



Bridges Trade BioRes

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

Volume 11 • Number 1, 24 January 2011

Environment at the WTO

Beijing, Washington Lock Horns over Chinese
Wind Power Fund 1

WTO Environmental Goods Talks Find
Way Forward 3

Forestry

Future of Forest Deal Unclear as Indonesia Fails
to Meet Deadline 4

Opinion

Proposals for a New Round of Reform for the
EU CAP: An analysis of the EC's November
2010 Communication 6

In Brief

US Mulls DSU as Chinese Rare Earth Exports
Clawed Back Further 8

Trade Concerns Highlighted at UN Sustainable
Development Meeting 9

Study Predicts EU Will Exceed 2020 Targets.... 10

Events and Resources

Events..... 11

Resources 12

Bridges Trade BioRes© is published by the International Centre for Trade and Sustainable Development (ICTSD), an independent, not-for-profit organisation based at International Environment House II, Chemin de Balexert 7, 1219 Geneva, Switzerland, tel: (+41) 22-917-8492; fax: (+41) 22-917-8093.

Bridges Trade BioRes is made possible through the generous support of the Government of the United Kingdom (DFID) and ICTSD's core donors including the governments of Australia, Finland, Denmark, the Netherlands and Sweden. Your financial or in-kind support to BRIDGES and the BRIDGES series of publications is a direct and visible commitment to advancing sustainable development in global policymaking. For more details contact Andrew Crosby, Managing Director at acrosby@ictsd.ch or +41 (0)22 917 8335. To subscribe to Bridges Trade BioRes or access back issues, visit www.ictsd.net/news/biores/. Excerpts from Bridges Trade BioRes may be used in other publications with appropriate citation. Comments and suggestions are welcomed and should be directed to the Editor or the Director.

This edition of Bridges Trade BioRes was edited by Andrew Aziz, aaaziz@ictsd.ch. Contributors to this issue were Andrew Aziz, Martin Harms, Abigail Hunter, Joachim Monkelbaan, and Elizabeth Van Pelt. The Director is Ricardo Meléndez-Ortiz.

ISSN 1682-0843

ENVIRONMENT AT THE WTO

Beijing, Washington Lock Horns over Chinese Wind Power Fund

The US last month initiated dispute proceedings against China at the WTO, alleging that Beijing's special fund for wind power manufacturing is an illegal subsidy under international trade law.

Trade tensions between the two countries have heated up in recent months, as Washington's request for consultations, dated 22 December, represents the second time in less than four months that it has accused China of violating WTO rules. The Obama administration has also been increasingly concerned that US companies risk falling behind their Chinese counterparts in the area of clean energy.

Beijing insists its policies are both within the bounds of WTO rules and good for the environment. The Chinese commerce ministry said in a statement on its website that it "will conscientiously study the US request for consultations, and will deal with this in accordance with WTO dispute settlement rules."

The US claims the special Chinese government fund awarding grants to wind power makers is illegal under WTO rules because it seems to benefit manufacturers using parts made in China. Washington argues that Beijing's grants are inconsistent with WTO rules because they appear to award funds based on the use of domestic over imported goods, a violation of Article 3.1(b) of the Subsidies and Countervailing Measures (SCM) Agreement. The US has also taken issue with China's failure to notify the WTO of these measures. Moreover, the US alleges China has violated the commitments it made when acceding to the WTO by not making available translations of the domestic legislation regarding the grant

program in English, French, or Spanish (the official languages of the WTO).

Chinese subsidies “inherently trade distorting”: Kirk

“Import substitution subsidies are particularly harmful and inherently trade distorting, which is why they are expressly prohibited under WTO rules, said Ron Kirk, the United States trade representative. “These subsidies effectively operate as a barrier to US exports to China. Opening markets by removing barriers to our exports is a core element of the president’s strategy.”

According to Kirk’s office, total subsidies under the Chinese program, which began in 2008, could amount to several hundred million dollars. The case originated in Kirk’s office in response to a petition by the United Steelworkers Union (USW) under Section 301 of US Trade Law (see Bridges Trade BioRes, [10 September 2010](#)). The USW complaint included allegations that China employs a wide range of policies to protect its domestic producers of green technologies. The US trade office, however, has only filed complaints at the WTO with respect to wind power, and has yet to make a determination on the solar power aspects of the union’s complaint.

On the outset, the USTR picked a subsidy program that was relatively simple (allegations of prohibited subsidies do not require proof of “adverse” trade effects, and subsidies, if found to violate WTO rules, must be withdrawn immediately) and relatively non-controversial.

However, one high-profile issue still being examined by US trade representatives concerns the USW complaint about China’s restrictions on exports of rare earth minerals, such as bauxite and magnesium, used in production of wind turbines, electric vehicles, solar cells and energy efficient lighting (see related article, this issue).

Kirk’s office also said it had made progress on some of the steelworkers’ concerns during the US-China Joint Commission on Commerce and Trade meeting last December in Washington. Beijing agreed to eliminate the requirement that foreign

companies bidding for large-scale wind power projects in China have prior Chinese experience, for example. And China recommitted to eliminating discriminatory local content requirements in wind manufacturing and informed the US that two other subsidy programs challenged by the steelworkers union had been eliminated, according to the US trade office.

Requesting consultations is the first step in the Dispute Settlement process at the WTO. If the US and China fail to reach a solution in 60 days, the US can request the creation of a panel to hear the case.

A New Trend in Green Disputes?

The latest US-China WTO dispute continues a pattern of international trade disputes over nations’ “green” policies, particularly subsidies. On 13 September 2010, Japan launched dispute settlement proceedings against Canada at the WTO claiming provincial incentives to boost green energy violated WTO rules (see Bridges Trade BioRes, [24 September 2010](#)).

Specifically, Japan is challenging the Canadian province of Ontario’s Feed-in Tariff (FIT) programme, which enables the province to subsidise electricity operators that use renewable energy produced using stringent local content requirements. The “made-in-Ontario” requirement demands that up to 60 percent of all green energy project inputs be manufactured in the province as it strives to create local jobs. The EU and US requested to join consultations against Canada a few weeks after Japan brought the case before the WTO.

The local content requirements under the FIT programme, Japan claims, is inconsistent with WTO national treatment obligations (Article III.4 of the GATT 1994) requiring that imported products receive no less favourable treatment than domestic products. In addition, Japan argues the measures violate the Agreement on Trade-Related Investment Measures (TRIMs), which also requires that any investment measure applied by a country must be consistent with national treatment rules set out in Article III.4 of the GATT. Finally, Japan makes the same Article

3.1(b) SCM claim the US made against China; that is, the Canadian subsidies are based on the use of domestic over imported inputs.

The two cases differ, however, because the Canadian FIT program provides a guaranteed rate of return for qualifying energy production, whereas it appears the Chinese programme is a simple grant programme.

Given the shift toward investments in green technologies, especially in China and the US, more disputes could be on the horizon. The US, for example, has aggressively pushed its own green programme investing \$2 billion in conditional funding to two solar energy companies.

ICTSD Reporting. "Beijing moves to defuse trade row with US over green technology," THE GUARDIAN, 24 December 2010; "US says China fund breaks rules," NEW YORK TIMES, 22 December 2010.

WTO Environmental Goods Talks Find Way Forward

Following years of stalemate, WTO talks on freeing up trade in environmental goods and services (EGS) took some small steps forward last week, as negotiators agreed on a process for proceeding with the negotiations.

Delegates agreed to break up into smaller negotiating groups to discuss details of a deal on trade in environmental goods and moved into drafting mode, reported sources familiar with the discussions in the Committee on Trade and Environment special (negotiating) session (CTE-SS).

During last November's meeting of the committee, many delegates had stressed the need to address 'cross-cutting' issues such as non-tariff barriers (NTBs), special and differential treatment for developing countries, and technology transfer. Others, however, were in favour of moving forward into more technical discussions on the basis of identified environmental goods. Despite the lack of agreement on how negotiations should

proceed, most members had agreed last year on the need to accelerate the negotiations.

Although last week's meeting made little in the way of substantive progress, it set out parameters for intensive consultations on EGS in the coming months. Modalities of treatment, flexibilities and S&DT to support the development of green industries, and the central but still-unresolved issue of identifying 'environmental' goods (with issues such as multiple use goods, the need for accuracy of HS classification and description, clear ex-outs and the clarification of the environmental rationale for the goods) will all be on the table.

Identification of products

In terms of the identification of products, members are now set to organise technical discussions on a number of environmental goods of interest proposed by the mostly developed country 'Friends of Environmental Goods' group. They will also examine a selection of categories based on a new WTO secretariat compilation that divides environmental goods among those for air pollution control, carbon capture and storage, waste management and water treatment, environmental technologies, renewable energies, and "others." In small groups, members are to start testing the environmental merits, development and flexibility issues, applied tariffs and bound tariffs for some products contained in the first three categories.

With members still undecided on how to decide which products should qualify for an extra measure of liberalisation under the Doha mandate for trade in environmental goods, several countries will examine, as a potential way forward, the possibility of a hybrid approach combining aspects of the different methods that have been proposed thus far. A list of products would be coupled with project-specific liberalisation for goods that may not have qualified for the list but are being used in an environmental project (for instance under the Clean Development Mechanism). This could be complemented by a request and offer process for products where there is no common agreement.

As for non-tariff barriers, sources say that a lot of work is still required, since members' submissions on NTBs related to environmental goods have thus far been quite general, simply indicating sectors (e.g., organic agriculture, carbon capture and storage) where there could be potential NTBs instead of identifying measures with any real degree of specificity. Many members expressed support for Mauritius's idea to include NTBs in the category-by-category exercise.

Ways forward on environmental services?

If the talks on environmental goods have been at a stalemate, those on the identical mandate for liberalising trade in environmental services have simply been neglected. Three ideas on potential ways to move ahead were proposed at the session: one, reaching an "understanding" that members will seek to enhance commitments on other services related to environmental services and/or goods and the implementation of environmental projects such as CDM projects; two, pursuing a "package" of environmental goods and services, whereby enhanced market-opening commitments are undertaken on those services related to environmental goods for which trade has been liberalised; and three, a "hybrid" approach that would see members undertake enhanced commitments on a core group of environmental and other services and then negotiate on enhanced commitments in a request-offer process.

Another issue raised was the importance of technical assistance and capacity building. Key questions include how to facilitate the acquisition of environmental technologies and the identification of EGS export opportunities for developing countries. In terms of special and differential treatment, members will need to work out the difference in treatment, coverage, and implementation schedule for developed and developing countries.

The next open-ended informal meeting of the CTE-SS will be in mid-February.

ICTSD reporting.

FORESTRY

Future of Forest Deal Unclear as Indonesia Fails to Meet Deadline

Indonesia has missed a 1 January deadline to implement a two-year ban on deforestation and apply funding to support the country's enhanced Reducing Emissions from Deforestation and Forest Degradation (REDD+) programme. Jakarta's inaction has led some to question the long-term viability of a US\$1 billion bilateral forest conservation deal with Norway, which was signed in May 2010.

The deal spawned from the 2009 G-20 Summit in Pittsburgh when Indonesia – the third largest carbon emitter in the world – set a progressive goal for itself to decrease their CO₂ emissions by 26 percent from current levels by 2020. With assistance from wealthier nations, the forested archipelago suggested it would be willing to even attempt to reach a decrease of 41 percent. Norway, a keen supporter of anti-deforestation projects in developing countries, saw this as an ideal opportunity to help protect the country's threatened forests and peatlands.

The degradation and deforestation of virgin rainforest and peatland has been escalating in the past decade. With the increased use of palm oil in consumer products and the new demands for biofuels, oil palm plantations have been expanding at an increasing magnitude across the territory. Indonesia is the top palm oil supplier in the world.

Environmentalists have also taken aim at Indonesia's mining, timber and paper pulp production industries, which they are contributing to widespread destruction of previously untouched forestland. Overall the World Bank estimates that the destruction of forests and carbon-rich peatland accounts for some 20 percent of global carbon emissions and is the leading cause of greenhouse gases (GHGs) in Indonesia.

As laid out in the Letter of Intent in May 2010, the moratorium would place a halt on the clearing

of forests and peatlands in Indonesia for two years through a series of three phases. The first stage requires Indonesia to complete its REDD+ strategy, establish an agenda on REDD+, write the framework for an independent monitoring institution, establish a funding instrument to ensure the program's long run sustainability, and to then select a pilot province to enact the REDD+ strategy.

Confusion over draft texts holds up progress

Up through December, Indonesia had been complying with all the provisions of the agreement and had selected the province of Central Kalimantan on the island of Borneo as the pilot province. However, the second phase of the agreement – the launch of the forest-clearing moratorium – has been unable to move ahead due to the absence of a presidential decree.

Three different versions of the moratorium have already been drawn up – one by the Ministry of the Forestry, one by the newly created REDD+ Task Force, and one that acts as an attempted merger of the two by the Coordinating Minister for the Economy – which has resulted in an inter-administration conflict over which draft decree should be adopted.

The draft distinctions stem from their provisions over which types of forest the moratorium will cover. The Forest Ministry's draft applies the moratorium to all "new conversion permits for primary forests and peatlands" that are issued by the minister of forestry and district heads, according to the Jakarta Globe. But the REDD+ taskforce version explicitly suspends the granting of any new logging, plantations, and mining permits on both primary and secondary forest lands, according to Jakarta Post. The third draft attempts to create a compromise between the two by defining the prohibited permits but only covering primary forests.

Policymakers divided over secondary forests

This debate between covering primary or primary and secondary forests has proven to be highly contentious. Primary forests protection would cover forests previously untouched by any form of

clearing or trimming. The Forest Ministry has identified some 43.5 million hectares of forest and 20 million hectares of peatland that would be protected as primary forestland – however some green groups have pointed out that this amounts to only around 3 percent of all forests countrywide. Primary and secondary forest protections would cover both untouched and selectively logged forests from permits for clearing and would place another 35 million hectares of land under protection, according to Reuters.

By allowing for concessions on previously used land, the Forest Ministry claims that they can better protect untouched forests. The ministry, along with business interests in the palm oil and mining industries, argue that a moratorium on both primary and secondary forests would result in scarcity of land for industry expansion, thus hindering Indonesia's economic development. The REDD+ task force and environmentalists argue that without both, the primary goal of REDD+ – to halt deforestation that leads to large carbon emissions contributes to climate change – would be undermined significantly and the Norwegian financing would have little benefit.

In addition to discordance over coverage of the moratorium, experts say a far greater challenge will be faced in enforcement. Many point out that the corruption that has plagued Indonesia's timber permit scheme, designed to comply with the EU's new import guidelines, is likely to spill over into any new legislation (see Bridges Trade BioRes, [24 September 2010](#)). But Kuntoro Mangkusubroto, Indonesia's REDD+ Task Force Director, told Reuters that the moratorium on all new permits would provide the country with time to overhaul the enforcement system and improve monitoring of deforestation and carbon emissions.

This lapse between beginning the year and the signing of the moratorium has already been skilfully harnessed by business interests which petitioned the Forest Ministry to announce last week some 500,000 hectares of land concessions for 2011 in "degraded forest areas" according to the Jakarta Globe. The concessions announced already for 2011 total more than those of 2010 but will be out of reach of the moratorium, even if

passed, because they will have been made prior to the signing of the Presidential Decree.

Despite international warnings and scrutiny, Indonesia has yet to set a deadline for the officially implementing the moratorium on deforestation.

ICTSD Reporting; “RI risks businesses, forests with US\$1b forest moratorium delay,” THE JAKARTA POST, 19 January 2011; “Indonesia divided over forest moratorium,” REUTERS, 5 January 2011; “Indonesia: The three draft decrees,” REDD-MONITOR, 12 January 2011; “Indonesia picks Borneo for forest preservation plan,” AFP, 30 December, 2010; “Indonesia Divided over Forest Moratorium,” REUTERS, 7 January 2011; “World Bank Targets Forest Preservation-Climate Link,” THE WALL STREET JOURNAL, 11 June 2007; “Moratorium Won’t Save Indonesia’s Forests: Activist,” THE JAKARTA GLOBE, 6 January 2011.

OPINION

Proposals for a New Round of Reform for the EU CAP: An analysis of the EC’s November 2010 Communication

By Alan Matthews

The European Union is about to embark on a new round of reform on its controversial Common Agricultural Policy (CAP) that will come into effect in 2014. The European Commission recently published a consultation paper which sets out a series of options for this reform. This article discusses how the proposed reforms may have a considerable impact on exporters in developing nations.

The CAP talks build upon a series of reforms dating back to 1992. These reforms lowered support prices, intervention costs and substantially reduced export refunds that were compensating European farmers. Prior to further reforms, which were implemented in 2005, the majority of

payments to farmers under CAP were coupled to production with a few limitations on commodities through quota systems. However, since 2005, the majority of compensation is direct through decoupled payments.

The political implications

CAP reform is a highly contentious political issue in Europe. The current CAP spending levels are only in effect until 2013 and the new limits must be agreed upon in the next EU mid-term budget. Thus, negotiations in CAP must begin now, in the face of increasing criticisms that agricultural spending in the EU is unfocused, untargeted, unjustifiable and irrational.

The reform has to take into account the expansion of the European Union to include 12 new nation-states that are all now eligible for CAP support and desiring to reap its benefits. The agricultural support rates of new EU members has been significantly lower than in the old member states and equity of support distribution between new and old members will undoubtedly have to be addressed.

The reform will also need to address the new challenges facing European agriculture. Farmers face greater price volatility and will require assistance to meet the ambitious, new EU energy and climate change agenda. Farming is also being counted on to contribute to territorial balance and social cohesion with new member states, because agriculture still plays a significant role in their employment levels and economic activity.

The CAP instruments after 2013

As a consultation document, the Commission sets out three possible reform paths. The first option continues the status quo with a correction to the distribution of direct payments across member states. The second option, widely seen as the Commission’s preferred alternative, proposes greater targeting of direct payments plus an extension of the menu of rural development measures to include climate change mitigation and risk management instruments. The third option is a more far reaching reform of the CAP, with a strong focus on environmental and climate change

objectives and a gradual departure from income support and most market measures.

Each of the three options will be evaluated in greater depth in the Impact Assessment of the Commission's legislative proposals, which are expected in July, 2011.

Direct payments

All options accept that the current allocation of direct payments between member states is no longer tenable and should be replaced by a more equitable distribution scheme that takes into account both economic and environmental criteria. However, no concrete formula to determine a more equitable distribution has actually been presented.

Basic income support would provide uniform, decoupled direct payments to farmers with their eligibility dependent upon fulfilling the cross-compliance requirements. Caps would also have to be established in order to ensure equitable distribution of payments between farmers.

Member states would be required to offer a scheme of green direct payments focused on environmental measures, which would be applied across the EU territory and paid to all farmers meeting the relevant criteria.

Additional income support for farmers in areas with specific natural constraints and a limited scheme of coupled direct payments would have to be included within allotted expenditures in order to maintain particularly important types of farming.

Market management instruments

The architecture of market management tools agreed upon includes safety net intervention, alternatives to private storage and the use of market disturbance clauses to address periods of price crises. A risk management toolkit is proposed to address both production and income risks. It would include measures such as a new WTO Green Box-compatible income stabilisation tool and a phase out of many product quotas beginning in 2015.

The rural development policy's only real modification would be a greater focus on the environment, climate change and innovation. A more outcome-based monitoring system with the possibility of a performance-based reserve is proposed, as is an acceptable distribution key for direct payments allocated to the rural development budget of member states.

Likely impacts for developing countries

The next CAP reform will be politically contentious within Europe because it will affect the distribution of both direct and rural development payments to member states. However, this internal debate has very limited significance for the EU's trading partners, because the Commission does not deal with market management and market access issues. Although significant improvements in EU market access have occurred since the start of Doha Round negotiations, the degree of market access for agri-food exports remains limited. However, all of sub-Saharan Africa (except South Africa), under the Doha concessions, can enjoy unrestricted access to the EU agri-food market and will benefit from the large new market as well as gain competitive advantage gained over other agri-food exporters.

Many developing countries have raised concerns that the scale of direct payments and decoupled income support payments to EU farmers will cause trade distorting effects that violate Green Box spending regulations. EU figures show that the share of direct payments and the total subsidies in agricultural factor income for the EU-27 is 28 percent and 40 percent respectively. These massive monetary supports suggest that EU agricultural production would not be economically sustainable without the current mechanisms.

The proposed reform would change both the composition of Green Box expenditures and their scale. The targeting of direct payments described earlier would shift direct payments from decoupled income support to environmental and regional assistance programmes. Although it is unclear how the classification of these direct payments would be redefined in WTO terms, in principle, through greater targeting and attaching of additional conditions to the receipt of direct

payments, the trade-distorting impacts will diminish. Therefore, concerns regarding the trade-distorting nature of the EU's policies would be eased as well.

The parameters for the overall budget made available for CAP, how the budget is divided between direct payments and rural development payments and in turn, how the direct payments are divided between basic income payments, green payments and natural handicaps payments are very important. These parameters will not be decided upon until the very end of the negotiation process for the CAP within the EU budget.

Much can change as consultations now take place on these proposals. This will be the first CAP reform in which the European Parliament will have equal powers with the Council of Ministers in determining the outcome. It is unclear how the involvement of the Parliament is likely to influence the outcome of the debate. What does seem clear is that the negotiations will be exceedingly tortuous, and an outcome may maintain its elusivity in 18 months' time.

Professor Alan Matthews is Emeritus Professor of European Agricultural Policy at Trinity College Dublin, Ireland. For further reading on the subject, see Matthews' recent paper "[How Might the EU's Common Agricultural Policy Affect Trade and Development After 2013?](#)"

IN BRIEF

US Mulls DSU as Chinese Rare Earth Exports Clawed Back Further

Countries that rely on Rare Earth Metals (REMs) for manufacturing are lashing out at China after Beijing officially announced a further 35 percent reduction in export quotas. The cut, which will affect exports for the first half of 2011, follows a 72 percent reduction in REM exports in the second half of 2010.

China insists that the cuts are meant to address environmental concerns and resource protection related to the natural resource, but some critics say

it is a veiled attempt to bolster Chinese industry. REMs are crucial elements in the production of a wide variety of advanced technologies including smartphones, computers, and hybrid automobiles. China holds 30 percent of the world's REM reserves and is responsible for producing roughly 97 percent of the global supply each year.

China maintains that its reduction of REM exports is to prevent resource depletion and is thus a viable trade restriction under GATT Article XX (9) (see Bridges Trade BioRes, [8 November 2010](#)). Many importing countries, however, remain highly critical of China's actions. The United States Trade Representative has stated that the US will continue to work closely on the issue and will "not hesitate to take further actions [against China], including WTO dispute settlement, if appropriate."

China's export reduction is coupled with a new set of environmental standards for the Chinese REM industry in order to curb pollution and improve mining practices. The new standards will reduce the amount of pollution permitted in waste water, as well as regulate emissions of radioactive elements and phosphorus.

Beijing is giving mining companies a two to three year window to adjust their technologies to the new standard. If the companies fail to comply, they will be banned from the industry. It is clear, however, that the clamp-down has already begun. The Ministry of Land and Resources, now controls 11 mining districts and plans to place several other districts under government control in the near future, the New York Times reports.

There is increasing concern that China's newest export reduction and the new environmental standards will simultaneously squeeze the global REM supply market and increase prices. Prices spiked as high as 300 percent in the second half of 2010 following the initial quota reduction (see Bridges Trade BioRes, [22 November 2010](#)). Niu Jinglu, deputy secretary-general of the Chinese Society of Rare Earths, conceded that the new environmental standards will indeed result in higher prices.

In light of the concern over decreasing REM supply, China's Chamber of Commerce for Metals, Mineral and Chemicals Importers and Exporters is encouraging other countries to develop or increase their exploitation of REMs in order to diversify the global market.

"International markets will have increasing needs for rare earths," said Jiang Yu a spokeswoman for China's Foreign Ministry. "Other countries with rare earth resources should also develop and exploit their resources and jointly shoulder the responsibility for rare earth supply."

Australia's Mount Weld and the US' Mountain Pass in California are the largest known REM reserves outside of China. Although neither reserve currently supplies REMs, processes are currently underway to develop and re-activate mines in these areas.

ICTSD Reporting; "China says Other Countries Should Exploit Rare Earths," BLOOMBERG, 30 December, 2010; "China seizes Rare Earth Mine Areas," NEW YORK TIMES, 20 January, 2011; "China to Tighten Limits on Rare Earth Exports," NEW YORK TIMES, 28 December, 2010; "CCCMC Calls on Diversifying Rare Earth Supplies," CHINA DAILY, 28 December, 2010; "Global Outlook," MOLYCORP MINERALS; "New Standards for Rare Earth Sector," CHINA DAILY, 7 January, 2011; "Update 1 – China to Control Rare Earth Extraction, Pollution," REUTERS, 7 January, 2010; "US 'Very Concerned' About China Rare-Earth Quotas – USTR Spokeswoman," NASDAQ, 28 December, 2010.

Trade Concerns Highlighted at UN Sustainable Development Meeting

Possible trade implications related to the movement toward a green economy emerged as a high priority for many attending the UN Commission for Sustainable Development's (UNCSD) first Intersessional Meeting. The meeting, which took place from 10 to 11 January at UN headquarters in New York, aimed to further clarify the relationship between the green

economy, sustainable development, and poverty eradication

Parties quickly delved into issues and concerns related to the green economy, with some questions as rudimentary as establishing a definition of what the green economy actually is. Most countries reportedly agreed that it was unnecessary to create a definition of the concept before enabling themselves to move towards it. Germany was particularly vocal in producing support for the idea that no definition is necessary because all nations will create and harbour creativity within their own parameters to create a green economy in a nation-specific manner.

Notably, the one of the most prominent concerns for countries was the potential trade implications of establishing an international framework governing the green economy. One of the greatest concerns was rooted in the fear that the green economy could spawn "green protectionism" around the world and inhibit international trade and aid. Particularly, that it would be a means of imposing tariffs, non-tariff barriers and conditionalities.

The issue was of particular concern to smaller developing countries, which say their exporters may find themselves unable to comply with new green economy standards. The countries pushed for further discussion on how the green economy could be implemented without compromising energy and food security and economic growth.

Developing countries also expressed the need to also address the other side of UNCSD's sustainable development agenda by examining its connection to poverty eradication and the creation of institutional framework. Green jobs were focused on as a tool that would be both economically and environmentally beneficial.

Parties generally agreed that the meeting made progress in establishing further connections between the UNCSD's themes and objectives, which will serve as the basis for envisioning the green economy as a sustainable development tool and creating mechanisms for its implementation.

Delegates were successful in establishing a more concrete concept of how they will pursue their agenda to address sustainable development and poverty eradication and the institutional framework for sustainable development.

The Intersessional is the first in a series of three similar meetings scheduled in the lead-up to Rio+20, which will take place from 14-16 May 2012. It follows-up on progress made at the first Preparatory Committee (PrepCom) meeting in May 2010 and laid the foundation for establishing goals for the international community at PrepCom II, scheduled for 7-8 March 2011.

The UNCSD's Second Intersessional meeting will take place from 14-15 November 2011.

ICTSD Reporting; "Summary of the First Intersessional Meeting for the UN Conference on Sustainable Development," EARTH NEGOTIATIONS BULLETIN, 13 January 2011.

Study Predicts EU Will Exceed 2020 Targets

European countries are on track to surpass 2020 renewable energy targets, according to a recent analysis by the European Wind and Energy Association (EWEA). The lobby group's collective analysis of the EU's National Renewable Energy Action Plans (NREAPs) finds that the EU's 27 member countries will draw 20.7 percent of its total energy consumption from renewable sources by 2020, exceeding its initial goal of 20 percent.

The study also shows that 34 percent of the EU's electricity demand will be derived from renewable energy.

The 2020 targets were adopted in 2009 as part of the EU Renewable Energy Directive. The directive specifies renewable energy targets for each member state such that by 2020, the EU collectively obtains 20 percent of its gross final energy consumption and 10 percent of its energy consumed in the transport sector from renewable sources. Each NREAP stipulates exactly how each

country plans to meet its own national energy target.

The EWEA analysis states that each European country will use a variety of renewable sources to meet its goals, including wind, hydro, biomass, solar photovoltaic, CSP, geothermal and ocean.

Fifteen member states are on track to exceed their individual renewable energy targets, the study says. The greatest surplus, held by Bulgaria, will exceed its individual target by 2.8 percent, according to the report. Spain and Greece follow with 2.7 percent and 2.2 percent respectively.

The study predicts that only two countries, Italy and Luxembourg, have NREAPs that will not meet their individual goals. These countries have already informed the European Commission that they plan to use "co-operation mechanisms," which will allow them to meet these goals by developing renewable energy beyond their borders.

Still, Julian Scola, communications director at EWEA, says that achieving the 20 percent target will not be easy. "There is still a lot to be done," Scola said. "Wind farms need to be erected, the grid has to be improved, grid access has to be enabled and the permitting process has to be sped up. There are very long administrative delays...and this is problematic for some countries."

Yet others remain more optimistic. Jason Anderson, the head of the WWF's European climate change and energy policy says that the news of the EWEA's analysis is "encouraging," and hopes that countries will now feel more confident to be "even more ambitious" when discussing renewable energy targets in the future.

The study is currently available only to EWEA member organisations.

ICTSD Reporting; "EU on Track to Meet 2020 Renewables Targets," EURACTIV, 5 January 2010; "EU will Exceed Renewable Energy Goal of 20 Percent by 2020," THE EUROPEAN WIND ENERGY ASSOCIATION, 4 January 2010; "Role and Importance of the NREAP-Template,"

REPAP 2020; “What Do We Want to Achieve?” EUROPEAN COMMISSION, 4 November 2010.

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 (24 January – 7 February)

24 January - 4 February, New York, US. NINTH SESSION OF THE UNITED NATIONS FORUM ON FORESTS (UNFF). This meeting, which will focus on the overall theme of “Forests for people, livelihoods and poverty eradications,” will act as the formal launch of the International Year of Forests (IYF 2011). The UNFF Secretariat welcomes the participation by organisations representing women, youth, businesses, workers, land owners, indigenous peoples, NGOs, scientists, and local authorities in UNFF sessions. For more information, visit the event [website](#).

26-30 January, Davos, Switzerland. WORLD ECONOMIC FORUM ANNUAL MEETING 2011. This annual meeting of world leaders in industry, government, academia, civil society, and media aims to provide a re-thinking of the WEF systems and explore strategies and solutions that have positive transformational implications. Particular emphasis for 2011 will be placed on addressing the question of “How,” going beyond analysis and elaborating innovative ideas and solutions to key global challenges. For more information, visit the event [website](#).

27-28 January, London, UK. ILLEGAL LOGGING UPDATE AND STAKEHOLDER CONSULTATION NUMBER 17. This meeting, organised by Chatham House, will provide an update on efforts from around the world to improve forest governance and reduce illegal logging. Topics to be considered include recent

EU and US legislation to tackle the trade in illegal timber and efforts to improve forest management and control in producer countries. For more information, visit the event [website](#).

31 January – 4 February, Rome, Italy. TWENTY-NINTH SESSION OF THE COMMITTEE ON FISHERIES (COFI). The COFI, a subsidiary body of the FAO, provides a global inter-governmental forum where major international fisheries and aquaculture issues are examined and recommendations are addressed to governments, regional fishery bodies, NGOs, fishworkers, FAO and the international community. Side events will include, but are not limited to, presentations by members of the FAO, the World Bank, and the World Society for the Protection of Animals. For more information, visit the event [website](#).

Other upcoming events

10-11 February, Paris, France. ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD) GREEN GROWTH STRATEGY WORKSHOP. The purpose of this workshop will be to review the OECD's latest work on the Strategy's Synthesis Report and to seek feedback to ensure that the report is a genuinely useful tool to support countries' transition to greener economies. This workshop will bring together policymakers and experts from across OECD and partner countries, as well as stakeholders from international organisations, business, and civil society. For more information visit the [OECD website](#).

7-8 March, New York, US. SECOND PREPARATORY COMMITTEE FOR THE UN CONFERENCE ON SUSTAINABLE DEVELOPMENT (UNCSD). The UN General Assembly, in December 2009, adopted a resolution calling for a UN Conference on Sustainable Development to be convened in Brazil in 2012 (Rio+20). This preparatory committee, the second in a series of three, will further discuss the substantive themes of Rio+20. For more information, visit the event [website](#).

29-31 March, Geneva, Switzerland. SIXTY-FOURTH SESSION OF THE UN ECONOMIC

COMMISSION FOR EUROPE (UNECE). The United Nations Economic Commission for Europe (UNECE) primarily promotes pan-European economic integration. The tentative agenda of its biennial meeting includes discussions on economic integration in the ECE region, the role of regional integration and cooperation in promoting sustainable development, and new ECE initiatives. The election of a new chairperson and vice-chairpersons is also planned. For more information, visit the event [website](#).

3-5 September, Bonn, Germany. SIXTY-FOURTH ANNUAL UN DEPARTMENT OF PUBLIC INFORMATION (DPI)/NON-GOVERNMENTAL ORGANISATIONS (NGOs) CONFERENCE: SUSTAINABLE SOCIETIES; RESPONSIVE CITIZENS. This conference will focus on citizen and NGO involvement in creating and maintaining various aspects of sustainable societies for the benefit of mankind and the planet. Participants will include representatives of NGOs, academia, civil society organisations, grassroots constituencies, media, member states, private sector, UN system and other significant stakeholders. For more information, visit the event [website](#).

Resources

If you have a relevant resource (books, papers, bulletins, etc.) you would like to see announced in this section, please forward a copy for review by the BioRes Team to biores@ictsd.ch.

FROM COLLISION TO VISION: CLIMATE CHANGE AND WORLD TRADE. By the World Economic Forum Ad Hoc Group on Trade and Climate Change, November 2010. In recent years, as countries have begun to grapple with the challenge of global warming, fears have arisen that some national and international actions under consideration may conflict with the body of international trade law that has evolved since World War II and been enshrined in the World Trade Organization. The Working Group deconstructs this important question, providing an overview of the relevant legal landscape and making a number of practical suggestions that

governments could undertake to pre-empt a clash between environmental and trade objectives. The paper goes further and offers ideas that would help to ensure that these two agendas are mutually reinforcing. The full document can be found on the [World Economic Forum website](#).

GREEN REVOLUTIONS FOR SUB-SAHARAN AFRICA? By Chatham House, January 2011. This paper examines the subject of faster growth in agriculture as a precondition for sustainable economic growth and poverty reduction in sub-Saharan Africa. It outlines the requirements for securing faster agricultural growth and presents models on how to accomplish it while also touching on the pro-poor benefits that small-scale farming could have in the region with proper land reform, improvements in infrastructure and institutions and global market access. The full document can be found on the [Chatham House website](#).

FOOD SECURITY, FARMING, AND CLIMATE CHANGE TO 2050. By the International Food Policy Research Institute (IFPRI), 2010. In this paper, the authors discuss how as the global population grows and incomes in poor countries rise, so too, will the demand for food, placing additional pressure on sustainable food production. They attest that climate change adds a further challenge, as changes in temperature and precipitation threaten agricultural productivity and the capacity to feed the world's population. Their study assesses how serious the danger to food security might be and suggests steps policymakers can take to remedy the situation. The full study can be found on the [IFPRI website](#).

BIOFUELS PRODUCTION, TRADE AND SUSTAINABLE DEVELOPMENT. By IIED, November 2010. This book looks at the way the last five years have seen the emergence and growth of the biofuels sector and its development into a global industry. Many low-, middle-income and rich countries have implemented ambitious targets and policies to promote robust biofuel industries. Yet this rapid growth in biofuels production has not been without controversy as concerns have been raised by a wide range of stakeholders about the environmental and social

impacts of biofuel production and about the cost-effectiveness of some biofuels support policies. The authors examine the consequential waning of enthusiasm for biofuels amongst policymakers, and the countries that have pulled back from ambitious biofuels development. In the midst of this backlash against biofuels, it is easy to conclude that they are high risk and that the best option is to avoid them altogether; however, the reality is more complex. They surmise that generalisations must be avoided and each case should be examined on its merits, taking account of the site-specific factors. The full publication can be found the [IIED website](#).