



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,

This is the final issue of Bridges Trade BioRes for the year 2011. The first issue of 2012 - Vol. 12, No. 1 - will be published on Monday, 23 January 2011.

The BioRes team would like to thank our readers for their interest and feedback and our funders for their invaluable assistance. We send to you all our best wishes for the holiday season and 2012.

- The Bridges Trade BioRes Team

CONSERVATION

US Pushes Conservation Initiatives for Proposed Trans-Pacific Pact

Provisions aimed at protecting fish and wildlife species are being backed by the US for inclusion in a proposed trans-Pacific trade deal, according to top US officials. The details of the Washington-supported conservation initiatives were announced on 5 December.

Speaking about the negotiating proposals on Monday, Deputy US Trade Representative Demetrios Marantis stressed that the proposed Trans-Pacific Partnership (TPP) should require parties to take measures that actively prevent both the illegal trade of wildlife and illegal logging, along with curbing marine fisheries subsidies.

“The TPP countries already represent some of the richest, most biologically diverse areas of the Asia Pacific,” Marantis explained.

However, he cautioned, “this diversity in TPP countries and others in the region is at risk.”

On a global scale, illegal logging is worth US\$6 billion a year, while illegal, unreported and unregulated fishing ranges in value from US\$10 billion to US\$23.5 billion, Marantis noted. Meanwhile, the group of nations in the TPP talks includes many countries that are seeing their wildlife species increasingly under threat.

“The United States’ proposal in the TPP environment negotiations seeks to directly confront the types of illegal activities and marine subsidy practices that have been shown over and over again to be harmful to resource conservation and sustainable economic development and growth,” he added.

The TPP currently counts Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, the US, and Vietnam as members (see Bridges Weekly [16 November 2011](#)).

All of the TPP negotiating parties are also members of the 21-country Asia-Pacific Economic Cooperation group; the proposed trans-Pacific pact has been billed as a possible launching ground for a wider trade deal that could eventually include all APEC members.

In addition to the above-mentioned initiatives, the US is also asking that its fellow TPP members eliminate all tariffs on environmental goods. Last month at the APEC summit, all 21 members of the Asia-Pacific group agreed to reduce applied tariffs on environmental goods to five percent or less by 2015 (see Bridges Weekly, [16 November 2011](#)).

US farm groups show support for Japanese bid

In another development in the trans-Pacific talks, Monday also saw major US farm groups back Japan’s bid to join the nine-country

negotiations - despite Japan’s own farm industry having publicly protested the move.

In a letter to US Trade Representative Ron Kirk on Monday, 5 December, the American Farm Bureau Federation and 60 other farm and food groups stressed that “the opportunity to include Japan in the TPP negotiations must be seized. It is an opportunity that may not present itself again.”

The farm groups added that various issues still would need to be addressed before any decision is made regarding Japan’s participation in the TPP negotiations - including “assurances from Japan that it recognises and accepts that the TPP must be a comprehensive agreement.”

The announcement at the November APEC meet that Japan was indeed interested in joining the trans-Pacific trade talks drew sharp criticism from the Japanese farming community, mainly over concerns that the livelihoods of farmers would be threatened by losing the 778 percent import tariff on rice and similarly high tariffs on other agricultural commodities.

Japan is currently the US’ fourth-largest agricultural export market, with US exports to Japan totalling US\$11.8 billion in 2010, according to USTR [numbers](#). Meanwhile, US imports of agricultural products from Japan totalled US\$558 million in the same year.

More information

Further details about the US-backed conservation initiatives are available at the USTR [website](#).

ICTSD Reporting; “Pacific trade deal could help save species: US,” REUTERS, 5 December, 2011; “US farmers back Japan bid to join Trans-Pacific pact,” REUTERS, 5 December 2011.

SUSTAINABLE DEVELOPMENT

Trade Issues on the Backburner in Final Regional Prep Meeting for Rio+20

The final regional meeting in preparation for next June's Rio+20 Conference, held last week in Geneva, saw participants largely skirt around trade issues, despite previous regional meetings having seen significant debate surrounding the areas of green trade protectionism and the definition of a 'green economy.'

The UN Economic Commission for Europe's (UNECE) Regional Preparatory Meeting was the fifth in a series of regional gatherings being held in preparation for the 20-22 June 2012 Rio+20 UN Conference on Sustainable Development.

The ECE region encompasses North America, Europe, Russia, and Central Asia.

The Rio+20 Conference marks the twentieth anniversary of the 1992 United Nations Conference on Environment and Development. The conference's objective is to secure a renewed commitment for sustainable development and to meet new and emerging challenges by focusing on the following themes: the green economy in the context of sustainable development and poverty eradication; and the institutional framework for sustainable development.

Unlike previous regional meetings (see Bridges Trade BioRes, [31 October 2011](#)), the debate surrounding the green economy did not centre on whether such an economy would lead to trade protectionism and additional conditionalities for developing nations. Delegates, during the session devoted to the 'Green Economy', chose instead to focus on whether there should be a Rio+20 Roadmap with concrete sustainable development goals, national policy frameworks needed to promote a green

economy, and the technological capacity of transitioning and developing nations.

Notwithstanding the repeated urging of the ECE co-Chairs for delegates to abandon their prepared statements and engage in meaningful dialogue, many delegates avoided going beyond repeating earlier calls for the removal of environmentally damaging subsidies and taxes.

Belarus, in one of the Roundtables of the 'Green Economy' session, was the only country to make a strong ploy to focus on trade, but strayed little from the established script in calling for the avoidance of trade discrimination. There was also the repeated insistence by delegates that ministers of finance, economy, and energy need to become more involved with the Rio+20 preparatory process if the transition to a 'Green Economy' is to be successful.

However, discussions surrounding the second theme of Rio+20, that of international environmental governance, were noticeably more intense. During the meeting, delegates disagreed as to the future role of the UN Environment Programme (UNEP) and the UN Economic and Social Council (ECOSOC), as well as the possible structure of Multilateral Environment Agreements. Although various alternatives were offered in the course of the meeting, no consensus was reached.

The apparent reluctance to engage with some of the most contentious issues challenging the 'Green Economy' concept comes in the wake of a number of meetings dedicated to trade within a green economy. These include the Second Ad Hoc Meeting of the United Nations Conference on Trade and Development (UNCTAD) on the Green Economy and Trade, which met in Geneva on 8-11 November 2011.

Meanwhile, a number of recent country submissions to the Rio+20 Zero Draft

outcome document for the June conference have also dealt extensively with trade; these submissions were made in advance of a 1 November deadline. For example, the EU, in its submission, urged that a transformation to a green economy should not be used to introduce new trade barriers.

The EU document goes on to outline the importance of coherence within the international trading system in any transition to a green economy by including the WTO, International Monetary Fund (IMF), and World Bank, as well as regional development banks. By far the most vocal submission calling for caution against the potential for trade protectionism was that of the G77 and China; however few in the ECE region belong to that grouping.

Next steps

The penultimate Intersessional Meeting of the UNCSD will take place on 15-16 December in New York, followed in March 2012 by the third and final meeting. The last Preparatory Committee meeting is scheduled for 13-15 June next year, only days before Rio+20 itself.

The first five months of 2012 will see a number of monthly informal discussions and negotiations regarding the Zero Draft of the outcome document, which is set to be presented by the conference in Rio de Janeiro.

ICTSD Reporting.

WTO MC8 BRIDGES DAILY UPDATES

ICTSD's Bridges Daily Updates were published over the duration of the WTO's Eighth Ministerial Conference, which took place in Geneva from 15-17 December 2011. They are published here in their entirety for your reference.

#1 WTO: Mixed Expectations as Delegations Arrive for Eighth Ministerial Conference

Trade ministers from around the world are gathering in Geneva this week for their eighth biennial ministerial conference (MC8), during which they will review the WTO's activities and welcome Russia, Samoa, and Montenegro as new members. While the three-day event is widely expected to be devoid of any significant negotiating outcome, a plethora of bilateral and small-group meetings are being planned in the margins of the conference that could set the tone for the high-level gathering.

Over ninety ministers are expected to attend the event. Trade sources told Bridges that all the major trading powers would be represented by their ministers. Some had feared that few would attend an occasion characterised both as eventful, as it marks the entrance to the WTO of the only large economy pending - Russia - and low-ambition, given the acknowledged impossibility to finalise the current round of negotiations this year.

The main consensus text due to emerge from the conference has already been agreed by members. This [document](#), entitled 'elements for political guidance', sets out instructions that ministers are due to provide the global trade body at the conference. Agreed two weeks ago at the WTO's General Council, it will form the first part of a 'chair's summary' to be issued at the conclusion of the meeting

by the conference chair, Nigerian finance minister Olusegun Olutoyin Aganga.

A second part of the summary is due to reflect issues raised in ministers' statements during plenary discussions, as well as topics discussed in three parallel working sessions - one on the importance of the multilateral trading system and the WTO; another on trade and development; and a third on the ongoing Doha round of trade talks.

A series of draft decisions, including on least developed country (LDC) accessions and an LDC services waiver, have also been forwarded to trade ministers for approval in the coming days.

Draft decisions

Delegates expect separate decisions to be reached on a range of outstanding trade issues. Last month's agreement to grant Russia membership of the global trade body is due to top the list of decisions to be approved, alongside Samoa's and Montenegro's respective bids to join the organisation.

Other draft decisions include a small collection of LDC deliverables, including a waiver that would allow members to grant preferential treatment to services and service suppliers of LDCs, rather than being bound by their most-favoured nation obligation under WTO rules.

Ministers are also expected to agree to extend the deadline for LDCs to comply with their obligations under the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The current deadline is expected to end in mid-2013.

The original deadline for LDCs to comply with the TRIPS Agreement was set for 2005, but was extended in that same year so that countries could identify their priorities for financial and technical assistance in IP protection. To date, only six have submitted

their priority needs - prompting the request for another extension.

A draft decision on LDC accessions to the global trade body has also been forwarded to ministers: the decision would have the LDC subcommittee "develop recommendations to further strengthen, streamline, and operationalise" the 2002 LDC accession guidelines by including commitment benchmarks in the area of goods, and potentially services.

Meanwhile, two familiar decision items from past ministerial conferences have also returned to this year's agenda: TRIPS non-violation complaints and e-commerce tariffs.

In the case of TRIPS non-violation, members would extend to the next ministerial conference a moratorium on bringing disputes to the WTO on the grounds that the organisation's intellectual property rules have been breached, rather than just the letter of the TRIPS agreement. Meanwhile, the decision on e-commerce would have members continue to refrain from imposing tariffs on music, books, and other items downloaded online.

Split over Doha's future

Negotiating groups and coalitions are planning to hold separate meetings ahead of the main event. Draft ministerial declarations seen by Bridges suggest that WTO members are likely to take divergent positions over the future of the Doha Round - an issue that increasingly appears likely to be a key point of contention between countries at the ministerial.

Two developing country groups were due to meet today: the G-20, which favours reforming developed country agriculture, and the G-33, which supports granting developing countries greater agricultural market access flexibilities. The Cairns Group of developed and developing country net agricultural exporters is slated to meet tomorrow, as are

the group of small, vulnerable economies (SVEs) and the G-90, a development-focused group that brings together LDCs, other former Africa, Caribbean and Pacific colonies of European countries, and SVEs, all supported by Brazil, India, and China.

According to the draft statements, the G-90 is likely to underscore that the WTO would suffer a damaging blow if it is unable to complete the Doha Round, which the sponsors argue would damage the organisation's credibility and undermine its future work. Signatories are expected to categorically reject the adoption of a plurilateral approach to concluding the Round or parts of it - an approach that some actors have suggested could represent a way out for the ten-year talks.

Washington in particular has [argued](#) that the Doha Round cannot be completed on the basis of the current draft text, unless large developing countries such as China and India agree to grant greater market access for US industrial goods and agricultural products.

However, one African delegate observed that many developing countries believe that Doha must be concluded before the WTO moves on to other work.

Single undertaking: cherry picking?

Similar to other developing country groups, the G-90 is expected to argue that the single undertaking, the development mandate, and inclusive, transparent decision-making are critical aspects of the Doha talks that cannot be abandoned.

Some observers, including WTO Director-General Pascal Lamy, have mooted the possibility that members could clinch deals on areas where consensus already exists as a down-payment on the full Doha package - an option foreseen as a possibility under the Doha Declaration.

While some members are reportedly willing to consider this type of approach, it remains to be seen whether it could work in practice. One difficulty will be to reach agreement on which issues should be prioritised if members adopt such a 'cherry-picking' approach.

"Which of the cherries can we pick?", one trade source asked wryly.

The G-90 are likely to argue that any such 'early harvest' must give priority to issues of importance to least-developed countries (LDCs) - such as duty-free, quota-free market access for their exports and new disciplines on trade-distorting support for cotton.

Cotton: US announces new measures

With no consensus on their proposals for the reform of Washington's trade-distorting cotton subsidies, African cotton-producing countries have accepted that the 'political guidance' text for inclusion in the chair's summary will simply reiterate the mandate from the WTO's 2005 Hong Kong ministerial declaration, to address cotton "ambitiously, expeditiously and specifically."

No mention was made of a 'standstill' [proposal](#) that would freeze cotton subsidies at their current, historically-low level, tabled recently by the C-4 group of West African cotton producers (Benin, Burkina Faso, Chad, and Mali).

An announcement from the US today outlined a package of measures that Washington said was aimed at helping LDCs. They included renewing a technical assistance program for West African cotton-producing countries, expanding duty free, quota free (DFQF) treatment for certain cotton grown in LDCs, and additional help for countries seeking to make maximum use of existing US trade preference programmes.

"We look forward to pursuing new trade initiatives in close cooperation with our LDC partners at the WTO Ministerial Meeting this

week and in the future,” said US Trade Representative Ron Kirk said in a [statement](#).

However, critics claimed that, as the US is a net cotton exporter, the measures would do little to address the concerns expressed by West African cotton producers.

Competitiveness of C4 cotton is affected by low prices in world markets caused by subsidies. The biggest importer of cotton today is China, which buys both from the US and the African producers. “The main problem has never been US cotton market access, but US cotton subsidies and dumping,” observed Romain Benicchio, policy advisor for Oxfam.

Ministerial follows months of negotiating setbacks

The biennial ministerial conference comes against the backdrop of the continuing global economic slowdown, and recent reports suggesting the rise of protectionist measures among the Group of 20 economic powers.

The past months have also seen members struggle to make headway in Doha or in establishing agreed-upon elements for this week’s conference. Efforts to conclude the trade round by the end of 2011 were abandoned earlier this year, followed by a similarly unsuccessful attempt to agree on the early harvest of an LDC-focused mini-package.

After the latter effort fell through in July, DG Lamy made clear that “what we are seeing today is the paralysis in the negotiating function of the WTO.”

The process of determining the agenda for this year’s ministerial also faced various setbacks, with members struggling to achieve consensus either on draft decisions or items of political guidance to forward to ministers.

One of the few areas where members have been able to reach consensus, it seems, is that

this year’s event is not to be a Doha Round negotiating ministerial.

“There is no climate for any surprises, to be honest,” one delegate told Bridges.

Another official suggested that the fact that this is a “pre-cooked ministerial” could actually allow for more open discussions than at previous gatherings. “The fact that we have already taken care of determining the outcome of the ministerial... means that the atmosphere won’t be one of tension,” the source added. “People will be articulating their views frankly and openly, as it won’t lead to a negotiating outcome.”

There is hope that such an atmosphere will allow ministers to actually engage in providing political guidance and content to the WTO beyond Doha.

“WTO ministerial conferences are a golden opportunity for countries to review the functioning of the WTO, as well as developments in the broader international trade system, including the proliferation and trends in plurilateral and preferential agreements” remarked Ricardo Meléndez-Ortiz, Chief Executive of the International Centre for Trade and Sustainable Development (ICTSD).

Indeed, ICTSD, with the support of the government of the Netherlands, launched today a process of expert meetings and analytical work to explore ways of strengthening the global trade system. “We expect to contribute to re-energizing the non-Doha functions of the WTO, and to finding ways of realizing the WTO’s potential as an essential and primary economic governance device.”

ICTSD is the publisher of Bridges Weekly and the Bridges Daily Update.

Government Procurement Agreement

The first day of the ministerial is also expected to see an announcement regarding whether or

not a deal has been reached among 42 WTO members that would liberalise billions of dollars in public contracts.

A ministerial-level meeting of the committee tasked with the negotiations is scheduled for Thursday morning, after several days of parties “negotiating very intensely,” trade sources told Bridges. Countries have mainly been working on “tying up a lot of loose ends,” the source continued.

The key question that remains, however, is whether the EU has managed to resolve its differences with the US and Japan on the range of government purchases subject to the rules of the agreement. Disagreements on this issue between these three trading powers have mainly been faulted for slowing down negotiations.

China’s continued efforts to accede to the agreement have also drawn attention in recent months. Last week, Beijing submitted a long-awaited “robust, revised offer” outlining which Chinese government agencies would be covered under the agreement, what thresholds would apply, and other related details.

The deal seeks to establish international rules for the non-discriminatory purchasing of goods and services by governments, with due consideration for countries’ differing levels of economic development. The agreement promotes efficiency and transparency in the use of public funds.

An earlier version of the agreement took effect in 1996, and was finalised during the Uruguay Round of trade talks. The current talks seek to renegotiate the 1996 GPA, along with bringing in new potential parties.

Activists gather in protest over food security, financial crisis

Despite the low expectations for deliverables on Doha, civil society groups have also gathered in Geneva to protest against the

global trade body, though demonstrations to date have been quieter than in years past.

An ‘Occupy WTO’ tent, in the vein of similar ‘Occupy’ movements cropping up around the globe, has been set up by local Geneva activists outside the ministerial conference centre. Joining the protesters will be activists from Our World Is Not For Sale, a coalition of farmers, labour, and social movements, and the International Trade Union Confederation (ITUC).

“The existence of the WTO has done nothing to prevent trade imbalances growing to unsustainable levels accompanied by dangerously widening income inequality,” [said](#) Sharan Burrow of the ITUC in a statement.

Trade and Development Symposium

Friday and Saturday will also see ministers and trade experts gather for discussions at a major civil society symposium, being held at the WTO headquarters. The two-day gathering will address a range of issues, including the future of the multilateral trading system.

The event is being organised by ICTSD. For further details, visit <http://www.ictsdsymposium.org>.

ICTSD Reporting.

#2 Government Procurement Deal Heralds Start of WTO Ministerial

The WTO’s eighth ministerial conference kicked off in Geneva on Thursday morning, with 42 countries finalising a deal that would liberalise billions of dollars in public contracts. Along with this week’s scheduled accessions of Russia, Samoa, and Montenegro, the announcement lifted the spirits of trade negotiators who had otherwise expected a relatively uneventful meeting.

Public procurement deal clinched

With only moments to go until the start of the high-level meet, the Government Procurement Agreement's 42 countries managed to eke out a conclusion to the decade-long discussions.

The revised GPA would liberalise US\$100 billion in public contracts, in addition to the US\$500 billion already covered by the pact.

The market access gains are largely expected to come from adding new entities to the pact's coverage, such as government ministries and agencies, as well as bringing more services and goods into the agreement.

Trade sources also particularly highlighted the importance of new and simpler rules on transparency and due process in helping fight hidden protectionism and corruption, as well as facilitating the accession of other parties.

Thursday's announcement was lauded by trade officials; on the corridors it was hailed as a new agreement for its substantial increase in market coverage and the tightening of legal obligations.

"The conclusion of these GPA negotiations is good news, and we don't have that much good news for the moment," WTO Director-General Pascal Lamy told reporters.

The ten years of negotiations were marred with difficulties, with long-standing disagreements between the EU, US, and Japan threatening to further delay the talks.

"Everyone didn't get all of what they wanted," senior Swiss diplomat Nicholas Niggli, who chairs the Government Procurement Committee, explained.

Overall, however, the global trading system "is much better off today with this decision taken," he added.

EU Internal Market Commissioner Michel Barnier called the revised agreement a win-

win opportunity that would deliver growth and jobs, as well as enhance competitiveness.

"Although you can always hope for more, this is a balanced and positive agreement and all the member states of the EU have acknowledged it as such," he added.

Barnier said the EU had gained significantly expanded access to a number of strategic markets, particularly with regard to public spending on railway equipment in Japan, a key sector for the EU. The EU, as others, is also likely to benefit from the partial inclusion of Canada's provincial public procurement.

The next steps for the deal include final review and legal ratification, which is expected to take three months.

China

The new pact also sets the stage for a wave of new accessions, officials said, particularly that of China.

China, with its enormous government procurement sector, agreed to join the GPA in its 2001 WTO accession protocol but subject to special negotiations.

For long China has maintained that it was not ready to abide by the imprecise rules of the old GPA, but instead insisted on a review of rules. The old rules, China feared, did not provide sufficient clarity on the type of entities and actions covered - an issue of great relevance in China's complex governmental spending system.

The new GPA - also agreed to by China - substantially increases the likelihood of China eventually concluding its accession negotiations.

The final stumbling block in the GPA-group negotiations had also surrounded this issue, as members disagreed on the legal nature of the new accord. It now applies as a 'revision', replacing the old GPA once it enters into force. China is thus effectively already negotiating its accession to the new agreement

- an accession that, Lamy noted, will likely bring another US\$100 billion “into the pot.”

China’s latest offer - submitted just last week - included sub-central entities, as well as agencies under the central government, although at the time of writing it was not clear which entities and/or services would be covered.

But the new offer drew a lukewarm response from some countries, with US Trade Representative Ron Kirk [stressing](#) that China “still has some distance to go” before its coverage is on par with that of current GPA parties.

Among the areas where the US is seeking changes, Kirk said, were the inclusion of state-owned enterprises in China’s offer, along with more sub-central entities and services and reduced thresholds for the size of covered contracts.

WTO officials said they expected the final offers of all 42 GPA parties to be available next week.

Lamy: WTO anchors world economy as strong storm rages

In remarks at the opening of the ministerial conference, WTO Director-General Pascal Lamy warned members that, while the multilateral trading system had helped to “anchor” national trade policies, “strong storm waves are now loosening the anchor and now risk dislodging it.”

Lamy pointed to the “turbulence and instability” that had characterised the global economy in 2011, as well as to “stuttering global growth” and high unemployment.

“In the midst of this tempest, citizens from across the globe have taken to the streets to demand stability, fairness, accountability,” he said.

He told a packed room of assembled ministers - who had waited patiently for one hour, due to a technical glitch with translation

equipment - that a “freer, fairer, and more development friendly trading system is part of the solution.”

As evidence of the WTO’s achievements, he cited the conclusion of a deal on the GPA, the accessions of Russia, Montenegro, Samoa, and Vanuatu as new WTO members, along with the peaceful resolution of trade disputes under the global trade body’s Dispute Settlement System.

However, he also reprimanded the organisation’s members for failing to tackle the root causes of the stalemate in the decade-long Doha round of trade talks. “So far, you have failed in your endeavours to amend the WTO rule-book to make global trade fairer and more open,” said Lamy.

Echoing the words of the ‘political guidance’ text that is widely expected to form the basis of the chair’s summary to be issued at the end of the conference, the Director-General told the room that the Doha round was “at an impasse.”

“We need to understand the root causes of our inability to advance multilateral trade opening and a regulatory agenda, and to build a collective response,” he said.

To do this, members will need to address the “essential question” behind the blockage: “different views as to what constitutes a fair balance of rights and obligations within the trading system, among members with different levels of development,” Lamy warned.

Although he offered no ‘silver bullet’ that would allow members to do so, he did announce the creation in 2012 of a new panel of ‘multi-stakeholders’ that would help countries look at “the real drivers of today’s and tomorrow’s world trade” so as “to keep transforming trade into development, growth, jobs, and poverty alleviation.”

‘Single undertaking’ versus early harvests?

Pointing to the rapidly-growing 'emerging economies' of the larger developing countries, US Trade Representative Ron Kirk told members that the world had "changed profoundly" since Doha began a decade ago. "Negotiations thus far do not reflect this change," he said.

Telling trade officials in the room that their current path is not leading to a successful outcome, he cautioned that members would "need every bit of creativity we can muster in developing a different approach."

Continued differences over the extent to which US companies would be able to access developing country markets, such as China and India, is widely believed to be at the heart of the current deadlock.

In contrast, India's commerce minister Anand Sharma told members that, "while the last few years of the Round have been disappointing, we cannot cast aside the mandate that was so arduously negotiated."

Capturing results from different areas of the talks where consensus was close - dubbed an 'early harvest' by negotiators - was an option where "we must proceed with caution," the minister said, adding that what is currently on the table reflects years of effort.

Chinese trade minister Cheng Deming stated bluntly that "the Doha Round talks have hit the wall." Although noting that China was "open to any new pathway," he also argued that members would only be able meaningfully to discuss new issues "after the Doha Round is completed" - implicitly rebutting calls from some developed countries to tackle other trade-related questions in the absence of progress in the negotiations.

In separate statements, coalitions also expressed their views on the WTO and the future of the multilateral trading system. The Cairns Group of net agricultural exporters, including both developed and developing countries, warned that "agricultural trade

policy reform is unfinished business," and argued that deadlines such as the 2013 elimination of export subsidies would remain "paper gains" until locked in through a finalised Doha deal.

Other groups - such as the small, vulnerable economies and the G-33 group that favours according additional market access flexibility to developing countries - emphasised the development dimension of the Doha talks in separate statements.

Five countries dissociate themselves from chair's text

Earlier on Thursday, five Latin American countries issued a statement criticising the process through which members reached agreement on the 'elements for political guidance' that were agreed two weeks ago.

In the document, Bolivia, Cuba, Ecuador, Nicaragua, and Venezuela argued that the chair's political guidance document "contains elements that intentionally undermine the fundamental principles of the Doha Ministerial Declaration," thereby "sacrificing the priority of the principle of the single undertaking."

The sponsors therefore state that they dissociate themselves from the consensus set out in the document.

Some trade officials questioned the significance of the five countries' statement, pointing out that the political guidance document was intended just as the basis of an eventual chair's statement, which only the conference chair himself would be responsible for. They also argued that the General Council chair had given all countries an opportunity to make changes to the document, although none had blocked consensus at that stage.

Another source familiar with the sponsoring countries' position told Bridges that the statement was not intended to block

agreement, but rather to raise concerns about the substance of the chair's summary, and the process through which it had been reached.

Ministers repeat protectionism pledge

At the close of the day, trade ministers of 22 countries and the 27-member EU issued a 'pledge against protectionism', which they said should be included in the final ministerial chair's statement.

Together, the signatories account for more than two-thirds of global GDP, and each is a member of either the G-20 group of leading economies or the Asia-Pacific Economic Cooperation (APEC) forum, and in some cases both.

Their pledge faithfully reflects language repeatedly adopted by both groups, including a commitment to "refrain from raising new barriers to trade in goods and services, imposing new export restrictions, or implementing WTO-inconsistent measures in all areas, including those that stimulate exports."

Minister after minister denounced protectionism, with Canada calling it 'poisonous.' They also regretted the Doha Round impasse, and called for a new way forward.

When asked whether the so-called 'standstill' commitment would not be too restrictive for developing countries dependent on tariff revenue, Australia responded that resorting to protectionism under the guise of policy space would be "heading in the wrong direction."

With the first day of the conference having reached its conclusion, attention is now shifting to Russia's long-awaited accession to the global trade body, which will undoubtedly be the highlight of Friday's proceedings.

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#3 After Eighteen Year "Marathon," Russia Crosses WTO Finish Line

Trade ministers formally welcomed Russia into the WTO on Friday afternoon, putting the finishing touches on a nearly two-decade long process fraught with disagreements and setbacks. Meanwhile, negotiators also spent the day debating the role of the global trade body in the multilateral trading system, and revisiting thorny trade topics such as cotton and fish subsidies.

Friday's ceremony marked the entry of the world's largest non-WTO economy into the institution, an event that was widely anticipated to be one of the main highlights of the three-day ministerial conference. Thursday's finalising of the Government Procurement Agreement negotiations and Friday's accession ceremony are primarily "what this ministerial will be remembered for," one source said.

The approval by consensus of Russia's accession protocol drew wide applause from trade officials.

"This is clearly a historic moment for the Russian Federation and for the rules-based multilateral trading system, after an 18-year marathon," WTO Director-General Pascal Lamy told the audience.

"What you have to know about marathons is that the last mile is the worst, and the toughest, and the best moment in the marathon is when you cross the finishing line," he continued.

While the conference's approval marks the end of a long and often uncertain process, Russian Minister of Economic Development Elvira Nabiullina emphasised that, for Russia, "the conclusion of the accession negotiations is not a finishing line, but a starting point."

The role of the Swiss government in mediating between Russia and Georgia was

credited for making Friday's accession possible - a task that Swiss President Micheline Calmy-Rey admitted had "seemed like mission impossible."

The disagreements between the two countries had threatened to keep the accession process on hold, with Moscow and Tbilisi only agreeing to a Swiss-brokered compromise in early November.

The benefits of the accession to Russia are expected to be numerous, Nabiullina told reporters. These include improved quality of goods and a signal to investors of a better business climate, she added. Russian Deputy Prime Minister Igor Shuvalov reaffirmed this assessment, adding that the majority of Russian national industries will benefit.

Having access to the WTO's dispute settlement system was another benefit that Nabiullina highlighted, adding that Russia is currently losing US\$2 billion per year due to trade restrictions in chemicals and transportation, among others.

The Russian minister also told reporters that, during the accession process, Russia had changed 300 legal acts and brought them into conformity with international trade rules.

Echoing the general sentiment amongst speakers, US Trade Representative Ron Kirk told the audience that the accession is "a development that will truly make us a *world* trade organisation."

With the ministerial conference also set to approve Saturday three draft decisions on issues of great importance for least developed countries (LDCs), Bangladeshi Commerce Minister Muhammad Faruk Khan underlined the "useful lessons" that the Russian story could provide for streamlining the LDC accession process.

The difficulties of joining the global trade body were also underscored by Cuba, which

added that 30 developing countries still remain on the accession waiting list.

Kazakh Minister of Economic Integration Zhanar Aitzhanova explained to the audience that the commitments being undertaken by Russia will be incorporated into the regulatory framework of all members of the Russia-Belarus-Kazakhstan customs union, which will in turn have an immediate impact on Astana's trade regime. The approval of the Russian bid will also "accelerate Kazakhstan's accession to the WTO," she added.

Russian officials also stressed that Moscow has no plans of being an obstacle to the ongoing Doha talks. According to Deputy Prime Minister Shuvalov, Russia is already monitoring the negotiations, and intends to play a positive role.

With China celebrating the tenth year since its accession to the global trade body, many observers have drawn parallels between the bids of the two emerging economies. However, Lamy, speaking at a separate civil society event on Friday, underscored that Russia's trade patterns are completely different from those of China, adding that there was no chance of the sort of turbulence seen when China acceded.

The accession package still needs to be ratified by the Russian Parliament before coming into force. Thirty days after ratification, Russia will officially be a full member. The ministerial conference is also set to welcome three other countries into the global trade body before the end of the weekend: Montenegro, Samoa, and Vanuatu.

Differing views on protectionism

On Friday morning, trade officials held an informal working session on the future of the multilateral trading system.

The session largely saw members restating well-known positions, one delegate noted.

“There’s no discussion,” the official continued, while another observed that few ministers were actually in attendance.

One delegate who witnessed the discussions commented that, although members reiterated their opposition to protectionism, several had different interpretations of what this meant in practice. While some members called for tariffs to be kept at low applied levels, others pointed to non-tariff barriers and subsidies in the developed world as a worrying gap between rhetoric and action.

Another said that the issue of non-tariff barriers appeared to be an emerging challenge, which current market access negotiations were ill-equipped to deal with.

Friday’s discussions, along with two other working sessions set for Saturday, are expected to inform the ministerial chair’s statement, which will be presented at the end of the conference.

Davies: “Let’s wait for the right time”

In parallel, the future of the multilateral trading system was also discussed at the civil society trade and development symposium taking place down the road from the ministerial.

At the symposium, which is being hosted by ICTSD - the publisher of Bridges - various trade ministers concurred that the institution’s rule-making role had served the membership well. The ministers, from Indonesia, Peru, South Africa, and Sweden, argued that the global trade body has provided a bulwark against protectionism, but - in the words of Switzerland’s Marie-Gabrielle Ineichen-Fleish - was currently “under strain as a negotiating body: we don’t really know how to go forward.”

South African trade minister Rob Davies said that his country did not subscribe to the view that, without further opening of trade, the whole system would fall apart. “If the world is

not at this moment able to take up the particular task of negotiating the development mandate, then let’s wait for the right time,” he concluded.

Several high-level participants evoked the importance of taking up major new challenges, such as trade and climate change. Nearly all agreed that bilateral and/or regional trade agreements could promote rather than hamper multilateral agreements.

On the way forward, WTO Director-General Pascal Lamy noted that a multilateral trading system could not function without the US and China agreeing somewhere, and that neither country had a political majority in favour of a Doha deal.

This ministerial, he said, was all about exploring the small spaces left on the margins as a result of the blockage between the two trading powers. He expressed hope, however, that both would eventually realise that multilateral co-operation offers “more benefits, for less cost, than a piecemeal approach.”

Meanwhile, Indonesia’s trade minister Gita Wirjawan noted that on the opening day of the ministerial every single statement had contained the word ‘impasse.’ Nonetheless, he remained upbeat about the long term trade prospects for countries at the WTO and regionally. Swedish Ambassador Joakim Reiter warned: “The WTO’s negotiating pillar runs the risk of decreasing in relevance, especially in relation to bilateral and regional avenues, unless it delivers results. This risk is not the fault of the WTO, its design or external circumstances, but is the result of the actions or inactions of its Members. Hence, members need to provide the solution. This requires intensified efforts on the DDA through more pragmatic approaches and greater coherence between what members are ready to do outside WTO and inside WTO, allowing the finalisation of mature parts of the DDA like trade facilitation and LDC issues, as well as,

for example, modernising the ITA and strengthening the work of WTO bodies to genuinely address trade concerns.”

Friends of Fish

Trade ministers from the Friends of Fish group - Argentina, Australia, Chile, Colombia, Ecuador, New Zealand, Norway, Peru, and the US - released a statement on Friday, reaffirming their continued commitment to seek strong new rules aimed at eliminating subsidies that contribute to fleet overcapacity, which in turn leads to overfishing and the depletion of stocks. They underlined that the consequences would not be merely environmental, but also threatened livelihoods and food security, particularly in developing countries.

Some 85 percent of the world's oceans are fully exploited, over-exploited, depleted or recovering from depletion, up 10 percent from four years ago. Harmful subsidies are estimated at US\$16 billion annually, with Japan, China, the EU, the US, and Russia topping the list.

Cotton: C-4 urge subsidy reform

New proposals for development aid and market access need to be accompanied by reform of trade-distorting cotton subsidies if they are to contribute to the fight against poverty, trade ministers from West-African cotton-producing countries said on Friday.

Mahamat Allaou Taher, Minister of Trade and Industry for Chad, told a press conference that the C-4 cotton producing countries - Benin, Burkina Faso, Chad, and Mali - were still considering a new US proposal (see Bridges Weekly, [16 November 2011](#)) for development assistance and enhanced market access, after discussing it with US Trade Representative Ron Kirk.

However, the minister emphasised that development assistance represented only one part of a two-pronged approach to the

problem. “We are also committed to the trade track,” he said.

Subsidy reform - and not just market access - was needed, Allaou Taher argued. He pointed out that only around two percent of his country's cotton was actually exported to the US, which is a net cotton exporter.

Two days prior, the C-4 had also been offered development assistance by China, the minister explained.

The US has argued that Beijing's support to the cotton sector should also be reduced under any eventual Doha deal.

However, Allaou Taher argued that US support remained the main target of the group's initiative. “The United States is not alone, but their subsidies are the greatest,” the minister said.

Food security and trade sparks heated debate

UN human rights expert Olivier De Schutter [argued](#) on Friday that the WTO is “defending an outdated version of food security,” in a press release responding to [comments](#) that Lamy had made publicly available before the ministerial conference.

In a letter to De Schutter, the UN Special Rapporteur on the Right to Food, Lamy stated that he “fundamentally” disagreed “with the assertion that countries need to limit reliance on international trade to achieve food security objectives.”

His comments sought to critique a [report](#) that De Schutter had published one month ago, in which the rapporteur reiterated earlier conclusions encouraging states “to avoid excessive reliance on international trade in the pursuit of food security.”

“Trade is very much part of the food security equation,” said Clem Boonekamp, director of the WTO's agriculture division at a press briefing on Friday. “It's something my

Director-General keeps saying, and he's perfectly right to say it."

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#4 WTO Ministerial Conference: Chair Gavels Decisions, Maps Out Future

The WTO's eighth ministerial conference came to a close on Saturday evening, after three days of high-level meetings that saw the accession of Russia, Samoa, and Montenegro, along with the clinching of a 42-country deal that would liberalise billions of dollars in public contracts.

At the close of the three-day talks, ministerial conference chair Olusegun Olutoyin Aganga of Nigeria described the high-level discussion and mapped out how members saw the future.

'New' issues or Doha?

There was a "shared sense" among ministers, Aganga noted, that the "key question" to unlocking the impasse in the ten-year old Doha talks regards the balance between emerging and advanced economies over their respective contributions and responsibilities.

Long-standing disagreements between developed economies - such as the US and EU - and major emerging economies - such as Brazil, China, and India - on non-agricultural and agricultural market access have widely been faulted for putting the negotiations on hold.

The WTO is "like a train without a locomotive," one trade official commented to Bridges. "The locomotive is China and the US - but it's not pulling the train."

In light of the Doha Round's current difficulties, much of the trade dialogue has

turned toward ensuring the WTO's continued relevance in the multilateral trading system.

The option of introducing new issues into the global trade body to address emerging challenges - such as climate change, food security, trade and exchange rates, and energy - has been suggested by some members as one such way of keeping the global trade body current and credible. This view was reiterated by some ministers this past week.

However, Aganga told the closing session, other ministers "expressed reservations" about beginning negotiations on new topics, due to concern either about "the possibility of addressing issues selectively or shifting the focus away from unresolved issues in the DDA negotiations."

Many ministers would rather that any new issues be instead brought to WTO committees, "in accordance with their normal rules and procedures and within their respective mandates," the conference chair added.

WTO Director-General Pascal Lamy, speaking to reporters on Saturday evening, downplayed these concerns, adding that talking about an issue and negotiating about an issue are not the same thing. Talking about new issues, he added, does not mean that new issues are set to replace the old ones.

In the WTO, he stressed, "you do not negotiate an issue unless you have a consensually agreed mandate of negotiation."

Doha: low-hanging fruit?

The same tensions between WTO members found expression in the part of the chair's statement on the Doha Round. Aganga noted that many members expressed "deep regret" at the impasse in the negotiations - but at the same time reaffirmed their commitment to delivering on the mandate for the decade-long talks.

Trade ministers had emphasised their openness to different negotiating approaches, Aganga's statement said - something which the US in particular has urged. However, some had also "expressed strong reservations" about plurilateral approaches, the chair observed.

Many negotiators are fearful that the multilateral trading system could be seriously weakened if some countries give up on trying to reach accords that include everyone, and instead embark on a series of deals amongst subsets of the membership.

Echoing one of the central themes of the conference, Aganga said that many ministers had stressed the need to identify areas where agreements could be reached in the short term. Others had called for a step-by-step approach, respecting the Doha negotiating mandate and the 'single undertaking' - under which all issues are treated as parts of one larger deal.

"Everything is part of this big bargain, so we need to ask how can we take the low-hanging fruit without abandoning the other issues," one delegate told Bridges.

"People are saying, 'let's reap the benefit of whatever's there'," the source added.

According to the chair's statement, ministers had stressed the centrality of development and underlined the need to prioritise issues of interest to least developed countries (LDCs), including cotton, a question that has dogged trade talks for over eight years and which was raised again by West African ministers during this year's gathering.

Lamy told reporters on Saturday evening that African cotton exporters had received new commitments on market access and development assistance during the three-day meeting. "These were not previously part of the landscape," he said.

On a related note, the chair's statement noted that many ministers had urged their counterparts to commit to a 'standstill' on all forms of protectionism - a move that the Cairns Group of net agricultural exporters had championed in particular. Others had instead emphasised their right to use WTO-consistent policy space to achieve economic and development objectives - something that a number of developing countries had stressed.

Aganga observed that, during the conference, many ministers had also urged their counterparts to agree not to impose export restrictions on food aid purchased by the World Food Programme - echoing the language of an accord amongst heads of state from the G-20 group of major economies at their Cannes summit in November.

Also on food security, the chair's statement reflected support amongst some ministers for a work programme on trade and food price volatility, and its impact on LDCs and net food-importing developing countries (see Bridges Weekly, [7 December 2011](#)).

Decisions in favour of LDCs

On 17 December, ministers agreed to a waiver that makes it possible for members wishing to grant least developed countries greater access to their services markets, even if it means deviating from the most-favoured-nation principle.

For a decade, LDCs have maintained that WTO members should be allowed to treat services and service suppliers from the poorest countries more favourably than those of other nations. To achieve that aim, they needed to convince the membership to waive one of the core principles of the multilateral trading system: the obligation to treat all members equally.

While countries may discriminate between least developed countries and the rest of the membership, all preferences must be extended to the entire LDC group. The waiver also

provides the possibility for preferences to be conferred beyond just market access measures, although such preferences would need to be approved ex-ante by the Council for Trade in Services.

Touching on the potential value for LDCs, International Lawyers and Economists Against Poverty (ILEAP) Executive Director David Primack suggested that the waiver itself was merely a mechanism that had little substantive value in its own right.

Its potential value, he argued, will depend on how well LDCs can assess how and where the preferential treatment could confer enough of a commercial advantage for their service providers to expand into new markets, as well as the political will of preference-granting countries to offer meaningful concessions in areas of interest to the recipients.

Should these conditions converge, he added, the potential for the waiver to catalyse essential investments in LDC services sectors could be significant.

Countries that grant preferential access to LDC service suppliers must make a detailed notification to the Council for Trade in Services, which will review annually whether the exceptional circumstances justifying the waiver still exist.

LDC accessions

Least developed countries acceding to the WTO have long complained that trading partners routinely ask them to take on commitments beyond their capacity, as well as beyond those that were required from LDCs that joined the WTO earlier.

These countries have often criticised the opaque negotiation process, alleging that bilateral meetings are held behind closed doors without multilateral oversight.

The ministerial decision on LDC accession commits WTO members to develop market opening benchmarks by July 2012. With

regard to goods, the benchmarks are likely to be based on the average post-accession tariff level of existing LDC members.

For services liberalisation, benchmarks will be considerably harder to determine. However, factors such as the existing level of openness in the candidate country, the number of services sectors covered, and the regulatory effort required are under consideration.

In addition, bilateral negotiations will be complemented by multilateral oversight in order to improve the transparency of the accession process.

TRIPS transition period

The third LDC-related decision concerns the application of WTO rules on intellectual property rights. Least developed countries' exemption from implementing the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) expires in July 2013; however, they will be able to submit 'duly motivated' further extension requests, which the TRIPS Council has been instructed to 'consider fully'.

Other decisions

Ministers also adopted decisions on electronic commerce, TRIPS non-violation complaints, a work programme on small and vulnerable economies, and the fourth appraisal of the trade policy review mechanism.

All of these documents can be found [here](#).

Samoa, Montenegro welcomed into the fold

The WTO also welcomed Samoa and Montenegro into their ranks on Saturday, just a day after the ministerial conference had approved the accession protocol of Russia.

Montenegro, which started its accession process seven years ago, will gain visibility in global affairs and trade as a result of joining the WTO, the country's prime minister, Igor Lukšić, said.

Meanwhile, Samoa is the fifth least developed country to join the global trade body since 1995 - in its case after a 13-year wait. During the accession ceremony, Lamy underscored the difficulties LDCs face in accession, noting that technical assistance and capacity building are essential to “empower countries like Samoa to be in a position to negotiate trade rules.”

“We have learnt that the rules governing accessions of least developed countries can and must be further simplified to help you join the WTO family,” he added, commenting that the Pacific island’s accession will provide the WTO membership with an “active partner to lead on all these areas.”

Members question process

Five Latin American countries - Bolivia, Cuba, Ecuador, Nicaragua, and Venezuela - had, on Thursday, submitted a document to the conference citing “exclusionary and undemocratic practices” in the consultation process leading up to the high-level gathering.

They argued that the political guidance document that had been agreed before the ministerial “represents only the opinion of some members,” and were therefore dissociating themselves from the consensus.

However, the ministerial conference chair told reporters that the issues with those five members had been resolved, explaining that the countries “made absolutely clear that they were not breaking consensus.”

Ecuadorian trade minister Francisco Rivadeneira, in his statement to the plenary, asked that, in any future processes of decision-making or negotiation, “any member that wishes to participate directly in all of the stages of the decision-making process should be able to do so.”

“We believe this has not always been the case in the past,” he added, referring particularly to this year’s ministerial preparation process.

Ministerial closes

This year’s conference marked the last regular ministerial held under Lamy’s leadership. The next regular ministerial conference is set to be held in 2013; the precise date and venue has yet to be announced.

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BRIDGES DURBAN UPDATES

This issue of Bridges Trade BioRes features the final two editions of our Bridges Durban Updates, which were published during the UN Framework Convention on Climate Change’s Seventeenth Conference of the Parties. The updates were sent to BioRes subscribers and are published here for your reference. See previous issues of Bridges Trade BioRes for Updates #1 and #2.

#3 Tone of Urgency Escalates as Time Runs Short in Durban

This article was published originally on 8 December 2011.

With less than 48 hours left to clinch a deal at UNFCCC COP 17 in Durban, many analysts are now saying they are feeling less than optimistic. Following the arrival of ministers earlier this week, there was enough movement on key issues - most notably the Green Climate Fund - that several negotiators were upbeat and positive. But discussions on the Fund appear to be unravelling and positions on the second commitment period of the Kyoto Protocol seem as divergent as ever.

The main issue plaguing the Green Climate Fund talks reportedly focuses on the details surrounding what the Board of the Fund will look like and who will sit on it. Negotiators have described the talks on the Fund in recent days as “hard” and say they are cautious of

watering down the text so much so as to agree on an “empty shell.”

It was already established last year in Cancun that the Fund Board will be made up of 24 members, with an equal number of members from developing and developed countries. Positions appear to be divided over what role, if any, the private sector will play in the Board. In general, developing countries are reportedly uncomfortable with the private sector playing a role in the fund. Several developing countries have also expressed their discomfort with the COP’s invitation of the Washington-based World Bank to act as the interim trustee of the Fund.

With most countries looking to strike a “balanced package,” where positions on certain issues can be softened in return for flexibility on other issues, it is unclear whether any party is in a position to offer a ground-breaking shift to get the ball rolling. China’s announcement late last week that they may be willing to agree to binding commitments - under certain circumstances - appears to have not been enough to trigger any major movement on the Kyoto Protocol. And while the EU is the most likely developed country party to help encourage their counterparts to sign on to a second commitment period, UK climate secretary Chris Huhne said they would not back away from a deal with “hard, bankable” commitments.

But Brussels has also said it would not cut a deal on Kyoto unless countries not currently bound by the pact - notably the US and China - begin serious negotiations on a legally-binding treaty under the Long-term Cooperative Action (LCA) track. The LCA Chair introduced a new “amalgamated” text on Wednesday morning, but discussions have been detailed, procedural, and glacial in pace. With “big picture” LCA issues sitting on the back burner for now and the US and China not moving from their familiar positions, the

EU desire for broader commitment may have to go unfulfilled.

The next two days will be the most crucial for the two week Durban meet. The closed-door meetings, high-level “indabas,” and informal, unannounced huddles have already created a frenzied atmosphere with those in attendance constantly asking each other if they’ve heard any news. This will only escalate as the closing plenary approaches. In the end, clarity will only truly come at sunrise on Saturday.

#4 Eleventh Hour Deal Emerges from Protracted Durban Climate Meet

This article was published originally on 12 December 2011.

Despite finding themselves near the brink of collapse in the early hours of Sunday morning, negotiators at the UNFCCC’s 17th Conference of the Parties managed to find enough common ground to strike a deal. The decision puts the world on a path to negotiating a legal climate agreement - one that involves all major emitters including the US, India and China - that would enter into force in 2015.

The “Durban Platform for Enhanced Action” also commits parties to a second commitment for the Kyoto Protocol and provides a plan to advance implementation of the Cancun Agreement on financing, through the Global Climate Fund (GCF); technology; response measures; and reduced emissions from avoided deforestation. It falls short of expectations on the inclusion of agriculture in any long-range action, as well as on taxation or carbon-curbing from maritime and air transport.

Importantly, the agreement reaffirms the goal of capping global warming at a maximum of

2°C. However, it also notes with “grave concern” that current commitments will not meet that goal and launches a work plan that will help improve ambition on the issue.

In their statements, virtually all delegates conceded that the new platform is not perfect. Much of the firm and less ambiguous language that many parties were aiming for has been weakened and several sticking points agreed upon by using vague references.

“None of us likes everything in it,” US climate envoy Todd Stern said of the deal. “Believe me, there is plenty the United States is not thrilled about.”

But South African Minister and COP president Maite Nkoana-Mashabane reminded parties that while perfection is the goal, it is not a requirement.

“I think we all realise [the texts] are not perfect,” she said. “But we should not let the perfect become the enemy of the good and the possible.”

Coming into Durban two weeks ago, the EU had been pushing for a new legally binding treaty by 2015 that would cover all major emitters. For that, the 27-member bloc said it would agree to sign up to a second period of emissions cuts under the Kyoto Protocol.

In the end, the UK’s climate change secretary, Chris Huhne, hailed the deal, calling it a “significant step forward” that sends a strong message to business and investors about the need to move to a low-carbon economy.

UN Secretary-General Ban Ki-moon similarly welcomed the agreement, saying that the deal reached by the 194 parties to the UN Climate Convention was a significant step forward.

“The decision to launch a protocol or legal instrument applicable to all parties under the UNFCCC is essential for stimulating greater action and for raising the level of ambition and the mobilisation of resources to respond

to the challenges of climate change,” Ban said in a statement.

He also stressed that the agreement to establish a second commitment period of the Kyoto Protocol “will increase certainty for the carbon market and provides additional incentives for new investments in technology and the infrastructure necessary to fight climate change.”

Kyoto Protocol?

There is no question that the biggest issue at play going into the Durban talks was the future of the Kyoto Protocol, which was signed in 1997. The first implementation period - or “commitment period,” in climate parlance - of the Protocol began in 2008 and is set to end next year. With 2012 fast approaching, developing countries had been pushing all parties to agree to a second commitment period of the Protocol to ensure that developed countries would continue to be held to their binding commitments.

With Canada, Japan, and Russia insisting prior to the meet that they would not sign on to another commitment period - and the US not having ratified the deal - moving the Protocol forward was left primarily to the EU. In the end, the Kyoto issue proved to be the bargaining chip that launched the new path to the future.

Connie Hedegaard, the EU’s climate change commissioner, said she was prepared to offer developing countries what they were after only if they would agree to be “legally bound” to a new agreement by 2020.

“We need clarity...we need to commit,” she said in the final hours of the Durban meeting. “The EU has shown patience for many years. We are almost ready to be alone in a second commitment period. We don’t ask too much of the world that after this second period all countries will be legally bound.”

There was resistance up until the very end, with Indian negotiator Jayanthi Natarajan making an emotional plea to not be asked to “sign away the rights of 1.2 billion people and many other people in the developing world” by agreeing to something that could limit their ability to grow their economy.

In the end, following a “huddle” requested by the COP president, the EU and India came to agreement on the issue by changing the phrase “legal outcome” in the earlier Durban Platform draft to “an agreed outcome with legal force under the convention applicable to all parties.” This weaker language was enough to satisfy India, which is hesitant to sign up for a deal that could impede its development.

The deal is indeed a breakthrough, but some environmental groups are questioning the value of a second Kyoto deal - dubbed by some KP2 - that does not include the US, Canada, Japan, and Russia. The text is also somewhat ambiguous on whether the Protocol will be extended to either 2017 or 2020, punting a final decision on the issue down the road to COP 18, which will take place next year in Doha, Qatar.

Green Climate Fund

Durban also saw movement on the other major expected outcome of the meet, with progress made on the Green Climate Fund. As expected, the [text](#) approves the governing instrument which will establish a 24 member board, composed of an equal number of developed and developing country members.

Members of the board - and their alternates - will be selected by their respective constituency or regional group within a constituency. The text also requires members to have the necessary finance and climate change skills and expertise and notes that gender balance should also be considered.

Importantly, it was agreed that the World Bank will serve as the interim trustee of the Fund for the first three years after its

operationalisation. Washington had been pushing for the Bank to be designated as the trustee, insisting that the Fund must be managed by an international organisation with experience in managing funds globally.

Progress on response measures

The Seventeenth Conference of the Parties also made advances on the issue of response measures, one heading that can encompass some of the major trade issues in climate change negotiations. The agreed [text](#) establishes a forum that will enact a work programme on the impact of the implementation of response measures - actions taken by countries to combat climate change - and consolidates all discussions on the response measures issue under the UN Climate Convention.

Traditionally associated with the potential impacts that a decrease in the use of fossil fuels will have on petroleum-producing countries, the impacts of response measures has become a hot issue for many developing countries, who argue that social and economic consequences would be faced through other sectors or economy-wide too.

This response measures issue was bitterly fought out in a small negotiating group under the Subsidiary Body for Scientific and Technical Advice (SBSTA), with sessions stretching late into the Saturday night. With ministers tied up in the informal discussions or “indabas” - for which COP 17 will be remembered - negotiators from a handful of countries commented that they could no longer move the issue forward.

While there was a clear split between developed and developing countries, the most notable divide was between the US and the G77 and China. Some observers speculated that the response measures issue was being dragged out on purpose by some parties so it could be used as a bargaining chip in other discussions. At one point, the SBSTA chair

expressed his frustration at a US request to discuss the issue with colleagues working under the LCA, reminding the delegate that the response measures issue was not being negotiated under an ad hoc working group.

The final decision on the issue adopts a work programme and calls for the establishment of a forum on the impact of response measures to be convened by the chairs of both subsidiary bodies - STA and Implementation (SBI). It asks the subsidiary bodies to review the work of the forum this year and advance their findings in 2013 at COP 19.

While other trade issues - including agriculture and bunker fuels, dirty fuel used in shipping and aviation - failed to gain any meaningful traction in Durban, there was movement on technology, with the Green Climate Fund tasked with ensuring adequate development and transfer.

Technology transfer

Negotiators in Durban were also able to move forward the process of operationalising the Technology Mechanism, which had been established at last year's climate talks in Cancun.

The talk surrounding the Technology Mechanism touched upon a variety of issues, including the undefined relationship between Mechanism's two main bodies - the Technology Executive Committee (TEC) and Climate Technology Centre and Network (CTCN).

This issue has now been settled, with negotiators establishing a system of joint reporting by the TEC and CTCN to the COP. While developing countries wanted the TEC to provide guidance and oversight to the CTCN, this was not retained in the final language regarding the Mechanism.

Durban also witnessed the adoption of the terms of reference of the CTCN; these addressed the issue of governance through the

establishment of an advisory body that reports to the COP.

Although intellectual property was raised several times in the context of the technology discussions, particularly by developing countries, apparently it did not feature in the final text.

A monumental deal?

So soon after the close of South Africa's climate meeting, it is hard to tell how this COP will be remembered in hindsight. While many attendees noted that the logistics of the event were an incomparable improvement on Cancun, there were still several shortcomings.

The closing plenaries saw constant praise from the floor for the COP president's tireless work and insistence that parties engage in a spirit of compromise and "Ubuntu." However, some delegates were critical of some of the tactics employed by the president.

The meet will most certainly be remembered for its use of South African tribal-inspired "indabas" to generate high-level discussion on major issues. However, while the indaba process was useful for ironing out "big picture" issues, one delegate told Bridges, it also tied up ministers' valuable time when they could be helping to move individual texts forward. Another negotiator said this was the reason the meeting stretched so long into overtime.

There was also a profound sense of confusion that clouded much of the two weeks of negotiations, with little information emerging from the talks as they unfolded. This atmosphere only intensified on Thursday, Friday, and Saturday, with reporters and other observers caught in a holding pattern, perpetually asking each other if they've heard *anything*.

The deafening silence from the COP only deepened late on Friday, with reporters, observers, and many delegates leaving the

venue shortly before midnight unsure of what to expect on Saturday.

Despite these drawbacks, the process was guided to completion with South Africa at the helm. The COP will certainly be remembered for the exhaustion of those in attendance, but that is insignificant in historical terms. What is significant is the multilateral passion, emotion, and spirit of compromise seen from all delegates.

After three sleepless nights of hard work, the UNFCCC has proven that the multilateral process is still alive and capable of making collective progress. Indeed, what seemed impossible only three weeks back - namely an extension of the Kyoto Protocol and a plan to legally bind all emitters, traditional and emerging - was ultimately made possible through hard work and skilful diplomacy. A long and winding road has been drawn in Durban. But for climate change to be addressed effectively, this path will need to be travelled well and to actual reductions in global warming before success can truly be declared. Only then will we be able to declare more than “this past weekend, countries simply avoided to fail.”

All of the decisions adopted by COP 17 and CMP 7 can be accessed [here](#).

ICTSD Reporting.

IN BRIEF

Lack of Clarity on Aviation Emissions Persists as ETS Deadline Looms

With the 1 January 2012 implementation date for the EU's controversial plan to charge airlines for their emissions drawing near, many questions on the details of the plan remain unresolved. The scheme - which will

charge all airlines landing or taking-off from EU airports for their expended emissions, regardless of their country origin - has faced much criticism and is the subject of a trans-Atlantic legal battle.

Still undecided as the 2012 start-date approaches, the European Court of Justice (ECJ) is now expected to deliver its ruling on the legality of including aviation in the EU ETS on 21 December - earlier than anticipated. The decision is expected to follow the ECJ Advocate General's non-binding opinion, which deemed that the inclusion of aviation in the EU ETS is fully compatible with international law (see Bridges Trade BioRes, [17 October 2011](#)).

Further complicating the issue, the US House of Representatives in October passed a bill that would make it illegal for US airlines to comply with the controversial EU scheme. The House-backed measure, which garnered broad support, would prohibit US passenger and cargo airlines flying to and from Europe from participating in the EU ETS should the scheme be unilaterally imposed (see Bridges Trade BioRes, [31 October 2011](#)).

The bill was introduced to US Senate on 7 December. If approved, the law would allow the US Department of Transportation to “take necessary action to ensure that America's aviation operators are not penalised by any tax unilaterally imposed by the EU.”

For its part, the European Commission has estimated that any increase in cost under the ETS will be “modest at most,” ranging between US\$1.40-US\$8.60 per ticket per flight at current CO2 prices. The EU has repeatedly reiterated that its preferred choice is a global solution but says the lack of global action has forced it to proceed with the scheme.

But controlling emissions on a global scale is a monumental task, as seen in the negotiations which took place last week during UN climate talks in Durban, South Africa (see related

story, this issue). While parties were able to make modest progress on key climate change challenges, they were unable to reach an agreement on a global sectoral approach for transport emissions.

The protracted negotiations on aviation were complicated by issues relating to aspects of how the principle of Common but Differentiated Responsibility - whereby developed countries are expected to take on more responsibility due to their historical carbon contributions - factors into the aviation sector. There is also disagreement on which UN body is better equipped to manage the issue: the Framework Convention on Climate Change (UNFCCC) or the Montreal-based International Civil Aviation Organization (ICAO).

While in Durban, Paul Steele, a spokesman for the International Air Transport Association's (IATA), an international trade group of airlines insisted that the ICAO was the most appropriate venue.

The only "real way to solve this is for governments to get back around the table at ICAO," Steele told reporters.

ICTSD Reporting; "Senate bill would shield US airlines from EU law," REUTERS, 8 December 2011; "Court to decide on EU aviation emissions trading case before Christmas," BUSINESSGREEN, 7 December 2011; "Airlines for America (A4A) Commends Senate Opposition to EU ETS," SACRAMENTO BEE, 7 December 2011; "COP17 Outcome - An Aviation Perspective," AIR TRANSPORT ACTION GROUP, 11 December 2011; "IATA warns EU ETS could trigger trade war," AIR TRANSPORT WORLD, 9 December 2011; "No agreement on aviation emissions at COP17," AIR TRANSPORT WORLD, 13 December 2011; China, Japan Clash with EU over Aviation CO2 curbs at summit," BLOOMBERG, 30 November 2011.

Australia, New Zealand Plan to Link Emissions Trading Schemes

While discussions at this year's UN climate negotiations in Durban, South Africa were still underway, some countries also made moves outside of the multilateral setting in an attempt to strengthen international climate change co-operation. Australia and New Zealand revealed plans last week to link their emissions trading systems as soon as 2015, once Australia has moved from a fixed carbon tax to a flexible price mechanism.

Australia's Clean Energy Bill overcame its final hurdle last month, with the Senate passing the law to introduce a carbon tax in July 2012 (see Bridges Trade BioRes, [14 November 2011](#)). The controversial tax targets five hundred of Australia's most polluting producers, and has come under fire from a variety of fronts, particularly the coal industry - Australia's largest export industry.

The Australian plan will create the largest emissions trading scheme outside of the EU when the fixed tax develops into a market-based trading system in 2015.

Earlier this fall, when the future of the Australian carbon tax was still unclear, the domestically controversial scheme received strong backing from the EU. Along with providing public support, Brussels also indicated that it would be holding discussions with Canberra on a possible linkage of the two carbon trading systems (see Bridges Trade BioRes, [19 September 2011](#)).

Now that the Australian plan has been passed into law, the EU and Australia have been exploring ways of linking their carbon markets.

Australia is now planning the same with its neighbour New Zealand, which has had its own trading scheme since July 2011. On the sidelines of the global climate summit in Durban, Australian Climate Change Minister

Greg Combet and his New Zealand counterpart Tim Groser expressed their intention to link their respective emissions trading schemes as soon as possible.

“Markets are the way to cut our emissions at least cost. That is why Australia is working with New Zealand to develop them domestically and internationally,” the Ministers stressed in their joint [statement](#).

Officials from both countries have already identified areas for linkage as well as a possible start date, currently planned for 1 July 2015.

In Australia’s case, linking its carbon market with other countries could have the additional advantage of locking in the scheme, making its removal - as planned by the conservative opposition in case of victory in the country’s 2013 elections - more difficult.

The outcome of the two-week Durban climate talks also sparked a renewed attack of Australia’s carbon tax law by Australian opposition leader Tony Abbott. “That Durban has broken up without any significant outcomes just proves that this is going to be a do-nothing decade for global action on climate change,” he said. “It demonstrates that Australia’s carbon tax is an international orphan.”

The new global climate deal, which was eventually hammered out one day and a half after the planned end to the Durban talks, involves a plan among the 194-party conference to begin negotiations on a legal climate agreement involving all major emitters – including the US, India and China. This agreement would be concluded in 2015 at the latest. For more on the conclusion of the Durban talks, see our Special Section of this issue.

ICTSD Reporting; “Climate conference approves landmark deal,” ASSOCIATED PRESS, 11 December 2011; “Coalition, Greens attack Durban climate pact,” THE

AUSTRALIAN, 12 December 2011; “Australia, New Zealand could link carbon trade schemes in 2015,” REUTERS, 5 December 2011.

US-China Solar Panel Conflict Moves to Next Level

Cheap solar panel imports from China have substantially hurt US manufacturers, the US International Trade Commission (ITC) preliminarily [found](#) on 2 December. Following this early assessment, six ITC members unanimously decided to continue investigating the alleged subsidisation and dumping of imports of crystalline silicon photovoltaic (CSPV) cells and modules from China.

The assessment and vote follows the ITC’s decision on 9 November to react to a petition to curb unfair imports submitted by SolarWorld Industries America Inc. and the Coalition for American Solar Manufacturing (CASM).

Washington’s decision to continue proceedings comes only days after Beijing confirmed that it was conducting its own investigation on Washington’s renewable energy support. Beijing’s probe will cover wind energy, solar, and hydro technology products. The investigation is expected to end by 25 May 2012.

SolarWorld President Gordon Brinser welcomed the preliminary decision. “Today’s unanimous vote is another step toward restoring the healthy global competition in the solar industry that has reliably driven down production costs and prices by 10 percent or so a year for many years,” he said.

The complainants [argue](#) that “massive state subsidies and sponsorship have enabled Chinese manufacturers to illegally dump their

products into a wide-open US market [despite the lack of] a production cost advantage.”

However, Beijing has expressed doubts over the grounds on which ITC determined the economic harm of Chinese imports.

“The US has made a preliminary ruling that is inconsistent with the facts [and it proceeded] regardless of defence opinions from Chinese firms, as well as opposition from the US domestic industries and other interested parties,” China’s Ministry of Commerce (MOFCOM) protested in a [statement](#).

Chinese CSPV panel imports to the US have almost quadrupled during 2008 and 2010. According to ITC numbers, China is currently the largest source of US CSPV imports.

In 2010, CSPV imports from the South Asian trading giant amounted to US\$1.2 billion. Another US\$1.5 billion worth of CPSV panels was imported from Germany, Japan, Malaysia, Mexico and Taiwan.

The 2 December decision marks the first step in countervailing and anti-dumping duty investigations. The ITC will now continue its probes on the alleged subsidisation and dumping, the outcomes of which are expected on 12 January 2012 and 22 March 2012, respectively.

ICTSD Reporting.

EVENTS AND RESOURCES

Events

If you would like to see your event listed here or are interested in finding out more about publicising your event through ICTSD, write to biores@ictsd.ch. For a more comprehensive list of events for the trade and environment community visit the [BioRes online calendar](#).

Upcoming Events

1 January, Worldwide. INTERNATIONAL YEAR FOR SUSTAINABLE ENERGY FOR ALL. The UN General Assembly adopted a Resolution in late 2010 proclaiming 2012 the “International Year for Sustainable Energy for All.” According to the Resolution, the year will be aimed at fostering “an enabling environment for the promotion and use of new and renewable energy technologies, including measures to improve access to such technologies.” It seeks to raise awareness of access to affordable energy, energy efficiency and sustainability. As part of this initiative, the UN has launched a global Energy Access Practitioner Network with the goal of achieving universal energy access in a range of developing countries by 2030. More information is available on the event [website](#).

24-25 January 2012, Johannesburg, South Africa. CLIMATE FINANCE AND CARBON MARKETS AFRICA. With the UNFCCC’s COP 17 taking place in Durban in late 2011, the world’s eyes will be focused on South Africa. Climate Finance and Carbon Markets Africa returns for its 5th year to address the key challenges of expanding climate projects in Africa as the first major African meeting after COP 17. It brings together project hosts, financiers, developers, and legislators in a discussion platform for genuine market insights, networking, and solutions on carbon trading in Africa. More information is available on the event [website](#).

2-3 February, London, UK. 7TH INTERNATIONAL FORUM ON ILLEGAL, UNREPORTED AND UNREGULATED FISHING. The 7th International Forum will focus this year on the latest developments in IUU fishing in the Mediterranean and West Africa, especially after the conclusion of the ICCAT meeting in Istanbul in November. It will also cover catch document schemes, port state measures, and organised crime in the fishing sector. The

annual gathering brings together leading policymakers, researchers, industry representatives, and civil society groups from around the world to discuss the latest initiatives, regulations, and research in the area of fisheries governance and trade in illegal fish products. For more information or to register, please contact Estelle Rouhaud at erouhaud@chathamhouse.org.

2-3 February, Vienna, Austria. 8TH AUSTRIAN JI/CDM WORKSHOP. This event will bring together private and public stakeholders of the international carbon community, including project developers, investors, DOEs and governmental authorities, to provide an effective communication platform for exploring carbon reduction initiatives. It will inform participants on trends regarding new, flexible mechanisms and project opportunities following the UNFCCC Conference of the Parties in Durban. More information is available on the event [website](#).

29 February - 1 March, Fort Lauderdale (Florida), USA. 2012 CLIMATE LEADERSHIP CONFERENCE. The first annual Climate Leadership Conference will bring together leaders from business, government and academic institutions, and the non-profit community interested in exchanging ideas and information on how to address climate change while simultaneously running their operations more competitively and sustainably. Conference attendees will hear climate-related solutions on a range of topics, including leveraging clean energy opportunities, managing climate risks, building resilience, supply chain strategies, and business-oriented solutions. More information is available on the event [website](#).

12-17 March, Marseilles, France. SIXTH WORLD WATER FORUM. This event bills itself as the largest water-focused gathering in the world, attracting over 25,000 participants in 2009. It meets at a different international

location every three years and aims to mobilise water stakeholders worldwide. It promotes interactions and partnerships at all geographic scales and between all actors, with a special focus on developing countries. More information is available on the event [website](#).

26-29 March, London, UK. PLANET UNDER PRESSURE: NEW KNOWLEDGE TOWARDS SOLUTIONS. The 2012 international Planet Under Pressure conference seeks to provide a comprehensive update on the environmental pressure facing the planet as a whole. The conference will discuss solutions at all scales designed to move societies onto a more sustainable path, providing scientific leadership towards Rio+20. The conference will bring together leading researchers and thinkers on climate change, population, global risks, food security, and more. More information is available on 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 to the [editor](#).

ROLE OF OPEN INNOVATION MODELS AND IPR IN TECHNOLOGY TRANSFER IN THE CONTEXT OF CLIMATE CHANGE MITIGATION. Published by UNEP Riso Centre (December 2011) in the edited volume, "Diffusion of Renewable Energy Technologies." This paper presents alternative models that can be used to address the delicate balance between technology transfer for climate change mitigation and intellectual property rights (IPR). It evaluates the scope and limitations of Open Innovation and Open Source Models for technology transfer, as well as various other options such as patent pools and

clearinghouses. The paper suggests that Open Innovation Models can play an important role in technology transfer for climate change mitigation. The paper is available for free download [online](#).

AN ITERATIVE REFERENCE LIST OF CLIMATE CHANGE: SCIENCE, POLICY & RELATED INFORMATION. Published by Zoological Society of London (ZSL) and CBSG / WAZA Climate Change Task Force (2011). The aim of this extensively updated reference list is to improve access to the best available information for determining the state of climate science and its implications for policy. There is particular focus on climate 'forcings', feedbacks and sensitivities, together with their associated impact and responses. Directories are also included of institutions, specialists, other reference sites and programme initiatives. Where available, abstracts for journal publications are included, and all references are associated with live links. The report is available [online](#).