



# Bridges Trade BioRes

*Biweekly news, events and resources at the intersection of trade and environment*

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This edition of Bridges Trade BioRes was edited by Andrew Aziz, [aaziz@ictsd.ch](mailto:aaziz@ictsd.ch).

Contributors to this issue were Michelle Athanas, Andrew Aziz, Thomas Henninger, Leonardo Lima, Paige McClanahan and Joachim Monkelbaan.

The Director is Ricardo Meléndez-Ortiz.

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## CLIMATE CHANGE

### World Leaders Weigh In on Climate Change

At two high-level summits in the past two weeks, world leaders have shown that they are willing to throw their political weight behind a global climate deal. But as scientists are now predicting ever-faster temperature rises in the years ahead, the time to act could be running out.

The climate change summit convened by UN Secretary General Ban Ki-moon in New York on 22 September raised expectations for further commitments at the meeting of leaders of the Group of 20 rich and emerging economies, held in Pittsburgh later that week.

At the New York summit, more than 100 heads of state witnessed the first-ever address of a Chinese President and of US President Barack Obama before the UN. They also heard Japan's new Prime Minister Yukio Hatoyama renew his vow that Japan would cut its greenhouse gas emissions by 25 percent by 2020. Ban praised the leaders for the commitment they displayed and called on them to keep working. "While the summit is not the guarantee that we will get the global agreement, we are certainly one step closer to that global goal today," Ban said.

But a few days later at a G20 meeting in Pittsburgh, the tone had changed somewhat. The heads of state made general commitments to share clean energy technologies and postponed discussions on climate change financing to the next meeting of their finance ministers in Scotland on 6 and 7 November.

### Fossil fuel subsidies largely ignored

While Obama had already announced in New York that the G20 would address fossil fuel

subsidies, climate change action in Pittsburgh was largely overshadowed by concerns about world economic recovery and nuclear proliferation.

But cutting fossil fuel subsidies for tackling climate change should not be underestimated. The International Energy Agency estimates that cutting such government support would reduce emissions by 10 percent.

Annually, governments spend as much as US\$500 billion on fossil fuel subsidies. If the public funds currently devoted to energy subsidies were to be invested in the fight against climate change, they would largely suffice to meet the target that former World Bank economist Nicholas Stern has said would be needed to stabilise greenhouse gases below the levels at which they risk causing irreversible damage.

It is important to distinguish fossil fuel production subsidies from those subsidies used to promote the consumption of the products. Whereas developed economies tend to offer production support, emerging and developing nations are more likely to subsidise consumption. The G20 plan focuses on cutting consumption subsidies (or 'inefficient' subsidies as the summit declaration calls them), which means that the strategy would place a heavier burden on developing countries. Roughly 1.6 billion people in developing countries already lack access to electricity and with an increase in the price of fossil fuels, this number is set to grow.

### **Cutting subsidies could boost green job sector**

Some analysts argue that it would be more sensible to cut fossil fuel *production* subsidies and divert the funds to renewable energy, where new investments could help create new 'green' jobs. The International Labour Organization recently calculated that a US\$1 million investment in the oil industry creates five jobs, while the same investment in the renewable energy industry creates more than 15.

Existing WTO rules are not designed to address specific issues in the energy sector, and it is commonly accepted that the rules apply equally to all energy products. Complicating matters further, some governments are not especially forthcoming

when it comes to reporting the subsidies that they implement. The WTO plays a major role in monitoring subsidies, but WTO members do not always clearly notify the subsidies they use.

### **Time may be running out**

But even as G20 leaders are taking bold actions to respond to climate change, the time for action may be running out. On 29 September, the first day of a two-week meeting of climate negotiators in Bangkok, the Met Office – Britain's national weather service – revealed new models that predict a dramatic acceleration of global warming. The UK scientists say the global average temperature could rise by 4 degrees Celsius as early as 2060. The study found wide variations: the Arctic could see a rise of up to 15 degrees C by the end of the century, while western and southern parts of Africa could warm by up to 10 degrees C.

British Prime Minister Gordon Brown now says he plans to go to Copenhagen to help seal the climate change deal. He is the first world leader to make such a pledge. Brown has also taken an international lead by suggesting rich nations should pay US\$ 100 billion a year to help poor nations adapt to the changing climate. The EU and the US are also taking a practical approach, trying to forge a pact with China and the 30 rich-country members of the OECD to eliminate duties on green goods as an incentive to Beijing in a potential climate deal (see related story, this issue).

Further indications that major economies are starting to engage on climate change came on 30 September when President Obama authorised the US Environmental Protection Agency to begin regulating greenhouse gas emissions from 14,000 power plants and large industrial facilities. While Obama said he prefers a comprehensive legislative approach to regulating emissions, not a piecemeal application of rules, his move could stimulate lawmakers to reach an agreement and it could provide evidence of Washington's commitment to securing a climate deal in Copenhagen.

ICTSD reporting.

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## New Deal could Slash Tariffs on Green Goods in OECD, China

Key players in the climate change puzzle are currently negotiating a possible deal that could eliminate duties on environmental goods in Organization for Economic Cooperation and Development (OECD) countries and China. The EU and US are spearheading the closed-door talks as a means to create an incentive for China to commit further during December's climate talks in Copenhagen.

Reuters reports that the proposed deal would phase out import tariffs on goods such as wind turbines, renewables, and green technologies – excluding environmentally friendly hybrid cars – in the 30 OECD countries and China. There is no word on how this would affect trade with countries that are not a part of the deal.

Reuters quotes an unnamed EU diplomat as describing the talks to be at an advanced stage. "Brussels and Washington hope this could be one of the incentives needed to get China on board in the lead up to the Copenhagen climate change talks," the diplomat said.

### Doha frustrating efforts on EGS

Many key businesses involved in environmental goods and services (EGS) say they're frustrated by the slow pace of Doha Round negotiations at the WTO. Several US companies have called on US President Barack Obama to pursue alternatives to help boost EGS trade.

And while the current deal suggests Washington is doing exactly that, the USTR maintains that they remain committed to the Round. "We remain eager to move ahead with negotiations to eliminate tariff barriers on climate-friendly technologies and spur momentum on a larger WTO Doha package on environmental goods and services," said USTR spokeswoman Carol Guthrie.

Paragraph 31 (iii) of the Doha Ministerial Declaration calls for a reduction, or as appropriate, elimination of tariff and non-tariff barriers (NTBs) on EGS. However, because the

mandate does not specify what environmental goods are or indicate the pace, depth or sequencing of liberalisation vis-à-vis 'other' goods and services, WTO members have been deadlocked on the issue of what environmental goods to liberalise.

Informal consultations and meetings of delegations have continued under the guidance Philippine Ambassador Manuel Teehankee. The next phase of work will therefore involve a more substantive examination of the different sectors or categories identified in earlier discussions, namely air pollution control, renewable energy, waste management, environmental technology and others.

### China in position to profit from deal

Manufacturing of renewable energy machinery has been surging in China in recent years. The country is poised to become the world's largest producer of wind turbines this year and the country's skyrocketing production of solar panels has triggered competition concerns among manufacturers in the West (see Bridges Trade BioRes, 18 September 2009, <http://ictsd.net/i/news/biores/55441/>).

China has been under immense pressure from developed countries to engage meaningfully at the fifteenth UN Framework Convention on Climate Change Conference of the Parties, scheduled to kick off on 7 December. The US and Europe maintain that as the world's largest polluter China should commit to significant carbon dioxide (CO<sub>2</sub>) emissions cuts as a part of a new climate change deal.

For its part, China – and other developing countries – says the advanced state of global warming is the product of industrialisation in the West. As such, Beijing is requesting billions of dollars from developed countries to assist its adaptation to greener technologies.

The current deal being negotiated is thought to be an incentive to China, whose export-oriented economy could benefit greatly from slashed duties in strategic countries. "This deal would save Chinese exporters billions of euros and dollars and could form a large part of the overall package

offered to Beijing to cut emissions," another unnamed diplomat told Reuters.

### Outcome scheduled for 6 October

EU trade ministers approved the negotiations earlier this month. Sources told Reuters that an update on the duty discussions will be released to member states on 6 October. If approved, officials say formal discussions between the OECD and China could move forward before the start of the Copenhagen conference.

While negotiations will be convened among WTO representatives, the deal would be external to the WTO process.

China is the only developing country currently negotiating the deal at present. However, there are reports that India and Brazil – also key countries in climate change negotiations – have been contacted by Brussels and Washington as well, but observers say they are unlikely to participate.

ICTSD Reporting; "EU, U.S. Eye Green Goods Tax Pact In Climate Fight," REUTERS, 29 September 2009.

## ENVIRONMENT AT THE WTO

### Civil Society Descends on WTO at Annual Public Forum

The WTO opened its doors to civil society last week, welcoming more than a thousand participants to its annual Public Forum, held this year from 28-30 September at the organisation's headquarters on the shores of Lake Geneva.

"It is to your needs and aspirations that this organisation must cater," WTO Director-General Pascal Lamy told the opening session. "I certainly hope that this forum will enable the entire WTO-family, members and secretariat staff alike, to better keep their 'fingers on the pulse' so to speak. In other words, to better gauge your concerns and expectations of how we, in the WTO, can do things better in future."

The high-level plenary debate that kicked off the three-day conference saw a lively discussion among Thabo Mbeki, former president of South Africa; Gro Harlem Brundtland, former prime minister of Norway and current UN special envoy on climate change; and Uruguayan Senator and former foreign minister Sergio Abreu.

Lamy also took part in the two-hour discussion, which - echoing the theme of the forum - centred on how governance can be improved at the global level. The wide-ranging debate, held in front of a packed auditorium in the WTO's new wing, touched on climate change, crisis-triggered protectionist policies, and how heads of state should balance national interests with global imperatives. (An audio recording of the full discussion is available [here](http://www.wto.org/audio/forum09_plenary_opening.mp3) [http://www.wto.org/audio/forum09\\_plenary\\_opening.mp3](http://www.wto.org/audio/forum09_plenary_opening.mp3).)

Upon leaving the auditorium, participants broke off to attend concurrent sessions that were organised by NGOs, businesses, academic institutions and international organisations. A total of 44 such sessions - covering topics as diverse as climate change, regional trade agreements, unemployment and trade financing - were offered over the course of the three-day forum. Several themes surfaced repeatedly.

### Climate change

A session on Tuesday morning was devoted to the linkages between climate change and trade, an issue that is getting particular attention in the run-up to December's UN Framework Convention on Climate Change (UNFCCC) Conference of the Parties a major meeting in Copenhagen, when climate negotiators will try to hammer out a global deal to reduce carbon emissions.

The session, which was co-organised by Friends of the Earth Europe and the Centre for International Environmental Law, focussed on the question of whether WTO law could be considered a barrier to effective responses to climate change. The panellists - Peter Wooders of the International Institute for Sustainable Development, Benjamin Simmons of the UN Environment Programme, Hannes Schloemann of WTI Advisors, and Clive George of the University

of Manchester - generally agreed that current world trade law is not blocking the implementation of effective climate-change measures. "More importantly," Wooders added after the session, there was consensus that WTO law "can't be used as an excuse" for a lack of progress toward cutting emissions of greenhouse gases.

The panellists noted that one major area of contention concerns the possible unilateral implementation of Border Carbon Adjustment (BCA) policies, whereby a country that strictly regulates its carbon emissions would impose charges on goods imported from countries whose policies it considered to be less stringent. Experts continue to disagree over whether BCAs might be justified, and how they might impact international trade flows. Neither the UNFCCC nor the WTO is holding negotiations on the issue, which threatens to present a barrier to progress in Copenhagen.

"The trade and climate change debate has really accelerated in the past 12 to 18 months and it will keep growing," Wooders added. But there needs to be a shift in thinking, he said. Wooders suggested that analysts should spend more time identifying the ways in which the WTO can be proactive on climate change issues, not worrying about potential conflicts between the trade and climate agendas.

### **Agriculture trade**

As in years past, forum participants heard a wide range of views on food security and trade. At one extreme, Swiss farmers vocally defended a world in which countries support and protect local production for local consumption; at another, trade negotiators from the Cairns Group of agriculture-exporting countries called for faster and deeper farm trade liberalisation. Multinational agribusiness firms argued for stronger intellectual property protection, while Filipino and West African farmers described the specific trade challenges that they faced, and Olivier de Schutter, the UN Special Rapporteur on the Right to Food, critiqued the agricultural trading system from a human rights perspective.

In more technical sessions, researchers cautioned against claims of a clear causal link between speculation and the 2007-2008 food price spikes, and discussed the transparency of sanitary and phytosanitary measures. In one panel session organised by the International Food Policy Research Institute, experts presented the findings of the organisation's research project on agricultural subsidies. The studies indicate that Doha Round ceilings could potentially constrain EU domestic support by the end of the implementation period (2013/2014), and could also limit US subsidy spending, especially in a low-price environment. On the other hand, countries such as Japan or Brazil would probably not have to change current policies to comply with a Doha deal. Developing countries such as China and India could find that product-specific support limits their current subsidy policies in the years ahead.

### **Trade finance**

Trade finance - loans tied directly to trade transactions - was the subject of a session that brought together Korean Trade Minister Jong-Hoon Kim; Jean Rozwadowski, the Secretary General of the International Chamber of Commerce; Raoul Ascari, Chief Operating Officer of the South African export agency SACE; and Lamy, among others.

Developing countries rely heavily on trade finance to help fund their participation in the global market. But many banks have been short on cash since the onset of the financial crisis last year, and exporters have struggled to obtain the loans they need to ship their goods overseas. Roughly 90 percent of world trade is financed by short-term credit, Lamy said at the session on Tuesday.

A meeting of experts on the subject held at the WTO earlier this month concluded that the situation is "starting to stabilise," but that liquidity is still scarce in some regions, namely Africa and Central Asia, and in some countries in Central America, Eastern Europe, and Southeast Asia.

Many countries - including Korea, China, and other Asian nations - rapidly injected liquidity into the economy following the onset of the crisis, Korean Trade Minister Kim said at Tuesday's

session. Korea's EXIM Bank gave US\$11 billion to commercial banks, he added, while the country's central bank doled out US\$10 billion to companies. Such quick responses have no doubt helped contribute to a partial recovery, Ascari noted, but key characteristics of the financial markets have yet to be addressed at the international level. In the absence of systemic reform, similar crises could occur in the future, he said.

### More information

The website for this year's WTO Public Forum is available [here: http://www.wto.org/english/forums\\_e/public\\_forum09\\_e/public\\_forum09\\_e.htm](http://www.wto.org/english/forums_e/public_forum09_e/public_forum09_e.htm)

ICTSD Reporting.

## IN BRIEF

### Lack of Consensus Leaves Bluefin Tuna on the Market

After several weeks of debate, EU member states were unsuccessful at supporting proposals aimed at temporarily banning international trade of bluefin tuna that environmentalists say is essential to preserving the species and allowing the depleted stocks to recover. Due to the high investment of certain Mediterranean countries in the bluefin tuna industry, however, the majority vote needed to adopt this measure fell just out of reach.

At the forefront of the original proposal was Monaco, the first country in the world to stop the sale of bluefin tuna, who was fervent on getting bluefin tuna listed as endangered under the Convention on International Trade in Endangered Species (CITES). The end effect would have been a temporary ban, for a period of two years, on all international trade of this species. However, several fisheries-dependent EU member states, including Spain, Malta, Italy, France, Greece, and Cyprus, were keen on ensuring that such legislation did not pass.

After undergoing two temporary bans on bluefin tuna trade in 2007 and 2008, Mediterranean countries seem apt to protect their fishing industries in which the sale of bluefin tuna – primarily to Japan where it is used to prepare high-quality sushi – is a significant source of income. They argued that a conservation ban would put too many jobs at risk, especially during a time of worldwide recession. Some conservationists claim that the countries opposed to this ban are more concerned about money than the preservation of a species.

Xavier Pastor, executive director of the environmental group Oceana Europe, held that it is “deplorable that the EU member states who are mostly responsible for the depletion of bluefin tuna stocks refused to agree a measure that would have helped reverse the situation.” Other well-known environmental organisations, such as the World Wide Fund for Nature (WWF), have also expressed their frustration with the outcome of the EU's decision.

“It is once again large-scale Mediterranean fishing interests trying to gang up against the long-term survival of Atlantic bluefin tuna and the industry this incredible species has sustained for thousands of years,” said Aaron McLoughlin, Head of WWF's European Marine Programme. “How can anyone enjoy contributing to extinction by buying, selling, cooking or eating a fish whose days are clearly numbered?”

Despite overwhelming support from the UK, Germany, the Netherlands, and numerous other northern countries, the qualified majority vote needed to initiate the two-year ban on bluefin tuna was not reached. Stavros Dimas, EU Environment Commissioner, expressed his disappointment with this decision, and Joe Borg, EU Commissioner on Fisheries and Maritime Affairs, stated that it is now up to the International Commission for the Conservation of Atlantic Tunas (ICCAT) – the international organisation in charge of regulating the bluefin tuna industry – to “ensure the recovery of bluefin tuna.”

However, several observers say there is still time for the situation to make a turnaround. The EU CITES Management Committee – comprised of



ministry representatives of member states – has until the March 2010 CITES meeting to reach a verdict on the uniform position of the EU concerning whether bluefin tuna should be considered an endangered species and if a temporary ban should be imposed. Thus, more time will be allowed for further research on the status of bluefin tuna, and EU member states will have the opportunity to review their positions before making a final decision.

ICTSD reporting; “EU countries reject ban on bluefin tuna,” EURACTIVE, 22 September 2009; “Commission warms to bluefin tuna ban,” EURACTIVE, 10 September 2009; “Mediterranean nations reject EU ban on bluefin tuna fishing,” THE TIMES, 22 September 2009; “Environmentalists disappointed by bluefin tuna vote,” TIMES OF MALTA, 22 September 2009.

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### Agreement on Fisheries Subsidies 'Principles' at WTO

The WTO's negotiating group on rules resumed its discussion of fisheries subsidies in informal meetings on 24 and 25 September, moving ahead on the basis of a 'roadmap' for the talks that the chair, Ambassador Guillermo Valles Galmés of Uruguay, put forward in a draft text in December 2008 (see Bridges Trade BioRes, 23 January 2009, <http://ictsd.net/i/news/bridgestradebiores/>).

A group calling itself the Friends of Fish put forward a statement outlining its views on how the talks should progress. The statement outlined the group's goals of promoting sustainable fishing, doing away with harmful subsidies, and offering 'effective and appropriate' flexibilities – special and differential treatment – for developing countries. The Friends of Fish group, a loose coalition of countries that has long supported far-reaching bans on fish subsidies, is made up of Argentina, Australia, Chile, Colombia, New Zealand, Norway, Iceland, Peru, Pakistan and the United States.

But while such flexibilities are important, they “should be conditioned upon effective fisheries management systems,” the group said.

A second statement, put forward jointly by Brazil, China, Ecuador and Mexico, put an even stronger emphasis on the importance of substantive special and differential treatment. There should be no limits to boat sizes in developing countries, said Brazil, speaking on behalf the four-country grouping, and poorer countries should be allowed to subsidise fishing on the high seas if they meet certain conditions. In its statement, the group was adamant that such flexibilities should be 'effective', 'substantive', and that they should go “beyond mere technical support or transitional provisions.”

“In no case should conditionalities be inserted which would hamper our countries' developmental aspirations by means of rendering the S&DT provisions actually devoid of meaning,” the Brazil-China-Mexico-Ecuador statement said.

Barbados, speaking on behalf of the small, vulnerable economies (SVEs), reiterated the group's proposal that countries that account for less than 0.1 percent of global non-agricultural trade be completely exempt from any new subsidies disciplines.

Despite the differences among the statements, at least one official said they were struck by the similarities across the countries and groupings. All of those present agreed on the dual importance of curtailing overfishing and ensuring that developing countries have access to adequate flexibilities, the delegate said.

There was “substantive common ground” between the statements presented and “agreement on principles,” continued the source, who was encouraged by the tone of the talks. “It's a good start,” the delegate added, “but the devil is always going to be in the details.”

At the next meeting of the rules group, scheduled for the week of 26 October, fisheries negotiators will consider how they aim to define 'fisheries management'. The chair has advised negotiators to be ready to delve into the 'nitty gritty' of the talks.

ICTSD reporting.

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## EU Biofuel Consumption Leads to Deforestation, Social Conflict: Report

Despite efforts to make the industry sustainable, increased consumption of biofuels in the EU is leading to a massive expansion of palm cultivation in a sensitive area of Indonesia, according to a new report by environmental group Friends of the Earth (FOE).

The report – which focuses on the Indonesian district of Ketapang on the west coast of the island of Borneo – says studies indicate that licensing laws for acquiring land for cultivation have been flouted, protected forests have been licensed out for cultivation, and the rights of local communities have been ignored.

According to the report, 39 of the 54 licenses issued by the government of Ketapang overlap with 400,000 hectares of protected forests, including parts of a national park with orang-utan habitat. The report also alleges that 43 percent of the land being acquired in the area is by companies that are members of the Roundtable for Sustainable Palm Oil (RSPO) and that licensing violations are being committed by members.

The authors of the report say that 20 land conflicts related to palm cultivation had been reported by the end of 2008, and they suggest the figure will rise as the expansion of plantations increases.

"The rising demand for palm oil is leading directly to illegal deforestation and social conflicts in Indonesia," said Geert Ritsema, head of globalisation and environment at Friends of the Earth Netherlands. "If this continues the forests in Borneo will be wiped out, together with the wildlife and people they support, whilst contributing massively to climate change."

The report follows the 9 September announcement by the International Finance Corp (IFC), the World Bank's private sector loan agency, that investments in palm oil businesses would be suspended until after a review of its practices in the sector.

The IFC decision came as a response to a 2007 complaint from Indonesian smallholder and indigenous groups that the lending agency's investments in palm oil giant Wilmar International did not comply with prevailing laws in Indonesia, particularly concerning social and environmental impact assessments, and was not working in accordance with IFC operating procedures and due diligence requirements.

Environmentally sensitive areas – particularly in Southeast Asia – have been under pressure in recent years as biofuels have been touted as a more environmentally friendly alternative to fossil fuels. But critics charge that the industry is leading to rampant deforestation as plantation owners look to expand.

"Biofuels are a false solution to climate change," said Ritsema. "Instead of relying on feedstock imports that create enormous environmental and social problems in other countries, the European Union must act responsibly and address climate change at home with less energy-demanding vehicles and improvements in public transport."

ICTSD Reporting; "IFC suspends investment in palm oil over Wilmar case," JAKARTA POST, 10 September 2009; "World Bank's IFC suspends palm oil investments," REUTERS, 9 September 2009.

### Additional Information

The FOE Report can be accessed here: [http://www.milieudefensie.nl/globalisering/publicaties/rapporten/Biomassa\\_Failing-governance-avoiding-responsibilities\\_september2009.pdf](http://www.milieudefensie.nl/globalisering/publicaties/rapporten/Biomassa_Failing-governance-avoiding-responsibilities_september2009.pdf)

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## Technology Transfer Key to New Climate Deal: Report

While there is a general consensus among climate negotiators that technology transfer will be part of a Copenhagen agreement, a new report suggests that technological innovation is lagging far behind the needs for combating climate change.

Recently, world leaders attending the G20 Summit in Pittsburgh called on the world to "take steps to



facilitate the diffusion or transfer of clean energy technology including by conducting joint research and building capacity.” But a new report by London-based Chatham House suggests that the business-as-usual process of technological innovation and diffusion will take up to 25 years to tackle climate change.

At the core of the issue is the role of Intellectual Property Rights (IPRs) in spurring technological innovation and diffusion. The relationship between IPRs and climate change is complex. IPRs have different implications in different areas of environmentally sound technologies (ESTs). For example, the top four wind-energy patent owners – who collectively own 13 percent of all wind patents – have a 57 percent share of the global market for wind turbines; whereas for solar panels, many of the top 10 manufacturers are not patent holders, the Chatham House report says.

In which field it will be useful to patent will depend on competition conditions, stages of development and market structure of the specific energy system. On one hand, a patent portfolio can speed up diffusion of innovation as it attracts venture capital, provides against litigation and facilitates alliances, mergers and acquisitions. But patenting can also slow down diffusion because of litigation. In general, the authors say greater international cooperation is needed to boost technology diffusion rates. Developing countries thus have an opportunity to leapfrog the resource-intensive industry, used by Western countries but will need assistance, the report says.

The report provides six recommendations to foster this international cooperation. First, global demonstration programmes for large scale, high risks technologies – such as carbon capture and storage – must be supported. Second, proper funding mechanisms as well as international collaboration programmes need to be established. Third, the potential of technology standards bodies setting environmentally friendly standards must be maximised.

Fourth, an open innovation mechanism – for example through the establishment of a technology prize, and other open innovation platforms – has to be developed. Further, model agreements for research and development (R&D)

may be drafted. Fifth, publicly backed patent pools and knowledge-sharing platforms should be created through taxation or other incentives. Finally, a global database on licensing data and best practices is needed.

The European Commission has acknowledged that developed countries need to fund developing countries’ expenses in mitigating their greenhouse gas emissions and adapting to the impacts of climate change. Thus finance will be an essential part of the deal in Copenhagen in December. As EU Environment Commissioner Stavros Dimas said “No money from developed countries means no deal in Copenhagen,”

### More information

The Chatham House report “Who Owns Our Low Carbon Future?” can be accessed here: [http://www.chathamhouse.org.uk/files/14699\\_r0909\\_lowcarbonfuture.pdf](http://www.chathamhouse.org.uk/files/14699_r0909_lowcarbonfuture.pdf)

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## Brazilian Scheme Sparks Controversy over Flex-Fuel Auto Emissions

An environmental scheme unveiled in Brazil is creating friction between various interests in the auto and fuel industry over how tailpipe emissions are measured. The Brazilian Ministry of Environment (MMA) and the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) have made available on their websites two instruments for identifying the levels of pollution emitted by cars for sale on the market: a ‘CO2 Indicator’ and ‘Green Rating’.

The goal of these initiatives is to allow consumers to make more well-informed choices in order to provide a change in consumption patterns that will encourage automakers to produce cleaner vehicles. The announcement, however, led to extensive media discussions on the contribution of ethanol to reduce greenhouse gas (GHGs) emissions in the face of the poor performance attributed to flexible fuel vehicles (or flex-fuel vehicles) – which run on a mixture of alcohol and gasoline.

Both instruments assess different gases. The first, "CO2 Indicator", assesses only on emissions of carbon dioxide (CO2), ranking the models, on a scale of 5 to 10, according to the amount of their emissions. The "CO2 Indicator" also includes a database on the levels of CO2 emitted for each kilometre. By adopting the criteria outlined in the Intergovernmental Panel on Climate Change (IPCCC) guide of the for national inventories of GHGs, IBAMA departed from the premise that biofuels do not produce CO2 emissions, since all the carbon emitted by vehicles have been captured from the atmosphere by plants during sugarcane growth.

The decision of the Brazilian courts to classify only vehicles fuelled with gasoline under the 'CO2 Indicator' was not accepted peacefully. Most analysts challenge the view that the combustion of ethanol occurs in a cycle called "zero carbon" (when net CO2 emissions resulting from all energy used is zero). Since production requires energy expenditures and produces emissions of carbon not captured from the atmosphere, the environmental gains would be only partial. In turn, government agencies and industries maintain that the energy balance of ethanol is positive, since it generates eight units of energy for each one spent.

The biggest controversy was reserved for the second instrument, called 'Green Rating', under which cars are evaluated and classified according to their emissions of three different types of gases: hydrocarbons (HC), carbon monoxide (CO) and nitrogen oxides (NOx). According to the data released, the flex-fuel vehicles had poor performance regarding emissions when fuelled by alcohol: among the 15 cars considered as the biggest polluters, all of them were flex-fuel, and eight of them were supplied with alcohol. Among the 15 least polluting vehicles, four were gas vehicles, nine were flex-fuel vehicles run on gas, and only two were flex-fuel vehicles fuelled with alcohol. These results, which seemed to weaken the Brazilian government's defence on the beneficial effects of ethanol to reduce GHG emissions, provoked criticisms from the automobile industry on the criteria adopted by IBAMA.

On the one hand, it is said that the flex-fuel engines are responsible for this poor performance,

as they pollute more than the engines that run on only one type of fuel. Since the ideal conditions for burning alcohol are different than the conditions for burning gasoline, flex-fuel engines – which try to accommodate both types of fuel – are necessarily less efficient than single fuelled engines. In other words, the flex-fuel engine would be the equivalent of a midterm solution, which, by definition, cannot fully meet two distinct goals. Based on this reasoning, Carlos Minc, Brazil's Environment Minister, is urging automakers to improve the efficiency of their engines.

The automakers, in contrast, pointed out that the evaluation criteria used by the MMA is the core problem. In an announcement, the National Association of Automobile Manufacturers (ANFAVEA) advocates the use of alcohol fuelled vehicles, stating that the emission limits set for gasoline and ethanol are the same and that different results would be technical flaws attributable to IBAMA. The institute's evaluation method uses the figures released at the time their models were approved. It also does not take into account differences in temperature and humidity nor does it adopt a uniform sampling. This, according to the manufacturers, would potentially distort the results. Industry representatives also criticised the evaluation's restriction to only three regulated gases - ethanol does not emit benzene, sulphur oxides, or particulates, which are all substances emitted by gasoline.

A working group composed by MMA, ANFAVEA, and Industry Union Cane Sugar (UNICA) has now been established to consider changes to the criteria used in evaluating auto emissions.

This article is based on a translation from Pontes Quinzenal.

## EVENTS AND RESOURCES

### Events

For a more comprehensive list of events for the trade and environment community visit the BioRes online calendar, <http://ictsd.net/news/biores/events/>.

#### Coming up in the next two weeks (2-16 October)

7-9 October, León, Mexico. GLOBAL RENEWABLE ENERGY FORUM 2009: SCALING UP RENEWABLE ENERGY. Co-organised by the Ministry of Energy of Mexico and the UN Industrial Development Organization, this event will promote and strengthen interregional cooperation and encourage innovative multi-stakeholder partnerships aimed at scaling up investments in renewable energy. With over 1000 officials, planners, and energy experts from all world regions expected to be in attendance, the forum will enable multi-stakeholder dialogs, encourage partnerships, and facilitate the development of innovative frameworks aimed at supporting initiatives related to clean energy. For more information, contact the organisers: email: [GREFmexico2009@unido.org](mailto:GREFmexico2009@unido.org); internet: <http://www.unido.org/index.php?id=7341>

7-9 October, Hong Kong, China. SECOND INTERNATIONAL CONFERENCE ON CLIMATE CHANGE (ICCC2009). This conference will bring together leading experts from a wide range of disciplines to discuss the impact realities of climate change. It also aims to serve as an important regional platform for stakeholders to enter into dialogue on policies and new strategies in sustaining business growth and managing risk in the context of climate change. Participants will see examples of low carbon businesses in China and elsewhere, hear the latest developments on climate change, and learn about the policies and programmes that are necessary for successful scale up. For more information, contact Holly Hastings: tel: +852-2911-7927; email: [info@iccc09.org](mailto:info@iccc09.org); internet: <http://www.iccc2009.org/en/home.php>

8-13 October, Ouagadougou, Burkina Faso. SEVENTH WORLD FORUM ON SUSTAINABLE DEVELOPMENT. This annual meeting of policy makers and leaders from the business, political, educational and academic spheres is a forum for dialogue integrating diverse points of view on globalisation, ecology and sustainable development. Guided by the major themes of climate change, mobility and sustainable development, the aim of the event is to seize the new opportunities of development brought about by climate change and use the Forum as a springboard towards an economic upturn and a review of development policies in Africa. Registration for this event is required. For more information, visit: <http://www.fmdd.fr/>

12-13 October, London, UK. AN INTRODUCTION TO RENEWABLES: THE ESSENTIALS OF CLEAN ENERGY RESOURCES, TECHNOLOGIES, AND MARKETS. On a very basic level, this two-day training course aims to ensure participants are up-to-speed with the key aspects of the renewable energy/power industries and the economic factors and technologies that are driving them. Those who attend will learn how to evaluate renewable energy resources (including solar, wind, biofuels, and geothermal), their potentials, and the economic cases and market conditions which argue for (or against) them. The focus will be on the economics and the development of renewable energy technologies with discussions on energy demand, methods of energy storage, and the renewable market drivers and barriers. For more information, contact the organisers: tel: +44-(0)207-099-0600; email: [info@greenpowerconferences.com](mailto:info@greenpowerconferences.com); internet: <http://www2.greenpowerconferences.co.uk/v8-12/Prospectus/Index.php?sEventCode=TRE0910UK>

12-14 October, Bangkok, Thailand. TECHNICAL WORKSHOP ON ADVANCING THE INTEGRATION OF APPROACHES TO ADAPTATION PLANNING. Hosted by the UN Economic and Social Commission for Asia and the Pacific (UNESCAP) in collaboration with the Government of Thailand, this workshop will enable around 100 experts representing developed and developing countries, along with intergovernmental and non-governmental

organisations, to share information on approaches to and experiences in integrating and expanding adaptation planning and action at national, sub-national, community and local levels. Additionally, the event will explore lessons learned, good practices, gaps, needs, barriers and constraints to adaptation with the aim of increasing integrated adaptation actions and measures at various levels and sectors. For more information, visit: [http://unfccc.int/adaptation/sbsta\\_agenda\\_item\\_adaptation/items/4915.php](http://unfccc.int/adaptation/sbsta_agenda_item_adaptation/items/4915.php)

14-17 October, Rome, Italy. COMMITTEE ON WORLD FOOD SECURITY (WFS) – 35<sup>TH</sup> SESSION. With around 120 members, this committee serves as an international forum of the United Nations (UN) system for the review and follow-up of policies concerning world food security, including food production and physical and economic access to food. Such topics as agrarian reform and rural development will be discussed. For more information, contact Kostas Stamoulis: email: [FAO-CFS@fao.org](mailto:FAO-CFS@fao.org); internet: [http://www.fao.org/unfao/govbodies/wfsfinal\\_en.asp](http://www.fao.org/unfao/govbodies/wfsfinal_en.asp)

15-16 October, Montego Bay, Jamaica. CARIBBEAN RENEWABLE ENERGY FORUM. The implementation of renewable energy across the region is the main focal point for this conference. Attendees will discuss issues related to utilising sources of solar, wind, geothermal, biomass, natural gas and hydro energies and explore the opportunities of biofuels and waste to energy mechanisms. For more information, contact Matthew Perks: tel: +1-845-440-7800; email: [mperks@caribbeanenergyforum.com](mailto:mperks@caribbeanenergyforum.com); internet: <http://www.caribbeanenergyforum.com/>

15-16 October, Makati City, Philippines. PHILIPPINE SYMPOSIUM ON SUSTAINABLE SANITATION. The Asian Development Bank (ADB) is supporting the Philippine Ecosan Network (PEN) in organising this symposium as an activity under the Stockholm Environmental Institute in order to showcase innovative and forward looking programmes, projects, initiatives and good practices addressing the myriad problems of sanitation in the country. The main objective of this conference is to promote sustainable

sanitation and hygiene concepts, ideas, and principles with the idea that sustainable sanitation is also essential to a healthy environment. For more information, contact Anand Chiplunkar: tel: +632-632-5802; email: [achiplunkar@adb.org](mailto:achiplunkar@adb.org); internet:

<http://www.adb.org/documents/events/2009/philippine-sanitation-symposium/default.asp>

15-16 October, London, England. IUU FISHING: FIFTH UPDATE AND STAKEHOLDER CONSULTATION. This meeting will provide updates on the latest initiatives, regulations and research in the area of fisheries governance and trade in illegal fish products. The agenda will contain sessions on the new EU illegal, unreported and unregulated (IUU) fishing regulation, the economic implications of IUU fishing, addressing IUU fishing in Africa, control and monitoring, and fisheries governance. The meeting is open to all. However, pre-registration is essential and must be received by Friday 2 October to guarantee admission. For more information, visit: <http://www.chathamhouse.org.uk/events/view/-/id/1218/>

### Other Upcoming Events:

10-12 November, Geneva, Switzerland. 5<sup>TH</sup> SESSION OF THE MEETING OF THE PARTIES OF THE CONVENTION ON THE PROTECTION AND USE OF TRANSBOUNDARY WATERCOURSES AND INTERNATIONAL LAKES. This conference will review the progress achieved in the Water Convention's implementation and plan for the challenges that lie ahead. A wide variety of topics will be discussed ranging from ratification and implementation of the Convention, climate change adaptation in the transboundary context, and transboundary flood risk management to ecosystem services for water management. Furthermore, the meeting will feature a high-level segment on the needs of Central Asian countries with regard to cooperation and sustainable management of transboundary water resources as well as the advantages of permanent cooperation. For more information, contact Olga Carlos: tel: +41-22-917-1926; email: [olga.carlos@unece.org](mailto:olga.carlos@unece.org); internet:

<http://www.unece.org/env/water/mop5.htm>

7-9 December, Istanbul, Turkey. WIND POWER TURKEY: DRIVING WIND POWER DEVELOPMENT FORWARD IN TURKEY AND SOUTHEAST EUROPE. This event will examine the current and future wind power markets in Turkey and the Southeast Europe (SEE) region, with an in-depth analysis and country case studies. The event will discuss recent technological advances in wind power development, how the latest government incentives, subsidies and tax credits are attracting investment, policy frameworks in Turkey and SEE, and the challenges of transmission and land use. For more information, contact Nick Chantrell: tel: +44-(0)203-355-4203; email: [nick.chantrell@greenpowerconferences.com](mailto:nick.chantrell@greenpowerconferences.com); internet: <http://www2.greenpowerconferences.co.uk/v8-12/Prospectus/Index.php?sEventCode=WE0911TR>

10-11 December, Istanbul, Turkey. SOLAR TURKEY: OUTLOOK ON TURKISH SOLAR PROJECTS, EXPANSION, AND INNOVATION PROGRAMMES. In recent years, the Turkish government has engaged itself in a thorough review and reassessment of its renewable energy infrastructures. Stemming from Turkey's capacity to efficiently produce solar energy, solar experts will gather at this conference to discuss the potential of the solar market and its effect on Turkey's recovering economy, Turkey's upcoming legislation on renewable energy, infrastructure project financing, and solar manufacturing and research. For more information, contact William Todd: tel: +9714-813-5211; fax: +44-207-900-1853; email: [william.t@greenpowerconferences.com](mailto:william.t@greenpowerconferences.com); internet: <http://www2.greenpowerconferences.co.uk/v8-12/Prospectus/Index.php?sEventCode=SP0911TR>

22-25 August 2010, Oldenburg and Bremen, Germany. ADVANCING SUSTAINABILITY IN A TIME OF CRISIS. The heart of this 11<sup>th</sup> Biennial Conference of the International Society of Ecological Economics is the stress and exploitation of the Earth's ecological systems, the loss of biodiversity, and climate change. Problems such as these were intensified by the collapse of the global financial system. By uniting scientists, practitioners, and decision makers from various

fields, this conference seeks to integrate ecological and social concerns into economic analyses and practical solutions. Main themes for this event include the causes of, and adaptation to, climate change, renewable energy, biodiversity and ecosystem services, land use and restoration, sustainable development, governance and public policy, green business, and the broadening of ecological economics. For more information, contact Kevin Grecksch: tel: +49-(0)441-798-4088; fax: +49-(0)441-798-4379; email: [kevin.grecksch@uni-oldenburg.de](mailto:kevin.grecksch@uni-oldenburg.de); internet: <http://www.isec2010.org/>

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## Resources

If you have a relevant resource (books, papers, bulletins, etc.) you would like to see announced in this section, please forward a copy for review by the Bridges staff to Andrew Aziz at [aaziz@ictsd.ch](mailto:aaziz@ictsd.ch).

TRADE AND DEVELOPMENT: THE RISING IMPORTANCE OF SUSTAINABLE DEVELOPMENT IN THE SOUTH AMERICAN TRADE AGENDA. By Pedro da Motta Veiga and Sandra Polônia Rios (International Institute for Sustainable Development). 2009. Focusing on four Latin American countries, Argentina, Brasil, Chile, and Peru, this paper begins by forming links between the liberalisation of trade and foreign direct investment (FDI) within these countries and their sustainable development agendas. The authors include national case studies encompassing their past sustainable development agendas, the opening of their economies, and the historic patterns of an increase in trade and the growing importance of sustainable development. Subsequently, this paper explains the pertinent topics covered in the sustainable development agendas of the South American countries: biofuels, trade barriers, carbon emissions, regulations to protect human health, forest certification, free trade agreements (FTA's), security, and FDI. To access this paper, visit: [http://www.tradeknowledgenetwork.net/pdf/tkn\\_trade\\_south\\_america.pdf](http://www.tradeknowledgenetwork.net/pdf/tkn_trade_south_america.pdf)



GREENHOUSE GAS REDUCTION POLICIES AND AGRICULTURE: IMPLICATIONS FOR PRODUCTION INCENTIVES AND INTERNATIONAL TRADE DISCIPLINES. By David Blandford and Tim Josling. August 2009. With climate change becoming a more critical topic on the agendas of numerous countries, this article emphasises the importance of domestic policy choices, especially concerning agriculture, and international cooperation, mostly on the basis of observing WTO principles. The following types of policies are examined: performance standards, best-practices requirements, subsidies, carbon taxes, cap and trade (CT) schemes, and public expenditure for research and extension. The trade effects of implementing these policies are also discussed. Along with these policies, three key questions are discussed: should subsidies be used to promote the reduction of greenhouse gas (GHG) emissions in agriculture or an expansion of its mitigation activities? Should agriculture be included in CT schemes? And should one continue to promote biofuels? To access this article, visit: <http://www.agritrade.org/Publications/documents/Blandford-Joslingpaper.pdf>

IMPLEMENTING CDM PROJECTS: GUIDEBOOK TO HOST COUNTRY LEGAL ISSUES. Edited by Paul Curnow and Glenn Hodes. August 2009. This guidebook addresses a wide range of legal and regulatory issues arising from the domestic laws, regulations, and policies of clean development mechanism (CDM) host countries that can affect the development and implementation of CDM projects. It begins with an overview of the Kyoto Protocol and international rules concerning CDMs. This guidebook also goes on to illustrate some host country laws that specifically address CDMs, such as property rights, environmental and planning laws, investment and taxation laws, and financial services regulations. Included are case studies covering various specific topics: Malaysia CDM approval criteria, investment plans for Brazilian and Vietnamese CDM projects, landfill gas capture requirements in Mexico, renewable energy policies in India, CDM projects in Uganda and Thailand, and several other themes. In addition, this guidebook provides an overview of environmental assessments and risks of CDMs.

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