



# Bridges Trade BioRes

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

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## NOTE TO SUBSCRIBERS

Dear BioRes Subscribers,

Over the next three weeks, the BioRes Team will be bringing you in-depth coverage of trade and climate change issues as events unfold at the UNFCCC's COP 16 in Cancun, Mexico. During this period, we will be publishing a special Cancun edition of Bridges Trade BioRes Review and three Bridges Cancun Updates. ICTSD will also be hosting side events in Cancun (see brief descriptions in the Resources section of this issue) and staff will be blogging, tweeting, and posting updates to Facebook. This year's final issue of Bridges Trade BioRes (Volume 10, Number 22) will be published on 13 December.

- The Bridges Trade BioRes Team

## CLIMATE CHANGE

### China Stands Firm on Unconditional Climate Funding ahead of Cancun Talks

With Cancun climate talks only a week away, the world's largest carbon emitter says it will not accept a deal on climate financing if it hampers their ability to prioritise domestic policy. Huang Huikang, the Chinese Foreign Ministry's special representative for climate change talk, said Friday that so-called emissions transparency conditions would not be acceptable in any green fund.

Ministers will be meeting in Cancun, Mexico next week to try to advance talks toward a global climate deal that will chart the course for the post-2012 period, when the first phase of the Kyoto Protocol expires. Rich countries generally favour the creation of a new climate pact to succeed

Kyoto – one that places more responsibility on key developing country emitters like China and India. But developing countries continue to favour an approach that would implement a second phase of Kyoto, which allows them to opt out of emissions reductions if they pose a threat to development.

There are no expectations that next week's UN Framework Convention on Climate Change Conference of the Parties (UNFCCC COP) in Cancun will yield a binding deal. But observers had been speculating that the low expectations may allow parties to make progress on key issues, such as the terms for a climate fund meant to assist poor countries in adapting to the effects of climate change and forestry issues through REDD-Plus.

### Financing should be “unconditional”

Naturally, as the largest global carbon emitter, China's stamp of approval is crucial to ironing out a financing package. But the Middle Kingdom's insistence that financing be free of any obligations may complicate negotiations.

“These [funds] are unconditional and should not be linked to anything else,” Huang told reporters. “China's overriding priority will be to develop its economy, eliminate poverty and raise people's welfare, and our energy consumption and emissions will experience reasonable growth for some time.”

China says it has concerns over emissions commitments because it expects levels to continue rising for some time. Over the past decade, the industrial giant's GHG emissions have more than doubled. China's 2009 carbon emissions are estimated to amount to some 7.5 billion tonnes – 24 percent of the global total.

Huang emphasised that the key to success in climate negotiations lies in commitments by rich countries to slash emissions and boost funding to developing countries in the form of aid and the promotion of clean technology.

UN climate chief Christiana Figueres has called financing the “golden key” to Cancun. But in

addition to China's recent statements, several developing countries have complained that promises of climate funding made at last year's COP in Copenhagen have not been kept.

Developing countries have complained much climate aid has been repackaged development aid, rather than “new and additional,” as stipulated in the non-binding Copenhagen Accord.

“The promises are there, and they keep coming, but we don't see anything on the ground,” says Bruno Sekoli of Lesotho, chair of the Cancun group of least developed countries (LDCs). “For us, the LDCs, we want action.”

### Recent obstacles threaten talks

China's firm position on financing is the latest in a series of hurdles threatening to hamper climate talks at the Mexican beach resort. China-US relations have been strained over the past year as the two countries squabble over the trade implications of the value of the yuan (see Bridges Weekly, [22 September 2010](#)).

Also, the likelihood of major cuts in GHG emissions from the US – arguably the most important country for eliciting meaningful progress on climate negotiations – was further cast into doubt earlier this month when Republicans took hold of congress during mid-term elections. Republicans' staunch opposition to climate change initiatives in the past suggests that there is little possibility of meaningful GHG cuts at the federal level any time soon (see Bridges Trade BioRes, [8 November 2010](#)). The Obama administration has now openly called on world powers to not get bogged down on establishing a deadline for emissions cuts at the Cancun meeting.

In a related move, Canada – another major player in the climate game – last week saw the defeat of a bill that would have committed the country to reducing GHG emissions to 25 percent below 1990 levels by 2020 – the minimum emissions targets recommended by the UN's Intergovernmental Panel on Climate Change (IPCC).

The highly unusual defeat of the bill by Canada's unelected senate suggests that the governing Conservative party was so fiercely opposed to the bill that it did not want to see the details debated in the House of Commons. Prime Minister Stephen Harper said the bill was unrealistic and would have resulted in major job losses for the country. Harper's Conservatives are proposing far less ambitious targets of 20 percent from 2006 levels by 2020.

Lacklustre commitments from rich countries combined with strong demands for developing countries have cast an early shadow over the COP. But some observers say the low expectations – in contrast to last year's fanfare in Copenhagen – could create the right atmosphere for progress.

ICTSD Reporting; "China rules out linking climate aid to transparency," REUTERS, 19 November 2010; "Canada senate kills climate bill ahead of UN summit," BBC NEWS, 18 November 2010; "Harper's Hypocrisy: Conservatives Ambush Canadian Climate Change Bill," HUFFINGTON POST, 19 November 2010; "Poor Nations Say Rich Fail On Climate Aid Pledge," REUTERS, 19 November 2010.

## FISHERIES

### Mediterranean Countries Resist Lower Quotas at Paris Fisheries Meeting

A push by environmental groups to significantly decrease fishing quotas for Atlantic bluefin tuna was met with strong resistance from Mediterranean fishing nations at a meeting this week addressing 2011 fishing guidelines. The International Commission for the Conservation of Atlantic Tunas (ICCAT) is meeting in Paris from 17-27 November to set international fishing rules for bluefin.

Last month, EU Commissioner for Maritime Affairs and Fisheries, Maria Damanaki proposed a quota decrease of more than half of 2010 levels,

slashing total allowable catches (TAC) from 13,500 tonnes to 6,000 tonnes (see Bridges Trade BioRes, [8 November 2010](#)). The ambitious proposal was supported by scientists and environmental groups who have recommended that fishing quotas not exceed 6,000 tonnes for 2011. This suggestion was strongly opposed by EU fishing nations such as France, Italy, Spain and Malta, which claim that such reductions would harm not only fishing companies, but would spread to other areas of the economy as well.

They have called for the quotas to remain at 2010 levels, citing an EU Standing Committee on Research and Statistics (SCRS) study, which determined that the current level "will likely allow the stock to increase" to an acceptable level by 2022. However, these studies are generally seen as unreliable due to uncertainty over the number of undocumented catches from illegal, unreported, and unregulated (IUU) fishing. Results of a recent independent investigation suggest there is a complex international black market in East Atlantic bluefin tuna worth an estimated US\$4 billion.

### Brussels swayed by fishing countries

The EU was supposed come to a consensus on bluefin quotas before the start of the ICCAT meeting but disagreement within the bloc between the Commission and fishing nations has led to drawn out negotiations. On Thursday, member states France, Italy, Spain, and Malta appeared to have swayed the Commission to take an opposite stance from its original proposal, focusing on the concerns of the fishermen instead of the possible long term effects on the tuna population.

"Nevertheless, the Commission will respect its obligations as the negotiator on behalf of the European Union," Damanki said in a statement, essentially scrapping the recommendations of scientists who have pointed to dwindling populations as a reason to halt or greatly reduce bluefin fishing quotas.

Environmental groups including WWF and Oceana say significant reductions are essential to preserving stocks of the coveted fish, and that

failing to do so ignores scientific evidence suggesting that the species is being overfished (see Bridges Trade BioRes, [27 November 2009](#)). The groups point to data which shows that bluefin populations have plummeted by 80 percent since 1970. The WWF claims that diminishing the quotas for bluefin to between zero and 6,000 tonnes annually will give the tuna stocks an 85 percent chance of recovery by 2022, as opposed to just a 60 percent chance if the current levels are maintained.

### Purse-seine ban?

Additionally, environmental groups are calling for an end to purse-seine fishing, in which large nets hang from vessels surrounding a school of fish and are capable of catching thousands of tuna at once.

A ban on purse-seine fishing “is a realistic scenario,” said Chairman of the ICCAT, Fabio Hazin going into the meeting. This would be a significant victory for green groups as purse-seine fishing represented more than 60 percent of the total recent reported catch, but fisheries lobbyists are firmly opposed to such a measure.

“There’s no problem with purse-seine fishing as long as it complies with quotas,” said Javier Garat, president of Europêche, a European organisation that protects the interests of the fishing industry.

In the past, the Commission has supported proposals to protect bluefin, including an initiative to add the fish to Annex I of the Convention on International Trade in Endangered Species (CITES), but pressure from fishing nations has been effective (see Bridges Trade BioRes, [18 September 2009](#)).

Regardless of the dispute between the two sides, the EU is nonetheless legally obligated to establish measures aimed at achieving recovery of fish stocks to sustainable levels by 2020 under the 2008 Marine Strategy Framework Directive.

The ICCAT meeting will continue in Paris through 27 November.

ICTSD Reporting. “Fishing nations force EU retreat on bluefin tuna,” AP, 18 November 2010; “Battle lines emerge in bluefin tuna battle,” AFP, 17 November 2010; “EU nations agree Bluefin tuna compromise,” AFP, 17 November 2010; “Fishing Nations Gain Ground on Bluefin,” NEW YORK TIMES, 18 November 2010; “Fate of tuna considered at key Paris meeting,” DEUTSCHE WELLE, 17 November 2010.

## SUSTAINABLE AGRICULTURE

### New Development Fund to Address Food Security, Climate Change

A new research initiative funded by several global development agencies will attempt to tackle threats to agriculture and food security resulting from climate change. The US\$200 million project, known as the Program on Climate Change, Agriculture and Food Security (CCAFS), will explore new ways of helping vulnerable rural communities adjust to global changes in climate. The 10 year project will also attempt to help the agriculture sector in vulnerable countries reduce greenhouse gas (GHG) emissions and combat future food productivity and security challenges that are expected to arise due to climate change.

The research initiative – operated under the auspices of the Consultative Group on International Agricultural Research (CGIAR) and the Earth System Science Partnership (ESSP) – seeks to simultaneously address development and climate change. As such, the CCAFS aims to address agricultural challenges and reduce poverty by 10 percent by 2020 in targeted “hot spot” regions in Africa and India. The initiative has also set a target of reducing malnutrition in these so-called hot spot areas by 25 percent while simultaneously helping farmers in developing countries contribute to climate change mitigation by either enhancing storage or reducing greenhouse gas emissions by an amount equivalent to 1 billion tonnes of carbon dioxide over the next 10 years.

“This new collaborative program represents a bold and innovative response to the challenge of adapting agriculture to climate change and variability while realising the opportunities open to farmers for mitigating global warming,” said Inger Andersen, CGIAR Fund Chair and Vice President for Sustainable Development, World Bank. “It goes far beyond current activities, marking a new phase in our efforts to cope with climate change in agriculture through cutting-edge collaborative science.”

The collaborative CGIAR-ESSP project is being funded by countries including Canada, Denmark, the US and also the World Bank and will be coordinated by Colombia-based International Center for Tropical Agriculture (CIAT).

### Ground work to begin in 2011

Researchers associated with the project estimate that climate change will reduce global potential to produce food by 5-10 percent by 2050. Higher temperatures and more variable rainfall will produce agricultural winners and losers, they say. As a result, northern hemisphere countries will be less likely to experience food shortages, which will result in a greater inequity in food production.

Much of the work on the ground will begin in 2011 with an initial focus on East and West Africa and the agricultural regions of South Asia known as the Indo-Gangetic Plain. CCAFS partners will identify and test climate change adaptation and mitigation practices, technologies, and policies that are suitable for poor, smallholder farmers and other stakeholders affected by climate change.

They will also identify "hot spots" where intervention is urgent and conduct vulnerability assessments. In addition, they will refine models that predict the impacts of a changing climate on agriculture and livelihoods, and identify ways to select crop varieties and livestock breeds with essential traits and novel farming and food systems suitable for future climate conditions.

Partners will further help farmers cope with changes in plant, pest, and disease pressures, which are particularly likely in areas where temperatures are rising, and—in collaboration

with other critical actors in the food system—they will conduct research on adaptation and mitigation policies that can enhance food security.

### Addressing climate change crucial to food security

Climate change is expected to impact development dramatically as agriculture is affected by higher temperatures, increased flooding, and other environmental instabilities. Ironically, agriculture – through the release of methane from livestock and nitrous oxide from organic and mineral nitrogen fertilizers – contributes to an estimated 20-30 percent of worldwide GHG emissions.

Thus, the farming sector is facing a difficult dilemma: how to produce more food for a growing worldwide population while reducing its greenhouse gas emissions? The global population is projected to hit 9 billion by 2050 – 90 percent of these are expected to be living in the developing world. Researchers say that the negative consequences of climate change on food production poses challenges for meeting the future global food requirements.

CCAFS researchers say the challenge is daunting, but emphasise that there is massive potential to cost-effectively mitigate GHGs through changes in agricultural technologies and management practices. Examples of this include, altering crop mixes to include more perennial plants, altering crop genetics, and managing fertilizer use to reduce both nitrous oxide and methane emissions.

“Climate change threatens to alter growing conditions so rapidly and dramatically as to require an intensive effort that draws on the combined talents of all of our centers and partners,” said Bruce Campbell, director of CCAFS. “We want to bring a sense of urgency to finding and implementing solutions and attracting more support for this effort.”

The CCAFS initiative will be formally launched on 4 December on Agriculture and Rural Development Day at the UN climate summit in Cancun.



ICTSD Reporting, “World farming to get \$200 million in climate aid,” REUTERS, 17 November 2010.

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## French Ecology Ministry Enrages Farmers with Proposal for Sweeping Subsidy Reform

Days after calling for a dramatic reorientation of European farm subsidies towards environmental protection, the French ministry for ecology and sustainable development has taken the controversial proposal off its website, following a firestorm of protest from the country’s farm lobby.

Environmentalists and others, however, have praised the ideas in the document. They want it to be reinstated online, and are seeking the launch of an inter-ministerial consultation process on the subject.

The 20-page proposal, entitled “Pour une politique agricole durable en 2013” (“For a sustainable agriculture policy in 2013”) was published by the French Ministry for Ecology, Energy, Sustainable Development and the Sea in late October. However, the news portal Euractiv.fr reported that the text was no longer available online on 4 November, two days after a farm group voiced objections.

The document was released in the midst of debate over the appropriate aims and policies for the EU’s Common Agricultural Policy (CAP) in the seven-year post-2013 budgetary cycle (see Bridges Trade BioRes, [25 October 2010](#) and [8 November 2010](#)). France has traditionally played a central role in shaping European farm policy.

### Strong environmental language

The ecology ministry’s text argues that a strong CAP could be justified only insofar as it would contribute to the implementation of sustainable agriculture at the European level. It argues that the CAP must achieve three goals: fairness, by providing a decent income to farm workers; coherence, by compensating producers for

environmental services that they provide, and limiting ecological damage; and dynamism, by supporting a transition towards ecologically productive agriculture.

The ministry proposes abolishing the existing two-pillar structure for farm payments, and replacing this with a series of separate policy instruments that would achieve these three goals. Income payments - determined by farm workers rather than by the number of hectares - would guarantee a minimal income. Environmental payments, linked to compliance with standards, would be covered by a second category of support. A third category, based on contracts, would help farmers move toward more ecological methods of production.

Unlike other contributions to the debate so far, the ministry’s document does not shy away from suggesting a budget for the proposed plans: income payments could cost €3 billion, says the document, to be supported by additional national level financing; €4 billion would cover the cost of environmental payments; and €2 billion would cover the cost of transition towards more environmentally-beneficial farming, to be co-financed by various actors. Another €1 billion would be available to cover other costs such as market intervention.

The new proposals should not adversely affect the EU’s trading partners, the document argues. “Greater global food demand essentially requires developing agriculture in countries where population is growing quickly, by a carefully thought through intensification of production in these countries”, it suggests. “The European Union does not intend to feed the world, and is aware that seeking to do so would have a disruptive effect on agriculture in other countries”.

### Document “doesn’t count”: Ag ministry

The French farmer group FNSEA (Federation Nationale des Syndicats d’Exploitants Agricoles) issued a press statement ironically pointing out that the minister for ecology and sustainable development “has not yet brought agriculture into his portfolio,” and criticising what they saw as “a

clear case of institutional misconduct.” They claimed that farm representatives had not been consulted before the document was published, and called on Jean-Louis Borloo, the minister in charge of the department concerned, to “play fair, not alone.”

According to Euractiv.fr, the French agriculture ministry was keen to downplay the significance of the environment ministry’s proposals: unnamed associates of the agriculture minister, Bruno Le Maire, were reported as saying that the document “doesn’t count,” and represents “only the views of its authors”.

However, the document was described as a “useful and legitimate contribution to the debate” by the environmentalist network France Nature Environnement, which issued a statement welcoming its proposals. The communiqué also “denounced” the removal of the document from the ministry’s website in the wake of the FNSEA statement, “deeply regretting that this hinders the communication of a document that is needed to inform the public”.

The reform group CAP 2013, which brings together environmentalists, development agencies and some farm groups, also broadly welcomed the ecology ministry’s contribution, noting in a statement that its proposals on better targetting of direct payments and supporting a transition towards more ecological agricultural production were “innovative and brave”.

“I think that it does a lot of good to the French debate, by bringing in new actors,” Samuel Féret, the group’s coordinator, told the BioRes.

ICTSD reporting; Euractiv.fr, 5 Nov 2010; FNSEA communiqué de presse, 2 Nov 2010; France Nature Environnement press release, 5 Nov 2010; PAC 2013 press release, 29 Oct 2010.

## ANALYSIS

### Deploying Climate-Related Technologies in the Transport Sector: Exploring Trade Links

By Rene Vossenaar

How can the WTO negotiations on environmental goods (EGs), which form part of the EGS mandate, contribute to the deployment of technology options for increasing fuel efficiency and reducing GHG emissions in the transport sector? This paper explores possible links between the deployment of climate-related technologies in the transport sector and international trade and argues that certain alternative fuels (i.e., other than petroleum-based) and alternative-fuel vehicles could, in principle, be characterised as environmental goods in the context of EGS negotiations.

The analysis largely focuses on road transport. Product categories that may, in principle, be characterised as EGs include alternative-fuel vehicles (AFVs), certain components used in AFVs (such as batteries used in electric cars) and alternative fuels (such as biofuels). Some WTO members have proposed that certain types of equipment used in public transport as well as bicycles could also be considered EGs.

This paper, however, focuses on technology options and pays special attention to vehicles with an electric motor, including hybrid-electric vehicles (HEVs), plug-in hybrid electric vehicles (PHEVs), and all-electric vehicles (AEVs). Hydrogen fuel-cell vehicles (FCVs) may be produced commercially beginning around 2020. Other AFVs include flexible fuel vehicles (FFVs), clean-diesel vehicles, liquefied petroleum gas vehicles, and vehicles that run on natural gas or biomethane (biogas).

In theory, the elimination or reduction of tariffs and NTBs could contribute to the diffusion of AFVs worldwide by reducing their costs in the domestic market. However, trade liberalisation

alone is unlikely to have a significant impact on the penetration of AFVs into automobile markets.

There is a strong case for eliminating distortions in trade in those biofuels that contribute to net GHG savings on a life cycle basis (such as sugar cane ethanol). However, there is uncertainty regarding the net GHGs savings in the case of other first-generation biofuels (the biofuel versus food issue is also a matter of concern). Gaining policy support for trade liberalisation in biofuels may require certainty that biofuels do, in fact, contribute to GHG reductions on a life-cycle basis. Biofuel certification may help provide such assurance, but may also act as an NTB.

Regulatory measures and incentives play a key role in supporting the deployment of climate-friendly technologies. Subsidies also play a fundamental role, particularly in the development of battery technologies and the deployment of PHEVs and EVs. Subsidies consist of both market-creation measures (e.g., subsidies for the purchase of an AFV) and measures to support investments in manufacturing capacities. The latter may include tax credits, grants and low-interest loans. Subsidies may be justified when very efficient AFVs need support in order to overcome market barriers, allowing them to become competitive with conventional, less efficient vehicles, though there may be certain risks associated with this type of subsidisation. Both the United States and Chinese governments are actively promoting their domestic PHEV and AEV industry.

By December 2009, there were more than 35 million alternative-fuel and advanced-technology vehicles operating worldwide. The largest category is FFVs; there are also large numbers of HEVs, NGVs and liquefied petroleum gas vehicles. In some cases the number of AFVs actually using the alternative fuel may, in fact, be much smaller. For example, many owners of bi-fuelled and flex-fuelled AFVs (which can run on either conventional or alternative fuels or a combination of both) do not run their cars on alternative fuels, especially where alternative fuelling facilities are not available.

The world biofuels market was estimated at US\$45 billion in 2009 (based on ethanol and

biodiesel production and wholesale prices), an increase of 29 percent compared with 2008 (Clean Edge, 2010). World production of fuel ethanol reached an estimated 74 billion litres, an increase of more than 10 percent over 2008. Several countries apply high MFN rates of duty to ethanol imports (MFN applied rates on biodiesel are much lower). Standards and certification requirements may also affect markets for biofuels.

Although many of the different options identified in the technology mapping study for the transport sector may have significant implications for international trade, it is very difficult to link these options with international trade statistics. Only in a few cases is it possible to use existing tariff classification for analysing links between climate-related technologies in the transport sector and international trade flows. These include certain categories of AFVs (such as PHEVs and AEVs), batteries used in electric cars, and biofuels. However, even in these cases it is not possible to identify the relevant products in dedicated 6-digit harmonised system (HS) codes. To help address this problem, the reference is made to national and regional schedules that define more detailed items. However, several AFV categories (such as PHEVs and AEVs) and batteries used in electric vehicles are only starting to be commercialised and current international trade is still insignificant.

In some cases, national or regional (EU) authorities have already taken or are considering steps to add specific subheadings to the common 6-digit HS codes in their national or regional tariff schedules. As of 1 January 2012, the HS will have a new heading for biodiesel in Chapter 38 (heading HS 38.26). With the growing importance of government policies to support EVs and PHEV and the expected increase in market shares in alternative policy scenarios, it may be desirable in the future to consider possibilities for creating more detailed tariff lines at national and regional levels, or perhaps even at the 6-digit HS level.

Apart from the elimination of distortions affecting trade in those biofuels that contribute to net GHG savings on a life cycle basis, trade liberalisation alone may not have a significant impact on sustainable transport development. Certain (autonomous) trade liberalisation



measures may effectively support the implementation of specific projects and programmes resulting from wider sustainable transport strategies at the national or sub-national (e.g., city) levels – which may go beyond the consideration of technology options and take into account the ASI framework for exploring options for reducing transport GHG emissions. It may be worthwhile to explore whether trade liberalisation might play a role in supporting the implementation of certain transport-related CDM projects or nationally appropriate mitigation actions (NAMAs).

*This article is drawn from a longer study by Rene Vossenaar, which can be accessed [here](#).*

## IN BRIEF

### CTE Searches for Way Forward on Environmental Goods

WTO members agree that they need to revitalise sluggish negotiations on liberalising trade in environmental goods. They just don't seem to be able to agree on how to do so. Nor is it clear that they can, without a revival in the deadlocked Doha Round of global trade talks.

Even before the broader stagnation in the Doha Round over the past two years, the WTO negotiations on an extra measure of liberalisation for goods with an environmental purpose had been struggling. Countries were unable to agree even on how to identify what constitutes an environmental good worthy of being slated for extra tariff cuts. Developed countries for the most part have favoured the creation of a negotiated list of such products, but many developing countries complain that the proposed products reflect Northern export interests. Other approaches would have temporarily liberalised trade on products used in approved environmental products, or seen countries engage in a request-offer process to determine which goods are subject to extra tariff cuts.

Delegates spared each other a review of those differences during an 8-9 November meeting of the Committee for Trade and Environment in special (negotiating) session. Some, such as Brazil, noted that a range of other issues need to be discussed, such as special and differential treatment for developing countries, technology transfer, and non-tariff barriers. The US countered that these cross-cutting issues could not be addressed in the abstract - they needed to be examined in relation to specific products.

China and other delegations emphasised that the environmental goods negotiations should produce a “triple win,” with economic, environmental, and developmental benefits.

Saudi Arabia introduced a paper based on ideas it had voiced in previous meetings, saying labelling requirements, standards, and intellectual property-related policies were potential non-tariff barriers to environmental goods. It did not identify specific examples, however. In July, Saudi Arabia had called for the chair to revise a document on products of interest to include non-tariff barriers.

Members also discussed a different aspect of the Doha negotiations on trade and environment: the mandate to clarify the relationship between existing WTO rules and specific trade obligations set out in multilateral environmental agreements (Paragraph 31(i) of the Doha Declaration).

In a new proposal (TN/TE/W/77) - the first on the subject in over two years - Switzerland called for a “conciliatory and non-adjudicatory” process in which members with differences of opinions regarding the relationship between existing WTO rules and MEA trade obligations could ask the CTE chair to facilitate discussions aimed at a solution, thus heading off controversial disputes. The paper, which included proposed potential text for a decision by the Ministerial Conference, the WTO's top decision-making body, also said that in the event of trade disputes involving tension between WTO and MEA rules, countries should be “encouraged” to “draw on the expertise” of relevant experts, and that dispute panels “shall possess or have available the necessary expertise regarding both the WTO rules and the multilateral environmental agreement in question.”

Reacting to the proposal, several members, such as the US and New Zealand, said that the balance between WTO provisions and other sets of international rules should not be upset. Traditionally, many countries, including the US, have rejected discussing the CTE negotiations.

In general, delegates agreed on the need to move to text-based negotiations in the Doha trade and environment talks, but were not sure how to get to that stage.

The next CTE meeting is tentatively scheduled for February 2011.

ICTSD Reporting.

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### European Critics turn up Heat over Decentralised GM Proposal

A proposal by the European Commission that would provide greater flexibility to member states concerning cultivation of genetically modified (GM) crops is being met with increased opposition and facing accusations over its legality. A recent EU Council report challenged the Commission's proposal and further fuelled environmentalists and EU Ministers who have been opposed to such legislation (see Bridges Trade BioRes, [11 October 2010](#)).

The Council's legal service presented a report to member states last week claiming that a GM policy shift granting individual states greater freedom regarding genetically modified organisms (GMOs) would undermine EU and WTO trade laws. The report concluded that Commissioner John Dalli's call for a looser GM policy could subject member states to possible litigation by EU or WTO courts, despite the Commission's claim that the proposed legislation is in accordance with EU law.

"This is a sensitive and embarrassing blow for the EU Commission's proposal," said Thijs Etty, who specialises in GM research at the Institute of Environmental Studies (IVM) at the VU University Amsterdam. "Both EU Courts and the

WTO have been in the past very restrictive in accepting such arguments, unless countries can provide extensive and consistent evidence to justify their trade restrictions," he said in a leaked report.

Some member states and environmentalists fear the Commission's recent push towards more liberal GM policies will open the floodgates for new genetically modified crops in the EU, ending "Europe's unique position as the world's largest GMO-free zone," Etty said.

Additionally, the Commission plans to adopt a measure that would allow up to 0.1 percent of unapproved GM crops to be imported into the EU for animal feed. Some countries have called for the Commission to allow the unapproved GM crops to be permitted for human consumption as well, pointing out that it would be nearly impossible to distinguish the world's crop supplies between food and feed.

Amid these concerns, the European Food Safety Authority (EFSA) released new guidelines last Friday on the environmental risk assessment (ERA) of genetically modified organisms. EFSA's new guidelines provide a more comprehensive evaluation of the long-term and environmental effects of GMOs. The update by the EFSA comes in response to EU governments' call for stronger EFSA assessment procedures of GMOs, particularly by France, which has been highly critical of GMOs and even refused to take part in discussions about the commission's policy proposal until stricter GMO guidelines were put in place.

The new guidelines call for a more thorough step-by-step assessment approach for gauging the environmental risks of GMOs. The EFSA addressed seven specific areas of concern in the document including the "persistence and invasiveness of the GM plant" and the effects on human and animal health. They also call for Biotech companies who wish to propose GMOs for consideration to closely account for "intended and unintended effects," whether the crop is grown for human or animal consumption. Thus far, the ESFA has only approved one variety of

corn produced by Monsanto and a strain of potato to be grown only for industrial use.

The Commission plans to release a report on the costs and benefits of GM crops in December. A decision on whether to loosen the EU's zero tolerance policy on GM crop imports is not expected until after January.

### More information

The EFSA guidelines on GMOs can be accessed on the EFSA [website](#).

ICTSD Reporting. "EU Urged To Allow Trace GM In Food Imports: Source," REUTERS, 16 November 2010; "EU Looks To Tighten GM Crop Assessment Rules," REUTERS, 15 November 2010; "EU Council Legal Service report confirms academic's criticism of legally flawed Commission proposal to renationalize GMO-crop cultivation," IVM-VU PRESS RELEASE, 11 November 2010.

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## Experts Examine Environmental Effects of Trade and Transport

Greenhouse gas emissions from the transport of traded goods account for a growing share of the global total. At a workshop organised last week by the WTO secretariat, trade negotiators heard expert presentations on the varied links between trade, transport, and the environment.

An official from the Organisation for Economic Cooperation and Development noted that trade liberalisation had had negative net global effects in terms of greenhouse gas emissions, since increased income and improved production techniques did not militate in favour of reduced emissions, as they did for localized pollutants.

A World Bank representative told the negotiators that the reduction in traditional tariff and non-tariff barriers mean that transport costs are now significant in comparison. Core transport costs now account for about a fifth of total trade costs, he said. While one study suggested that a 10 percent increase in transport costs on average

leads to a 20 percent decrease in trade volumes, the value-to-weight ratio of international trade has fallen sharply, thus reducing the overall significance of transportation costs. He said that on the basis of current trends, trade-related transport would become a major emitter in the decades to come. Effective change in the sector would require both technology standards and carbon prices, he suggested.

The International Maritime Organization, the UN special agency for maritime safety and pollution, described regulations for nitrogen and sulphur oxides from shipping vessels, and described some efforts by the maritime transport industry to develop measures to reduce emissions. Sources report that the official did not discuss the IMO's struggling negotiations to establish energy efficiency requirements for international shipping (see Bridges Trade BioRes, [11 October 2010](#)).

On the subject of the fast-growing international air transport sector, the International Air Transport Association (IATA) described the sector's road map for reducing emissions, which focuses mainly on technological and operational improvements and the use of biofuels in the aviation fuel mix. If governments improved air traffic control infrastructure and reached more airspace-sharing agreements, the representative said, it would allow for more direct and consequently fuel efficient flights. He noted that while many emissions reduction measures would actually boost profits by lowering fuel costs, some were very expensive and would not become worthwhile unless carbon prices reached hundreds of dollars per tonne. He warned that multiple carbon pricing and taxation schemes on air tickets could hurt tourism in developing countries, particularly in the Indian Ocean and the Caribbean.

Delegates asked questions following the different presentations, commenting about the complexity of carbon accounting and pointing to other studies suggesting that trade liberalisation's effect on greenhouse gas emissions were more modest. Australia explained what it was doing to measure and reduce emissions resulting from trade.

When the chair of the Committee on Trade and Environment first mentioned the possibility of a workshop on trade-related emissions, Saudi Arabia, China, and India objected to holding it within the CTE. The workshop was ultimately hosted by the WTO secretariat, and Deputy Director-General Harsha Singh reported on it to a 9 November meeting of the CTE in 'regular', i.e., non-negotiating session.

ICTSD Reporting.

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## Price Spikes Raise Ire of Rare Earth Importers

The controversial issue surrounding China's export quotas of rare earths has caused nations including the US, EU and Japan to call on China to loosen its export restrictions of the important metals. Importers of rare earths have experienced price spikes of some 300 percent over the past 6 months, prompting some nations to jump start domestic production.

The group of 17 elements are essential to the production of many technological, defence, and green products. As a result, firms have been concerned about possible shortages and rising prices. In fact, the EU plans to discuss the issue with China during a meeting this week.

"We shall be stressing very clearly our concerns on this issue and stressing the importance of keeping that quota open and discussing with the Chinese authorities what their plans are for 2011," said Matthew Baldwin, European Commission director for market access and industry.

Chinese rare earth quotas landed in the international spotlight in July when China announced it would slash export quotas by 72 percent for the second half of 2010. Furthermore, China was criticised for placing an embargo on the shipment of rare metals to Japan following a territory dispute. Japan has reported that the situation has settled and that shipments are set to resume shortly.

China claims that the rare earth industry is unsustainable and is causing pollution to the environment. The Chinese maintain that their policies are in place to protect the environment from overexploitation and illegal mining operations and not to give their domestic industries an advantage (see Bridges Trade BioRes, [8 November 2010](#)).

Nonetheless, China's stranglehold of rare earths has been a wake-up call for importing nations that now realize they may have relied too heavily on the world's leading exporter. In addition to reopening closed mines, the US and other importers plan to use rare metals more efficiently and improve recycling methods.

ICTSD Reporting. "EU Official To Press China On Rare Earths," REUTERS, 18 November 2010; "Analysis: Rare-Earth Surge Is Wake-Up Call For Industrials," REUTERS, 19 November 2010; "Japan Says Rare Earth Shipments From China Improving," BLOOMBERG BUSINESSWEEK, 18 November 2010.

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## EVENTS AND RESOURCES

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### Events

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

### ICTSD Side Events at COP 16 in Cancun

UNFCCC SIDE EVENT – PATENTS, TECHNOLOGICAL KNOWLEDGE AND ACCESS TO CLIMATE CHANGE MITIGATION TECHNOLOGIES. Tuesday 30 November, 15:00-16:30, Room 3, Cancun Messe, Cancun, Mexico. UNEP, EPO and ICTSD carried out a study on patents and clean energy technologies. The study discussed how the role of intellectual property rights (IPRs) in the transfer of climate change technologies has emerged as a particularly contentious issue. The panel will discuss how practical tools derived from this study can contribute to a better understanding of IPR options in the UNFCCC negotiations. The panel

will also consider relevant future areas of research. For more information, visit the event [website](#). The study can also be found on [ICTSD's website](#).

UNFCCC Side Event – LEVERAGING MULTILATERAL TRADE TO ADDRESS CLIMATE INTERFACE. Saturday, 4 December, 18:30-20:00, Room 2, Cancun Messe, Cancun, Mexico. This ICTSD side event will showcase an array of trade and climate linkages focusing on how trade can enable progress on climate mitigation and adaptation. Topics include: intellectual property; climate friendly goods; addressing poverty and building resilience; agriculture; carbon-labelling and competitiveness. For more information, visit the event [website](#).

ICTSD SYMPOSIUM AT COP16 – THE ROLE OF TRADE AND MARKETS IN ADDRESSING CLIMATE CHANGE AND SUSTAINABLE DEVELOPMENT. Wednesday, 8 December and Thursday, 9 December, Azul Sensatori Hotel, Cancun, Mexico. It is with the aim of generating proposals for fostering strong multilateral regimes on trade and climate change and promoting transition to a low-carbon economy and a sustainable energy future that ICTSD is convening the symposium on The Role of Trade and Markets in Addressing Climate Change and Sustainable Development. For this Symposium, we envisage a series of panels that will involve a diversity of stakeholders in a constructive, forward-looking dialogue on a set of principles and solutions to ensure the multilateral climate and trade regimes and institutional frameworks are properly equipped and harnessed to deliver on the challenges before them, for Cancun and beyond. *Participation is by request only, click [here](#) to register.* For more information, visit the event [website](#).

### **Coming up in the next three weeks (22 November – 13 December)**

17-27 November, Paris, France. 17<sup>TH</sup> MEETING OF THE INTERNATIONAL COMMISSION FOR THE CONSERVATION OF ATLANTIC TUNAS. The annual meeting of ICCAT is closely linked to the management of bluefin tuna stocks, which has significant financial implications for the European tuna fishing fleets and tuna fattening

farms. This annual meeting follows a meeting of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) on March 2010 where it was proposed by Monaco, with the support of the EU, that the level of protection of bluefin tuna be increased. For more information visit the ICCAT [website](#).

22-23 November, Paris, France. WORKSHOP ON RISK MANAGEMENT IN AGRICULTURE. This workshop is an opportunity to share policy experiences on risk management in agriculture from different countries, in particular those that were part of the thematic review. However, the workshop goes further by introducing a forward-looking policy dialogue to define risk-related policy objectives, analysing current government responses, developing policy lessons, and identifying new challenges as well as existing information gaps. The structure of the workshop is based on the holistic approach and will focus on the linkages between risks, strategies and policies and on the differentiated response to different risk layers: catastrophic, marketable and normal risk. For more information visit the workshop [website](#).

24-26 November, Tokyo, Japan. ADBI-OECD ROUNDTABLE ON INNOVATION FOR BALANCED AND SUSTAINABLE GROWTH. This roundtable is co-organised by the Asian Development Bank (ADB) Institute and the Organisation for Economic Co-operation and Development (OECD). It will deal with the following issues relating to innovation: innovation today; innovation for balanced and sustainable growth; making innovation work for development; seizing the benefits of the global value chain at the local level; green growth, innovation and technological transfer; and international cooperation for innovation. For more information visit the event [website](#).

24-26 November, Delhi, India. CONFERENCE ON THE ENVIRONMENTS OF THE POOR: RESPONDING TO CLIMATE CHANGE AND THE GREEN ECONOMY – MAKING SUSTAINABLE DEVELOPMENT MORE INCLUSIVE. The Delhi conference will review the linkages between the environment and poverty reduction from a spatial, climate change, and



green economy perspective. It will provide knowledge sharing from country, sector and thematic studies and operational examples relevant for upscaling. It intends to influence policy makers – especially in finance and planning as well as sector experts and representatives of cities – to focus more on the environments of the poor.

29 November-10 December, Cancun, Mexico. 16TH CONFERENCE OF THE PARTIES (COP 16) / 6TH CONFERENCE OF THE PARTIES SERVING AS THE MEETING OF THE PARTIES TO THE KYOTO PROTOCOL (CMP 6) - UNFCCC. At this meeting, parties to the UN Framework Convention on Climate Change will work to reach a global climate change pact. For more information, visit the [COP website](#).

### Other Upcoming Events

1 January-31 December, 2011. INTERNATIONAL YEAR OF FORESTS, 2011. Based on Resolution 61/193, adopted by the UN General Assembly in December 2006. 2011 has been declared International Year of Forests. The UN Forum on Forests will serve as the focal point for the implementation of the International Year of Forests, in collaboration with governments, the Collaborative Partnership on Forests and international, regional and sub-regional organisations and processes as well as relevant major groups. For more information visit the [UN website](#).

21-25 February, 2011, Nairobi, Kenya. TWENTY-SIXTH SESSION OF THE UNEP GOVERNING COUNCIL/GLOBAL MINISTERIAL ENVIRONMENT FORUM. The 26th session of the Governing Council/Global Ministerial Environment Forum (GC/GMEF) of the UN Environment Programme (UNEP) is scheduled to convene from 21-25 February 2011, at the UN Office in Nairobi, Kenya. In pursuance of General Assembly resolution 53/242 (Report of the Secretary-General on environment and human settlements) of 28 July 1999, the Governing Council constitutes the annual ministerial-level global environmental forum in which participants

gather to review important and emerging policy issues in the field of the environment. For more information visit the [UNEP website](#).

28 February – 4 March, New York, US. INTERGOVERNMENTAL PREPARATORY MEETING FOR CSD 19. The Intergovernmental Preparatory Meeting (IPM) of the UN Division for Sustainable Development will prepare for the policy-year session of the Commission on Sustainable Development (CSD), which will negotiate policy options related to the thematic cluster for the CSD 18-19 cycle: transport, chemicals, waste management, mining and the Ten-Year Framework of Programmes on Sustainable Consumption and Production Patterns. For more information visit the [UN website](#).

7-8 March, New York, US. SECOND PREPCOM FOR UN CONFERENCE ON SUSTAINABLE DEVELOPMENT (UNCSD). The UN General Assembly, in December 2009, adopted a resolution calling for a UN Conference on Sustainable Development (UNCSD) to be convened in Brazil in 2012 (also referred to as Rio+20). The resolution established the dates for the preparatory committees leading to the event, and indicates the event should be focused on: a green economy in the context of sustainable development and poverty eradication; and the institutional framework for sustainable development. For more information visit the event [website](#).

14-18 March, Tunis, Tunisia. CIF PARTNERSHIP FORUM. The Climate Investment Funds (CIF) Partnership Forum is an annual gathering of all stakeholders engaged in the CIF, including representatives of donor and eligible recipient countries, Multilateral Development Banks (MDBs), UN and UN agencies, Global Environment Facility (GEF), UN Framework Convention on Climate Change (UNFCCC), the Adaptation Fund, bilateral development agencies, NGOs, indigenous peoples, private sector entities, and scientific and technical experts. The CIF are a unique pair of financing instruments designed to support low-carbon and climate-resilient development through scaled-up financing channelled through the

African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank (IDB) and the World Bank Group. For more information visit the event [website](#).

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## Resources

LOOK BOTH WAYS: MAINSTREAMING BIODIVERSITY AND POVERTY REDUCTION. By Steve Bass, Dilys Roe and Jessica Smith. October 2010. The world's failure to meet its 2010 target to significantly reduce the rate of biodiversity loss demonstrates that conservation efforts have so far been insufficient. They are too often undermined by seemingly more pressing economic and poverty goals — despite the frequent correlation of high biodiversity with high incidence of poverty. But it shouldn't be a competition. Biodiversity and poverty reduction are intrinsically linked and demand an integrated approach. The Convention on Biological diversity has long emphasised the need for integrating, or 'mainstreaming', biodiversity into national and local development and poverty reduction strategies, most recently in its new Strategic Plan. Lessons learnt from wider experience of environmental mainstreaming can help parties to the Convention achieve this target in practice — they point to a six-step plan for the task. The paper is available [online](#).

IMPLICATIONS OF IMPORT REGULATIONS AND INFORMATION REQUIREMENTS UNDER THE CARTAGENA PROTOCOL ON BIOSAFETY FOR GM COMMODITIES IN KENYA. By V. Kimani and G. Gruere. November 2010. This study investigates the implications of implementing information requirements under the Cartagena Protocol on Biosafety's Article 18.2.a in Kenya. It also assesses the challenges associated with the upcoming introduction of import regulations for genetically modified (GM) food in a country that largely imports and transports grain in East Africa. The analysis shows that Kenya has been importing GM grains for the past few years and that border control under pending regulation will be difficult and costly. While the Protocol's

information requirement's "may contain" option does not require too much effort, implementing the strict "does contain" option will significantly increase the cost of trade and potentially the price of grains in Kenya. These results suggest that a regional approach to import control is necessary, and that Kenya should reconsider its support to the "does contain" option of the Protocol. The paper is available [online](#).

SUMMARY DOCUMENT OF THE FAO e-CONFERENCE – "LEARNING FROM THE PAST: SUCCESSES AND FAILURES WITH AGRICULTURAL BIOTECHNOLOGIES IN DEVELOPING COUNTRIES OVER THE LAST 20 YEARS." November 2010. This document summarises the major issues discussed by the participants of a moderated e-mail conference hosted by the FAO Biotechnology Forum from 8 June to 8 July 2009. Over 800 people subscribed to the conference and 121 messages were posted by 83 people living in 36 different countries. Participants in the conference shared a wealth of experiences regarding the use of agricultural biotechnologies across the different food and agricultural sectors in developing countries. They provided concrete examples where agricultural biotechnologies were benefiting smallholders in developing countries. They also discussed at length why specific biotechnologies, as well as agricultural biotechnologies in general, had not succeeded in developing countries and they offered suggestions to increase their success in the future. The conference also indicated that there is no general answer to whether applications of a given agricultural biotechnology have succeeded or failed in the past, but that every application is different and its success depends primarily on the local context in which it is used. The full document is available [online](#).

BLUE HARVEST: INLAND FISHERIES AS AN ECOSYSTEM SERVICE. Published by UNEP and World Fish Centre. October 2010. This report aims to help inform future approaches to conservation and management of freshwater ecosystems by reviewing the importance of inland fisheries as an ecosystem service, the pressures upon them, and management approaches to sustain them. The report identifies the various drivers of change in inland fisheries, including

climate change. In particular, it spotlights changes in runoff patterns from increases in temperature and changes in rain fall, leading to changes in flow regimes, as well as in breeding and feeding habitats. The report recommends five investments: improving understanding of inland fisheries' vulnerability to environmental change; developing viable options for addressing the threats posed to inland fisheries by environmental change; building adaptive capacity among key stakeholder groups to increase resilience of inland fisheries at local, national and regional scales; improving governance of inland fisheries and their ecosystems; and developing capacity to sustain and enhance social benefits from these resources. The report can be found [online](#).