



Bridges Trade BioRes

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

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CLIMATE CHANGE

US Cap-and-Trade Plans Put on Ice

In the United States Senate, efforts by the Democratic Party to pass limits on greenhouse-gas emissions have come to a screeching halt. On Thursday, Senate Majority Leader Harry Reid announced that the Democratic Party's leadership will not seek to include a cap-and-trade scheme in the energy legislation scheduled to come before the Senate in the coming weeks, before that chamber's August recess. Instead, the Democratic leadership will focus their efforts on a much narrower bill.

Indeed, the Democratic leadership's recent announcement continues a trend of deepening party uncertainty toward climate change legislation, particularly in the Senate. Since last May, when Democratic Senators Kerry and Lieberman unveiled their climate change bill without the support of the bill's Republican co-author, Lindsey Graham, the prospects for legally-binding limits to greenhouse gases have steadily deteriorated (see Bridges Trade BioRes, [14 May 2010](#)). Numerous Senators, including Democratic moderates such as Jeff Bingaman, downplayed expectations for the bill.

Based on Reid's comments, the new version of the bill – set to be released next week – bears little resemblance to the original. The focus has now shifted to the timeliest environmental issue in the US: the catastrophic BP oil spill in the Gulf of Mexico. In addition to proposed measures to improve safety on offshore oil and gas drilling projects, the bill could raise the US\$75 million liability cap for companies involved in oil spills. Other measures that are addressed in the bill relate to land conservation, energy efficiency, and incentives for natural gas-fuelled vehicles.

Waning utilities support big blow to bill

Despite being the bill's most public advocate, Senator John Kerry had appeared to progressively show a greater willingness to compromise on the scope of greenhouse gas limitations. Though the original bill's scope included greenhouse gas limits on the transportation, manufacturing, and utilities sectors, by the start of this week Kerry seemed prepared to negotiate away limits on the first two in favour of limits only on utilities.

After several meetings with prominent company representatives of the utilities industry, most recently on Monday, Kerry produced no breakthroughs. Utilities had initially been the most supportive of the Kerry-Lieberman bill of the three sectors covered in it, but after the utilities industry learned that their greenhouse gas burden would not be shared by the transportation and manufacturing industries, utilities balked. Instead, as a compromise, they seemed to ask for a weakening of the Clean Air Act, which Democrats were unwilling to concede. Consequently, no agreement could be reached.

However, it is probably an overstatement to blame the failure to include greenhouse gas emissions on the utilities negotiations alone; Senate Republicans, with their ability to filibuster Democratic proposals, could have stopped most Democratic legislation from passing. As a result, Democrats needed a unified caucus plus at least one Republican vote to put greenhouse gas limitations through the Senate.

Yet many Democratic Senators, such as West Virginian Senator Jay Rockefeller, refrained from endorsing greenhouse gas limitations because such limitations could hurt domestic industries in their home states. Given the fragility of the US economy, this concern seemed to particularly resonate. Further, Republican Senators have branded the most widely discussed emissions limitation scheme, cap-and-trade, as a jobs-killing "cap-and-tax," and the negative branding has paid off. As recently as 18 July, Senate Majority Leader Harry Reid stated that the words cap-and-trade were "not in [his] vocabulary," a testament to the toxicity the phrase has acquired.

Future of US cap-and-trade looking dim

It still remains to be seen whether cap-and-trade, or some other scheme for a limit on greenhouse gases, makes a comeback. Senator Kerry still vows to include such a limit in a bill, and it is possible this limit may come up for a vote in the form of an amendment rather than as part of the principal Senate bill. Alternatively, even if the Senators pass a bill without greenhouse gas limitations, they will still have to negotiate a compromise version of the bill with the House of Representatives, which included a cap-and-trade system in its climate change bill last year.

As a consequence, the House pressure could force the Senate to re-include an emissions limitation, though, in reality, the inclusion of such a measure is unlikely given its tepid political support. Further, with the August recess coming fast, Senators will have little time to devote to climate issues. New elections are held on 2 November, and the season between the August recess and the November elections are fraught with campaigning, to the detriment of legislation stalled in Congress.

After the elections, the possibly-defeated Democrats might still use the "lame duck" period between the election and seating of new Senators to pass the legislation as well – though defeated parties rarely push major and controversial legislation in a lame-duck period. Then, after the new Congress' seating in January, the Congress will have another opportunity to take up the legislation. The Congress may feel increased pressure to do so at this time, since the Environmental Protection Agency has threatened to ramp up its regulations of carbon dioxide at that time, which would undermine Congressional efforts.

Proponents pan Obama's lacklustre leadership on issue

Much will rely on the actions of President Barack Obama. In the wake of the collapse of cap-and-trade from the Democrats' legislative effort, some activists have blamed the President for a lack of leadership on the issue. Though he campaigned for emissions limitations in 2008, he has largely left the details of such emissions limitations to

Congress, whose House of Representatives passed an initial bill last summer.

By becoming more involved in the climate change debate now, Obama could help shepherd a bill through Congress, though he might also take more personal political damage from his involvement. The new political calculus will matter as well. After this November, we will see just how much the President gets involved.

ICTSD Reporting.

BIODIVERSITY

ABS Text Advances in Montreal but Much Work Remains

Bleary-eyed delegates made their way home from Montreal, Canada last weekend after a week of late-night negotiating sessions on access and benefit sharing. The goal of this meeting of parties to the Convention on Biological Diversity (CBD) was to establish a reasonably clean text that could serve as the basis for an international protocol on access and benefit sharing. While negotiators were ultimately unable to reach this goal, most delegates agreed that the Montreal meeting was a valuable exercise that moved the ABS talks in the right direction.

Developed and developing countries continue to disagree on appropriate phrasing as well as on what to include and what to exclude in an international regime to promote access to – and the sharing of – the planet's vast genetic resources. Still, a heavily bracketed draft protocol was adopted on the last day of the meeting with a general agreement that parties should meet again before the Tenth Conference of the Parties (COP 10) gets underway in October in Nagoya, Japan.

At the close of the meeting, the CBD issued an optimistic press release insisting that an agreement will be reached at COP 10 and praising delegates' work to move the issues forward. "History will recall that the Aichi Nagoya Protocol on Access and Benefit-Sharing was born here in Montreal," said Ahmed Djoghla, the CBD's Executive

Secretary in the press release. "Once again, the Montreal magic has worked for delivering one of the most important legal instruments in the history of the environment movement."

But even the most optimistic observers at the Montreal meeting acknowledged that bridging the gaps on the most contentious issues in time for Nagoya will be challenging.

Talks zero-in on details for first time

Early in the week, delegates made steady progress as they worked line-by-line through the draft protocol, which was proposed at a CBD meeting in March by co-chairs Timothy Hodges of Canada and Fernando Casas of Colombia. However, progress slowed by mid-week as parties realised that some basic concepts – such as a definition of the term "utilisation of genetic resources" – had not been adequately addressed. Many suggested the talks may have gotten ahead of themselves. Still, delegates persisted through a second reading as difficult issues were addressed in small groups.

This is the first time ABS talks have reached this level of negotiation on specific issues and several sources from both developed and developing countries told *Bridges Trade BioRes* that they were impressed by the progress and parties' willingness to compromise. One developed country representative said that, going in, the goal of hammering out a fairly clean draft text at the Montreal meeting seemed like an "impossible" task. But the progress made exceeded expectations, the representative said.

Hardest work still to come

Many delegates also acknowledged that the hardest work now lies ahead, as the most sensitive issues still need to be addressed. In Montreal, several of these issues were discussed in informal groups in parallel to the main negotiations, but despite much open and frank discussion by most parties, many issues were ultimately deferred to a later date.

Key issues standing in the way of consensus include how the proposed ABS regime will interact with other relevant international instruments; the incorporation of "derivatives" –

products derived or synthesised from genetic resources – into a benefit-sharing formula; the role of patent offices; and whether – or to what extent – the terms of the proposed protocol would be retroactive.

A new protocol on ABS will have to address certain cross-cutting issues that have already been addressed in other contexts. But substantive progress was made to address both “provider” and “user” countries’ concerns as delegates arrived at a general understanding that the ABS protocol will be recognised as an “umbrella regime” for all genetic resources.

However, the appropriate regulating body for some other related issues remains unclear. For example, access to pathogens has been a sticking point between developed and developing countries since April 2009. Developed countries argue that, as a human-health related issue, pathogens should fall under the domain of the World Health Organization. However, developing countries say that doing so would exclude this highly profitable pharmaceutical sector from the agreement.

Intellectual property issues unresolved

A similarly tricky issue is traditional knowledge. Developing countries were resolute on the wording of traditional knowledge in the draft text, insisting that the phrase “inseparability of traditional knowledge and genetic resources” be included. Other countries – notably the EU and Canada – pushed delegates to consider shifting the responsibility for traditional knowledge to the World Intellectual Property Organization (WIPO), rather than the CBD. Because WIPO’s Intergovernmental Committee on Intellectual Property, Genetic Resources, Traditional Knowledge and Folklore (IGC) already discusses intellectual property issues related to access to genetic resources and benefit-sharing, protection of traditional knowledge, and the protection of expressions of folklore, these countries say it is better equipped to deal with the issue.

Several developing countries, however, have been sceptical of the organisation, arguing that it acts more in the interest of patent holders – particularly in the US, EU, and Japan – than

resource providers. Developing countries say that the CBD would offer a more effective instrument for handling misappropriation of traditional knowledge related to genetic resources. They further argue that moving the issue to WIPO could water down protection if the lines between traditional knowledge related to genetic resources and other forms of traditional knowledge are blurred.

The talks might also trip up over the question of how patent offices should be involved in monitoring and tracking the use of genetic resources. Provider countries say that in order to ensure monitoring is effective, patent offices should handle disclosure requirements, certificates, and checkpoints. On the other hand, developed countries say the additional costs, time, and possible confidentiality infringements could be an unmanageable burden for patent offices. In addition to these issues related to monitoring, the spectre of enforcement seemed to hover over the discussions. Several delegates reiterated the point that unless an effective enforcement mechanism accompanies the text, the protocol will be largely ineffectual.

Despite the outstanding issues holding up negotiations, parties from both sides have said that, while falling somewhat short, the Montreal meeting provided the stimulus necessary to move on to the next step in the process. But while all parties agree that another meeting is needed to bring a reasonably clean text to COP 10, it was acknowledged that such a meeting would only be useful if enough money was available to allow every delegation and a fair amount of civil society to participate. As of yet, no government has come forward with an official offer to host or fund such a meeting. However, Japan – which sponsored the Montreal meeting – has said it would consider the idea, and Bangkok, Thailand has been floated as a possible venue. Several members have said they are optimistic that Tokyo and Bangkok will confirm their support soon. An announcement on this is expected before the end of July.

Regarding the format for the proposed pre-Nagoya meeting, delegates said the interregional format used in Cali was both time efficient and successful. But developing countries urged

potential organisers to consider including a daily afternoon plenary.

More information

The CBD's 16 July press release can be accessed [here](#).

Comprehensive daily reporting by *Earth Negotiations Bulletin* on the details of the negotiations can be accessed [here](#).

The BioRes curtain raiser for the Montreal meeting can be accessed [here](#).

ICTSD Reporting.

BIOTECHNOLOGY

European Commission Looks to Loosen Hold on GMO Regulations

The European Commission recommended sweeping new changes to the European Union's policy on the cultivation of genetically modified organisms (GMOs) on 13 July, unveiling a proposal to grant individual member states the right to decide for themselves whether to allow their domestic farmers to grow the altered crops.

"I think that this proposal reflects a balanced approach to a sensitive issue, in particular for European citizens," European Health Commissioner John Dalli told journalists following the release of the proposal.

The possibility of a policy shift drew sharp criticism from both sides of Europe's contentious GMO debate, with industry representatives complaining that the change would make European regulations even more unwieldy and green groups berating what they saw as a fatal weakening of Europe's stance against "frankenfoods."

The proposed changes would come in the form of an amendment to the EU's 2001 Directive on the Deliberate Release of GMOs to allow member states "to restrict or prohibit cultivation of GMOs

on their territories," according to a statement from the Commission. However, the amendment would not give countries the right to ban imports of GM products or to prohibit the marketing of those seeds within their borders.

Before it can become law, the amendment will have to win the approval of both the European Parliament and a qualified majority of EU member states. Regardless of whether the amendment is adopted, the EU-wide system for granting approval for the cultivation of genetically modified seeds in Europe will remain in place, Commissioner Dalli insisted.

"Let me be clear," he said at a press conference. "This proposal does not mean that the Commission walks away from its responsibilities. On the contrary, and far from it."

The EU-level process considers petitions from biotech companies on a case-by-case basis, evaluating the potential environmental and health effects of each new GM seed for which a petition has been submitted. Only two genetically modified seeds have been approved for cultivation in Europe: a strain of maize produced by agriculture giant Monsanto and a type of starch potato from Amflora, which was approved in March, but only for industrial uses (see Bridges Trade BioRes and [19 March 2010](#)). The amendment proposed on Tuesday, however, would allow individual member states the right to effectively overrule the bloc-level authorisation of GM seeds.

In the past, the 27-nations of the EU have taken different stances on the GM crop issue. Member states Austria, Bulgaria, Germany, Greece, Hungary, Ireland and Luxembourg have issued blanket bans on the cultivation of GM seeds, citing health and environmental concerns under a safeguard clause contained in the 2001 directive (see Bridges Trade BioRes, [3 April 2009](#)). Other countries, however - including the Czech Republic, the Netherlands and the United Kingdom - appear more open to allowing their farmers to grow the altered crops.

Industry, green groups wary of shift

Representatives of European farmers expressed concerns on Tuesday that the devolution of GM

approval to member states would muddle up regulations across the EU and potentially trigger a flood of new lawsuits. Carel du Marchie Sarvaas of EuropaBio, the European Association for Bioindustries, warned that the amendment would cause “further legal uncertainty” for farmers who want to grow the crops.

“These proposals appear to give carte blanche to ban safe and approved GM crops in any country or region regardless of the needs or wishes of their farmers,” Sarvaas said.

Meanwhile, Greenpeace and Friends of the Earth Europe worried that after the shift, the European Commission would lean on EU member states to approve GM seeds at the bloc level - an accusation that Dalli denied at his press conference. The two environmental groups also say that the national bans would not be legally enforceable and could be subject to challenges. They insist that the safety of genetically altered products has not yet been adequately proven.

“The Commission continues to fail to protect Europe’s food and feed from contamination by GM crops, and we urge countries to reject this deal as it stands,” said Mute Schimpf, a food campaigner for Friends of the Earth Europe. “Until member states’ demands for a full reassessment of the risks of GM crops are met, there should be a moratorium on authorising new GM crops.”

Some say that the move to devolve regulatory authority on GMOs back to member states could set a dangerous precedent for European integration. Already this year, the 27-nation bloc has struggled to overcome deep internal divisions over how to respond to fiscal crises in Greece and other debt-ridden member states.

“GM crops are an extremely divisive subject between member states, but if they do it for this issue, what other issues will they do it for in future?” Jo Swinnen, a senior research fellow at the Brussels-based Centre for European Policy studies, told the EurActiv news agency. “This is actually an enormous precedent to hand EU powers back to the member states.”

More information

The EC proposal “GMOs: Member States to be given full responsibility on cultivation in their territories,” can be accessed [here](#).

ICTSD reporting; “EU eyes looser biotech controls,” THE NEW YORK TIMES, 10 July 2010; “GM crop ban may be lifted in Europe,” THE GUARDIAN, 12 July 2010; “EU wants to put GMO dispute to an end,” EURACTIV, 12 July 2010; “EU move to break GM deadlock could sow discord,” EURACTIV, 1 July 2010.

ENVIRONMENT AT THE WTO

WTO Annual Report focuses on Natural Resources

Governments must recognise the many unique challenges of trade in natural resources and cooperate more intensively to address these challenges in order to ensure the sector is sustainable, according to the WTO’s 2010 World Trade Report launched earlier today.

WTO economists found that natural resources made-up 24 percent of world merchandise trade in 2008 – the equivalent of US\$ 3.7 trillion – and this number is growing precipitously. Natural resource trade increased by some 20 percent per year in the last decade, according to Michele Ruta of the WTO Economics Research and Statistics Division.

In describing the report’s conclusions, Ruta noted that trade liberalisation has the ability to positively or negatively affect the exhaustibility of natural resources. He noted that, while there are efficiency gains from trade, the WTO is concerned that trade might increase pressure on natural resources.

The report also noted that some policy interventions used when dealing with natural resources could have adverse results. For instance, trade policies can have distortionary effects, altering terms of trade between countries and shifting profits between exporters and importers – an effect known in economics as “beggar thy

neighbour.” Also, the WTO noted that trade policy is often second best in comparison to domestic measures – a result referred to as “beggar thyself.”

At the launch, Ruta was joined by WTO Deputy Director General Alejandro Jara, Joost Pauwelyn of the Graduate Institute for International Studies in Geneva, and Jaime de Melo of the University of Geneva in debating the report's merits and flaws.

Discussants at the report launch spoke of the report's conclusions in a positive light overall; however, they also criticised specific aspects or findings of the report.

One of the main issues that discussants brought forward was that the report did not take a harsh enough stance regarding the problem of the “natural resource curse” – where resource-rich countries tend to have less economic growth and poorer development outcomes than resource-poor countries.

Some discussants also criticised the report's conclusion that the WTO lacks the tools to address problems with natural resource trade.

Natural resource curse treated lightly

Jaime de Melo – a professor of economics at the University of Geneva – noted that the report seemed to shy away from some of the more recent estimates regarding the natural resource curse, which took away from the gravity of the problem.

He asserted that the WTO could have looked more closely at the natural resource curse in its report. Recent evidence, he said, shows that countries need to “revise [their] national income accounting to reflect depletion of natural resources,” because the current growth paths might not be sustainable. He added that many people living on ecologically fragile land depend on natural resource exports, especially in low to middle-income countries.

Ruta explained that regions rich in natural resources do little trade in this sector intra-regionally; rather, they tend to export their resources to industrialised countries. Many of the problems that resource-rich countries have come

from the high volatility of prices in this sector, he added – a volatility that can either be reduced or exacerbated by trade, depending on market conditions.

Appropriateness of WTO policies to handle natural resources

While the WTO took the official stance that, their rules were relevant to issues related to natural resources, Ruta pointed out that they were not specifically designed with these issues in mind.

However, Pauwelyn – a professor of international law – disagreed with the report's theme of natural resource trade falling outside the domain of WTO rules. Rather, he referred to this belief as an “urban myth,” caused by the fact that many policy measures designed to protect natural resources are excused by Article XX of the General Agreement on Tariffs and Trade (GATT). Article XX is more commonly known as the ‘exemptions clause.’

He clarified that Article XX does not mean standard trade rules cannot be used when dealing with natural resources, even when considering the sector-specific issues of exhaustibility and negative externalities. Instead, he urged exporters and importers “to look at the current rules and see where they apply,” and that negotiators do the same, and clarify or expand the rules as necessary.

Tackling the notion that trade measures and domestic measures are inherently different, the Deputy Director-General made a series of parallels that showed that the latter can still be incorporated within the existing WTO framework, and that while “fundamentally different,” are still “broadly similar” – at least for the purposes of regulating natural resources.

Pauwelyn also derailed the suggestion that the WTO adopt a GATT-style agreement on energy or natural resources, as giving energy and natural resources special treatment could set an unwarranted precedent for other controversial topics, such as agriculture, to demand similar special treatment.

ICTSD reporting.

OPINION

Deploying Energy-Efficiency and Renewable-Energy Technologies in Residential and Commercial Buildings: What are the Trading Opportunities for Developing Countries?

By Rene Vossenaar and Veena Jha

Among all sectors studied by the Intergovernmental Panel on Climate Change (IPCC) in its [Fourth Assessment Report](#), the building sector has the greatest potential to cost-effectively reduce GHG emissions (by 2020) based on commercially available technologies. Improving energy efficiency presents the largest and most cost-effective mitigation opportunity. Further emissions reductions can be achieved by increasing renewable energy use in buildings.

Many energy efficiency technologies applied in residential and commercial buildings produce a net economic benefit. Much of the potential for improving energy efficiency, however, remains untapped due to the existence of market barriers, such as lack of proper incentives and limited access to financing. The high costs of some renewable energy technologies constitute a barrier to their deployment in the absence of subsidies.

A wide range of policy interventions can be implemented to help overcome market barriers and promote the deployment of climate-friendly technologies. These include adjustments in energy efficiency requirements in building codes; minimum energy performance standards (MEPS); labelling; a wide array of fiscal and financial incentives; and feed-in tariffs (FiTs) to stimulate residential renewable electricity generation.

Regulations and incentives have been the major drivers of technology deployment and, in some cases have been a major determinant of international trade flows. For example, international trade in solar PV cells and modules has been driven largely by FiTs, particularly in Spain and Germany. Import tariffs have been a

less important factor affecting the deployment of climate-friendly technologies and trade in associated products and components.

Linking climate-friendly technologies with trade

International trade can contribute to national and international efforts to promote the diffusion of climate-friendly technologies and components in the building sector. First, trade liberalisation may help to reduce emissions by making climate-friendly technologies and components cheaper and more readily available, particularly in developing countries. Second, trade and foreign direct investment (FDI) can help promote market transformation.

The WTO negotiations on Environmental Goods and Services (EGS), which seek to reduce tariff and non-tariff barriers, can contribute to the wider deployment of climate-friendly technologies in the building sector, especially in developing countries. Most technologies seek to enhance energy efficiency. However, negotiating trade liberalisation based on energy efficiency criteria entails significant conceptual and practical challenges. This implies that several product groups that are heavily traded – such as appliances – might not be suitable for EGS negotiations. Nevertheless, certain technologies and products that aim to improve energy efficiency may, in principle, be included in the EGS negotiations. These include, for example, insulation products; lighting and certain components.

Negotiating trade liberalisation in renewable energy technologies and their components generally poses fewer conceptual problems. Solar energy technologies are discussed in detail in earlier studies prepared for ICTSD on renewable-energy supply ([Lako \(2008\)](#) and [Jha \(2009\)](#)). Some of these technologies, however, are installed mainly on the rooftops of buildings and are, therefore, considered as part of the building sector. These include solar PV panels for electricity generation and solar water heating (SWH) largely for hot-water preparation and space heating. Other technologies include small-scale renewable-energy heating and cooling (REHC) systems, such as geothermal heat pumps and wood-pellet stoves.

It is difficult to estimate international trade flows associated with residential and commercial buildings. However, trade associated with subsectors that, in accordance with the analysis presented above, may, in principle, be relevant in the context of the EGS negotiations probably represent only about ten to fifteen percent of the value of total international trade associated with residential and commercial buildings. This is because other segments of the building sector (in particular appliances) are far more important from a trade point of view.

The identification of items in existing tariff schedules – in particular the Harmonized System (HS) – may provide an identification of the value and direction of trade flows driven by the deployment of climate-friendly technologies in the building sector. Yet, tariff classifications provide only limited information.

For most products, the simple average of tariffs applied on a most-favoured nation (MFN) basis is in the five to ten percent range, but some developing countries have relatively high applied rates. Although tariff reductions alone will have little impact on the deployment of climate-friendly technologies, in certain cases tariff reductions may facilitate the implementation of energy efficiency and renewable energy strategies. PV cells and modules (by far the most important technology from a trade perspective) already enter most markets at zero MFN rates. The simple average of applied rates is only about one and a half percent and the trade-weighted average is close to zero. In the case of solar water heaters, several countries have relatively high tariffs, but trade-weighted average tariffs are low.

Beyond the EGS negotiations, trade can help promote market transformation. For example, an analysis of trade flows for the period 2002-2008 shows that the share of energy-efficient lamps in total world trade in lamps has been growing. China is the world's largest exporter of CFL and has played an important role in market transformation. Multilateral efforts to help developing countries set up certification mechanisms for high-quality products have also been a significant factor.

Conclusions and policy recommendations

There is significant potential to cost-effectively reduce GHG emissions in residential and commercial buildings through the larger deployment of best available technologies. Trade liberalisation alone is unlikely to stimulate a significant uptake of energy efficiency and renewable energy technologies in residential and commercial buildings in developing countries. Trade liberalisation, however, may be effective if it is implemented as part of an integrated national policy to promote energy efficiency and renewable energy generation in the building sector supported by international cooperation in sharing knowledge of the technologies and their components, financing and capacity-building.

The deployment of climate-friendly technologies and international trade in associated products is driven largely by regulations and incentives. Subsidies may be justified on the basis of infant industry arguments and for achieving the economies of scale that are necessary to decrease costs, in particular of renewable energy technologies, but should be phased out over time to stimulate technological progress and reduce costs. Subsidies and other incentives should not be implemented in a way that may adversely affect the possibilities for developing country suppliers to participate in global supply chains. Developing countries may want to keep a certain level of tariff protection to build up local capacities, where economically viable, to supply goods and components associated with the deployment of renewable energy and energy efficiency technologies, in particular if the scope for other support measures is limited.

Although import tariffs have only limited impact on the deployment of climate-friendly technologies in buildings, in certain cases tariff reductions may create political goodwill and contribute to the EGS negotiations. However, only few products may be identified within the building sector.

Beyond the EGS negotiations, international trade can make an important contribution to market transformation at a global scale, in particular if there is policy coordination and collaboration, e.g.

in the area of standard setting and conformity assessment.

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The full-length version of this paper can be accessed [here](#).

IN BRIEF

EU, Brazil, Mozambique to Cooperate on Biofuels Production

In a bilateral summit meeting last week, Brazil and the EU agreed to enter into a triangular cooperation with interested developing countries, specifically Mozambique, in order to expand bio-energy development.

At the summit, which was held in Brasilia on 15 July, the EU and Brazil established "their commitment to work together with the objective of fostering the development of the bioenergy sector, focusing on biofuels and bioelectricity," the Brazilian Foreign Ministry stated last week.

Brazil, a leader in the production of biofuels, is looking to expand its operations both domestically and internationally. As a non-European country, Brazilian biofuels are subjected to high import tariffs in the EU. But biofuels investments in African countries, such as Mozambique, have an advantage over investment in other countries due to the EU tariff-free export status of former European colonies. By teaming up with developing countries in Africa, Brazilian companies, such as Cosan and Copersucar could make considerable savings, Brazilian diplomats say.

For the EU, an importer of Brazilian biofuel, the partnership would allow for a new and cheaper supply of biofuels to meet its target of sourcing 20 percent of its energy needs from renewable sources by 2020. However, African produced bio-

energy would need to meet the strict European biofuel regulations designed to protect the environment (see Bridges Trade BioRes, [11 June 2010](#)).

Since the adoption of the National Policy and Strategy for Biofuels was launched on 24 March of last year, Mozambique has been set on opening its doors to both public and private sector participation in biofuel production (see Bridges Trade BioRes, [17 April 2009](#)).

The Mozambican biofuel policy and strategy is based on "including the rural communities in the business, transparency through the participation of all stakeholders, mitigation of the social and environmental impacts, fiscal sustainability, and innovation," stated Salvador Namburete, Mozambican Energy Minister. Food security in developing countries, a major concern of many activists, will not be compromised by future biofuel production, Namburete added.

However, the NGO Friends of the Earth opposes the triangular cooperation initiative. "In a country that suffers persistent hunger, using millions of hectares of agricultural land to grow crops to power European cars is immoral and perverse," said Adrian Bebb, the green-group's biofuels expert.

Moving forward from the summit, the EU, Brazil, and Mozambique plan to establish a technical working group to draw up a country feasibility study that will look at sustainability issues related to the bio-energy sector and the related impacts on poverty reduction in Mozambique. The countries say the study will help them ensure future bio-energy projects are consistent with Mozambique's development, energy, and food security objectives.

EU officials say they are unsure about how long feasibility studies on Mozambique will take to complete, or how soon they could spawn bio-energy projects.

ICTSD Reporting. "Mozambique, Brazil and EU Cooperate on Biofuels," ALLAFRICA 16 July 2010; "Critics Slam EU-Brazil African Biofuel Plan," BUSINESS WEEK, 15 July 2010. "EU, Brazil, Mozambique to sign bioenergy pact," ESI-

AFRICA, 14 July 2010. "Biofuel and Food Production Compatible – Minister," ALLAFRICA, 4 July 2010.

WTO's Rules Group Gets a New Chair

Dennis Francis, WTO Ambassador from Trinidad and Tobago, is the new chair of the Doha Round's Negotiating Group on Rules. He follows Uruguayan Ambassador Guillermo Valles Galmés, who left the position earlier this year. Valles stepped down as chair earlier this year leaving a legacy of progressive action on fisheries subsidies.

Francis was elected during an informal committee meeting in Geneva on 13 July. Speaking to the group, Francis expressed his commitment to doing everything to move work forward, while recognising that the issues still not agreed will probably be difficult to resolve.

Francis has served as his country's ambassador to the WTO since 2006; during that time, he acted as chair of the Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS) from late 2008 until mid-2009. He is also Trinidad and Tobago's ambassador to the United Nations, along with several other Geneva-based international organisations.

Francis has been a career diplomat for the past 30 years, serving in a variety of posts. He has worked in several divisions of his country's Ministry of Foreign Affairs, and served as High Commissioner of Trinidad and Tobago to Jamaica from 1999 until his move to Geneva in 2006.

The rules group focuses on negotiating disciplines on several topics, including fisheries subsidies, anti-dumping, subsidies and countervailing measures, and WTO provisions applying to regional trade agreements (RTAs).

A draft text released in December 2008 by then-chair Valles highlighted some of the areas of discord among group members, such as zeroing. Despite these disagreements, members have made some progress recently in resolving the fisheries subsidies issue, using the roadmap suggested by

Valles Galmés in his text (see Bridges Trade BioRes, [23 January 2009](#) and [14 May 2010](#)).

Sources close to the WTO negotiations say that parties have been hesitant to engage in meaningful negotiation on fisheries subsidies since Valles' departure earlier this year. It will likely take some time before Francis' effect on the negotiations becomes apparent.

US Ambassador Michael Punke, in his statement congratulating Francis on his new position, urged the Rules Group to "remain engaged at a technical level to better understand each others' rules and positions," in order to soon reach a compromise on the issues still outstanding.

ICTSD reporting; "Summertime Changes for IP Policymakers in Geneva," IP WATCH, 4 August 2008; "One on One with Dennis Francis," JAMAICAN GLEANER, 5 June 2006.

EVENTS AND RESOURCES

Events

For a more comprehensive list of events for the trade and environment community visit the [BioRes online calendar](#).

Coming up in the next two weeks (23 July-6 August)

26 July - 6 August, The Hague, Netherlands. ICAP SUMMER SCHOOL ON EMISSIONS TRADING FOR EMERGING AND DEVELOPING COUNTRIES. The summer school will convey an in-depth understanding of emissions trading as an instrument to mitigate greenhouse gases, and build capacity on the technical design and implementation of carbon trading systems. Over the span of 2 weeks, participants will have ample networking opportunities with each other and with the teaching faculty, composed of representatives from ICAP members and other recognised experts in the field. For more information please contact the [organisers](#) or visit the summer school [website](#).

26-30 July, Accra, Ghana. APPLYING SUSTAINABLE FOREST MANAGEMENT TO PROVERTY REDUCTION: STRENGTHENING THE MULTI-STAKEHOLDER APPROACH WITHIN THE UNFF. This workshop is organised by the Major Groups (Women, Youth, Indigenous Peoples, NGOs, Local Authorities, Workers and Trade Unions, Business and Industry, Science and Technological Communities, and Farmers) participating in the United Nations Forum on Forests. The aim of the workshop is to increase the Major Groups contribution to sustainable forest management discussions under the auspices of UNFF. Case studies will serve as inputs for discussions and for developing policy recommendations. For more information, visit the [Institute of Cultural Affairs International website](#).

28-29 July, Manila, Philippines. ASIAN JUDGES SYMPOSIUM ON ENVIRONMENTAL DECISION-MAKING, THE RULE OF LAW, AND ENVIRONMENTAL JUSTICE. This symposium, organised by the Asian Development Bank, seeks to share experience that will lead to an improvement in the quality of environmental adjudication on environment and natural resource cases in Asian jurisdictions and improving access to environmental justice. For more information visit the [symposium website](#).

30 July, Bonn, Germany. PRE-SESSIONAL WORKSHOP ON FOREST MANAGEMENT ACCOUNTING. This workshop is organised by the UNFCCC and discussions will focus on addressing issues related to the proposed options for forest management accounting, in particular the construction and use of reference levels. Participants will address the need for greater transparency in the reporting of approaches for construction of reference levels, implications of different construction approaches and the need for a process to review reference levels. For more information visit the [workshop website](#).

2-6 August, Bonn, Germany. ELEVENTH SESSION AD HOC WORKING GROUP ON LONG-TERM COOPERATIVE ACTION UNDER THE CONVENTION. This session of the AWG-LCA will be held in conjunction with the 13th session of the Ad Hoc Working Group

on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP). At this meeting, the AWG-LCA will continue the comprehensive process to enable the full, effective and sustained implementation of the Convention through long-term cooperative action. For more information, visit the [UNFCCC website](#).

2-6 August, Trabzon, Turkey. SECOND INTERNATIONAL WORKSHOP: INVASIVE PLANTS IN THE MEDITERRANEAN TYPE REGIONS OF THE WORLD. This workshop is co-organised by the European and Mediterranean Plant Protection Organization, the European Environment Agency, the Council of Europe, the University of Iğdır and the Turkish Ministry of Agriculture. The objective of the workshop is to provide a global platform for networking, an opportunity to discuss specific plant invasion issues, a place to learn about various topics related to invasive plant research, and a chance to raise awareness on biological invasions in the Mediterranean regions of the world. This Workshop is open to civil servants within Governments (NPPOs, Ministries of Environment), researchers, the horticultural industry and trade, land managers, etc. For more information and to register for the workshop, visit the [website](#).

Other Upcoming Events

1-3 September, Geneva, Switzerland. INFORMAL MEETING OF CLIMATE MINISTERS. This meeting, co-organized by the Governments of Switzerland and Mexico, will help prepare for the 16th session of the Conference of the Parties to the UNFCCC scheduled to take place in Cancun, Mexico, at the end of 2010. Around 30 countries from all continents and negotiating groups will be invited to Geneva. The key issue to be addressed under the heading of long-term financing is how the funds for climate change mitigation and adaptation should be mobilised, managed and allocated from 2020 onwards. For more information visit this [website](#).

5-11 September, Stockholm, Sweden. WORLD WATER WEEK. The 20th anniversary of World Water Week will be hosted by the Stockholm International Water Institute. The programme will

include plenaries, workshops, seminars, side events and award ceremonies related to the theme: “The Water Quality Challenge – Prevention, Wise Use and Abatement.” Organisers say the event will help deepen the understanding of, stimulate ideas on, and engage the water community around the challenges related to water quality. For more information, view this [event website](#).

12-16 September, Montreal, Canada. WORLD ENERGY CONGRESS. This world congress, organised by the World Energy Council, provides an opportunity for participants to better understand energy issues and solutions from a global perspective. The congress will bring together more than 3,500 top world leaders in the field of energy, coming from industry, governments, and international organizations, as well as the media, universities and energy industry associations. The aim of the congress is to continue efforts to work toward responsible growth that reconciles economic development, environmental protection, and the reduction of global inequalities. For more information visit the event [website](#).

19-24 September, Montreal, Canada. INTERNATIONAL WATER ASSOCIATION (IWA) WORLD WATER CONGRESS. The IWA World Water Congress and Exhibition is a high-profile international event attracting thousands of water professionals and organisations from across the globe. The strategic intentions for the congress are to engage with the dynamics of the water sector and its interfaces, including urbanisation, climate change and energy. This event provides delegates and trade visitors with the opportunity to meet world-leading water professionals, exchange ideas, explore the state of the art and debate the key issues underlying the science and practice of water. It is also where the entire water community congregates once every two years and where IWA specialist groups showcase their work and plan for future activities. For more information visit the event [website](#).

13-15 September, Cordoba, Spain. INTERNATIONAL SEMINAR ON THE ROLE OF AGROBIODIVERSITY IN ADDRESSING HUNGER AND CLIMATE CHANGE. This seminar will focus on the role of

agricultural biodiversity for food security, to fight hunger and to buffer the effects of climate changes. During the event, prestigious international experts will discuss the work being undertaken in these fields in diverse institutions. The Seminar will promote awareness raising and the dialogue among public institutions, universities, scientists, civil society and the private sector. An expert committee, which will include representatives of the participant institutions, will draft a document or declaration with specific recommendations for action. This will be presented at international fora such as the the High Level Meeting of the UN General Assembly on Biodiversity to be held in September 22 in New York. For more information visit the seminar [website](#).

20-24 September, Nairobi, Kenya. GLOBAL EXPERT WORKSHOP ON BIODIVERSITY BENEFITS OF REDD IN DEVELOPING COUNTRIES. This workshop is being convened by the Secretariat of the Convention on Biological Diversity (CBD) with the generous financial support of the government of Germany and in collaboration with the UN REDD Programme (United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries). The purpose of the workshop is to support the efforts of Parties in addressing REDD in developing countries within the framework of the United Nations Framework Convention on Climate Change (UNFCCC), in a way that contributes to the implementation of the CBD programme of work on forest biodiversity. Specifically, the workshop address potential risks associated with REDD-plus that could result in activities that run counter to the objectives of the CBD, and develop recommendations how these risks can be addressed. For more information visit the workshop [website](#).

Resources

THE MUSEUM OF BIOPROSPECTING, INTELLECTUAL PROPERTY, AND THE PUBLIC DOMAIN: A PLACE, A PROCESS, A PHILOSOPHY. Edited by Joseph Henry Vogel. This anthology injects humour into the heated

international debate over access to genetic resources and the fair and equitable sharing of benefits. Seven scholars - an anthropologist, an economist, a sociologist, and four lawyers - discuss how a museum can flesh out the relevant ethical issues that frustrate any purely technical solution. As this 21st century Don Quixote moseys across the chapters and pokes fun at the scholarly ruminations, the reader begins to understand how the proposed museum is indeed a forum for the nuanced ethics over bioprospecting, intellectual property, and the public domain. This anthology is available at the Anthem Press [website](#).

THE WORLD ECONOMIC AND SOCIAL SURVEY (WESS). Edited by the United Nations Development Policy and Analysis Division. This report indicates that many of the global crises in recent years – such as the food, fuel and financial crises – are to a large extent due to major systemic failures in the global economy and weaknesses in the mechanisms for global governance. The report suggests that a sustainable rebalancing of the global economy requires closer coordination across the trading system, the new regime for international financial regulation, the global reserve system and the mechanisms for mobilising and channelling development finance and climate funding. The report recommends that the international community consider establishing a global economic coordination mechanism that goes well beyond the Group of 20 (G20). Access to the full report is available [online](#).