

Carbon Sequestration Leadership Forum

CSLF-P-2010-08
30 August 2010

www.cslforum.org



POLICY GROUP

Proposal for the CSLF to Present at World Trade Organization Committee on Trade and Environment Session

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PROPOSAL FOR THE CSLF TO PRESENT AT WTO COMMITTEE ON TRADE AND ENVIRONMENT SESSION

Note by the Secretariat

Background

In November 2009, the Kingdom of Saudi Arabia submitted a proposal to the World Trade Organization (WTO) Committee on Trade and Environment – Special Session (CTESS) on the importance of recognizing the role of technologies in addressing environmental concerns. The Saudi Arabia proposal included technologies related to the following topics as part of environmental goods that should have special treatment:

- a. Carbon Capture and Storage (CCS);
- b. Gas flaring emission reduction; and
- c. Efficient consumption of energy technologies

In that context, Saudi Arabia is proposing that the work of the WTO Committee on Trade and Environment – Regular Session (CTERS) include an examination of the issues relating to the dissemination of environmental technologies, particularly carbon capture and storage (CCS). The CTERS could examine existing barriers, and means to overcome them, in order to ensure increased access to such technologies and it could usefully examine barriers to the dissemination of CCS technologies among other environmental technologies from a broader, systemic basis. In that regard, the CSLF could benefit by providing its views on what is CCS, its role, implementation and dissemination, among other issues, to the CTERS.

Saudi Arabia is prepared to articulate this view with the CTERS and to recommend that the CTERS invite the CSLF to provide a presentation and brief on CCS for a future CTERS session.

Following is the presentation made by Saudi Arabia to the CTESS.

Action Requested

The Policy Group is requested to consider the proposal by Saudi Arabia.



**WTO Committee on Trade and Environment
in Special Session (CTESS)**

**Presentation on the Proposal of
the Kingdom of Saudi Arabia
on Environmental Goods**

Informal Meeting of 18-19 February 2010

Saudi Arabia's Presentation - Outline

- Part 1: Overview: Saudi Arabia's Proposal on Environmental Goods – Technology Driven
- Part 2: The Technologies:
 - Carbon Capture and Storage (CCS)
 - Gas Flaring Emission Reduction (GFR)
 - Efficient Consumption of Energy (EC)
- Part 3: Technology Deployment
- Part 4: Context - The CTESS Negotiations

Part One

Saudi Arabia's Proposal on Environmental Goods – Technology Driven

Saudi Arabia's Proposal – Technology Driven

- Saudi Arabia's proposal focuses on CCS, gas flaring emission reduction and efficient consumption of energy technologies that are:
 - Internationally-recognized environmental technologies
 - Essential for all Members in addressing environmental concerns.

Part Two

The Technologies

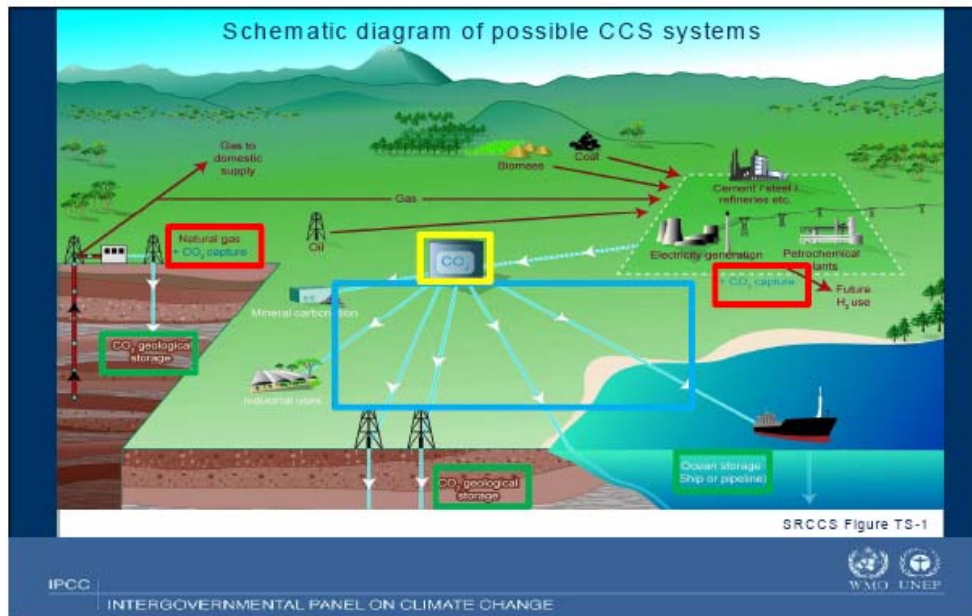
Carbon Capture and Storage (CCS)

Overview

- CCS technologies:
 - capture CO₂ from fixed sources, such as power plants, gas plants, desalination plants, prior to release into the atmosphere.
 - storage of the captured CO₂ into geological sinks such as deep saline aquifers and oil and gas reservoirs.

Carbon Capture and Storage (CCS)

Process



Carbon Capture and Storage (CCS)

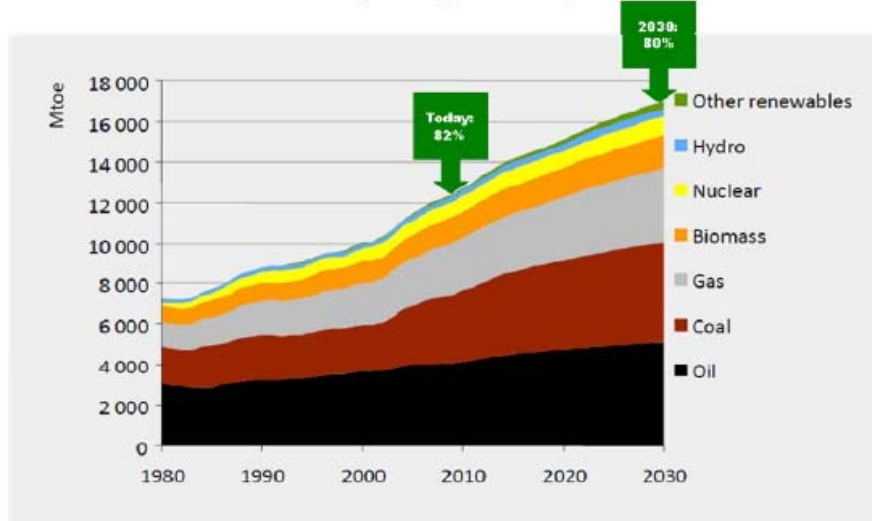
Environmental benefits

- CCS - tailored to the so called “heavy industry sectors”
 - *e.g.*: steel, cement or oil refineries, power generation plants.
- No other technology provides the same environmental benefits
 - IEA: CCS is “an essential part of the portfolio of technologies that is needed to achieve substantial global emissions reductions.”

Carbon Capture and Storage (CCS)

Environmental benefits... (continued)

World Primary Energy Demand, 1980 - 2030



Carbon Capture and Storage (CCS)

Economic benefits

- CCS environmental benefits result in economic benefits:
 - captured CO₂ could be used for certain industrial uses.
 - energy savings contribute to enhanced energy trade.

Carbon Capture and Storage (CCS)

Saudi Arabia's proposal

- Saudi Arabia's proposal: 263 environmental goods related to CCS.
- Reduction or elimination of tariffs and non-tariff barriers on CCS-related goods would help support the CCS potential for significant future improvements.

Gas Flaring Emission Reduction (GFR)

Overview

- Gas flaring emission reduction technologies:
 - capture gas flared or vented; and
 - channel it to more useful outlets:
 - *e.g.* power generation industry; use in households.

Gas Flaring Emission Reduction (GFR)

Process

- GFR technologies:
 - installed in the flare system
 - recover daily hydrocarbon purge gas and energy losses into the flare system
 - send captured gas back to the facilities using a compressor system
- Investment in pipelines and other infrastructure makes this “capturing” possible.

Gas Flaring Emission Reduction (GFR)

Environmental benefits

- World Bank estimate - annual volume of gas being flared and vented: about 110 billion cubic meters
- Gas flaring reduction technologies:
 - increase efficiency of operations
 - minimize emissions
 - diminish energy loss

Gas Flaring Emission Reduction (GFR)

Economic benefits

- Use of GFR technologies result in significant energy savings:
 - Reduced energy loss
 - Significant energy savings

- Poverty reduction:
 - World Bank Global GFR public-private partnership: local communities can use captured gas for development.

Gas Flaring Emission Reduction (GFR)

Saudi Arabia's proposal

- Saudi Arabia's proposal: 70 environmental goods related to gas flaring reduction technologies:
 - Industry working to develop means to reduce flaring or venting.
 - WTO can assist by reducing or eliminating tariffs and non-tariff barriers.

Efficient Consumption of Energy (EC)

Overview

- Efficient consumption of energy technologies provide energy savings by allowing for lower energy use.
 - “Using less energy to produce the same good”
 - Focus is on the efficiencies of using the technology

Efficient Consumption of Energy (EC)

Process

- Efficient consumption technologies can be applied, among other things, in:
 - chemical reactions
 - separation processes

Efficient Consumption of Energy (EC)

Environmental benefits

- Improve production process while minimizing impact on the environment.
- Energy savings: Prevent energy loss by making the energy production process more efficient.

Efficient Consumption of Energy (EC)

Economic benefits

- Promotes efficient use of resources and sustainable development by reducing energy loss.
- Reduces energy demand and energy loss by optimizing the energy production process or retrofitting it.
- Energy savings: reduces energy requirements and energy-related costs.

Efficient Consumption of Energy (EC)

Saudi Arabia's proposal

- Saudi Arabia's proposal: 263 environmental goods related to EC technologies.
- Reducing/eliminating tariff and non-tariff barriers to trade in these goods
 - promote development and dissemination of these technologies.

Part Three

Technologies Deployment

Technologies Deployment

Need for Incentives

- CCS, GFR and EC technologies: significant costs and investment.

- Need to encourage and promote the use of these technologies by all Members.

Technologies Deployment

WTO Role

- WTO to:
 - Reduce or remove tariffs, thus reducing associated costs; and
 - Remove non-tariff barriers, including those imposed through standards, conformity assessment and certification, labelling schemes, or intellectual property.

Part Four

Context: The CTESS Negotiations

Saudi Arabia's Proposal

Basis

- To address the environmental concerns of all WTO Members, an agreement under Paragraph 31(iii) must include goods related to GGC, GFR and EC technologies.
- CCS, GFR and EC technologies should be recognized as three distinct environmental technologies.

Saudi Arabia's Proposal

Need for separate categories

- January 12, 2010 Secretariat Background Note on Energy Services expressly recognized CCS and EC technologies as separate and distinct categories
 - “other measures” to reduce energy consumption or limit CO2 emissions
 - “Carbon capture and storage (CCS) and energy efficiency are among the main ones.”

Saudi Arabia's Proposal

Environmental Goods

- Some overlap:
 - between the three technologies proposed by the Kingdom
 - with goods proposed by other Members
- Such overlap has no bearing on the necessity of properly identifying environmental technologies relevant to all WTO Members.

Saudi Arabia's Proposal

Conclusions

- CCS, GFR and EC have significant environmental and economic benefits.
- CTESS should recognize CCS, GFR and EC as separate and distinct categories.

Saudi Arabia's Proposal

Way forward

- Saudi Arabia's proposed environmental goods: a starting point for discussion.
- Saudi Arabia's proposal is without prejudice to the Kingdom's position on a final list on environmental goods, or on the modalities and/or approach for the conclusion of the environmental goods negotiations.



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Questions