



Bridges Trade BioRes

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

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Contributors to this issue are Ahmed Abdel Latif, Andrew Aziz, Sofia Baliño, and Brennan McCormick. This edition of Bridges Trade BioRes is edited by Andrew Aziz. The Publisher and Director is Ricardo Meléndez-Ortiz. The Editor in Chief is Andrew Crosby. Comments and suggestions are welcomed and should be directed to the [editor](#) or the [Editor in Chief](#). ISSN 1682-0843

NATURAL RESOURCES

US, EU, Japan Challenge China on Rare Earths

15 March 2012 - Following months of speculation, the US, Japan, and EU have jointly launched a WTO challenge against China's export restrictions on rare earths, as well as tungsten and molybdenum. The move - announced Tuesday - comes just over a month after the global trade arbiter's highest court confirmed that Beijing violated WTO law and its accession protocol by restricting the exportation of nine raw materials.

The 17 controversial rare earth elements have unique magnetic, heat resistant, and phosphorescent properties and are crucial ingredients in the manufacturing process of many high-tech and green energy products, including wind turbines, engines for electric and hybrid vehicles, and medical equipment.

The complainants in the case argue that China's export quotas on the elements, combined with its near-monopoly over global production - some 97 percent of the world's supply, according to EU estimates - are highly disruptive to domestic industries and result in higher production costs. Market prices experienced a 20-fold price increase between mid-2010 and mid-2011, but have since fallen back in line.

They further complain that the policy offers Chinese competitors an advantage by providing them with cheaper and easier access to the elements compared to foreign manufacturers.

Environmental grounds

In line with its rationale on restricting raw materials, China argues that the extraction process for producing rare earth elements is highly damaging to the environment and that the quota restrictions have nothing to do with trade disruptions.

“In previous communications, China has emphasised that the purpose of these measures is to protect exhaustible natural resources and environment as well as maintain sustainable development,” China’s Ministry of Commerce (MOFCOM) said in a [statement](#). “China does not intend to protect domestic industry by distorting trade.”

While environmental grounds can be used in some instances to justify trade barriers at the WTO, the Appellate Body earlier this year ruled that Beijing’s export restriction policies for nine raw materials failed to meet the requirements set out by WTO law ([DS394](#), [395](#), [398](#)).

The Appellate Body ruled that these environmental exceptions could not be applied, as they were not explicitly referred to in the section of China’s accession protocol that prohibits export duties (see Bridges Weekly, [1 February 2012](#)). They also confirmed that quantitative export restrictions for finite natural resources taken with conservation aims could only be justified if they were coupled with similar limitations on domestic consumption and production.

For its part, Brussels argues that, despite the intended environmental protection goal of China’s rare earth export policies, Beijing’s approach is unlikely to achieve such an outcome.

“The EU supports and encourages all countries to promote an environmentally friendly and sustainable production of raw materials,” the EU said in a [13 March press release](#). “However, the EU believes that export restrictions do not contribute to this

aim; there are more effective environmental protection measures that do not discriminate against foreign industries.”

But this case might be different from the 2009 raw materials spat. As recently as this past January, China reformed its rare earths quota system, introducing additional environmental protection requirements as a prerequisite for receiving export permits.

The export restrictions are also part of a broader campaign by Beijing to address the pollution challenges that come with rare earths extraction. The government has wrestled with rampant illegal mining around the country for many years - a practice that will likely be exacerbated by any clampdown on production.

Meanwhile, some experts say that Beijing’s perceived stranglehold on rare earths extraction as a means to boost local downstream industries may not be as straightforward as previously thought.

A recent article by Indiana University professor Scott Kennedy for GK Dragonomics suggests that the policymaking process on rare earths in China is so fragmented among different levels of government that Beijing’s intentions may have little to do with reality on the ground.

“The general pattern has been for local governments to pretend to agree with central aims, and then go about doing whatever is needed to help their local firms,” Kennedy writes.

This fragmentation of rare earths policy prevents China from achieving many of its major objectives, including consolidating the industry and obtaining downstream technologies from foreign competitors, Kennedy argues, despite the country’s dominance in rare earths mining.

US election year

The joint challenge is the latest in a series of road bumps in China-US trade relations and the issue is likely to intensify as President Barack Obama shores up his defence from Republican accusations that he is not doing enough to improve the domestic job market.

Republican presidential candidates, particularly Mitt Romney - considered by many to be the frontrunner for his party's nomination - have been hammering Obama on his China policies on the campaign trail, a strategy that will likely intensify as the November election draws nearer.

Obama, however, says he is on firm ground *vis-à-vis* China, recently boasting that his administration has brought trade cases against China at almost double the rate of that of previous president George W. Bush. In addition to recent skirmishes over China's solar panel and wind power subsidies, Obama in February announced the creation of a new agency tasked with identifying unfair practices by US trading partners.

The president noted the new Trade Enforcement Unit in a statement Tuesday, suggesting that the US has taken on a new, less tolerant position on alleged trade violations.

"Our competitors should be on notice: You will not get away with skirting the rules," Obama said in a [statement](#). "When we can, we will rally support from our allies. And when it makes sense to act on our own, we will."

China is also facing a once-in-a-decade leadership change this year, with Wen widely expected to be replaced by Vice President Xi Jinping. Trade featured prominently in discussions between Xi and Obama when the two met in Washington last month (see Bridges Weekly, [22 February 2012](#)).

The request for consultations on the rare earths issue is the first step in the WTO

dispute settlement process. Should the parties to the dispute be unable to reach a resolution after 60 days of talks, the EU, US, and Japan will have the right to ask that a WTO panel be established to hear the complaint.

ICTSD reporting; "AP source: US brings new trade case against China," ASSOCIATED PRESS, 13 March 2012; "Obama Takes Aim at China With Plan for WTO Case on Rare-Earth Export Caps," BLOOMBERG, 13 March 2012; "US to challenge China over rare earths," FINANCIAL TIMES, 13 March 2012; "Trade Issues With China Flare Anew," THE NEW YORK TIMES, 12 March 2012; "Deals Shows China's Sway in Rare-Earth Minerals," WALL STREET JOURNAL, 11 March 2012; "U.S. and Europe Move on China Minerals," WALL STREET JOURNAL, 13 March 2012.

Pushing Past Oil Row, Canada, EU Aim to Clinch Trade Deal by Year's End

15 March 2012 - After nearly three years of negotiations, Ottawa and Brussels are aiming to clinch a free trade accord by the end of 2012. However, Canadian officials have also cautioned that progress in the bilateral talks may slow in the coming months, as the two sides work to resolve remaining obstacles.

Gordon Campbell, Canada's High Commissioner to the UK, indicated in a statement last week that the two trade partners have "some very intense negotiations going on, but I think by the end of the year we will have a deal ready for consideration."

In a statement last month following bilateral talks, Canadian Trade Minister Ed Fast also confirmed the end of year goal. However, he conceded that negotiations could continue for even longer.

“One thing I don’t want to do is put an arbitrary time line on our negotiations,” Fast told reporters.

“I’m not going to negotiate an agreement and I’m not going to sign off on an agreement unless it is indeed in the very best interest of Canadians,” he added.

The predicted date for a conclusion to the negotiations has changed repeatedly since the talks began. Canadian and EU officials said earlier this year that the discussions should be completed by the end of summer 2012.

Canada-EU bilateral trade in goods totalled C\$77 billion, or US\$77 billion, in 2010. Officials forecast that the deal would lead to 80,000 new jobs in Canada and add C\$12 billion to the country’s economy, while increasing two-way trade by 20 percent.

Critical decisions await

Canada has stressed throughout recent weeks that a trade pact with the EU is essential to the growth of their country.

“There is no larger integrated economy in the world than the European Union [and] ... there is no more important Canadian trade negotiating priority than reaching a trade agreement with the region,” Fast told reporters last month.

The pact was also backed at this year’s World Economic Forum in Davos, Switzerland, by British Prime Minister David Cameron, who made a [push](#) for the EU to focus on bilateral trade deals in the absence of progress in the WTO’s Doha Round of trade talks.

However, the two trading partners have yet to resolve some contentious issues in the negotiations. One concern Canada must weigh is whether or not to amend its Patent Act to give additional protection to European drug firms, a move strongly opposed by the Canadian generic pharmaceutical industry. Canada’s Patent Act had not been discussed

in the latest round of talks, Fast said last month.

Other areas that have yet to be settled include investment protection, intellectual property, market access for agricultural goods, and opening up local and national procurement markets.

EU dirty oil vote in the rear-view

Trade relations between the two sides became strained during the early part of this year, ahead of a 23 February vote regarding Canada’s oil sands. The controversial EU plan would have amended the EU’s fuel quality directive to label oil originating from oil sands deposits, like those found in the Canadian province of Alberta, as “highly polluting.”

The plan was temporarily put on hold, however, after an EU committee failed to make a definite decision on the matter. The proposal is now set to go to the environment ministers of the EU’s 27 member states. (See Bridges Weekly, [29 February 2012](#)).

The vote had ramped up trade tensions between the two sides, with Canadian officials questioning the scientific basis of the proposed ranking and suggesting that it might amount to unfair discrimination by the EU.

In spite of the heated rhetoric surrounding the vote, however, a spokesman for the Canadian trade ministry stressed at the time that the matter was “not linked to our commitment to productive free trade discussions with the European Union.”

ICTSD reporting: “Canada says EU free trade talks set to drag,” REUTERS, 28 February 2012; “Trade minister says EU free trade talks on track,” CANADA.COM, 28 February 2012; “Canada Says It Expects Europe Trade Deal by End of This Year,” BLOOMBERG, 11 March 2012.

CLIMATE CHANGE

Poland Vetoes EU Carbon-Reduction Roadmap

19 March 2012 - The European Commission's low-carbon roadmap for 2050 encountered a setback earlier this month when EU member state Poland used its veto to protest newly proposed reduction milestones. Poland - which is almost entirely dependent on coal for electricity generation - says the economic repercussions of the targeted cuts would be too burdensome.

With one of the fastest economic growth rates in Europe, Polish policymakers are hesitant to implement any major changes - particularly given current economic conditions in Europe. Officials point to dire economic predictions as evidence against the one-size-fits-all solution.

Pitor Jezowski, a professor at the Warsaw School of Economics, projects that adopting the proposed roadmap would cost Poland one percentage point of economic growth every year until 2030. Polish officials say fellow member states Czech Republic, Hungary, Slovakia, and Romania are also second-guessing their original support for the new milestones.

In 2008 the EU unanimously agreed to reduce carbon-emissions by 20 percent from 1990 levels by 2020. The expanded roadmap - championed by Connie Hedegaard, the European Commissioner for Climate Action - seeks to establish additional milestones every decade. The new plan would recommend a 40 percent reduction in emissions by 2030, a 60 percent reduction by 2040, and an 80 percent reduction by 2050.

Poland's dependence on coal for some 94 percent of its electricity generation has fuelled opposition to the new measures. Marcin Korolec, Poland's Environment Minister, argued in a [recent editorial](#) that the proposed roadmap is too simplistic.

"Our economies differ," Korolec writes. "Our long-term climate policy should reflect these differences, by providing member states with a flexible set of tools from which to choose those that are acceptable and fitted to their policy needs."

The minister argues that energy policy independence is an important element of bloc membership.

"We need a framework that respects the treaty-guaranteed right of each member state to design its energy mix according to its needs," he said.

Climate friction

Warsaw's opposition to EU carbon reduction goals has been ruffling feathers in Brussels for some time now. In June 2011, Poland was the only EU member state to oppose a more ambitious 25 percent 2020 emissions reduction target. Poland also broke from the rest of the EU at the recent climate talks in Durban, refusing to back a plan that would reduce the surplus of Kyoto carbon permits.

This latest move has triggered the ire of some fellow member states who insist that even coal reliant countries like Poland will benefit from a greener approach to European energy.

"The outcome shows how we must redouble our efforts in explaining to Poland that shifting to a low-carbon economy is part of

long term growth in Europe,” said Ed Davey, Britain’s Energy and Climate Change Secretary. The UK has committed to slashing emissions by 30 percent by 2020.

Jo Leinen, a German Social Democrat expressed similar sentiments.

“Poland is not only slowing down their own country, but also the aspirations and opportunities for sustainable growth in the other 26 Member States.”

Several industrial groups, however, have noted that further European commitment to emission-reduction schemes would be foolish in absence of a global agreement.

“Setting unilateral more ambitious EU emissions targets for 2030 and 2040 while ignoring at the same time the limited - if any - mitigation efforts third countries are prepared to make will not help investment in the EU,” the European Alliance of Energy Intensive Industries said in a statement.

A similar line of thinking has been at the centre of criticism over the inclusion of aviation - and possible inclusion of shipping - under the bloc’s Emissions Trading Scheme.

“Competitive disadvantage”

Korolec has also pointed to the rising level of emissions from developing nations, like India and China, arguing that an agreement that is not binding to all nations puts Europe at a distinct competitive disadvantage. In a letter to his fellow environment ministers, Korolec argued that all reduction proposals - beyond the existing 20 percent reduction by 2020 - should be handled under the umbrella of the

global UN Framework Convention on Climate Change (UNFCCC).

“Europe should still lead the process,” he conceded. “We should, though, be very conscious of our relatively small contribution to global emissions.”

ICTSD Reporting; “Poland blocks EU efforts on carbon limits,” REUTERS, 9 March 2012; “Poland tries to block EU emission goal,” WALL STREET JOURNAL, 12 March 2012; “Poland blocks EU’s low-carbon roadmap,” EUROPEAN VOICE, 10 March 2012; “Climate roadmap at a crossroads,” EUROPEAN VOICE, 8 March 2012; “Poland opposes EU environment ambition,” REUTERS, 7 March 2012.

EU Proposal Targets Farms, Forests for Emission Reduction

14 March 2012 - With a new draft law published on 12 March, the EU has called on all member states to track and record data measuring carbon emissions from agriculture and forestry. Though no timetable has been set, some observers say it could mark the first step towards including agriculture and forestry under the EU Emissions Trading Scheme (ETS).

“What we propose today is harmonised rules to account for forests and agriculture emissions,” said Connie Hedegaard, the EU’s Commissioner for Climate Action. “This is the first step to incorporate these sectors into the EU’s reduction efforts,”

Historically, the ETS has been limited to energy-intensive industries such as power generation and cement mixing. In recent years, however, the EU has been steadily expanding the coverage of the ETS. Brussels

has already moved to include the aviation industry in the ETS, and plans to include shipping emissions are also being discussed (see Bridges Trade BioRes, [5 March 2012](#)).

Forests and lands devoted to agriculture cover over 75 percent of Europe, making any decision to include “land use, land use change, and forestry” (LULUCF) industries under the ETS a significant undertaking. LULUCF not only covers the agricultural land and forests themselves, but also any human activities that take place on the land. Everything from ploughing a field to the draining of peat land would require monitoring under the new draft law.

One of the greatest challenges to the implementation of the new measure is the uncertainty surrounding the carbon accounting of LULUCF. Some experts say the accounting methods for these industries are significantly under-developed when compared to other industries that are currently monitored. For example, LULUCF was not included under the UN Framework Convention on Climate Change’s (UNFCCC) Kyoto Protocol because the ability to monitor related emissions was said to be beyond existing scientific capability.

If successfully implemented, supporters say the initiative could have a drastic impact on emissions. Brussels says that increasing the amount of trapped carbon by just 0.1 percentage point through improved forest or grassland management would be the equivalent of eliminating the emissions from 100 million cars every year.

The proposal will now be brought before the European Parliament and the Council. If adopted, the proposal would compel each EU member state to prepare and adopt an action plan for reducing emissions from forests and soils.

ICTSD Reporting; “EU targets farm, forest land in extending CO2 curbs,” REUTERS, 12

March 2012; “EU brings farms and forests into low-carbon plans,” BBC, 13 March 2012; “EU clears path for farming and forestry emission reduction targets,” BUSINESS GREEN, 13 March 2012.

UN Climate Technology Body Agrees on Path Forward

7 March 2012 - The UN committee responsible for climate change technology policy has approved its 2012-2013 work plan, in the context of the ongoing process of operationalising the climate Technology Mechanism (TM) - a major outcome of the 2010 Cancun climate meet.

The Technology Executive Committee (TEC) - the policy arm of the newly created TM under the UN Framework Convention on Climate Change (UNFCCC) - also appointed an evaluation panel consisting of six of its members to examine bids submitted to host the Climate Technology Centre (CTC), the Technology Mechanism’s operational arm. The Committee also agreed on the details of the ways in which the TM will be linked with entities under and outside the UNFCCC.

Christiana Figueres, the UNFCCC’s Executive Secretary emphasised the importance of the 15-17 February TEC meeting in Bonn.

“This meeting is an important next step towards ensuring that the Mechanism becomes fully operational this year and begins delivering concrete results,” she said. “Technology is vital for developing countries to both curb their emissions and to build more climate-resilient societies.”

TEC panellist selection

The Bonn meeting, which was chaired by Gabriel Blanco of Argentina, began by [reviewing](#) the key outcomes of last December’s Durban conference (COP 17), which completed the [details of the structure](#)

and function of the Committee, as well as the terms of reference of the Technology Centre (see Bridges Trade BioRes, [19 December 2011](#)).

Durban also kicked off the selection process for the host of the Centre and mandated the Committee to nominate the members of the panel that will evaluate the candidates. A [call for proposals](#) was issued by the UNFCCC Secretariat last January to invite interested organisations to submit their proposals by 16 March of this year.

By the end of the Bonn meeting, the Committee had resolved to select six panellists among its members: three from Annex I (developed) countries and three from non-Annex I countries. The evaluation panel will prepare a report with a shortlist of up to five candidates and will submit it for consideration to the meeting of the UNFCCC Subsidiary Body for Implementation (SBI) that will take place in May.

Work plan charts short-term course

The Committee also agreed on two strategic documents at the meeting: the 2012-2013 work plan, which sets out its activities over the next two years; and an agreement on the ways in which the Committee will interact with relevant entities within and outside the UNFCCC.

The work plan identifies a set of activities to be undertaken in 2012 and 2013. Short-term activities to be undertaken in 2012 include the preparation of an inventory of relevant institutions that are active in the area of technology collaboration. The Committee plans to use this list to enhance cooperation, organise thematic dialogues with relevant stakeholders, and the develop an information platform within the technology transfer information clearing house (IT Clear), which acts as a database to help promote the development and transfer of environmentally sound technologies under the UNFCCC.

Thematic dialogues will address issues such as an enabling environment for innovation and barriers for technology transfer. Other activities identified for implementation include the preparation of an inventory of technology roadmaps and identification of topics for technical papers that could be commissioned by the Committee.

Activities scheduled in 2013 include the preparation of recommendations regarding policies and programmes related to technology development and transfer.

In discussions on the work plan, the role of intellectual property rights (IPRs) was raised, with a member from Sudan stating that the Committee should discuss the extent to which IPRs constituted a barrier to transfer of climate technologies to developing countries. Members from the United States and Japan pointed out that IPRs did not as such figure in the mandate of the Committee and that the UNFCCC might not be the proper forum to discuss this matter. The TEC member from Japan asked for the representative of World Intellectual Property Organization (WIPO) attending the meeting to intervene and present relevant WIPO activities.

Ultimately, an understanding was reached that the IPRs issue could be discussed under the broader heading of “enabling environments for innovation and barriers to technology development and transfer” in the context of thematic workshops to be held with stakeholders.

Institutional linkages

In addition to the work plan, the Committee agreed on the “modalities” regarding linkages with other relevant institutional arrangements under the UNFCCC, such as the advisory body of the CTC and Network, the Adaptation Committee, the board of the Green Climate Fund, the Registry, and the Adaptation Fund Board.

The modalities agreed to may include: the cross participation in the meetings of these bodies; inviting inputs to support the implementation of particular activities; providing inputs to other thematic bodies under the Convention if requested by the COP or the respective institutions and, finally, knowledge and information sharing.

With regard to stakeholders outside the Convention - such as public institutions, the business community, academia, international organisations, NGOs, networks and partnerships - the Committee agreed that interaction modalities may include: offering participation in the Committee meetings as observers or experts, technical task forces, stakeholder forums or consultative groups, and bilateral cooperation arrangements.

Stakeholders take the floor

Finally, the Bonn meeting gave several stakeholders an opportunity to share their experiences and offer lessons regarding technology development and transfer.

Presentations were made by representatives of intergovernmental organisations - such as the International Energy Agency (IEA), the International Renewable Energy Agency (IRENA), the South Centre, the Latin American Energy Organisation (OLADE), and representatives from the business community. In addition, statements were made by representatives of NGOs such as the World Resource Institute (WRI), the Third World Network and the International Centre for Trade and Sustainable Development (ICTSD), the publisher of Bridges.

The Committee agreed to hold its meeting in May, back-to-back with the meetings of the Convention's subsidiary bodies, with another meeting scheduled in September this year.

The UNFCCC Technology Mechanism was created at COP 16 in Cancun and its institutional framework was finalised at COP 17 in Durban. The Mechanism's main

objective is to accelerate development and transfer of climate change technologies in support of climate mitigation and adaptation. The Committee is comprised of 20 experts, 9 from Annex 1 (developed) countries and 11 from non-Annex 1 countries acting in their personal capacity.

ICTSD Reporting.

INTERNATIONAL TRANSPORTATION

European Air Industry Joins Chorus of Criticism over EU Emissions Rule

15 March 2012 - A group of Europe's top aviation companies have jointly called upon the bloc's political leaders to stop an escalating conflict over the inclusion of aviation into its emissions trading scheme (ETS). Brussels insists, however, that the legislation requiring airlines to surrender carbon permits for the emissions they produce during all incoming and outgoing flights will stand until a global agreement regarding aviation emissions has been reached.

Citing concerns that the legislation could spark a global trade war, the CEO of European aircraft producer Airbus, together with the chiefs of six large European airlines and two aerospace engine producers, issued joint letters on Monday to various European political leaders, including the prime ministers of the UK, France, and Spain, and Germany's chancellor.

In the letter, the industry chiefs claimed that the brewing trade row over the EU ETS has already put at risk at least US\$12 billion worth of Airbus orders from China, along with 2,000 jobs in Europe and in other parts of the supply chain.

“The situation is becoming intolerable for the European aviation industry,” they said.

The CEOs added that they expect “suspensions, cancellations, and punitive actions” by other countries to increase “as other important markets continue to oppose [the extension of] ETS.”

“The aim must be to find a compromise solution and to have these punitive trade measures stopped before it is too late,” the industry chiefs [said](#) in their letter.

The campaign was led by Airbus, and backed by British Airways, Virgin Atlantic, Lufthansa, Air France, Air Berlin, Iberia, and aerospace engine makers Safran of France and MTU Aero Engines of Germany.

Retaliation concerns

The letter comes two weeks after a group of over 20 countries that oppose the inclusion of aviation in the ETS - including the US, China, India, and Russia - announced that they had agreed on a set of possible options for retaliating against the EU scheme. (See [Bridges Trade BioRes, 23 February 2012](#)). The announcement fuelled fears that the EU could soon find itself in a trade war.

While China has barred its airlines from participating in the scheme without government approval - making it the only country to date that has taken action in response to the EU plan - the country's civil aviation head stressed last week that Beijing is not planning to take retaliatory measures.

“We are not in a position where we have to retaliate,” Li Jiaxiang, chief of China's Civil Aviation Administration, told reporters, adding that Beijing was taking “positive measures of talking via the International Civil Aviation Organization and other bodies.”

Wait for a global solution, industry CEOs argue

The industry chiefs argued that “only a global solution” would be able to resolve the

problem of aviation emissions. They urged that such a solution must be found in the context of the International Civil Aviation Organization (ICAO), the 191-member UN civil aviation body

The ICAO has said that it plans to have a proposal of measures to address aviation emissions by year's end.

The European Commission had originally maintained that it preferred that the ICAO be the body responsible for regulating aviation emissions. However, the EU then included aviation in its emissions trading system after it deemed the UN body's progress to be too slow.

In a February interview with Reuters, ICAO Secretary General Raymond Benjamin said that the organisation is still working with that goal in mind, despite critics calling for an earlier solution.

“I read the press like anyone. I listen to all of the criticisms which have been stated by some about the pace,” Benjamin said. “You have to understand that ICAO is an international organisation with a membership of 191 countries, and you have to find a consensus.”

Brussels stands its ground

Responding to the industry chiefs' appeal, EU officials maintained that Brussels will only consider changes to the rule should countries manage to put together a global aviation emissions agreement. Germany and the UK issued similar responses, according to the Financial Times.

“The EU legislation [implementing the EU carbon scheme] will not be suspended for aviation,” a spokesman for Connie Hedegaard, the bloc's climate commissioner, affirmed. “We will only review our legislation in the light of an ambitious global agreement coming into force that deals with aviation emissions.”

The climate commissioner's spokesman also said that Brussels is "keen on exploring the different possibilities and flexibility that the legislation allows" - while adding that the EU is determined to move forward with the plan.

Brussels has made clear that it will respond to any attempts at retaliation, should non-EU countries decide to impose countermeasures. Speaking last month to a European Parliament Committee, Commission Director General for Climate Action Jos Delbeke said that "retaliation cannot happen, and if it happens we will act immediately and appropriately."

Delbeke added that the Commission is "fully committed" to working with the ICAO, adding that Brussels was very involved behind the scenes.

EU politicians support proposal to withhold carbon permits

As tensions continue to build over the Brussels scheme, plummeting carbon prices have prompted EU politicians to vote in favour of intervening in the carbon market upon which the ETS is built.

The EU market has become saturated with excess carbon permits, with the price of carbon dropping drastically as a result. Carbon prices currently sit at around €8 per tonne, compared with its 2008 peak of nearly €30 per tonne.

The European Parliament's industry committee voted on 28 February to allow the European Commission to take steps that "may include withholding of the necessary amount of allowances" from the 2013-2020 phases of the carbon market, for the sake of propping up prices.

For the intervention to become law, the European Commission would next need to make a formal proposal to withhold permits; the proposal would then require the approval

of the European Council's 27 environment ministers, following a parliamentary debate.

ICTSD reporting; "Brussels rejects air industry move on carbon," FINANCIAL TIMES, 12 March 2012; "Delay EU carbon levy, says air industry," FINANCIAL TIMES, 11 March 2012; "China says EU carbon rule to cost \$2.8 bln by 2030," REUTERS, 5 March 2012; "U.N. aviation body says emissions proposal by year-end," REUTERS, 2 March 2012; "EU will respond to any airline carbon retaliation," REUTERS, 28 February 2012; "UPDATE 1-EU politicians back plan to withhold EU CO2 permits," REUTERS, 28 February 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 events listings on [ICTSD's website](#).

Coming up in the next two weeks (19 March - 2 April)

15-20 March, Geneva, Switzerland. CITES ANIMAL COMMITTEE 26. The 26th meeting of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (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 organization's [website](#).

21-22 March, Geneva, Switzerland. SIXTH AVIATION AND ENVIRONMENT

SUMMIT. This annual summit, hosted by the Air Transport Action Group (ATAG) and various other organisations, will bring together around 350 industry and stakeholder representatives to explore ways in which aviation can continue to provide jobs, power economic growth, and serve the public while minimising the industry's environmental footprint. This year's summit will build on the 2008 Summit, which provided a forum for the signing of a declaration on climate action by leaders from across the aviation industry. The event will consist of four informative discussion-based sessions that will focus on topics such as the role of aviation in sustainable development, developing sustainable capacity for aviation, tackling the challenges with using biofuels, and creating a global framework for future solutions. The summit will also include panel and roundtable discussions. For more details, please visit the event's [website](#).

22-27 March, Addis Ababa, Ethiopia. FIFTH JOINT CONFERENCE OF THE AFRICAN MINISTERS OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT. The Fifth Annual Joint Meeting of the African Union (AU) Conference of Ministers of Economy and Finance, and the UN Economic Commission for Africa (ECA) Conference of African Ministers of Finance, Planning and Economic Development will be held under the theme "Unleashing Africa's Potential as a Pole of Global Growth." The objective of the conference is to provide a platform for African ministers to deliberate on Africa's role in solving the problem of low global growth, high unemployment, and global imbalances, while addressing which challenges must be addressed in order to position Africa as the new pole of global growth. For more information or to view the conference programme, please visit the event's [website](#).

26-28 March, Geneva, Switzerland. POLICY DIALOGUE: REDEFINING THE ROLE

OF THE GOVERNMENT IN TOMORROW'S INTERNATIONAL TRADE. Classified as a UNCTAD XIII Pre-Event, this policy dialogue will be held at the United Nations. This three-day event brings together trade policymakers, the business representatives, civil society, leading scholars and opinion leaders to clarify the role of the government in achieving inclusive development through trade in the face of "new realities" in international trade. Key issues for discussion include redefining the role of trade policy for inclusive growth in the 21st century, the government and business sector in trade policymaking, the 21st century international trade agenda, and partnership for inclusive development through trade. These issues will be divided into four sessions, each consisting of panel discussions, followed by interactive debate among all participants. For more information about this event, please click [here](#).

26-29 March, London, UK. INTERNATIONAL PLANET UNDER PRESSURE. This international science conference will focus on solutions to the global sustainability challenge. The conference will discuss solutions at all scales to move societies on to a sustainable pathway. It will draw on the final report of the UN Secretary-General's High-level Panel on Global Sustainability (GSP) and will seek to provide scientific leadership towards the 2012 UN Conference on Sustainable Development (UNCSD, or Rio+20). More information can be found [here](#).

27-29 March, Geneva, Switzerland. 34TH JOINT FAO/UNECE WORKING PARTY ON FOREST STATISTICS, ECONOMICS, AND MANAGEMENT. This working party, organised under the UNECE and FAO is to provide guidance and exchange views on issues of forest statistics and other elements of the ECE/FAO Joint Worker Programme. Delegates represent ECE/FAO member states as well as various NGOs. For contact

information and to access the agenda, visit the conference [website](#).

27-29 March, Orlando, US. 5TH ENERGY EFFICIENCY GLOBAL FORUM. Co-hosted by the Alliance to Save Energy and the Southeast Energy Efficiency Alliance (SEEA), in cooperation with the UN Foundation, EE Global 2012 will bring together policy makers, academics, and industry leaders to focus on the implementation of global best practices and technologies and policies promoting energy efficiency. Several pre-conference workshops will focus on: Water and Energy Nexus; Mainstreaming Energy Efficiency in Developing Countries; Sustainable Urban Habitats; Local Strategies in the US Southeast; and Industrial Energy Efficiency and Energy Management Systems. More information can be found [here](#).

29 March, Washington, US. IMPROVING GOVERNANCE: MANAGING THE RISK OF EXTREME EVENTS AND DISASTERS TO ADVANCE CLIMATE CHANGE ADAPTATION. Presented in the context of natural disasters, risk management, and climate change adaptation, this event is one in a series of “hemispheric dialogues” on sustainable development themes intended to generate recommendations on institutions and governance for sustainable development for both the Congress and the UN Conference on Sustainable Development (UNCSD, or Rio +20). Conducted by the Organization of American States (OAS), this dialogue is the eighth in the series and will seek to generate recommendations on improving governance in risk management and emergency legislation. This event is co-sponsored by the International Federation of Red Cross and Red Crescent Societies (IFRC). Future dialogues will address biodiversity and improving the environmental performance of the private sector. For more information on this event, please click [here](#).

29-30 March, Paris, France. OECD MEETING OF THE ENVIRONMENT POLICY AT MINISTERIAL LEVEL. OECD Environment Ministers will meet on 29-30 March 2012 in Paris under the theme “**Making Green Growth Deliver.**” They will review the implementation of the *OECD Environmental Strategy for the First Decade of the 21st Century* that they adopted in 2001. They will also discuss future priorities for action based on the *OECD Environmental Outlook to 2050: The Consequences of Inaction*, which makes a strong case for green growth policies. Ministers are expected to adopt a policy statement as input to Rio+20 UN Conference on Sustainable Development. More information can be found [here](#).

Other Upcoming Events

12 April, Paris, France. UEBT ANNUAL CONFERENCE ON THE BEAUTY OF SOURCING WITH RESPECT. The Beauty of Sourcing with Respect conference, organized by the Union for Ethical BioTrade (UEBT), brings together international experts and practitioners from the beauty industry, as well as from government, civil society and academia to discuss issues linked to the ethical sourcing of biodiversity. This year, the focus will be on biodiversity in emerging markets. The Beauty of Sourcing with Respect conference also features the launch of the latest UEBT Biodiversity Barometer, an annual survey of consumer, company and media awareness on biodiversity. More information can be found [here](#).

19 April, Doha, Qatar. UNCTAD XIII GLOBAL SERVICES FORUM 2012. Jointly organised by the UN Conference on Trade and Development (UNCTAD), Talal Abu-Ghazaleh International, and the Commonwealth Secretariat, the Global Services Forum 2012 will be held at the Qatar National Convention Centre. The Forum will bring together ministers and high-level policymakers, trade negotiators, business

leaders, coalitions and associations of services industries, international organisations, and other stakeholders to address the growth and employment potential of services sectors. Other topics for discussion include new strategies for building services' productive and export capacity, and removing barriers to services trade in a manner conducive to inclusive and sustainable economic and social development. Participants are requested to register with the UNCTAD secretariat by 20 March 2012. For more information about this event, please click [here](#).

8 May, Geneva, Switzerland. UNECE/FAO POLICY DEBATE ON WOOD ENERGY. The UNECE/FAO Forestry and Timber Section is inviting you to a Policy debate on "Wood energy", which will take place on the 8 May 2012 at the Palais des Nations, Geneva (Room XII). Organisers say the debate offers the unique opportunity to provide policymakers with a set of recommendations from a wide group of stakeholders to address the economic, social and environmental aspects of the growing demand for and use of wood for energy. For additional information, contact David Ellul (david.ellul@unece.org).

15-20 July, Frankfurt, Germany. SUSTAINABLE ENERGY FINANCE SUMMER ACADEMY 2012. Held by the Frankfurt School - UN Environment Programme (UNEP) Collaborating Centre for Climate and Sustainable Energy Finance, this event is a summer academy course that aims to provide participants with a comprehensive framework for financing renewable energy and energy efficiency projects in both emerging and developing markets, including practical, integrated knowledge and tools. There will be a second Summer Academy held on 21-26 October in Nairobi, Kenya, which will have a special regional focus on Africa. This year the Frankfurt School expects to welcome participants from more than 50 countries. Topics to be discussed include:

climate change and policy negotiations; sources of financing in the public, private, and carbon markets; and project analysis of risk identification and allocation, cash flows, and financial modelling. Please note that this event requires an application process. The application deadline for Frankfurt is 15 May 2012. For more information, please visit the event's [website](#).

24-26 September, Geneva, Switzerland. WORLD TRADE ORGANIZATION PUBLIC FORUM 2012. Convening under the theme "Is multilateralism in crisis?", the Public Forum is the WTO's largest annual outreach event. It aims to provide a platform for participants to discuss the latest developments in world trade and to propose ways of enhancing the multilateral trading system. The event regularly attracts over 1,500 representatives from civil society, academia, business, the media, governments, parliamentarians, and intergovernmental organisations. For more details about this event, please visit the WTO's [website](#).

Resources

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

LINKING CLIMATE POLICY TO FISCAL AND ENVIRONMENTAL REFORM. By Ted Gayer, published by the Brookings Institution (March 2012). This publication explores the lack of progress made on climate change in the US despite bi-partisan support and examines why such issues have become a liability in the ongoing presidential campaign. It further explains how aggressive movement on climate change could have far reaching impacts including an improvement in the fiscal state of the US as well as an improvement in environmental conditions. The full report can be found [here](#).

NATURAL RESOURCES DEFENSE COUNCIL (NRDC) REFLECTIONS ON THE RACE-TO-RIO NEWSLETTER. Published by the Natural Resources Defense Council (NRDC) (February 2012). NRDC's new periodic news update aims to bring the latest perspectives on preparations for the June 2012 Rio+20 Summit. The newsletter will focus on manifestations of political will, real actions towards a green economy, and the use of new technologies and innovative structures for accountability and citizen engagement. The newsletter also provides suggestions for government action and ways to speed up the transition to a sustainable future at the June event. The Race-to-Rio newsletter can be viewed [here](#).

PUBLIC POLICY AND AGRICULTURAL DEVELOPMENT. Edited by Ha-Joon Chang for Routledge (August 2011). This book re-examines the paradigm of agricultural development policy from historical and comparative perspectives. Evaluating the experiences of 11 developed countries in their earlier stages of development and the experiences of 10 developing and transition economies in the last half a century, the book offers an in-depth discussion on a range of public policies of agriculture from both the past and present. The book also presents six detailed case studies of agricultural policy in the last half a century in two Latin American countries (Chile and Mexico), two African countries (Ethiopia and Ghana), and two Asian countries (India and Vietnam). For more information on this resource, please click [here](#).