E S C W A

*Trade and Enterprise Development Team*
Sustainable Development & Productivity Division

# Tools for Assessing the Impact of Liberalising Environmental Goods and Services

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*Regional Seminar on Trade and Environment*
*League of Arab States – Cairo, Egypt*
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## This presentation

The following acronyms

will be used :

EGS – Environmental Goods & Services

EG – Environmental Good

ES – Environmental Service

EGTL – EG Trade Liberalisation

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## EGS Trade Liberalisation

### Why:

- Doha Mandate

  *enhance the mutual supportiveness of trade and environment*

### What's involved:

- Worldwide reduction of EG tariffs
- Significant opening of ES sectors to foreign presence

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## EGS Trade Liberalisation & ESCWA

### Future expectations:

Regional demand for ES (high)

- Regional EGS supply (growing)
- EGS imports from ROW (↑)
- EGS availability & infrastructure (improve)
- EGS costs (↓)

World demand for ES

- ESCWA EGS exports (↑)

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## EGS Trade Liberalisation & ESCWA

Assessment tools:

- Data on regional EGS demand
- Country experiences with ES liberalisation (Qatar, UAE, SA, Oman, Jordan, Kuwait, Morocco)
- Data on EG trade (ESCWA and ROW)
- Data on EG tariffs (ESCWA and ROW)
- *State of Play* in EGS negotiations

↓ ↓ ↓ ↓ ↓

Data analysis, interpretation and modelling

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## EGS Trade Liberalisation & ESCWA

Results:

- We can infer the direction and magnitude of static effects (immediate)

  *Such results can guide negotiation strategies*
- We can say little about much more important dynamic effects (long term)
- But supportive national and regional policies should be developed to encourage net economic gains, including by developing regional supply capacities for ES and productive capacities for EGs

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## New ESCWA Study

- → Reviews regional trends related to water, energy and solid waste management, and related market requirements for EGS
- → Examines the potential of international trade to help meet these requirements, build EGS supply capacities, and generate EGS export opportunities for the region
- → Discusses implications of multilateral EGS negotiations for regional markets
- → Available soon on ESCWA website



## This presentation

In the short time we have available today, we will look at

**Trade Liberalisation in Environmental Goods**

and discuss implications for the region

## Today's Discussion

- The Doha Mandate on environmental goods (EGs) and the WTO CTE negotiations
- What is an EG ? – *no agreement*
- Proposed EGs
- Trade in EGs – *Trade flows and tariffs*
- Dynamic gains for Trade Liberalisation (TL)
- Trade complementarity among ctys ?
- Modelling TL in EGs – preliminary results
- The Outlook for ESCWA Countries
- Recommendations for the negotiations

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## Doha Mandate on EGs

**WTO Doha Ministerial Declaration (2001)**

- *commitment to sustainable development (SD)*
- *mutually supportive T&E policies*
- *a share in the growth of world trade for DCs commensurate with the needs of their economic development*
- *enhanced market access for DCs*
- *less than full reciprocity in reduction commitments*

**Any agreement on EGs should reflect these principles**

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## Doha Mandate on EGs

– The Doha Declaration calls for negotiations on "the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services"

  *But without defining what these goods are !*

– The WTO Committee on Trade and Environment (CTE) seeks to define EGs

– However, despite over four years of CTE negotiation on environmental goods, WTO members have been unable to agree on a definition of environmental goods or an agreed list of such goods

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## What is an EG ?

– There are two broad classes of environmental goods under discussion in WTO negotiations

– Manufactured goods and chemicals used directly in the provision of environmental services

– Raw and manufactured goods not associated with providing environmental services. They have reduced negative, or positive, effects on the environment

– All EGs belong to one of these two classes

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# What is an EG ?

**Environmental Goods**

**Class A**

Goods used to provide environmental services
- wastewater treatment
- solid waste management
- air pollution control
- noise abatement
- environmental remediation, ecosystem management

**Class B**

Goods with positive environmental characteristics relative to substitute goods

Generally used for purposes other than environmental ones in commercial and household applications

**Often called**

**"Environmentally Preferable Products" or EPPs** 13

# What is an EG **Some examples**

**Environmental Goods**

**Class A**

basic manufactures such as valves, filters, pumps, compressors, tanks and containers, chemicals used in water purification

trash compactors, brooms, plastic lining material for landfill sites, ceramic wares and furnaces used in incineration, sorting equipment for recycling

measuring equipment to monitor the environment

noise reducing mufflers

**Class B**

organic agricultural products, CFC-free refrigerants, chlorine-free paper, biodegradable natural fibers such as jute, sisal and coire, natural dyes, organic soaps free of phosphates, water-based paints, natural rubber, polymers, gums and adhesives, equipment used to generate renewable/clean energy, ethanol and other clean/renewable fuels, energy-efficient lighting

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## What is an EG **Likely WTO outcome**

- It is rather straightforward to identify and agree upon Class A EGs – a good is either used or not used in providing an environmental service
- It is much more difficult to identify and agree upon the environmental benefits of Class B EGs since this depends on product lifecycle analysis – unavailable for most EPPs and associated with uncertain, subjective and incomplete results
- It is thus likely that most EGs identified for tariff reduction by the WTO will be Class A EGs, at least in the near term

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## Proposed EGs

- After over 4 years of negotiations, WTO members have been unable to agree on an operational definition for EGs
- A list approach has been pursued
- Developed country members have proposed EG lists
- These lists contain mostly Class A EGs with some Class B EGs (EU, Switz.)
- Developing country members have yet to propose lists of their own (ex. Qatar, Korea, Taiwan)

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## Proposed EGs

- The OECD and APEC lists of EGs contain the Class A EGs proposed by developed country members
- UNCTAD had developed a list of Class B EGs (i.e., EPPs) that are not based on PPMs
- PPMs (Process and Production Methods) describe how a good is produced in the exporting country (e.g., environmentally benign or damaging production)
- WTO rules do not allow members to distinguish between similar products based on PPMs

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## Proposed EGs

- *Recent* negotiations were examining all proposed and other potential EGs to develop a final list for negotiations on modalities
- 'Modalities' is negotiators' jargon for levels of tariff cuts on EGs, timeframes for reductions, and exclusions/special conditions for developing countries
- Reports from Geneva indicate little progress was made before negotiations were suspended in July 2006

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## Proposed EGs **Why no progress ?**

- Developing countries argue that few goods on the OECD and APEC list are of export interest to them – so they will gain little from tariff reductions and potentially lose a lot
- Many developing countries are thus waiting to see the outcome of other negotiations before conceding to agreements in EG negotiations
- Many countries argue that most EGs have multiple uses, only one of which is environmental
- Some developing countries would like to see PPM-related EGs liberalised (e.g., organic food) but fear proposing them

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## EG Trade **Trade flows and tariffs**

- We examine trade in the Class A EGs including all of the OECD and APEC listed goods

  We call these **O+A EGs**
- We further examine the flows of Class B EGs, or EPPs, as compiled by UNCTAD

  We call these **EPP-core EGs**
- Also, we will look at current levels of tariff protection applied to these goods
- A special examination is made of ESCWA Country trade flows and tariffs

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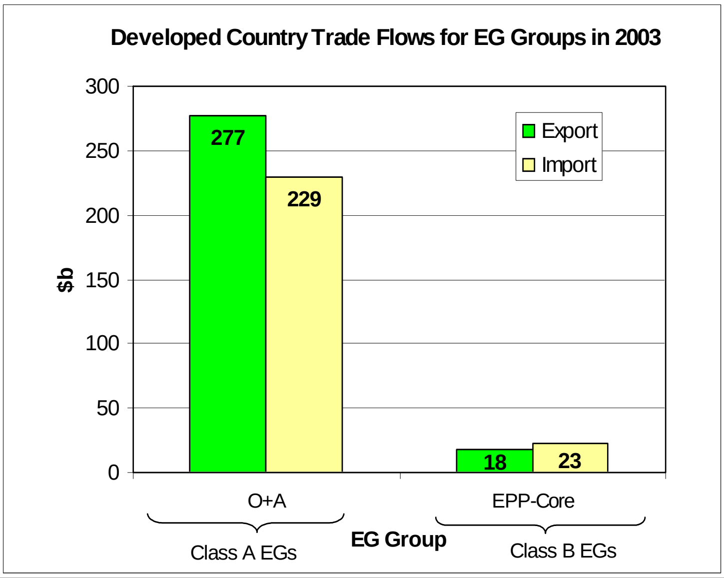
# EG Trade

## Trade flows



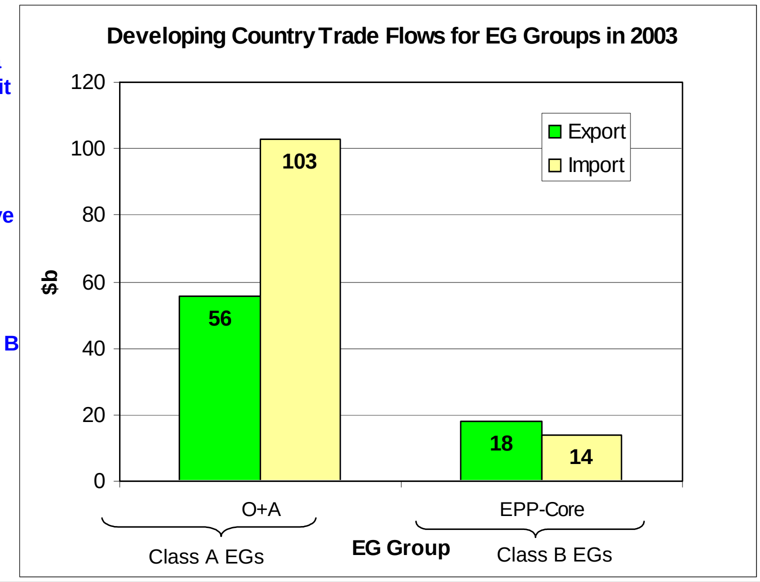

**Developed countries have a large trade surplus in Class A EGs used to provide environmental services**

# EG Trade

## Trade flows

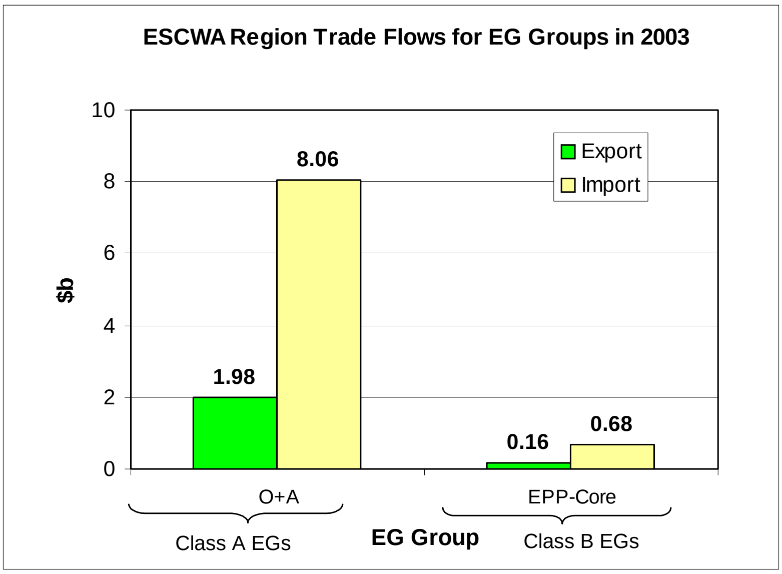
**Developing countries have a large trade deficit in Class A EGs used to provide environmental services – none among them have a trade surplus !**

**Although they have a trade surplus in Class B EGs (EPPs) it is not remarkably large, and it is only enjoyed by relatively few developing countries**



# EG Trade

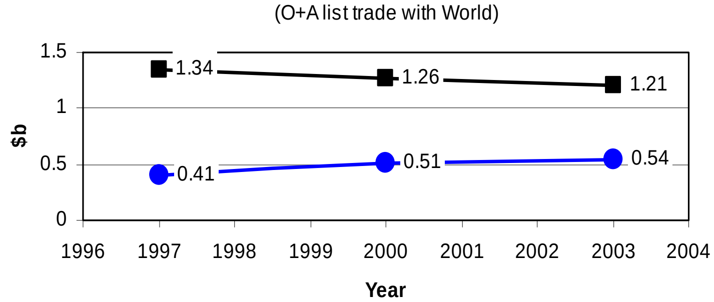
## Trade flows




# EG Trade

## Trade flows

– But developing countries are building export capacity in industrial manufactures, including in O+A EGs




**As this capacity grows, developing countries' trade balance shows steady improvement**

**Yet this largely reflects the performance of the more industrialised developing countries such as Korea, Taiwan, China, Malaysia, Brazil, Thailand, Turkey, Mexico, etc.**

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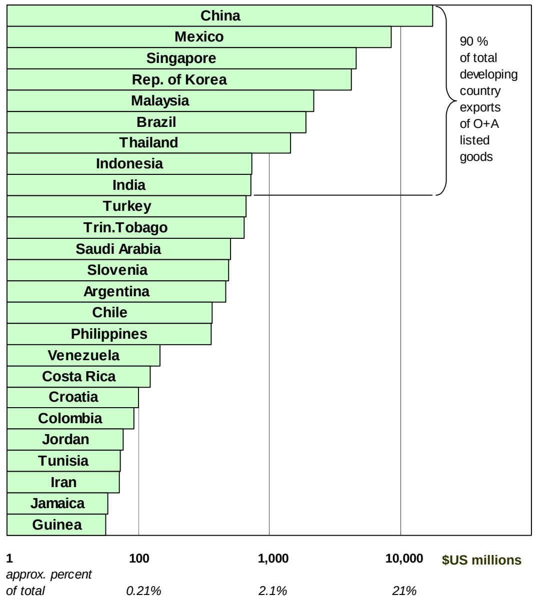
**Top Environmental Good Exporting Developing Countries in 2000**
**O+A list**

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## Top Environmental Good Exports of Developing Countries in 2000
## O+A list

1) 392690 Other articles of plastic
2) 847989 Other machines, nes, having individual functions
3) 854389 Other electrical machines and apparatus with one function
4) 848180 Other taps, cocks, valves, etc.
5) 854140 Photosensitive semiconductor devices, incl. solar cells
6) 840999 Parts for diesel or semi-diesel engines
7) 840991 Parts for internal combustion piston engines
8) 841430 Compressors of a kind used in refrigerating equipment
9) 392490 Household & toilet articles of plastic
10) 847990 Parts of machines (of heading 8479)
11) 903289 Other automatic regulatation, control instruments
12) 847290 Other office machines
13) 290511 Methanol
14) 903180 Other measuring or checking instruments
15) 392020 Polypropylene sheeting
16) 841480 Other air or gas compressors or hoods
17) 841490 Parts for air or gas compressors, fans or hoods
18) 281410 Anhydrous ammonia
19) 903210 Thermostats
20) 853931 Fluorescent lamps

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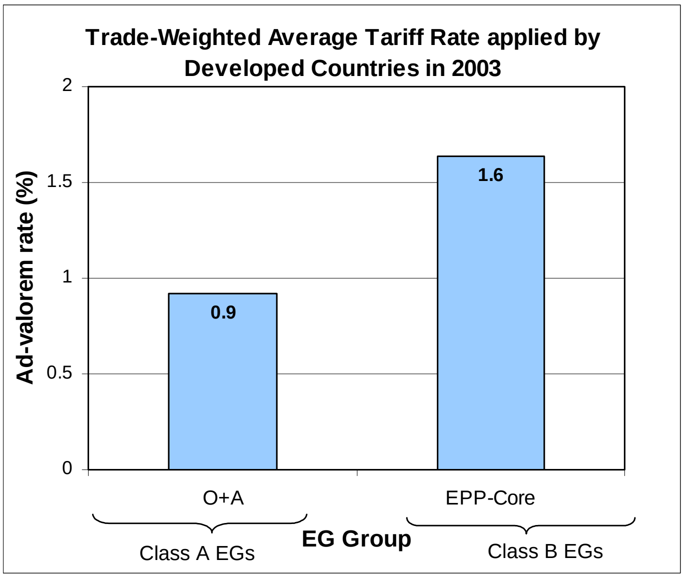
# EG Trade

## Tariffs

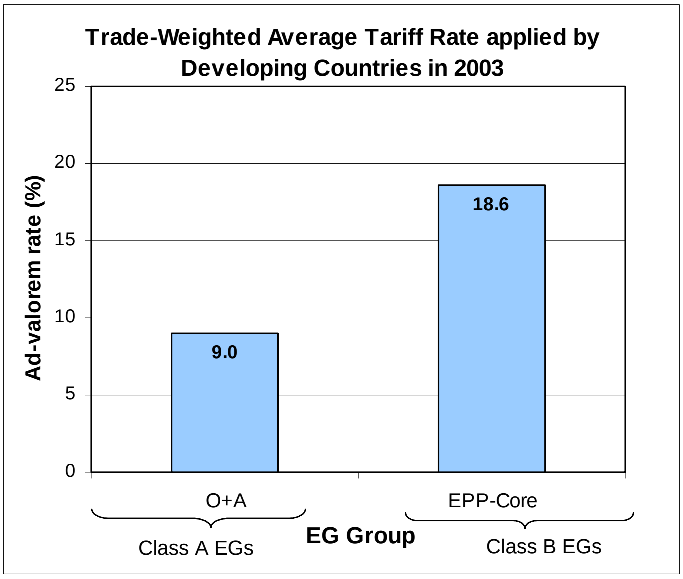



**Tariffs are very low, but non-tariff barriers (NTBs) are significant, often in the form of technical standards**

**Quotas and specific tariffs are also present**

# EG Trade

## Tariffs

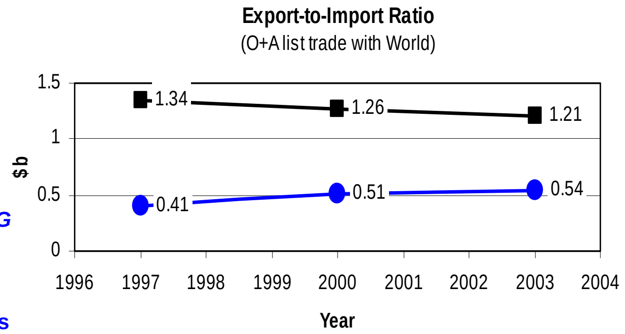



**Tariffs are quite high, but non-tariff barriers (NTBs) are less significant**

**High tariffs may be discouraging South-South trade**

# Dynamic gains

– We saw that developing countries are building export capacity in industrial manufactures, including in O+A EGs




**Although developing countries have a sizable trade deficit in O+A EGs their exports are growing rapidly**

***This suggests that O+A EG exports may be dynamic***

**Tariff reductions may stimulate increased exports and hence production, employment and economic growth**

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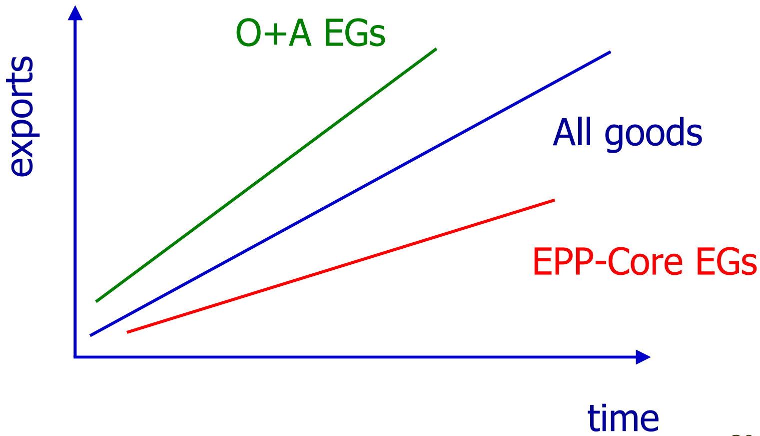
# Dynamic gains

– Developing country export growth rates for EGs compared to overall export growth rates

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## Dynamic gains

- Developing countries have a trade surplus in Class B EGs and a trade deficit in Class A EGs
- Nevertheless, developing countries' total exports of **Class B EGs** rose from 13 $b to only 18 $b between 1997 and 2003, while exports of **Class A EGs** more than doubled from 27 $b to 56 $b
- The annual growth rate of developing country exports for **Class B EGs** over this period was only 8.7%, lower than that of world exports (9.8%), and significantly lower than the 12.5% growth rate for **Class A EGs**

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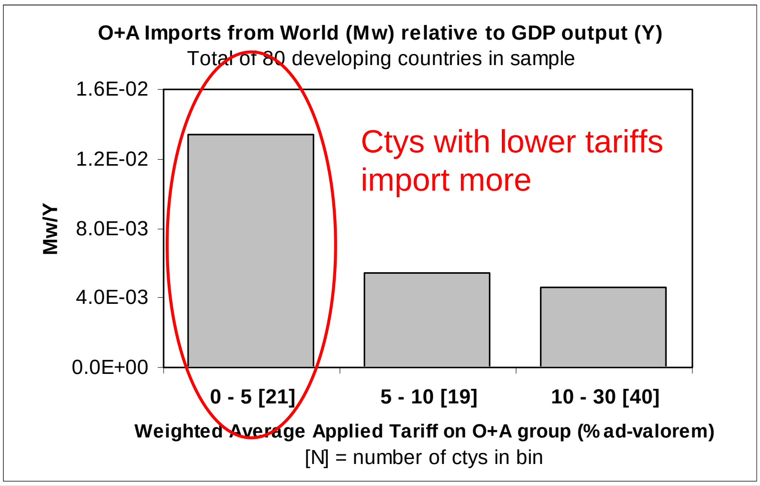
## Dynamic gains

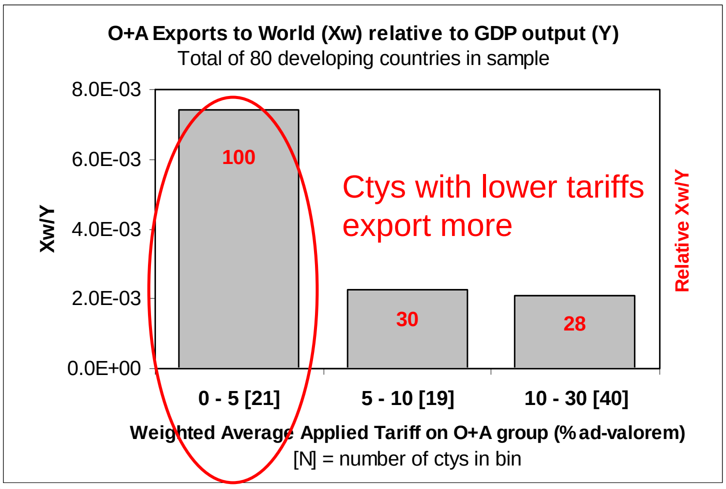
- Statistically, countries with lower tariffs on O+A EGs have better trade performance



# Dynamic gains (cont'd)

Lower tariffs thus appear to be associated with more trade in these goods, not only increased imports, but enhanced exports as well

Lower tariffs are associated with higher levels of intra-industry trade suggesting that countries with low tariffs may beneficially participate in international production chains

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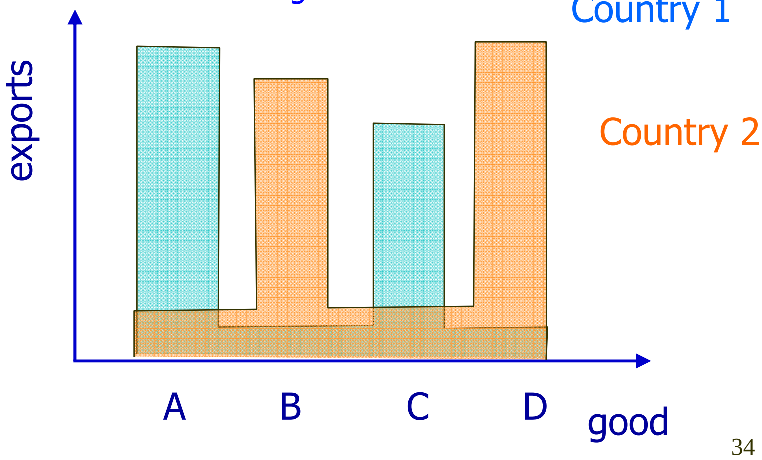
# Trade Complementarity

– This occurs due to trade specialisation, different countries tend to have export strengths in different sets of goods

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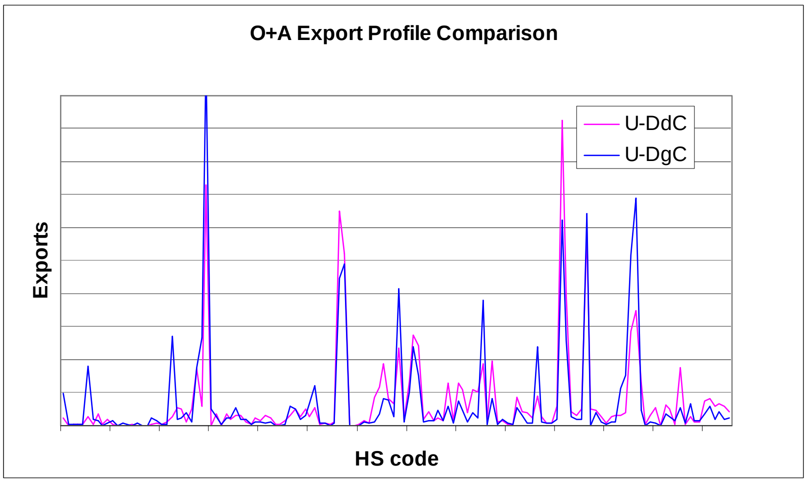
# Trade Complementarity

– The O+A export profiles of developed and developing countries are fairly similar




# Trade Complementarity

– But the O+A export profiles of different developing country regions are quite different

Parameter ranges from 0 to 100

0 – perfect complementarity – countries export different sets of goods

100 – zero complementarity – countries export the same set of goods

EG group: O+A

Period: 2003

| | | U-DdC | U-DgC | U-DgAFR | U-DgASO | U-DgLAC | U-CET |
|---|---|---|---|---|---|---|---|
| | U-DdC | | 72 | 38 | 69 | 60 | 53 |
| | U-DgC | 72 | | 39 | 87 | 68 | 51 |
| Africa | U-DgAFR | 38 | 39 | | 35 | 36 | 33 |
| Asia | U-DgASO | 69 | 87 | 35 | | 56 | 46 |
| Lat. Am. & Car. | U-DgLAC | 60 | 68 | 36 | 56 | | 55 |
| | U-CET | 53 | 51 | 33 | 46 | 55 | |

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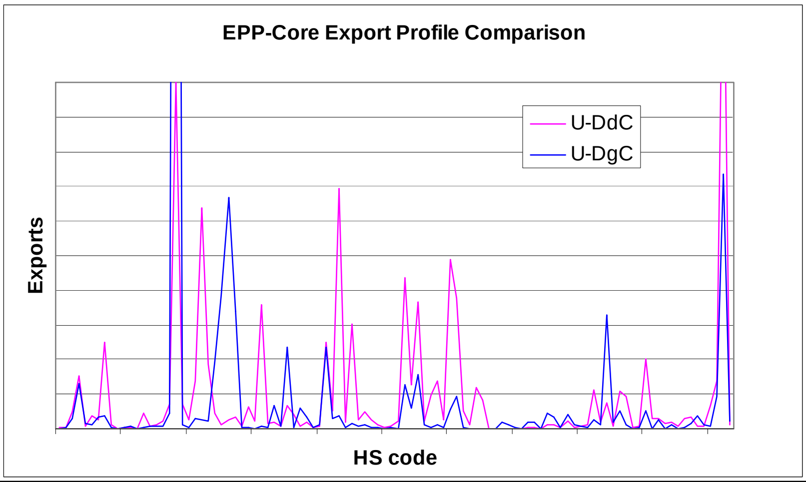
## Trade Complementarity

– The EPP export profiles of developed and developing countries are quite different




## Trade Complementarity

– But the EPP export profiles of different developing country regions are fairly similar

EG group: EPP-Core

Period: 2003

| | | U-DdC | U-DgC | U-DgAFR | U-DgASO | U-DgLAC | U-CET |
|---|---|---|---|---|---|---|---|
| | U-DdC | | 38 | 19 | 38 | 45 | 51 |
| | U-DgC | 38 | | 56 | 91 | 62 | 19 |
| Africa | U-DgAFR | 19 | 56 | | 48 | 49 | 8 |
| Asia | U-DgASO | 38 | 91 | 48 | | 61 | 18 |
| Lat. Am. & Car. | U-DgLAC | 45 | 62 | 49 | 61 | | 28 |
| | U-CET | 51 | 19 | 8 | 18 | 28 | |

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# Trade Complementarity

- Trade liberalisation of **O+A EGs** can increase South-South trade, but there will be some sensitive products – different for each developing country – whose producers may suffer from increased imports from the North
- Dynamic gains are expected
- Trade liberalisation of **EPP EGs** can increase South-North trade, but with continued competition among developing countries to access Northern markets
- Some increase in South-South trade should occur
- Dynamic gains are much more limited

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# Modelling TL in EGs

- We used a global partial equilibrium model (GSIM) to estimate the effects of tariff reductions on EG trade (details available)
- The model was applied to aggregate world regions and the two Class A (O+A) and Class B (EPP-core) groups of EGs
- A 50% tariff reduction on EGs was assumed globally in each region
- The model predicts the 'static' *ex post* effects of the tariff reductions

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## Modelling TL in EGs

**For the O+A EG group:**

- GSIM results suggest an increase in production and exports for all regions
- Exports increase by 1 to 2% in developed countries, East Asia and Eastern Europe, and by less than 1% elsewhere
- Tariff revenue loss is significant in all regions, but net welfare gains (for producers and consumers) remain positive all developing country regions

**There will be no trade disasters !**

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## Modelling TL in EGs

**For the EPP-core EG group:**

- GSIM results suggest an increase in production and exports for all regions
- Exports increase by 2 to 3% in developed countries, Asia and LAC, and by less than 1% elsewhere
- Tariff revenue loss is significant in all regions, but net welfare gains (for producers and consumers) remain positive for all developing country regions

**There will be no trade disasters !**

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## The Outlook for ESCWA Countries

→ Looking specifically at what's happening in the region

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## The Outlook for ESCWA Countries

- We examined the trade flows and tariffs of O+A and EPP-core EGs for ESCWA Countries (details available)
- We further examined the trade in natural gas fuels as an EPP (proposed by Qatar); a major export for some ESCWA Countries
- Data are nationally reported data from Comtrade (UNSD) for trade flows and WITS (World Bank/UNCTAD/UNSD) for applied tariffs

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## The Outlook for ESCWA Countries

### Data limitations:

- Unfortunately, there are inconsistencies in reporting with many ESCWA Countries reporting sporadically and only for selected goods
- Only Lebanon, Jordan and Egypt seem to report consistently and completely

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## The Outlook for ESCWA Countries

**O+A - Limited data suggests:**

- O+A EGs account for 4% of ESCWA imports, but only 2% of ESCWA non-fuel exports (2003)
- Chemicals account for the major share of ESCWA O+A exports
- Data for Bahrain, Kuwait, Qatar and Saudi Arabia show they are major world exporters of two O+A chemical goods (Methyl Alcohol and Anhydrous Ammonia)
- Only Egypt, Jordan, Lebanon and Syria exhibit significant diversified exports of O+A manufactured goods

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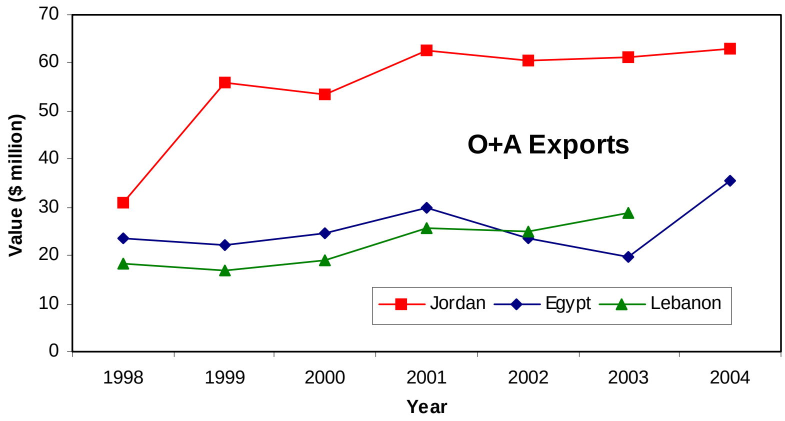
# The Outlook for ESCWA Countries

– Egypt (**4%**), Jordan (**7%**) and Lebanon (**11%**) all exhibit steady **annual growth** in O+A exports

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# The Outlook for ESCWA Countries

– Large share of EG exports to ESCWA and Other Asia



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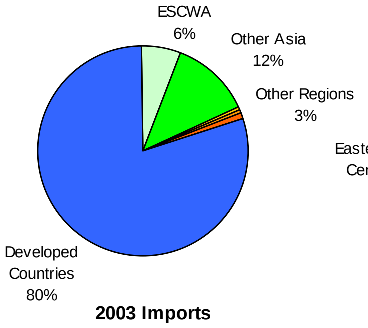
## The Outlook for ESCWA Countries

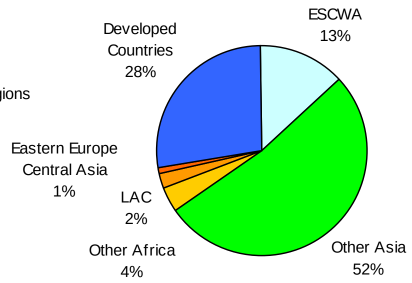
– However, O+A imports remain predominantly from developed countries

**ESCWA O+A Import Origins (2000-2004)**




**2003 Imports = 8 $b**

**ESCWA EPP-Core Import Origins (2000-2004)**




**2003 Imports = 680 $m**

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## The Outlook for ESCWA Countries

– Top O+A Trade of the Mashreq Countries

**Top 5 O+A Exports of the ESCWA Countries**

(latest available data given, totals are value of top 5 exports / imports as percentage of total O+A exports / imports)

| ESCWA Country (year) | Trade Flow | HS 1996 code | Product | Value ($US) |
|---|---|---|---|---|
| Mashreq Countries (2004) | Exports | 392690 | Plastic articles nes | 19'346'923 |
| | | 392020 | Sheet/film not cellular/reinf polymers of propylene | 12'342'561 |
| | | 841381 | Pumps nes | 12'293'475 |
| | | 854389 | Other electrical machines and apparatus with one function | 7'737'414 |
| | | 320990 | Polymer based paints & varnishes nes, aqueous medium | 5'454'668 |
| | | **Total value of top 5 exports as percentage of total O+A exports** | | **48** |
| | Imports | 847989 | Machines and mechanical appliances nes | 167'925'065 |
| | | 848180 | Taps, cocks, valves and similar appliances, nes | 69'121'893 |
| | | 392690 | Plastic articles nes | 56'388'529 |
| | | 392020 | Sheet/film not cellular/reinf polymers of propylene | 44'201'938 |
| | | 841381 | Pumps nes | 41'116'914 |
| | | **Total value of top 5 imports as percentage of total O+A imports** | | **39** |

Multiple-use… HS 392690 covers screens & strainers and household waste collection eqpt., HS 847989 covers recycling eqpt., but much more than that too…

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# The Outlook for ESCWA Countries

– Top O+A Trade of the Gulf Countries

**Top 5 O+A Exports of the ESCWA Countries**

(latest available data given, totals are value of top 5 exports / imports as percentage of total O+A exports / imports)

| ESCWA Country (year) | Trade Flow | HS 1996 code | Product | Value ($US) |
|---|---|---|---|---|
| Gulf Countries (2002) | Exports | 290511 | Methyl alcohol | 509'080'207 |
| | | 281512 | Sodium hydroxide (caustic soda) in aqueous solution | 87'764'965 |
| | | 281410 | Anhydrous ammonia | 46'971'974 |
| | | 701990 | Glass fibres, glass wool and articles thereof nes | 27'116'245 |
| | | 841989 | Machinery for treatment by temperature change nes | 13'164'066 |
| | | **Total value of top 5 exports as percentage of total O+A exports** | | **43** |
| | Imports | 841430 | Compressors for refrigerating equipment | 202'434'167 |
| | | 848180 | Taps, cocks, valves and similar appliances, nes | 151'636'043 |
| | | 848110 | Valves, pressure reducing | 101'561'834 |
| | | 840991 | Parts for spark-ignition engines except aircraft | 100'627'516 |
| | | 841381 | Pumps nes | 85'288'452 |
| | | **Total value of top 5 imports as percentage of total O+A imports** | | **76** |

Multiple-use… HS 701990 covers glass fibres used as air filters, HS 840991 covers noise reduction eqpt. for engines, but much more than that too…

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# The Outlook for ESCWA Countries

**EPP-core - Limited data suggests:**

– EPP EGs account for 1% of ESCWA imports, but as much as 4% of ESCWA exports (2000-2003)

– Plants and natural fibres account for the major share of ESCWA EPP-core exports

– Data indicate that Egypt and Syria are major exporters of EPP-core goods, followed by Jordan, Oman and Lebanon which have significant exports

– Only Egypt exhibits a positive trade balance for EPP-core trade

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# The Outlook for ESCWA Countries

## – Top EPP-Core Exports of the Mashreq Countries

**Top 10 EPP-Core Exports of the ESCWA Countries**

(latest available data given, totals are value of top 5 exports / imports as percentage of total O+A exports / imports)

| ESCWA Country (year) | Trade Flow | HS 1996 code | Product | Value ($US) |
|---|---|---|---|---|
| Mashreq Countries (2003) | Exports | 121190 | Plants & parts, pharmacy, perfume, insecticide use nes | 23'399'273 |
| | | 530110 | Flax fibre, raw or retted | 8'138'308 |
| | | 530129 | Flax fibre, otherwise processed but not spun | 6'913'574 |
| | | 321000 | Paints and varnishes nes, water pigments for leather | 3'825'896 |
| | | 230690 | Vegetable oil-cake and other solid residues nes | 2'713'637 |
| | | 530121 | Flax fibre, broken or scutched | 2'200'893 |
| | | 121110 | Liquorice roots | 1'949'926 |
| | | 320910 | Acrylic & vinyl polymer based paint, varnish, in water | 1'667'645 |
| | | 510129 | Degreased wool nes, not carded, combed or carbonized | 1'658'772 |
| | | 460120 | Mats, matting and screens, vegetable plaiting material | 1'479'153 |
| | | **Total value of top 10 exports as percentage of total EPP-Core exports** | | **80** |



# The Outlook for ESCWA Countries

## – Top EPP-Core Exports of the Gulf Countries

**Top 10 EPP-Core Exports of the ESCWA Countries**

(latest available data given, totals are value of top 5 exports / imports as percentage of total O+A exports / imports)

| ESCWA Country (year) | Trade Flow | HS 1996 code | Product | Value ($US) |
|---|---|---|---|---|
| Gulf Countries (2002) | Exports | 630510 | Sacks & bags, packing, of jute or other bast fibres | 5'833'797 |
| | | 320910 | Acrylic & vinyl polymer based paint, varnish, in water | 3'250'811 |
| | | 570110 | Carpets of wool or fine animal hair, knotted | 3'190'709 |
| | | 310100 | Animal or vegetable fertilizers, in packs >10 kg | 3'074'114 |
| | | 510111 | Greasy shorn wool, not carded or combed | 2'629'116 |
| | | 560890 | Knotted netting, nets, of of natural materials | 1'540'823 |
| | | 510129 | Degreased wool nes, not carded, combed or carbonized | 1'525'770 |
| | | 510119 | Greasy wool (other than shorn) not carded or combed | 1'481'686 |
| | | 960310 | Brooms/brushes of vegetable material | 1'125'904 |
| | | 850680 | Primary cells & primary | 1'065'001 |
| | | **Total value of top 10 exports as percentage of total EPP-Core exports** | | **74** |

# The Outlook for ESCWA Countries

– ESCWA Countries are major world exporters of low emission fuels

**2003**

| ESCWA low emission fuels exports | HS96 | Exports ($) |
|---|---|---|
| Natural gas, liquefied | 271111 | 9,469,071,814 |
| Natural gas in gaseous state | 271121 | 3,682,193,920 |
| Propane, liquefied | 271112 | 1,813,584,523 |
| Butanes, liquefied | 271113 | 1,087,236,564 |
| Sunflower seeds | 120600 | 2,262,663 |
| Undenatured ethyl alcohol > 80% by volume | 220710 | 1,197,376 |
| Copra | 120300 | 395,055 |
| Beet-pulp, bagasse & other waste of sugar m | 230320 | 199,799 |
| Linseed | 120400 | 121,821 |
| Rape or colza seeds | 120500 | 6,849 |
| Ethylene, propylene, butylene, butadiene, liqu | 271114 | 1,167 |

**These goods may be included as WTO EGs**

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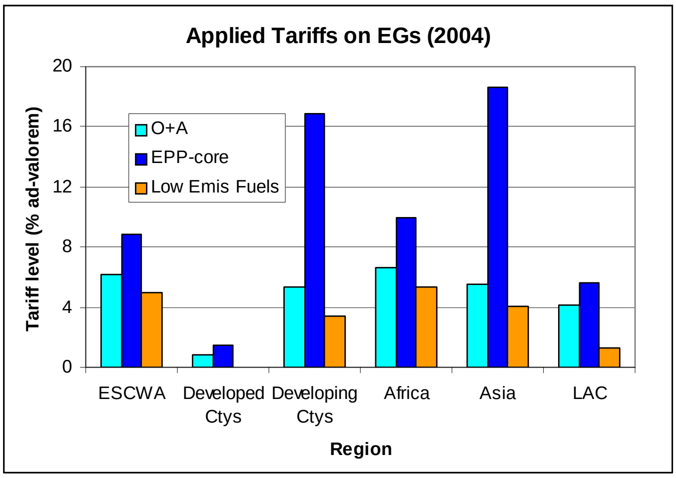
# The Outlook for ESCWA Countries

– Applied tariffs on EGs are not very high in ESCWA Countries

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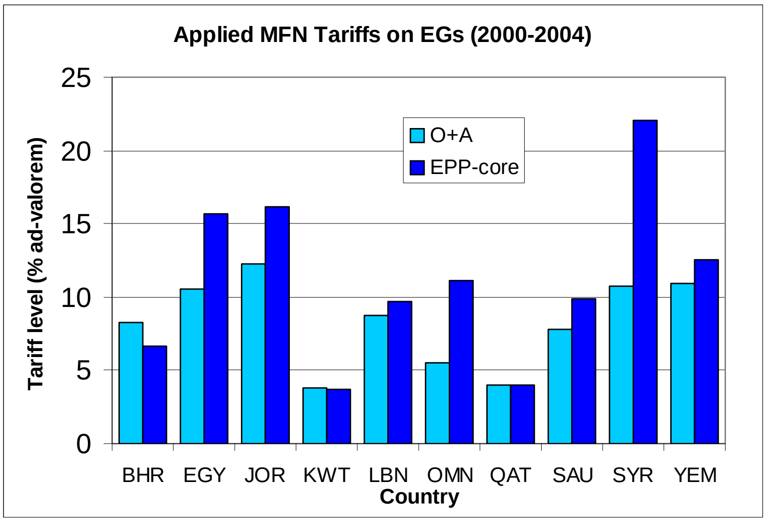
## The Outlook for ESCWA Countries

– Egypt, Jordan and Syria maintain the highest




## The Outlook for ESCWA Countries

– We estimated tariff revenue loss under EGTL for a hypothetical case wherein O+A tariffs are eliminated completely

– This is an extreme scenario since tariffs will likely be reduced rather than eliminated completely

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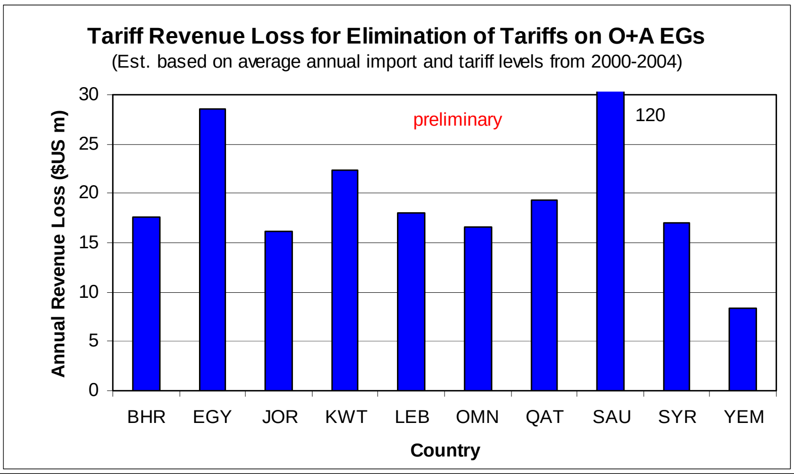
# The Outlook for ESCWA Countries

## Annual tariff revenue loss estimates

**Extreme scenario (based on 2000-2004 data)**




# The Outlook for ESCWA Countries

**Losses easy to measure and predict… tariff losses are eminent**

**Gains difficult to predict… only the future can tell**

**May outweigh costs in long run but this can not be assured**

**Suggests the need for ESCWA countries to seek concessions in other areas of Doha Round negotiations if they concede to EGTL**

- **For EGTL to constitute a net gain, tariff revenue losses will need to be offset by:**
- Increases in EG exports due to lower tariffs in other developing countries (developed country tariffs already low) ***dynamic exports, complementarity***
- Lower costs for consumers and improved environmental conditions (welfare gain) ***yes***
- Lower production costs for producers (many EGs are intermediate goods used in production) ***yes***
- Spill-over benefits of increased technology transfer ***yes***

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## Recommendations for negotiations

- Proceed with EGTL negotiations and ensure that **<u>both</u>** O+A and EPPs (natural products and low emission fuels) are liberalised ***make sure key exports on list***
- Consider EGTL as a self-contained testing ground for broader NAMA TL (recall that EGs make up only some 4% of ESCWA imports) ***limit tariff reductions on sensitive products***
- Phase in tariff reductions over time to reduce shocks (to both government revenue and import competing industries) ***for all EGs***

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## Recommendations for negotiations

- Decide whether to address or simply ignore multiple use aspect of many EGs ***ignoring multiple use may improve competitiveness of domestic producers sourcing inputs for production from abroad***
- Seek concessions from developed countries in other areas of the negotiations ***Developed countries want to increase their EGS exports to ESCWA countries, they will make concessions***
- Make sure your concerns are known ***Be more vocal in Geneva***

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