



# Bridges Trade BioRes

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

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## NATURAL RESOURCES

### China's New Export System Colours 2012 Rare Earths Outlook

China last month introduced new environmental grounds as a basis for its controversial rare earths quota reductions by emphasising that export licences will only be given to companies that are in compliance with 2011 environmental protection measures. After a year of heated debate among WTO member states on the measures' WTO compatibility, the move could shed more light on China's 2012 rare earths strategy. The announcement was released in the midst of an on-going dispute closely linked to the rare earths discussion. An appeal report in *China-Raw Materials* is expected to be shared with the public on 30 January.

"Law and order in rare earth exploration and production and environmental protection are taking a turn for the better," China's Ministry of Commerce said of the 2012 policy.

Beijing says the new conditions are a reaction to China's concerns over the environmental impact of its massive rare earths production facilities. But with the materials being essential to advanced manufacturing and necessary components for modern technologies like hybrid car batteries, lasers, wind turbines, and guided missiles, critics contend that Beijing is also interested in keeping global prices high and protecting domestic access.

Countries with advanced industries have been particularly vocal about the export restrictions. The EU, Mexico, and US have

already taken similar Chinese restriction measures on raw materials to WTO dispute settlement where China's claim for an exception on environmental and resource conservation grounds was unsuccessful in front of the panel (see Bridges Weekly, [6 July 2011](#)). As the appellate report in this case (*China – Raw Materials*) is pending, rare earths importers will soon have some insight into how such environmental measures will fare under WTO law.

### Unprecedented price fluctuations in 2011

China supplies over 97 percent of the world's rare earths, with one company – Baotou Steel Rare Earth Hi-Tech – singlehandedly responsible for more than half of this. China is also the lone source for all of the most precious “heavy” rare earths.

When Beijing in 2010 slashed the export quota of rare earths from 45,490 tonnes to 27,449 tonnes, major manufacturers dependent on the exports voiced concern (see Bridges Trade BioRes, [8 November 2010](#)). In response to the limited quota and other global events, prices rose until summer 2011 when they reached an all-time high.

But since mid-2011 prices have been plummeting due to decreased demand brought on by the lasting economic crisis, slowed industrial production after the Japanese Tsunami, and China's decision to release rare earths stockpiles. Baotou Steel – which is state owned – even stopped production for one month in order to ease the market (see Bridges Trade BioRes, [31 October 2011](#)).

The impact of the newly-released 2012 quota is expected to be less severe as it provides for increasing quotas throughout 2012. However, according to data reported by the Financial Times, the quota for the first half of 2012 is down 27 percent with almost two-thirds of allocations pending approval because of the

new environmental compliance rules. Baotou Steel, for example, is not yet in compliance.

Thus, much depends on the companies' reactions as exports will shrink if industry fails to meet environmental regulations.

Dominance in rare earths is not a matter of geological coincidence. For example, China is gifted with only 37 percent of the world's known reserves. China gained its large market share by consistently having the cheapest product at a time when strict environmental regulation over rare earths mining and refinement was driving up costs in other countries. But China has been signalling to the world in recent years that it is willing to make tough decisions to tackle its environmental problems. With rare earth mining and refinement being a toxic, even radioactive, process the move is not completely out of line with its declared ambitions.

### The green side of the debate

The new quota has been interpreted by many experts as evidence that China is willing to take steps toward a more sustainable rare earths industry by requiring compliance to get quota. In 2010, the country's Ministry of Environmental Protection conducted a crackdown on illegal rare earths mining. Last year, the Ministry restricted new rare earths projects to those companies listed as passing an environmental protection check. Now, Beijing says the new measures offer more oversight over environmental degradation by withholding quota allocation for failure to meet recent regulations such as the Standards on Pollutant Discharge of the Rare Earth Industry.

While Beijing insists that their policy is environmentally driven, rare earths importers point to the fact that a tight quota has potential benefits for Chinese business. Lower exports can keep commodity prices high, provide a stable supply for domestic users, and entice foreign manufacturers – along with

jobs and investment – to relocate to China for easier access.

Further complicating the issue is the fact that China's 2012 policy also distinguishes between more accessible light rare earths and the highly coveted heavy ones, giving only about 15 percent of the entire quota to the latter.

Thus, even if China's quota has a genuine environmental objective in part, importers will likely continue to struggle with Beijing's 2012 rare earths policy. However, by conditioning quota allocation on environmental compliance, China's rare earths system already shows higher environmental considerations than what it does for other raw materials. The upcoming *Raw Materials* appeal will serve to inform whether these measures qualify under what members can and cannot do in managing natural resources even if the decision does not translate into a WTO dispute on rare earths.

ICTSD Reporting; "MOFCOM Answered Questions by Reporters Concerning First Batch of Rare Earth Export Quotas in 2012," Ministry of Commerce, People's Republic of China, 30 December 2011; "After China's Rare Earth Embargo, A New Calculus," The New York Times, 29 October 2011; "The Battle over Rare Earth Metals, Journal of Energy Security, 12 January 2010; "China Rare Earths Move Unlikely to Buoy Prices," Financial Times, 29 December 2011.

## CLIMATE CHANGE

### Obama Blocks Proposed Canada-US Oil Pipeline

US President Barack Obama has rejected a plan to build a multi-billion dollar pipeline to carry crude oil and bitumen from Canada's controversial oil sands to refineries in Texas and elsewhere. The 18 January announcement came after weeks of debate over the economic and environmental implications of the pipeline, with an array of interested groups weighing in on the pros and cons of the massive project.

In Canada, where environmental groups have long been at odds with the petroleum industry and Ottawa over the development of the country's oil sands, debate had reached a feverish pitch, with politicians accusing "radical" environmental groups of attempting to block Canada's trade and slow the economy. South of the border the cross-border pipeline issue has been a political hot potato, with groups of politicians in Washington fiercely at odds over the issue.

The pipeline – which proponents say would to provide a direct line of crude oil and bitumen from the Athabasca Oil Sands in Canada's western province of Alberta to a range of refineries in the US – has been a lightning rod for controversy since the idea was floated in 2005.

Environmental groups say the massive carbon footprint related to extracting and refining Canadian sand oil, plus the potential for a catastrophic breach of the pipeline in an environmentally sensitive area in either country, makes the project environmentally irresponsible. However, supporters say the pipeline offers safe and reliable access to oil with significant economic benefits for both countries.

According to official data, the US\$7 billion project would transport 700,000 barrels of oil a day.

### Controversy

Although the pipeline received Canadian approval in March 2010, its future became uncertain three months later when 50 members of the US Congress spoke out against it. In their letter to Secretary of State Hillary Clinton, they warned that “building this pipeline has the potential to undermine America’s clean energy future and international leadership in climate change.”

In early July 2010, House Energy and Commerce Committee chairman Henry Waxman urged the State Department to block the Keystone XL project.

“This pipeline is a multi-billion dollar investment to expand our reliance on the dirtiest source of transportation of fuel currently available,” Waxman said.

The US Environmental Protection Agency further claimed that the draft environmental impact study for the pipeline was inadequate and should be revised, indicating that the State Department’s original report was “unduly narrow” as it overlooked oil spill response plans, safety issues, and greenhouse gas concerns.

Pressured by environmental groups, a substantial section of Congress, and other detractors to the bill, US President Barack Obama delayed granting permission to begin construction of the project in November 2011, highlighting concerns over the potential environmental impact on fragile areas.

Obama had originally faced a 21 February deadline set by Congress to make a decision on. His 18 January [announcement](#) on rejecting the pipeline blamed Republicans for imposing an “arbitrary” deadline on his review of the plan.

“This announcement is not a judgment on the merits of the pipeline, but the arbitrary nature of a deadline that prevented the State Department from gathering the information necessary to approve the project and protect the American people,” Obama said, adding that he was disappointed that congressional Republicans had forced the decision.

### Canadian industry rebuffs environmental opposition

TransCanada Corporation, which says it is still behind the project, had insisted that it has not been deterred by the environmental opposition to the Keystone XL plans. In June 2010, a TransCanada representative claimed that the development of Canada’s oil sands will expand regardless of whether the crude oil is exported to the United States or, alternatively, to Asian markets.

Joe Oliver, Canada’s Minister of Natural Resources, made headlines earlier this month when he censured opponents to the country’s proposed pipeline projects at the start of federal hearings that will debate the construction of the Northern Gateway pipeline – a separate pipeline project that would deliver crude petroleum and bitumen from Alberta to the west coast of Canada for shipment to Asia.

“Environmental and other ‘radical groups’ are trying to block trade and undermine Canada’s economy,” he said. “Their goal is to stop any major project no matter what the cost to Canadian families in lost jobs and economic growth.”

Canada’s Conservative government, which enjoys strong support in petroleum-producing parts of Canada, has come under fire for its stance on environmental issues. Ottawa became the target of international criticism last month when it unilaterally withdrew the country from its obligations under the Kyoto Protocol.

Supporters of the Keystone XL project maintain that successful construction of the pipeline would mean a reduction in the reliance on the Middle East for petroleum and the creation of 20,000 temporary construction and manufacturing jobs, with hundreds of thousands of indirect jobs to follow in the coming decades. However, environmental groups claim that these numbers are greatly exaggerated.

Nevertheless, supporters of the pipeline, which include many Republicans and US labour unions, have repeatedly criticised Obama's earlier postponement of the project. Senator John Hoeven of North Dakota criticised the delay recently, saying it is "unfortunate because it is private sector projects like Keystone XL that will get our nation working again."

#### **Sand oil problematic for pipelines?**

Environmental groups, including the Washington-based Natural Resources Defense Council (NRDC) say that the diluted bitumen extracted from Canada's oil sands is more corrosive than lighter grades of oil, fuelling concerns about potential pipeline breaches.

However, a study done last year for the provincial government of Alberta found that diluted bitumen was no more corrosive to pipelines than conventional oil, but noted that there was no definitive and extensive research on the subject. A US safety regulator will examine the issue in a new study to be completed in July 2013.

The US State Department had agreed that the Keystone project called for closer investigation of the Canadian oil and stability of the pipelines. President Obama recently signed a new pipeline safety law earlier this month containing a provision for a study on diluted bitumen that may provide some clarity on the issue.

The future of the pipeline is far from certain with TransCanada now saying it will reroute the pipeline to address any concerns Washington has with the project. Congressional Republicans, who have been staunch supporters of Keystone XL, have also pledged to pursue "every angle" to allow the pipeline project to go ahead.

ICTSD reporting: "Canada to Withdraw from Kyoto Protocol," BBC NEWS US & CANADA, 13 December 2011; "Obama Cites Jobs Returning U.S. as Republican Pushes Pipeline," BLOOMBERG BUSINESSWEEK, 16 January 2012; "US Chamber: Obama Should Give Green Light to Keystone Oil Pipeline Now," THE HILL, 12 January 2012; "Jobs Take Center Stage in Keystone Fight," THE HILL, 15 January 2012; "New Study to Probe Corrosiveness of Canada Oil," PLANET ARK, 18 January 2012; "Expanding Oil Exports Top Priority: Canadian Minister," REUTERS, 2 December 2011; "Keystone Pipeline Project: What's All the Fuss About?," REUTERS, 22 December 2011; "White House: Keystone Pipeline Review Needs Time," REUTERS, 12 January 2012.



## SUSTAINABLE TRANSPORT

### Trans-Atlantic Tensions Grow Over Aviation Emissions Levy

The controversy over the inclusion of aviation in the EU Emissions Trading System (ETS) continues to build, with the EU telling US Secretary of State Hillary Clinton that the 27-member bloc does not intend to abandon its plan until a global solution to the carbon problem is found. Meanwhile, with the scheme having entered into force on 1 January, many major airlines are racing to take advantage of emissions permit prices, which have hit record lows.

The measure, which had been challenged by three major US airlines and a US airline industry group, was ruled compatible with international law by the EU's highest court on 21 December 2011. Under the scheme, all flights landing and taking-off from airports in the 27-nation bloc, along with Iceland, Liechtenstein, and Norway, must submit permits to cover the emissions of these flights.

#### EU pushes back against US complaints

The US has long been one of the scheme's most vocal opponents, joining 25 other countries last November in adopting a working paper at the International Civil Aviation Organization (ICAO) calling on the EU to exempt non-EU airlines from the scheme (see Bridges Trade BioRes, [14 November 2011](#).)

Along the same lines, US Secretary of State Hillary Clinton sent a letter last month telling the EU that the US would be ready to take appropriate action if Brussels moved forward with the plan.

According to reports from Bloomberg, the EU has since responded with a letter on 16 January insisting that Brussels has no intention of backing down. The bloc's

transport and climate commissioners told Clinton that the inclusion of aviation into the emissions trading scheme is "an important contribution to, and a catalyst, to global action rather than an obstacle."

The letter added that Brussels is ready to discuss with Washington the exemption of US-outbound flights to the EU from the scheme, should the US implement "equivalent measures" for reducing carbon emissions.

The 27-member EU bloc will also review and amend the EU measure once all countries reach an agreement to limit carbon emissions. The 191-member ICAO is attempting to clinch a deal on a global carbon market for aviation by the end of this year, according to ICAO chief Raymond Benjamin; if finalised, the ICAO would seek the deal's ratification by September 2013.

#### Airlines hedge their bets

Though many airline industry groups in non-EU countries, including the US and China, are continuing to push back against the EU scheme, several airlines have already started to raise ticket prices now that the measure has entered into force.

US-based Delta Air Lines and United Continental, Germany-based Lufthansa, and Ireland-based budget airline Ryanair have been among the first to do so, imposing fare hikes to account for the cost of the EU measure.

However, some analysts note that airlines, using a set surcharge introduced to cover the new costs, could indeed profit from the EU scheme in this first year, as under the plan up to two-thirds of airlines' carbon allowance is free.

The 2012 EU aviation emissions cap sits at 215 million tonnes, of which 183 million tonnes will be allocated free of charge to the airlines by late February. The remainder will need to be bought at auction.

Lufthansa and Air France-KLM, among others, have reportedly pre-empted this with plans to buy EU allowances at bargain prices; the price of these allowances has dropped by nearly half since late 2010, hitting a record low of €6.30 per tonne in mid-December 2011.

Throughout 2011, the EU carbon market struggled from anaemic demand stemming from the economic crisis in Europe. Signs of growth remain, however, with Slovakia's Commodity Exchange announcing its intention to launch trade in EU aviation allowances (EUAAAs) before the end of February 2012.

Following the electricity sector, Thomson Reuters Point Carbon expects aviation to account for the second largest demand for carbon permits by 2020.

#### **Airlines' attempts to switch to biofuels face difficulties**

In an attempt to curb carbon emissions, the airline industry has also been exploring the use of various biofuels. However, with only limited quantities of these biofuels available, some airlines have struggled to make the switch.

On Thursday 12 January, Lufthansa ended the six month trial use of a biofuel mix on European and trans-Atlantic flights, due to the lack of a reliable supply of sustainable raw materials, according to Reuters.

The trial route between Hamburg and Frankfurt, which culminated in a trans-Atlantic flight between Frankfurt to Washington, saw a 50:50 mix of regular fuel and biofuel blend in one engine of an Airbus A321.

Rival European carriers Virgin Atlantic and British Airways are both in the development stages of looking at other non-plant-based fuels, as the environmental benefits of some biofuels has been called into question when

weighed against concerns over food security and commodity prices.

Last year, the European Commission signed a pact with European airlines and biofuel producers with the goal of producing 2 million tonnes of biofuels for aviation by the end of this decade.

ICTSD Reporting; "EU Tells Clinton It Won't Abandon Carbon Emissions Limits for Airlines," BLOOMBERG, 17 January 2012; "Lufthansa ends biofuel trial with US flight," REUTERS, 9 January 2012; "Some airlines embrace CO2 trade, buy permits," REUTERS, 12 January 2012; "Passenger fare hike may earn airlines a CO2 windfall," 10 January 2012; "Ryanair to cover carbon scheme at 0.25 euro per seat," REUTERS, 9 January 2012.

## **SUSTAINABLE DEVELOPMENT**

### **Rio+20 Draft Outcome Document Released**

The preparations for the June 2012 meeting marking 20 years since the Earth Summit in Rio de Janeiro, Brazil are progressing, with parties set to start negotiating a 'zero draft' of outcomes. The [document](#), circulated among UN member states, was officially released on 10 January in New York.

The Rio+20 Conference marks the twentieth anniversary of the 1992 United Nations Conference on Environment and Development (UNCED). The conference's objective is to secure renewed commitment to 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.

During the second half of 2011, the various UN regions weighed in on the preparations

for Rio+20 through preparatory meetings held in these same regions (see Bridges Trade BioRes, [19 December 2011](#)). Governments and stakeholders from civil society, academia, and the private sector submitted their inputs to the outcome document ahead of a November 2011 deadline. The submissions were collected for a 6000-page compilation document spanning a wide-ranging area of initiatives and proposals.

From 15-16 December, the latest round of formal negotiations - an Intersessional Meeting of the Preparatory Committee for the UN Conference on Sustainable Development (UNCSD or Rio+20) - took place at UN headquarters in New York. Participants took the opportunity to discuss the submissions and process so far, and plan for the final six months leading up to the conference in June.

### **Process starting to solidify**

Many close to the process have lamented the fact that the timing of Rio+20 - amid growing anxiety due to the state of the global economy, growth and jobs topping the current agenda, and multilateralism on the wane - has meant that expectations are low and preparations have started off slowly.

However, some participants at the December meeting were more upbeat, saying that the process is beginning to come together. One participant noted with satisfaction the progress made towards the outcome document. In addition, a number of countries were beginning to find common ground around the idea of setting up a process to agree to 'Sustainable Development Goals', an initiative originally proposed by Colombia. The most important topics, including water and food security, were beginning to solidify. There was also strong support for a truly multi-stakeholder process.

Challenges also remained, however, with regards to financing, given the overall problems in the world economy. In addition,

tensions around trade continued to echo, with developing countries highlighting their concerns regarding the potential for protectionism and green conditionalities.

### **The Outcome Document for Rio**

The 'zero draft' Outcome Document, building on an abundant and wide-ranging amount of input, was released on 10 January, and comprises a 19-page document containing five sections: Preamble/Stage setting; Renewing Political Commitment; Green Economy in the context of sustainable development and poverty eradication; Institutional Framework for Sustainable Development; and a Framework for action and follow-up.

The first brief section stresses the commitment by heads of state and government - although their presence has not yet been confirmed - to sustainable development and the themes of the conference.

The second section reaffirms the Rio principles and past action plans supporting sustainable development. In assessing progress and implementation, the signatories acknowledge the uneven progress and current challenges. The need to engage all major groups and stakeholders is emphasised, as well as co-operation in a broad framework for action.

The third section focuses on a green economy, emphasising flexibility and the need to tailor solutions towards the needs and capacities of specific countries. It stresses that the green economy must not create new trade barriers or conditionalities on aid and finance. It proposes the creation of tool-kits and experience-sharing, and emphasises the role of different actors within a framework for implementation. The section also proposes a roadmap with the establishment of mechanisms and indicators of progress between 2012-2015; implementation between



2015-2030; and an assessment of progress in 2030.

The section on the institutional framework for sustainable development provides several options. The current Commission on Sustainable Development could either be retained as is, or replaced by a high-level Sustainable Development Council. The section also provides either for the strengthening of the UN Environment Programme (UNEP), or the establishment of a UN specialised agency for the environment operating on an equal footing with other specialised agencies.

The fifth section on a framework for action and follow-up identifies a number of key issues: food security, water, energy, cities, green jobs-social inclusion, oceans, seas and small island developing states (SIDS), natural disasters, climate change, forests and biodiversity, land degradation and desertification, mountains, chemicals and waste, consumption and production, education, and gender equality.

In terms of accelerating and measuring progress, the document sets out the idea of Sustainable Development Goals, to be devised by 2015. The document also sets up a process to create such goals, including ways to measure progress in their achievement by 2030.

The document also highlights the need for financing to make progress, calling for the fulfilment of existing goals, prioritising sustainable development, and enhancing aid effectiveness. It stresses the need for strengthened scientific and technology co-operation, and for capacity building.

There is a sub-section focusing specifically on trade, calling for the completion of the WTO's Doha Round of trade talks and stressing the need for co-operation to ensure that developing, and least developed countries in particular, are able to benefit from

international trade. It supports the phase-out of market-distorting and environmentally-harmful subsidies, such as those in the areas of fossil fuels, fisheries, and agriculture. For developing countries, it supports trade capacity building to allow such countries to seize new export opportunities, including those linked to the transition to a green economy.

Finally, the outcome document will contain a compendium of voluntary commitments.

In presenting the document, Brice Lalonde, the UN's executive co-ordinator of Rio+20, said: "[The draft] is a good start. Most topics are on the table: from efficient international co-operation to sustainable development goals, from a regular review of the state of the planet to an agency for the environment, from universal access to energy to social safety floors. What is missing now is one verb: to decide. Because to stress, urge, call, recognise, underscore, encourage, support, or reaffirm is not enough. When heads of state meet, it should be to decide."

### Next steps

The UN Secretary General's High-level Global Sustainability Panel is expected to release its report by the end of January. A first informal discussion on the zero draft of the Outcome Document will be held from 25-27 January. Further discussion will follow on 19-23 March, and the next inter-sessional meeting of the Preparatory Committee for Rio+20 will be held on 25-27 March.

The last Preparatory Committee meeting is scheduled for 13-15 June, only days before Rio+20 itself, which takes place from 20-22 June.

ICTSD Reporting; "Decisions must be made at Rio Earth summit, urges UN official," THE GUARDIAN, 11 January 2012.

## RENEWABLE ENERGY

### US-China Solar Subsidies Spat Sparks Interest from New Players

The trade row between the US and China over renewable energy trade policies could soon see additional players join the mix, with recent reports suggesting that India might launch its own anti-dumping probe into Chinese solar imports later this month. Meanwhile, Solarworld AG - one of Germany's largest solar products manufacturers - is now planning to launch a case in Europe against Chinese competitors, according to the company's top official.

The US-China disagreement over the use of renewable energy support has also pitted solar companies within the US against one another. Last month, a coalition that claims to represent 97 percent of the US solar industry asked solar panel maker SolarWorld Industries America Inc. to withdraw its petition calling for punitive duties on China for unfair subsidies.

#### Entire industry at risk: US solar energy coalition

The Coalition for Affordable Solar Energy (CASE), which counts 145 companies as members and was founded in November in response to the SolarWorld petition, sent a letter last month to SolarWorld America President Gordon Brinser in which it argued that the tariffs the company is pursuing against Beijing could "fundamentally undermine many years of effort by all of us who care about the future of solar power."

CASE particularly decried the short-sightedness of the petition, which - they argue - only considers the needs of solar panel manufacturers. Instead, the coalition asserts that the majority of the existing jobs in the US solar industry are in sales, marketing, design, installation, and maintenance - all of which

have benefitted from the lower costs of solar panels.

In a statement announcing CASE's formation in November, Jigar Shah, co-founder and Chairman of CASE, similarly [stressed](#) that "placing protectionist barriers against more efficient and affordable solar cells - whatever their origin - discourages innovation and investment."

Brinser was quick to rebuff such complaints, however, claiming that Case President Jigar Shah was just speaking on behalf of Chinese manufacturers.

CASE is attempting to persuade the Obama administration that a negotiated settlement with China would be the most effective means of solving the dispute, according to Reuters.

The SolarWorld America petition - which was filed in October along with six other US solar energy companies that requested anonymity - claims that Chinese solar panels have been illegally subsidised by the Chinese government and sold to the US at trade-distorting prices. The complaint further alleges that Beijing uses cash grants, raw materials discounts, preferential loans, tax incentives, and currency manipulation to boost its exports of solar panels.

The US Commerce Department is expected to make a preliminary decision by 13 February 2012 on whether to impose tariffs on imports of Chinese solar panels, after the US International Trade Commission voted unanimously on 2 December to allow the case to proceed (see Bridges Trade BioRes, [19 December 2011](#)).

Meanwhile, China's Ministry of Commerce is conducting its own probe into Washington's renewable energy support, specifically with regards to wind energy, solar, and hydro technology products (see Bridges Trade BioRes, [5 December 2011](#)). Depending on the findings of the investigation - which are

expected in May - the agency could introduce duties as early as this year.

### **Solar industry's troubles not limited to the US**

Driving the petition is Solarworld AG, SolarWorld Industries' German parent company, which reported larger than expected losses in 2011 and has seen its stock price steadily decline over the past three years.

Solarworld AG Chief Executive Officer Frank Asbeck confirmed on 8 January that the company hopes to partner with other European firms in launching their own anti-dumping proceedings at the European Commission's competition agency, according to Bloomberg.

The economic downturn in the US and Europe, coupled with subsidy cuts imposed by government austerity measures, has hurt the demand for solar energy products. The market has also experienced a considerable surplus since 2010, when China's two largest manufacturers of solar panels, Suntech Power Holdings Co and LDK Solar Co, doubled production.

The price of solar panels has dropped 40 percent between 2006 and 2011, which has partly been blamed to the high-profile collapse of three US-based solar companies, particularly Solyndra LLC.

### **Indian manufacturers could join the action**

The spat between US and Chinese manufacturers of solar panels could also grow to involve India, with Indian manufacturers complaining about both Chinese and American exporters.

The Indian government is reportedly considering the launch of its own anti-dumping probe into Chinese solar panels; authorities in New Delhi have also been asked by some domestic manufacturers to levy a 15 percent tariff on imports of thin-film panels.

Such a tariff, if implemented, would primarily affect US-based manufacturer First Solar Inc.

Currently American and Chinese solar panels can be imported into India tax-free under exemptions for thin-film products in the Indian government's Solar Mission programme, which usually requires that developers utilise local equipment. Meanwhile, domestic Indian manufacturers must pay duties on raw materials. Furthermore, Indian projects, if they import American or Chinese equipment, are often eligible for cheap credit provided by US and Chinese state-backed lenders, thus lowering the overall cost of borrowing.

"I'm feeling a bit of anguish because we want solar to succeed but we need fair competition," K. Subramanya, chief executive officer of Tata BP Solar, India's third-largest cell and panel maker, said.

ICTSD Reporting; "Chinese companies prefer dying to being bought, JinkoSolar says," BLOOMBERG, 6 January 2012; "India may join US-China trade spat to prevent solar 'disaster'," BLOOMBERG BUSINESSWEEK, 24 December 2011; "Solarworld planning China anti-dumping case in Europe, CEO says," BLOOMBERG, 9 January 2012; "US-China solar trade dispute may see India joining with probe," BLOOMBERG, 20 December 2011; "US solar companies urge SolarWorld drop China case," REUTERS, 20 December 2011.

## SUSTAINABLE AGRICULTURE

### US Ethanol Tariffs, Subsidies Come to an End

The beginning of the new year saw the end of tax credits and tariffs that have long protected corn-based ethanol production in the US, after Congress' failure to renew these measures. The end of the legislation signals a shift in nearly three decades of policy.

Political support for ethanol in the US declined precipitously in 2011. Though the 54 cent per gallon tariffs on imports and 45 cent per gallon tax credits for blending ethanol with petroleum were renewed at the end of 2010, similar action at the end of 2011 was viewed by many as politically unpalatable. The US Senate signalled as much in a resolution from last summer, calling for an end to the blending credit and tariff (see Bridges Trade BioRes, [25 July 2011](#)).

Commentators have attributed the change in attitude both to high oil prices, making ethanol relatively competitive, and a heated debate on farm subsidies in the context of the US fiscal deficit and budget cuts.

Although many experts have questioned the sustainability of corn-based ethanol, government support over the years has arguably left it the only economically viable alternative to petroleum as a plant based fuel source.

A more efficient conversion of biomass to fuel, using organic waste products such as wood chips or remnants of farm output, or advanced cellulosic ethanol, has not yet reached economic maturity. "A fly speck on the wall" is how Bruce Babcock, an agricultural economist at Iowa State University, described the effort in a conversation with Bridges. To promote the newer technology, the US government is fining companies [supplying](#) motor fuel

US\$6.8 million for failing to reach targets in 2011.

### Experts: Blending mandate likely to prop up industry

Even without government subsidies, some experts note, the US mandate to blend greater amounts of ethanol into the national fuel supply will continue to drive revenue for the ethanol industry.

The Renewable Fuel Standard mandates that an increasing proportion of the US fuel supply come from ethanol or other renewable sources. The US [expects](#) 15.2 billion gallons of renewable fuels, largely ethanol, to make up nine percent of the national fuel supply in 2012. The Energy Independence and Security Act of 2007 requires that that total be boosted to 36 billion gallons by 2022.

An elimination of the tax credit and tariff may ease some pressure on corn prices, but the blending mandate will continue to push demand for corn and corn-based ethanol, according to Babcock. Notably, similar blending policies are also in place in Brazil and the EU, ensuring robust and growing demand for ethanol.

### Leading exporter, Brazil, likely to continue imports

Meanwhile, Brazil is likely to continue buying ethanol from the US in the short term, according to UNICA, a São Paulo-based industry association. However, with a relief from US tariffs, the group expects to be exporting ethanol in the "medium- to long-term."

The South American country is the largest producer of ethanol in the world, but began importing the fuel from the US last year when growth in its domestic supply failed to keep up with demand from a booming fleet of cars running on ethanol.

Sugar cane-based Brazilian ethanol uses less land, fossil fuels, and has traditionally been

cheaper than its corn-based equivalent in the US. The credit crisis in 2008 and a period of consolidation in the industry lead investors to favour new acquisitions over improvements in old sugar cane fields or planting new ones, said UNICA. Sugar cane fields require replanting and substantial inputs every seven years to remain productive. The recent lack of investment led yields to slip, turning a leading exporter into an importer.

ICTSD Reporting; “Brazilian brew: America opens up to Brazilian ethanol,” THE ECONOMIST, 7 January 2012; “Ethanol Subsidies: Not Gone, Just Hidden a Little Better.” 5 January 2012. MOTHER JONES; “A Fine for Not Using a Biofuel That Doesn’t Exist,” NEW YORK TIMES, 9 January 2012.

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### **Brazilian Ethanol Industry to Receive Billions in Loans**

The Brazilian Development Bank earlier this month announced a programme to finance low cost loans for farmers of sugarcane and producers of ethanol. The tropical country is seeking to boost biofuel production in the wake of ethanol tariffs and subsidies expiring in the US, another leading producer (see related story, this issue).

The Prorenova programme of the Development Bank – better known by its initials, BNDES – is intended to boost total ethanol production in Brazil by making loans available across the ethanol production chain. The R\$4 billion (US\$2.2 billion) in financing would be executed indirectly through intermediaries, with a low overhead added by the bank.

The BNDES expects to increase total ethanol production by 2 to 4 billion litres in 2013/14, a gain of at least 10 percent.

According to BNDES, the financing facility would be available to both refiners and farmers, adding that only firms operating in

Brazil would qualify. Although the programme is scheduled to expire at the end of 2012, its 72-month loan terms leave open questions on whether or not it will be renewed.

A Brazilian official told BioRes that any support provided for ethanol would be in “accordance with WTO rules.” However, a Geneva-based official of a trading partner worried that support for ethanol adds to questions about the country’s “total rate of subsidisation,” especially those administered through generous credit policies.

The timing of the BNDES announcement – coming shortly after the expiration of the US ethanol tariff and blending tax credit – is purely a “coincidence,” said Eduardo Leão de Sousa, Executive Director at UNICA, an industry association. He explained that the industry began lobbying for access to cheaper credit more than a year ago, before the current President Dilma Rousseff took office, and was even included in documents submitted to her presidential campaign.

The industry provides more than a million jobs and nearly US\$50 billion in economic activity, according to de Sousa. The industry has gained yet more clout and prominence since the government began seeing it as energy and not agribusiness.

### **Production key to regaining exporter status**

Traditionally the largest and most efficient producer of ethanol, Brazil was until recently a major exporter. However, high sugar prices, a lack of sufficient reinvestment in old sugarcane fields, and the failure to bring new land into cultivation have led total ethanol production in Brazil to stall, stemming a long pattern of growth.

Data from UNICA indicates that total output of the biofuel in 2011 – at close to 20 billion litres – was at levels similar to those in 2008. Meanwhile, surging incomes in the country



have added millions of ethanol-hungry cars to the roads in the interim, increasing demand.

Brazil may not be the most competitive producer of ethanol right now, according to de Sousa. He blamed a 20 percent decline in productivity of existing fields, currency appreciation, rising labour costs, and higher fixed costs due to the mechanisation of farms. Production costs have increased by roughly 40 percent, he added.

As a result of demand outpacing supply, last year the country began to rely on imported biofuel. In spite of this, experts such as Amani Elobeid at Iowa State University, speaking to BioRes, say they believe the country will likely “maintain its dominant position in the world market” in the long term.

### **US move could make room for Brazil exports**

Programmes such as Prorenova, which make credit available for investment in the industry – rather than consolidation of smaller firms, as was the case in the most recent round of capital inflows – may be crucial for the country to produce more ethanol than it consumes.

Industry advocates, such as de Sousa, say a more favourable tax policy, improved research and development, and easier credit for infrastructure will help producers increase output in pace with demand, especially that generated by blending mandates in Brazil, the EU, and the US.

There may still be room for further consolidation in the industry: the 10 largest firms make up approximately 40 percent of the market, he explained.

A biofuels expert, speaking to BioRes on condition of anonymity due to the political sensitivity of the subject, said that tariffs in Australia, India, and the EU – the largest importer – have limited the entry of the good to their markets.

He added that although US output has ramped up, the recently expired blending credit of 45 cents per gallon had allowed companies to add a small amount of gasoline to ethanol and still receive up to 90 percent of the subsidy on every gallon exported. This made US ethanol cheaper on international markets.

Now that this tax credit is no longer in place, observers expect US exports of the good to fall, potentially leaving room for their Brazilian counterparts to make a comeback in the long term.

ICTSD Reporting.

## IN BRIEF

### US, Mexico Appeal Dolphin-Safe Labelling WTO Dispute

The United States on Friday filed an appeal in its WTO dispute with Mexico over “dolphin-safe” labelling for tuna products sold in the US. The move came only two days before the final appeal deadline.

The decision to appeal “demonstrates the commitment of the United States to our dolphin-safe labelling measures for tuna products,” said Andrea Mead, the US Trade Representative Press Secretary. “[The labels] provide information for American consumers as they make food purchasing decisions for their families.”

Following the US decision, the Mexican Ministry of Economy released a statement that it will file a counter-appeal in the next five days. The counter-appeal will address issues that the panel did not resolve in Mexico’s favour including the arguably discriminatory aspects of the label.

“This measure affects Mexico more than any other exporter,” the Mexican Ministry explained the move in its announcement.

Circulated in September 2011, the original WTO panel was seen as a mixed victory for Mexico (see Bridges Trade BioRes, [19 September 2011](#)). Mexico City ultimately prevailed with the panel finding that the US measures were a governmental regulation that was more trade-restrictive than necessary and thus in violation of the Agreement on Technical Barriers to Trade (TBT). The panel, however, also sided with the US, finding that the labelling policy was not discriminatory against Mexican tuna products over those from the US or other countries.

The formal appeals document had not been released by the WTO at the time of writing (will be released at [WT/DS381/10](#)). But

experts expect the US to focus its appeal on the panel’s “more trade restrictive than necessary” finding under the TBT agreement. Although the panel recognised the US right to aim at preventing non-observed mortalities and injuries to dolphins through its labelling measures, it made this conclusion after a lengthy discussion of the label’s effectiveness and whether mortalities and serious injuries occur with other practices in other regions. On the basis of that discussion it found that the label was not able to achieve this objective and was therefore more trade restrictive than necessary.

The US is also expected to challenge the panel’s finding that the regulation of consumer information through the label was *de facto* mandatory thus making it a technical regulation rather than a voluntary standard (see Bridges Trade BioRes Review [November 2011](#) for more analysis of the panel’s legal findings).

Mexico, which heralded the panel decision as a success for its country and fishing industry, will focus on the discrimination issue in its counter-appeal. Verification by independent observers that no dolphins were killed or seriously injured during a specific catch is sufficient to get the US label for countries fishing outside the Eastern Tropical Pacific (ETP). Mexico will argue that this effect is sufficient to qualify as “discriminatory” within the meaning of WTO law.

ICTSD Reporting.

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## WTO to Hear EU and Japan Together over Ontario Feed-in Tariff

The WTO Dispute Settlement Body said Friday it would establish a dispute panel to hear the European Union's complaint over the Canadian province of Ontario's feed-in tariff (FIT) programme for renewable energy. As a dispute panel has already been established to hear Japan's complaint over the same matter, the two proceedings will be merged.

Japan and the EU claim that Ontario's support programme for renewable energy unfairly discriminates against foreign companies as it mandates the use of domestic over foreign products. The controversial "domestic content" provision requires up to 60 percent of all input to be produced and sourced in Ontario (see Bridges Trade BioRes Review, [April 2011](#)).

As Japan had initiated formal proceedings more than a year before the EU, a first panel hearing over Japan's claims was scheduled to take place already next week (see Bridges Trade BioRes [25 July 2011](#)). These proceedings now need to be suspended in order to harmonise timetables for the two disputes, trade sources confirmed to BioRes. A meeting between the two complainants to organise this process could take place as early as this week.

Formal panel proceedings, however, are not expected to start before the end of March.

Though the EU had requested consultations on the matter already in summer 2011, the panel request followed only last week. Sources close to the case suggest this considerable gap between the failure of consultations and the EU's panel request might partially be explained by it hoping that the case could be resolved otherwise. A heated election process in Ontario in autumn 2011 where the FIT

programme itself took centre stage, had fuelled hopes for such a scenario. With the former Liberal governmental party staying in office, however, the FIT programme has been endorsed.

Though renewable energy subsidisation in and of itself is not being challenged in the dispute, experts suggest most WTO members would prefer the WTO not to rule on a dispute so close to the larger climate change mitigation and trade debate. Also, many EU members maintain similar FIT programmes, thus shying away from litigation.

Canadian policy experts further continue to warn that even a victory for Japan and the EU could result in eventual disappointment as in this case Canadian provinces cannot be forced by the federal government – which is accountable to the WTO – to bring their measures into compliance.

Japan and the EU contend that Ontario's law violates most-favoured nation treatment rules in the General Agreement on Tariffs and Trade (GATT) and the Agreement on Trade-Related Investment Measures (TRIMS) since the FIT regime requires dedicated amounts of Ontario-originated green energy goods and services. Moreover, they contend that the measure constitutes a prohibited subsidy under the WTO's Subsidy and Countervailing Duty Agreement (SCMA). Facing stark opposition against the Ontario Renewable Energy Act, the government had introduced the measure, arguably, to boost domestic support.

With 2011 in the books and the continuity of the FIT ensured for now, this dispute will moving forward.

### More information

For an in-depth analysis of the FIT case, see Bridges Trade BioRes Review, [April 2011](#).

ICTSD Reporting.

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## South Korea Lifts Canadian Beef Ban

The almost decade long beef trade dispute between Canada and South Korea appears close to its conclusion after Seoul announced it would immediately open its borders to Canadian beef from cattle under 30 months old. The 20 January announcement follows the temporary suspension of a related WTO dispute in summer 2011 that had meant to facilitate a negotiated solution among the two countries.

South Korea's ban dates back to 2003 when the Asian country, along with other nations, shut its borders to all Canadian and US beef products, responding to North American producers being linked to the BSE, or mad cow disease.

Canada's Trade Minister Ed Fast welcomed the move, calling it a "significant breakthrough" and a victory for Canadian diplomacy.

"The Korean government heard our message," Fast said in a statement. "Their decision to restore access is the direct result of our government's actions."

In 2002, Canada exported over US\$40 million in beef products to South Korea, making it the fourth-largest market for Canadian beef at the time. Reopening the Asian market is considered essential to bring Canadian beef production back to 2002 numbers.

"There are still a number of key markets where we need expanded access in order to return to pre-2003 market access levels," Travis Toews from the Canadian Cattlemen's Association explained in a first reaction to the announcement. "Full access for all beef products to Korea has not been gained, and there are still barriers in other markets including Japan that date back to the BSE crisis," Toews added.

South Korea, where the public is particularly sensitive for food safety, had long been reluctant to ease to ban. Already in 2003, after tests on cattle herds showed that all tested animals were free from BSE, many countries, including the US

and Japan, began to ease restrictions for Canadian beef. But South Korea maintained the original ban, even after the World Organisation for Animal Health (OIE) classified Canada as a zone with controlled BSE risk in 2007.

South Korea's 2008 decision to reopen its market to US products resulted in months of, anti-government protests in the country. Following this, observers were pessimistic on the chances of market access for Canadian beef.

Only in 2009, after Canada initiated a WTO dispute ([DS391](#)) on the matter South Korea was ready to discuss an ease to the ban (see Bridges Trade BioRes, [17 April 2009](#)). Canada, contending that there was no scientific evidence to justify South Korea's persistence in maintaining the ban, cited violations of the WTO's Sanitary and Phytosanitary Measures Agreement – which governs rules pertaining to food safety – as justification for a panel to investigate South Korean barriers to trade.

"The United States, which has the same OIE controlled-risk status as Canada, obtained access to the South Korean beef market in June 2008," Canada's Minister of Trade complained at that time.

But bilateral talks between the parties continued in parallel to the dispute as Korea tried to avoid a publicity-attracting WTO loss. In July 2011, shortly after the parties were informed about the preliminary findings, the two nations agreed to a negotiated solution and a temporary suspension of the dispute (see Bridges Weekly [6 July 2011](#)). The new announcement puts this agreement into effect.

ICTSD Reporting; South Korea's market now open to Canadian beef, CBD NEWS, 20 January 2012.

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## US Retakes Top Position as Renewable Energy Investor

The US has surpassed China to become the leading global investor in clean energy, according to new data released by research house Bloomberg New Energy Finance. The finding marks the first time the US has held the top position since 2008.

Investment in clean energy rose thirty-three percent in the US to a record US\$55.9 billion while China grew investment by only one percent to US\$47.4 billion. According to reports, the shift is due, in large part, to a subsidy programme initiated by the Obama Administration's stimulus package which included grants to renewable energy start-ups and loan guarantees to private investors.

Experts caution, however, that the US may be hard-pressed to retain the top spot in coming years as large parts of the subsidy programme for renewable energy have already expired. For its part, Washington has suggested that government support may continue in some form.

The bolstering of renewable energy initiatives is emerging as a cornerstone of the Obama Administration's political platform in the run-up to presidential elections, scheduled for November. The Democrats have recently released television advertisements highlighting the current administration's clean energy record and the president last week blocked plans to build a major pipeline from Canada's controversial oil sands to US refineries in Texas and elsewhere (see related story, this issue).

Many financial analysts agree that accelerating renewable energy initiatives in the US is critical. But in order to compete with traditional fossil fuels on the open market, the use of renewable energy sources – like solar and wind – will have to be expanded broadly to bring costs down.

“We are on our way to the point where solar power costs the same as fossil fuel power,” said Kevin Parker, an analyst at Deutsche Bank. Recent studies show that the price of a photovoltaic module has fallen close to seventy-five percent over the past three years. Some analysts estimate that the production of solar power could be competitive by 2020.

Growing investment in clean energy was not a trend confined to the US, as worldwide investment rose five percent to a record US\$260 billion. Growth in solar investment led the way, increasing by thirty-six percent to US\$137 billion, representing over half of all renewable energy investment. Investment in wind technology, on the other hand, experienced a sharp decline, falling by seventeen percent.

Notably, renewable energy investment has continued to rise in spite of marginal progress on establishing a binding global cap on carbon-emissions and generally poor economic conditions.

ICTSD Reporting; “US regains lead in clean energy investment,” FINANCIAL TIMES, 12 January 2012; “Clean Energy Investment Hits Record In 2011 As U.S. Reclaims Lead From China,” FORBES, 1 December 2012; “US Replaces China as Top Clean Energy Investor,” ENVIRONMENTAL LEADER, 17 January 2012.



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## Malaysia Seizes Third Major Ivory Shipment in Six Months

Malaysian officials earlier this month seized a major shipment of illegal ivory, marking the third such incident in the past six months at Port Klang, Malaysia's largest port. The half-tonne of ivory had been shipped from Cape Town, South Africa, with Malaysia listed as the shipment's final destination. Although trade in ivory has been banned since 1989, the number of large-scale seizures of shipments has increased by seventy percent over the last decade (see Bridges Trade BioRes, [5 September 2011](#)).

Last year was the biggest trade year to date for elephant tusks, according to a recent report by TRAFFIC, a watchdog in the international trade of wildlife. The number of major seizures of illegal product and the estimated amount of ivory poached more than doubled from 2010 to 2011, highlighting this growing demand.

"This is the worst year ever for large ivory seizures – 2011 has truly been a horrible year for elephants," Tom Milliken of TRAFFIC said of last year's numbers. Many observers attribute the growth in demand for ivory to the growing wealth in Asia. With new levels of disposable income, the demand for ivory ornaments and rhino horn (used in traditional medicine) has increased noticeably. Experts note that estimates most likely understate the growth as models traditionally underestimate the amount of ivory smuggled in secret.

Four of the biggest illegal shipments of ivory seized in 2011 were discovered in Malaysian ports. Officials say that the seizures resulted in 1,700 ivory products weighing over eight tonnes being confiscated by the Malaysian government. This figure represents over a third of the twenty-three tonnes seized worldwide in 2011 and points to Malaysia as the primary transit point for poached ivory destined for markets in China. Kuala Lumpur

has been quick to defend its reputation and says it is acting to clamp down on illegal wildlife trade.

"Malaysia has ramped-up its efforts to stem ivory smuggling through the country," said Kanitha Krishnasamy, TRAFFIC's Southeast Asia Senior Programme Officer. "Now thorough diligent investigations both in Malaysia and South Africa, arrests, and prosecutions must follow."

Malaysian authorities say they have a suspect in custody in conjunction with this latest seizure.

Experts say Malaysia's clamp down has resulted in a spike in ivory trade incidents in other Asian countries, notably China. In 2011, China seized the year's second largest amount of poached ivory, totaling over two tonnes. In 2009, a UN investigation found a trend towards Chinese expatriates living in Africa controlling the ivory trade. Milliken explains that Chinese workers in Africa have "contacts with the end use [ivory] market and now they are at the source".

According to TRAFFIC, Chinese expats are poised to take control of the poached ivory market for the foreseeable future. Official corruption is also beginning to play a larger role as some of the recently seized ivory has been traced to government stockpiles of confiscated ivory. TRAFFIC suggests that syndicates controlling the ivory trade have begun to bribe government officials in return for confiscated ivory.

It is currently believed that the majority of illegal ivory shipments originate in Kenya or Tanzania. Figures indicate that approximately fifty elephants a month are being killed for their tusks in Tanzania's Selous Game Reserve. The rate of rhino deaths is also on the rise with 440 rhinos killed in 2011 compared to 333 in 2010. Over ninety percent of the rhinos remaining on the African continent reside in South Africa.

ICTSD Reporting; “Malaysia seizes half a tone of ivory,” TRAFFIC, 9 January 2012; “Watchdog marks grim ivory trade record,” THE CANBERRA TIMES, 2 January 2012, “Worst year for elephants since ivory trade banned with at least 2,500 slaughtered for ivory,” MAIL ONLINE, 29 December 2012.

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### Nicaragua Challenges Costa Rica at ICJ over Environmental Damages

Nicaragua has filed a complaint with the International Court of Justice (ICJ) alleging that Costa Rica’s plan to construct a road along a border shared by the two countries will damage protected ecosystems. The complaint, filed on 22 December, contends that, the infrastructure project threatens the Indio Maiz Biosphere Reserve, a particularly sensitive area of the Mesoamerican Biological Corridor – a massive network of protected areas stretching from Mexico through most of Central America.

“Costa Rica’s unilateral actions...threaten to destroy the San Juan de Nicaragua River and its fragile ecosystem, including the adjacent biosphere reserves and internationally protected wetlands,” the ICJ application reads.

Nicaragua insists that resolving the issue is urgent, noting that specific environmental harm has already occurred. The complaint says the project has already affected the water quality of the San Juan River and posed a threat to endangered species that depend on the river by dumping sediment and removing topsoil, trees, and other vegetation cover. Nicaragua contends that these issues will be magnified over time, as soil erosion increases in tandem with forest clearing.

In an effort to limit the damage to the river, the Nicaraguan government has announced plans to extend dredging operations with the intent of removing sediment that has already

been dumped throughout the initial construction phases.

Nicaragua says it hopes the ICJ will help uphold the nation’s territorial integrity and reaffirm the international agreements guaranteeing the protection of the threatened river and surrounding biosphere. The complaint requests that Costa Rica be required to restore the affected area to its original state, and pay for all costs associated with repairing damages already committed, including the dredging campaign planned by the Nicaraguan government.

Finally, Nicaragua requests that Costa Rica be prevented from pursuing any construction along the border without first commissioning an environmental impact assessment and submitting it to the Nicaraguan government, allowing appropriate time for analysis and questioning before the commencement of construction. Costa Rica has strongly denied responsibility, noting that until Nicaragua complies with all measures imposed by a previous ICJ ruling on navigational rights in the San Juan River, it should refrain from imposing obligations on Costa Rica.

Costa Rica has announced that it is prepared to defend itself against Nicaragua’s allegations and that it has no intentions of halting construction. The road is designed to connect twenty villages that are largely isolated from the rest of the country. These villagers currently rely on the San Juan River for transportation to school, health facilities and markets, they say. Costa Rican President Laura Chinchilla argues that much of the land in question has already suffered deforestation from livestock, so construction has little environmental impact.

Nicaragua and Costa Rica have been recent and frequent participants in the ICJ process. A territorial dispute between the two nations that centred on the navigational and related rights of Costa Rica in specific sections of the San Juan River, as well as the positioning of

Nicaraguan troops was recently resolved in the court. Questions of sovereignty and environmental protection also played a prominent role in this previous trial.

ICTSD Reporting; "Nicaragua plans to extend San Juan dredging operations," DREDGING TODAY, 2 January 2012; "Nicaragua sues Costa Rica for border violations," CHANNEL 6 NEWS, 23 December, 2011; "Nicaragua files suit against Costa Rica at UN world court over border violations," ALASKA NATIVE NEWS, 29 December 2011; "In ICJ suit, Nicaragua alleges ecosystem damage by Costa Rica," BIODIVERSITY POLICY AND PRACTICE, 22 December 2011; "Chinchilla descarta informar a Nicaragua sobre vía fronteriza," LA NACION, 14 December 2011; "Nicaragua pedirá al Parlacen condenar a Costa Rica por 'dañar río San Juan'," 12 January 2012; "Trocha junto al San Juan cambió vida a olvidados ciudadanos fronterizos," LA NACION, 8 January 2012.

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

#### Coming up in the next two weeks (23 January-6 February)

23-24 January, Manila, The Philippines. GLOBAL CONFERENCE ON LAND-OCEAN CONNECTIONS: TOWARDS GREENER COASTAL ECONOMIES. The Global Conference on Land-Oceans Connections (GLOC) is being hosted by the Government of the Philippines and is being organised by the UN Environment Programme (UNEP). The conference will immediately precede the Third Intergovernmental Review Meeting (IGR-3) on the implementation of the Global Programme of Action for the Protection of the Marine Environment from Land-based Activities (GPA), and will seek to ensure that a contribution from the linked marine and freshwater communities is fed into the Rio+20 process. For more information visit the conference [website](#).

24-25 January, Johannesburg, South Africa. CLIMATE FINANCE AND CARBON MARKETS AFRICA 2012. In the aftermath of UNFCCC COP 17 in Durban, Climate Finance and Carbon Markets Africa will break down the key outcomes and what they mean for Africa. Diverse keynote speakers, ranging from a representative of the UNFCCC to financiers in the carbon market, will offer a multitude of viewpoints on the latest climate agreement and its potential impact on the African Continent. Further information can be found on the [conference website](#).

25-27 January, New York, US. INITIAL DISCUSSIONS ON ZERO DRAFT OF UNCSD OUTCOME DOCUMENT. The initial discussions on the "zero draft" of the Outcome Document for the UN Conference on Sustainable Development (UNCSD, or Rio+20) will take place from 25-27 January 2012, based on a decision taken by the UNCSD Bureau at its meeting on 22 December 2011. The zero draft is based on a compilation of the input received by the UNCSD Secretariat from member States and other stakeholders by 1 November 2011. A [complete schedule](#) of the negotiation process has been provided by the UNCSD. The Zero Draft of the document can be found [here](#).

25-29 January, Davos, Switzerland. WORLD ECONOMIC FORUM ANNUAL MEETING 2012. This conference, organised by the World Economic Forum, aims to bring leaders together to discuss the challenges associated with the continued deleveraging of the global economy. Specific challenges organisers hope to address include avoiding a double-dip recession and curbing inflation in emerging markets. The theme of the meeting is "The Great transformation: Shaping New Models." For more information, visit the [event website](#).

26-27 January, Washington, US. TRANSFORMING TRANSPORTATION 2012. This year's conference will focus on ideas to scale up sustainable transport best practices in cities worldwide. In previous years, the conference highlighted challenges facing urban transport and key projects that may serve as models. Organisers aim to reflect briefly on past successes and ongoing challenges of implementing sustainable urban transport and development, and then to turn attention to scaling up for the future. The conference will give special attention to finance from private sources, national government programs and international development agencies. For more information, visit the [event website](#).

31 January- 3 February, Quito, Ecuador. 18<sup>TH</sup> MEETING OF THE FORUM OF MINISTERS OF ENVIRONMENT OF LATIN AMERICA AND THE CARIBBEAN. This biennial meeting of Environment Ministers is organised by the regional office of the UN Environment Programme (UNEP). The Preparatory Meeting of High-Level Experts will take place from 31 January - 1 February 2012, and will be followed by the Ministerial Segment on 2-3 February. Among other things, the Ministers are to review the implementation of the Rio 1992 commitments and agreements, and deliberate on new, emerging and priority issues for the region and other issues on the road to the June 2012 UN Conference on Sustainable Development (UNCSD, or Rio+20). The Ministers are also expected to discuss cooperation on sustainable consumption and production, environmental indicators, and the way forward in negotiating a regional framework agreement on atmospheric pollution that includes emissions of short-lived climate forcers (SLCFs) such as methane, black carbon, ozone precursors, and many hydrofluorocarbons (HFCs). For more information, visit the [event website](#).

1-10 February, New York, US. 50<sup>TH</sup> SESSION OF THE COMMISSION FOR SOCIAL DEVELOPMENT (CSocD). The fiftieth session of the Commission for Social Development (CSocD) will be held at the United Nations North Lawn Building (NLB) in New York. The overarching theme of this year's session will be poverty eradication. The Commission's main mandate is to advise the Economic and Social Council (ECOSOC) and Governments on social policy issues and on the social perspective of development. More information on the commission can be found of the [CSocD website](#).

2-3 February, London, UK. 7<sup>TH</sup> INTERNATIONAL FORUM ON ILLEGAL, UNREPORTED AND UNREGULATED FISHING. Every year



this international forum, organised by Chatham House, brings together over 100 leading policymakers, researchers, industry representatives, and civil society groups from across the world to discuss the latest initiatives, regulations and research in the area of fisheries governance and trade in illegal fish products. This year's Forum will discuss the latest developments in Europe and in West Africa, and also look at document schemes, port state measures, and organised crime in the fishing sector. An agenda for the forum can be found [here](#).

2-4 February, Stanford, US. USRIO+2.0-BRIDGING CONNECTION TECHNOLOGIES AND SUSTAINABLE DEVELOPMENT. Organised by Stanford University, this meeting aims to bring together public and private sector representatives on the use of connection technologies (SMS, mobile, web, etc.) to advance sustainable development solutions in the fields of health, the environment, agriculture, and sustainable economic growth. Participants will be asked to define “innovation challenges” for how connection technologies can help advance cross-cutting sustainable development problems, with outcomes to be presented at the Rio+20 United Nations Sustainable Development Conference, June 2012. For more information, visit the [event website](#).

### Other Upcoming Events

9-10 February, London, UK. ILLEGAL LOGGING UPDATE AND STAKEHOLDER CONSULTATION NUMBER 19. This event, organized by Chatham House, will provide an update on efforts from around the world to improve forest governance and reduce illegal logging. Topics to be considered include EU timber regulation, use of technology to enable traceability, management of deforestation drivers, forest finance and REDD+, as well as updates on the situation in Asia, with an emphasis on India. Presenters will include

representatives of government, the private sector, academia and civil society. More information on the logging series can be found [here](#).

18-22 February, Nairobi, Kenya. 27<sup>TH</sup> SESSION OF UNEP GOVERNING COUNCIL / GLOBAL MINISTERIAL ENVIRONMENT FORUM. The 27th session of the Governing Council/Global Ministerial Environment Forum (GC 27/GMEF) of the UN Environment Programme (UNEP) is scheduled to convene from 18-22 February 2013, in Nairobi, Kenya. In pursuance of General Assembly resolution 53/242 (Report of the Secretary-General on environment and human settlements) of 28 July 1999, the Governing Council constitutes the annual ministerial-level global environmental forum in which participants gather to review important and emerging policy issues in the field of the environment. More information can be found on the [UNEP webpage](#).

15-20 March, Geneva, Switzerland. CITES ANIMALS COMMITTEE 26. The 26th meeting of the CITES Animals Committee will address a number of agenda items, including sharks, snakes, sturgeons, corals, and listing criteria for commercially exploited aquatic species. It will convene immediately prior to the joint meeting of the Animals and Plants Committees, which will take place from 22-24 March in Dublin, Ireland. More information can be found on the [CITES website](#).

16-18 April, Puerto Vallarta, Mexico. WORLD ECONOMIC FORUM ON LATIN AMERICA 2012. This meeting, supported by the Government of Mexico, aims to bring together key decision-makers from government, industry, civil society and academia. Under the theme “Regional Transformation in a New Global Context”, organisers say leaders will shape a strategic vision for the region's growth, gain



understanding of its global potential and align stakeholders around that vision to inspire its realisation. Further information can be found on the [conference website](#).

16-21 April, Panama City, Panama. SECOND MEETING OF THE PLENARY ON IPBES. The second session of the plenary meeting to determine the modalities and institutional arrangements for the Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES) will take place in Panama from 16-21 April 2012. The plenary will be convened by the UN Environment Programme (UNEP) in cooperation with the UN Educational, Scientific and Cultural Organization (UNESCO), the Food and Agriculture Organization (FAO), the UN Development Programme (UNDP) and other organisations. The deadline for registration ([see website for registration form](#)) is 31 January 2012.

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## Resources

If you have a relevant resource (books, papers, bulletins, etc.) you would like to see announced in this section, please contact the [editor](#).

GREEN GROWTH, TECHNOLOGY AND INNOVATION. By Mark A Dultz, and Siddharth Sharma, published by the World Bank (2012). The paper explores existing patterns of green innovation and presents an overview of green innovation policies for developing countries. The key findings from the empirical analysis are: (1) frontier green innovations are concentrated in high-income countries, few in developing countries but growing; (2) the most technologically-sophisticated developing countries are emerging as significant innovators but limited to a few technology fields; (3) there is very little South-South

collaboration; (4) there is potential for expanding green production and trade; and (5) there has been little base-of-pyramid green innovation to meet the needs of poor consumers, and it is too early to draw conclusions about its scalability. The working paper is available [here](#).

LAND RIGHTS AND THE RUSH FOR LAND: FINDINGS OF THE GLOBAL COMMERCIAL PRESSURES ON LAND RESEARCH PROJECT. Written by Ward Anseeuw, Liz Alden Wiley, Lorenzo Cotula, and Michael Taylor, published by the ILC (December 2011). This report, authored by leading land experts, is the culmination of a three-year research project that brought together forty members and partners of ILC to examine the characteristics, drivers and impacts and trends of rapidly increasing commercial pressures on land. The report strongly urges models of investment that do not involve large-scale land acquisitions, but rather work together with local land users, respecting their land rights and the ability of small-scale farmers themselves to play a key role in investing to meet the food and resource demands of the future. The full report can be found [here](#).

RESOURCE POTENTIAL OF ALGAE FOR SUSTAINABLE BIODIESEL PRODUCTION IN THE APEC ECONOMIES. Published by the Energy Working Group of APEC (December 2011). The objective of this report is to assess the potential amount and location of algal biomass that could be made available for the sustainable production of biodiesel in the APEC economies. The authors say the findings of this report should assist agricultural, economic, energy and land ministries in developed and developing APEC economies in determining the most strategic allocation of resources. The full report is available [here](#).

BLOOMBERG NEW ENERGY FINANCE GLOBAL RENEWABLE ENERGY MARKET OUTLOOK. Published by Bloomberg New Energy Finance (November 2011). This report details the investment climate for various renewable energy sources including solar and wind. It examines major sources of investment and offers perspective on the future movement of the market. Projecting out to 2030, this publication offers important insight into the state of development of renewable energy. The full report can be downloaded [here](#).

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