGS and environmental industry from demand of the environment**

Based on the new understanding of spectrum of environment and China's the prioritized environmental problems, we therefore redefine environmental industries for producing EGS based on the demand of environment at the whole spectrum:

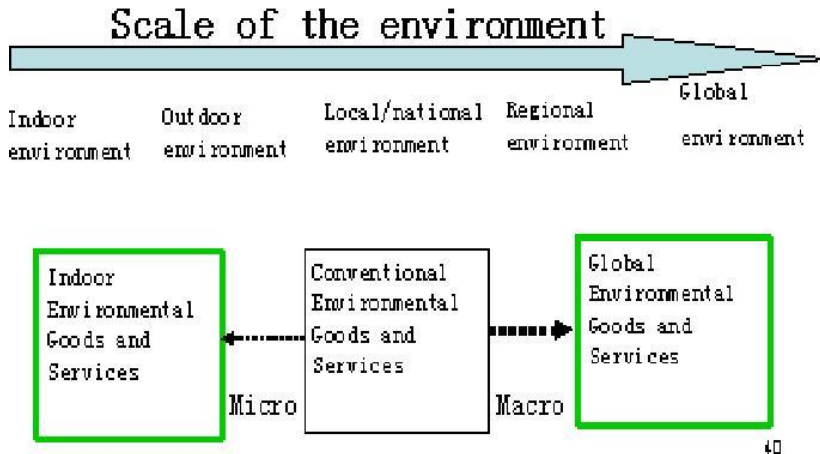
- ✓ Indoor EGS: the EGS for improving indoor environment
- ✓ Local EGS: the EGS for improving outdoor, local and regional environment (conventional ones)
- ✓ Global EGS: the EGS for improving global environment

This definition, with two more new catalogues of global EGS and indoor EGS, is wider than the current definitions used by OECD, APEC, and WTO. It clearly states the Human Being's demand of global and indoor environment. At micro level, it exactly fits into UN Convention on Combating Tobacco; and at the macro level, it exactly fits into UNFCCC, Ozone depletion Convention, CBD etc MEAs. By our definition, EGS negotiation would also have a coherent coordination with MEAs.

By our definition, global EGS is to protect the global environment and to promote global Sustainable Development by trade measure at global level; local EGS is to protect the local environment and to promote local Sustainable Development by trade measure at local, national and regional level; indoor EGS is to protect the indoor environment to avoid health problems of human beings and to promote human being's Sustainable Development by trade measure at micro level.

Therefore, we propose that WTO should clearly setup environmental improvement, at least global environmental improvement, as the goal of WTO EGS negotiation, instead of member's own trade interests driven negotiation. The members of WTO should realize the negotiated EGS are for environmental improvement, especially for global environment improvement. All of the members of WTO should realize that Global EGS are the "public goods and services" for all of human beings.

# Redefine environmental industry and EGS



## 3.2 Current status of environmental industry

The current catalogue of environmental industry in China actually is not based on the above proposed spectrum of environmental industry and EGS. Instead the current catalogue is a practical statistical system, including:

- ✓ Environmental products for pollution control, prevention, monitoring etc
- ✓ Resources utilization products to reduce, recycle, reuse materials
- ✓ Environmental services
- ✓ Cleaner products that have better environmental performance when applying

According to the census results of environmental industry in 2004, China's environmental industry has 11,623 firms, hires 1.59 million employees with total turnover 457 billion Yuan. Among them, there are Environmental products 34 billion Yuan, taking up 7.5% of total turnover; Resources utilization products 279 billion Yuan, taking up 60.9%; Environmental services 26 billion Yuan, taking up 5.8%; Cleaner products 118 billion Yuan, taking up 25.8%. International trade EGS of environmental industry in 2004 census is that exporting 6.19 billion US\$, in which 99% are goods with value of 6.14 billion US\$; environmental products 0.19 billion US\$; resources utilization products 1.13 billion US\$; Cleaner products 4.8 billion US\$; 1% are services with value of

0.05 billion US\$. There are no importing data, since the census is on producers but end use consumers

On international trade of EGS, there are no special statistical EGS trading in National Customs system, since there are no such kinds of catalogue. Generally, China's goods importing tariff are about than 4-8% after China's accession to WTO in 2001. Our research team, based on the National Customs data during 1998-2002, calculated that China has deficits according to both APEC list, OECD list or Japan list.

### **3.3 Barriers of environmental industry development**

IPR is one of the key barriers for development of environmental industry. 80% of the environmental industry firms are SMEs with less than 15 million Yuan fixed assets. Most of the product and technology level are about the level of developed countries in 80's or 90's. Only about 20% of firms have their own technology patents. Foreign patents are too expensive to buy. There is lack of R&D driven by users.

Another key barrier is lack of sufficient demand of environmental goods and services. Pollution costs are not being internalized due to poor environmental enforcement of laws and regulations. Environmental awareness of citizens is to be raised up to claim their environmental rights. There is no effective finance and investment mechanism for the environment. The potential market is huge but the actual is much less. Still 1/3 of polluting firms have no pollution treatments and still 2/3 of municipalities have no efficient wastewater treatment plants.

The third barrier is the imperfect market due to demand side monopoly. For many public pollution treatment projects in a region, the municipality probably is the only demander. The competitors race up to their necks by good relations with the municipal government rather than technology and cost-effectiveness. Some corruption cases happened in the past. In such imperfect market, the firms have not many incentives to improve their products but to enhance their relations.

### **3.4 Opportunities of environmental industry development**

The environmental targets of 11th five year plan (2006-2010) provide tremendous opportunities. According to the plan, the Central Government has setup the targets: energy intensity 20% reduction; SO<sub>2</sub> emissions 10% reduction; COD emission 10% reduction; and 1.5%

forest coverage territory increasing; 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 and SO<sub>2</sub> reduction.

The booming housing industry 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 are also highly demanded. 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.

Signed and new treaty implementation brings opportunities, for example, EGS for POPs convention implementation for both importing and exporting; Both importing and exporting opportunities of energy saving and other GHGs control measures EGS for Post Kyoto Protocol negotiation treaty and implementation, as described in IPCC AR4; CFC free EGS for ODS reduction.

CTE negotiation on EGS might be another opportunity. It could provide exporting opportunities for firms, importing IPR technologies as well as FDI Investment and joint venture opportunities.

## **4.Environmental goods: the interests of China**

### **4.1 Rediscover China's interests**

By SIA methodology, China's interests should include the 3 aspects for sustainable development: environmental, economic and social.

For environmental interest, it could include importing goods and services to meet the environmental demand of China and the world; Exporting goods and services to improve the environmental quality of China and the world; Limitation of goods importing which are harmful for the environment of China and the world; Limitation of goods exporting which are harmful for the environment of China and the world.

For Economic interest, it could include exporting interests and domestic

environmental industry development interests.

For social interest, it could include: employment interests, especially SMEs; International politics interests as a responsible country for global environment and as a member of developing countries.

Among the 3 SD aspects, the environmental interest are getting high and high attention. Even at this moment, environmental interests are most important at this stage and then social interests. Economy is not the highest priority any more. Because Environmental protection and Sustainable Development are national strategies; China's new Scientific Approach of Development and Harmonious Society strategy which were endorsed by the Charter of CPC in its 17th congress. China's environmental targets for 11th five year plan. China has huge trade surplus and want to balance its trade. China's political will to be a responsible country. Employment is very important for social concerns

## 4.2 Analysis of China's benefits from WTO potential convergence set of goods

There are several lists of environmental goods that have been tabled by WTO Members, particularly the revised list submitted by Canada, EU, Japan, Korea, New Zealand, Norway, Chinese Taipei, Switzerland and the United States on a "Potential Convergence Set" of products [JOB (07/54)]. The WTO potential convergence set of goods list based on the member proposals are only fragments of the whole spectrum of EGS, which are far away to meet the demands of environment from China and the world. Only a few could relate to indoor environmental goods and global environmental goods. Most of China's demand of indoor environmental goods and global environmental goods are missing, such as indoor ventilation equipment, indoor drinking water equipment

Among the WTO potential convergence set of goods list, some goods may have potential conflicts with MEAs. For example, worn clothes have conflicts with China's waste management regulation and also with hazardous wastes in Basel convention. The goods with HS code 850720 covers lead battery, which has strong negative environmental impacts on soil and ground water during producing.

And also S&D treatment is being reflected in the potential list. S&D

treatment is very necessary for China, since China's SMEs have weak capacity of producing outdoor large size equipment, such as wastewater treatment, air pollution control equipment, solid wastes treatment equipment. For technology-intensive goods, not all of them but most of them, China also hopes to the technology IPR to be transferred along with the goods trading.

### 4.3 A proposed China's environmental goods list

China's a preliminary environmental goods list is proposed, based on China's and global interests as well as the current 153 goods list made by CTE Secretariat. It's a balanced goods list with the following considerations:

- ✓ environmental demand driven for indoor, local and global environment
- ✓ employment enlargement
- ✓ environmental goods exporting
- ✓ S&D treatment requirement for some goods which have less competitiveness
- ✓ Environmental diplomacy consideration under the guidance of harmonious world new foreign policy

In the preliminary goods list at this stage there are more than 200 goods with 6HS code. Some of them are from the commitment list of China's accession to WTO. Some of them are from the list of China's investment guidance. It should be a dynamic living list to be added more in the future

By the SIA methodology, we qualitatively have made a judgment of the proposed goods list, based on our expert meeting. +++ positive impacts from grade 1-3; 0 neutral impacts; - - - negative impacts from grade 1-3. By our analysis, there are both positive and negative impacts, but positive impacts are more than negative impacts. The preliminary analysis results are as below.

### **SIA Qualitative analysis of proposed environmental goods**

SIA methodology	Indoor environmental goods	Conventional environmental goods	Global environmental goods
Environment Interest	+++	+++	+++
Trade Interest	+	---	+
Env. Industry Interest	+	---	+
Employment Interest	++	--	++
Diplomacy Interest	+	+	+++

Most of the impacts on China is hoped to be integrated together, which would be easier to make a judgment of interests.

#### 4.4 Discussion on key issues related to EGS

Based on our observations on current EGS negotiation issues, we found that:

✓ **Project approach**

India proposes a project approach for EGS negotiation. Based on our survey on China's environmental industry, we found that transaction costs of project approach are high due to many sectors involvement and bureaucracy of governmental bodies.

List approach actually has only a little impacts of China's environmental industry since the importing tariff are low enough.

From the long term prospective, to protect the current low efficient industry by project approach is just to help them keep their low efficiency. We believe so called Porter Hypothesis that the certain pressure will increase long term competitiveness of firms.

✓ **EPP**

EPP would be good for Chinese farmers and other developing members. Bio-fuel is also fine, although China's own policy doesn't allow producing bio-fuel by grains, but China could be a big

potential importer to replace oil in the future.

On EPP, S&D treatment should be requested for developing members. For some members, EPP products are almost the only products they are able to export.

✓ South-south cooperation

At present, China has cooperation with ASEAN on wastewater issue. China has also environmental training programs for African officials. Actually China has a big potential demand of EPP from other south countries, such as organic tea, herbal medicines. China also has potential capacity to export EGS to south countries. South-south cooperation is a win-win situation.

✓ Services associated with goods

Many services are associated with goods, such as design, installation, adjustment and operation of purchased equipments. It's very hard to separate such services with goods. It's also a barrier to promote such goods selling if without such services. Labor intensive services are the comparative advantage of developing members. Such services should be considered to combine together with traded environmental goods.

✓ IPR

IPR is really a barrier for China to have a further development of environmental industry. However, in current IPR regime either in TRIPS and WIPO, the 20 year protection period for patent rights is really over-protected, since most of environmental industry technologies should be out of date within 20 years long period. The current international IPR is much more favors north countries but south.

From the global perspective, the current IPR regime is also a destructive factor of global environment which delays use of global environmental goods for improving global environment by non-IPR owners both from developing member and developed members. A proposal of global environmental technology IPR waver could be considered, in order to improve severe global environment. And at the same time IPR also should be respected by claiming benefits of the technology use from their own national governments who promise to transfer environmental technology from North to South in Rio Declaration.

- ✓ Integration of environmental goods, service and IPRs  
As discussed above, it would be very good if environmental goods could be combined with associated services, IPRs (and even investments). For south countries, it's even more important to have IPRs by importing environmental goods and investments. For south countries, it's also important to export services when exporting environmental goods and overseas investments

## **5. Environmental services: the interests of China**

The current WTO environmental service negotiation is mainly in CTS rather than CTE. Similarly definition of environmental service is one of the key issues. Still no much progress has been made in the negotiation. By contrast, China starts many bilateral negotiations on environmental services with Chile, Singapore, Australia, New Zealand etc.

For China, the current negotiations on environmental services still use UN CPC definitions and also partly consider EU's definition. China, based on its commitment of WTO's accession, offers more to other partners.

According to our study, the current definition of environmental service is not able to meet the demand of environmental quality, especially the global environmental and indoor environmental services. Therefore, as we do for environmental goods, we re-define the environmental service as well.

Based on the new understanding of spectrum of environment and China's the prioritized environmental problems, we therefore redefine environmental services based on the demand of environment at the whole spectrum:

- ✓ Indoor environmental service: the service for improving indoor environment
- ✓ Local environmental service: the service for improving outdoor, local and regional environment (conventional ones)
- ✓ Global environmental service: the service for improving global environment

This definition, comparing with current one, clearly differentiates different size of service by adding two more new catalogues of global environmental service and indoor environmental service. It's much clear and wider than the current definitions used by UN CPC and EU. It clearly states the Human Being's demand of global and indoor environment. At micro level, it exactly

fits into UN Convention on Combating Tobacco; and at the macro level, it exactly fits into UNFCCC, Ozone depletion Convention, CBD etc MEAs.

From China’s narrow own interests, indoor environmental service should be the highest priority and then local, global environmental services. Well, from the global perspective, global service should be the highest priority and then indoor, local environmental services.

Therefore, we propose that WTO both CTS and CTE should clearly setup environmental improvement, at least global environmental improvement, as the goal of WTO environmental service negotiation, instead of member’s own trade interests driven negotiation. The members of WTO should realize the negotiated environmental services are for environmental improvement, especially for global environment improvement.

China has more demand on Mode 4 environmental service, which could better use China’s rich human resources as factor endowment. China requests more environmental service liberalization which is associated with goods, such as design, installation, operation and maintenance of environmental equipments.

In order to better meet the demand of environmental service, we propose an environmental service catalogue with their different kinds of trade modes. The following table shows the possible kinds of environmental services.

**The possible environmental services**

Mode of service	Indoor environmental service	Conventional environmental service	Global environmental service
Mode 1			
Mode 2			
Mode 3			
Mode 4			

Other modes			
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Based on the environmental service above, we measure what are the potential impacts on China by SIA methodology. The qualitative analysis results are as below.

### **SIA Qualitative analysis of proposed environmental service**

SIA methodology	Indoor environmental service	Conventional environmental service	Global environmental service
Environment Interest	+++	+++	+++
Trade Interest	+	---	--
Env. Industry Interest	+	---	--
Employment Interest	+	--	--
Diplomacy Interest	+	0	+++

The different modes of trade in service are complicated in terms of different kinds of trade in services. We will further develop them in the future. It's also very difficult to use CGE model simulating the impacts of proposed service list on China in the future.

## **6. Treatment of EGS in WTO Negotiations: suggestions for China**

### **6.1 Comments on current WTO-CTE negotiation**

Based on my own experiences in WTO negotiation, we have 3 major comments:

The current WTO-CTE negotiation is really a trade interest driven but

environmental demand driven. Often environment is used by trade officials as an excuse to promote exporting. Although global environment is threatened by unsustainable trade, still no members seriously think about how to use trade measures to mitigate the global environmental problems.

The current WTO CTE negotiation is National interest driven but global interest driven. No representatives of global environmental interests among existing proposals. It's very necessary to have global environmental goods and services to improve global environment. A WTO mechanism is needed to let somebody play an active role of protecting global environment as representative of global public goods and services. Maybe WTO secretariat should be authorized by members to think about global interests and human being's health interests.

Lack of coherence with MEAs is another problem of WTO CTE negotiations on EGS. In the negotiation, MEAs and EGS are not mutual supportive and even conflicts. For example, worn clothes as hazardous wastes for human being's health are in the list of environmental goods. EC decided on Oct 15, 2007 to apply for anti-dumping tax on imported energy-saving bulbs from China, Pakistan, the Philippines and Vietnam. Such conflict decisions with UNFCCC are not opposed by WTO.

## 6.2 China's progress made for the negotiation

China, as a decade long member of WTO, tries to learn playing an active role in EGS negotiation, although China is still in the learning process. As the efforts, China submitted a proposal of development list and core list in 2005, in order to reflect China's concerns of development.

Still we are lack of deep understanding of interests of China, mainly focus on trade interests and international politics interests. Environmental interests are not being integrated into the whole interests of China. Sector interests need to be integrated as whole for national interests.

## 6.3 Suggestions for China's negotiation

Our general suggestions to China's EGS negotiation are: from the demand of environment, by SIA methodology, to make judgments of China's full interests in terms of environment, trade, industry

development, employment and international relations and based on it to make out China's negotiation strategy. Specifically, we suggest that:

- ✓ To redefine the environment into 3 catalogues and meet different environmental challenges: indoor, outdoor/local/national, and global
- ✓ To meet the demand of MDG to realize Doha Agenda as the development agenda
- ✓ By using SIA methodology, to measure China's interests of environment, trade, environmental industry development, employment, international politics
- ✓ To request S&D treatment for core list goods, including EPP
- ✓ To request new member treatment, since China has dramatically lowered down tariff when accession to WTO
- ✓ To treat environmental interests as one of the most important interests. It reflects China's new development strategy, such as harmonious society, scientific approach of development
- ✓ To adapt our environmental goods and services list. It could reflect China's indoor, global and local environmental interests, to reflect economy interests of SMEs and trade exporters, to reflect social interests of employment and diplomatic interests.
- ✓ To realize China's complicated interests are neither same with developed members nor developing members. Such simplified 0 or 1 method should be given up. China's interests are unique.

## **7. Conclusions**

To sum up the study above, the report is concluded that: from the demand of environment for global, local and indoor, by SIA methodology, the judgments of China's full interests in terms of environment, trade, industry development, employment and international relations are made and then China's negotiation strategy is suggested. Specifically, there are some key points drawn from the report as below:

- ✓ The environment is redefined into 3 catalogues and meet different environmental challenges: indoor, outdoor/local/national, and global
- ✓ By using SIA methodology, China's interests of environment, trade, environmental industry development, employment and international politics are measured qualitatively.
- ✓ The environmental interest as one of the most important interests of China is realized. It reflects China's new development strategy, such as harmonious society, scientific approach of development
- ✓ The environmental goods and services list are proposed for China's sustainable development. It could reflect China's indoor, global and local environmental interests, to reflect economy interests of SMEs and trade exporters, to reflect social interests of employment and diplomatic interests.

## **8. Appendix**

Appendix 1: Proposed list of China's environmental goods for WTO CTE negotiation