



Bridges Trade BioRes

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FISHERIES

Fisheries Negotiations Surge Ahead as Easter Deadline Looms

Delegates in the WTO's Negotiating Group on Rules are actively pushing for compromise on fisheries subsidies disciplines in order to produce a revised draft negotiating text before the Easter deadline. Members took part in technically-heavy discussions from 7-14 February that were widely described as positive and fruitful. Rules chair Dennis Francis then followed up the discussions by distributing an active work plan on 16 February, outlining three contact groups and a questionnaire designed to better understand members' positions on fuel subsidies.

Members met in plenary and took part in plurilateral discussions on issues related to fisheries management, fuel subsidies, and special and differential treatment (S&DT) for developing countries. A driving force in discussions were five recent submissions by [Japan](#); [Canada](#); [Argentina](#); [Chile](#); [Egypt and Uruguay](#); [Ecuador and Peru](#); and [Morocco](#).

In plurilateral discussions on fisheries management, Norway and South Africa were appointed as friends of the chair to discuss technical aspects of fisheries management. The effort – a descriptive exercise to simplify discussions through consultation with some 15 countries – resulted in agreement that there should be six basic requirements for fisheries management and that the rest could be illustrations or options.

The six core requirements agreed upon include the implementation of effective legislation and institutions, the ability to accurately assess the volume of catches, the ability to accurately assess the number of active fishing vessels, ensuring

appropriate monitoring controls are in place, the ability to effectively enforce legislation, and input and output controls, such as quotas or limiting days at sea. Examples of optional requirements include the installation of global positioning systems on vessels and the presence of third-party observers aboard vessels.

Fisheries management focus of Japan submission

The fisheries management issue was also raised in Japan's submission (TN/RL/GEN/171), dated 17 January, which downplays the role of subsidies in overfishing and suggests members instead place more focus on the role of illegal, unreported, or unregulated (IUU) fishing.

"Capacity-enhancing or effort-enhancing effect, if any, caused by subsidies which was emphasized by some Members, is not as significant in its magnitude as was previously believed," the proposal reads. "These facts remind us that the global issues of overcapacity and overfishing should effectively be addressed through a holistic approach to fisheries management and associated schemes."

In October 2010, Japan notably shifted its position on blanket bans on any kind of subsidy to a more a more flexible position that now accepts, in principle, that there will be prohibitions on some kinds of payments that lead to overcapacity and overfishing. But environmental groups say Japan's narrow focus nullifies the overall goal of implementing subsidy cuts.

"Taken all together, Japan's approach is a case of 'the exceptions swallowing the rule,'" WWF said in a statement. "It is hard to find a fishery subsidy in use today that would not be allowed by Japan's combination of narrow prohibitions and generous loopholes."

WWF, which follows WTO fisheries negotiations closely, also points out that cutting subsidies is more effective than fisheries management because the latter requires an array of investments, monitoring and enforcement. The group argues that members should adopt a broad prohibition

on subsidies with narrowly scoped environmental and S&DT exemptions.

S&DT discussions, which provide exceptions for the unique needs of developing countries, were pushed forward by the Argentina, Chile, Egypt and Uruguay proposal (TN/RL/GEN/173/Rev.1) and the proposal by Ecuador and Peru (TN/RL/GEN/172).

The Argentina, Chile, Egypt and Uruguay submission proposed a restriction on S&DT subsidies to fisheries where existing capacity is demonstrably and substantially lower than the "full capacity" needed to harvest maximum sustainable catches. Essentially, this safeguard is meant to ensure that allowable subsidies are used where they are needed, rather than being diverted to fisheries that are already operating at overcapacity.

Ecuador, Peru look to include artisanal fisheries under S&DT

Meanwhile the Ecuador and Peru submission proposes expanding the language of the chair's text to include "artisanal fisheries" in addition to subsistence fisheries. The paper argues that artisanal fisheries provide direct and indirect employment for tens of millions of people yet represents only a quarter of the world catch, according to a recent UNEP study.

However, green groups argue that because there is currently no internationally recognised definition of artisanal fisheries, the amendment could, in some cases, be used as a loophole to subsidise fisheries that are already being exploited beyond sustainable levels.

Environmentalists seized on the timing of these discussions to point out that the newly released FAO report "[The State of World Fisheries and Aquaculture 2010](#)" indicates that only 15 percent of fisheries in 2008 were underexploited or moderately exploited and that 85 percent of global fisheries are now fished up to or beyond their biological limits.

As countries push to make good on making 2011 a deliverable year for Doha, Easter has been

targeted as a deadline for producing revised negotiating texts on key issues including agriculture, industrial goods and services, as well as fisheries subsidies.

The current text on fisheries subsidies was drafted in December 2007, by the then-chair Uruguayan Ambassador Guillermo Valles Galmés. Talks had been lagging since the departure of Galmés in early 2010, but picked up again in November as chair Dennis Francis, the WTO ambassador from Trinidad and Tobago, settled into his new role (see Bridges Trade BioRes, 24 October 2010).

Work plan charts course for Easter deadline

In recognition of persistent “broadly held views,” the chair has established three working groups on high seas fisheries, artisanal/small-scale fisheries, and income support. A fourth working group on fuel subsidies will be established once Francis has an opportunity to review the responses to a questionnaire designed to increase transparency on the issue.

Countries assigned to the high seas fisheries contact group are Brazil, China, Korea, Mexico, New Zealand, Norway and the United States. The artisanal/small-scale fisheries group will be composed of Argentina, Australia, Canada, the EU, India, Japan and Peru. Finally, the income support group will consist of Australia, Canada, China, the EU, Japan, Norway and the US. Each named country will designate an individual to be a party to the respective contact group.

The questionnaire on fuel subsidies, perhaps one of the most divisive areas in fisheries subsidies talks, asks delegations to divulge any pertinent information related to the following: Policies that have the effect of reducing or stabilising the price of fuels used in the fisheries sector; tax policies or measures that apply to the purchase of fuels used in the fisheries sector; any exemptions, remissions or deferrals of taxes on fuels used in the fisheries sector; any measures that offer compensation for fuels used in the fisheries sector; and recent data on the post-tax price of fuels used in the fisheries sector.

The chair also appointed two new friends of the chair – Alice Tipping of New Zealand and Manleen Dugal of the Pacific Islands Forum Secretariat – to work on reciprocal and shared access to Exclusive Economic Zones (EEZs). Delegations have been asked to submit their responses on the fuel subsidy questionnaire by 28 February.

Fisheries discussions are scheduled to resume on 7 March.

ICTSD reporting.

RENEWABLE ENERGY

Obama Administration Signals High Priority of Renewable Energy

US President Barack Obama proposed on Valentine’s Day to boost funds for clean energy research and deployment in his 2012 budget by slashing subsidies for fossil fuels such as oil, gas and coal. The announcement comes at a time of great sensitivity on issues related to government support for clean energy, following the US launching of a WTO dispute against China’s support for wind power manufacturing and Japan’s WTO challenge against Canadian green energy subsidies (see Bridges Trade Biores, [24 January 2011](#) and [24 September 2010](#) respectively).

But despite these conflicts and resistance from lobby groups, Obama has maintained his focus on the importance of the industry, including clean energy technology among a few singled out as part of “our generation’s Sputnik moment” in his State of the Union address.

The budget provides the Department of Energy US\$29.5 billion for fiscal year 2012, up 4.2 percent from the proposed 2011 budget, and up 12 percent from the enacted 2010 budget. Some

US\$8 billion is earmarked to support research in clean energy, such as wind, solar, and advanced batteries.

"Whomever leads in the global, clean energy economy will also take the lead in creating high-paying, highly skilled jobs for its people," the administration said in the budget.

The budget would also provide US\$853 million to support new nuclear energy technologies, such as small modular reactors. The White House asked for US\$36 billion in federal loan guarantees to help finance the building of nuclear power plants, as it did last year. The loan program already has US\$18 billion in authority.

Cuts to fossil fuel spending to help offset costs

To help pay for the clean energy initiatives, the White House is asking Congress to repeal US\$3.6 billion in oil, natural gas and coal subsidies, a move that would total US\$46.2 billion over a decade. The International Energy Agency puts total global fossil fuels at US\$312 billion a year in 2010. In addition, the budget cuts funding for oil and gas research and for hydrogen fuels programs.

But many Republicans oppose cutting subsidies for fossil fuels, saying it would hurt industries that provide jobs while the economy is still fragile.

"Given the broad difference in priorities between House Republicans and the White House on energy issues, we believe that few of the proposed cuts and expansions ... will become law," Whitney Stanco, an energy policy analyst at MF Global, said in a research note. Meanwhile the International Labour Organization (ILO) has calculated that the renewable energy industry generates more jobs than employment in fossil fuels. The ILO estimates that investments of US\$630 billion by 2030 would translate into at

least 20 million additional jobs in the renewable energy sector.

Republicans use EPA issue as leverage

Republicans, who now control the House of Representatives, have also proposed to cut funding for the Environmental Protection Agency's program to regulate greenhouse gases, saying Congress should be the one to decide whether to fight climate change, not the administration.

Republicans may try to force a government shutdown if the Obama administration does not agree to its spending cuts. But analysts said a delay in EPA climate regulations led by Congress was more likely than shutting down the government over an environmental rule.

The Obama budget cuts the 2012 EPA budget by about US\$1.3 billion or about 13 percent with reductions in a clean diesel program and in Great Lakes restoration projects.

Stanco said the budget's funding for electric vehicles could have the best chance of becoming a law, as it could be paired with funding for natural gas vehicles. The budget proposes US\$588 million for vehicle technologies, an increase of 88 percent from current levels.

The budget would double the number of energy innovation hubs to six in order to bring scientists to work on topics like rare earth elements, energy storage, and batteries and development of smart grid technologies designed to make electricity transmission efficient.

Renewables price drop changing clean energy landscape

Meanwhile clean energy companies need to perform in an increasingly competitive

environment. According to Bloomberg New Energy Finance's Wind Turbine Price Index, prices for wind turbines, for example, have dipped below €1million per MW for the first time since 2005. The study cites increasing scale, improved efficiency, and over-capacity among wind energy hardware manufacturers as key reasons for the drop in price.

While dropping turbine prices may be have manufacturers scrambling, project developers will be scrambling to take advantage of the improved cost-competitiveness of wind energy compared with gas and coal.

“The latest edition of our Wind Turbine Price Index shows wind continuing to become a competitive source of large-scale power,” said Michael Liebreich, chief executive of Bloomberg New Energy Finance. “For the past few years, wind turbine costs went up due to rising demand around the world and the increasing price of steel. Behind the scenes wind manufacturers were reducing their costs, and now we are seeing just how cheap wind energy can be when overcapacity in the supply chain works its way through to developers.”

ICTSD Reporting; “Green view: How to save \$300 billion,” THE ECONOMIST, 12 November 2010; “Untold Billions: Fossil-Fuel Subsidies, Their Impacts and the Path to Reform. A Summary of Key Findings,” GLOBAL SUBSIDIES INITIATIVE, April 2010.

NATURAL RESOURCES

Chevron to pay Billions in Damages, Ecuadorian Court Rules

An Ecuadorian court has ruled that US oil giant Chevron should pay at least US\$8.6 billion to Amazonian communities to help combat environmental damages caused by oil drilling.

Both sides say they plan to appeal the court's decision in coming week.

According to the 14 February provincial court ruling, the massive fine will pay for compensatory damages related to polluting the soil and water in the Amazon River basin as well as causing health problems among locals. In addition to the US\$8.6 billion, Chevron must also pay a further 10 percent of the compensatory damages to the Amazon Defense Coalition, an umbrella organisation representing Ecuadorean communities in the case. Furthermore, the oil company must issue a public apology within 15 days of the decision or face a doubling of the damages fee.

The court has allotted over US\$5 billion of the compensatory charges to repair soil damage, while the remaining funds will be spent on healthcare for those affected.

Texaco legacy

The ruling stems from an ongoing law suit filed against Texaco by the Ecuadorean Amazon communities in 1993. Chevron inherited the case when it merged with Texaco in 2001.

Texaco began oil exploration activities in Ecuador in 1964. Once striking oil in 1967, Texaco entered into a consortium with Ecuador's state oil company, Petroecuador, and drilled in the region throughout the 1970s and 1980s. Texaco, upon closing its oil initiatives in Ecuador in 1992, paid the Ecuadorean government US\$40 million to assist with cleanup efforts in the region. Dissatisfied with the compensation, a group of affected Amazonian communities filed the lawsuit, Time Magazine has reported.

Affected communities have claimed that Texaco engaged in faulty drilling practices and dumped noxious waste into the Amazon that resulted in widespread pollution throughout the Amazon River basin. In the initial filing, the Ecuadoreans sought US\$27 billion for water and soil damages as well as illnesses and deaths that they say Texaco's practices caused.

Monday's case settlement is one of the largest environmental damage cases to date, second only to the US\$20 billion settlement fund established for BP's Gulf of Mexico oil spill.

Chevron calls ruling "extortion"

Chevron has openly rejected the court's decision. The company maintains that the court proceedings were under the biased influence of the Ecuadorean government. It argues that the court commissioned expert report, which was used as evidence to assess the environmental damages, was ghost-written by the plaintiffs lawyers. Chevron further contends that it has already cleaned up its oil fields and that it signed an agreement with Petroecuador that released it from future pollution claims. In an interview with the BBC, a company spokesman said the decision was tantamount to "extortion."

Chevron has already stated that it will be appealing the ruling. Reuters reported that Chevron is willing to take the case to Ecuador's National Court of Justice, the highest court in Ecuador, if necessary.

"The objective, of course, is to overturn this illegitimate ruling that is the product of fraud and collusion and divorced from all legitimate scientific evidence presented in the case," said Chevron spokesman, James Craig.

Both parties plan further action

The Ecuadorean communities will also be appealing the decision for the amount that was awarded to them. They claim that the current amount of financial compensation is insufficient to clean up areas affected by the oil. Recent damage assessments by the plaintiffs' lawyers put the damage costs around US\$113 billion.

"This is the beginning," said Guillermill Grefa, head of the Quichua indigenous community of Rumipamba in Ecuador in response to Monday's judgment. "The fine is not going to be enough for us to restore the forest and to fix the damage. We will keep on fighting."

His sentiment was echoed by Karen Hinton, a spokesperson for the plaintiffs. "We want to ensure the damage award will adequately remediate all the contamination that Chevron is responsible for."

According to the New York Times, Chevron has said that it does not intend to pay the damage fees. Without Chevron's compliance, analysts have said it will be difficult for the plaintiffs to collect the fees given that Chevron does not maintain any significant assets in Ecuador. However, local communities are prepared to legally pursue Chevron's assets internationally in order to collect the money that is owed to them, the New York Times article says. The communities' lawyers have identified multiple countries, including Brazil, Argentina, Venezuela, Angola, Canada, and Australia, as potential targets with significant Chevron assets.

Despite the coming appeals, environmentalists from the Amazon Defense Coalition are praising the court's ruling, calling it "historical and unprecedented."

"It is the first time that indigenous people have sued a multinational corporation in the country where the crime was committed and won," the environmental group said in a statement.

Some academics are also praising the decision for the message it sends to multi-national corporations.

"The case really sends a message that companies operating in the undeveloped world cannot rely on a compliant government or lax environmental rules as a way of permanently insulating themselves from liability," said Robert Percival, the director of the environmental law program at the University of Maryland School of Law.

Official appeal proceedings are set to begin at the provincial court in Ecuador today.

ICTSD Reporting; "Chevron: Indigenous Ecuadoreans Seek Higher Damages," BBC, 15 February, 2011; "Chevron, Locals Prepare Ecuador Pollution Appeals," PLANET ARK, 17 February, 2011; "Chevron's \$17 Billion Ecuador

Judgment May Be Unenforceable, Analysts Say,” BLOOMBERG, 15 February, 2011; “Ecuador Farmers Say Chevron Award Too Small,” PLANET ARK, 16 February, 2011; “Ecuador Orders Chevron Pay \$8 bln Over Oil Damages,” YAHOO! GREEN, 14 February, 2011; “Ecuador to Chevron: Pay Up. And Say You’re Sorry,” TIME, 16 February 2011; Ecuadoreans Plan to Pursue Chevron in Other Countries,” NEW YORK TIMES, 15 February, 2011.

OPINION

Geographical Indications, in Situ Conservation and Traditional Knowledge

By Jorge Larson Guerra

Geographical indications (GIs) have been a neglected area in the various fora addressing biodiversity and intellectual property. This neglect is due to several reasons, among them the fact that GIs were long viewed as a protectionist strategy and an issue of interest mainly to Mediterranean Europe. The situation changed only in the last decade or so when many countries began to embrace GIs as a useful rural development strategy. The importance of this issue is growing steadily. Legislative changes, as well as the registration and commercial development of GIs are underway in most biologically-diverse developing countries and in developed countries that in the past were opposed to, or sceptic about, GIs.

How does GI development relate to the *in situ* conservation of genetic resources and rural development? The globalisation of food trade impacts the everyday decisions of farmers worldwide, because agro-industrial generic products have increasing access to local and regional markets. Attempts by farmers to compete with generic products may change local agricultural practices and genetic resource use. GIs and informative labelling offer the possibility of commercialising production with a differentiated identity, which avoids the type of competition that

is based on volume, low prices and marketing. If the GI promotes the success of an economic activity based on a biological resource, a landscape and a livelihood, then the connection between GIs and biodiversity conservation becomes evident.

Basic GI concepts and legal diversity

In his book *The Law of Geographical Indications*, Bernard O'Connor defines a GI as “a sign used on goods that have a specific geographical origin and posses qualities or a reputation that are due to that place of origin.” Products protected by GIs must have qualities linked to the territory from which they derive. GI protection involves recognising a collective exclusive right to the use of a geographical name or sign on a good. GIs are usually geographical names, but they can also be composed of symbols and icons as long as they convey geographical information. Legally, the options for GI protection include defence against unfair competition and positive protection through registration.

There is one simple underlying rationale to GIs: to offer producers protection against “free riders” and provide them the means to differentiate their product in the market using a geographical identity. The rationale is that harm is produced by someone that “free rides” on the reputation of someone else, the subject of harm being either the producer of the authentic product or the consumer that is misled.

GI value chains, biodiversity conservation and traditional knowledge

GI differentiation is useful when rural producers and their organisations are involved in delivering a final good that the consumer will purchase. However, in developing country rural economies, farmers selling on the market are mostly simple suppliers of raw materials. A simple value chain, beyond the supply of raw materials, highlights the dynamic interaction between the links of the chain and the governance structures, and suits innovative industrial markets that begin in product development. However, it does not work for GIs because it does not consider the tangible and intangible natural and cultural inputs that are implicit in GI products.

The value chain framework was used to describe GI cases including the tangible territorial and biodiversity components of a product, as well as the intangible contributions of traditional knowledge (TK) in value chains. These aspects are central to the *in situ* conservation of genetic resources, because biological resources are not isolated from agro-ecosystems and are highly dependent on TK. Due to intangible aspects, agreements and regulations have to be adopted collectively to meet a production standard that respects tradition and authenticity while involving the necessary innovation to achieve certain qualities.

In a globalised trading system the issue of geographical and cultural distances between producers and consumers is important, because GI labelling may aid in acknowledging and, in some instances, reducing this distance. GI promoters and developers must be aware of the fact that the meaning of GI labels represents a social construction of a certain consensus that explains the importance of each specific GI and its markets. The value chain approach applied to GIs should take this into consideration. In the case of this study, this simple framework was used for the qualitative evaluation of cases from a conservation and rural development perspective.

Overview and lessons from GI cases

The first group of cases is a cluster of GIs within a product class and a region: the cow milk cheeses from eastern France. These AOC cheeses show that GIs are a suitable instrument in rural development. There is evidence of their contribution to landscape and genetic resource conservation in eastern France. There is also evidence of their contribution to the utilisation and recognition of traditional and innovative knowledge and practices, as well as of economic benefits to local farmers and the national economy. AOC cheeses provide relevant income at the local and regional level.

Other interesting GI cases from developed countries include Scotch Whisky and the first designations of origin (DO) for rice and asparagus in Spain. Most GI cases from developed countries focus on less-favoured areas in terms of

productivity. Differentiation allows the development of local and regional economies that provide more jobs per production unit and a higher commercial value. These simple outputs improve the viability of rural livelihoods threatened by competitive economic conditions. The contributions to the conservation of biodiversity are a consequence of the economic viability of a specific livelihood tied to a genetic resource. Indirectly, certain practices of GI production create conservation benefits at the landscape and ecosystems levels.

From developing and transitioning countries, case studies, such as Tequila as Mexico's first DO, show that these countries are immersed in trends of agro-industrialisation that will have environmental and cultural costs if not addressed. The challenges for GI implementation in developing countries are greater than in developed economies, because the institutional context tends to be weaker or undeveloped in aspects such as fraud repression, intellectual property, and natural, biological and genetic resource management. Such adverse conditions are challenging, but there are also important opportunities to be grasped because of the existing biological and cultural diversity.

Conclusions and recommendations

Current trends in multilateral and national GI protection systems indicate that developing countries are active in GI development. The increasing number of GIs registered in diverse countries shows that the issue is growing in practice.

The 164 countries that are parties to the Paris Convention have, in principle, preventive GI protection through prohibition of unfair competition practices. Thus, the legal means to defend GIs from unfair competition practices are basically available worldwide.

Within the WTO, protection given in the TRIPS Agreement is stronger in the sense that there is a precise and flexible definition of GIs. A membership of 150 countries (November 2006) provides for the most comprehensive and global GI protection in existence.

Current trends in GI development worldwide suggest that the design and implementation of GI protection frameworks are not a question of deciding which type of protection to choose – preventive or positive. Rather, it is a matter of identifying the best way of developing both to their benefit and with the lowest possible transaction costs. Indications of source, basic labelling of generics, the possibility of registering GIs or DO according to the specific value chain, and promoting innovative approaches to marketing with a geographical identity, should all be considered within GI implementation strategies.

It has been shown that GI development may promote biodiversity conservation directly through the use of a specific genetic resource, or indirectly through production and management practices that include landscape and ecosystem considerations. Direct benefits in terms of sustainability in rural landscapes derive from the fact that governance and market success contribute to the viability of rural livelihoods that depend on the sustainable use of specific biological and genetic resources. GIs are a means to provide the necessary governance to retain certain control over resources.

Value chain differentiation is a very important concept that should be considered so that successful GI implementation does not become an economic mechanism that excludes poor farmers or consumers from functional foods due to price increases. To avoid it, producer organisations, cooperation agencies and developing and transformation country governments should focus on clear differentiation in policies, regulations and product development of the value chains that address local, regional, national, and export markets.

Some final general recommendations to be considered include focusing on the creation of an enabling institutional environment to prevent the false or misleading use of GIs, avoiding economic exclusion processes at the local and regional level by differentiating value chains for local and regional markets, and placing an emphasis on low cost and flexibility in GI protection strategies, regional markets, and access to market knowledge.

The current neglect for GIs within discussions on *in situ* conservation and the protection of traditional knowledge should end, and there should be in-depth discussions on their positive contributions to the pressing issues of conservation and development in rural diverse areas worldwide.

Jorge Larson Guerra is a Biologist at Mexico National University. This article is drawn from a longer policy brief that can be accessed [here](#).

IN BRIEF

Canada Calls for WTO Panel in Seal Dispute with EU

Canada has decided to proceed with its WTO case against the European Union's ban on trade in seal products by filing for the creation of a panel to adjudicate the dispute.

The case dates back to November 2009, when Ottawa requested consultations with the EU over a regulation banning the importation of seal products from commercial sealing operations, the first step in the WTO dispute settlement process (see Bridges Trade BioRes, [13 November 2009](#)). The EU maintains that commercial operations, like those in Canada, are “inherently cruel” and “inhumane.” The ban took effect in August 2010 and subsequent consultations have failed to resolve the dispute (see Bridges Trade BioRes, [10 September 2010](#)).

Canadian Fisheries Minister Gail Shea said when announcing the panel request on 11 February that the challenge is “a matter of principle.” Calling the seal hunt “humane” and an example of “responsible use,” she stressed the impact the ban would have on the livelihoods of the some 6000 Canadian families that depend on sealing.

Canada has long argued that scientific data in support of the EU's perception of the seal hunt is lacking - a key requirement for such a ban under WTO rules. The Canadian government claims the seal hunt is a legitimate economic pursuit.

As for the EU, trade spokesperson John Clancy said the European Commission would vigorously defend the law, describing it as consistent with the EU's international obligations and the concerns of its citizens.

The humaneness of the hunt is also contested in Canada, where some animal rights organisations side with the EU. They criticise Ottawa's decision to proceed with the case at the WTO saying it wastes millions of taxpayer dollars and tarnishes Canada's image.

Also factoring into the debate surrounding the dispute is whether it could jeopardise ongoing negotiations on a free trade agreement between Canada and the EU. Shea, however, dismissed suggestions that Canada was putting industries much larger than the tiny sealing sector at risk by pursuing the case. "We don't expect that this will have any effect whatsoever," she said, telling reporters that "both sides have agreed that this issue will be resolved outside the free trade agreement process and will be resolved at the WTO."

Ottawa's request will be heard at the next meeting of the DSB to be held 24 February. The EU can block the first request, but cannot do so a second time.

Canadian Inuit groups, who have pursued a parallel action against the ban through the EU's own court system, praised Ottawa for contesting the seal ban at the WTO last Friday. While the EU regulation contains certain exemptions for traditional Inuit hunts, the groups argue that the ban would still severely impact their livelihoods. The EU court ruled against the Inuit last October, but the groups behind the case are planning an appeal (see Bridges Trade BioRes, [8 November 2010](#)).

ICTSD reporting: "Ottawa's WTO challenge of EU seal ban 'a matter of principle,'" THE GLOBE AND MAIL, 11 February 2011; "Canada seeks WTO review of EU ban on seal products," REUTERS, 11 February 2011; "Canada escalates appeal on EU seal ban," CBC NEWS, 11 February 2010; "Canada to challenge European

Union seal ban," REGINA LEADER-POST, 11 February 2010.

Trillions in Global Investments at Risk Due to Climate Change: Study

Investors could risk losing trillions of dollars due to the effects of climate change according to a new report on long term investments and portfolio risk. The report outlines the many possible factors related to climate change that pose a threat to the global economics.

The report describes the findings of a recent study conducted by Mercer, a consulting and investment services firm, which analysed the impact of climate change on strategic asset allocation of institutional investment portfolios. The report further recommends steps for investors to take in order to adjust to these impacts.

Strategic asset allocation has traditionally used historical quantitative analysis to evaluate the risk and future performance of investments. However, with regards to climate change, the uncertainty and qualitative aspects that are inherent to climate change do not make traditional methods of investment evaluation an accurate predictor of risk or future performance, the report says.

In order to adapt the study to the unique challenges posed by climate change evaluation, Mercer analysed four potential climate change scenarios in order to anticipate future investment. The scenarios, which project up to 2030, were produced by the Grantham Research Institute at the London School of Economics and the consulting firm Vivid Economics. The scenarios spanned a range of possible climate change outcomes, from a highly aggressive policy response to no change in the global dependence on fossil fuels.

The study's results showed that uncertainty in climate change policy will be a significant source of risk for long term investment portfolios. It has the potential to increase overall portfolio risk by as much as 10 percent, which is equal to US\$8 trillion.

The report recommends that investors manage the risk posed by climate change by altering their strategic asset allocation techniques; portfolio diversification should spread risk across climate-sensitive assets as opposed to traditional, conservative assets. Investments in assets that promote a low-carbon economy, such as timberland, agricultural land, and other sustainable assets, will reduce the long term portfolio risk, says the report. Estimates from the study indicate that investment opportunities in this type of asset may be as large as US\$5 trillion by 2030.

Furthermore, the study showed that the course of action that is in the best interest of investors is an aggressive policy stance towards climate change. The report urges investors to communicate the financial effects of delay in climate change policy to policy makers in order to facilitate a faster response to climate change.

More information

The full report can be accessed on Mercer's [website](#).

ICTSD Reporting; "Climate Change Scenarios – Implications for Strategic Asset Allocation Executive Summary," MERCER, 15 February, 2011; "Climate Study Finds Investor Risks/Rewards," MSN, 16 February, 2011; "Investments Worth Trillions at Risk from Climate Change: Study," REUTERS, 16 February, 2011; "Trillions of Dollars at Risk for Investors from Climate Change," THE WORLD BANK BLOGS, 15 February, 2011.

EU Leaders Pledge to Step-Up Renewable Energy Efforts

EU leaders committed themselves to achieving an integrated internal energy market and boosting green innovation at the bloc's first-ever energy summit.

Leaders attending the 4 February summit agreed that Europe is falling far short of its green growth commitments. Delegates thus recommitted themselves to meeting their 2020 goals of

improving energy efficiency 20 percent and strengthening regional work for implementation of the Renewable Energy Directive. The accord fell short of passing the initiatives into mandatory legislation however, despite a push from Germany and Poland.

The declaration called for reinvigorated investment schemes for renewable energy and safe and sustainable low carbon technologies. The European Commission (EC) was invited to begin new initiatives towards building high-tech "smart" power grids that would be able to connect wind and solar power produced along the periphery to central European regions.

According to the EC, annual investments in renewable energy must double from the current €35 billion to €70 billion a year for the building of a new high-tech grid to be feasible. The Commission was assigned the responsibilities of configuring the costs and offering solutions for funding for the initiative.

The EC was also given the responsibilities of developing standards for clean vehicles, energy storage, and growth of sustainable biofuels. Assessments for the sustainable extraction of unconventional biofuels – such as shale gas and shale oil – were also approved at the summit.

Under the accord, the Commission is to make major efforts to liberalise energy markets and expand internal energy infrastructure by 2014 in order to allow for the free flow of gas and electricity within Europe. "The EU needs a fully functioning, interconnected and integrated internal energy market," reads the declaration.

Investment for environmentally-friendly innovation, education, research and technology was included in the agreement as well, due to its nature as a key driver of growth that can be turned into new marketable products and services that help create growth and quality jobs.

Summit leaders also expressed their anticipation for the elaboration of the low carbon 2050 strategy. A draft strategy paper, leaked to Reuters on 15 February, reportedly outlines strategies that could lead to cuts in EU domestic emissions by as

much as 25 percent. The report estimates that over the next 40 years, energy efficiency and domestically produced low-carbon energy could radically reduce fuel costs across the EU.

ICTSD Reporting; “Factbox: Main results of EU energy summit”, REUTERS, 4 February 2011, “Conclusions”, EUROPEAN COUNCIL, 4 February 2011, “Energy summit grapples with fossil fuel habit”, EurActiv, 8 February 2011, “EU energy plan could cut CO2 by a quarter: draft”, REUTERS, 16 February 2011, “EU exec wants green energy subsidies align, raised”, REUTERS, 31 January 2011.

Activists Bring an Early End to Japanese Whale Hunt

The Japanese government has suspended its whaling fleet’s 2011 Antarctic Ocean hunt, citing the “obstructionist activities” of the Sea Shepherd Conservation Society, an environmental group that is well known for aggressively disrupting the activities of whaling ships.

Japan’s harpoon ships were called home on 18 February, a month before the end of the usual season, “to ensure the safety of crew members’ lives, of assets and of the research fleet” according to Japan’s farm and fisheries minister, Michihiko Kano.

Sea Shepherd, an international non-governmental organisation, has been chasing the whaling fleet since the end of December. The group says that in this time it managed to contain two of the three Japanese harpoon ships for the past several weeks, damaged the propeller of another ship, and blockaded the factory ship from loading many harpooned whales.

Japan has made formal complaints to the Netherlands, Australia, and New Zealand regarding their inaction against the anti-whaling group because Sea Shepherd’s vessels are all registered and docked within the three nations. But Australia – who launched a lawsuit against Japan at the International Court of Justice on the legality of Japan’s whaling (see Bridges Trade

BioRes, [11 June 2010](#)) – and New Zealand, have made their opinions clear that they hope this signals an end to Japan’s whaling for good.

“I’m glad this season is over,” said Australian Environment Minister Tony Burke. “Australia doesn’t believe there should ever be another whaling season again.”

The Japanese exploit a loophole under the International Whaling Commission agreement that allows for whaling to be conducted on the grounds of research of their fish supply in the Southeast Sea. Under the research exception, excess whale meat can be sold for consumption (see Bridges Trade BioRes, [25 June 2010](#)).

Whale meat sales fund the Japanese hunt and at the end of December, when the fleet left harbour, whale meat stockpiles were close to their highest levels ever, and prices were down 66 cents per kilo from the previous year, signalling a major drop in demand. Junichi Sato of Greenpeace Japan said the price drop “has proved incorrect that Japan’s commercial whaling, which Japan calls research whaling, makes business sense and is sustainable.”

So far this year, the Japanese fleet has killed 172 whales, drastically short of their 900 whale target – a record low. Sea Shepherd representatives say they are thrilled by their success, but will continue to shadow the Japanese fleet. “We will stay with the Japanese ships until they return north and make sure that they’re out of the Southern Ocean whale sanctuary” said Sea Shepherd group founder and captain, Paul Watson.

ICTSD Reporting; “Facing High Seas Drama, Japan Suspends Annual Whale Hunt”, NPR, 16 February 2011; “Japan brings home embattled whaling fleet”, AFP, 18 February 2011; “Japan urges international action against Sea Shepherd”, BBC, 18 February 2011; “Activists win; whale hunt halts in Antarctic”, THE JAPAN TIMES, 16 February 2011; “Protests halt Japan’s whaling season”, NIKKEI, 18 February 2011; “Insight: The whalers have been shut down!”, ENVIRONMENT NEWS SERVICE, 16 February 2011; “Japan ends whale hunt after confrontations”, UPI ASIA, 18 February 2011.

EVENTS AND RESOURCES

Events

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

Coming up in the next two weeks (21 February - 7 March)

23-25 February, Copenhagen, Denmark. WORKSHOP ON DEVELOPMENT OF AGRICULTURAL SYSTEMS AND CLIMATE SMART AGRICULTURE IN DEVELOPING COUNTRIES. This workshop will discuss challenges and opportunities for more efficient agriculture in the long term. It will explore synergies between adaptation, mitigation and biodiversity to respond to competing pressures on land and water. The primary focus will be on the analysis of opportunities and constraints of agriculture-environment nexuses. Topics to be considered will include climate change adaptation, efficient management of inputs, waste management, and development of low carbon agriculture and farming with an ecosystem approach. For more information, visit the [event website](#).

28 February – 4 March, Noumea, New Caledonia. SEVENTH SECRETARIAT OF THE PACIFIC COMMUNITY'S (SPC) HEADS OF FISHERIES MEETING. The SPC Heads of Fisheries Meeting is part of the SPC's corporate governance structure. The meeting covers SPC's Oceanic and Coastal Fisheries Programmes and provides a forum for Pacific Island fisheries heads to discuss domestic and reef fisheries issues. Current proposed topics for the meeting include climate change and fisheries, maritime boundaries, and the SciFish Project. Issues outside the current range of SPC's work-programme may also be discussed to develop a "big-picture" view of fisheries for longer-term planning. For more information, visit the [event website](#).

28 February-4 March, New York, US. THE INTERGOVERNMENTAL PREPARATORY MEETING (IPM) FOR THE NINETEENTH

SESSION OF THE COMMISSION ON SUSTAINABLE DEVELOPMENT (CSD 19). The IPM is preparation for CSD 19, which will negotiate policy options related to transport, chemicals, waste management, mining and the Ten-Year Framework of Programmes on Sustainable Consumption and Production Patterns. The meeting will include a Small Island Developing States (SIDS) special day. The day will consist of discussions that aim to outline innovative policy options to support the sustainable development of SIDS. For more information, visit the [event website](#).

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

Other upcoming events

17 March, London, UK. THE SUSTAINABLE BUSINESS SUMMIT: BUSINESS IN EVOLUTION. This conference, sponsored by the Economist, will examine the rationale for sustainable businesses. Organisers say the event will demonstrate how putting environmental and social responsibility at the heart of management practices is essential for securing the long-term future of a company. The conference will bring together 150 senior business executives for a top level discussion about strategies for conducting responsible business. Topics to be discussed will include energy security and renewables, sustainable consumption, and how to work with ethical partners. For more information, visit the [event website](#).

24-31 March, Dhaka, Bangladesh. FIFTH INTERNATIONAL CONFERENCE ON

COMMUNITY BASED ADAPTION (CBA) TO CLIMATE CHANGE. This conference, organised by the International Institute for Environment and Development (IIED), aims to share the latest developments in adaptation planning and practices, priority sectors and measures at different levels and disseminate knowledge among stakeholders and communities. The event will include sessions on adaptive capacity, agriculture, water governance, and the economics of community-based adaptation. Conference partners include the UN Development Programme (UNDP), the UN Environment Programme (UNEP), the UN Food and Agriculture Organization (FAO), the World Health Organization (WHO), and the Asian Development Bank (ADB). For more information, visit the [event website](#).

2-4 May, Quebec City, Canada. STATISTICAL ISSUES IN FOREST MANAGEMENT WORKSHOP. This workshop is embedded in a larger context of optimisation in the supply chain from the forest to the final market-ready product. The workshop will focus on statistical issues related to the generation and the processing of information within the forest management system, along all phases of the supply chain. A special emphasis will be given to the quantification and the management of uncertainty in forest information systems. Two main themes will be dealing with forest inventory and decision making in forest management. For more information, visit the [event website](#).

19-20 October, Washington, US. UNITED NATIONS ENVIRONMENT PROGRAMME FINANCE INITIATIVE (UNEP FI) GLOBAL ROUNDTABLE. Organisers say the 2011 Global Roundtable is an exclusive platform where the global financial sector will have a unique opportunity to define what it expects to achieve at the RIO+20 Earth Summit. Themes will include climate change, greening the man made environment, and building capacity and transferring knowledge. The roundtable will connect CEOs; heads of sustainability departments; risk departments and business units from the banking, insurance and investment sector; and high-level representatives from the

ministry of environment, energy, and finance. For more information, visit the [event website](#).

Resources

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

CANCUN DE-BRIEFING: AN ANALYSIS OF THE CANCUN AGREEMENTS. Published by Climatico (February 2011). This report highlights some of these key issues under discussion in the COP16 and CMP6 meetings, including adaptation, capacity building, technology transfer, finance, REDD+, and the Clean Development Mechanism (CDM) and Joint Implementation (JI) flexibility mechanisms. Within these sections, the report includes background information on the issues and discussions on some of the debates and their subsequent outcomes. Attention is given to other notable conclusions contained within or missing from the Cancun Agreements. The report projects into 2011 as parties prepare for next year's COP and CMP conference in Durban, South Africa. The full report can be found [online](#).

THE ECOSYSTEM APPROACH TO MARINE PLANNING AND MANAGEMENT. Published by Earthscan (February 2011). This book describes how growing concern about the state of marine environments is resulting in the development of new approaches to marine planning and management. The book shows that a common feature of these developments is a growing awareness that more integrated forms of planning and management are required, which must combine knowledge from natural science, social science and many other perspectives. Adopting a trans-disciplinary and holistic approach, the book distils the expertise of these different disciplines. It seeks to promote a broader understanding of the origins and practicalities of new approaches to marine planning and management. The book can be purchased [online](#).

PARALLEL PATHS: US – CANADA CLIMATE POLICY CHOICES. Published by the

National Roundtable on the Environment and the Economy (January 2011). This report examines the economic risks and opportunities of climate change for Canada. It contains extensive new economic modelling and analysis assessing whether or not Canada should lead, lag, or harmonise policy approaches with the United States. Calling Canada's pledge to harmonise climate policy with the US "a sensible and realistic approach," the report suggests that a measured, transitional policy option would build on current government regulatory approaches so as to lower the future costs of carbon abatement and reduce competitiveness risks of moving ahead in the face of continued U.S. policy uncertainty. This report is the third report in the **Climate Prosperity** series. The full report is available [online](#).

TRADE AND INVESTMENT FOR GROWTH. Published by the UK Department for Business Innovation and Skills (9 February 2011). This white paper sets out a strategy for securing the benefits of greater openness for the British and global economy. It establishes a framework for building trade and investment based on the results of a government consultation conducted with business, academics, and NGOs. The paper explains how ministers and officials across the British government aim to create a favourable environment in the UK for trade and inward investment. Internationally, the white paper describes how the UK plans to work more intensively with the EU and other countries to shape an international environment that supports and promotes openness. The full white paper can be found [online](#).